

# ***Analysis of Operational Strategies for POP MART Based on SWOT Analysis***

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**Abstract:** With the development of POP MART, many people are curious to know how their industry developed. The analysis of POP MART in this paper has certain references and learning significance for the market. This paper employed the SWOT analysis method to evaluate the strengths and weaknesses of POP MART, while also assessing the market to determine the company's profitability. The analysis aimed to understand POP MART's competitive position and financial performance comprehensively. Based on recent research, the rapid development of POP MART can be attributed to its ability to effectively cater to the evolving shopping preferences of the younger demographic and adapt to the changing socio-economic landscape. This adaptability has allowed POP MART to successfully align itself with the dynamic demands of the current era, thereby driving its accelerated growth within the retail sector. This multidimensional exploration of both frameworks offers valuable insights for stakeholders and decision-makers in the retail industry.

**Keywords:** POP MART, SWOT, Operational strategies.

## **1. Introduction**

### **1.1. Research Background and Significance**

Beijing POP MART Cultural Creative Co., Ltd. was established in 2010 and has since become a leading fashion, culture, and entertainment company in China. Over the past decade, POP MART has developed a comprehensive operational platform covering the entire industry chain of fashion toys, with a focus on global artist discovery, IP incubation and management, consumer engagement, promotion of fashion play culture, and support for innovative business ventures and investments. The company's mission is to inspire more young fashion enthusiasts to "create trends and share beauty," igniting passion and spreading joy [1]. Through in-depth brand concept exchanges, has successfully hosted six international trend toy exhibitions in Beijing and Shanghai, bridging the domestic trend play industry gap. This new industry has received wide attention from the industry, and everyone is curious about how this industry has developed. This article is of practical significance to the future development of POP MART, so that enterprises can more thoroughly understand the development of their industry. POP MART has revolutionized the market with its innovative approach to toy retail, catering to a diverse clientele and redefining the consumer experience [2].

## 1.2. Literature Review

According to some literature reading and research, the products produced by POP MART are very profitable, especially the blind box series. Blind boxes are toy boxes with random properties that consumers do not know the specific product is advanced [3]. It is also a typical form of self-pleasing consumption, which also generates emotional value, i.e. emotional satisfaction [4]. With the pursuit of blind boxes by customers in recent years, the brand advantages of POP MART and the low cost and high return of blind box products have brought huge profits to the company [5]. This can also be seen in some previous studies the sales from POP MART's brick-and-mortar retail stores have experienced a significant recovery. The brand's extensive clarity has significantly boosted sales compared to the past four years. China's trendy toy retail sector is still in its early stages, with no market monopoly established. Although online traffic is rapidly growing, offline retail remains the primary growth area for the mystery box market. Thus, it can be concluded that offline retail stores remain the cornerstone of POP Mart's business [6].

## 1.3. Research Contents

In this research, the paper undertakes a comprehensive analysis of the strengths, weaknesses, opportunities, and threats (SWOT) about the POP MART framework and its potential future challenges. The analysis is crucial in providing a strategic understanding of the current position and potential growth areas for the framework. Furthermore, the study delves into a detailed examination of the financial statements of POP MART from the previous year, aiming to derive insights into the company's performance, financial health, and areas for potential improvement.

## 2. SWOT

SWOT analysis is a strategic planning tool used to identify and evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a business venture or project. It helps organizations assess their internal capabilities and external environment, enabling them to make informed decisions and develop effective strategies.

### 2.1. Strength

First, the paper analyzes the strength of POP MART, as the earliest tide store registered in China, POP MART accurately grasped the market demand early and attracted a large number of customers, making the company successfully listed in 2019 at a rapid pace. The sales method introduced by the company is a blind box form that has never appeared before, and this form has aroused a lot of interest. The products launched by the company are also small hand models that were not available in the market before, and these novel sales methods and products have greatly attracted customers, thus attracting the attention of young people and collectors [7,8].

