

Analysis of Pop Mart's Marketing Model Based on Four Ps and SWOT

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Abstract. Pop Mart is a new trendy toy company that operates IP as its core and then sells through blind boxes as its main form of sale. This paper will firstly provide the history of Pop Mart's development. Secondly, the paper will analyze Pop Mart's operation strategy through the four Ps model, how it created a huge buzz in China in a short period of time and how it used blind boxes to promote customers' consumption. The article will also analyze Pop Mart's competitiveness in the market and whether it has the potential to become a large-scale international brand using the SWOT model. The article finds that more and more companies of the same type began to launch blind boxes, increasing competition; Although Pop Mart has achieved initial success in developing overseas markets, there are still significant obstacles to large-scale expansion; for example, compared to Disney, Pop Mart's IP lacks a story, and thus lacks customer viscosity.

Keywords: Pop Mart; pop culture; toy.

1. Introduction

Pop Mart is a pop culture toy company founded in 2010. But surprisingly in just ten years, Pop Mart was listed in Hong Kong on December 11, 2020, and once hit a market capitalization of 100 billion yuan. China's pop toy retail market is still at an early stage of development, but it has been growing rapidly in recent years, and its compound annual growth rate is much higher than the international compound annual growth rate of this market. For example, from 2015-2019, the CAGR of the Chinese pop toy retail market is 34.6%, compared to 22.8% internationally; and it is forecast to show this trend in the following years as well [1]. Although Pop Mart happened to capture the advantages of the market environment, its success is definitely not a coincidence, and its development is not smooth. After Pop Mart introduced the blind box in 2015, as the first company to introduce it in China, it has not only made it popular and a trendy phenomenon across the country in just five years, but also allowed the company to rapidly build up its assets and become the largest and fastest growing trendy toy company in China today [2]. So this article will explore the reasons behind Pop Mart's success and what strategies it used to firmly grasp the psychology of consumers.

2. Development of Pop Mart

2.1 Birth of Pop Mart

Pop Mart is a pop culture art toy company founded by Ning Wang in 2010 with the slogan "To Light up Passion and Bring Joy". It first started as a retail store at Zhongguancun shopping center in Beijing and was originally positioned as a grocery store mainly for Gen Z customers, people born between 1995 and 2009, selling creative stationery and toys. With the increase in consumers' demand for trendy items and the continuous improvement of the supply chain of related products, Pop Mart has gradually developed between 2013-2015, from a start-up team of a few people at the beginning to a standardized enterprise with different functional departments and an increasingly complete management system [3].

2.2 Turning Point

Despite Pop Mart's forward-thinking customer positioning, it started out relatively modestly. In 2015, Pop Mart found that Sonny Angel, a trendy toy brand imported from Japan, accounted for more

than half of the sales. This gave Pop Mart a clear message - giving customers too much choice can dilute their perception of the brand. As a result, Pop Mart adjusted its business model by cutting back on many items that seemed trendy but were selling poorly. Pop Mart shifted its focus to the operation of IP (Intellectual Property) and use blind boxes as the primary form for sale; It negotiated an exclusive license for Molly's image with Hong Kong designer Kenny, which became Pop Mart's highest-selling IP afterward. At the same time, Pop Mart also benefits from the external environment, with the market size of pop toy retail in China rising from 6.3 billion yuan to 20.7 billion yuan from 2015 to 2019, at a compound annual growth rate of 34.6% [4].

2.3 Current State

According to the data provided by Pop Mart's 2021 annual report, Pop Mart has grown by leaps and bounds in the last few years, with annual revenues growing from 158 million yuan in 2017 to 4 billion and 490 million yuan by 2021. Nowadays, Pop Mart is involved in more than 23 countries and regions and becoming a leading trendy toy company in China. Pop Mart has recruited Ayan, Pucky, Kaling, and many other artists to work with, gaining many loyal and quality customers. By the end of 2021, Pop Mart had 288 stores and 1,861 robot stores in mainland China [5].

3. Four Ps Analysis for Pop Mart

The four Ps, also known as the marketing mix, encompass the four considerations needed to get a product or service in front of the public, which are product, price, place, and promotion.

