

Research on Core Competitiveness and Sustainable Development Strategies of Pop Mart

Runjing Wang*

Singapore Institute of Management, Singapore

**Corresponding author: Runjing Wang.*

Abstract

This paper aims at discussing the important elements leading to successful commercialization of one of the leading companies in the international designer toy industry, namely Pop Mart. Since establishment in 2010 and listing on the Hong Kong Stock Exchange in 2020, Pop Mart has made substantial progress, with total revenue of RMB 13.04 billion in 2024. From this research it is understood that there are three strategic pillars: vertically integrated intellectual property (IP) system, a business model that is based on the psychological phenomenon of blind box, and an aggressive yet culturally sensitive global expansion, which all play a part in the company's competitive advantage. The analysis is based on the latest financial data of the company and recent academic research and demonstrates the ways in which the IP ecosystem can serve as the basic value creation mechanism and how the blind box model can be used for gamification and hedonic uncertainty to monetise and engage the consumer. Both are then stretched out into various cultural markets with the international expansion strategy. The paper also covers the role of omnichannel retail integration, and community-driven membership systems, as they strengthen these strategic aspects. The study also, however, highlights material risks, such as IP life-cycle uncertainty, ethical and regulatory issues related to the blind box model, a growing number of lower-cost competitors and doubts about the cross-cultural applicability of consumption psychology. The results provide some pragmatic insights to the companies seeking emotional brands and make some theoretical contribution to the emotional consumption economy's study of competitive advantage.

Keywords

Pop Mart, designer toys, blind box model, intellectual property (IP) strategy, emotional consumption

1. Introduction

The global collectibles and designer toys market is in the process of changing its structure, due to the emotional consumption, the digital culture and the rise of the purchasing power of Gen Z consumers in recent years. The designer toys and art collectibles market is one of the expanding market segments of the global collectible market, which is projected to expand to USD 294 billion in 2023. Beijing-based Pop Mart International Group was founded in 2010, and listed on the Hong Kong Stock Exchange in 2020, making it the most commercially viable company in the industry. In 2024, its annual financial report shows total revenue

of RMB 13.04 billion, which is an increase of 106.9% compared to the previous year, and an adjusted net profit of RMB 3.4 billion, an increase of 185.9% compared with the previous year [1]. The rare 5X revenue growth since the IPO in 2020 has been witnessed by the company, which is one of the few consumer brands in any segment to achieve such a growth. The numbers really tell the story—Pop Mart is a textbook example of the modern way of doing business, and of the general trend of the emotional economy, in which the consumer is increasingly paying more importance to emotional experiences and symbolic values over functional use. This essay proposes that the main reasons for Pop Mart's remarkable commercial success are the three interdependent strategic elements: a vertically integrated intellectual property (IP) ecosystem that serves as the main base for value creation, the gamification logic inherent to the “blind-box” business model, which plays on the psychological elements of uncertainty and hedonic consumption, and a global expansion strategy that is aggressive but also culturally ready. These pillars are all elements of a competitive architecture that has transformed this niche cultural product into a phenomenon for consumers worldwide.

There is a considerable amount of new research on different aspects of Pop Mart's strategy. In terms of psychological analysis of blind box consumption, Zhang and Zhang [2] have studied it, and Miao et al. [3] have introduced the gamification theory into the design of blind box. Chiu et al. [4] conducted a systematic analysis of the brand strategy of the blind box industry and Zhou [5] gave an in-depth analysis of the operating model of Pop Mart's IP. This essay integrates these academic contributions and offers new financial data to develop a multi-dimensional critical analysis. According to it, the IP system is the most essential factor for the success of the “blind-box” model and international expansion of Pop Mart. In addition, in order to maintain its dominance, Pop Mart needs to ensure it can control risks associated with the IP lifecycle, pass through regulatory hurdles and continue to engage people in a broader global consumer base.

2. IP Ecosystem as Core Strategic Asset

2.1 IP Portfolio and Revenue Contribution

IP is an integral part of Pop Mart's business model. According to Zhou [5] Pop Mart's strategy is “dual IP”, meaning characters that it has created and characters it has licensed from the outside, including Disney, Sanrio and Harry Potter. It has its own Pop Design Centre (PDC) for designing original IPs like HIRONO, Zsiga and Nyota, and also the commercial part of the collaboration, where the designer IPs are signed by external designers, such as Hong Kong designer Kenny Wong (MOLLY) and the Swedish artist Kasing Lung (THE MONSTERS). In 2024, there are four major IPs (THE MONSTERS, MOLLY, SKULLPANDA and CRYBABY) and the turnover reaches more than 1 billion RMB per year [1]. With the total amount of RMB 3.04 billion, THE MONSTERS' growth is 726.6% year-on-year. These numbers have proved to be the key revenue source and the one that differentiates Pop Mart's brand. Additionally, the company's gross profit margin of 66.8% in 2024, much higher than the industry average, is a testament to the value of IP that allows the company to command higher prices for its products due to the emotional attachment people have with them.

