

# *A Case Study of POP MART Marketing Strategy*

Zitao Wang<sup>1,a,\*</sup>

<sup>1</sup>Beijing National Day School, Beijing 100039, China

a. wangzitao@edu.bnds.cn

\*corresponding author

**Abstract:** In just ten years, POP MART has developed rapidly and become the leader in the national LOMO market. It would be worthwhile to analyze and summarize its marketing strategy. This paper expounds on the brand background, industry background, STP analysis and 4P theory of the POP MART brand, and analyzes the marketing strategy of the POP MART brand. By reviewing the relevant literature in the last three years, this paper analyzes the brand problems and brand advantages. The advantages of the brand are obvious, such as the cooperation with many IP products, and exquisite product design. The acceptability of price and unit price of products is high. Brand marketing takes advantage of consumer psychology. Online and offline promotions are also plentiful. However, there are still some problems, such as low brand recognition, unsatisfactory customer promotion and insufficient product development. Customer loyalty and competitiveness of POP MART need to be improved. According to the above information, this paper puts forward several suggestions: The business should open a new market, such as the male market. Also, businesses should improve the product emotional value of the product and make the product become story innovative, etc. In cooperation with IP, the brand should analyze and understand the corresponding consumer groups of each IP, which can make more targeted update plans. Also, it enhances the brand awareness and recognition of its own brand.

**Keywords:** POP MART, marketing strategy, product design

## 1. Introduction

In recent years, blind box culture has gradually prevailed in the consumers' vision. POP MART is one of the representative brands of Blind Box even Lomo in China. By September 30, 2021, more than 1,687 robot stores and more than 250 offline stores, spanning 103 cities and 23 countries or regions, have been added, gradually increasing the worldwide pattern [1]. Blind boxes swept the country and became a phenomenon. It also made it possible for the business to quickly amass assets and turn into the biggest and fastest-growing LOMO Company in China. It makes strong use of consumer psychology. The logic behind the so-called "blind box economy" is a kind of surprise, satisfaction and pleasure of selling. People can therefore better understand the factors behind POP MART's success by conducting an in-depth analysis of the brand and its marketing plan and providing reference suggestions for the development of other similar enterprises.

The following paper analyzes POPMART's marketing strategy from the perspective of brand background, industry status and development prospects, as well as the combination of brand STP positioning and 4P marketing model. This paper puts forward its advantages, points out the existing

problems and challenges facing the enterprise, and finally puts forward relevant suggestions according to the above analysis.

However, the blind box is a newly emerging product, and China's LOMO market started very late. Now, China's blind box market is developing rapidly, and the industry has a good prospect. At present, China's research field also has a big vacancy. There is a lack of psychological research on the consumer behavior of this brand, and more analysis is made on the product design and marketing of the brand.

## **2. Brand Background and Status**

POP MART, founded in 2010 by Wang Ning, is a market-leading manufacturer of pop culture and art toys. POP MART has millions of admirers worldwide and has entered more than 23 nations and areas as a result of the industry's rapid expansion. After more than ten years of work, POP MART has developed a thorough operation platform that spans the entire fashion toy supply chain, concentrating on five areas: global artist mining, IP incubation and operation, consumer access, fashion play culture promotion, innovative business incubation and investment. POP MART, whose mission statement is "To Light up Passion and Bring Joy," has created a platform of integrated operations that spans the entire designer toy supply chain, allowing artists to concentrate entirely on their creativity. To attract many devoted and high-quality clients, the business hired a variety of designers, including Kasing Lung, Pucky, Ayan, Kenny, and Skullpanda, and launched hundreds of fan favorites. Similarly, POP MART collaborates with other well-known businesses to produce pop-culture goods based on historical figures that appeal to people all over the world. Their Brand vision is to become the world's leading fashion culture and entertainment company. The company aspires to bring entertainment experience and emotional experience to customers [2].

