

Research on the Marketing Strategy of POP MART Based on Chinese Market

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Abstract. POP MART has grown from a humble toy collection store to a well-known IP brand, mainly focusing on its proprietary products. POP MART's triumphant journey in designer toys and collectibles is a testament to its masterful execution of price, place, product, and promotion strategies. This study delves into POP MART's market strategies, marketing tactics, and the key factors behind its success in the Chinese market. First of all, this article aims to study the marketing strategy of POP MART in the context of the Chinese market. This article will start with a literature review and theoretical background, obtain information data, and summarize and analyze the existing information. Secondly, the research will use questionnaires to evaluate and analyze the existing strategies of POP MART and determine the trend of POP MART's business strategy and consumer preferences. POP MART stands tall as a dominant force in the designer toy and collectibles industry, shaping trends and delighting collectors worldwide with its creative and customer-centric approach.

Keywords: Marketing Strategy, POP MART, Chinese Market.

1. Introduction

1.1. Research Background

With the continuous development of the social economy and the continuous expansion of the market scale, the blind box economy stands out among many economic models, and the blind box model has become a research hotspot in recent years. Scholars generally believe that, driven by uncertainty and its popularity, the appeal of blind boxes has resonated strongly among contemporary young people. Blind box marketing has become popular, and blind box products have become the new favorite of the market. Among them, Bubble Matt did well. Founded more than ten years ago, POP MART has grown from a humble toy collection store to a well-known IP brand, mainly focusing on its proprietary products. With the concept of "blind box", POP MART has become the most famous toy company in China, catering to the curiosity and appreciation of the art of the younger generation. POP MART's success in the living toy market highlights the importance of understanding the marketing strategies that have brought it to its current position. This study aims to delve into these strategies, providing insights into their commercial and social value.

1.2. Literature Review

Cui believes that China's blind box industry is emerging. With the rapid development of the blind box industry, the blind box economy has greatly promoted China's economic development. Driven by young people's curiosity and shopping desire, coupled with the uncertainty and popularity of blind boxes, the attraction of blind boxes to contemporary young people has greatly increased. The article pointed out that the blind box economy is in a stage of rapid development, so there are various problems, such as blind box bidding, poor quality of blind boxes, false publicity, and inadequate after-sales service. In order to solve these problems, some suggestions are put forward in this paper. First

of all, the government should establish and improve relevant laws on the blind box industry and strengthen supervision and law enforcement to protect the rights and interests of consumers. Secondly, enterprises engaged in the blind box industry should operate according to the law to ensure the production of high-quality products and provide efficient after-sales service. Finally, consumers should learn and understand the blind box sales mechanism, consume rationally, and learn to correctly protect their rights and interests. The article promotes the healthy development of the blind box economy and guides the blind box industry to become a more mature industry [1].

Qi delved into the journey of POP MART, emphasizing its transformation and the pivotal role of the blind box concept. The study further highlighted SMEs' challenges in the lifestyle toy industry, suggesting potential growth strategies inspired by POP MART's success [2].

With the arrival of Generation Z and the rapid update of entertainment methods, the blind box industry is also prospering. Zhang conducted an in-depth study on this and explored the underlying reasons for the blind box economy. The article analyzes the crazy behavior of buying blind boxes from the consumer psychology perspective and combines traditional economic principles to study the marketing strategies of producers. Zhang pointed out that the success of the blind box economy is not only based on price strategies but also involves the use of intellectual property rights, hunger marketing, and distribution channels. In addition, consumers' purchasing behavior is also influenced by psychological theorems such as the Skinnerian theory, the gambling effect, and the herd effect [3].

1.3. Research Gap

Although the research on the marketing strategies of different industries in the Chinese market has been very rich, there are still some deficiencies in the in-depth research on the life toy market where Bubble Mart is located. Most studies tend to overlook the unique strategy adopted by POP MART, especially in the context of the Chinese market, and only a few studies have delved into the company's specific marketing methods. Although we can observe the market performance and success of POP MART, the understanding of the strategic reasons and influencing factors behind it is still incomplete. This article hopes to better understand consumers' purchasing motivations, consumption habits, and psychological needs through the research and analysis of POP MART's marketing strategy. Secondly, give full play to the economic impact of blind boxes and drive the development of related industrial chains. It can also help related companies adjust their marketing strategies to better adapt to market changes and consumer needs.

