

# Standing out in a Fashion Brand Competition: Potential Analysis of Pop Mart

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**Abstract.** The Blind Box is a trendy product that young people are willing to pay for nowadays. The blind box originated in Japan. In recent years, the blind box has cooperated with many designers and IP. The blind box is no longer monotonous, but has increased the value of art and collection, which has also aroused the enthusiasm of contemporary young people, they are willing to pay a lot of money to experience the excited. The topic of this article is to analyse Pop Mart blind box marketing strategy and behaviour. The research methods include literature study, data study and descriptive analysis. The results of this study suggest that the reason why blind boxes attract many young people to buy them is that different series of blind boxes have different emotional sustenance, every customer who likes blind boxes can get emotional satisfaction by buying them. Pop Mart has also been exposed in the sales of many deficiencies, through the comparison with other competitive brands in this article to provide some reference to Pop Mart recommendations.

**Keywords:** Pop Mart, Emotion, Young People, Marketing Strategy, Consumer Behaviour

## 1. Introduction

As a fashion brand that attracts people of different ages to purchase, Pop Mart has achieved great success in business strategy. This paper aims to analyse the marketing strategy and behaviour of this popular brand. Meanwhile, methods of solving the problem of Pop Mart will be given and also will show the suggestion of future possible plans.

Founded in 2010 by Wang Ning in Beijing, China, Pop Mart initially focused on producing blind box toys. Pop Mart is the first blind box company listed on the Hong Kong Stock Exchange. Its main product, apparently, is the blind box. The blind box originated in Japan [1]. It is a type of packaging that keeps its products mysterious. It has many different series. On the box, it shows the IP image in each series that customers likely to draw, customers will purchase because of curiosity attracted by the blind box. When customers buy, they can choose IP and series the prefer. There is a hidden blind box in each collection, and the probability of a customer drawing a hidden blind box is 1 in 144. In 2010, Pop Mart opened its first physical store in Beijing, the first of its kind. At the time it defined itself as a retail store because it sold products from other companies. Commission fee was the main source of income for Pop Mart, so it was not successful at first. The brick-and-mortar stores in Beijing are, as is widely acknowledged, quite high, so POP MART is actually very expensive. By 2015, the research team found that consumers' passion for "Collecting" was amplified by blind box purchases, which led to their social attributes. The founders were thinking about starting their own blind box series, and they quickly jumped at the chance to launch their first IP, Molly. According to Pop Mart's annual report, Molly sold more than 5 million products annually in 2018, Pucky sold one million in six months, and LABUBU sold more than 20,000 in two weeks.

People like Pop Mart not only because of its blind box concept, but also because its design will integrate some Pop culture, such as music, fashion and current trends. Pop Mart products appeal to a wide range of customers because of their cultural relevance, which resonates with different groups of people [2]. Pop Mart also uses social media to create a personalized online community. Pop Mart fans often show off their collection of blind boxes and share their experiences. Through this sense of community, more and more people began to join the collection of Pop Mart products.

## 2. Marketing Strategies and Behaviour Analysis

Pop Mart employs four principal approaches for selling their products regarding their consumption strategy: online marketing, offline marketing, hunger marketing and co-marketing [3].

### 2.1. Online Marketing

Online marketing is an essential strategy that uses social media marketing to target customer segments precisely. Through active interaction on social media platforms, companies can effectively engage with their fan base and provide timely responses. This creates valuable discussions centered around their products and strengthens customer relationships. Foster a strong sense of community among fans to strengthen brand loyalty and trust, ultimately driving higher customer retention rates and leveraging consumer demand to stimulate fresh design ideas. There are many examples of building a fan community, such as the Partridge app, which is used to gain insight into users' needs and preferences in order to increase the stickiness of a fan to their brand. Set up member group to gain income position, mainly promoting the creation of explosives. Moreover, they often held member activities to increase the circle of trendy fans, to promote the growth of membership. Pop Mart uses his own official website to build an online channel to attract more frequent customers and fans, so that people can get to know the new products and browse and buy them without leaving their homes [4]. It will also combine major e-commerce platforms, using platform traffic to increase exposure and sales channels, more opportunities to attract new customers to join. WeChat app can let regular customers enjoy more promotions and preferential activities, convenient to share with friends. Despite the many online avenues available, Pop Mart's primary emphasis lies in recreating the same experience and blind box showcase as one would find in a physical store. Consumers are increasingly pursuing blind boxes. Pop Mart wants to transform hidden consumers into real consumers by spontaneously promoting these forms of media (see figure 1).