POP MART earned a net profit of 450 million yuan in just three years. Even under the influence of the COVID-19 epidemic in 2020, POP Mart also achieved a good annual net profit of 300 million yuan. POP Mart was successfully listed in Hong Kong at the end of 2020. Furthermore, the market worth of the business directly surpassed 100 billion yuan. From the whole tide play market, POP MART still has a huge room for development. Although POP MART's net profit in 2019 reached 450 million yuan, it only had 8.5% of the market share, according to Mob Research's research on the blind box business in 2020 [3]. Also In 2019, 58% of registered members made a second purchase of POP MART's products, which is enough to show that POP Mart has good customer loyalty. Thus, the blind box market is in huge demand, POP MART still has a lot of development and expansion opportunities.

## **3. STP of POP MART**

### **3.1. Marketing Segmentation Analysis**

#### **3.1.1. Geographic Segmentation.**

In 2010, Pop Mart opened its first physical location in Beijing, China. Pop Mart opened stores in significant first- and second-tier cities around the nation during the following ten years. In September 2020, Pop Mart opened its first international directly managed store in Seoul, Korea, the UK, etc. POP MART has established offices in China, Singapore, Japan, and Korea. POP MART currently runs more than 250 brick-and-mortar stores and more than 1687 robot shops [4]. However, POP Mart is mainly developed and applied in the inland of China, while its overseas directly operated stores are still in development and exploration. Overseas customers can only buy online mini-programs and shopping software at present.

### **3.1.2. Demographic segmentation and psychographic segmentation.**

It is generally believed in the fashion toy industry that women are the main source of purchasing power for fashion toys. According to the survey data, the ratio of men and women who buy blind boxes is 4:6 [5]. In terms of age distribution, most consumers are young people in the age of Z. Consumers aged 18-40 account for half of the total number of consumers. 90% of the users' monthly income is 8000-20000 yuan.

Consumers in this age group and those who meet the above characteristics are mostly the only child, who often feel lonely and need emotional support. Toys in the blind box can be satisfied well. At the same time, under the great pressure of modern times, students and office workers will buy blind boxes to relieve pressure. Their emotional experience and consumption experience value is high, with young impulsive gambler psychology and gradually formed addiction mechanism. It can also help them fulfill their identity and social belonging in social situations [6].

### **3.2. Targeting Marketing Analysis**

At present, POP MART mainly focuses on 18-40 female consumers, so its designs tend to be cute and products that enable women to identify with and resonate with each other. But with the development of the market, the proportion of male buyers has gradually increased. The development of men's products will be a big point of competition in this industry in the future. Therefore, POP MART should include men in its priority areas of development.

### **3.3. Position Analysis**

#### **3.3.1. Price position.**

According to the analysis of POP MART's target customers, POP MART's customers have certain economic strengths. The basic entry model is 59 yuan, and a low price can attract consumers to buy. In addition, the hidden model has the premium ability. In general, consumers share a desire and gambling mentality to attract consumers to buy back. The positioning of product price should take the market average price positioning.

#### **3.3.2. Product Position.**

Artistry and a sense of quality are placed high on the list in that industry. POP MART focuses more on the development of products, strive to stand out in quality and design, and does not differentiate in price, but still can have a unique sailing point in the hearts of customers. The cooperation with IP makes IP a selling point and a hidden style design, which is also a unique feature of POP MART products.

To sum up, the market of the blind box is still in the field of Blue Ocean, and the market concentration is not high. POP MART is a leading enterprise, but its market share is small, and it faces great competition and the threat of being overtaken at any time.

## **4. Marketing Strategy Analysis**

POP MART has developed rapidly in a short period of ten years and become the leader of the domestic tide game industry. Its marketing strategy is worth studying and summarizing.

#### 4.1. Product Strategy

First, POP MART's blind boxes come in two types: fixed and hidden. And in the hidden, this design ingenious is a successful product marketing. Each set of blind boxes will have a hidden style. This design increases the value of hidden styles and simultaneously uses hunger marketing. Hunger Marketing is to maintain the perception of the goods and the existing price while creating the impression that demand is greater than supply.

Second, POP MART is buying popular IP and co-branding them to attract consumers. It also has popular IP hits: Pucky and Molly. Statistics show that the sales of these two IP products account for half of the total sales [1]. Up to now, 93 functioning intellectual properties, including 12 proprietary, 25 exclusives, and 56 non-exclusive, are owned by POP MART. [7].