3.1 Product Marketing Strategy

Pop Mart is a company that buys out the rights to popular IPs and produces a wide range of toys to attract consumers to buy them. Pop Mart's self-developed products (Blind boxes, figures, BJD, and derivatives) contributed 88.6 % of revenue in 2021, of which 57.6 % were its own IP, 17.2 % were exclusive IP, and 13.8 % were non-exclusive IP [5]. Pop Mart's target population is generally the Z generation, of which, the proportion of female consumers reached seventy percent. For these users, Bubble Mart's product design style is mostly cool and cute, and its packaging incorporates graffiti images, cartoons, hip-hop culture, and other elements. The blind box stimulates the curiosity of consumers, and the surprise of opening the blind box induces users to make repeated purchases, which is a form of philatelic consumption. Pop Mart's blind boxes are designed with two types of items: "normal" and "hidden". This lottery mechanism creates a sense of satisfaction for consumers about the scarcity of products and increases users' stickiness and experience of the products [6].

3.2 Price Marketing Strategy

The price of pop toys introduced by Pop Mart is quite different from the traditional price of these kinds of toys, which have always been defined as a toy for artists. So, for a long time, the price of figures compared to ordinary toys are very high. For example, the well-known IP Be@rbrick, its price is usually more than a thousand yuan, especially with the scarcity of tide play even easily more than 10,000 yuan. Pop Mart's products, on the other hand, are usually priced between 39-69 yuan, so it caters to a much wider customer base. Moreover, Pop Mart has the same pricing for the regular and hidden figures in its blind box. In the current market, the price of the hidden figures of the popular IP launched by Pop Mart has been speculated as several times its original price. If a consumer draws such a hidden figure through a blind box, the psychological pricing for it will often be higher than the cost itself, which will give the consumer who draws the hidden figure an exciting and fluke mentality [2].

3.3 Place Marketing Strategy

Pop Mart uses a combination of offline and online channels to market its products. Pop Mart's revenue through offline channels accounted for 47.8% of total revenue in 2021, while online

accounted for 41.8% and a further 10.4% came from wholesale and other channels. Pop Mart is available in both retail stores and robot stores offline, and basically covers all first and second-tier cities in China. Offline brick-and-mortar stores bring their own natural traffic and are able to complete the whole process from inflow to service. Moreover, Pop Mart products, as a kind of popular artwork, have a strong dependence on the scene, and offline physical stores can meet the special requirements of artwork and bring customers an immersive experience. More importantly, offline is replicable and can quickly realize the scale effect [7]. The number of Pop Mart retail stores and robot stores increased by 57.8% and 38.4% in 2021 [4]. Besides offline channel, in 2016, Pop Mart officially entered Tmall Mall — China's largest retail shopping online store; in the same year, the trendy toy community e-commerce platform "PaQu" App was officially launched, which allows trendy toy lovers to not only complete first-hand purchase and second-hand transactions but also to create their own homepage to show and share their The blind box image can be displayed and shared [1].

3.4 Promotion Marketing Strategy

Pop Mart has also focused on marketing on the Internet, promoting its brand on Bilibili and TikTok, two popular Chinese video platforms, to raise brand awareness. It also launched the first "Blind Box Freedom" campaign on Weibo in conjunction with Tmall, which was a great joint marketing effort. At the same time, Pop Mart invited popular celebrities among young people to be the "New Product Reveal Officer", which strengthened Pop Mart's fashionable and trendy brand image in the minds of young consumers [8]. Pop Mart has also accelerated the spread of pop toys overseas in 2021. In October 2021, Pop Mart was presented at the Dubai Expo. In the same month, Pop Mart participated in MCM Comic Con in London, and the MEGA Collection and SKULLPANDA Fortress series on display attracted the attention of a large number of European fans. In November 2021, Bubble Mart appeared at the DesignerCon, a trendy art event in the U.S., exhibiting IP images created by local Chinese designers such as Dimoo and SKULLPANDA, which were enthusiastically sought after by overseas audiences [3].

4. SWOT Analysis for Pop Mart

SWOT is a framework used to assess a company's competitiveness and to assist in the development of strategic plans. It contains strengths, weaknesses, opportunities, and threats, and provides a relatively comprehensive analysis of the internal to the external environment of the company.

4.1 Internal Strengths

Firstly, Pop Mart is the leading brand of trendy toys in China, so its brand advantage and popularity enable Pop Mart to attract global artists for in-depth cooperation to explore high-quality IP resources and also help it attract investment. Secondly, Pop Mart takes trendy toys as its entry point, perfectly integrating brand IP, blind box marketing and sales channels, and customer circles to form a strategic synergy of industry closed loop. In addition, Pop Mart's deep experience in offline retail allows them to work on quantitative production, cost control, and channel improvement [9]. In addition, Pop Mart has a very clear target group from the very beginning - Generation Z. Consumers in this age group are not typical of materialistic consumption, they are more interested in consuming spiritual entertainment products [4]. Pop Mart's strategy of focusing on IP operations and selling in blind boxes makes it easy to leave a clear and deep brand image among customers, and its average price of 39-69 yuan can be more easily accepted by the public.

