

Strategies to Cultivate Long-term Customer Loyalty: A Case Study of Pop Mart

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Abstract: Nowadays blind box became a hot topic; people in different ages buy blind boxes and blind box as a marketing strategy also been used in different area. Also, blind boxes often connected with the pop culture which is a fantastic culture worth our research for many Z generation are crazy int it. POP MART is company which sell the products: blind box which inside a small doll with random cute images. It is now the leading enterprise of China blind Box market and have many strong sticky customers. However, it is hard for a bind box company to attract long term customers for its products is full of uncontrollable. Indeed, pop mart did well in terms of attracting new customers and turn them into long term loyal customers. This passage will analyze the problem of why POP MART could attract so many customers and why most of their customers are strongly loyal to the company's products.

Keywords: pop mart, blind box, customer behavior, marketing strategy

1. Introduction

Setting up in 2010, POP MART is the leader of Chinese pop culture. During its 10 years development POP MART center on global artist excavation, IP incubation operation, consumer reach, pop culture promotion and creative business incubation and investment those five area. Since 2018 POP MART start global layout, and now it successfully gets into 23 countries which include Korea, Japan and Singapore. In addition, POP MART open offline stores in many other countries like America, United Kingdom and Canada. It also develops a online services for global customers. Until 2022, POP MART have 295 offline stores which been operated directly by POP MART company and 1611 vending machines in China. POP MART also became the largest toy seller of Tian Mao (which is one shopping app in China) during “double eleven” (which is a shopping celebration day in China) and reached 270million sales [1]. With the slogan of “To light up passion and bring joy”, POP MART successfully developed its commercial empire.

As we all know, the biggest selling points of blind boxes is that they are uncontrollable. Traditionally, people pay for the products and get what they want exactly; this common consumption method is certainly and relatively low risk for the customer. However, for the blind boxes you do not know what you will get after paying for the products. In POP MART, the only thing that the customer ensured is that they will get one doll which is the series of dolls they selected, but they do not know which exactly doll they will get. Therefore, there is a huge possibility that the customer may get the doll that they do not like. As a result, they will feel uncomfortable about this experience of buying and it is much likely that they will not choose to buy the blind boxes again. Obviously, blind boxes

are a double-edged sword, they may could help companies attract many new customers, they could also make many customers lost interest to the companies. Nonetheless, POP MART indeed have genuinely high repurchase rate during which reached 58% [2]. This number indicates that POP MART do have many long-term customers which will keep buying its products. Now we are going to analyze this phenomenon specifically.

2. New Customer Attraction

In order to figure out how POP MART own those long term customers, we should first find out how POP MART attracts its new customers. Customers are crazy about buying blind boxes Su do research about this and find that customers' passion make the sales of blind boxes increased 320% compare to the last year's sales peak [3]. There are several reasons that causes this huge gap.

2.1. IP Attraction

First of all, the IP attraction. As I mentioned before, POP MART have jointly signed with many brands such as Disney, Harry Potter, Sanrio and so on. Those brands are already famous enough fro they have many classic characters. POP MART could just change those classic characters' appearance a little bit and made them into blind boxes. Therefore, many fans of those hot brands will come and buy those blind boxes.

For instance, Disney is hot IP maker, it produced many hot characters like Mickey. They first launched the cartoon of Mickey and then bring out series of Teleplay, they also produced series of characters as Mickey's families in those movies. After that Disney will produce many products that have Mickey elements. In Disney entertainment park Mickey is also came into our real life. As a result, Disney already have fundamental customers which is madness about Disney's elements. In this case, POP MART will sign contracts with Disney and get the ability of using the IP which is created by Disney like Mickey. They designed dolls which is just like Mickey and sell them in a way of blind boxes. This kind of blind boxes will attract Mickey's fans which may not buy blind boxes before. By this way POP MART successfully attract new customers with co-branding strategy.

POP MART also designed IP themselves with some artists. The most famous one Molly is designed by Hong Kong designer Kenny Wong. POP MART rolled out many series of Molly before and take Molly as POP MART 's own special IP. By hire many other designers, pop mart now also roll out many its own IP like Skullpanda and Dimoo. In this process of corporation with other designers, pop mart also achieves the goal of incubating designers.

2.2. Image design attraction

The design of POP MART 's dolls are all tend to be "cute". Those dolls tend to be big head with a relatively small body. They are totally in the opposite direction of beauty-appreciation about adult for people commonly are tend to slender which kind of stereotype but label of heath. Actually, those design of dolls are just like human infant's body ratio. This could make people feel close to the doll and this kind of "infant body ratio" will make people think those dolls are "cute". Therefore, people will have the motivation of buying it.

