

# The Blind Box Economy: Behavioral Economics, Emotional Branding, and Marketing Strategies of Pop Mart

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## Abstract:

The rise of a new sales model, the “blind box economy”, has quickly entered the public eye and attracted the attention of consumers in recent years. It has changed consumers’ traditional consumption habits of “purchasing specific products” and attracted consumers to continue paying for an illusory result. This trend reflects broader shifts in the global retail landscape, where consumer demand is moving away from purely functional products toward experiences and emotional engagement. Pop Mart is a representative of this sales model. Its success proves that consumer behavior can be influenced by “emotional value” and “uncertainty”. Furthermore, the novelty, fun, and social interactivity of blind boxes have made them popular among younger generations, contributing to the shaping of modern consumer behavior. Therefore, studying this case offers valuable insights into marketing theory and retail practice. This study analyzes past literature on the blind box economy, studies Pop Mart’s sales mechanism, marketing strategy, and IP operation, and conducts an in-depth study of its marketing model. Study how it stimulates consumption through uncertainty, scarcity, and emotional value, while ensuring the continuity of consumption behavior and consumer loyalty to the brand. In addition, this research contributes to understanding how innovative retail models balance commercial success with potential risks, such as consumer overindulgence and regulatory challenges.

**Keywords:** Blind Box Economy; Consumer Behavior; Emotional Branding; Intermittent Reinforcement; Brand Community.

## 1. Introduction

Competition in the retail industry has become increasingly fierce in recent years. As competition intensifies, merchants need to optimize their products from different angles in order to ensure product sales, and change and optimize their existing sales models to ensure the competitiveness of their products. Some businesses have adjusted their strategies, gradually shifting from focusing on product price and product functions to emphasizing experience and emotional value. Blind box is a special marketing strategy. Its mechanism is similar to Japan's "lucky bag". Consumers do not know what specific products are in the bag, but it is this uncertainty that has become the main factor in attracting consumption.

Blind boxes, a unique sales model, typically contain a series of exquisite trendy toys. Consumers can only win one of these items through a raffle, rather than directly receiving a specific product. This model creates a sense of mystery and surprise throughout the consumption process. From 2015 to 2019, the trendy toy market surged from 6.7 billion to 20.7 billion. This massive market expansion attracted financial support from various industries, ushering in the era of the "blind box economy." As a leading figure in this blind box economy, Pop Mart has undoubtedly attracted much attention [1]. Founded in 2010, Pop Mart has developed rapidly with its unique blind box mechanism and eye-catching IP. The series of products they have launched, such as Molly and Skull Panda, have become popular all over the world and are deeply loved by young consumers. While their image design is unique, they also use limited sales, hidden designs and joint collaborations to expand their popularity. This series of strategies has helped Pop Mart establish a highly sticky consumer group. After its listing in 2020, its market influence has further expanded, and blind boxes have gradually become a mainstream new retail model. As the pioneer and leader of the blind box economy, Pop Mart is the most representative case for studying the blind box economy.

This study will systematically study Pop Mart's sales model, focusing on analyzing the differences between its blind box mechanism and the traditional retail industry and its emphasized sales strategies, as well as exploring how this model, centered on uncertainty and scarcity, affects consumers' purchasing habits and brand loyalty. At the academic level, this research will help people gain a deeper understanding of new retail models and analyze the connection between consumer behavior and sales strategies. In addition, it helps us understand why Pop Mart has become a leader among many retail companies and how it has enhanced consumers' confidence in the brand and improved its market competitiveness through innovative sales models.

## 2. The Concept and Characteristics of the Blind Box Sales Model

### 2.1 The Rise of the Blind Box Economy

Blind boxes are defined as various fashionable toys placed in an opaque container. They originated in Japan and became a huge success in the United States. Today, they are also quite popular among Chinese consumers. They satisfy young people's curiosity, anticipation and "gambling" mentality. Data from the Alibaba Research Institute shows that between 2016 and 2020, the consumption of young consumers increased by 73%. The size of the blind box market in 2019 was 7.4 billion yuan [2]. Why are blind boxes, unlike traditional retail, able to attract consumers to make repeated purchases to a great extent? From the perspective of behavioral economics, the mechanism of blind boxes is called the Random Reward System. Its uncertainty is similar to the "intermittent reinforcement" of gambling, making it extremely easy for consumers to become addicted to it. When consumers open a blind box and do not get the hidden version, they will first feel a sense of "loss", and in order to make up for this loss they will continue to buy. In such uncertain situations, consumers will fantasize that they can get hidden versions and overestimate such low-probability events.

Another factor driving the rise of blind boxes is that when consumers don't get their desired item, they resell it, creating a secondary market for them. These products are often sold in limited quantities, making them extremely difficult to obtain, and are often deliberately hyped. Consequently, the price of hidden items in the secondary market often exceeds the original launch price, with some consumers even purchasing blind boxes as an investment.