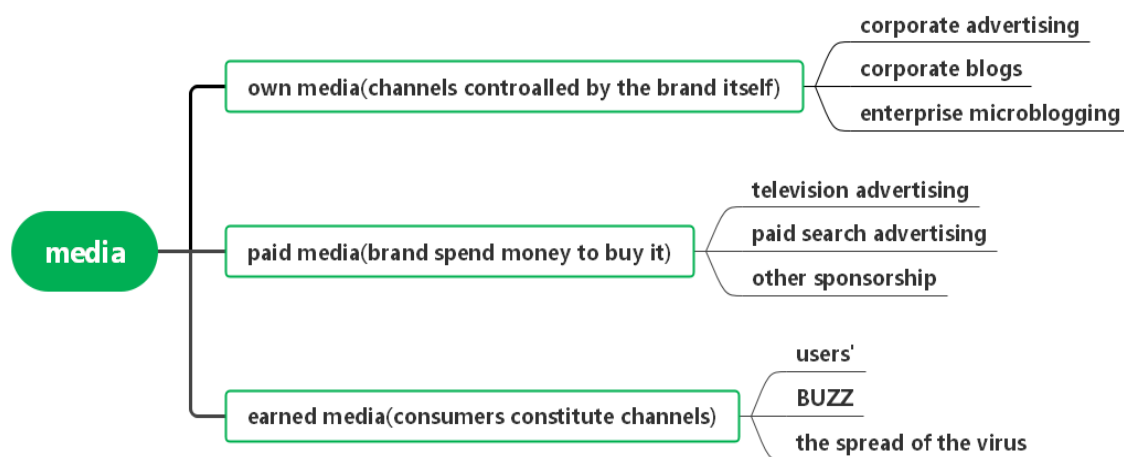


Figure 1. The Possible Types of Media Pop Mart has Used

### 2.2. Offline Marketing

Two other factors that deserve attention are worth mentioning in this part: offline marketing and offline advertising. Nevertheless, it is essential to emphasize that the most vital avenue is through Key Opinion Leader cooperative marketing [3]. Employing the power of influential KOLs, renowned in their respective fields, to forge collaborative ventures such as cross-border alliances, IP co-branding endeavors, authorization partnerships, and other strategic initiatives to boost product visibility and promotion. Additionally, it fosters valuable content creation, enhances brand perception and visibility, and cultivates a positive reputation and user confidence. What's more, Pop Mart pays attention to the creation of physical stores. It has opened tens of thousands of physical stores worldwide. Its unique decoration style and high-quality service provide consumers with a good visual experience, increase customer returns. Not only that, these offline stores will also launch offline

activities from time to time, aiming at the theme of IP promotion design topics, with activities to gather regular customers, and give limited prizes to enhance customer trust.

### **2.3. Hunger Marketing and Co-marketing**

Pop Mart also utilizes hunger marketing as a vital method to incentivize customers to make purchases [5]. Pop Mart has been using a scarce marketing strategy, through fixed products and hidden products tied to the model to influence the consumer's consumption strategy, to encourage users to make a one-time purchase, more likely to win the right to draw hidden product.

Cross-border collaboration allows disparate elements to find a connection to each other at some level or angle, permeating and blending each other to create a sense of three-dimensional and depth for the brand. Have Complementary, integration, consumer image, the benefits of resource synergy, a greater than two results.

### **2.4. Behaviour Analysis**

In terms of behavior analysis, Pop Mart's products are predominantly targeted toward young individuals, particularly females, forming the leading consumer group. The profound influence of social recommendation cannot be underestimated, as the combined impact of social media and word-of-mouth powerfully shapes the sales trajectory of Pop Mart [5]. When learning about products and getting recommendations, consumers rely heavily on social media platforms and personal referrals from others [1]. Customers also possess a certain level of price sensitivity regarding Pop Mart products. Customers will carefully evaluate prices, promotions, and discounts across various platforms in order to identify the most financially advantageous purchasing alternatives. Typically, fashion-forward individuals who frequent Pop Mart tend to gravitate toward buying clothing, shoes, and various other products from renowned fashion brands. Users are strongly inclined towards products that offer a blend of superior quality, attractive design, and reasonable pricing, as they seek a consumer experience that is both high-quality and pocket-friendly. A substantial number of users frequently engage with mobile apps for shopping, demonstrating a strong sense of loyalty and attachment. For avid blind box collectors, the exhilarating moment of unveiling their long-awaited doll inside the blind box serves as a gratifying reward that further fuels their passion for collecting and purchasing more blind boxes [6]. Buyers cannot establish a clear link between their actions and the results they get, just like trying to predict the probability of food falling from a height. Consequently, this uncertainty can lead to a prolonged continuation of certain behaviors.