At the same time, POP MART has also signed many famous designers, whose exquisite and distinctive products are favored by most buyers. 93 functioning intellectual properties, including 12 proprietary, 25 exclusives, and 56 non-exclusive, are owned by Pop Mart. Over 350 artists are associated with the company, and 25 of them are involved in collaborative projects. [7]. For example, they employed well-known hipster designers like Pucky, Kenny, and Kasing Lung, and they produced a number of things that their customers loved.

POP MART products are also updated very quickly, which is conducive to gaining more revenue and attracting more attention from consumers. That action also can disperse the attention of popular products to achieve sustainable development. In addition, it continues to develop new peripheral products in addition to the blind box, which makes the audience larger and enhances the competitiveness and benefits.

There are some problems too. Blind box products will gradually saturate the market in the process of continuous development. If the brand does not adjust the product mix, the development will be stagnant and cannot impact the larger LOMO market [8]. Also, POP MART lacks toy characters that can convey its brand connotation, thus its communication power is greatly weakened and it cannot attract more potential audiences. Therefore, POP MART should integrate content that conforms to the brand positioning into the toy characters. Strengthen the promotion of its own brand, otherwise, it will become the carrier of other IPs. As a result, brand identity decreases and loyal users are lost

#### 4.2. Price Strategy

POP MART primarily uses two price strategies: consumer psychological pricing and differential pricing. The significant disparity between the Lomo price introduced by POP MART and the standard Lomo price is the main example of differential pricing. Before this blind box, Lomo was defined as an artist's toy with great professional and art collection value, just like "Bear brick", whose value is usually more than one thousand dollars [1]. On the other hand, POPMART gets more targeting marketing by choosing a price range that most buyers can pay. The psychological pricing difference is reflected in the fact that the prices of hidden models and fixed models are the same, average price is 59 yuan, while hidden models have higher product value. POP MART takes advantage of consumers' gambler and lottery mentality to stimulate consumers to buy again and again.

#### 4.3. Place Strategy

POPMART's online and offline sales are the two types of sales channels. The offline is divided into shops in shopping malls and offline blind box vending machines. Offline is more experiential and a social medium. By 2020, POP MART's offline retail storefronts and vending machines will have largely covered all of China's first- and second-tier cities, and they may be found in practically all of the cities' bustling commercial districts [1]. Online purchases are also available in WeChat mini programs, online shopping apps, and the Lomo app. Especially under the impact of the epidemic,

online purchases are more widely used. The future of POP MART sales will be offline and online integration of development [9].

#### 4.4. Promotion Strategy

POP MART has a membership exchange system. According to statistics, the number of members now exceeds 7.4 million. All members can turn their spending money into points, which can be offset. This promotion has increased customer loyalty and retention. Second, POPMART has its own web page to promote itself, and every time it launches a new product, it will market it. At the same time, consumers will spontaneously post their new purchases on social media, which also amplifies the publicity too. In general, they use Multi-channel promotion also social media promotion [2]. In addition, POP MART also participates in practical activities, such as school construction, etc., to gain a good brand image for its brand. Meanwhile, POP MART organizes art exhibitions and industry forums in Beijing, Shanghai, and other regions to attract a wider range of consumers so that fans and peers can communicate with each other and have a better consumer experience [5]. And cooperation with IP may also be a big promotion method. Use good will reap the maximum benefit. However, sometimes, too many cooperative IPs will lead to faster innovation, more complex market segmentation, and confusion about "consistency" of the cooperative IP image. For example, cooperation with multiple beauty brands will lead to the dispersion of heat, no popular products. Sometimes, the IP cannot fit well with the brand. And customers will receive the constant impact of new IP [8].

#### 5. Suggestions

The following suggestions can help POP MART maintain its leading edge in the blind box field, enhance its brand commercial value, maintain a better brand image, gain higher customer loyalty and gain an advantage in the competition for market share.

First, the development of the male market. At present, the greater focus of the brand is to design and produce styles that women will like. The images of the blind box are cute and colorful. However, the masculine and neutral product design has become the "gap" of this brand [5]. If the enterprise does not seize the opportunity, it will be difficult to compete with other Lomo brands, and it cannot develop its own brand market. So the suggestion is that product design can be more based on a masculine perspective, or produce and design some products for both men and women.

