Analysis of the Influential Factors on the Consumers' Purchase Intentions of POP MART

Xingye Wu*

Canadian International School of Beijing, Beijing, China

*Corresponding author: kevin.wu@cisbeijing.com

Abstract. Fashion toys are a multi-element concept that incorporates art, design and painting, The POP MART (PM) become one of the most fashionable toy brands worldwide. This paper examined the reasons that PM 's blind box products have become very popular in recent years, in terms of marketing mix theory, and why more and more young people are also becoming more willing to buy blind boxes. In addition, this paper used SWOT to conduct a comprehensive analysis of PM, which showed that PM not only has unique advantages in terms of product IP, such as cooperation with well-known brand IP, but also analyzed the trend chart of the blind box market, which clearly shows that the blind box market has the potential to grow, so if PM wanted their products to become better and attract more young people's attention, they need to constantly improve their marketing and product IP, and design better blind box products for their customers, and eventually broaden their business.

Keywords: Pop Mart; IP; Blind Box Market.

1. Introduction

1.1 Background Research

In recent years, Fashion toys are a multi-element concept that incorporates art, design and painting, with a market size of nearly 30 billion yuan in China by 2020 [1]. The PM become one of the most fashionable toy brands worldwide. And the culture of the blind box is gradually becoming popular in consumption. Until September 2021, the offline store of PM with over 250 set up worldwide, And blind box vending machines are set up in over 1687, which are covered in 103 cities and 23 countries [2]. As today's society continues to develop, people's standard of living becomes higher and higher, and they need to spend a lot of money not only on consuming some practical goods, but also seeking spiritual consumption experiences. A typical case in point is the consumption of blind boxes, Consumers are very expectant of what is inside the blind box when they buy and they won't know which one it is until they unwrap it. When unwrapped, they transform this anticipation into another new emotion, such as happiness and loss. The combination of the blind box and the artistic elements is very popular as it fits the aesthetic of young people. POP Mart is a trendy cultural and entertainment brand founded in 2010, PM has grown rapidly through different IP operations and blind box toys and was listed on the Hong Kong Stock Exchange in December 2020. PM's revenue ratio is also increasing year on year, with revenue from its products increasing from RMB1,582 million in 2021 to RMB2,156 million in 2022, a This represents an increase of 36.2%. At the same time, the price of PM products is Slightly increasing, with the price of PM's new blind box increasing from 59RMB to 65RMB in the first half of the year [3]. Although much research has been done on PM, the price of the new blind boxes has changed as a result of the new products designed and released as a combination of PM and artistic elements, but this has not affected the young people's will to purchase these blind boxes, and they are willing to spend money on them regardless of the price.

1.2 Research Gap

The reason for the full catering to the psychology of the young consumer group nowadays, such research can be a valuable way to find out the main reasons why young people are consuming PM today. Feier Liu In 2022, Ran Shi conducted a study on service quality optimization strategies for PM, she uses the SERVQUAL model as a base for her research, which allows him to design questionnaires on five dimensions: tangibility, reliability, responsiveness, assurance and empathy, and to obtain the degree of difference between the level of service perceived by consumers and the level of service expected by them [3]. Not only that, but Ding Muyan also did a positioning strategy about STP brand communication through PM in 2022, and his research used STP theory to analyse the positioning strategy of brand communication of hipster games using Pop Mart as an example. In the context of entertainment diversification, Ding Muyan analysed the positioning strategy of brand communication of hipster games through PM [1]. Firstly, it was segmented according to the geographical location of the consumers [1]. Trendy toys are mainly targeted at first-tier cities and new first-tier cities, where the post-entry of human rights is generally very high, which leads to their strong consumption power, and only beyond that will they slowly penetrate like second-tier cities or smaller cities [1]. Secondly, the choice of the market is also a very important step for PM, such as cost and personality needs to try to meet the consumer will, and finally is the PM product positioning, according to consumer psychology to establish a unique position for the brand [1].

Therefore, the research question of this paper is what factors of PM can affect consumers' intentions? The research implications of this research question are that in recent years, PM’s blind box products have become very popular and more and more young people go to buy PM’s blind box products. Every time a new product is released, it sells out quickly, and young people still go to buy it after PM's price increase. This study will analyze the reasons why PM products attract young consumers and explore their willingness to buy them.

