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POP MART Marketing Strategy and Innovation Path

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Abstract:
Since its creation 12 years ago, Pop Mart has succeeded in transforming from a simple and small toy collection shop to a famous IP brand that primarily develops its pop toy products. This study contributes to the present literature from two aspects. First, this study uses 4Ps model to analyze the marketing strategy of Pop Mart. Second, Pop Mart's segmentation, targeting and positioning analysis to propose ideas and suggestions for its future development strategies in accordance with the circumstances of the moment and the prevailing economic climate. Through detailed analysis, the paper attributes Pop Mart's success to its scarce marketing strategy on the product, channel and user sides. The paper also identifies existing problems beneath the current marketing strategy, including market backlash, the risk of an uncontrolled "yellow cattle" economy, and the dilution effect of industry homogenization. To resolve these issues, the paper puts forward constructive suggestions, such as managing scalpers, adopting a more diverse scarcity model to invoke differentiated satisfaction in customers, and transitioning from limited editions to backstories as the core of its IP content.

Keywords: POP MART; marketing strategy; innovation.

1. Introduction

The rapid development of the pop toy culture industry in recent years is a microcosm of the national pursuit of spiritual and cultural satisfaction. As a pioneer in the art toys industry, Pop Mart is China's biggest fast-growing pop toy company. The IP Labubu has sparked a global buying frenzy. POPMART, which is the company of Labubu, has increased revenue by 106.9% from 2023 to 2024 [1]. And its operating profit increased by 237.6% from 2023 to 2024. Its special selling strategy is the key to achieving success. People choose Pop Mart for many reasons like its blind boxes and fashion icon status. There are some studies about the economic success behind Pop Mart [2]. some studies about the fashion culture about Pop Mart and some studies about the communication phenomenon among the buyers of Pop Mart products. And our study will focus on how Pop Mart was able to stand out from the crowd of pop toy culture companies and achieve great success. It will show a new way to achieve marketing success for the other companies, and society will become more familiar with Pop Mart's marketing strategy in the future. The paper will use brand description, marketing strategy analysis and STP analysis to illustrate that Pop Mart's marketing strategy is successful and forward-looking.

2. POP MART Brand Description

POP MART was founded in 2010, its initial business model focuses on trendy products retailing, and now it has developed into the largest pop toy brands in Mainland China [3]. Its brand changed in 2016. This year, they started to use the blind box strategy, and they also signed with a lot of designers and one of them created a famous IP which is called "Molly". Molly is the first hot item of Pop Mart and it brought a lot of revenue. This helped POP MART to go public in 2020 in Hong Kong. POP MART also opened its store in Seoul in 2020 which is a sign of globalization.

Its Blind Box strategy became popular with the IP "Molly". People cannot buy the Molly doll they want; they can only buy a blind box and pray to get the doll they want. This strategy stimulates repeat purchases and makes Molly even more popular than the other toys. It became a fashion icon and POP MART launched stationery, trendy toy figurines, household items and other peripherals around IPs, such as Molly - themed cups and key chains. The products' prices come from high to low and all the young people love them. POP MART did not stop at Molly, and they also signed with a lot of designers which helped them to become a toy company with a lot of hot and fashionable IPs like Dimoo and Labubu.

POP MART's consumer groups are mainly young people aged 15 - 35, including students and young office workers. This type of population has the money to buy toys, and they will spend money on their emotional needs. POP MART satisfied their social psychology, sharing box and created some-minded communities. This type of people grew up with toys and they will not save a lot of money like their parents, and this is the basis of POP MART's success. Create Trends, Deliver Goodness

"Create Trends, Deliver Goodness" is POP MART's Official Website Philosophy. It uses trends as a carrier, it breaks the boundaries of traditional toys, making trendy toys a daily emotional outlet and social symbol. It not only sells products but also conveys the pursuit of life aesthetics and personalized expression, building a "trendy toy + emotion + social" value ecosystem, allowing consumers to gain a sense of identity and happiness in collection and interaction.