Plus, images designed by POP MART are popular among people for they insert many special elements into their dolls. For example, POP MART will add some Chinese elements in one particular series. To be more specific, they may make the cloth of the doll looks like Chinese traditional clothes and make difference and creative points in place like the doll's face and hair. Those usage of traditional elements will attract customers to buy them for those special design.

2.3. Target customers

Xiaolin researched on the customer structure of POP MART and find out that 85% of POP MART 's customers are under 20; 12% of POP MART 's customers are between the age of 21-40; and only 3% of POP MART 's customers are people which is between 41-60. Among those customers 62% of them are women[4]. However, in another passage Jingyi contended that 75% customers of POP MART are women and most of their buyer are between the age 15 to 35[5]. There are slightly different between those data in two passages. Anyway, we could still make the conclusion that the major customers of POP MART are “generation Z” especially female from “generation Z”. Generation Z are people who born between the last decade of 18 century and the first decade of 19century. They have distinctive characteristics for they born in the time of electronic devices developed quickly and they have match better material conditions for they do not have to worry about their food. In addition, the Chinese population booming in that time, so that the government came out the policy of “one child policy” which was that only one child in a family was been allowed. Therefore, many children born in generation Z was the only kid in the family and got the entire family’s attention [6].

As a result generation Z is familiar with those electronic devices. Many old people cannot use mobile phone; therefore, though they do have money, they cannot shopping online. By contrast , generation Z spent much time scrolling online, so they are willing to shopping online. The sales method of POP MART are divided into online stores and offline stores. The basic condition that generation Z is willing to buy online create the opportunity for POP MART to develop its only sales method. What’s more, generation Z would like to pay for their interest because of they are born in a good material condition era. Most of those generation Z is still students; however, they will have relatively more pocket money than the last generation. They often spend money in places like paying for idols and they used to buy albums. Therefore, for POP MART, generation Z is willing to pay for its products. In conclusion, the target customers of POP MART are willing to pay for the blind box this is very important.

2.4. Sales methods of POP MART

Sales methods of POP MART are been divided into 2 major ways; the online store and offline store. In the aspect of offline stores, pop mart have vending machines, exclusive stores and retail dealer stores.

The most out standing point of POP MART is that they use the vending machines widely. Traditionally, vending machines have been used in some area which is related to food; however, POP MART introduce the vending machine to the sale of blind boxes. Each vending machine are just like a small store and customers could select which series they like and buy them immediately. As we all know, the biggest advantage for vending machines is that vending machine usually only need a small space to build. Therefore, the cost of launching a vending machine is very cheap for the rent are much cheaper than normal stores. Plus, vending machines could be placed in some niche but also conspicuous place. For common customers, maybe they do not know POP MART before, but through seeing the vending machine they could know POP MART. Also, the existence of the vending machine itself is a advertisement for POP MART and could remind people they could buy a POP MART blind box.

The exclusive stores of POP MART are also really special. For instance, commonly you could see bigger dolls which are magnified version of POP MART 's blind box doll. They are very striking, which will attract potential customers eyes. On the other hand, those larger versions of dolls will attract people to take photos with them; therefore, those stores will become a place that everyone who came in this place will take photos there. By this way, POP MART will also attract many new customers to come in its exclusive stores.

The use of the method of retail dealer stores will also attract many customers for the POP MART. Those retail dealer will sale many different products in their store. There are many retails dealer stores around the world. Therefore, people may enter the retail dealer stores for buying something else. However, they will see POP MART 's blind boxes in those stores and this will become a natural advertisement for POP MART. As a result, by selling offline pop mart already advertised for itself and attract many customers.

As a lead enterprise of Chinese blind boxes market, POP MART also have the responsibility and mortality to educate customer, which is to increase the acceptability of customers. Online publicity is a very good way to finish this job and POP MART do start to take online sales seriously. Comparing 2020's sales revenue, 2021 POP MART online sales revenue increased 97.58%. The company invested 1.576 billion RMB in the aspect of advertisement of the IP and marketing management which is much higher than the previous year which is only 0.922[7]. During the process of advertising POP MART also access the goal of educating the market. POP MART sells their product in several apps like Taobao, WeChat mini program and Jingdong. Through both online and offline selling, POP MART maximum its profit.

3. Long Term customers

How POP MART get long term customers? As I mentioned before, POP MART use cute images and jointly signed to attract customers. When those customers grown up those, they will reminisce past memory about POP MART. At this case, POP MART is no longer a product, it is a childhood memory for Z generation in the future. This feeling will lead. POP MART 's customers to keep shopping in the future.

