

POP MART Through the Lens of Arts Management: Intellectual Property Development, Immersive Retail Experience and User Generated Content Brand Culture Accumulation

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Abstract:

This single-case study focuses on how POP MART creates a high-engagement business environment by utilizing three interconnected pillars: original intellectual property production, immersive sales experiences and online brand communities. First, analyze the narrative diversity and visual coherence of major characters like Molly to show how character merchandising encourages Intellectual Property (IP) development. Second, using the experience-economy framework, describe the offline IP exhibition and POP LAND theme park by turning them into paid physical experiences that generate discussion online. Third, examine how online brand community function. Through crowdsourcing approaches, user-generated content (UGC) contributes new ideas for collaboration between industries while adding authenticity and emotional resonance. Integrating these findings, there are two strategic recommendations. To prevent IP homogenization, POP MART should actively collaborate with designers and fans to continuously nurture unique intellectual property. To reduce the possibility that blind boxes can become categorized as gambling in various countries, the company must create an anticipatory compliance framework, including data governance and probability disclosure. The study presents a roadmap for the internationalization of Chinese cultural intellectual property in the designer toy market and helps deepen leaders' understanding of the flywheel of "content-experience-community".

Keywords: POP MART; IP development; online brand community; UGC; arts management.

1. Introduction

With the growing popularity and appeal of designer toy culture and the adultization of the toy consumer, the kidult economy has grown into a \$9 billion industry [1]. Art toy or designer toys mainly refer to unique and collectible toys designed and produced by artists. These toys are usually produced by the artist directly or in small quantities, which makes them more expensive [2]. POP MART is different from traditional designer toys as they sell these toys at a cheaper price to a diverse demographic. Founded in 2010, POP MART was initially an ordinary even underperforming Japanese lifestyle shop. In 2016, the founder visited artist Kenny Wong in Hong Kong and bought Molly's IP license, starting POP MART's journey of creating a co-branded toy line under contract with the artist [3]. As of 2020, POP MART operates 93 IPs, including 12 owned IPs, 25 exclusive IPs and 56 non-exclusive IPs [4]. Today, POP MART continuously develops and nurtures IPs by signing artists to keep them fresh in the market. With the development of digital marketing, POP MART has implemented more targeted marketing strategies by combining online and offline activities, such as curating art exhibitions to strengthen the influence of its IPs and building a theme park to provide consumers with immersive experiences and services. This paper will focus on POP MART, a company that primarily sells blind boxes, combining art management and marketing strategy perspectives to understand how they achieve sustainable operation and cultural asset accumulation through a diversified IP management and operation model.

This paper will combine the art management and marketing perspectives with a specific case study of POP MART based on the foundation STP Marketing Mix in marketing theory for the main analysis. Firstly, the market segmentation of POP MART. Demographically, 90 per cent of the consumer group has a mid-level income, and more than half of the group is women aged 18-40 [5]. Psychographically, these consumers tend to have emotional needs and are trendy young adults who are more willing to pay for scarcity and the social attributes of a product. Geographically, POP MART mainly faces the mainland China market, with Southeast Asia accounting for 47.4 per cent of total overseas earnings in overseas markets, followed by East Asia and Hong Kong, Macao and Taiwan at 27.4 per cent [6]. These figures suggest that POP MART is continuing to expand the brand's impact overseas and develop foreign markets. Secondly, in terms of targeting, the company focuses on female consumers as mentioned above, but the brand is also expanding its IP coverage and increasing its reach to the male audience [5]. Lastly, POP MART's position as a brand that turns traditional toys into trendy art pieces and creates affordable surprises in the form of blind boxes corresponds to the mindset of new

generation consumers such as Millennials and Gen Z, who need to express their personality and sense of belonging to a community. The following section analyses POP MART in detail in the context of IP development, experience economy and digital marketing models.

The key to IP development is character merchandising, which follows five principles. Connectivity (character facilitates interconnection of multi-media forms into a network), stability and resemblance of visual images across forms, uniqueness from other characters, clear facial features, strong contextual link between character and exclusive 'world' [7]. These principles lay the foundation for POP MART's IP-centred business strategy and support its comprehensive IP development ecosystem.

Experience economy brings a new business model to POP MART. According to academics, experiences are about creating memorable and personalized services for customers and need to be upgraded as a commodity [8]. Experience can be measured from the degree of participation (passive to active) and immersion (absorption to immersion), covering entertainment, education, aesthetics, escapism four dimensions, multi-dimensional fulfillment of the experience is likely to form a deep memory, and to combine the needs of consumers and the company's mission, the design of the theme park as a typical case.

Digital marketing strategy focuses on value co-creation which helps POP MART in building a brand community. Online Brand Communities (OBCs) are designed to fill the gap between business and customer connections with additional social attributes [9]. Value co-creation promotes consumers' participation in brand growth and strengthens their sense of belonging and community [10]. Social media is the core platform where UGC drives sales more than official content [11]. POP MART has more than 5 million followers on Chinese TikTok and will have 31.9% of its sales online globally by 2025 [6]. This confirms its effectiveness in engaging and purchasing consumers through online channels.