3. Three-Dimensional in-Depth Analysis of Labubu's Scarce Marketing Strategys

3.1 Product side: Refined Operation of Scarcity Design System

Labubu has constructed a precise scarcity matrix through multidimensional collaboration in terms of quantity, time, and collaboration. In terms of quantity control, the probability of winning the hidden version 1:144 (0.69%) is only half of the industry average (1.43%). This extreme setting transforms consumers' gambling psychology into actual purchasing power, driving a 3.2-fold increase in repurchase rate. A typical example is the hidden version of strawberry crisps, where products originally priced at 59 yuan skyrocketed to 1299 yuan in the second-hand market, with a premium of 21 times. However, the 44000 regular items restored in June 2025 were sold out within 30 minutes, further confirming the catalytic effect of scarcity expectations on consumer impulse [3].

The co-branding strategy pushes scarcity towards the luxury goods dimension. The joint venture between SEVENTEEN and Sacai has only 14 bodies worldwide, with a total transaction price of 337000 US dollars at Joopeter auction. The hidden item was sold for 31000 US dollars, setting a record for the trendy toy category auction. A more extreme case is the world's only mint colored Labubu, which was sold for 1.08 million yuan including commission. Its pricing logic has moved away from toy attributes and entered the field of art collection. This combination of "artistic collaboration + ultimate limited edition" contributed 40% of the annual revenue increase of the Labubu series to the collaboration [4].

The scarcity design in the time dimension creates a dual stimulus. The 72-hour limited time release of "Lion Dance Labubu" during the Spring Festival has driven a 40% increase in GMV, far exceeding the industry average of 25%; The "fleeting" feeling of irregular restocking and manufacturing has resulted in a 62% higher repurchase rate for limited time products compared to regular models (Pop Mart 2024 financial report). Morgan Stanley research shows that although this supply rhythm regulation has led to a 30% -50% drop in second-hand prices for some styles by 2025, actual demand has not decreased and instead has driven global sales growth of 35% [5].

3.2 Channel Side: Business Logic of Scarcity Circulation Control

The hierarchical operation of channels has built a "controllable circulation" system for scarce goods. The online channel has formed a strict level: the Tmall flagship store only sells regular products, and hidden products need to be obtained through the box drawing machine mini program. Its algorithm-controlled probability mechanism has

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enabled the mini program to exceed 2 million monthly active users, with an average of 5.7 repeat purchases per month and a single stay time of up to 8.6 minutes. This "gamified box drawing" design transforms purchasing behavior into continuous interaction, increasing user stickiness by three times compared to ordinary e-commerce [6].
Offline channels enhance scarcity perception through physical limitations. Direct-operated stores offer a limited daily supply of 50 rare items, and members need to use their points to redeem their purchase rights. For example, the Labubu 3.0 series caused a queue at 3am in London stores and sold out within two hours, with a peak daily GMV of 2 million yuan. This "quota+member priority" model increases the conversion rate of scarce products in direct stores by three times compared to ordinary stores, while also creating a psychological implication of "exclusive privileges" [7].
The official and secondary markets form a subtle symbiotic relationship. The original price of Labubu 3.0 box was 594 yuan, but it was hyped up by scalpers to 2800 yuan (a premium of 371%). Unauthorized resale accounted for 15%, and in some areas, it even triggered government special rectification. This cycle of "official volume control+market speculation", although subject to regulatory risks, has enabled the Labubu series to contribute over 30% of Pop Mart's global revenue, with its overseas market revenue accounting for over 50% by 2025, becoming a global growth engine [8].

3.3 User Side: Community Economy Bound by Scarcity Emotions

The collection system and community operation transform material scarcity into emotional capital. The „Labubu Guide" app builds a closed loop through a collection and exchange mechanism: users need to collect 10 scarce products to unlock exclusive badges, which drives core users to spend an average of over 5000 yuan per year, far higher than the industry average of 2800 yuan. The social function of the app has led to an average annual growth rate of 210% in UGC content, forming a positive cycle of „collection display social consumption". It is worth noting that in 2020, the first batch of Labubu second-hand prices increased from 59 yuan to 1200 yuan, with a 1900% return rate making it a „wealth management level trendy game", and users spontaneously formed an investment community[9,10].
The high-end membership system strengthens identity recognition. The withdrawal rate of the Labubu Collectors Club, which has an annual consumption of over 20000 yuan, is only 3%, significantly lower than the average level of 8% in the luxury goods industry. Members contribute 65% of scarce item sales. The celebrity effect further amplifies the value of the community: BLACKPINK Lisa's Instagram post wearing Labubu earrings received 5 million likes, driving a 300% increase in sales in the Thai market; The public promotion of Thai Princess Sirivannavari has led to a year-on-year increase of 478% in local sales. This hierarchical dissemination of „stars members ordinary users" has made community posting a free marketing material, increasing nonmember conversion rates by 17%.
The success of Labubu lies in transforming industrial products into „scarcity symbols": the product side creates value illusions through probability manipulation and cultural empowerment, the channel side maintains scarce circulation through hierarchical control, and the user side uses community operations to transform material possession into identity recognition. This strategy has driven the market value of Pop Mart to HKD 326.6 billion (approximately USD 41.8 billion), close to the combined value of Mattel and Hasbro. However, the price fluctuation caused by the replenishment in 2025 also warns that scarcity is a double-edged sword. Only by balancing short-term speculation and long-term IP value can the market foam be avoided. As Morgan Stanley pointed out, its global expansion and the sustained IP flywheel effect are the core capabilities for crossing cycles.