1.4. Research Framework

In order to fill the research gaps that have been discovered, this paper will adopt the following research logic:

First of all, this article aims to study the marketing strategy of POP MART in the context of the Chinese market. This article will start with a literature review and theoretical background, obtain information data, and summarize and analyze the existing information. Secondly, the research will use questionnaires to evaluate and analyze the existing strategies of POP MART and determine the trend of POP MART's business strategy and consumer preferences. Finally, according to the survey results, a summary and suggestions for future research will be provided for POP MART and other relevant companies in the industry, providing them with a roadmap to replicate the success of POP MART.

2. Case Description

2.1. Introduction

POP MART, a leading player in the world of designer toys and collectibles, has captured the hearts of consumers with its innovative "blind box" concept. This case study delves into the various aspects of POP MART's market strategy, focusing on its price, place, product, promotion, and the problems identified in its marketing approach.

2.2. Strategies

2.2.1. Price Strategy

A tiered approach characterizes POP MART's pricing strategy. They offer blind boxes at different prices, ranging from affordable options to premium collectibles. This pricing diversity caters to a broad consumer base, making their products accessible to casual buyers and serious collectors. However, this strategy may lead to inconsistencies in perceived value, potentially diluting the brand's premium image.

2.2.2. Place strategy

POP MART has masterfully employed an omnichannel distribution approach. Their products are available through various channels, including physical stores, e-commerce platforms, and collaborations with other retailers. This extensive reach ensures that consumers can access their products easily but also creates challenges in maintaining brand exclusivity.

2.2.3. Product strategy

POP MART's product strategy centers on creativity and collaboration. They consistently release visually stunning and unique blind box collections created in collaboration with renowned artists and designers. This approach fosters anticipation and excitement among collectors. However, there is a risk of oversaturation in the market, as rapid releases may diminish the perceived value of each collection.

2.2.4. Promotion strategy

POP MART leverages the power of social media and influencer marketing effectively. They engage with their audience through visually appealing content, creating buzz around new releases and limited-edition items. This strategy has contributed to a strong online community and fan base. Nevertheless, overreliance on digital marketing may neglect potential offline customers.

2.3. Identified problems

The tiered pricing strategy, while broadening the customer base, poses a challenge in maintaining a consistent brand image. POP MART needs to strike a balance between accessibility and exclusivity to preserve its premium status. The frequent release of new collections might lead to oversaturation, potentially diminishing the appeal of each release. Careful curation and spacing of releases are essential to sustain long-term interest. While POP MART excels in digital marketing, it must not overlook the importance of engaging offline customers. Maintaining a strong presence in physical stores and events can enhance brand recognition. The popularity of POP MART's blind boxes has attracted counterfeiters. Ensuring the authenticity of products is vital to protect the brand and consumers' trust. In an era of growing environmental consciousness, POP MART should consider sustainable packaging and production practices to align with changing consumer values.

2.4. Conclusion

POP MART's blind box market strategy has been instrumental in establishing itself as a prominent player in the collectibles industry. However, brand consistency, oversaturation risks, and offline engagement need careful consideration. By addressing these issues while continuing to innovate and collaborate, POP MART can further solidify its position in the market and navigate the evolving landscape of collectibles and designer toys successfully.

3. Analysis of the Problem

3.1. Current Situation of POP MART's Marketing Strategy

3.1.1. Price strategy

A fashion toy integrates the concepts of art, design, painting, sculpture, animation, and other elements. Its core group is between 15-40 years old young women. As a leading enterprise in China's fashion toy industry, POP MART's main target consumer group is also young women. The specific age is between 18-29 years old, and the average age is 27. White-collar workers and students are its core consumer groups; 90% of consumers have a monthly income of 8,000-20,000 yuan, which shows a certain purchasing power of its consumer group and have a higher education level who are more likely to accept multicultural and new things.

Based on the purchasing power of its consumer groups, compared with similar blind box products, POP MART adopts a prestige pricing strategy, and the basic price of its entry-level products is 59 yuan to meet the high price psychology of consumers. (The general price of Miniso's TOPYOY blind box is 49 yuan). In addition, POP MART will also adopt a skimming pricing strategy for new products to recover costs and make profits expeditiously, as shown in Figure 1, Figure 2, and 3.

