

Analysis on “Blind Boxes” Industry from the Perspective of Consumers’ Psychology

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Abstract: The "blind boxes" marketing method is gaining popularity in several industries around the globe. Although the "blind boxes" sector has not spread internationally, the marketing methods employed to attract clients have created a win-win situation for both sellers and buyers. Initially, POP Mart, one of the largest enterprises selling blind boxes to young people, primarily middle students and young workers, had a significant impact on their business. Later, other companies and organizations began conducting research on consumer psychology and alternative potential methods of selling products through "packaging," such as the package itself, combination of products, quantity of products, time of selling these packages, who can purchase them, and other after-purchase benefits. The blind boxes marketing technique employs this psychology to influence people's thoughts and, at times, induce irrational purchasing behavior. Through literature review, this paper investigates the likely consumer psychology underlying the blind box industry. People are drawn to unpredictable events, which causes them to continue shopping and make irrational decisions, according to this study.

Keywords: blind-box industry, consumer psychology, behavioral economics, marketing strategies, business acumen

1. Introduction

The manufacture of blind boxes originated in China. POP Mart was the first and most successful company to introduce Generation Z to the concept of blind boxes. Initially, blind boxes are fragile toy-filled boxes. Typically, they are offered in series, with different characters in the same plot or location attempting to elicit an emotional response from the audience. The target demographic for blind boxes consists of young adults between the ages of fifteen and thirty who are typically female. Since Gen-Z individuals were born during a period of ample resources and typically do not have a great deal of financial stress, they have the time and resources to purchase these blind boxes. When people's needs for food and clothing are easily satisfied, they will seek deeper emotional gratification. What drives individuals insane, and why has this become a business model? The underlying marketing methods inspire people to engage in illogical purchasing habits that science cannot always explain. This paper focuses on why consumers are willing to purchase blind boxes despite their non-necessity status. Previous studies have tended to analyze the seller's side, including product type, brands, and marketing strategies [1], whereas this paper examines why consumers are willing to purchase blind boxes despite their non-necessity status. This research paper employs a literature

analysis to investigate the psychological impact of consumers' purchase decisions and how the present market capitalizes on this to maximize profits.

2. Analysis

2.1. Mental Accounting

The industry of blind boxes has flourished globally. In 2015, the French luxury brand Hermès introduced a line of products known as "Petit H". Using discarded and surplus material, Hermès produced a variety of apparel, jewelry, and cosmetics and packaged them in "Petit H Surprise Boxes". The most costly item costs \$187. 5. Most importantly, none of the items in Petit H shall be resold or shown in any way. This generates a privilege for consumers who attended this event, which helped to promote customer loyalty and brand image. Consumers could even discuss their experience and form emotional bonds as a result of this event [2]. The marketing technique of offering surprise packs not only conserves resources but also excites and delights consumers. Amazon has also introduced "random grab bags" containing returned merchandise. Amazon repackaged customer-returned items and marketed them as boxes at a valuable price. People who have purchased these boxes will share their great experiences, which will encourage additional individuals to purchase them. A YouTuber named Mia Maples spent \$473 on a grab bag from Amazon that featured 215 items. She was shocked by the number and range of items she received, recorded an unboxing video, and uploaded it to YouTube. Despite the fact that certain parts were missing or damaged, she was nevertheless pleasantly delighted by what she received. At the conclusion of the film, she estimated that she spent approximately \$3.4 on each item she purchased [3]. Due to the rise of social media in recent years, an increasing number of people began sharing their experiences. The low costs and material savings have produced a win-win situation for both buyers and sellers. The blind boxes marketing technique employs consumers' psychology to drive individuals insane. One idea in psychology is termed "Mental Accounting". This was first proposed by Richard Thaler of the University of Chicago. The randomization and excitement will transform consumers' bodily demands into mental requirements, resulting in illogical purchasing behavior. When people make decisions, they typically do not analyze and calculate all potential rewards and losses. In actuality, they divide the issue into numerous accounts and experience each profit and loss separately in each account. The phenomena in which people divide their thoughts into separate accounts is known as "mental accounting"[4]. For example, individuals may still acquire blind boxes even when they just paid their rent yesterday and have little money left in their bank account. However, no one can stop people from purchasing these blind boxes. This is because, in their unconscious mind, they have divided the rent money and toy money into separate mental accounts. One is necessary spending, while the other is entertainment-related spending that is unneeded. The thrill, excitement, and uncertainty associated with the purchase of these blind boxes render consumers' mental state irrational. Furthermore, the target market for blind boxes consists of financially reliant young adults who have not yet developed sophisticated financial conceptions. This erroneous calculation of the "mental account" is a significant reason to advance the blind box economy.

2.2. Collection Bringing a Sense of Satisfaction and Accomplishment

Everyone has a unique affinity for something. Yet collecting is something that everyone enjoys, people may not comprehend why someone would spend hundreds of dollars every year on these boxes. Collecting is a very rewarding activity as it can provide a sense of accomplishment and fulfillment. For instance, some individuals enjoy collecting limited-edition handbags, while others collect shoes or stamps. Blind boxes utilize two additional psychological effects known as "sunk costs" and "loss aversion" [5].

