

Analysis of Product Characteristics and Marketing Strategies of Blind Box Based on the Study of Consumer Propensity

— Take Pop Mart as an Example

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Abstract: A blind box is a kind of pop toy that is like a small sculpture, people don't know what is inside the box until they open it. Because of the rapid change in the consumption trend and the rise of a new generation of consumer groups, blind boxes, especially the Pop Mart blind box series have become one of the most popular products among young people. However, the product itself doesn't have many practical uses, So what makes the toy so welcome among their target groups, and what attracts the people to buy those useless toys? The articles use Pop Mart (Representative of the blind box industry) as an example, trying to figure out which kinds of people are the aim group for the blind box and what people gain when they buy the blind box. According to the analysis for both internal and external reasons, some suggestions are provided in the conclusion part, to help the blind box industry grow to a better future, and achieve sustainable success.

Keywords: Consumption trend, product feature, marketing strategy

1. Introduction

Since the world experienced significant growth in all aspects (for example education, technology, and healthcare) in the last 30 years, people's consumption trends and tendencies have changed a lot.

Both population growth and economic growth have started to slow down in recent years. During this time, the trend in consumption is shifting from people only purchasing more practical, affordable products, to spend as a family to a tendency where people may be more focused on themselves. The consumption of all goods is steadily increasing, particularly in the fields of entertainment, education, and healthcare.

The 'Z generation' the elderly, and the middle class make up the majority of consumers in today's society. The 'Z generation' is the most likely to shop, out of these three major consumer group kinds. Because most of them enjoy quite stable economic circumstances, the percentage of casual purchases is far larger than in earlier generations, and they are impressionable and full of curiosity about the world. Furthermore, as a result of their desire for uniqueness and fulfillment, the market has given rise to numerous new sectors that cater to the interests of the younger generation, such as the slime and pop toy industries.

One kind of pop toy is the blind box, which is often sold in three different forms. The first methods of selling blind boxes are ones that people are all familiar with, such as Pop Mart, whose stores are constantly offline and adorned with stylish patterns and promoted online. Inside the store only sales different kinds of blind box series created by the company. This tactic is to limit the company's attention to blind boxes instead of other products. Since these stores exclusively sell a single product, they give off the impression of being more professional. Their target market is those who are very interested in collecting blind boxes.

The second pattern often occurs in other pop toy stores like M&G Shop and Kulechaowan. In These stores, blind boxes are often mixed with other products like stationery, bags, and dolls. Compared to the one mentioned before, this kind of way is more comprehensive, which is more suitable for people who not only want to buy a blind box when they step into the stores.

The articles will use Pop Mart as an example, go over the target market for those pointless products, and explore the internal and external factors that contribute to some people's addiction to purchasing blind boxes. Before the analysis section, some background information about the blind box industry and Pop Mart's introduction is given so you can better understand the context. Ultimately, the blind box companies will receive suggestions to help them maintain their success and increase their profits.

2. Basic Information

2.1. Blind Box Series

A blind box is a randomly selected box that includes tiny toys or ancillary items with different themes; the contents of the box are unknown to the customer. Inside the opaque boxes are usually some small toys designed by individual designers or characters in popular IP (Intellectual Property), but you are not sure style until you open the box.

A Pop Mart blind box often has 12 or 6 different style kinds in a series, with 1 or 2 'Hidden' styles that have a very slim chance of randomly replacing the regular styles. Because of this, customers might buy more frequently to sketch their favorite styles or to sketch "Hidden" styles till they are drawn [1].

2.2. Development of Blind Box

Pop toys are a kind of small sculpture that originated in Japan and Hong Kong in the 1920s, created by individual designers and artists. This kind of toy often has a unique, anti-mainstream style. Limited production makes them pricey. By the early 2000s, pop toys blended with animation, film, and TV industries, as well as popular IPs from Europe, the US, and Japan, spawning globally recognized brands and images.

A blind box is one type of pop toy. Japan's Meiji period is when the first blind box was invented. To tie in purchases before and after the New Year, merchants package a range of goods into a cloth bag or carton. This is effectively a sales promotion and discount. In 2004, Japanese company Dreams launched its first pop toy called 'Sony Angel' and miniaturized it into a blind box. A similar application could also be found in the domestic market such as the cards with characters in well-known books are put into the food packages, some people often buy the food to collect their favorite characters, thus stimulating the purchasing willingness for the products [2]. Pop Mart company was founded in 2010, starting with producing some pop toys and electronic products. In 2015, the company shifted its strategy into producing blind boxes and creating popular IPs. Pop Mart cooperates with many of the well-known individual designers rolling out varieties of blind box series like Molly. With more and more other companies joining the market, the blind box has become now very popular.

2.3. Market Size

Based on statistical data, the total market value of the pop toy is around 34.5 billion yuan, with blind box accounting for almost 28% of this value. The Chinese blind box market grew at a compound annual growth rate of 122% between 2017 and 2021, while the market for pop toys as a whole grew at a compound annual growth rate of 33%.