2.2 Vertical Integration and Data-Driven Design

This value chain-centric approach can be of great strategic value, as the value chain is integrated vertically. Chiu et al. [4] stress that the IP incubation/IDF built-in platform of Pop Mart is crucial for design-to-manufacture and marketing and retail distribution. The vertical integration allows the company to promptly adapt to consumer preference. Zhou [5] also points out that Pop Mart is also utilizing data to refine their design; they use sales data in real time to make changes in character expressions, colour palettes and thematic series based on consumer voting trends on social media. This co-creation process helps to build a connection between the brand and the customer, creating the feeling that the customer is no longer just a customer, but part of a community. This is in line with the findings of Chen [6] which state that continuous innovation via IP is happening via acquisition and in house development. The vertical integration has more significant implications. It gives Pop Mart the freedom to create that's not seen a lot in the toy business because all the traditional toy companies just license from their entertainment franchise and just can't come up with emotional stories of their own.

2.3 IP Lifecycle Risks and Portfolio Diversification

However, there are flaws in this IP system which can be observed. The company has a history of creating potentially lethal IP. About 40% of the total revenue in 2018 came from MOLLY sales, but by 2021, consumers' interest had declined, and the proportion of revenue from MOLLY sales was 11.5% [4]. Product homogenisation between different brand competitors, one of which Song [7] mentions, is clearly seen with MINISO's subsidiary under the name TOPTOY, which has taken many of the elements of Pop Mart's and transformed them with much lower prices. Qian and Lin [8] caution that the emotional attachment surrounding a designer toy IP is never permanent, and it always needs to be continually re-marketed by creativity. From the consumer's point of view, the novelty-seeking factor ensures that each character will inevitably reach a point where its emotional appeal diminishes, which is a systemic risk in the IP lifecycle and cannot be counteracted by portfolio diversification. In response, Pop Mart has diversified its IP portfolio by adding 13 individual IPs, of which the top 13 contribute more than RMB 100 million to the total value in 2024, thereby decreasing the dependency on a single IP [1]. This is appropriate, but the fundamental issue of keeping dozens of characters emotionally engaged for long periods of time is not dealt with analytically.

3. The Blind Box Model: Psychological Drivers, Ethical Concerns, and Regulatory Risks

3.1 Gamification and Hedonic Uncertainty

The “blind box” system is the commercial product that makes IP assets profitable for Pop Mart. Blind Boxes are packages that will have one figurine, picked at random from a series of themed figurines, inside the box, and the type of figurine will only be known once they have been opened when buying it. Uncertainty is a very typical part of the business model, and has been extensively studied in the academic literature. Inconsistency of products has been found to positively influence consumers' buying intentions, especially by boosting their emotional value, according to empirical studies carried out by Zhang and Zhang [2]. As expected, their study found that there exists a mediating pathway from product design to the consumer's affective response, which makes purchasing an emotionally charged event. This analysis was further expanded by Zhang et al. [9], who showed that uncertain rewards lead to curiosity, which in turn leads to purchase intentions and impulsivity. The results of these two put together show that the blind box is not simply a box format, but a very advanced behaviour design. The theoretical contribution of this is that it is contrary to classical consumer theory, which typically assumes that reducing product uncertainty increases purchase intention. This is the blind box that turns this assumption upside down: Sometimes, in markets where consumers are not using a product for a functional purpose, uncertainty is a good demand stimulator if managed strategically.

These mechanisms have been theoretically well explained by Miao et al. [3] using the lens of gamification marketing. They found in their experimental study detailed in the *Journal of Retailing and Consumer Services* that this blind box design creates ‘gameful experiences’ – including enjoyment and activation – which impacts brand engagement and purchase intention. The study also found that the gamification effect of the blind box design is more powerful under premium price levels; that's why Pop Mart is able to sell at nearly double the price of other brands without any significant decrease in sales [10]. Mvondo et al. [11] also added that the hedonic value experienced by customers from participating in blind box shopping leads to their delight, which consequently leads to brand evangelism. When analyzing the data, they found that customer delight lies between hedonic experience and willingness to recommend the brand, when they asked 486 people. The finding is significant in that it reveals both the monetary and organically generated marketing that Pop Mart's blind box system creates, via the voice of the customers. These studies all conclude that Pop Mart has developed an exciting loop of consumption: Uncertainty creates excitement, which leads to delight, which leads to loyalty, which leads to re-purchasing and word-of-mouth.

