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A Critical Analysis of Pop Mart's Marketing Strategy: From Blind Box Consumption to Sustainable Brand Community

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Abstract. China's trendy toy market has grown rapidly, with Pop Mart leading through blind box marketing. Yet this model, built on uncertainty and scarcity, is now challenged by tighter regulations and consumer fatigue. This study asks: (1) How does Pop Mart use psychological pricing, scarcity, and IP to attract consumers? (2) Why is its high-margin model under pressure from regulation and market saturation? Using a case study approach with PESTEL, STP, and 4Ps frameworks, this paper finds Pop Mart's success hinges on collectable psychology and the thrill of surprise, but China's Guidelines for the Operation of Blind Box Products (requiring probability disclosure and prohibiting sales to minors under 8) create structural challenges. To sustain growth, Pop Mart must move from one-time surprise consumption to building lasting brand communities by deepening IP content, communicating transparently, and managing long-term customer relationships. This research highlights ethical tensions in China's trendy toy industry and provides strategic references for brands operating at the intersection of behavioural marketing and regulatory compliance.

Keywords: Pop Mart, Blind Box Marketing, Scarcity Marketing, IP Operations, Brand Community

1. Introduction

In recent years, the rise of "self-pleasing consumption" and the "stress-relief economy" has led to the rapid proliferation of blind box trendy toys in China, particularly favoured by Generation Z. As China's largest trendy toy company, Pop Mart has achieved rapid growth since its founding in 2010 and its Hong Kong Stock Exchange listing in 2020, leveraging IP operations and the blind box model: revenue reached RMB 13.038 billion in 2024, a year-on-year increase of 106.9%, while overseas business grew by 375.2%, highlighting its commercial resilience. However, existing research predominantly focuses on cultural attributes (e.g., trendy toy aesthetics, IP incubation) and consumer behaviour (e.g., collectible motivations, community culture), with limited attention to whether the repeat purchasing driven by psychological uncertainty—the core driver of the blind box model—can be sustained and the structural challenges it faces under dual pressures of tightening regulation (e.g., the State Administration for Market Regulation's 2023 Guidelines for the Operation of Blind Box Products (Trial)) and consumer fatigue.

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This paper addresses two core questions: (1) How does Pop Mart construct appeal through psychological pricing, scarcity mechanisms, and IP operations? (2) Why is its uncertainty-dependent business model becoming unsustainable amid regulatory strengthening and user fatigue? The study adopts a single-case analysis approach, taking Pop Mart as its subject and integrating PESTEL, STP, and 4Ps marketing mix theories to examine its business model and inherent contradictions from macro-environmental, market strategy, and marketing strategy perspectives. The findings aim to expand research on marketing ethics in the trendy toy economy and provide transferable transformation pathways for retail brands facing the challenge of balancing psychological drivers with social responsibility.

2. Company background and macro-environmental analysis

2.1. Overview of Pop Mart

Pop Mart was founded in 2010 and listed on the Hong Kong Stock Exchange in December 2020, making it China's leading trendy toy company. Its core business model revolves around artist discovery, IP operations, and the sale of blind box products through an omnichannel retail network [1]. The company's core IP portfolio includes well-known characters such as Molly, Dimoo, Skullpanda, and Labubu. According to its 2024 annual report, the company achieved total revenue of RMB 13.038 billion, a year-on-year increase of 106.9%, with overseas revenue reaching RMB 5.07 billion, up 375.2% year-on-year [1]. Pop Mart's rise reflects the emergence of China's "emotional consumption" trend—young consumers are increasingly willing to pay for emotional value and identity expression, rather than merely seeking functional attributes of products [2].

2.2. PESTEL-based external environment scan

Pop Mart operates within a macro-environment shaped by multiple external forces. This section employs the PESTEL framework to systematically assess these external factors [3].

