

# Research on POP Mart Consumer Behavior and Corporate Marketing Strategy

Ruichi Liu<sup>1</sup>

<sup>1</sup> Hebei Normal University, Shijiazhuang, Hebei, China

<sup>1</sup> Corresponding author. Email: liuruichi0913@sina.com

## ABSTRACT

With the use of the second-hand data collection method, Maslow's Needs-Hierarchy Theory, 4P and other basic marketing theories, this study analyzes POP Mart consumer behavior and corporate marketing strategies. This study can be divided into three aspects. First, the PEST analysis is carried out from the macro level. Second, the analysis on the consumer characteristics of POP Mart is carried out from the micro perspective, and the marketing strategies adopted by the company are studied from five aspects: product, channel, promotion, service and promotion. Third, this study analyzes the existing problems in the operation of POP Mart, puts forward relevant suggestions for the problems, and analyzes its future development strategy by using ADL matrix and Porter's Five Forces Model.

**Keywords:** *Blind box, POP Mart, Consumer behavior, Marketing strategy.*

## 1. INTRODUCTION

Blind box refers to a toy box in which the specific style of the product cannot be known before purchase. Besides, blind box was first born in Japan. As a kind of trendy toys, most of the products in the blind box are dolls and figures based on well-known IPs. Later, the blind box was introduced to China. In addition to being sold as a trendy toy, it also evolved into a sales mechanism that was widely spread in the Chinese retail market, deriving new categories such as blind boxes of stationery and beauty.

In 2019, there was a "blind box craze" in China. Trendy toy companies headed by POP Mart developed rapidly, gained a large number of loyal consumers, and became the leading company in the blind box industry at one fell swoop. Understanding and analyzing the business status and marketing strategies of POP Mart is helpful for other companies to learn from and develop together. In addition, it is suggested to analyze the shortcomings and disadvantages of POP Mart business strategy and provide suggestions for the management of POP Mart. Starting from the macro and micro perspectives, this study takes consumer behavior and corporate marketing strategy of POP Mart as the main content, uses related models to

conduct research respectively, and puts forward suggestions for its future development strategies.

## 2. MACRO-BACKGROUND

### 2.1 Politics

#### 2.1.1 Activity Guidelines

At the beginning of 2022, the first guideline for blind box business activity in China, "Shanghai Compliance Guidelines for Blind Box Business Activities", was officially released, and a series of guiding measures, such as rectifying the price system and improving the extraction rules, were put forward to protect consumers' rights and interests[1].

#### 2.1.2 Regulation

In 2022, CCTV "315" named POP Mart and other well-known blind box brands with inflated prices and poor quality control, and criticized the market chaos. In the next few years, the trendy toy industry may face strong market supervision, and there will be relevant laws to restrict it.

## **2.2 Economy**

### **2.2.1 The Changes in Main Consumption Forces**

In recent years, the main force of consumer groups in China has gradually changed, and the development trend of the retail market, which has experienced a cold winter, presents a new scene. The main consumer forces represented by Generation Z presents the characteristics of enjoyment, novelty, and self-pleasure. They pursue product quality more and are willing to pay for happiness. According to statistics, in terms of "enjoyment" consumption in 2019, the monthly disposable income of Generation Z was as high as 3,501 yuan, which was significantly higher than the national average of 2,560 yuan per month. Generation Z will occupy more and more in the new consumer market in the future.

### **2.2.2 The Economic Development of Blind Box**

The blind box economy integrates the attributes of art, spiritual comfort, surprise, collection, and social interaction, and has become a unique track in the modern retail market. The blind box economy will continue to develop in the future, fresh blood will continue to flow in, and the scale will continue to expand.

## **2.3 Society**

### **2.3.1 The Characteristics of Generation Z**

Generation Z refers to a group of people who grew up along with the Internet. They are greatly influenced by the Internet. Their growth and living environment makes them have unique concepts and ideas. For example, they generally focus on social needs and self-realization needs, are willing to pay for things they like, and dare to try new things. The social interaction of Generation Z also shows the characteristics of gathering. They gather together because they like the same thing and create their own niche culture.