3.2 Ethical and Regulatory Challenges

However, the ethical and regulatory aspects of the blind box model must be dealt with in a critical appraisal of the model. Duan et al. [12] carried out a large-scale epidemiological survey, with statistically significant links between the overuse of blind boxes and an increased risk of suicide among adolescents and young people. The study warns of the addictive nature of such a consumption model based on uncertainty, particularly promoting it to younger consumers. Consequently, the regulatory bodies across China have started to pay

closer attention to blind box selling: blind boxes must be accompanied by a probability distribution of the probability of getting a rare item or a hidden item and blind box selling to minors is restricted [13]. Since the disclosure requirements are getting tougher, the scope of uncertainty that can make customers happy would be narrowed, Jian [10] believes, and this is a material business risk for Pop Mart. The ethical argument is analytically valid: The characteristic psychological components of the blind box model that are necessary for the creation of a commercial product are the same components that make it susceptible to the objection that it is a quasi-gambling model. Pop Mart's sustainability, therefore, to some degree, hinges on maintaining consumers' excitement in the midst of regulatory regimes that are constantly evolving.

4. Internationalization and Culture Localization

4.1 Growth Trajectory and Revenue Mix

The third aspect of Pop Mart's competitive edge is expansion overseas. In 2018, the company got on the path of globalisation and in 2022 opened its first store abroad in London. Since then, the rate of growth has been quite rapid. As of the end of 2024, Pop Mart had 130 brick-and-mortar outlets and 192 Robo Shops in roughly 100 countries and regions, such as the Louvre in Paris and Oxford Street in London [1]. The non-Mainland China markets' revenue rose by 375.2% over the previous year to RMB 5.07 billion, representing 38.9% of the total revenue in 2024. According to Wang [14], this quick and effective internationalisation is due to Pop Mart's brand marketing being successful in adapting to various cultural backgrounds, which is evident in the results of the company's success in Southeast Asia, with revenue increasing by more than 619% from 2022 to 2024. Within two years, Hong Kong, Macao and Taiwan, and other markets outside Mainland China, have come to account for 38.9% of the total revenue, which has completely changed the company's geographic revenue mix.

4.2 Localization Strategy and Cultural Adaptation

In particular, the localisation strategy deserves mention. Because of the customization of its product and in-store experience to fit local tastes, Fan [15] calls Pop Mart a "key market player". The stores' design also reflects the K-pop aesthetic themes in South Korea, and in Thailand, the first store in Bangkok has set a new record for the number of customers during a single day with over 1000 customers [4]. In the case of K-pop group Blackpink and the Labubu character, the cultural diffusion of Pop Mart is also accompanied by the viral status of the Labubu character in K-pop illustrates a symbiotic relationship between Pop Mart's cultural diffusion and K-pop fandom. Its results have been even more impressive in North America, as TikTok marketing has contributed to a huge 5,780% increase in revenue generated via TikTok-driven campaigns in 2024, and the Pop Mart mobile app even claimed the No. 1 position on the App Store shopping category chart for a brief time in early 2025. Cultural sensitivity is one of the things that distinguishes Pop Mart from many Chinese consumer brands that have struggled to take their success with consumers at home to other countries. Through its direct-to-consumer (DTC) brand strategy, Pop Mart has the strength of being able to go-to-market without any middlemen and keep the quality of its products consistent across various markets, as stated by Chen [6].

4.3 Risks: Cross-Cultural Transferability and Regulation

But a critical view must also point out the structural dangers of such an expansion strategy. China's domestic market has remained the largest contributor at 61% in 2024 but is starting to go flat. However, the competition from other brands such as TOPTOY has also been increasing in a relatively fast way, as quoted by Song [7], in the lower tier cities in China, which offer a similar product at a lower price, and they have grown in number over the last few years. It was in part a defensive strategy in an environment of domestic competition that paved the way for the strategic shift towards international markets. Also, the blind box model cannot be guaranteed to be transferred to other cultures. Previous research in the field of blind box consumption has been largely based on Chinese and East Asian samples [3,2], and the psychological and social drivers of consumption were recorded. What consumers react to for the same reasons of hedonic uncertainty in the West is still an empirical question, but in the instance of Pop Mart, it has demonstrated cross-cultural applicability in North America and Europe. There are also differences in regulatory requirements: European consumer

protection rules are more stringent than those of China with respect to probabilistic selling, and getting ready for this requires significant legal and operational investments.