If you have invested a great deal of time and money in anything, you have a sentimental attachment to your prior efforts; if you quit up now and earn nothing, your earlier efforts will have been squandered. "Sunk expenses" refers to the decision to continue pursuing a goal despite having already spent too much money. Consumers that choose a single IP are willing to incur significant "sunk costs" in order to acquire all of the toys in this set. During the purchasing process, buyers may receive repetitious or even unappealing toys, but they are compelled to continue purchasing blind boxes in order to complete their collections. Of course, there may also be a motivation to obtain the "limited edition toy" in order to gain bragging rights. If individuals give up previous investment at this time, they will feel the loss. Loss aversion refers to the need to continue investing in order to avoid wasting earlier investments. Customers will continue to purchase blind boxes until they obtain their desired or hidden toy. People have an insatiable desire for the unknown and uncertain. Just like the book "In Search of Lost Time" states, "The only beautiful world is the world we have not yet entered," the sole attraction for blind box enthusiasts is the next unopened blind box. Insight and research of human nature are what make blind boxes addictive. The marketing strategy for blind boxes preys on people's natural inclinations toward curiosity, gambling, ostentation, and ownership. Consequently, the blind box sector is less concerned with product design than it is with human exploration.

2.3. Desire to Share

Here, a computation can be made: A blind box of fifteen dollars = a fancy trendy toy + a chance to raffle + the potential to draw a limited-edition toy + sharing on social media. From this vantage point, the value of a blind box exceeds fifteen dollars. In my opinion, the brand value of all things on the market, both virtual and physical, is determined by a single criterion: whether users are eager to share the products on social media or with their friends. At this level, POP Mart's brand value is extremely high. Users share and forward social media posts, particularly when they obtain limited-edition goods. This form of communal sharing provides incalculable benefits. The purchase triggers are divided into internal and external categories [6]. The internal trigger derives from individuals' "socialized" feeling. More and more individuals born in the 1990s are into their "midlife crisis": They need to make a living, but they also require stress relief and social interaction. It is tempting for young people to purchase POP Mart's adorable toys and place them on their desks to alleviate stress. The external trigger is due to POP Mart's retail setup. Typically, they were constructed in the heart of business streets in first- and second-tier cities, where consumer flow is highly concentrated. The logo of "POP MART" consists of gold LED lights on a black background that are visible and enticing enough to be noticed at first look. There is a large doll of a brown-haired, blue-eyed cartoon character in front of the shop window. It is difficult to ignore a store with such an adorable design and striking color.

2.4. The Design of POP Mart Products Corresponding to Customers' Psychology

The less complex a physical or mental behavior is, the more likely it is to be repeated. Dr. Fogg from Stanford University created an action formula model: $B=MAT$, where B is Behavior, M is Motivation — sufficient Motivation, A is Ability — the ability to carry out the act, and T is Trigger — the Trigger that drives individuals to act. MAT is essential for enabling people to undertake specific activities [7]. Initially, motivation determines your willingness to do action. Fogg's inductive motivation is divided into three types -- First, the pursuit of pleasure and avoidance of pain; second, the pursuit of hope and escape from fear; and last, the goal of approval and avoidance of rejection. For blind boxes, retailers will randomly place a succession of full toy sets inside opaque boxes. Before opening the packaging, the consumer is unaware of which product he or she is purchasing. In terms of identification, the societal ramifications of blind boxes are enormous. It categorizes collectors as "the same kind" and generates common topics among blind box owners. These concerns can be discussed

on social media or in person, particularly among young individuals who fear isolation. Blind boxes serve as a link for establishing and maintaining relationships. Second, according to Dr. Fogg's abilities, the most popular product or service must be the one that people can enjoy the most easily. Less complicated items are more well-liked. POP Mart's product design incorporates the "five components of capability".

The first one is time — the decision to purchase a blind box requires only a moment. Randomness and unknowability eliminate the complexity of product selection. The second factor is cost, as purchasing a blind box only requires two or three cups of milk tea, so that young people are not financially compelled to do so. The third factor is size, which is compact and portable enough to be carried when shopping. The fourth factor is difficulty- the only approach is to shake the box and take a chance. Last is social deviance - no one will not tolerate a 5-7 centimeter-tall doll.

There are numerous items in the supermarket that meet the ability criterion, but there is only one POP Mart. What kinds of stimuli encourage us to enter the pit? First, there is the "scarcity effect." Initially, product design guarantees the exclusivity of the IP. Each product in each IP is vastly separate from the others, but they all share a look that is recognizable as "POP Mart." The second effect is "environmental effects." Customers may feel nothing when viewing a single doll, but when 12 dolls are displayed in the same location and illuminated, the stories behind them stimulate people's interest in learning more about them.

2.5. Availability Heuristic

The term "availability heuristic" refers to another industry-related theory. Due to the rise of social media, individuals viewed numerous unpacking videos of their blind boxes. People will usually only share if they have the limited-edition toy. According to POP Mart, the actual probability of obtaining a limited-edition toy is 0.05%. However, when individuals see a lot of limited-edition toys online, they begin to believe that obtaining one is not difficult. This cognitive bias will result in irrational purchasing [8]. In addition to purchasing their favorite toy, acquiring a limited-edition toy indicates ostentatious expenditure. This stimulates consumer rivalry, and people will continue to purchase blind boxes to demonstrate their "blind box status".

3. Conclusion

In conclusion, the blind box industry has shifted from a business to a marketing approach. Increasing numbers of businesses are employing consumer psychology to sell their products. This method will not only help businesses but also delight customers. When people spend money, blind boxes alter their perception from expensive to worthwhile. However, it is still unknown whether this method will be generally accepted. People will lose their sense of wonder and thrill if they can anticipate what will be included in the box if it becomes more widely used. When consumers discover the marketing methods behind a product, they may discover more cost-effective means of acquiring the product. Obviously, a marketing strategy cannot survive forever without modification. People are also changing as the world evolves. However, it is feasible to modify the techniques so that the majority of customers do not become bored after a prolonged duration. Despite the fact that so many earlier papers have been evaluated, there are still flaws in this research, such as the lack of data or survey to support the research. These supporting evidences will be gathered for future studies.

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