### **2.3.2 Alternative Needs**

With the development of social economy and the increase of residents' disposable income, people's spiritual needs for material culture are also increasing, and more and more products are available to meet people's spiritual and emotional

needs. Driven by the society, people are becoming more and more receptive to new things; various apps and products focusing on social entertainment emerge in an endless stream; cultural trends are in bloom; and society has developed in a diversified manner.

## **2.4 Technique**

### **2.4.1 Paying Attention to Scientific and Technological Research and Development**

China attaches great importance to scientific and technological research and development, and has established a number of research centers and laboratories throughout the country, which is conducive to the development and updating of light industry technology and provides technical support for enterprises to launch new products.

### **2.4.2 Internet Technology Development**

Internet technology research and development speed in China is fast, and Internet technologies such as big data and cloud computing are widely used in all walks of life. Then, enterprises can capture market demand faster and better, and launch new products that are more in line with social trends.

## **3. CONSUMER CHARACTERISTICS**

### **3.1 User Portrait**

Among the user portraits of POP Mart, young white-collar women with high incomes living in first- and second-tier cities occupy the largest proportion, followed by students and mom groups. They have common characteristics as follow: they access to Internet in high rate and they often learn about various categories of goods through various social networks; the cultural circle is deeply penetrated, and they are the target groups of small circles such as people who enjoy the quadratic element and Han Chinese Clothing; among their consumption motivations, the social sharing attribute of the product accounts for a large proportion.

### **3.2 Customer Behaviour**

Viewing the consumption behavior of POP Mart users, the high repurchase rate of members, the high proportion of sales contributed by

members, high purchase amount, and frequent purchases of consumers are obvious characteristics.

### *3.2.1 Analysis From a Member's Point of View*

In 2021, POP Mart members contributed 92.2% of sales, and the repurchase rate of members was as high as 56.5%. POP Mart has spent a lot of energy on building a user maintenance system, with the intention of increasing customer loyalty and repurchase rate. The effect of user maintenance system is obvious. The purchasing power and stickiness of members are amazing, bringing huge benefits to POP Mart.

### *3.2.2 Analysis From the Consumer's Point of View*

As a trendy toy brand, the unit product price of POP Mart ranges from 59 yuan to thousands of yuan. According to statistics, more than half of consumers are willing to spend thousands of yuan, showing that POP Mart consumers have high purchase amount. In addition, the number of purchases by POP Mart consumers is considerable, and more than half of the users are willing to buy twice or even multiple times, indicating that POP Mart has given consumers a good buying experience.

## **3.3 Purchasing Psychology of Consumers**

### *3.3.1 Achieving Self-pleasure*

Due to the uncertainty of the blind box, users will look forward to the purchase process and wish that they will draw the desired style or hidden style. When the blind box is opened, they will know the result. Then, consumers will be excited, disappointed, or nervous, they will have emotional fluctuations, and obtain pleasure. The entire shopping process is full of unknowns and surprises, making users unconsciously be addicted to the blind box mechanism. In addition, young people have a strong tendency to express their individuality. By purchasing a certain style of product, they have an emotional resonance with the product itself, so as to achieve the purpose of showing their unique personality[2]. Some users also project their emotions and cognitions on the POP Mart IP to form an emotional connection, which in turn accompanies consumers.

### *3.3.2 Meeting Social Needs*

Users' desire to be able to socialize and express emotions in their circles is another important reason for their repeat purchases. As the aborigines of the Internet and new consumption, Generation Z is also a typical one-child generation. They get more attention and love from their parents, but they have relatively little communication with their peers. They are eager to achieve pressure-free sharing in the circles linked by interest, and explore self-worth through mutual encouragement and recognition, so that their inner social needs can be satisfied.

In addition, to be consistent with the frequency of friends around and cater to the preferences of the people around is also a manifestation of the user's purchasing behavior to meet social needs. Coupled with the influence of the surrounding environment, users receive product-related information from all directions, and there may be purchase behaviors under the psychology of curiosity and conformity.

### *3.3.3 Having a Collection Hobby*

Among the users of POP Mart, there are also consumers who have a habit of collecting. Some consumers will collect within their ability, but there are also consumers who aim to collect a whole series and are very enthusiastic about collecting. They will spend a lot of time and money on collecting products. Among the users, the groups with the highest repurchase rate and the most spending are also the users with the largest right of speech in the entire community.