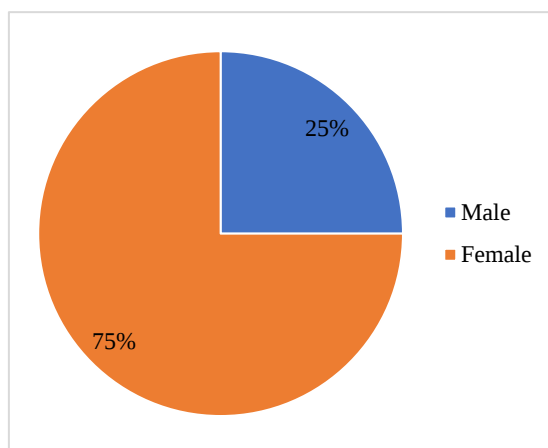


Figure 1. POP MART consumer gender [4]
(Source: Poo Mart prospectus)

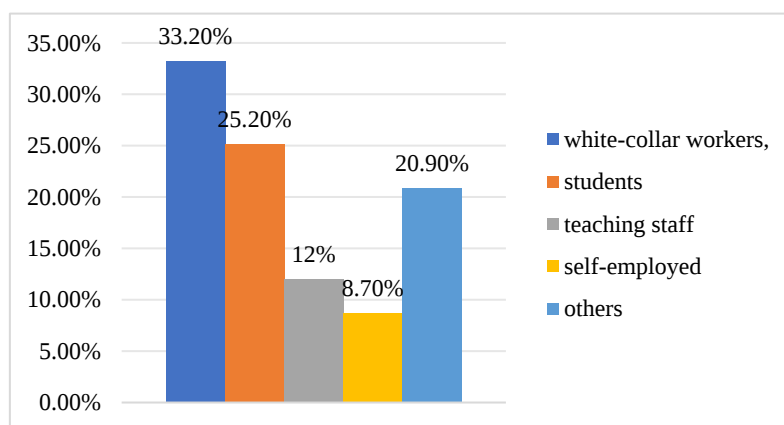


Figure 2. POP MART occupation distribution [4]
(Source: Poo Mart prospectus)

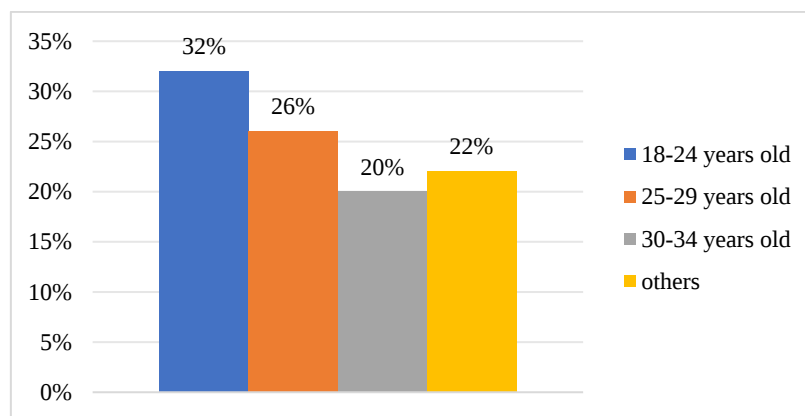


Figure 3. POP MART age distribution [4]

(Source: Poo Mart prospectus)

3.1.2. Place strategy: combine online and offline channels

POP MART adopts an omnichannel marketing strategy, integrating offline and online channels to reach more users. Its main offline channels are direct retail stores, robot stores, and fashion exhibitions. According to the company's annual report, it opened 49 new offline stores in mainland China in 2022, increasing the number of stores to 329. Moreover, POP MART actively expands its flagship stores and specialty stores, such as the Atlantis store in Sanya, Hainan, which tries to combine Marine culture to create a marine-themed specialty store. Similarly, in 2022, POP MART added 206 robot stores on the mainland, bringing the total number to 2,067. In addition, POP MART will hold international fashion toy exhibitions in Shanghai and Beijing in April and September each year. The number of exhibitors can reach more than 50,000, which is one of China's most important exhibitions of fashion toys.

POP MART's online sales channels mainly include flagship stores, official accounts, WeChat mini-programs, and second-hand platforms. Among them, the mainstream online sales platform is an indispensable channel for POP MART, whose revenue from the JD flagship store is 138 million yuan, and the Tmall flagship store is 462 million yuan in 2022. As a complement to offline stores, the online channel provides a longer tentacle for POP MART to penetrate the market further, thereby increasing its market share.