Political and legal factors pose the most direct challenge to Pop Mart's existing business model. In June 2023, China's State Administration for Market Regulation issued the Guidelines for the Operation of Blind Box Products (Trial), explicitly requiring that: blind box operators must publicly disclose extraction probabilities, that sales to minors under 8 years of age are prohibited, and that excessive speculation on "hidden" or rare editions is forbidden [3]. These regulations directly weaken the "information asymmetry" that sustains the blind box model's high profitability—consumers can now make purchasing decisions on a fully informed basis rather than relying on speculative expectations. Notably, regulatory trends continue to tighten, with the launch of national standard development for the trendy toy sector in 2026, marking the industry's transition from "traffic-driven" to "standardised and regulated" development [3].

Economic Factors: Pop Mart benefits from favourable conditions in China's consumer market. In 2024, the company's mainland China revenue reached RMB 7.972 billion, up 52.3% year-on-year [1]. Meanwhile, the "lipstick effect" supports the resilience of the blind box market: typical unit prices of RMB 59-89 fall within the low-threshold impulse consumption range, allowing consumers to obtain entertainment and emotional value without significant one-time expenditure [2]. The explosive growth of overseas markets also merits attention, with 2024 overseas revenue reaching RMB 5.07 billion, up 375.2% year-on-year [1].

Social and cultural factors present both opportunities and evolving consumer expectations for Pop Mart. The rise of the "loneliness economy" and "stress-relief consumption" among Generation

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Z has created substantial demand for emotional value and psychological comfort [2]. In this context, blind box consumption serves as "affordable escapism"—providing immediate excitement and achievement through collection completion [2]. Meanwhile, sharing blind box unboxing on social media has transformed products into "social currency," fostering peer recognition and group belonging within fan communities [2]. However, as young consumers become increasingly concerned with environmental protection and ethical consumption, the packaging usage and repeat purchase patterns of blind box products may face more sustainability discussions [1].

Technological factors have significantly expanded the reach of Pop Mart's marketing model. The integration of WeChat mini-programs and dedicated mobile applications enables consumers to experience "virtual unboxing" through digital interfaces, replicating the sensory stimulation of physical unboxing online [4]. Additionally, livestream e-commerce has become a powerful distribution channel, allowing Pop Mart to showcase product unboxing in real time while stimulating impulse purchases through influencer recommendations [1]. AI-driven recommendation algorithms further refine product suggestions based on individual browsing and purchase histories, improving conversion rates across digital touchpoints [4].

Environmental factors, while less prominent in public discourse than other PESTEL dimensions, are increasingly relevant to Pop Mart's operations. The company's core product format—a small collectible figure packaged in a larger cardboard box—generates substantial packaging waste per unit sold, raising concerns about its environmental footprint [1]. As young consumers' sustainability awareness grows, the company may face reputational pressure to adopt more environmentally friendly packaging materials.

3. Analysis of existing marketing strategy

Its marketing strategy constitutes an interlocking commercial system. This chapter employs STP strategy and the 4Ps marketing mix to deconstruct its core marketing logic across three dimensions: market segmentation and positioning, product and pricing, and channel and promotion [5].

3.1. STP strategy: targeting emotional and identity consumption

The STP strategy (Segmentation, Targeting, Positioning) is the starting point of Pop Mart's marketing strategy [5]. Through precise insight into consumer psychology, the company upgrades from "selling toys" to "selling emotions and surprises" [1].

Pop Mart segments the market across geographic, demographic, psychographic, and behavioural dimensions, with its core consumer group being urban young women aged 18-35 with strong spending power, pursuing individual expression and social recognition [1]. This group views blind box purchases as a form of "self-reward and social expression" [2]. Psychologically, the company precisely identifies consumers' multiple demands for "surprise," "collection completion," and "social recognition" [2]. Pop Mart positions itself as a "cultural entertainment company" rather than a mere toy manufacturer, with its core positioning summarised as "a trendy IP operator providing surprise experiences and social currency." Consumers purchase not merely a plastic figure but a designer-created IP world, identity recognition within the trendy toy community, and the thrill of drawing a hidden edition [1].