### *3.3.4 Following the Trend*

There are also some consumers of POP Mart who only have a single purchase behavior or a few purchases. They usually follow the trend and buy one or two products to show that they are following the trend and are not out of touch with the society. Actually, it is feasible to have the opportunity to discover such consumers as loyal customers, but POP Mart needs to be able to create greater value, cater to their interests, and achieve the purpose of converting users.

## 4. CORPORATE MARKETING STRATEGY AND IMPROVEMENT

### 4.1 Being From Product Level

#### 4.1.1 Existing Strategy

##### 4.1.1.1 Attracting Customers With a Wide Range of IP

POP Mart first uses popular IPs such as Harry Potter and Pokémon to attract mass consumers, and secondly expands cooperation with vertical IPs in external subdivision circles, such as the quadratic element and national trendy toy, to attract target customers, and finally obtains high-quality designer resources, establishes long-term cooperation with them, and ensures that the company has a steady stream of original IP and maintain its vitality.

POP Mart has many well-known IPs and operates a total of 93 IPs, including 12 self-owned IPs and 25 exclusive IPs. Molly, Dimoo, TheMonsters, Pucky, and SkullPanda hatched have the sales exceeding 100 million. With its strong design power, POP Mart has accelerated the speed of product innovation, continuously launched original IP, expanded vertical product lines, increased user loyalty and dispersed business risks.

##### 4.1.1.2 Portfolio Strategy of Product Line

The existing product line combination of POP Mart is mainly based on blind box products, supplemented by BJD, figurines, and peripherals, of which blind box products account for most of the proportion. POP Mart launches BJD and other mid-to-high-end products. While accumulating mid-to-high-end users, it also has laid a good user base for itself to enter the mid-to-high-end trendy toy market, and also frees Poppet from the stereotype that it only deals in "blind boxes of similar styles and types.

It is reported that POP Mart will develop offline theme park business, and has reached a cooperation intention with Beijing Chaoyang Park to create a theme park that integrates trendy play, experience, interaction and entertainment[3]. Theme park of POP Mart can create an immersive interactive experience with IP for consumers, enhance the brand's status and value in consumers' hearts, improve customer loyalty, and enhance the emotional connection between consumers and the brand. In addition, it can expand its leading

advantage in the industry, increases its prestige, and promotes the platformization process of POP Mart.

##### 4.1.1.3 Product Differentiation Strategy

The main products sold by POP Mart are blind box products. Although the product types are the same, the appearance, style and image of the products of different IP series are different. In other words, it not only forms differentiation among the products of this brand, avoiding the confusion of consumers' cognition of IP, but also forms differentiation with other brand products.

#### 4.1.2 Existing Problems

##### 4.1.2.1 Products Are Not Irreplaceable

POP Mart sells products mainly by selling IP images, and the products themselves do not have special properties and are not irreplaceable. The trendy toy market is changing rapidly, and every brand is constantly launching new IPs. If the IPs launched by other brands meet consumers' preferences, users may be attracted by other brands and then buy other brand products, which will lead to loss in POP Mart users. In addition to the competition among brands of the same type, POP Mart is also facing other crises. At present, POP Mart is sought after by consumers due to the freshness of blind boxes and the attractiveness of IP, but once the boom of blind boxes passes, POP Mart faces the risk of losing a large number of consumers.

##### 4.1.2.2 Being Difficult to Accurately Meet Consumer Needs

As consumers' love for IP is affected by a strong subjective will, it is contingent, random and unpredictable, and it is difficult to judge the next consumption trend and the image of the hot cake. Therefore, POP Mart cannot determine whether the IP created will be popular, making it difficult to develop high-quality IP. When IP aesthetics do not meet consumer preferences, it may cause customer aesthetic fatigue.

##### 4.1.2.3 Insufficient Support for IP Culture

POP Mart sells IP, but its original IP does not have strong cultural support, and relies more on the sale of IP image. Due to the short life cycle of IP and the lack of rich cultural background support, IP image of POP Mart is very single. Compared with other companies that sell IP with cultural

connotations, it undoubtedly reflects the fact that the competitiveness of POP Mart is weak, and there is no irreplaceable feature.