4.2 Internal Weaknesses

In September 2020, Pop Mart's first overseas direct store opened in Seoul, South Korea, with the debut of a limited edition of 200 units of its IP Dimo's Social University series, which quickly sold out and got off to a hot start internationally, after which Pop Mart quickly entered 22 overseas countries. However, opening overseas markets and launching sales abroad is only the first step. Blind

box toys capture the hearts of people in the short term by virtue of their visual shape, but it is an excellent IP operation that can make users resonate and generate emotional experiences related to them in a lasting way throughout the purchase process. Pop Mart is benchmarked against the century leader Disney, which has a huge collection of classic IPs. And its IP by telling stories, in the hearts of customers settled into an unshakeable complex, with irreplaceable loyalty and intergenerational transferability. However, Pop Mart's IP was created without the story, and although this allows consumers to use their imagination more, the lack of emotional stickiness brings about problems of IP staying power, character proliferation, and brand derivativeness. As a result Pop Mart's IP popularity highly depends on the designer's inspiration and marketing approach, and once there is a problem in design or marketing, it will be fatal to its IP proliferation [10].

4.3 External Opportunities

The pop toy industry to which Pop Mart belongs was first pioneered by Chinese designers in Hong Kong, developed in Japan, and emerged in the United States, gradually becoming a formal industry. While China's domestic trendy toy retail market is still relatively fragmented and not highly concentrated. However, pop toys meet the basic needs of people in the spiritual pursuit of a better life, and the current overall steadily rising economic situation in China provides a good foundation for the development of the pop toy industry. At the same time, the pop toy industry is also benefiting from China's growing cultural confidence. In addition, the development of China's e-commerce industry is relatively mature at this stage, logistics and storage technology continue to progress, and the development of online channels objectively provides a better sales channel for trendy toys; on the other hand, the development of intelligent technology and big data technology also help a variety of intelligent sales methods [10]. The development of social media has made it easier for Pop Mart to gather feedback from customers, and Pop Mart's own discussion-based blind box sales make it easier to stand out in the toy market, for example, a customer who draws a hidden model might post it to social media sites.

4.4 External Threats

Although the blind box-based selling method adopted by Pop Mart has brought it considerable heat and revenue, many problems have come along with it. First of all, more and more capital is rushing into the "blind box economy", such as The Palace Museum's launch of blind boxes, not to mention other companies with the same positioning as Pop Mart, such as 52TOYS, this situation is bound to usher in the full-price competition for capital profits. Under the expulsion of the profitable blind box economy, the content of false, poor quality control, hidden paragraph delayed delivery, and poor after-sales chaos is in the form of blind box output, greatly affecting the balanced development of the pop toy industry [11].

5. Conclusion

This paper firstly describes the development process of Pop Mart, and then analyzes and studies its existing marketing strategies and its competitiveness with 4P and SWOT models.

Pop Mart's success from an ordinary pop toy retail store to a large corporation that has now completed its IPO in just twelve years is no accident. Through the analysis of the 4P model, the author finds that Pop Mart overturned the stereotype that pop toys are expensive and only for artists; it recruited artists nationwide to create popular IPs and launched these IPs in blind boxes at a lower price. Pop Mart also actively utilized major e-commerce platforms and social media, and its offline stores penetrated most first- and second-tier cities in China; these forward-thinking marketing strategies made Pop Mart stand out in the Chinese toy market. Later, through the SWOT model, the author finds that more and more companies of the same type began to launch blind boxes, increasing competition; although Pop Mart has achieved initial success in developing overseas markets, there

are still significant obstacles to large-scale expansion; for example, compared to Disney, Pop Mart's IP lacks a story, and thus lacks customer viscosity.

This paper provides a preliminary analysis of the development and competitiveness of Pop Mart, but this paper does not design analysis of the possible future impact of Covid-19. Due to the global attack of Covid-19, economic growth has declined, and the lockdown of cities will inhibit the development of offline retail stores, all of which have huge uncertainties for a pop toy company that is in a period of rapid development. As a result, researchers can study the development trend of Pop Mart from the global pop toy development environment affected by Covid-19 in the future.

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