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3.2. Product and pricing analysis: IP ecosystem and psychological pricing mechanism

Pop Mart's product and pricing strategies constitute two pillars of its business model: the front end creates differentiated value through an IP ecosystem, while the back end captures consumer surplus through psychological pricing mechanisms.

Pop Mart has built a complete industrial loop encompassing artist discovery, IP incubation, product development, omnichannel sales, and secondary market trading [1]. According to its 2025 financial report, THE MONSTERS (featuring LABUBU) became the group's first billion-level trendy toy IP with annual revenue of RMB 14.16 billion, meanwhile, multiple IPs, including SKULLPANDA, CRYBABY, and MOLLY, each exceeded RMB 2 billion in revenue, forming a "one super, many strong" IP matrix [1]. This strategy not only diversifies the risk of relying on a single IP but also covers diverse consumer groups through differentiated positioning [6].

Pop Mart's product strategy centres on three mutually reinforcing mechanisms: First, uncertainty—consumers do not know the specific style when purchasing, and this "visual concealment" enhances consumer preference by stimulating imagination and anticipation [7], Second, scarcity—hidden edition probabilities can be as low as 1/144, with limited editions and collaborations further reinforcing scarcity [8], third, variable ratio reinforcement schedule—consumers develop persistent purchasing habits under the psychological drive of "buying one more to complete the set" [2]. These three mechanisms work together to transform one-time transactions into cyclical consumption habits.

Popular blind box products are typically priced between RMB 69 and 120, falling within the "low-threshold impulse consumption" psychological price range. For an RMB 79 blind box, hard costs are less than RMB 24, maintaining a gross margin above 70% [1]. The premium consumers pay is not for the physical product itself but for the imaginative space created by IP, identity recognition, and the experience value of drawing a hidden edition [1, 7]. This reflects Pop Mart's commercial ability to convert "emotional value" into "price premium."

3.3. Channel and promotion analysis: omnichannel brand experience

Pop Mart has built an omnichannel marketing network covering offline and online, domestic and overseas markets. Offline stores are core carriers of brand experience. As of the end of 2025, the group operated 630 stores globally, these stores are not merely sales terminals but "immersive spaces" that reinforce consumer-IP interaction through scenographic design. Online, Pop Mart has formed a diversified matrix of "self-operated APP + third-party platforms + content e-commerce," lowering purchase barriers and expanding digital reach for IP products [1].

Pop Mart's promotion strategy is deeply embedded in social media communication logic. Consumers spontaneously share purchase experiences on platforms such as Weibo, Xiaohongshu, and Douyin, forming a "seeding-purchase-sharing" communication loop [1]. This user-generated content (UGC) model turns consumers into brand communicators, significantly reducing customer acquisition costs [4]. The ultimate goal of omnichannel operations is to build a highly sticky user ecosystem. As of 2025, Pop Mart's cumulative registered members in mainland China reached 72.58 million, with members contributing 93.7% of sales and a repurchase rate of 55.7% [1].

4. Core dilemma: the unsustainable blind box consumption model

Pop Mart delivered impressive results in 2025—annual revenue of RMB 37.12 billion, up 184.7% year-on-year [1]. Yet the capital market "voted with its feet" after the earnings release, with the

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company's stock price falling over 20% at one point. This divergence reflects deep market concerns about the sustainability of its business model [1, 3].

4.1. Regulatory crackdown and ethical risks

Pop Mart's blind box model is highly dependent on the anticipation and repeat purchase mechanisms generated by product uncertainty [3, 7]. However, this model is facing increasingly stringent regulatory constraints [3].

In June 2023, the State Administration for Market Regulation issued the Guidelines for the Operation of Blind Box Products (Trial), requiring operators to publicly disclose extraction probabilities, prohibiting sales to minors under 8, and forbidding excessive speculation on "hidden" editions [3]. As the "first blind box stock," Pop Mart bears the brunt of these impacts.