## **3. Potential Analysis on the Brand**

### **3.1. Strategic Advantages in Business Operations**

First of all, Pop Mart's offline stores are usually set up in shopping malls with a wide range of customers, including people of different ages, different income levels, different tastes and personalities, all of these people are potential customers of the brand, so it's better to let more people know about it at an early stage of development. [3] At the same time, the offline shop provides the whole process from the guide to the checkout service, can enhance the customer's purchase experience. The second point worth mentioning is that Pop Mart's products are different from other products. Because the cost of the blind box itself is not high, therefore, products mainly depends on the artistic value of IP price increases, or on the value of consumer appreciation. In the physical stores, consumers can immerse in personalized decoration style, decorative arts can enhance the blind box's value in consumers mind.

For online purchase, after the brand effect, the blind box of the fashion brand has a certain value in consumers' perception, which has become a way to expand sales of online channels. Compared to physical stores, online stores are more convenient and easier to access, allowing consumers to buy the products they want anytime, anywhere. Today's young people are more and more inclined to psychological stimulation. The pleasure of opening the blind box conforms to the young people's

requirements in this regard. In addition, there are robots placed in shopping malls for sale, somewhat more attractive to younger customers.

For a consumer, a blind box is likely to meet their daily emotional needs [7]. Each set has its own theme, and the blind box has the potential to cure consumer distraction, or as a daily pastime. Pop Mart are a great way to take advantage of users' Crowd psychology, even if they follow the trend. Today, the blind box in the largest consumer group of young people, they are not only the pursuit of material wealth, but also the pursuit of spiritual satisfaction.

### 3.2. Weakness of the Brand

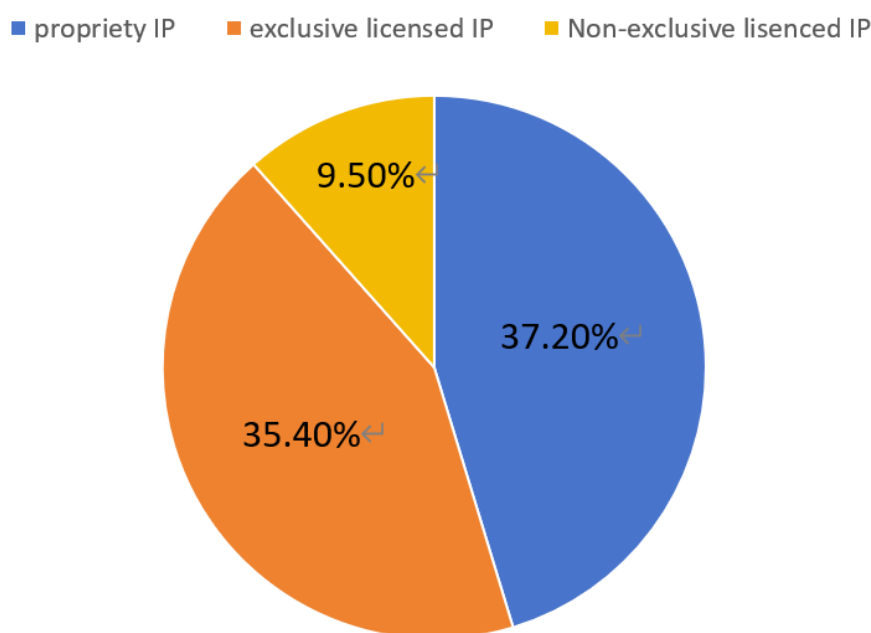
The reason why Pop Mart is a trendy toy label, is because all products need to follow the trend and development. Nowadays, the trend is changing so fast that some things only catch on for a while. For the blind box itself, the use value is also relatively low, a large part of consumers only enjoy the moment of opening the blind box, and the sense of superiority obtained will also drop sharply from the moment of opening the blind box, and with the increase in the number of purchases, the satisfaction of the blind box will also be reduced [3]. Therefore, as the blind box trend continues to develop, as consumers start to think about the usefulness of products or other innovative trends emerge, the popularity of blind boxes will be greatly halved.

Pop Mart relies on the economy of the blind box and IP particularity as well as the appearance of beauty as the key method of sales, but they are lack of blind box culture. Unlike the already popular anime characters like Marvel, Conan or Disney, Pop Mart's Blind box IP lacks a full story and rich personality, the result is that the doll only looks attractive to consumers, but does not have the inherent characteristics that extend its life cycle. To be precise, each IP has a very single personality perspective and does not give it a soul. This results in a lower stickiness for the user. As the novelty wears off, so does the likelihood that the box will be abandoned. Comparing the shortcomings of Pop Mart, the same kinds of brand that has emerged in China, TOP TOY, has become Pop Mart's strongest competitor [3]. TOP TOY solves the single-product supply problem by creating seven core categories, including Japanese anime characters, Doll Models, assembly models and building blocks, covering a variety of cultures from different regions. Most TOP TOY items are cheaper than Pop Mart, and large collectibles can go for tens of thousands of yuan, making them ideal for entry-level and TOP-of-the-range trendy TOY customers. As a result, Pop Mart's strategy of relying on blind boxes is risky compared to TOP TOY [8].