### 2.2. Weakness

Finish talking about the strengths, it's turns to the weaknesses of the company, at this stage, the main commodities of POP MART are concentrated in the small hand joint with the hot IP, which is sold in the form of blind boxes, and there is not a lot of change. The product structure is too simple, which makes it easy for customers to feel tired [9]. The competition in the fashion market is very fierce, and POP MART needs to constantly find new trends and unique products to distinguish itself from other competitors. Most of POP MARTT's products require third parties to assist in processing, so the company's success is closely linked to the relationship between suppliers, to ensure the quality of goods. These mechanisms encourage partnership in the commercialization process, foster

entrepreneurship and venture initiatives in the innovation system, and sustain commercialization and the creation of new firms [3].

### 2.3. Opportunity

POP MART faces plenty of opportunities. In addition to the hand-made series of products, POP MART can consider expanding other products such as clothes, shoes, and other products to meet the needs of different customers. With both online and offline business models, POP MART can provide a diversified shopping experience and attract more consumers. POP MART has the potential to augment its market presence on a global scale, particularly targeting burgeoning markets and burgeoning economies, thus leveraging untapped growth prospects and enhancing its competitive position.

### 2.4. Threat

POP MART is currently thriving, but it is not immune to potential threats. The ever-changing nature of trend culture poses a risk of rendering POP MART's offerings obsolete, necessitating timely adjustment of the product mix to align with market demand. Additionally, the company may encounter competition from pirated and copycat products, calling for robust measures to safeguard intellectual property rights and brand integrity, otherwise, the rapid development of the blind box economy has derived a deformed market, which has slowly hurt the enthusiasm of consumer groups [5]. Furthermore, the company's sales and revenue may be negatively impacted by fluctuations and uncertainties in macroeconomic factors, which can influence consumers' purchasing power and decisions.

## 3. Target Market

### 3.1. Target Consumers

POP MART is a fashion company, and the target customer group may mainly include young people, fashion lovers, and collectors. These customers are usually highly interested in new and unique products and are willing to try a variety of different trend cultures and products. For a trendy company like POP MART, customer needs may include the following aspects: First, customers expect to find innovative and unique products in POP MART, such as limited-edition fashion toys, cultural peripherals, etc., to meet their pursuit of personalization and difference. Secondly, customers have a high sensitivity to the trend of fashion and hope that POP MART can timely launch products that meet the current trend to meet their pursuits. In addition to the product itself, customers also value the shopping experience and want to get a pleasant and unique shopping experience at POP MART, such as through fashion displays, interactive experiences, etc. Finally, fashion products are often closely related to social culture, and customers also hope to find a platform to communicate with like-minded people and share trend culture in POP MART, such as holding trend activities and online social interaction.

Table 1: POPMART summary of annual results [3]

	2023	2022	Year-on-year change
Earnings	6301002	4617324	36.5%
Gross profit	3864071	265443	45.6%
Operating profit	1230646	583380	111.0%

### 3.2. Market Analysis

POP MART has shown impressive growth in recent years, with its revenue steadily increasing. According to the latest financial report, the company's revenue in 2023 reached 63.01 billion yuan, marking a year-on-year growth of 36.5%. This demonstrates strong market demand for POP MART's products.

The company is also experiencing substantial growth in international markets. Since opening its first overseas store in Seoul in 2020, POP MART has expanded its presence to over 80 stores and 159 robot shops worldwide. It is estimated that the revenue growth in overseas markets will exceed 100% in 2024.

POP MART has positioned itself as a brand that caters to young consumers with a passion for collectible toys. The company has established a strong brand identity and loyal fan base by creating unique and appealing designs.

The company is also focusing on expanding its global reach. It plans to enter new markets in Southeast Asia, Indonesia, Philippines, and Vietnam, as well as open more flagship stores in countries like the UK, France, the US, Japan, and Korea.

POP MART's product line is diverse and covers a wide range of collectible toys, including figures, accessories, and limited-edition items. The company regularly releases new designs and collections to maintain consumer interest.