These regulations directly undermine the profit foundation of the blind box model. Pop Mart's popular blind box products have long maintained gross margins above 70%, with consumers paying a premium not for the physical product itself but for the "surprise expectation" brought by uncertainty [1, 7]. With probability transparency, consumers can make rational decisions on a fully informed basis, directly compressing the space for "surprise premium."

Regulatory steps have not stopped at the 2023 guidelines. In June 2026, China's first national standard for the trendy toy sector, General Technical Requirements for Trendy Dolls and Similar Products, was officially launched, establishing mandatory specifications across raw material safety, production processes, blind box operations, and derivative product management [3]. When the "rules of the game" upgrade from industry self-regulation to national mandatory standards, Pop Mart's business model built on information asymmetry and consumer psychological biases will face fundamental restructuring pressure. Moreover, even after more than two years of policy implementation, violations still occur. A 2026 March 15 investigation found that some merchants in Changsha still sold blind boxes to minors. Such violations, if triggering stricter enforcement or public opinion storms, would leave Pop Mart as the industry leader bearing dual reputational and regulatory pressure [3].

4.2. Consumer fatigue and brand value dilution

If regulatory risk is the "visible wall" from outside, consumer fatigue and brand value dilution are the "invisible cracks" accumulating within Pop Mart's business model [1].

Trendy toy IPs have distinct lifecycle characteristics. Once novelty fades or IP popularity declines, repeat purchases become difficult to sustain. Pop Mart sets hidden edition probabilities at 1/144, requiring consumers to repeatedly purchase to obtain hidden editions [7]. However, repetitive series designs, deliberate hunger marketing, and opaque hidden edition probabilities are causing early loyal users to experience fatigue [2].

Consumer survey data reveals the severity of this trend. Among lapsed users, "novelty fading," "IP interest decline," and "blind box fatigue"—three factors related to consumption experience—together account for 50% [2, 7]. In other words, one in every two lapsed consumers lost interest because of the products and IP themselves.

In the second half of 2025, Pop Mart's core IP LABUBU began showing clear "cooling" signs [1]. The capital market reacted extremely sensitively—Pop Mart's stock price fell over 44% in four months, with market capitalisation evaporating by over RMB 180 billion [1]. Analysts noted that high IP concentration exposes the company to growth risks when a single leading IP's popularity changes. In 2025, THE MONSTERS generated annual revenue of RMB 14.16 billion, accounting

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for a significant proportion of group revenue [1]. Thus, while "one super, many strong" forms an IP matrix, excessive concentration of the leading IP may still increase performance sensitivity to a single IP's lifecycle [1].

A key support for the blind box economy is the secondary market premium effect—high hidden edition premiums reinforce consumers' perception of scarcity, thereby driving continued primary market purchases [7]. However, in the second half of 2025, Pop Mart's Labubu blind box secondary prices experienced dramatic corrections. The "Ben Wo" hidden edition from the Front High Energy series once approached RMB 3,000 in June 2025, then fell to approximately RMB 1,200 in July-August, with some channels subsequently dropping to around RMB 400 [1]. From "one doll hard to find" to some styles "breaking issue price," the dramatic secondary market fluctuations not only signal speculative capital withdrawal but also fundamentally shake consumer confidence in Pop Mart's brand scarcity value [1].

Overall, Pop Mart's core contradiction lies in its business model, which drives repeat purchases through "surprise anticipation" and "collection completion desire" but this psychological mechanism may have diminishing marginal effects [2, 7]. After consumers experience multiple "unboxing—disappointment or surprise" cycles, novelty may gradually fade. Meanwhile, Pop Mart's product innovation largely remains at the "reskinning" level—changing IP colours, accessories, or shapes, rather than creating genuinely differentiated content and experiences [6, 9]. IPs lacking deep content support have inherently limited commercial lifecycles.

5. Strategic recommendations for sustainable development

Based on the three dilemmas identified in Chapter 4 (regulatory risk, consumer fatigue, and brand value dilution), this chapter proposes three interrelated strategic recommendations corresponding to these issues.

