

# Analysis of the POP MART LABUBU Product Premium Phenomenon: A Case Study Based on Behavioral Finance

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## Abstract:

As one of the pioneers and leaders of China's trendy toy (trendy play) industry, POP MART focuses on the design, production, and sales of trendy play products. Its core positioning is the leader of trendy toy brands, focusing on the "blind box economy" and satisfying consumers' psychological stimulation through mechanisms such as "drawing cards" and "unboxing". According to statistics, among the post-95 consumer group, nearly 200,000 people spend more than 20,000 yuan each year on blind boxes, further proving the popularity of the blind box economy. This study takes the premium phenomenon of Pop Mart's Labubu series of trendy toys in the second-hand market as the starting point. It combines with the rapid growth of the trendy toy industry in recent years to conduct a deep analysis of its product design features, fan ecology, and market operation logic. By analyzing Labubu's sales mechanism, Intellectual Property operation strategy, and consumer psychological motivation, it reveals the supply and demand contradictions, cultural symbol value, and second-hand market ecology behind its premium, thus providing a typical case and theoretical support for understanding the premium mechanism in the blind box economy.

**Keywords:** POP MART; premium effect; blind box; marketing economy.

## 1. Introduction

This case study focuses on the secondary market premium of Labubu, a trendy toy brand under Pop Mart. Against the backdrop of the rapidly growing trendy toy industry, it analyzes its design characteristics, fan ecosystem, and market operating logic. By dissect-

ing Labubu's sales mechanism, Intellectual Property (IP) operation strategy, and consumer psychology, it reveals the supply-demand contradictions, cultural symbolism, and secondary market ecosystem behind the premium of trendy toys, providing a typical example for understanding the premium patterns of the trendy toy economy.

In recent years, the blind box sales model has become increasingly common in real life. Data shows that the global blind box market size was US\$13.6 billion in 2023 and is expected to reach US\$31.2 billion in 2030 [1,2]. In China, the blind box market size was close to RMB 10 billion in 2021 and is expected to reach RMB 21.9 billion in 2023 [3]. Among them, the well-known company Pop Mart has a high market share, with 26 million members and an operating income exceeding RMB 4.6 billion [4]. This has also led to the premium effect in the blind box economy. Many experts and scholars have conducted targeted research on this phenomenon. It found that the premium effect is not driven by a single factor, but is the result of the combined effects of brand assets, scarcity perception, and market signals. The fundamental reason why consumers pay a premium is that their subjective value assessment (such as quality, emotion, and social significance) exceeds the actual cost. For example, the secondary market premium of limited edition products (such as sneakers and blind boxes) and the rush to buy holiday limited editions (such as Starbucks Christmas cups)

While numerous studies have explored the causes and impacts of the premium effect, research on the LABUBU blind box, a recent example, is incomplete. This study aims to analyze the LABUBU blind box's premium effect to explore the consumer psychology of premium effects in the internet age, the impact of this premium on the stock price of its parent company, POP MART, and the influence of „gambling design“ on consumer purchasing motivations.

The LABUBU series of trendy blind boxes, a popular product line from POP MART, is widely popular among trendy toy enthusiasts and ordinary consumers. By the first half of 2025, some limited-edition LABUBU products had sold for over one million yuan at auction, and hidden editions were frequently sold for over ten thousand yuan. This drove Pop Mart's stock price up more than twelve-fold in a year and a half, pushing its market capitalization to over HK\$350 billion, exhibiting typical characteristics of an asset bubble. However, starting in late June 2025, with the company's massive restocking, declining scarcity, and scalpers selling off the products, secondary market prices quickly collapsed. The hidden edition „Ben Wo“ plummeted 38%, bringing the price of the entire box down to under 800 yuan. Signs of the bubble bursting appeared, and the market began to adjust rationally. This process demonstrates the dramatic price fluctuations of trendy toy products, driven by extreme supply and demand and consumer psychology, and also reveals the potential systemic risks inherent in the blind box economy.

Finally, this paper also looks ahead to future trends in the blind box economy: companies in this industry should maintain IP innovation capabilities in their future product strategies and avoid over-reliance on a single player. They

should also strengthen supply chain management, moderately guide market expectations, and avoid excessive speculation in the secondary market that could trigger a crisis of trust. Furthermore, it recommends establishing a more transparent and controllable pricing mechanism and strengthening communication with consumers to enhance long-term brand trust and stability.