3.1.3. Product strategy: combine the IP value of Tide Toys with blind box marketing

Cooperating with artists, well-known IP suppliers, and internal design teams, POP MART bonds internal and external IP to create a complete IP creation ecosystem. According to its prospectus, as of June 30, 2020, the company owned 93 IPs, including 12 owned IPs, 25 exclusive IPs, and 56 non-exclusive IPs. From an internal point of view, POP MART has a mature design team to carry out creative design and development work. From the external point of view, POP MART signed super IPs such as Disney and Universal Pictures and effectively used the audience covered by multiple IPs through brand co-branding to improve market awareness and share.

POP MART's blind box marketing is also an important reason for its popularity. The uncertainty of the blind box takes advantage of consumers' gambler's psychology and produces certain expectations in the transaction process. Once people open the blind box and reveal the answer, they will have strong feelings of satisfaction, surprise, or upset. This special consumption experience captures the psychology of consumers seeking stimulation, even resulting in an "addiction" psychology.

3.1.4. Promotion strategy: build community and create social value

To create a tide of social play, POP MART developed China's most professional Tide toy community platform, Pati fun APP, through sharing, exchange, and trading in the community to increase customers' sense of identity POP MART. Relevant data show that the proportion of active Pati Fun App users for more than 20 days a month is close to 50%, and its user stickiness is strong.

In addition, POP MART also holds a fashion toy exhibition every year, which is a feast for a group of consumers with a common hobby. As a result, POP MART has the function of acting as a social currency. People will get to know each other in the community through POP MART, post pictures of POP MART products on social media, and include POP MART in the list of possible birthday gifts for friends.

3.2. Problem Identified of POP MART's Marketing Strategy

3.2.1. Over-reliance on core IP and low IP cultural attributes

In 2022, POP MART's two core IPs, Molly and Dimoo, accounted for 17.4% and 12.5% of its total revenue, respectively. In addition, although POP MART has actively developed new IPs in recent years, few new IPs can compare with Molly, only SKULLPANDA. While SKULLPANDA's revenue surpassed Molly's in the first half of 2022, its growth is uncertain, slowing from 1,423% year-over-year growth in 2021 to 143.1% in 2022. Besides, since 2022, POP MART has not launched a new explosive IP, which is not conducive to the long-term development of its business model.

Although the current POP MART company has an exclusive, well-known IP, its IP lacks connotation, has no spiritual core and cultural value, and is only a product with visual graphics created by artists as the core content, rather than a story-centric IP product like Disney and Marvel heroes. Therefore, in the long run, if there is no further break, its products can only stay in the toy industry, and the life cycle of its IP will be greatly shortened.

3.2.2. Imbalance of marketing strategy layout

As of September 2023, POP MART has 980 stores in mainland China. Among them, the first-tier city stores accounted for 29.8%, the new first-tier cities accounted for 37.24%, the second-tier cities accounted for 22.45%, while the third and fourth line and below the city accounted for only 10.51%, which showed a huge dip. In addition, from the perspective of the city distribution of blind box APP users, the market share of third and fourth lines and below is 34.1%, and it shows an upward trend from 2019 to 2020, much higher than the 10.51% of POP MART. Different from POP MART, which insists on its operation, second-line blind box brands such as Rolife adopt the distribution model to quickly seize market share, thus seizing the sinking market in China, the market with the largest population base and area in China. However, the direct stores of POP MART are mostly located in first - and second-tier cities, resulting in low awareness of consumers in many third - and fourth-tier and below areas, as shown in Figure 4 and Figure 5.