2. IP Development & Artistic Supply Chain

First of all, POP MART, as a brand widely recognized by consumers in the market of trendy blind boxes, the special design of its IP characters is the fundamental element that can be loved by consumers. As introduced above, the basic logic of IP development is character commercialization. Among the IPs belonging to POP MART, Molly is one of the most representative characters, a little girl with blonde hair, blue eyes and a beret. Over time, Molly has also launched a number of new series of images, bringing new conceptual innovations to consumers. After launching the Molly zodiac series of blind boxes since 2016, it was

followed by the more popular Mega Space Molly series and Royal Molly series [3]. Space Molly is based on the theme of space exploration, combining the classic Molly image and astronaut styling to create a more unique and trendier designer toy IP. The launch of this series shows that POP MART is not only focusing on signing artists to obtain IP licenses, but also looking at the future of the IP, developing multiple possibilities for the same IP as consumer and market demand changes. The Mega Space Molly series is made in different sizes, 400% and 1000%, by enlarging the size to bring a stronger visual effect to the audience and increase the value as a collection [3]. This series of Molly has also become more polished in its astronaut costume design, with a transparent astronaut helmet and the classic pouting look to reflect the spirit of exploration. In addition, POP MART has developed a variety of merchandise for all the IPs, such as mugs, plush toys and charms, besides the blind boxes. This means that POP MART is expanding its reach beyond the existing IP customer base by co-branding, reaching a larger potential market and more consumers.

In terms of connectivity, as POP MART is a company mainly focused on blind boxes, its development of Molly enables this character to appear in various forms in people's lives. The Mega series of Designer toys can be collected as art sculptures, the image is co-branded with trendy apparel brands, it is also used in theme parks as a welcoming character and so on. Consumers and fans are able to reach Molly in different environments, navigating through different media forms and building communities across media forms. In this way, its character image is manifested both in a material form and exists in an intangible form [7]. The second is Stability and resemblance. Molly retains her key features in any form, with the classic pout and upturned eyes that immediately make her recognizable as Molly. POP MART has achieved a level of stability specific to each series in different collections. In the Space series, it not only retains Molly's pouting expression but also incorporates elements of astronaut clothing. Whether it's an original design or a collaboration, all of these modifications and enhancements are made based on the astronaut Molly concept, allowing people to immediately recognize that it still belongs to the Space Molly series. As a result, POP MART increases the IP's memorability and collectability among consumers. The third and fourth principles require the character to be unique and have clear facial features. Molly's character design uses the pouting feature to differentiate her from other dolls on the market and combines it with blonde hair and blue eyes to give the character two different traits: coolness and cuteness. At the same time, Molly's expressionless face allows consumers to use their imagination to project their emotions onto the doll and form a deeper emotional connection. With the expansion of different se-

ries, Molly's image has become distinctive in the market. The last and very important is the character's background and worldview building. In the description of the newly launched space Molly series of blind boxes it states, "what she truly longs for is the moment she meets you, an intersection marked by the universe as a singularity in time and space, a poetic journey through the multiverse" [12]. This description presents an open attitude, allowing consumers and fans to look forward to "meeting" Molly and creating their own memories, especially when the main target group are young females, the emotional value provided by the character is particularly important. This way of integrating the character's story within the consumer's world allows the character to leave a deeper impression and experience for the buyer, reinforcing the character's footprint in their world and thus building a story that is exclusively theirs.

Molly has successfully created an exclusive world for Molly and her fans through these five principles of character merchandising, expanding the influence of the IP. POP MART, as the operating company behind the project, has also successfully created more IPs through the same logic, such as Dimoo, Crybaby, Skullpanda, etc. The company continuously seeks and signs artists, fully exploring the possibilities of IP to maximize the brand effect, and ultimately forming an artistic supply chain.

3. Immersive Retail Experience

After successfully creating an IP, POP MART needs to further consider providing consumers with better experience, thereby establishing a good brand image. A good experience can bring customers a personalized experience from multiple dimensions. The following analysis focuses on the four dimensions derived from the theory of the experience economy, and focuses on the IP-themed exhibitions and theme park POPLAND. Firstly, as POP MART conducts multi-project development for existing IP, in June 2024, they held a nearly 1,000 square meter IP immersion themed exhibition in Shanghai, featuring another famous IP, Skullpanda, which was simultaneously launched with a blind box of the same series [13]. Offline immersive exhibitions can mainly achieve this through the layout of the exhibition venue, allowing the audience to passively and immersively experience the artistic style of the artist in this IP character's display. Skullpanda's 'The Sound' themed exhibition has four main sections, each displaying a theme that corresponds to a different concept in the sound series. The first section uses light pillars and a sensor system to produce different changes in response to the audience's movements, the second section uses eight Skullpanda images and sound effects to let the audience feel the flow of different emotions, and the third section uses echo equipment to let the audience feel the resonance

