

POP MART in China: Economic and Social Benefits with Their Corresponding Challenges

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Abstract:

This study analyzes POP MART's success in China's blind box market, focusing on its IP collaboration, marketing strategies, and store design. Drawing on literature reviews, media reports, and financial data, this study also explores the socio-economic effects of the blind box business model, including the positive aspect of supporting young designers and strengthening industries, as well as the negative consequences of tensions between families and concerns about consumer spending. Despite challenges such as rising competition and uncertainty of product popularity, POP MART maintains strong financial performance and a high stock valuation compared to its competitors, reflecting investor confidence in the company's growth potential. The study concludes that the company is likely to remain its leadership position in the blind box market. However, its long-term success will depend on how effectively it adapts to evolving consumer preferences, expands its range of derivative products, and leverages social media to increase brand influence.

Keywords: Blind box business model; collaboration; customer consumption; uncertainty; consumer psychology.

1. Introduction

In recent years, China's blind box market has experienced rapid development, becoming a major element of the toy industry. Drawing inspiration from Japan's "lucky bags" of the Meiji era and Gachapon, the market has gradually gained popularity through companies like POP MART. The blind box business model embraces the consumer's curiosity and their passion for collection, which creates an effective marketing

strategy that appeals to more customers than traditional toy retailing methods. This study examines POP MART's business model, exploring how the company's collaboration with numerous intellectual properties (IPs) and attractive store designs increase both brand recognition and consumer consumption. It also analyzes POP MART's sustainability in a competitive environment and provides suggestions for the company's future growth and development. Through these aspects, this study aims to explain the factors

behind POP MART's success and suggest the company's future growth potential.

2. Background Information

2.1 The Origin and Development of China's Blind Box Economy

The blind box industry in China was greatly influenced by the blind box in Japan. Japan was the first to use the system during the Late Meiji (1868-1912), emerging as "lucky bags" in Japanese department stores. Merchants would put multiple items with a higher price than the retail price in the bags, attracting customers to purchase. This new marketing model effectively increased the purchase rate of customers. Subsequently, Gachapon emerged in the 1970s to the 1980s, with a similar system, but retailing anime figures and pendants [1]. Inspired by the system, similar marketing models emerged in China. In the 1990s, merchants of crispy noodles would put cards in the packets, and individuals would be able to use the cards to exchange for a prize once they have collected all in a series. Many people started to buy crispy noodles for the cards, and this collection is also known as "the collective childhood memory of the post-80s and post-90s generations" [1]. However, the blind box business model truly gained widespread popularity in China through POP MART's implementation. In 2016, the company started to use this model to sell Molly, a figure of a little girl. When the first set of Molly was on sale on Tmall at the price of 708RMB for each set, all 200 presale sets were sold within just 4 seconds [1]. With this combination of the blind box business model and interesting figures, the blind box soon became viral in China.

2.2 POP MART's Profile and Financial Situation

Beijing POP MART Cultural and Creative Co., Ltd. was founded by Wang Ning in 2010. Its main target is young people who are passionate about pop toys, and mainly uses the blind box business model for retailing its main product, toy figures. It cooperates with numerous artists, including Molly, Dimoo World, and The Monsters, and also cooperates with well-known brands, such as Disney, Marvel, and Harry Potter. To achieve its brand concept "To light up passion and bring joy," the company has held six international pop toy exhibitions in Beijing and Shanghai, increasing public exposure and sparking individuals' interests in these types of products [2]. As of December 31, 2021, POP MART has 295 directly operated offline stores in mainland China and 1,611 robot stores, covering 103 cities across the country [3]. According to POP MART's 2024 Financial Performance Highlights, the company's

revenue and gross profit have been rising annually. From an initial 2,513,471 thousand RMB in 2020 to 13,037,749 RMB in 2024, the company has seen a significant increase in its revenue [3]. The revenue of 2024 approximately doubled that of 2023, showing a rapid surge in performance.

3. Mechanism of POP MART's Business Model

3.1 Attractiveness of Products

POP MART's success in China was greatly influenced by its collaboration with different IPs. Liu, Lyu, and Yang note that by co-branding with well-known brands, such as Disney and Molly, the company has raised its sales significantly. Their study suggests that the recognizability and popularity of these IPs attract customers, promoting consumption [4]. As of September 13, 2025, POP MART has partnered with 45 different artists and IPs [2]. This diversity in character designs broadens the products' appeal to different customers, ultimately contributing to an increase in revenue.

3.2 Affordable Price with High Margin

At generally the price of 59 RMB, a POP MART blind box is within the affordable range for individuals, comparable in cost to a movie ticket or a coffee from specialized coffee shops. This pricing makes it accessible to students and young professionals who have limited but steady spending, increasing the range of possible customers. Another strategy POP MART uses is "charm pricing," where prices are set just below a round number [5]. Nearly all prices of the products of the company end with the digit 9. For instance, as mentioned above, most blind boxes are priced 59 RMB instead of 60 RMB. This subtle difference can lead customers to focus on the first digit, making the item seem to still be within the fifty range rather than in the sixties, thereby creating a perception of greater affordability. Moreover, the company has a high gross profit margin of around 60% in the past 5 years, which creates high income with the company's existing marketing techniques that increase customer consumption [3].