#### *4.1.3 Recommendations for Improvement*

For POP Mart, it is suggested to extend the life cycle of products, strengthen the vitality of IP, enhance product competitiveness, and strengthen the control of consumer preferences, so as to increase product sales and corporate profits.

##### *4.1.3.1 Broadening Product Line*

For the existing product lines of BJD and Figure, POP Mart should increase the content of its product line, deepen the depth of the product line, and also set up new product lines, so that consumers can have multiple choices by enriching the product mix and increase consumption, so as to avoid the risk of single operation.

##### *4.1.3.2 Brand Marketing Strategy*

POP Mart needs to use the brand marketing strategy to create a unique, recognizable and memorable brand value, so that consumers can have a deep impression on POP Mart. And then, POP Mart may occupy a certain position in consumers' hearts and drive consumer recognition. Finally, consumers will like and even fall in love with POP Mart.

For example, POP Mart must improve the problems of weak IP image and no cultural support, make full use of designer resources to create character stories and cultural content for IP, and build a grand and exclusive IP universe of POP Mart. Through movies, animation, music and other ways to tell stories, POP Mart can convey different values, world views and outlook on life to consumers, resonate with consumers in emotion, and bring emotional impact to consumers.

Secondly, POP Mart can try to develop new IP from the constructed IP universe, which makes the creation of new IP much easier and simpler. In the case where IPs are related to each other, the newly-launched IPs are also more easily accepted by consumers, which to a certain extent avoids consumers' resistance and disgust towards the new IPs.

Finally, after POP Mart has formed a product culture, it is necessary to integrate and refine the product culture to form a brand culture. For enterprises, brand culture is conducive to occupying

a unique position in the minds of consumers and helping enterprises to survive for a long time.

## *4.2 Channel Strategy*

### *4.2.1 Existing Strategy*

POP Mart adopts a multi-marketing channel strategy and has built a fairly complete channel system across the country, helping quickly develop and occupy the market.

#### *4.2.1.1 Physical Terminal Channel Strategy*

POP Mart's offline stores are mainly in first-tier cities in the eastern region, and there are fewer stores in the western region and third- and fourth-tier cities. The robot store is also one of the important channels of POP Mart. At present, robot vending machines can be seen almost everywhere in first- and second-tier cities with a lot of traffic, but there are few robot vending machines in some cities such as third- and fourth-tier cities and western regions. At present, the channel with the largest proportion of sales is the retail channel in store, followed by the online channel and the robot store. It can be seen that the offline channel composed of the store and the robot store is an important part of the POP Mart channel.

#### *4.2.1.2 Network Terminal Channel*

The online terminal sales channels of POP Mart include Taobao and Tmall sales channels, its own APP Paqu and Mini Program sales channels. The establishment of online terminals is convenient for consumers who do not like offline purchases or who do not have offline terminals in their cities. In this way, the breadth and depth of product sales is expanded.

### *4.2.2 Existing Problems*

For consumers of trendy toys, experience is a very important factor affecting purchases. There are problems in the online and offline layout of POP Mart, ignoring the importance of consumer experience. Consumers who purchase from offline terminals can quickly experience the thrill of opening the blind box, and have very intuitive enjoyment and satisfaction. However, there are a few offline stores and robot stores of POP Mart in the western region and second-, third-, and fourth-tier cities. Therefore, consumers in these areas can

only buy them online, and the satisfaction of emotional experience is delayed.

### **4.2.3 Recommendations for Improvement**

#### **4.2.3.1 Increasing Physical Terminal Layout**

POP Mart should seize the current trend to sink its channels and lay out stores in second- and third-tier cities, so as to gain the favor of more customers and compete for the market in second- and third-tier cities. POP Mart must expand the layout of robot vending machines, cover all cities in the country in the next five years, and then consider whether to open stores locally based on the sales feedback of the vending machines. This will not only expand sales, improve brand awareness, but also avoid channel expansion and operational risks caused by blind expansion of stores.