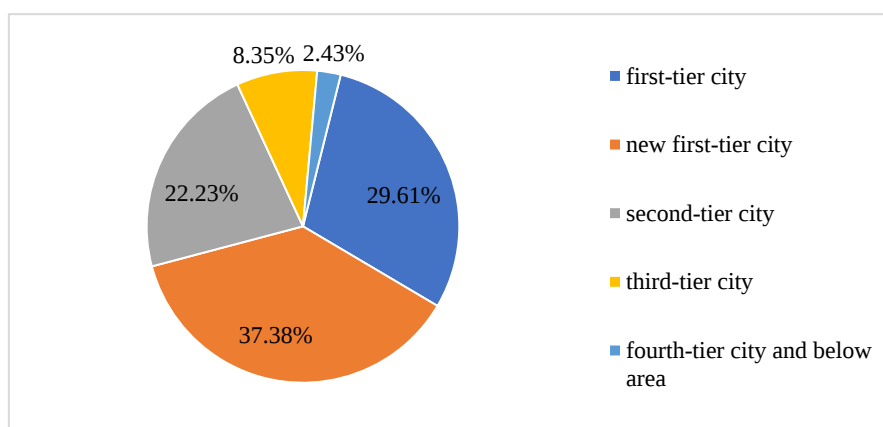


Figure 4. POP MART offline store distribution [5]

(Source: swguancha)

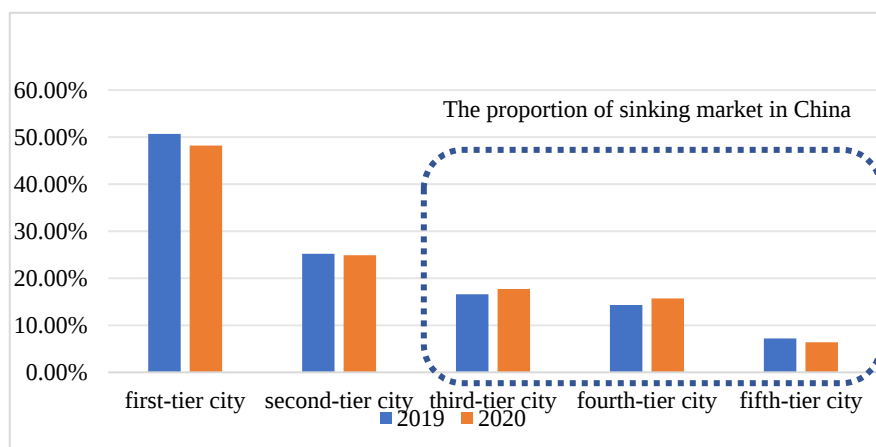


Figure 5. Proportion of blind box APP users by city level in China [6]
(Source: MobTech, 2020.11)

3.2.3. Homogenization in blind box marketing and the decline of consumption experience

Since POP MART became popular with blind box marketing, many companies have followed its marketing model, that is, to design exclusive IP and different styles of blind boxes with the same series. This makes the homogenization competition in the blind box industry very serious, and the excessive abuse of blind box marketing also makes consumers gradually lose their initial novelty. Moreover, the sales method of blind boxes has gradually become a way for some merchants to clear inventory, which contains bad promotional motives and is considered not worth buying by consumers. POP MART also carries out blind box + blind bag sales on the Double 11 promotion Day. However, many consumers tease that the products they buy are the most unpopular styles in a series of blind boxes and believe that this behavior is suspected of clearing inventory, which makes consumers' consumption experience decline.

4. Suggestion

4.1. Limited Edition Releases

POP MART frequently introduces limited edition series, creating a sense of urgency and motivating consumers to purchase quickly. This scarcity marketing strategy boosts demand and contributes to the brand's popularity. Consumers will be willing to collect every figure of the limited edition. POP MART has adopted an addictive blind box mechanism that stimulates the consumers' desire to buy and collect. A blind box is a sealed package that contains a random figure from a series. The consumers do not know what they will get until they open the box. There is also a chance to get a rare or hidden figure with higher value and scarcity. This creates a sense of uncertainty, excitement, and surprise for the consumers, who may be tempted to buy more boxes to complete their collection or to get their favorite figure. The blind box mechanism also creates a social attribute for the products, as the consumers can share their unboxing experience, trade or exchange their figures, or show off their collection on social media platforms. As a result, more and more people will buy the products.

4.2. Innovative Marketing Strategies: Social Media Engagement

POP MART actively engages with its target audience through social media platforms, including Instagram, Facebook, and YouTube. Regular updates, contests, and sneak peeks generate buzz and maintain brand visibility. POP MART has leveraged various social media platforms to promote its products and brand image. It also has established its online community called Paqu, where fans can interact with each other, get the latest news and information about the products, participate in online events and activities, and buy the products directly. POP MART also uses popular platforms such as Weibo, Xiaohongshu, and Zhihu to spread its content and influence. POP MART cooperates with key

opinion leaders and celebrities with a large fan base and can generate positive word-of-mouth for the brand. POP MART also encourages user-generated content (UGC) by inviting fans to create their own designs, stories, videos, or reviews about the products. Therefore, a target audience is more likely to buy the blind boxes. POP MART can utilize the amount of audience to spread its advocacy and the stories behind the products. By doing so, consumers will be willing to buy more products joyfully. Create a TikTok account and post short videos of your products, such as unboxing, playing, or showcasing. The company can also collaborate with popular TikTok influencers with a large following of toy lovers. TikTok is a fast-growing social media platform that can help you reach a younger and more global audience [7].