## 2. Analysis of the Product Mechanism and Premium Phenomenon of the LABUBU Blind Box

### 2.1 LABUBU Blind Box Sales Mechanism

The sales mechanism of Labubu products under Pop Mart mainly includes two methods: online lottery/rush purchase and offline store sales, supplemented by dealer channels. It is a typical hunger marketing. „Hunger marketing“ refers to the product provider creating an artificial shortage of products to whet consumers' appetites and make their purchasing desire reach the extreme, to achieve the purpose of regulating the supply and demand relationship, creating the „false impression“ of supply and demand, and maintaining a high price and profit margin of the product [5]. Specifically, online sales are usually carried out through the official Pop Mart APP or WeChat mini-program, in the form of a lottery or limited-time rush purchase. Only users who win the lottery or successfully rush to purchase can purchase. Offline sales are mainly carried out in Pop Mart stores. Some popular models will be sold in a queuing or lottery method. In addition, some co-branded or special edition Labubu may be sold through dealer channels. The probability of winning some hidden models is as low as 1/144, so some fans have a very low probability of „quitting“ [6].

### 2.2 The Emergence of the Premium Phenomenon

This demonstrates the considerable difficulty faced by ordinary consumers in purchasing LABUBU shoes. Some eager buyers are forced to seek alternative sales channels, such as scalpers or secondhand platforms, resulting in price premiums. For example, the Labubu 3.0 blind box series, launched in April this year, officially priced at 594 yuan for a set of six, was recently sold out by scalpers at 2,800 yuan. Meanwhile, some „limited edition“ Labubu shoes are being sold for tens of thousands of yuan or more. Furthermore, at the Beijing Yongle Spring Auction on June 10th, a pair of „first-generation, collector's-grade mint-colored“ Labubu shoes sold for 1.08 million yuan, while another pair of „globally limited edition 15th edition brown“ Labubu shoes sold for 820,000 yuan. Judging from the purchasing method and difficulty, the „hunger

marketing“ created by LABUBU’s „scarcity“ and „limited quantity“ marketing logic is the main reason for the premium. The large consumer demand and the limited supply of LABUBU have created a situation where „demand exceeds supply.“ From the basic principles of economics, scarce supply + high demand = high premiums. The premiums eventually become uncontrollable and exceed the reasonable price range of normal premiums. This is also related to the „unreasonable psychology“ of consumers when purchasing blind box products.

### 2.3 Analysis of Consumer Psychological Motivations

The fundamental reason why consumers pay a premium is that their subjective value assessment (such as quality, emotion, and social significance) exceeds the actual cost. For the special consumption type of blind box economy, the premium also has its own special reasons. One is the addictive nature of blind box consumption. The addictive nature of blind box consumption first stems from its unique psychological mechanism. In the process of purchasing and opening blind boxes, consumers will experience a series of psychological changes. These changes not only meet the emotional needs of consumers, but also strengthen consumption behavior through positive feedback [7].

The second is the herd mentality and social needs of the blind box economy. In the era of social media, blind box consumption has gradually evolved into a social currency. Young people share their blind box collections and show their unique taste and fashion sense on social platforms, thereby gaining social recognition and a sense of belonging to a group. Pop Mart has further strengthened the social attributes of blind box consumption by creating online and offline community culture, such as holding blind box exhibitions, fan meetings, and online sharing activities. Consumers exchange collection experiences, exchange duplicate styles, and even participate in blind box unboxing live broadcasts in the community, turning blind box consumption from a simple shopping behavior into a form of social interaction and identity recognition. The blessing of this social attribute not only enhances the attractiveness of blind boxes, but also makes them a trend symbol and fashion symbol, attracting more young people to join in [7]. At the same time, micro-collections form social capital, and instant interaction is achieved through likes, comments, and reposts. Consumption behavior is deeply bound to social needs [8]. Therefore, young consumers chase, collect, and collect blind boxes such as LABUBU to gain more participation in the circle of friends and society and thereby enhance identity recognition. In addition, due to the enthusiasm and demand of blind box consumers for blind boxes, they will also open a separate mental

account for blind box consumption, and will buy as many blind boxes as possible within their means until they draw a style that they are satisfied with, and then they may turn to buying blind boxes from other series.

The third is experiential consumption under the psychology of curiosity. The psychology of curiosity stems from the human desire to explore unknown things. As a probabilistic commodity, the core feature of blind boxes is uncertainty. Consumers cannot predict the specific style before purchasing. This uncertainty adds a sense of mystery and expectation to the consumption process. The uncertainty of blind boxes (not knowing which one to draw) and the hidden model mechanism (rare models) greatly stimulate consumers’ curiosity and form a „surprise economy“. Pop Mart’s blind box pricing ranges from 49 to 99 yuan, which is affordable and has a certain collection value, which is in line with the consumption capacity of young consumers. At the same time, a hidden model with a probability of 1/144 is set to create scarcity, stimulate repeat purchases, and sell limited-time and limited-quantity models, such as the „Molly Space Series“ which is only on sale for one week, triggering a rush to buy [9].