#### **4.2.3.2 Improving Online Channels**

POP Mart needs to take corresponding measures to improve the satisfaction of consumers in online purchases, such as providing differentiated services that are not available in offline terminals, improving the design of the purchase interface, etc. And then, consumers will obtain a strong emotional experience and raise the expectations of the product.

### **4.3 Popularization Strategy**

#### **4.3.1 Existing Strategy**

##### **4.3.1.1 New Media Advertising**

POP Mart takes the initiative to launch new media advertisements in the form of promotional short films, festival short films, co-branded short films, etc. It mainly uses big data technology to accurately target customers on platforms such as Tik Tok, Bilibili, Little Red Book, Weibo, Taobao, etc. to increase the reach rate.

##### **4.3.1.2 Spontaneous Transmission**

By encouraging old users to share their products and experiences on major social platforms, POP Mart attracts new users to have a try, invites them to become members, and encourages them to integrate into the player community, so that consumers can get a better social experience and emotional satisfaction, in order to improve product repurchase rate and user loyalty. And this process

of user conversion is a continuous cycle. After the new users settle into old users, they will attract new users, so as to achieve the purpose of expanding the market scale.

#### **4.3.1.3 Laying of Sincere Recommendation Links**

POP Mart has carried out multi-platform serial recommendations and developed long-term Kol training and recommendation links on social platforms such as Little Red Book, Weibo, Tik Tok, Zhihu, etc., so that the circle culture will influence other users and attract new users to take the initiative to purchase.

#### **4.3.2 Existing Problems**

Although POP Mart's promotion strategy has various forms, it is very dependent on Internet communication. If POP Mart appears in the field of vision of people who are not interested in POP Mart for a long time, it will make people feel that there are a lot of POP Mart marketing, which is very annoying. Moreover, the trendy toy market is still in a very fragmented state, and other blind box brands are constantly launching similar promotions, resulting in that consumers try to buy new brands and lack loyalty to POP Mart. That is to say, it is also easy to cause visual fatigue of consumers[4].

#### **4.3.3 Recommendations for Improvement**

##### **4.3.3.1 Enriching the Form of New Media Advertising**

In addition to short film ads and picture ads, POP Mart can also innovate advertising methods and launch more interactive and experiential ads, such as mini-game ads and IP interactive ads.

##### **4.3.3.2 Increasing Promotion Channels**

POP Mart can expand the promotion channels, which should be not only on social platforms, but also on other platforms with many target groups. At the same time, POP Mart should put offline advertisements and make the promotion in densely crowded office buildings, business districts, subway stations, etc.

## **4.4 Service Strategy**

### **4.4.1 Existing Strategy**

#### **4.4.1.1 Building a Complete Membership System**

POP Mart has a complete system from recruiting new members to serving members, which is of great help to the maintenance of members. First of all, when consumers select products in the store, the shopping guide will invite them to become members when paying, and new members will get points that can be used for repurchase to redeem cash. After several repurchase behaviors, new customers become sticky members. Secondly, POP Mart adopts a dual-membership model, with zero thresholds for new members to join the membership, and a certain amount of coupons can be obtained after joining the membership. The paid membership model provides more unique and user-friendly services. Finally, POP Mart specially sets up a public account "POP Mart Member Club" for members to better serve them.

#### **4.4.1.2 Setting up an Open Community**

POP Mart has set up an open community "Paqu" for customers to communicate directly with designers and give their opinions. Also, customers are allowed to share ideas and complain about products. The establishment of an open community has established a bridge of communication between designers and customers, and companies can quickly capture consumer needs and optimize products.

#### **4.4.1.3 Offline Service**

POP Mart has opened theme stores of different styles all over the country, and the store staff will provide users with special services in accordance with the theme style, creating a unique experience for users.

### **4.4.2 Existing Problems**

POP Mart's service tends to be process-oriented. However, it does not provide differentiated services, and cannot meet the needs of different consumers. In addition, POP Mart has not established a complete user feedback channel, and it is not timely enough to deal with consumers' opinions and dissatisfaction, and does not give consumers a sense of being valued.