4. Existing Problems and Optimization Strategies

4.1 Core Challenge: Structural Contradictions in Scarcity Marketing

Labubu's scarcity strategy, while creating a business miracle, also exposes three deep contradictions, which have become key bottlenecks restricting the sustainable growth of the brand.

4.1.1 The backlash effect of excessive scarcity

The 2024 'Bloody Labubu' incident became a typical warning case. The extreme setting of this series, which is limited to only 500 bodies globally, has led to physical conflicts in offline stores, and the brand's public opinion rating has plummeted from 82 points to 67 points (Brandwatch monitoring data). More seriously, the secondary market price soared from 99 yuan to 7800 yuan, with a premium of 78 times, far exceeding the psychological threshold of consumers. This directly led to a 320% year-on-year increase in complaints, of which complaints about "unfair rush buying mechanisms" and "scalper monopoly" accounted for over 80%. This kind of brand image damage caused by out-of-control scarcity has broken the inherent cognition of "limited quantity equals high-end". According to McKinsey research, the brand trust of the core user group aged 18-25 has decreased by 27% after the incident.

4.1.2 The uncontrolled cycle of speculative ecology

The yellow cattle economy has formed a mature industrial chain, seriously eroding brand value. The official price of the hidden version of Labubu 3.0 "id" is 59 yuan, but it has been sold in bulk by scalpers using robot programs, and has been hyped up to the range of 2000-5000 yuan on platforms such as Xianyu. The probability of ordinary players purchasing it through official channels is less than 5%. During the 618 promotion period, the recycling price of whole box end boxes plummeted from 2800 yuan to 800 yuan, which not only damaged consumer rights but also transformed Labubu from a "collectible symbol" to a "speculative tool". Data shows that scalpers have a profit margin of up to 371% on scarce items (Labubu 3.0 box), while the average cost for ordinary players to obtain hidden items has risen to over 2000 yuan, which is 34 times the official pricing. The collapse of this pricing system is disrupting the core user group.

4.1.3 The dilution effect of industry homogenization

When 85% of trendy toy brands (such as TOPTOY and 52TOYS) began to replicate the "hidden+limited edition" model, Labubu's scarcity strategy gradually lost its uniqueness. Euromonitor International Research shows that in 2024, global users' sensitivity to the scarcity marketing of trendy games decreased by 12% year-on-year, with 68% of respondents stating that "limited edition products have lost their freshness". What's even more serious is that out of the 13-billion-dollar IPs launched by Pop Mart in 2024, 90% are externally authorized IPs, and the success rate of incubating their own IPs is less than 10%. This lack of innovation has led to scarcity shifting from "value anchors" to "marketing tactics", and user repurchase motivation shifting from "emotional collections" to "short-term speculation".

4.2 Optimization Strategy: Building a Sustainable Scarcity Ecosystem

To address the above issues, it is necessary to reconstruct scarcity strategies from four dimensions: supply regulation, value stratification, content empowerment, and global operations, in order to achieve a balance between commercial value and user experience.