1.3 Structure of This Paper

This research plan wants to provide a conceptual framework based on Marketing Mix Theory. PM's blind box products have become very popular in recent years, more and more young people are going to buy PM's blind box products, and after each new release, they will sell out quickly, and after PM's price increase, young people will still go to buy. This research will analyze the reasons why PM products attract young consumers and explore their willingness to buy. Previous studies shave reported in today's society, people have a materialistic life and are looking for a spiritual experience in addition to the practicality of their purchases [2]. In addition to the practicality of purchasing goods, consumers seek additional spiritual experiences in the shopping process [3]. And Ding Muyan showed that: through precise brand positioning and the implementation of corresponding measures, the PM brand has become more and more recognizable and has become a leading brand in the trendy play market, and many people have heard of this trendy play brand even though they are not users of PM [1].

2. Literature Review

2.1 Definition & Development

In 1953, Neil Borden coined the term “Marketing mix" in his inaugural address to the American Marketing Association [4]. The term “marketing mix" refers to the fact that market demand is influenced to some extent by "marketing variables" or "marketing elements”. The Marketing Mix Theory refers to a business tool used within a marketing plan to refer to the set of actions that an organization uses to market its products or brands: product, price, promotion and place [4]. The Product refers to what the business is selling and refers to both goods and services, The price refers to how much the business is selling its products for, the promotion refers to the methods used to ensure customers know about a firm’s products. And Place refers to the methods of distributing products to customers. So that is 4ps of the Marketing Mix [4]. 4ps is a very important tool for marketing issues from the perspective of management decisions, when analyzing a product, for example, we need to know what attracts consumers to the product and also take into consideration the other products. Such an analysis allows the product to be marketed in an optimal way [4]. In conclusion, the Marketing Mix Theory is a very applicable theory for the analysis of PM, as researchers can make findings regarding the marketing strategy of PM to keep attracting a large number of consumers.

2.2 Important Result

2.2.1 Product

The product strategy is to provide different services to meet the requirements of the consumers. Establishing a good brand image will make the brand more competitive and will gain more consumer recognition and absolute market advantage. In an article by Liu Ziqi on Wal-Mart, a large wholesale retailer, Wal-Mart has set strict standards for product quality, stipulating that all products close to their shelf life must be removed from the shelves promptly, especially meat and dairy products, which must be thrown away if they are not sold on the same day, giving customers better peace of mind despite the suspicion of waste [6]. In addition, Wal-Mart made full use of the psychological needs of consumers to arrange professional shopping guides and professionally design the placement of products to stimulate the consumer's visual, taste and tactile desire to buy, ultimately Wal-Mart gained more sales and revenue, and obtained a stable position in the global market [6]. The 4Ps Product in Ji Bingnan's article on the popular BYD F3 also demonstrates that the reasons for the F3 model's popularity are inextricably linked to its superb quality, which has once again been enhanced with more fuel-efficient power and more value-added features, making the F3 a sought-after choice for consumers [7]. The importance of Product to a product is again demonstrated in the 4ps analysis of the "Fresh Orange Duo" drink by Shanbao Wang and Rong Zhang in 2008. In 1998, as more and more juice drinks entered the beverage market, Unity added: "Duo" to the names of these juice drinks, which means "Many" in English, as in "Drink more and be beautiful" [8]. This also gave the product an added value, as it was invisible to the consumer. This is why the drink easily beat Coca-Cola's design for China in the market [8]. All of the studies reviewed here support the hypothesis that The product strategy is to provide different services to meet the requirements of the consumers, And it will give more consumer recognition and absolute market advantage.