Second, the product should have a story and create a sense of character value. IP owned by Disney enjoys high popularity, and the stories created for IP are inseparable from cartoons, such as Mickey Mouse, Winnie the Pooh, etc., all have their own storylines [10]. While there is no story connection between the major IP series of blind box, they are just launched in different theme series, and each series lacks resonance and connection. The story is a kind of life course of the character, which makes the character more personified so that through constant communication, the life distance between the user and the character is gradually narrowed. How to link products together, have a story, a more vivid image and comprehensive display in front of consumers, to obtain higher emotional value. This will be a new direction for POPMART to explore for upgrades.

Third, expand the field of national style and cultural creation. In recent years, cultural and creative products set up in China's "Forbidden City", "Summer Palace" and other cultural scenic spots are very popular with consumers and tourists and have become iconic channels of cultural transmission [10]. If POPMART can seize the opportunity, on the one hand, it can satisfy consumers' following of the trend, and on the other hand, it can highlight the cultural heritage. Not only in the international publicity and exchange of Chinese culture but also with the cultural integration of other countries for product design. The collision of culture and trends will bring brand value and reputation to a higher

level. Such as taking advantage of special holidays. For example, Christmas and Halloween in the West, Spring Festival, and traditional festivals in the East launch a limited series of blind boxes or derivative products to create more consumption points.

Then, the product structure needs to adjustment. For example, a brand should enrich the product level and establish a multi-product category system, such as the development of a non-blind box business. In the future development of the enterprise, POP MART will expand the development of BJD and handwork in terms of product categories. Such products pay more attention to the design of products and the choice of materials and put forward higher requirements for consumers' consumption power. To accumulate a customer base for the mid-end product positioning of POP MART, ensure that POP MART can get rid of the blind box brand one-sided positioning, impact the mid-end trend toy market, and occupy a dominant competitive position [5].

In addition, the brand needs its own original IP products. Through that businesses can gain customer loyalty and enhance brand identity. At the same time, setting own circle, art festival, or exhibition. Based on geographical conditions, regular offline activities will be carried out. Through that business can gain customer loyalty and enhance brand identity.

At last, in order to avoid aesthetic fatigue, the updating frequency of the blind box of a single IP should be adjusted, rather than blindly launching new products, which will lose stable consumer masses. Therefore, the IP of cooperation should be analyzed, so as to delineate appropriate cooperation fields that can avoid huge consumption caused by confusion of cooperation "consistency". The brand needs to make sure to find appropriate connections between image, emotion, and cognition.

## 6. Conclusion

The main description of this essay is about POP MART, a leading blind box LOMO enterprise in China today. This essay combined the current status of China's current trend culture industry and the industry development of the brand to locate the characteristics of the brand, then based on "STP" and "4P" further summary analysis. Through the above content, the advantages and disadvantages of the marketing strategy and the current situation of POP MART are analyzed.

At present, POP MART maintains a leading advantage over its peers, because it has grasped consumer psychology, POP MART finds the gap in the industry, has exquisite design and popular IP support, and other core competitiveness. POP MART appears in the eyes of consumers, making the LOMO industry in China take on a new look, greatly stimulating the enthusiasm of consumers, and becoming the current trend. Such a leading position may be temporary, it is necessary to pay attention to the opponent's corner overtaking, and there may be alternative brands or alternative products. POP MART needs to keep an eye on the market, have higher control over consumers, and constantly establish a new leading position. There are many areas to be improved. POP MART needs to have sufficient awareness of the crisis. For example, in order to promote their own products and features, brands need to expand new markets, new businesses, etc. In this way, the business establishes itself in the industry and moves into larger markets, such as overseas markets. And the business can strive for a more high-end and stable position in the industry.

However, this essay also has some weaknesses. First, the perspective of this paper is based on China, and it does not take the international environment into account. Secondly, this paper is basically based on POPMART, rather than the whole industry. Future research hopes to analyze the industry development in the international environment and put forward suggestions for improvement from more perspectives.

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