### 3.3. IP Analysis

Pop Mart's success has been tied to its popular IP marketing model. The relationship between the Pop Mart brand and IP can also be likened to the relationship between the talent agency and the trainee. An art student is called a trainee at the beginning of the contract in the company. After being packaged by the talent agency, they need to learn sing and dance. When trainees really capable of making his debut, the agency will help them to record songs, albums, variety shows, TV shows, and they will have a different label and image. Of course, Pop Mart use the same process, they will give an IP out of products, do trade shows. They will have a long-term cooperation of the mall, each year the mall will give the brand reserved space, Pop Mart will respond to the mall with their different IP commercial exhibition.

According to 2019 prospectus published by Pop Mart, there are three main types of IP that Pop Mart makes money from: proprietary IP, exclusive licensed IP, and non-exclusive licensed IP (see figure 2) [7].



**Figure 2.** Pop Mart brand income composition in 2019

In exclusive licensed IP, Pucky's sales lead by a wide margin, generating \$30.09 billion in revenue. In the proprietary IP, Molly series revenue accounted for 14.2 percent of total revenue, played a leading role in the brand. Although two kinds of IP master Pop Mart Brand Lifeline, but this also shows its demerits. As the market for Molly and Pucky begins to decline in love and affection, a portion of Pop Mart's revenue will be significantly reduced. The popularity of blind boxes is cyclical, therefore, Pop Mart must ensure that they can continue to create the newly attractive style of IP, in order to maintain high revenue. The non-exclusive IP was formed as a result of the decline in sales of the two main IP mentioned above, and Pop Mart began to work with well-known characters and images. Such as Zootopia by Disney, Marvel, Harry Potter, King of Glory, etc. Even this year, during Disney's 100th anniversary, Pop Mart released the series of blind boxes, which include classic Disney characters to attract customers.

## 4. Innovate Suggestions on Future Development

### 4.1. Setting up Activities

Pop Mart can start with the main promotion of their own IP keywords, around one of the IP image to create a the industrial chain out of the blind box sale. Here is an example of the new IP, Hirono, launched by Pop Mart. This IP was chosen because of its highly personalized and appealing theme. Pop Mart can set up Hirono pop-up activities to bring an idea of stress-free and healing yourself to the urban area.

Such event can be held in the city, but the location will be set in outdoor space as far as possible, to ensure that the purpose with the return to nature, the pursuit of truth and freedom will not be changed. By the fact that each city has its own characteristics, thus the Hirono series will design different images in different cities as a way to raise the curiosity of consumers, and make consumers willing to fight for every opportunity to participate in the event. People who attend the event also get benefits. Hirono's apparel, school bags, teacups, headphones, and other items are distributed at the event, this can also solved the problem that Pop Mart sales blind box only. Because it's a high-pace society nowadays, they can promote a "Wild" lifestyle for young people to heal themselves and reframe themselves. The destination for the event could be every fast-growing city in China with its own characteristics, such as Hong Kong, Beijing Shanghai, Shenzhen. Participants can share their

healing stories, encourage each other, and give each other strength. Such activity can set up in order to promote purchase rates.

#### 4.2. Position for Future Development by the Comparison of Disney

Pop Mart is not a collector's item, there is no real value in the product itself. People predicted that Pop Mart would become the second Disney in its rapid development. There are, of course, big differences between Disney and Pop Mart [7]. Disney used stories to create many successful characters, which became the world's children's special childhood memories. But the IP in Pop Mart doesn't have a unique background to attract people to remember it for a long time. Disney continues to create new characters in a variety of styles, while forming a relatively complete industry chain that links and promotes each other through media networks, theme parks, movies, and related products. Pop Mart is too single, they are lack of personalized IP and IP operation experience.

Thus, to grow as Disney did, Pop Mart needs to be value-driven, emotionally sticky and capable of capturing human emotions, which can help Pop Mart move away from mere commodity attributes. They can also add story lines to each series of characters, allowing the product itself to enhance the value of the collection.

### 5. Conclusion

In general, Pop Mart has succeeded in winning the hearts and minds of many people through its imaginative selling methods. By analyzing the brand's marketing strategy and consumer behavior, Pop Mart has successfully gained popularity in the market. In addition, the future of Pop Mart also has unlimited possibilities, through the recommendations and plans put forward in this article, so that Pop Mart can be more consumer-centered, making use of the blind box toy's highly personalized nature and emotional value, enrich their products, not just the blind box, to distinguish themselves from their competitors, and reach a wider audience in the market.

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