2.2.2 Price

Price is an important factor in determining whether consumers are willing to buy a product or not, and choosing a strategy that will attract customers and achieve a marketing mix. The right price will go a long way in satisfying consumers' needs. In Liu Ziqi's research article on 4Ps strategy for retail companies in 2022, Wal-Mart Company also pays much attention to the control of price, they will make supermarket price adjustments according to the market price every day, because they need to achieve the lowest price in the whole market, which makes many consumers change from the habit of buying food in the market to buy food in Wal-Mart [6]. Wal-Mart has also done deep research on the market for their products and has gained an in-depth understanding of consumer expectations on the price of their products so that the final product pricing will have a definite advantage in the market [6]. The author's Wang Shanbao and Zhang Rong also demonstrated the importance of price in their 4PS analysis of "Fresh Orange" in 2008. In the early days of "Fresh Orange", the company showed different prices in different channels, showing relatively high prices in supermarkets and lower prices in hypermarkets to give the public a sense of affordable prices [8]. This strategy has also succeeded in bringing a big boost to the sales of the products. In BingnanJi's analysis of the 4Ps of BYD Auto F3, BYD also set the price discount to the maximum because their parts are purchased wholesale from international factories and BYD is constantly cutting costs, so the ultimate affordable price attracts many consumers' willingness to buy [7]. Overall, these studies highlight the need for price.

2.2.3 Promotion

In Liu Ziqi's research article on 4Ps strategy for retail companies in 2022, Wal-Mart regularly uses a combination of promotions to sell, such as a combination of laundry detergents. In Liu Ziqi's research article on 4Ps strategy for retail companies in 2022, Wal-Mart regularly uses a combination of promotions to sell, such as a combination of laundry detergents, to increase sales and decrease prices to achieve their sales objectives, with the ultimate goal of attracting more customers and increasing market share in the most effective way [6]. The author's Wang Shanbao and Zhang Rong also demonstrated the importance of promotion in their 4PS analysis of "Fresh Orange" in 2008, where the initial tasting promotion allowed consumers to gain an initial understanding of the product and make a tentative purchase, and in the following campaign, on the one hand, the tasting range was expanded, and at the same time, the retail outlets were strengthened with a "buy-and-gift" based special sale. In the next campaign, the range of tastings was expanded and the retail outlets were reinforced with a "free-for-all" promotion to ensure that the drink was available to customers everywhere, and after constant television publicity, the drink became widely known in China and generated significant sales [8]. In Ji, Bingnan's 2008 study of BYD's 4Ps, BYD placed great emphasis on advertising, with the BYD F3 advertised in a variety of media including television, newspapers and magazines, and a series of promotions held on traditional Chinese festivals [7]. Collectively, these studies outline the need for promotion.

2.2.4 Place

In Liu Ziqi's research article on 4Ps strategy for retail companies in In Liu Ziqi's research article on 4Ps strategy for retail companies in 2022, Wal-Mart investigated China's situation and built shops in cities with high GDP and rapidly increasing demand, which was important in stabilising the company's initial operating costs. At a later stage, Walmart also developed its e-commerce presence in China, investing US$12.5 billion in TikTok to improve the convenience and diversity of its marketing [6]. The author's Wang Shanbao and Zhang Rong also showed the importance of place in their 4PS analysis of "Fresh Orange" in 2008, where "Fresh Orange" builds a marketing model with two interactions between the producer, the distributor and the retailer, which is their company's collaborative model of even three-way interaction [8]. In Ji, Bingnan's 2008 study of BYD's 4Ps, BYD had nearly In Ji, Bingnan's 2008 study of BYD's 4Ps, BYD has close to 1000 shops, and its distribution network is not perfect, so many models of cars are sold together which puts a lot of pressure on the shops [7]. Overall, these studies highlight the need for a place.

2.3 Summary

To sum up, these studies outline the real example and function of the Marketing Mix Theory, which is an important theory to analyse PM products. The blind box of PM also satisfies the characteristics analyzed by the Marketing Mix Theory, through which it is possible to investigate the intention of consumers to buy PM blind boxes in greater depth.

3. Method

3.1 Research Design

SWOT will become my research method. SWOT is the enumeration of various major internal strengths, weaknesses and external opportunities and threats that are closely related to the subject of study, and some related factors through research. By listing specific company behaviours to give a comprehensive picture of the company's overall operations, a series of conclusions can be drawn from them, which are usually of a decision-making nature. Based on my research on PM, I was able to analyse PM through SWOT, which is the most suitable way to understand the strengths, weaknesses, opportunities and threats of the company. A thorough analysis and explanation are given in terms of "what PM could do". This is followed by a SWOT analysis of the company's resources and capabilities. For example, in a journal published by the author Qiu Yuxun in 2020, he used a SWOT analysis of the Chinese sports brand LINING. He chose LINING as a typical example for his study of Chinese sports brands and carried out a SWOT analysis, separately analysing Li Ning's strengths, weaknesses, opportunities and threats [9]. After using the SWOT analysis of LINING, it is clear that she finally arrived at a very effective study of Chinese sports brands and analysed that what domestic brands, led by Li Ning, need to do now is adjust their marketing strategies [9].