### 2.2 Definition of Blind Box Sales Model

The blind box sales model is an innovation based on the traditional retail model, and consumers no longer directly purchase their favorite products. Brands will create various blind box categories based on their own IP or collaborate with other well-known IPs. Each blind box contains peripheral products related to these trendy toys. Each blind box contains various categories such as ordinary and hidden models. This uncertainty makes it challenging for consumers to directly purchase their favorite styles. If consumers do not find their favorite products in the blind box, they will need to purchase this blind box again. This mechanism makes up for the problem that traditional retailers need to worry about product repurchase rates. In practice, Pop Mart usually designs 10-12 regular editions and one hidden edition for each series. They also offer boxed purchases, which guarantee that all regular editions are available, but not the hidden editions. This mechanism

balances certainty and scarcity and maintains consumers' repeat purchases.

### 2.3 Theoretical Perspective

Previous research by Haonan Zhang et al. has found that uncertain rewards often attract consumers more strongly than certain rewards. Blind boxes exploit this principle, stimulating curiosity and thus spurring purchases. Other scholars have also pointed out that the uncertain rewards offered by blind boxes can enhance consumers' emotional value, leading to abnormal consumer behavior, including impulsive and addictive spending [3]. In behavioral economics, uncertain rewards are more likely to maintain consumer behavior than fixed rewards. Typical applications are gambling, sweepstakes and lotteries. The "hidden version" design of blind boxes is a form of intermittent reinforcement. Consumers always think that they might be able to get a hidden version next time, but they ignore the fact that the possibility is very low. Consumers will over consider sunk costs, thinking that if they cannot get the hidden version, the previous blind box will be wasted. When consumers do not open the hidden version, they will think of it as a loss. In order to make up for this loss, continuing to open blind boxes until the hidden version is opened is undoubtedly the best way to make up for this loss. In addition, brands will also sell blind boxes at limited discounts to create limited scarcity. LQS represents greater scarcity. Uniqueness is also one of the motivations for consumers to buy. Consumers will be very eager because they know that the quantity of the product is limited. They cannot be sure that the same discount will be available after the stock is sold out. Brands limit the number of promotional products and offer discounts. This can attract consumers without lowering the brand image, and even make their products limited-quantity high-end products [4].

## 3. Product and IP Operation

### 3.1 Pop Mart's IP Matrix

Pop Mart has its own IP matrix. By collaborating with numerous renowned global designers, they have created a series of popular IPs, such as Molly and Dimoo. Molly, Pop Mart's first flagship IP, became its brand logo. Designed by Hong Kong designer Kenny Wang, Molly consistently contributed to over half of Pop Mart's sales in its early years and even in 2020, remains a major source of revenue. It represents Pop Mart's transition from niche toy design to a mass-market offering. Molly's "big-eyed, tsundere" image quickly became a social media sensation. Other iconic Pop Mart IPs include Dimoo, beloved by young consumers for its healing appeal, and Labubu,

known for its cute, ugly charm. This diverse product offering has rapidly expanded Pop Mart's consumer base, freeing it from reliance on a single IP and strengthening its presence. This diverse IP network greatly enhances the uniqueness of its products. Popular IPs, combined with the continuous release of limited editions and collaborations with other well-known IPs, have extended the lifecycle of Pop Mart products, thus addressing the short lifecycle issues commonly seen in the trendy toy industry [5]. Pop Mart is also continuously launching new series of works as their mid-level and emerging IPs to maintain consumers' sense of freshness and test the market. If the market response is good, they can consider it as a new head IP, which not only reduces risks but also avoids losing consumers due to lack of novelty. They collaborate with well-known IPs such as Disney, Sanrio, and Harry Potter to expand their brand awareness.

### 3.2 Channel and Retail Layout

The unique decoration style of Pop Mart's offline flagship store, Pop Mart House, is also designed to create a perfect immersive shopping experience for consumers. The store's specialized style highlights the "IP theme" and attracts consumers through strong visual stimulation. These designs enhance consumers' in-store experience and turn Pop Mart stores into social check-in spots, making them very convenient for promotion on social media. When consumers come to Pop Mart, they not only buy products, but also experience the culture of Pop Mart. If offline stores are for further promoting their products, then vending machines are for consumers to purchase their products anytime and anywhere. Pop Mart has set up smart vending machines in major shopping malls, subway stations, etc., so that consumers can purchase at any time. These vending machines induce impulse purchases to a great extent because they change the consumption scenario from "purposeful consumption" to "chance consumption". Consumers do not need to go to the store specifically. As long as they see the products they like in the vending machine, they can pay for them directly. Pop Mart's online channels are also very mature. Their Tmall flagship store provides an official purchasing channel to facilitate consumers' purchases and blind box draws. At the same time, big data and precise recommendations are used to analyze consumer preferences and attract secondary consumption. This integration of online and offline is a typical online-to-offline sales model. Pop Mart's sales channels are not only very mature in China, but it has also opened stores in Japan, South Korea, Europe and the United States, and has adjusted its sales channels to suit different countries' cultures. When expanding its overseas business, Pop Mart relies more on IP co-branding to lower market barriers and better enable overseas consumers to accept their products. Although globalization has brought

them new growth points, they also face challenges from cultural differences and new competitors.