### 2.4 The Impact of the LABUBU Premium Effect on Pop Mart’s Stock Price

Since LABUBU first exploded overseas in early April 2025, Pop Mart’s first-quarter 2025 financial report, released on April 22nd, showed a significant year-on-year increase of 165% to 170% in overall revenue, with overseas sales growing by 475% to 480%. This was significant positive news for Pop Mart, significantly boosting investor confidence. Pop Mart’s (POP MART 9992.HK) stock price soared alongside LABUBU’s, steadily and rapidly rising from a low of HK\$123.40 per share on April 7th to a high of HK\$277.20 per share on June 16th, a 124.64% increase (Yahoo Finance). During this period, LABUBU’s premium was the primary factor and driving force behind Pop Mart’s stock price increase.

In fact, the probability of hidden product releases influences consumer purchasing behavior and market demand, which in turn affects inventory. Therefore, decisions regarding the probability of hidden product releases and inventory management are intertwined. Therefore, rational manufacturers should make reasonable joint decisions on the probability of hidden product releases and inventory based on market demand conditions [10].

It can see that after mid-June, as Pop Mart shifted its marketing strategy for LABUBU and the company restocked LABUBU in large quantities, LABUBU became more readily available. Consumers were likely able to purchase LABUBU at full price through Pop Mart’s official website, physical stores, or authorized resellers (such as JD.com and Taobao), and the premium effect of LABUBU

subsequently disappeared. As LABUBU's price plummeted, Pop Mart's stock price also reversed. In the four trading days from June 17 to June 20, Pop Mart's share price plummeted from HK\$277.20 per share to HK\$239.60 per share, a drop of 13.56%. The high overlap in timing suggests, to some extent, a positive correlation between the premium effect of LABUBU and Pop Mart's stock price.

## 2.5 Behavioral Finance Interpretation of "Gambling Design"

„Gambling design“ refers to a product design strategy that leverages uncertainty (such as probabilistic draws and blind boxes) to stimulate repeat purchases. Its essence lies in increasing user engagement frequency, prolonging retention time, and even inducing addictive behavior through „luck-driven“ tactics. The „probability + hidden“ mechanism employed by Labubu blind boxes bears a strong resemblance to gambling: uncertain outcomes combined with high emotional stimulation and the potential for significant gains. This aligns with the „loss aversion effect“ in behavioral finance: once consumers begin investing, they are reluctant to accept failure and instead tend to continue investing in the hope of securing their desired item. Furthermore, the sunk cost mentality is also evident in blind box consumption, with many consumers continuing to purchase despite knowing the product is not worth it because they „have already spent a lot of money.“ While this type of „gambling design“ may boost sales in the short term, it can potentially lead to a crisis of trust in the long term. „Gambling design“ refers to a product design strategy that leverages uncertainty (such as probabilistic draws and blind boxes) to stimulate repeat purchases. Its essence lies in increasing user engagement frequency, prolonging retention time, and even inducing addictive behavior through „luck-driven“ tactics. The „probability + hidden“ mechanism employed by Labubu blind boxes bears a strong resemblance to gambling: uncertain outcomes, high emotional intensity, and the potential for significant gains. This aligns with the „loss aversion effect“ in behavioral finance: once consumers begin investing, they are reluctant to accept failure and instead tend to continue investing in the hope of securing their desired item. Furthermore, the sunk cost mentality is also evident in blind box consumption, with many consumers continuing to purchase despite knowing the product is not worth the price, believing they have already spent a significant amount of money. While this type of „gambling-like design“ may boost sales in the short term, it can also create a long-term trust crisis.

## 3. Conclusion

This study uses Pop Mart's Labubu series of trendy toys

as a case study to analyze the premium phenomenon in the secondary market. Leveraging limited-edition releases and hidden editions, some limited-edition items fetched millions of yuan at auction in the first half of 2025, driving Pop Mart's stock price sharply higher. This price subsequently plummeted due to large-scale restocking. The premium stems from the supply-demand imbalance caused by the release mechanism, as well as consumers' herd mentality and social needs. The study also found a positive correlation between premiums and company stock prices, suggesting potential risks associated with „gambling-style design.“ Recommendations are offered for consumers and businesses, along with research limitations and future directions, providing insights into the premium economy of blind boxes.

For consumers: Be wary of the herd mentality and social influence, and avoid impulsive spending based on others' examples; understand the psychological mechanisms of „gambling design“ to avoid irrational investment; set a spending budget and delay decision-making before drawing a box; and improve financial and consumer literacy, especially among teenagers.

For Pop Mart: Avoid product homogeneity and over-reliance on IP, continue to expand its IP portfolio, and maintain originality and diversity; increase transparency in sales and pricing mechanisms, clearly label information such as the probability of hidden items, and explore mechanisms for disassembling and recycling blind boxes. Future Outlook. In the future, questionnaires and behavioral experiments can be used to quantify the impact of different factors on premium pricing. Combining big data and AI technology, it can dynamically track market prices and public opinion to develop premium prediction models. It can compare the strategies and premium performance of different IP brands to explore the long-term impact of these factors on consumer stickiness and brand stability. It can integrate the blind box economy with financial literacy education, focus on underage consumer behavior, and support the sustainable development of the industry.

Authors Contribution

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

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