5. Enabling Omnichannel Retail Integration and Community-Driven Engagement

5.1 Omnichannel Retail and Supply Chain Efficiency

This high-tech omnichannel retailing goes hand in hand with increasing Pop Mart's competitiveness and they've created a loyal fan base willing to give them a shot. The company has multiple offline retail shops and Robo Shops at various commercial hubs for two reasons: 1) when a consumer is physically in the vicinity of the store, they can purchase the product easily and, 2) the Robo Shops can act as a brand touch point, enhancing the experience with the product. In 2024, the gross profit margin was 66.8%, an all-time high, compared to 61.3% in 2023, driven by an increase in direct-to-consumer distribution channels (without any intermediaries) and an increase in the proportion of self-manufactured products, from 62.7% to 68.3% [1]. The company's data-driven supply chain management system is efficient, as the inventory turnover days decreased from 133 in 2023 to 102 in 2024. New plush products are going from production to market in about 45 days as digital monitoring systems dynamically adjust production plans based on real-time sales as well, helping to minimize the risk of inventory and empowering the company to be extremely responsive to market needs.

Membership is another good competitive advantage. 92.7% of sales were generated by the 46.08 million registered members at the end of 2024. The extremely high membership conversion rate shows Pop Mart is effective in obtaining brand participants in the form of casual consumers. The mystery, quality and collectibility of the product leads to repeat purchase of the product while social media platforms such as Weibo, WeChat and Douyin build up a collector community that share their experiences of unboxing and figurine swapping. It is, as Zhou [5] explains, a "community-centric ecosystem" which extends beyond the sale to a social interaction with the consumers. The secondary market also helps to keep the perception of value alive from the product and keeps collectors' drive and motivation to buy by providing a price signal that lets the valuable, limited-edition figurines know their value. It is a community-driven engagement, not replicable business processes, and is a source of competitive advantage as hard to replicate as it is based on accumulated social capital [10]. The plush products category is also a relatively new category, which also proves that Pop Mart has an innovative ability to cross products and enter the category: The revenue of plush products in 2024 has increased by 1,289% to RMB 2.83 billion, indicating that the brand's emotional appeal can be extended to other categories in addition to the plush products category.

6. Conclusion

Vertically integrated IP ecosystem, the psychologically potent blind box business model and the aggressive and culturally flexible global expansion plan are strategically interconnected and supported each other, making Pop Mart a successful business, which has been fortified by the omni channel retail and building a consuming community. The IP ecosystem is essential and that's how the emotional and esthetic aspects of Pop Mart are formed, which is the difference between it and traditional toy makers. The only commercial way of monetising the value of the IP is the blind box model which is based on gameification and hedonic uncertainty. This model is being globalized, and the company is not putting too many eggs in one basket, as they're playing the game in different cultural markets. The evidence in this section further illustrates that the three pillars are not mutually exclusive, as strong IPs enable a more engaging blind box experience, the blind box model on its own generates revenue for IPs and data about the consumer that can be leveraged to further develop and deploy IPs and international expansion opens new markets to develop and deploy the blind box model and the IPs.

However, a crucial synthesis must recognize that there is no certainty to Pop Mart's success. Some material issues are uncertainty of the IP lifecycle problem, uncertainty of ethical and regulatory issues regarding use, lower cost competitor pressure and uncertainty of cross-cultural transferability. Its ability to continue expanding on its growth trajectory will depend on its capacity to continually innovate its IP portfolio, deal with a growing and changing regulatory environment and keep the emotional connection with consumers, which facilitates their loyalty. To sum up, what Pop Mart found is that today's emotional economy has been instigated through the use of creativity in culture, and empathy in psychology and efficiency in operations. The theoretical implication is that the concept of competitive analysis, traditionally studied (SWOT and marketing mix),

should be complemented with the study of consumer psychology and cultural studies in the emotional consumption arena so that it can explain the successful brands. Pop Mart is thus a case in business success, as well as an analytical mystery, requiring further interdisciplinary research into the process of producing, catching and keeping it on the global scene. This study's findings could be expanded in further studies, including longitudinal studies to gain insight into how the consumer attachment to specific IPs is going to evolve in the future and comparative studies on other cultural markets to get an idea how close the blind box consumption-psychology might be to other markets and critical ethical studies to look at the limits of engaging marketing and exploitative behavioural manipulation.