### 3.3 Design and Emotional Value

Pop Mart has designed a very unique appearance and interesting story for each of its IPs, and the emotional value it brings to consumers is very strong. The symbolic design gives each IP a strong recognition, such as Molly's big eyes and Skull Panda's coolness. These strong visual symbolic features leave a deep impression on consumers and make them widely spread on social media. Storytelling is also a major feature of Pop Mart IP. Each series of stories has a theme, such as the four seasons, festivals, etc. Consumers will collect a whole set of dolls for higher collection value.

## 4. Challenges and Sustainability of the Sales Model

### 4.1 Gambling-like Mechanism and Social Concerns

The random reward mechanism of blind boxes is similar to gambling, both of which maintain consumption through uncertain rewards. Simply put, occasional rewards are more likely to motivate consumption than continuous rewards. This is the addictive mechanism of intermittent reinforcement. In the blind box game, the probability of obtaining rare items is extremely low, but the satisfaction consumers get when they obtain rare items is unparalleled. Imagine a consumer buying 10 blind boxes and receiving regular items on the first 9 but unexpectedly receiving a hidden item on the 10th. This chance "win" makes the consumer think, "If I buy another one, maybe I can win again!" Even if the probability of receiving a regular item is as high as 90%, consumers will still be motivated by the 10% random reward. From the consumer's perspective, this is not a healthy consumer mentality, especially young consumers may over-consume as a result.

### 4.2 Emotional Branding and Identity Building

Pop Mart's success also relies heavily on the emotional bond it has established with its consumers, and they have cultivated themselves into a very successful emotional brand. An emotional brand is one that is consumer-centric, relationship-oriented, and driven by stories, establishing an emotional connection between consumers and brands. Compared to traditional brand models, consumers' enthusiasm for emotional brands rarely or never comes from rational thinking. Therefore, consumers buy not only products but also an emotional sense of belonging. In addition, for companies, emotional brands can bring higher premium capabilities and stronger user stickiness.

Therefore, emotional branding can not only be used as a marketing tool to shape product image, but it can also inspire consumers to be loyal to the brand [6]. Brands want to cultivate user loyalty by optimizing the functionality of their products or by strengthening the emotional connection between their products and consumers. The blind box mechanism turns the process from every purchase to opening the blind box into an event for consumers. Both the unboxing process and the product itself are particularly important.

### 4.3 Consumer Groups & Community Culture

Pop Mart's consumer group is mainly concentrated in young people aged 18-35, especially female users who account for a very large proportion. Most of their users buy their products out of curiosity, desire to collect, and stress relief and entertainment purposes. Young people are very keen to show "unboxing" on their social media to express their personality. Many young people share their "blind box daily life" in brand communities, such as online Weibo and Xiaohongshu, or offline exhibitions and store check-in activities. A brand community is a specialized, geographically independent community of consumers built on structured social relationships between brand admirers. Brand communities are also marked by shared consciousness, rituals, and traditions[7]. Pop Mart's consumer group usually calls themselves "players" and they have formed their own circle culture. The traditional ritual of "players" is blind box unboxing, such as regular live broadcasts of unboxing at offline exhibitions. Some "players" with a sense of moral responsibility will spontaneously help those who like to collect to distinguish the authenticity, maintaining community relationships and cohesion. The secondary market brought about by the blind box economy has given these dolls investment attributes, and consumers will also exchange or resell rare styles in second-hand software.

## 5. Conclusion

Pop Mart's success is due to their combination of Random Rewards + scarcity + emotional value in product design. What we provide to consumers is not just a product, but a whole process from the anticipation at the time of purchase to the surprise at the time of unboxing and finally sharing the joy. The blind box economy maintains consumer purchasing behavior by applying the Random Reward System and Loss Aversion in behavioral economics. Consumers regard not opening the hidden money as a loss, and are driven to repeat consumption, which is very similar to the Intermittent Reinforcement in gambling. At the same time, emotional branding and brand community are also important factors contributing to Pop Mart's success. They give products cultural symbols with emotional

value. Consumers can find people with common identities on social media and offline exhibitions through activities such as sharing and exchanging, thus forming a brand community. This socialization has greatly enhanced consumers' stickiness to the brand. Although Pop Mart's current model is very successful, its future is not smooth sailing, as the blind box economy also faces many potential risks. Their products are essentially trendy toys, and this type of product always faces a problem, that is, aesthetic fatigue. Therefore, Pop Mart needs to constantly update its IP and create new images to keep users fresh. The blind box mechanism can also be labeled as gambling. At the same time, it does lead to excessive consumption among some young consumers, thus affecting the brand image and weakening the brand's sustainable development capabilities.

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