4.2.1 Dynamic supply regulation

The introduction of the "anti-scalping algorithm matrix" is the key to breaking the deadlock. The box drawing machine mini program has been upgraded to a triple verification system consisting of IP address, device fingerprint, and payment account. Through AI recognition of abnormal purchasing behavior, the single user purchase limit has been reduced from 24 items to 12 items, resulting in a 60% reduction in bulk scanning volume for scalpers (Q2 2025 data). At the same time, establish a "price inventory" linkage mechanism, and activate flexible replenishment when the premium in the secondary market exceeds 300%. For example, the Labubu 3.0 series uses precise replenishment of 4-5 million units, reducing the price of scalpers from 2800 yuan to 800 yuan and increasing the purchase rate of ordinary players to 35%. This "technology anti speculation+dynamic balance" model not only retains reasonable premium space (controlled within 50% -100%), but also avoids price control. According to third-party monitoring, user satisfaction has increased by 19 percentage points after the implementation of the strategy.

4.2.2 Scarcity classification: pyramid value system

Build a "three-layer scarcity model" to achieve differentiated satisfaction: the bottom layer is for popular products (such as basic series), and the probability of hidden products is maintained at 1:144, ensuring the participation of entry-level consumer groups; The mid-level collection (such as Labubu x Uniqlo collaboration) is limited to 100000 units and priced at 79-199 yuan. It achieves million level sales through the "affordable limited edition" strategy, with a premium controlled within 30%; The top layer consists of investment funds (such as mint-colored individual items), which are circulated through professional auction channels such as Joopeter to enhance their artistic collection attributes. Data shows that this layered model increases brand average customer value by 42% and reduces user complaints by 58%. Among them, mid-level co-branded products contribute 35% of revenue, but only account for 12% of complaints, verifying the commercial feasibility of "controllable scarcity".

4.2.3 IP content driven: from „limited edition drive" to „story driven"

The core of cracking homogenization lies in content empowerment. The official launch of the manga "Elf Forest" builds a Labubu worldview, where users can unlock AR storylines by collecting specific characters. This combination of "collection+narrative" increases IP user retention by 40% (compared to pure image IPs). What is even more groundbreaking is the application of blockchain technology. The NFT digital blind box launched in 2025 ensures the uniqueness and transparency of each scarce product through on chain traceability. Its first month's sales exceeded 80 million yuan, and the premium for second-hand transactions remained stable in the range of 80% -120%, far lower than the fluctuation of physical products. According to Deloitte's analysis, the user lifecycle value (LTV) of content-based IP is 65% higher than that of traditional IP, providing a sustainable value anchor for scarcity.

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4.2.4 IPGlobal flexible supply chain: regional scarcity management“

Implement a “regional restriction+rapid response” strategy based on the demand characteristics of different markets. Launching “Golden Thread Labubu” in the Southeast Asian market, combining local religious and cultural elements, and increasing conversion rates by 37% through Cash On Delivery (COD) payment method; The European and American markets rely on overseas warehouses to achieve 3-day delivery, reducing the delivery negative review rate from 15% to 7.5%. The 7-day global delivery capability supported by Huaao Enterprise Resource Planning (ERP) system effectively avoids the problem of delayed release of 2024 Spanish Christmas products, and the replenishment response speed for regional limited-edition products has been improved to within 48 hours. This global operation has further increased the proportion of overseas market revenue from 50% to 58%, and the premium rate of regional limited-edition products is 20% lower than that of global products, reducing the risk of cross-border speculation.

5. Conclusion

This paper takes Pop Mart’s Labubu series as a case to analyze the successful logic and existing challenges of its scarcity marketing strategy. The study finds that through multi-dimensional scarcity design in terms of quantity, time and co-branding on the product side, hierarchical control and online-offline collaboration on the channel side, and community operation and emotional binding on the user side, Labubu has built a closed loop of “scarcity symbol - value identity - consumption conversion”, promoting the rapid growth of Pop Mart.

However, this strategy also exposes structural contradictions: excessive scarcity triggers a brand trust crisis, the scalper economy undermines the price system, and industry homogenization dilutes the value of scarcity. In response, this paper proposes strategies such as dynamic supply regulation, scarcity classification, IP contentization and global supply chain optimization to provide a path for sustainable development.

Future research can be expanded in three aspects: first, expand the sample scope, compare the effects of scarcity strategies of different IPs or competing products, and explore universal laws; second, track the long-term impact of optimization strategies and analyze the actual effect of digital tools (such as blockchain) on scarcity management; third, delve into cross-cultural scenarios, study the adaptation mechanism between scarcity marketing and regional culture in the global market, so as to provide more detailed theoretical support for the globalization of trendy toy brands.

Authors Contribution

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

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