In addition, the speed of POP MART launching new products is genuinely fast. This makes customers with different interest will keep paying their attention to the POP MART 's products fro every series of dolls may have different attraction for people have many interests. POP MART also keep doing some newfangled creation. For instance, POP MART designed a new series of product which is a larger version of Molly. Usually, Molly was small and cute which can be hold in hand; however, this new version of Molly were relatively much more bigger which is just as tall as a five ages small kid. This kind of designation never happened before; therefore, customers will be willing to buy those "larger version of Molly". The continually creation will maintain customers feel "fresh" and be willing to pay for their curious about those new collection.

Finally, the "virtual community" also help POP MART consolidate more long-term customers. According to scholar Howard Rheingold, we could know the concept of "virtual community". "Virtual community which is just like a "social cluster", people in this social net discuss topics of interest with abundant emotions and share insights with each other. This process will from a "circle", in this circle people share their enthusiasm through those interaction [8]. POP MART is just like a social currency in this circle. Customers of pop mart will connect with the group of people who also love POP MART. Plus, customers will show their blind boxes online which actually turn blind boxes into one kind of life style, which will attract more customers to buy blind boxes to experience the specific feeling when taking out blind boxes. This interaction will make customers feel like they are been needed by the society and they followed the social fashion trend. Therefore, POP MART became a culture which will keep attract customer to pay for this kind of fashion tendency [9].

4. New problems

Although POP MART is a expert in retaining customers. The total sales performance in 2022 still decrease compared to the last fiscal year. Plus, in 2021 POP MART make the wrong advertisement decision for the series of Skull-panda, which makes POP MART faces 200,000CNY bank debt[10].

This strongly means that POP MART faces some problems now. The first big problem is that those blind boxes' quality was been doubt by the public. The problem of quality even made some children who are in a extreme young ages suffered by the emergency for they ate them accidental when those body parts of the doll dropped out. In addition, POP MART announced one price raising in 2021 April, which makes the price raise from 59CNY to 69CNY. POP MART alleged that the cost of the raw material of the blind boxes are getting more expensive, and the process of making dolls is really complex some even need 100 processes of coloring. However, the public did not be persuaded by this reason for the quality of the dolls are being questioned all the time.

5. Suggestion

Although POP MART get many long term customers through its careful management and creative marketing strategy, it still lost many previously loyal customers for the quality and price problems. Those two problems are now gradually became the major problems of the company' s future development.

First, for the quality problem. It has been revealed that the company found two factories to help them produce blind boxes. Since different factories may have different instruments and different producing process, products made by different companies will have different quality. As a result, customers buying the same series of blind boxes, but they will get dolls which produced by different factories. This will lead to a quality gap. For instance, a customer who buy the blind box for the first time may find the product is worth for that much money. In this case, he or she may become the loyal POP MART fans for they got satisfied in this trade. They may keep buying the products of POP MART; fortunately, those blind boxes are made by the same factory so that the quality were generally good. However, they may got a blind box which is made by another factory in the next time. This will bring customers a awful shopping experience which will make them kind of disappointed to the POP MART 's products. As a result, they were no longer POP MART 's loyal customers. In order to prevent this situation, happen, POP MART could make all its products been produced in one particular factory. In this process, at least the quality of blind boxes is uniformed.

In addition, for the price raising problem. It is true that after the tree years corona virus disease the cost of blind boxes' raw material will increase. However, it is hard for customers to accept the price rising of products for they already buying those blind boxes with the price of 59CNY for many years. To balance those two sides, POP MART could maintain the same prices as before for those already launched series of blind boxes. At the same time, the company could increase price for those new series of products. The new series products' price rising will be much more acceptable for customers compare to the directly rising price of all past products, because they got the completely new collection of products.

6. Conclusion

Generally speaking, POP MART is a successful company in the area of blind boxes. The company developed quickly during the decade after its set up. It makes the breakthrough in the blind box market for they successfully maintained its long term customers, which other blind boxes companies cannot achieve. It also worth learning for it provide new idea of how to create a famous IP. On the other hand, POP MART also face new problems. The quality problem which cause the crisis of trust and the too expensive price which makes customers lost passion of purchasing. Those problems directly and seriously caused the development of the company been stagnated. Fortunately, there are still some solutions might be helpful for the company to preserve their customers. This passage provides several suggestions for this particular company. In addition, this passage could also help same category

companies to learn some customer- attracting strategies. However, the real practical solutions for the company's development problem will still need to be explored.

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