According to the Pop Mart financial report, in 2023 company's annual revenue was 6.3 billion yuan, increasing 36.5% compared to last year. The net profit reached 1.19 billion yuan, a year-on-year increase of 107.6%. It is noteworthy that, in addition to revenue, net profits are a record high, bubble Mart in China's Hong Kong, Macao, and Taiwan and overseas business revenue for the first time exceeded the 1 billion yuan mark, reaching 1.066 billion yuan, an increase of 134.9%.

All the information shows the rapid growth of this relatively new industry and indicates the popularity of the pop toy.

3. Target Group

3.1. Age

From the age aspect, the target group for the blind box is mainly 'Generation Z' (refers to the generation born between 1995 and 2009) [3]. Official data from the industry leader in blind box sales, POPMART, shows that 32% of customers in the 18 - 24 age range, 26% of those in the 25 - 29 age range, and 14.5% of those in the 30-34 age range purchase blind boxes [4].

According to Maslow's hierarchy of needs, when people's basic material needs are satisfied, they focus more on emotional needs and self-actualization [5]. 'Generation Z' was raised in a time of great technological advancement, relative wealth, and "fewer children" in the social and familial sphere [6]. On the one hand, because of the relatively high wealth level, their consumption power has become stronger, gradually acting as the main consumers in the market. On the other hand, since the development of the internet and technology, 'Generation Z' are more willing to express themselves and show their personalities. They believe that the consumption style can reflect their thoughts and characteristics, so besides the consumption of the necessities they focus more on the products which could show their spiritual world.

The novel gameplay and fashion design of the blind box make it a good choice for contemporary young people to express their unique selves.

3.2. Gender

The majority of the blind box industry's consumer base is made up of women. Using Pop Mart as an example, roughly 70% of its customers are female, meaning that only roughly 30% of its customers are from other gender groups. According to the data above, the popularity of blind boxes is a typical 'She economy' phenomenon.

Emotionalize, diversification, individualization, and autonomy are the characteristics of the 'she economy' [7]. Women are more likely than males to purchase a product because it is fashionable, elegant, and lovely. Apart from opening their carefully selected blind boxes, they also look forward to the achievement of getting their favorite designs and building a collection of entire sets. This suggests that women's consumption patterns are motivated by a sense of self-satisfaction. This is because women in the present period have higher levels of education and more opportunities to earn money than they did in the past. Women's ideas about buying have changed throughout time, moving from materialistic goals to more sophisticated expectations due to their increased free time and free from chores.

Due to its ability to meet this trend, the blind box market is growing increasingly prosperous.

4. Product Feature and Psychology: Internal Reasons for Buying Blind Box

4.1. Appearance

German thinker Wolfgang Iser pointed out that the process of ‘aestheticization’ of consumer society is becoming more and more obvious. ‘Generation Z advocates beauty as justice, believing that good-looking looks can be pleasant and attract interesting souls [3]. That’s why sometimes for two products with the same function, consumers nowadays are more willing to choose the one that looks prettier since the appearance could let them feel joy.

As for the Pop Mart blind box, every series is elaborately designed by individual designers, so every product in the box looks fashion and cute, making people love them. Some of the blind box consumers said that they don’t focus on the IP stories, the reason for them to buy it is only because they love the appearance of the toy and could get a sense of joy by only casting a glance at it [8].

The designer’s creative thoughts and characters cure appearances and catch the eyes of young consumers, and it is one of the main reasons that the blind box has become so popular.

4.2. Emotional Value

4.2.1. Attractions of Uncertainty and Scarcity

The most fascinating thing about blind boxes is their uncertainty—customers won’t know the exact style of the item until they buy it and open the box. Along with getting the toy from the blind box, this innovation allowed shoppers to experience the excitement of the selection and opening processes. With the internet’s promotion of this new function, an increasing number of people, particularly those belonging to ‘Generation Z’ are becoming curious about the procedure. As a result, buyers of the Pop Mart blind are motivated not only by the product itself but also by the opportunity to experience something ‘full of unknown.’

The limited availability of the ‘hidden’ form is another noteworthy aspect of the blind box. As stated in the basic material, each series (which typically includes 12 toys) has one or two special styles. The likelihood of finding these kinds of products is extremely low. Due to this mechanism, purchasing a blind box becomes somewhat of a gamble. If customers don’t receive their preferred option, they may decide to try again. This is why a high percentage of customers purchase blind boxes repeatedly. Some have a gambling mentality and think they will be lucky enough to receive the desired style or the ‘hidden style’ if they purchase a blind box from the same series. A few of them additionally have a collecting obsession; they will keep purchasing blind boxes until they have every style.