### **4.4.3 Recommendations for Improvement**

#### **4.4.3.1 Providing Differentiated Services**

POP Mart should provide different services for different customer groups. For example, offline stores can set up special rest and waiting areas for young female users to provide services such as manicures and snacks; for pregnant women, it can provide pregnant women channels to reflect the humanized features; for the student group, it provides free lectures in the self-study area and the purchase of products.

#### **4.4.3.2 Improving the Membership System**

There are some bugs in POP Mart's membership system. For example, consumers can query online purchases and orders from robot stores in the membership center, but they cannot query purchase orders in physical stores in the membership center. POP Mart can add an entry system for purchase orders in physical stores, improve system loopholes, and provide consumers with a better service experience.

#### **4.4.3.3 Developing New Sectors**

The purchase mechanism of POP Mart determines that when consumers buy more products, the probability of buying repeated style is also higher. If consumers don't get the style they want, the style they don't like appears repeatedly, which will undoubtedly make the consumers' purchasing experience gradually decline, and also make the consumers' enthusiasm for purchasing subside. In addition, the probability of obtaining hidden style of POP Mart is too small, which also makes consumers easy to give up and shortens the life cycle of most consumers. POP Mart can develop an "exchange section" on Paqu or Mini Programs, and provide an official platform for consumers to exchange dolls with each other, which can solve consumers' dissatisfaction to a certain extent and avoid excessive loss of users.

## **4.5 Sales Promotion Strategy**

### **4.5.1 Existing Strategy**

#### **4.5.1.1 Developing Trendy Toy Exhibition**

POP Mart takes the geographical area as the radiating point, and carries out activities such as fashion exhibitions. In the exhibition, POP Mart not

only shows fans a variety of trendy toys, giving consumers a new visual impact, but also provides fans with a venue to exchange ideas and exchange trendy toys, strengthening the interaction between fans and improving the sense of belonging to fans.

#### 4.5.1.2 Direct Marketing SP

In the store, POP Mart attracts the attention of passers-by by placing giant dolls and prominent signs at the door of the store and at the sale point of robots, prompting them to enter the store for consumption. At the robot point of sale, there are usually vending machines of other brands next to POP Mart's vending machines. POP Mart puts its most famous IP dolls in the showcase, which can attract passers-by's attention and stimulate their consumption. At the same time, it can also prevent consumers from buying the wrong brand.

#### *4.5.2 Existing Problems*

POP Mart consumers prefer to focusing on product design and added value of product when purchasing, rather than focusing on product function and use value. Therefore, it can be considered that consumers' purchase behavior is to achieve emotional needs and personal expression needs, rather than to meet functional needs. For POP Mart, it is not simply to modify the price or discount, but to choose a promotion strategy to meet the emotional and expressive needs of consumers[5].

#### *4.5.3 Recommendations for Improvement*

##### 4.5.3.1 Using Network Marketing Plan

The target group of POP Mart is the young group, so POP Mart can use the Internet to gain a lot of presence among the target users, improve public awareness, and induce the target users to purchase. For example, POP Mart can cooperate with traffic stars. Most of their fans are young women, which is in line with the characteristics of POP Mart's target user group. The specific cooperation methods are as follow: allowing them to release videos of unpacking the blind box, inviting them to the company to "tour the building", "visit the factory" or "tour the exhibition", or asking them to put relevant clips of the blind box in the Vlog, and publishing daily routines to contact fans through video.

##### 4.5.3.2 Carrying out a Competition

POP Mart can hold competition-like activities such as "Renovation Competition of Trendy Toy" and "Design Competition of Trendy Toy" to enhance users' sense of participation. For example, POP Mart can hold a design competition. Participants design a set of blind boxes or a series of other products, and compete on the POP Mart APP or mini program. Consumers and organizers jointly vote to determine the winner. In these activities, POP Mart can give contestants the priority to purchase or product discount coupons to stimulate their purchase behavior and increase product sales. And POP Mart can launch limited-edition products in each event, that is, only fans who participate in the event can buy blind boxes or other products, in order to increase the rarity of the product and the product premium.