References

- [1] Pop Mart International Group. (2025, March 27). POP MART releases 2024 financials: Revenue surpasses 13 billion RMB, net profit reaches new peak [Press release]. PR Newswire. <https://www.prnewswire.com/news-releases/pop-mart-releases-2024-financials-revenue-surpasses-13-billion-rmb-net-profit-reaches-new-peak-302412989.html>
- [2] Zhang, Y., & Zhang, T. (2022). The effect of blind box product uncertainty on consumers' purchase intention: The mediating role of perceived value and the moderating role of purchase intention. *Frontiers in Psychology*, 13, Article 946527. <https://doi.org/10.3389/fpsyg.2022.946527>
- [3] Miao, X., Niu, B., Yang, C., & Feng, Y. (2023). Examining the gamified effect of the blindbox design: The moderating role of price. *Journal of Retailing and Consumer Services*, 74, Article 103423. <https://doi.org/10.1016/j.jretconser.2023.103423>
- [4] Chiu, J. L., Lin, M.-H., Chua, E. L., & Choi, J.-H. (2025). Brand strategy and the effective marketing position of the blind box industry: A case study of Pop Mart. *Journal of Economics, Management and Trade*, 31(1), 9–22. <https://doi.org/10.9734/jemt/2025/v31i11265>
- [5] Zhou, J. (2025). Research on the IP operation model of trendy toy companies: A case study of Pop Mart. In *Proceedings of the 2025 International Conference on Financial Innovation and Marketing Management (FIMM 2025)* (pp. 1224–1231). Atlantis Press. https://doi.org/10.2991/978-94-6463-874-5_139
- [6] Chen, J. (2025). The analysis of Pop Mart's marketing strategies based on SWOT model. *Academic Journal of Management and Social Sciences*, 13(3), 845–850. <https://doi.org/10.54097/zw69b112>
- [7] Song, K. (2025). Analysis marketing strategy of Pop Mart and potential solutions. *Highlights in Business, Economics and Management*, 60, 235–240. <https://doi.org/10.54097/eh6smw63>
- [8] Qian, Y., & Lin, X. (2024). Blind box market prospect research: Taking POPMART as an example. *Academic Journal of Business & Management*, 6(4), 19–23. <https://doi.org/10.25236/AJBM.2024.060404>
- [9] Zhang, Y., Zhou, H., & Qin, J. (2022). Research on the effect of uncertain rewards on impulsive purchase intention of blind box products. *Frontiers in Behavioral Neuroscience*, 16, Article 946337. <https://doi.org/10.3389/fnbeh.2022.946337>
- [10] Jian, X. (2022). Business strategy and risk analysis in blind box economy: A case study of POP MART. In Y. Jiang et al. (Eds.), *Proceedings of the 2022 2nd International Conference on Economic Development and Business Culture (ICEDBC 2022)* (pp. 1257–1264). Atlantis Press. https://doi.org/10.2991/978-94-6463-036-7_186
- [11] Mvondo, G. F. N., Jing, F., & Hussain, K. (2023). What's in the box? Investigating the benefits and risks of the blind box selling strategy. *Journal of Retailing and Consumer Services*, 71, Article 103189. <https://doi.org/10.1016/j.jretconser.2022.103189>
- [12] Duan, Y. N., Xu, S. C., Wang, Y. Z., Zhang, Y. W., Wang, Y. Y., & Chen, R. S. (2022). Blind box over-engagement and suicide risk among adolescents and young adults: Results of a large-scale survey. *eClinicalMedicine*, 51, Article 101575. <https://doi.org/10.1016/j.eclinm.2022.101575>
- [13] Qi, Y. (2022). Research on the marketing methods of the blind box sales model: A case study of POP MART. In *Proceedings of the 2022 2nd International Conference on Economic Development and*

Business Culture (ICEDBC 2022) (pp. 755–759). Atlantis Press. https://doi.org/10.2991/978-94-6463-036-7_111

- [14] Wang, Z. (2023). A case study of POP MART marketing strategy. *Advances in Economics, Management and Political Sciences*, 20, 139–144. <https://doi.org/10.54254/2754-1169/20/20230168>
- [15] Fan, Y. (2023). How Pop Mart is a major player in the market. *Advances in Economics, Management and Political Sciences*, 16, 189–193. <https://doi.org/10.54254/2754-1169/16/20231003>

Funding

This research received no external funding.

Conflicts of Interest

The authors declare no conflict of interest.

Acknowledgment

This paper is an output of the science project.

Open Access

This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