4.3. The Importance of IP Value

First, POP MART has a strong original design ability that is the foundation of its brand development. POP MART has developed and acquired dozens of intellectual properties (IPs) that feature various characters with distinctive personalities and styles. The most popular IPs include Molly, DIMOO, LABUBU, and Pucky [8-10]. POP MART collaborates with well-known IPs from other fields, such as Disney, Pokemon, Harry Potter, Conan, and the Palace Museum. These IPs appeal to different consumer segments with different preferences and tastes. POP MART's products are toys and artworks that express the creativity and culture of the designers and consumers. These products also sell out quicker and have higher prices, not only because it's unique but also because it's not just a simple toy. It combines artistry and Ornamental. The company can put these IPs into full use to let people know the stories behind them. POP MART Company can also engage in cross-border cooperation with other industries and fields through intellectual property authorization, develop IP derivatives with catering, gaming, theme parks, and other fields, and grant IP authorization with publications, auction business, and other fields.

4.4. Choose the Appropriate Channels and Methods to Promote Products

City size is an important factor that affects POP MART's marketing and sales performance. According to a Deloitte study, city size positively impacts the consumption level and preference of blind boxes. Consumers in larger cities tend to have higher incomes, more diverse tastes, and more willingness to try new, trendy products.

For example, in first-tier cities, they can use offline physical stores, robot stores, and online e-commerce platforms to display and sell POP MART's products. In second and third-tier cities, they can use social media and online influencers to create buzz and cooperate with local retailers and agents to expand their brand awareness and coverage. Choose the appropriate IP and design to customize these products according to the city's cultural characteristics and user preferences. For example, cities with rich cultural heritage can launch toy series related to local cultures, such as the Palace Museum.

5. Conclusion

POP MART's triumphant journey in designer toys and collectibles is a testament to its masterful execution of price, place, product, and promotion strategies. POP MART has adeptly navigated the pricing landscape. They've struck a delicate balance, positioning their products as premium without alienating potential buyers. This calculated pricing strategy has enabled them to tap into a wide consumer base, encompassing both ardent collectors and more budget-conscious customers. By offering diverse price points within their collections, they've made their products inclusive and appealing. The brand has been a pioneer in crafting a strategic placement network. With flagship stores dotting key cities around the globe, POP MART has created an immersive brand experience beyond mere transactions. This physical presence reinforces the brand's identity and fosters a loyal community of collectors. Simultaneously, their robust e-commerce presence ensures they can reach customers worldwide, transcending geographical boundaries. POP MART's product strategies

symbolize their commitment to innovation and creativity. They consistently infuse freshness into their offerings through ongoing collaborations with renowned artists and designers. This dynamism not only retains the interest of their existing customer base but also attracts new enthusiasts. The introduction of limited editions and exclusive releases adds an element of urgency and exclusivity, further fueling demand and fostering brand loyalty. In the realm of promotion, POP MART shines brightly. Prom captivating teaser campaigns and engaging social media content mark their promotional efforts. They deeply understand the power of storytelling, artfully weaving narratives around their products that resonate with their audience's aspirations and desires. Collaborations with influencers, artists, and pop culture icons amplify their brand visibility, ensuring their products are at the forefront of popular culture conversations. In conclusion, POP MART has not merely followed conventional marketing strategies; they've perfected them. Their pricing strategy strikes a harmonious chord with diverse consumer segments. Their placement strategy creates a seamless blend of physical and digital presence. Their product strategy is marked by ceaseless innovation and collaborations, and their promotion strategy is a symphony of anticipation and excitement. As a result, POP MART stands tall as a dominant force in the designer toy and collectibles industry, shaping trends and delighting collectors worldwide with their creative and customer-centric approach.

Authors Contribution

All the authors contributed equally and their names were listed in alphabetical order.

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