Therefore, this example proves that SWOT is a good research method.

3.2 POP MART

POP MART is a fashionable cultural and entertainment brand established in China in 2010, by a founder named Wang Ning. In its earliest days, PM focused on third-party toys and some digital products, etc., very similar to a hand-buying shop. But after this PM gradually started to transform in 2016 and took the path of trendy play. They started to contract product designers to design and produce different IP elements, while PM sold these products in the end. In 2017, PM's total revenue was only RMB 158 million, which was also only the first year that PM started to make a profit. After this, PM started to sign up a large number of designers to design a lot of IP content, and such products also attracted a large number of young people's purchasing power. After 3 years, at 2019 PM's turnover reached 1.683 billion RMB, a very impressive figure. In just two years, PM has become the largest fashion toy brand in China, with annual revenue increasing by more than 225% in two years, which shows that PM's IP products are very much in line with the needs of young consumers. They have to choose by luck. However, this unpredictability adds to the experience of buying a blind box, and the hidden models are a further incentive for secondary consumption and more. In the consumer analysis of PM, it can be seen from the distribution of customers buying blind boxes that the main consumer of PM is female, accounting for 62%, followed by males accounting for only 38% [10]. Secondly, in terms of age, 85 per cent of consumers under the age of 20 buy blind boxes, while only 15 per cent are over 21 [10]. These two sets of figures show that the majority of PM consumers are younger than 21 and that the majority of them are female, which also shows that PM's product IP is very much in line with the aesthetics of young people and is highly popular among them. To date, PM has been releasing new IP blind boxes and extended toys with a high frequency, which will attract more young people to buy PM products.

3.3 SWOT

3.3.1 Strength

PM boosts customers' purchase intentions in the creative type of product, they offer innovative IP development for young consumers, and are firmly in their hands, unique Ip is the core of Pop Mart's business. PM often cooperates with well-known IP, such as Disney, to realize multi-channel cash and maintain its own hip-play positioning and IP characteristics to find a tonal fit with the brand. Secondly, for PM's own contracted designers, these famous designers who design explosive products have long signed a big contract with PM, because PM gives the designers the highest pay standard in the industry and constantly participates in offline hip-play exhibitions, which also greatly enhances the brand image and promotes the products. So, Product has a big influence on PM as better products and IPs will attract customers to a greater extent and other brands will therefore find it difficult to compete with PM as they are much less competitive.

PM increases customers' purchase intentions in a unique place, where PM's offline shops are located in various parts of China and its online platform can also bring customers a high-quality shopping experience. Retail stores are an important channel for the company to establish its market position and link with the company, through which the company can gather fans, experience new products, enhance the shopping experience and improve brand awareness, which can better enable more PM consumers to make purchases. Secondly, PM online is also very different from other brands in that they have media operators covering all of China's current social media and have shortened the chain of purchase through WeChat's mini-programs, which have seen revenue go from RMB 23 million to RMB 271 million in 2019, and WeChat's public website has 2 million followers. This is a wonderful impact on PM as it expands the reach of the company's products and increases consumer understanding and stickiness [12].

3.3.2 Weakness

The lack of IP quality content in PM products affects customers' willingness to buy. PM's current blind boxes generally meet the consumer's demand for the " look " of the blind box, and the customer's love for the IP of PM's blind box is also somewhat accidental and random, so PM cannot guarantee the popularity of the product. For example, if a new design is presented to a consumer, the first impression determines whether the consumer will buy the product in the future, as the IP of the PM product lacks a story and culture to support it, but is merely an image to sell. This also has a great impact on PMs, as they cannot guarantee whether the new product will bring them more revenue and the continuity of the product. Therefore, PMs should enhance the backstory and culture of the IP, which will give added value to the product.