## **5. FUTURE DEVELOPMENT STRATEGY OF POP MART**

### *5.1 Application of ADL Matrix Model*

#### *5.1.1 Industry Life Cycle Stage*

The domestic retail market of trendy toy in China is still relatively scattered, the concentration is not high, and the market share distribution is relatively uniform. The number of trendy toy companies in China has increased from 53 in 2015 to 250 in 2020, an increase of nearly 5 times. The compound annual growth rate of the trendy toy retail market has been 29.8% since 2019, and it is still very likely to continue to grow in the future. Moreover, due to the increase in the number of all companies in the industry and the higher demand from consumers, the barriers for new brands to enter the trendy toy industry have also increased. From the analysis of the above factors, it is concluded that trendy toy industry of China is in a golden period of development.

#### *5.1.2 Competitive Position of the Company*

After years of development, POP Mart has developed three unique core competencies, including a rich IP + blind box sales mechanism, the layout of the entire industry chain, exclusive sales channels, and a complete user maintenance system. Moreover, POP Mart takes the lead in occupying the track. It has been in the trendy toy market for ten years and been very familiar with the trendy toy market. In addition, POP Mart also has a



mature IP operation strategy, with insight into market trends and the conditions for creating explosive models.

To sum up, with its unique core competitiveness, POP Mart can adopt strategy and make development according to its own strategic goals, and other competitors pose little threat to it. Therefore, it can be judged that POP Mart is in a strong position in the industry.

### 5.1.3 Strategic Suggestion

According to the analysis, the trendy toy industry is in the growth stage, and POP Mart is in a strong stage of the enterprise. Therefore, according to the ADL matrix, it is suggested that POP Mart can "grow rapidly, catch up with the cost leadership and differentiate itself". Therefore, POP Mart can adopt an expansion strategy, such as a market penetration strategy.

## 5.2 Customer Behaviour

### 5.2.1 Competitiveness of Existing Competitors in the Same Industry

For POP Mart, the existing competitors in the industry include 52TOYS, TOP TOY, TOKIDOKI and other trendy toy brands, and their sales business is roughly the same as POP Mart. With its first-mover advantage, POP Mart has obtained many high-quality resources first. For example, IPs of POP Mart are very rich, winning a lot of love. In addition, POP Mart has also established its own sales channels, using a combination of online and offline sales to ensure product sales and expand brand awareness.

However, China's trendy toy industry is developing rapidly. Although POP Mart currently has the largest market share, the development of POP Mart is still affected by the fact that the gameplay of the blind box has been copied in large numbers and competitors have seized market share. The development of POP Mart is still limited. Overall, POP Mart is temporarily in the leading position in the market, but the competition in the industry is fierce. The competitors have a strong sense of competition, and POP Mart is under certain threats.

### 5.2.2 Ability of Potential Competitors to Enter

The trendy toy market has been in initial phase, and there is still a lot of room for development, so it has attracted a large number of enterprises to enter the industry to compete. But the most important thing about trendy toys is IP. The development cycle of a good IP is about 5 to 8 months, and the time cost and money cost are high. If other companies want to imitate the layout of the entire industry chain of POP Mart and build a complete channel system, it will take a lot of cost and effort. Unless potential competitors have considerable financial resources, it is difficult to pose a greater threat to POP Mart.

### 5.2.3 Substitute Capability of Substitutes

The target group of POP Mart is young people, which are characterized by broad interests, easy integration into various small circles, and pursuit of freshness and excitement. In the various circles they participate in, it is very easy to derive new products or new demands, which can also provide consumers with emotional value and guide consumers to produce irrational consumption behavior[6]. For this group, there are LEGO bricks, capsule toys, lucky bags, anime figures and so on. POP Mart's products are not irreplaceable, and the IP cultural support is also insufficient. Therefore, it can be considered that POP Mart's substitutes have strong substitution ability, which has adversely affected the sales of POP Mart products.

### 5.2.4 Bargaining Ability of Suppliers

In the whole industry chain of POP Mart, designers and IP are in the upstream of the industry chain. As a very important part of the entire industry chain, high-quality designers and IP are the scarce resources that POP Mart is eager to obtain. As holders of IP, designers have greater bargaining abilities.

### 5.2.5 Bargaining Ability of Buyers

The prices of POP Mart products are fixed and the pricing is at a medium level. However, due to the poor practicability and functionality of the products, some users believe that the pricing is inflated and unreasonable. As more and more brands join the market competition of trendy toy, market prices are chaotic, and there are more and more product prices for consumers to choose from.