3.3 Appealing store appearance

POP MART's appealing retail store appearance is also a key factor in attracting new customers. The store-fronts feature bright colors, illuminating the name "POP MART," while the open layout of glass windows of the stores allows people to easily view the products inside without the need to enter [6]. The designs make the stores highly visible and appealing, drawing the attention of individuals who may be unfamiliar with the brand. As a

result, more potential customers are encouraged to enter, which promotes the overall consumption rate.

3.4 Financial Characteristics of Addictive Blind Box Consumption

The Blind Box Marketing Model makes significant profit through the surprise caused by uncertainty and customers' gambling mentality. The unknown aspect of the product creates excitement, leading individuals to purchase even if they do not have a strong interest in the product itself. Moreover, customers' desires of obtaining a specific figure impel them to continue buying boxes until they get their preferred item, as it results in emotional fulfillment when successful [7]. In addition, the multiple figures within a series create an inclination for collection among certain individuals, encouraging customer consumption, which further encourages purchase and boosts the overall sales for that particular IP [8].

4. Effects on Social-Economic Influence

As noted earlier, both POP MART's collaboration with diverse IPs and its blind box business model significantly increased customer consumption. As a result, toy manufacturing companies would also greatly benefit from POP MART with a higher production rate, while the toy company's retail sectors, both online and offline, share the profits made by the higher consumption rate. Another positive impact is the opportunities POP MART creates for independent designers and artists to collaborate with established brands. With its blind box system, the individuals could launch unique figure series, increasing their popularity while also bringing profits to POP MART. This collaboration is a win-win situation, where both sides benefit. However, despite blind boxes' popularity, they can create social tensions, especially within families. Many young fans buy blind boxes due to their passion for the products and their attractive appearance, but parents may view the toys as useless items with high value, resulting in conflicts over value systems.

5. Popularity in the stock market and its sustainability

5.1 Hike in the stock market since IPO

POP MART had an IPO price of HKD 38.50 per share in 2020 [9]. After a period of fluctuation, its stock price has started to see an increase in 2024, ultimately peaking at a closing value of 322.400 HKD per share in August 2025 (Data from Yahoo Finance). The high increase demonstrates investor enthusiasm, which directly contributes to the company's elevated stock valuation today.

5.2 High stock valuation

Compared to other Chinese companies that also make a profit through the blind box business model, POP MART has the greatest P/E ratio. As of the forecasted 2025E, POP MART's P/E ratio stands at 32x, significantly higher than its competitors: Miniso (18x), Bloks (25x), and Shanghai M&G (21x) [10]. POP MART's ratio is notably higher than the other listed companies, implying a strong investor confidence in POP MART's growth potential.

5.3 Uncertainty of product popularity

With POP MART's numerous IPs, its product popularity varies. While The Monsters generated 3,040,664 thousand RMB in revenue, accounting for 23.3% of total proprietary product sales, other IPs such as Hicipupu only reached 224,288 thousand RMB (1.7%). Similarly, Cry Baby earned 1,164,885 thousand RMB (8.9%) when Molly's revenue nearly doubled that amount (2,093,172 thousand RMB) [3]. Thus, POP MART's major revenue is dependent on products with unpredictable popularity, leading to potential fluctuations in the company's earnings.

5.4 Potential rise of competitors

POP MART faces competition from other companies using the blind box model, particularly Bloks, which makes most of its revenue from blind box sales (63% as of 2023). While Miniso and Shanghai M&G also use the model, their exposure is much smaller, with Miniso at 30% and Shanghai M&G having relatively little reliance on blind box products. POP MART stands out with its greater focus on blind box products (75% of figure and plush items) and its target of a broad consumer base, primarily aged 15-40. Bloks, with a younger target (6-16 years old), might pose a threat if it expands its range of customers [11]. However, POP MART's strong financial foundation and its already leading position continue to secure it as one of the major companies in the blind box market.

6. Future applications and suggestions

With the growing proportion of customers, some of whom are male buyers, POP MART should expand its target audience by developing products that are beyond the traditional "cute aesthetic, attracting more buyers to both increase revenue and further secure its leading place in the blind box business model competition. At the same time, enhancing social media engagement through the company's online accounts, influencer collaborations, and customer-created content would help the brand maintain visibility. Further promoting membership exclusivity, such as offering special gifts or having certain product discounts, could increase customer loyalty by providing

them with stronger emotional values. Finally, POP MART could design more practical derivative products for each IP, such as portable chargers and keyboards to also satisfy customers' need for functionality alongside collectible value. By doing so, it also broadens the brand's reach.

7. Conclusion

In conclusion, POP MART's success in China's blind box market relies on its effective business model, collaboration with well-known IPs, and appealing retailing store designs, which altogether attract a wide range of consumers. These elements have helped the company to build a strong fanbase among both teenagers and adults, increasing customer loyalty. While POP MART also faces challenges, such as the uncertainty of product popularity and growing competition, the company is likely to remain relevant in the evolving toy market with its broad brand recognition and appealing products. In the future, studies could examine POP MART's response to potential competitors and how it adapts to evolving consumer preferences. The company's ability to maintain a leadership position in the blind box market will depend on expanding its target audience, diversifying its product offerings, and enhancing customer loyalty through exclusive benefits.

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