3.3.3 Opportunity

PM is promoting in the youth market, which has already identified its core target group as having the largest consumer potential and market, thus successfully promoting the trendy play into a rapidly growing market. There is still a lot of market space in the blind box market and PM already has a big advantage in this market. If PM improves and upgrades the IP background, this will add more value to the blind box and will be a significant increase in the quality of PM's products, which will also be a big impact on the blind box market. This will have a medium impact on the company, as a better product IP will bring more customers to PM. Therefore, a more promising blind box market will bring in more consumers and increase the willingness of young people to buy.

PM has achieved success in some of its IP series, such as Molly, which accounts for 89.4 per cent of the company's revenue [11]. These successful IPs can attract more quality IPs to sign up and move in, and bring high commercial value to PM. The developing potential in China's blind boxes market can be seen in Figure1, which shows that the size of the blind boxes market is growing, rising dramatically from 83.8 in 2017 to 467 in 2022, the chart also predicts that the market will continue to grow significantly in 2023, so this will bring even more opportunities for PM [11].

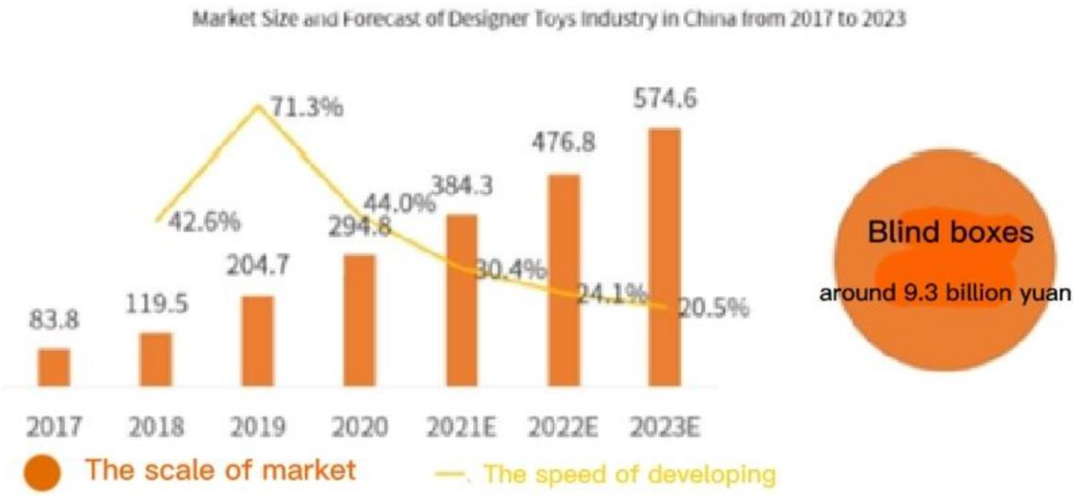

Figure 1. The developing potential in China’s blind boxes market [11].

3.3.4 Threaten

PM's blind box prices are rising, the price of many of PM's blind boxes rose from the previous 59RMB to 69RMB in 2021. According to conventional business logic, companies would increase sales and improve market share by lowering prices for promotions; price increases would lower demand and reduce sales. However, the price increase caused Pop Mart's revenue growth to drop by 83.62% in the first half of 2022, while operating profit and net profit fell by 8.3% and 7.2% respectively, thus proving that its price increase strategy is not a good one, which will bring more risks and negative impacts to the company [12]. Therefore, PM should lower its prices to increase its competitiveness in the market.

PM's product IP is very boring and does not have a lot of background story and culture, so the product life cycle will be shortened, which will lead to aesthetic fatigue of customers to PM's blind boxes. And PM releases new models faster, making some old hidden items less collectable and reducing consumers' willingness to collect. Therefore, PM should do more to enhance the background story and culture of the product to give more added value to the product.

4. Summary

The paper discussed PM's marketing strategies such as product, price, marketing channels and product pricing, as well as why PM's blind box is so popular that it attracts young people to consume it. The SWOT analysis shows that there is potential in the PM blind box market and that the current PM product IP is very appealing to young people who are willing to experience the randomness that comes with buying a blind box. Firstly, PM's IP needs to add some background stories and cultural elements as soon as possible, as this will prevent consumers from feeling aesthetic fatigue and give the product added value to make it more competitive in the market, secondly, PM also needs to lower the price of the blind box to reduce the risk of price increases that will reduce potential customers, thirdly, PM needs to design more quality IP to attract customers, and finally, PM should slow down the release of new products. Finally, PM should slow down the release of new products so that some past hidden items can be more valuable for collection.