In addition, the low loyalty of consumers also determines that the bargaining ability of buyers is at a medium level.

### 5.2.6 Strategic Suggestion

After analyzing these five forces respectively, it can be seen that there is still development room for trendy toy industry in China. As a leading enterprise in the industry, POP Mart has abundant resources and capabilities, and can seize the opportunity to continue to extend the product line and carry out derivative business and expand market scale. In the choice of strategy, it is suggested to adopt a diversified business strategy to avoid the risk of operating a single business.

## 6. CONCLUSION

Based on the analysis, the following points can be summarized:

First, the current environment of the times has created POP Mart. The spiritual value provided by blind box products is greater than the material value, and only in the modern society where people's material needs have been met and people began to pursue spiritual needs, blind boxes can develop. In general, the future market situation and social environment are conducive to the continued development of POP Mart, which requires POP Mart to seize opportunities and cater to consumers and market preferences.

Second, considering the development and changes in the social environment and the retail market, POP Mart also faces huge risks. At present, the gameplay of the blind box has been widely copied by various industries, and brands of the same type have emerged one after another. While POP Mart is seizing market share with direct competitors in the same industry, it also faces the oppression of indirect competitors in other industries. POP Mart needs to continuously improve its products and services, update its business decisions according to market changes, and improve existing deficiencies in order to continue to stand on the top of the industry.

Third, in the future, POP Mart can adopt market expansion strategy or diversification strategy as its own business strategy. At the product level, POP Mart's focus should be on increasing product lines and increasing IP connotation culture. As a company that sells IP, POP Mart cannot support the long-term survival of IP if it does not create a lot of

content for the IP itself or only rely on the appearance of the IP as a sales highlight. At the same time, POP Mart should also expand its product line to avoid the risk of single operation. At the channel level, POP Mart can increase the number of offline channels and improve the existing services of online channels. In terms of promotion, POP Mart can enrich promotion methods and increase promotion channels. At the service level, POP Mart can provide differentiated services, improve the membership system and develop new service content. At the promotion level, POP Mart can use network marketing and launch new promotions.

All in all, POP Mart faces development opportunities and also suffers huge threats. If POP Mart wants to develop well, it must make good use of its own advantages, improve its shortcomings, and keep up with the trend of the times.

## AUTHORS' CONTRIBUTIONS

This paper is independently completed by Ruichi Liu.

## REFERENCES

- [1] Wan Qi, Liu Jie. An Analysis of the Development Prospects of China's Blind Box Industry — Taking POP Mart as an Example [J]. *Modern Business*, 2022(06):22-24. DOI:10.14097/j.cnki .5392/2022.06.057. (in Chinese)
- [2] Rong Huijin. Analysis of Marketing Strategy of "Blind Box Economy" from the Perspective of Consumer Culture—Taking POP Mart as an Example [J]. *Beauty and Times (Part 1)*, 2022(01):52-55. DOI :10.16129/j.cnki.mysds.2022.01.015. (in Chinese)
- [3] Xie Ruolin. Can POP Mart Water Theme Park IP become a rival of Universal Studios? [N]. *Securities Daily*, 2022-01-11(A03). DOI:10.28096/n.cnki.ncjrb.2022.000143.
- [4] Lu Chen. Research on the profitability of fashionable toy companies [D]. *Anhui University of Finance and Economics*, 2021. DOI: 10.26916/d.cnki.gahcc.2021.000653. (in Chinese)
- [5] Ying Xinhang, Xiang Yongsheng, Wei Lai, Pan Jiani. Research on the innovation path of

business models under the blind box economy:  
Taking POP Mart as an example [J]. Times  
Economic and Trade, 2021, 18(09): 23 -  
25.DOI:10.19463/j.cnki.sjtm.2021.09.006. (in  
Chinese)

- [6] Jia Chenxue. Research on Marketing Strategy  
of POP Mart Two-Dimensional Market [D].  
Inner Mongolia University, 2021. DOI:  
10.27224/d.cnki.gnmdu.2021.001456. (in  
Chinese)