4.2.2. Sense of Identity

Those ‘hidden’ styles, as well as some limited edition styles, are value-added because they are more scarce than other styles. Consumers involuntarily thought it was the best value product style, and will be particularly eager for this rare style [2]. This sense of demand can be stronger when they see someone showing off on the internet or around them get the specific type which is not easy to draw. This situation leads more and more people to buy the products, wishing they could be the ones who can luckily get the most valuable one so that they can also show on the internet to get a sense of identity.

The consumers also get their sense of identity by following others. Conformity consumption is the social influence of consumers (social influence) refers to the individual’s consumption concept, will, and behavior Referring to the evaluation, willingness, and purchase behavior of others (referent others) Guidance and pressure, and tend to be consistent with most people phenomenon [9]. People might

wish to visit the offline stores after observing how many customers there are. In addition, Blind Box typically develops its products by fusing them with other well-known intellectual properties. They frequently ask well-known actors to promote the items to increase market recognition. Since so many people adore those performers or IPs, it is simple to increase the quantity of money that customers spend on the goods, and let others follow their actions.

4.3. Social Value

The communication circle surrounding blind boxes has grown as more and more individuals develop a passion for collecting and purchasing them, and the blind box itself is now regarded as a socially valuable product. After Pop Mart developed the 'Pa qu' app in 2016, a blind box culture was created by these individuals who enjoyed purchasing blind boxes. These days, it's common to see people posting videos of their "open box" experiences. Additionally, several blind box enthusiasts share and exchange their boxes with one another, fostering a friendly community where friends who have similar interests can meet. As the blind box lovers could find a sense of identity in the community, they are more willing to buy the blind box which also makes the blind box industry more successful.

5. Market Strategy: External Reasons for Buying A Blind Box

5.1. Pricing Strategy

The pricing strategy for the blind box is called the mantissa pricing strategy, which means the price of the products ended with 'nine' [10]. For the Pop Mart blind box, its price is normally from 49 to 79, although there is only one yuan difference between 59 yuan and 60 yuan, for consumers 59 yuan always sounds more paying, therefore, they are more likely to buy the products.

Moreover, the price for the blind box is only slightly more expensive than one or two cups of coffee, hardly posing a significant financial burden for consumers. When compared to other products within the same price range, the blind box offers a much higher emotional value, along with a unique collection aspect. These appealing features provide consumers with compelling reasons to purchase the blind box.

5.2. IP Cooperation and Co-branded

The IP cooperation and co-branded strategy are the most famous strategy for the blind box industry. Pop Mart currently boasts 93 IPs, including iconic self-created characters like Dimmo and Molly. Additionally, the company has forged successful collaborations with renowned IPs such as Harry Potter, Minions, and Hello Kitty, resulting in a diverse range of captivating blind box series. The process of IP building is akin to cultivating stars; once an IP achieves fame, it attracts thousands, even millions of devoted fans. These fans, in turn, become ambassadors for the products, continuously recommending them to others, thereby converting more and more individuals into loyal consumers of the brand.

The Pop Mart is also good at co-branding with other types of companies, from beauty products to dessert food. In 2021, Pop Mart co-branded with the beauty company, Judy Doll, It is fully sought after and loved by young consumer groups and also gives into play its art collection value. To a certain extent, this strategy alleviates people's aesthetic fatigue of a single product, but also increases the use of the product, broadens the areas of the brand, and makes more consumers familiar with the brand and thus to consume. Giving it a good position in the competitive market.

6. Conclusion

The profit for one single blind box is relatively higher than normal goods. According to the research, the cost of materials to make one blind box toy is only about 15 Yuan, while the price to sell is around 59-79 Yuan. The high price doesn't stop its success, because of the internal and external reasons listed above, the blind box industry led by Pop Mart has successfully grasped the psychology of consumers, built a group of loyal customers, and made some achievements.

However, for long-term and stable success, there is still something that could be improved. According to the reality and the market prospect, here are some suggestions to deal with the potential situations.

Firstly, the consumption group for the blind box now is not very comprehensive, which majority of the consumers are from 'Generation Z' and also most of them are women. To larger the potential consumer group, blind box merchants' firm could try to increase the variety of products. Besides the main blind box, which is only ornamental, the blind box could produce something more practical. For example, it could produce some digital products as related products, since it may attract some digital enthusiasts usually males who once were not in the blind box consumer group.

Moreover, although there is an intensification of urbanization, third-tier cities and below still have more than half of the population. Until now, most of the blind box offline stores are located in big cities. As many people in the third-tier cities and below don't have the chance to buy the products, blind box companies should consider opening more offline stores, and spreading them in all parts of the country, thus enlarging the market scale.

Last but not least, the blind box industry should put an effort into IP creation. Because the blind box is not a practical product, it is really important to create the stories for each IP. Striking a chord from consumers through the stories is a way for them to continue paying attention to the new series for the IPs they like. The emotional value it provides will highly raise the repeat purchase rate for the blind box.

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