The research also reaffirms what author Ma Yuyan analyzed in 2022 that PMs should create stories and cartoons for their IPs to shape the image of each IP and the backstory, with consumers willing to follow the story and make blind box purchases, generating a willingness to keep buying, and this was also the case in my findings.

5. Conclusion

In conclusion, based on the findings of this thesis, it can be concluded that PM's products such as blind boxes attract young people's willingness to buy them. PM's products are popular not only because of their unique marketing approach, both online and offline, but also because of their creative choice of IPs for their products, and collaborating with well-known brand IPs is the best option to attract young consumers. In addition, this study also examines the market data for blind boxes from 2017-2022, as well as forecasts for the blind box market in 2023. This shows that there is a large potential market and more opportunities for PM's blind box products in the future and that they need to offer higher quality IP products to consumers and improve their marketing approach if they want to continue to expand their business and attract more consumers in the future. This research complements previous studies by other authors that have focused on PM's services and marketing strategies, and the valuable recommendations that emerge from my comprehensive analysis could make PM better in the blind box sector in the future. However, my study is still somewhat limited because of the external factors that have led to a decline in the national economy in recent years and the fact that people are going out less because of Covid-19, which will most likely lead to a decrease in PM's revenue.

References

[1] Ding Muyan. Positioning strategy of Pop Mart brand communication under STP perspective[J]. Art Technology, 2022, 35 (3): 183 - 186. DOI: 10.3969/j.issn.1004 - 9436.2022.03.059.

[2] Ma Yuyan. POP Mart fashion toy blind box marketing strategy[J]. Cooperative Economy and Technology,2022(17):74-75. DOI: 10.3969/j.issn.1672 - 190X.2022.17.028.

[3] Shi Ran. Study on the service quality optimization strategy of Pop Mart [J]. Jiangsu Business Theory,2022 (5): 16 - 22. DOI: 10.3969/j.issn.1009-0061.2022.05.005.

[4] Wang Ying. Analysis of community e-commerce from the perspective of marketing 4Ps theory [J]. Investment and Entrepreneurship, 2022, 33 (8): 193 - 195. DOI: 10.3969/j.issn.1672 - 3414.2022.08.064.

[5] Li Weichen. The New Power of Tide Play - A Study of Pop Mart's Innovative Design Path [J]. Western Leather, 2022 (4): 148 - 150.

[6] Liu ZQ. A study of retail companies based on SWOT model and 4Ps strategy - taking Wal-Mart as an example [J]. China Business Journal,2022(5):10-12. DOI: 10.19699/j.cnki.issn2096-0298.2022.05.010.

[7] Ji, Bingnan. Analysis of the 4Ps of BYD F3's hot sales [J]. Modern Marketing, 2011 (7): 67 - 68. DOI: 10.3969/j.issn.1009 - 2994.2011.07.043.

[8] Wang Shanbao, Zhang Rong. Analysis of 4Ps marketing mix strategy of unified "Fresh Orange Duo"[J]. Journal of Yibin College, 2008, 8 (8): 52 - 55. DOI: 10.3969/j.issn.1671 - 5365.2008.08.017.

[9] Qiu Yuxun. SWOT analysis of China's local sports brand development strategy - Li Ning as an example [J]. Consumer Guide, 2020 (5): 49 - 50.

[10] XIAOLIN CHEN. Research on Blind Boxes Consumers---Taking Pop Mart as an Example [C]. //International Conference on Economic Development and Business Culture: ICEDBC 2021, Online, 18 - 20 June 2021.: Curran Associates, Inc., 1: 36 - 41.

[11] XIAOLIN CHEN. Research on Blind Boxes Consumers---Taking Pop Mart as an Example [C]. //International Conference on Economic Development and Business Culture: ICEDBC 2021, Online, 18 - 20 June 2021.: Curran Associates, Inc., 1: 36 - 41.

[12] Chencen https://daxueconsulting.com/pop-mart-designer-toy -market-in-china.