In 2024, POP MART plans to launch several new products, including the "Long Yin Xian Rui" series, MOLLY Instant Superpower series, SKULLPANDA Manxiangji series, DIMOO Animal Kingdom series, and THEMONSTERS Naughty Diary series. Differences in intellectual property (IP) attributes require high production standards to replicate the designer's vision fully. When obtaining IP authorization, the responsible party must submit the design, prototype, and test sample for review by the copyright holder [4]. These new products are expected to further boost the company's revenue.

### 3.3. Financial Report Analysis

In the preceding discourse, it was elucidated that POP MART's fiscal performance in the year 2023 culminated in a substantial revenue of 63.01 billion yuan, denoting a commendable surge of 36.5% from the previous year. This notable upswing can be attributed to the company's adept brand positioning, diverse array of products, and burgeoning global footprint. Projections for the year 2024 portend a sustained growth trajectory in revenue, with an anticipated augmentation of no less than 30%. The company's foray into international markets is anticipated to be a pivotal catalyst, with a foreseen revenue surge of not less than 100%.

The fiscal year 2023 bore witness to a momentous milestone in POP MART financial narrative, as its net profit soared to 10.82 billion yuan, reflecting a staggering year-on-year escalation of 127.55%. This remarkable surge in profitability is ascribed to the company's operational efficacy, robust brand positioning, and burgeoning market penetration. Forecasts for the future augur well for POP MART, with a prevailing impetus in profitability as the company endeavors to fortify its global outreach and unveil novel product offerings. Combatively, POP MART stands as a preeminent purveyor of collectible toys, poised with sanguine growth opportunities and a steadfast financial foothold. The company's diverse product portfolio, resilient brand positioning, and burgeoning global footprint are pivotal determinants underpinning its ascendancy. With strategic initiatives to introduce fresh product lines and penetrate new markets, POP MART is firmly ensconced for sustained expansion in the times ahead.

POP MART has positioned itself as a brand that caters to young consumers with a passion for collectible toys. By creating unique and appealing designs, the company has established a strong brand identity and loyal fan base. In terms of financial performance, POP MART's revenue has seen

significant growth, indicating a strong market position. With its expansion into international markets and plans to enter new markets in Southeast Asia, Indonesia, Philippines, and Vietnam, as well as open more flagship stores in countries like the UK, France, the US, Japan, and Korea, POP MART's market value is expected to continue to rise.

POP MART emerges as a prominent force in the realm of collectible toys, exhibiting robust growth trajectories and a formidable financial standing. The enterprise's multifaceted array of products, coupled with its adept brand positioning strategies, underscores its ascendancy in the market. POP MART's expansive global footprint is a cornerstone for its sustained success. POP MART demonstrates a proactive stance towards future expansion initiatives by meticulously charting plans for the introduction of novel merchandise and venturing into untapped markets. This proactive approach positions the company favorably for continued growth and market penetration, further solidifying its status as an industry leader. In essence, POP MART's trajectory exemplifies a blend of innovation, strategic foresight, and adaptability, all of which collectively underpin its resilience and potential for prolonged prosperity in the competitive landscape of collectible toys [10].

#### 4. Suggestion

POP MART, as a major retailer of designer toys and collectibles, is facing increasing competition in the market with the emergence of competitors, including local and international brands, which has increased the pressure for market share. POP MART as a major retailer of designer toys and collectibles, is facing increasing competition in the market with the emergence of competitors, including local and international brands, which has increased the pressure for market share. Through the research, POP MART can consider expanding its product line, including cooperation with different artists, and brands, and launching more diversified design toys and limited collections to meet the needs and preferences of different consumers. It can cope with current challenges and maintain a competitive edge in a highly competitive market to achieve sustainable development.

#### 5. Conclusion

Through the research, POP MART can consider expanding its product line, including cooperation with different artists, and brands, and launching more diversified design toys and limited collections to meet the needs and preferences of different consumers. It can cope with current challenges and maintain a competitive edge in a highly competitive market to achieve sustainable development. The limitation of this article is that there are no more convincing primary sources to support this article. This article can make the company more clearly understand its current advantages and disadvantages, so as to facilitate the company to understand itself better.

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