5.1. Transparency and consumer protection

Pop Mart's regulatory pressure essentially stems from the "information opacity" genetic defect of the blind box model. Rather than passively responding to regulation, Pop Mart should proactively transform transparency into competitive advantage. Specifically, Pop Mart can clearly display precise probabilities for each style in visual form across all sales terminals, establish a long-term mechanism for minor protection, and explore "certainty purchase" supplementary models, allowing consumers to choose freely between "surprise consumption" and "certainty consumption." This not only satisfies consumers with different preferences but also dilutes the negative perception of "gambling-induced consumption" [3].

5.2. Transition from "one-time consumption" to "brand community"

The essence of consumer fatigue is that consumers and brands have only a "transactional relationship" without a "belonging relationship" [2]. Pop Mart needs to transform users from "purchase-and-leave" one-time buyers into "continuously interactive" brand community members [2]. Specific pathways include upgrading the membership system from "points-for-gifts" to "identity and belonging," establishing official secondary trading and doll customisation communities, and transforming flagship stores into social spaces for trendy toy enthusiasts [4]. When consumers view Pop Mart stores as "places to connect with like-minded people" rather than "places to buy things," the brand-consumer relationship upgrades from transaction to community. Moreover, user-generated

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content and co-creation can be further encouraged, as user-generated designs often outperform designer-generated ones in commercial performance [10].

5.3. Deepening IP content to enhance brand equity

Pop Mart's fundamental challenge lies in its IPs having "only images, no stories." After consumers accumulate enough figures, this shallow connection inevitably decays rapidly [6]. Pop Mart should continue advancing IP film and content strategies, producing animated shorts or series for core IPs such as Molly and Dimoo, endowing them with personality and storylines [6]. When IPs possess stories and personality traits, brand extension becomes natural—from theme parks to jewellery and films, all can transform into immersive experiences and long-term emotional connections [6, 9]. This transformation requires long-term investment, but it is the necessary path for Pop Mart to evolve from a "trendy toy company" into a "cultural entertainment company."

6. Conclusion

This paper systematically analyses Pop Mart's marketing strategy through PESTEL, STP, and 4Ps theoretical frameworks. The findings reveal that Pop Mart's success rests on three mutually reinforcing pillars: precise STP positioning anchoring Generation Z's emotional consumption demographic, an IP ecosystem and psychological pricing mechanisms building a high-margin, high-repurchase commercial loop, and an omnichannel network achieving seamless consumption scenario coverage. These three mechanisms work together to transform one-time transactions into cyclical consumption habits.

However, this business model's sustainability faces increasingly severe challenges. At the regulatory level, the 2023 Guidelines for the Operation of Blind Box Products impose mandatory requirements on probability transparency and minor protection, directly weakening the "information asymmetry" foundation on which the blind box model depends. At the consumer level, factors including novelty fading, IP interest decline, and blind box fatigue together account for 50% of lapsed users, core IP LABUBU showed clear cooling in the second half of 2025, with hidden edition secondary prices falling sharply, further confirming the shattering of the scarcity myth and accelerating brand value dilution.

In response to these dilemmas, this paper proposes three strategic recommendations: First, proactively disclose probabilities, establish a long-term minor protection mechanism, and explore "certainty purchase" supplementary models to transform transparency into competitive advantage, Second, strengthen the membership system, build official secondary trading and doll customisation communities, and create offline social spaces to transform users from one-time buyers into brand community members, Third, advance IP filmisation and build IP worldviews to achieve business model restructuring from "product-driven" to "content-driven." These three recommendations collectively point in one direction—transforming consumers' dependence on "uncertainty" into belonging to "brand and community."

This paper's limitations include the following: analysis relies primarily on public data, lacking first-hand access to Pop Mart's internal operational data, and the single-case analysis approach limits external validity of research conclusions. Future research could focus on the cross-cultural adaptability of Pop Mart's overseas strategy, business model innovation for AI-era IP co-creation and personalisation, and long-term social impact assessment of blind box consumption.

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