of their inner self. The final section is designed as a concept retail shop selling merchandise related to the concept of the series [13]. Combining the four dimensions, the first three sections provide an immersive and interactive experience for the audience and allow them to understand the artistic concepts that the sound series is trying to express, the exhibition fulfils the three dimensions of education, entertainment and aesthetic experience. The audience not only understood the artist's concept of character design, but also interacted personally with the meticulously crafted exhibition elements. Besides the exhibition, POP LAND is also another innovative experience project by POP MART to enhance the pop culture of a designer toy brand. POP LAND initially consisted of three main areas, POP Street, LABUBU Adventure Forest and MOLLY's Castle, with each area designed around a specific IP character. The theme park is a combination of many dimensions of experience, with beautiful displays and character statues in every corner of the pop street, LABUBU Adventure Forest creating a fairytale setting with playground and rides, featuring themed dining areas and storytelling tours are also available in MOLLY's Castle [14]. Analyzing from the experience dimension, POP LAND provides an escapist experience that allows visitors to immerse themselves in the storytelling environments of different IP characters. In the process of exploring and feeling the story of the characters, it achieves an educational effect. Lastly, visitors can also experience the combination of entertainment and aesthetic design by travelling through different theme parks and rides.

From these two projects, it can be seen that POP MART not only focuses on developing its IP but also attaches great importance to providing consumers with various services, thereby enhancing the brand's market share and influence, and enabling consumers to think of POP MART in different situations.

4. UGC Production in Digital Communities and Brand Cultural Accumulation

With social media covering a huge amount of daily life content, and consumers accessing information in a variety of ways, POP MART is expanding its brand awareness through increased exposure to various forms of media, including digital community building through social media, which has become a major approach. Relevant studies have shown that participating in brand community activities on social networks can significantly enhance purchasing behaviour, and UGC influences consumers' purchasing decisions through embedded information and persuasive effects [15]. POP MART is primarily a retailer, therefore, creating an exclusive online brand community

becomes an important platform for consumers to communicate before and after completing a purchase, and more directly create exclusive communities dedicated to different IPs, helping the company to understand consumer feedback and needs more effectively. At the same time, the company also looks for influencers to collaborate with, as they are online content creators with strong interactivity, impact and trend-setting qualities [15]. This approach promotes word-of-mouth among young people and corresponds to the brand's target demographic, and this collaboration also allows for more effective promotion and implementation of the brand's other types of marketing campaigns. Through social media, the general consumer can also create new stories that belong to them and the IP characters by filming unboxing videos, character pictures and creating secondary creation illustrations.

POP MART actively encourages consumers and fans to participate in brand creation, thereby bringing brand collaboration opportunities across various industries. Crowdsourcing is a common form of co-creation, referring to the use of the general public to solve problems, develop products, or improve the consumer experience [10]. Many consumers will make 'baby clothes for the character they got from blind boxes, combining their personal taste with the character's own image to come up with many innovative designs. By sharing these designs in the community through social platforms, they create more user-generated content and generate word-of-mouth. In addition, POP MART looks for different cross-border collaboration opportunities to incorporate the online community's creativity into brand co-branding. For example, in the collaboration with China's leading coffee brand Luckin Coffee, Labubu's image has been featured in several different ways with the coffee shop, such as in the interior decorations of the shop, on the packaging bags and the cups [16]. By integrating these online digital marketing methods, POP MART's overall marketing strategy mainly employs Marketer-Generated Content (MGC) as the official narrative, playing the role of a curator to release information related to brand IP, such as new product launches and exhibition planning. It then uses UGC to fill in the life-oriented content of consumers and fans, emphasizing emotional value and daily sharing. By combining two different content chains, it has built an exclusive brand culture accumulation.

5. Suggestion

The three main elements analyzed above lead to the conclusion that POP MART has developed an exclusive marketing path through an incremental strategy of IP development - immersive sales experience - brand community. On the IP end, POP MART is constantly signing artists for IP cultivation, laying the foundation of the brand's image

in consumers' minds through different characters, and expanding the potential customer base that the brand can reach out to. Then, through the planning of offline exhibitions and theme parks to provide consumers with a more special experience, the product has transitioned from the sale of blind box figures into a more interactive experience economy. The IP's offline exhibitions can show the character's backstory and source of inspiration in detail, expanding the fans' understanding of the character. Theme parks provide immersive rides, an up-close and personal experience of the character's charm and allow interaction with it. Having background and dioramas not only conveys the story of the toys but triggers the consumers' hearts [17]. Finally, through the official delegation of authority, it promotes consumer participation and creation, shortens the distance between the brand and consumers, and enhances the sense of belonging and affinity within the brand community. POP MART then achieved the mutual reinforcement of these three aspects through a long-term cumulative process, and finally formed a value loop from creativity, experience, to word-of-mouth.

POP MART was founded 15 years ago and has established a mature system and value loop in the course of the brand's development. In the 2024 Corporate Annual Report, the Group's IP-based business ecosystem is maturing as POP MART restructures the Group's business units into consumer products, services and experiences, and digital entertainment [6]. Since POP MART is a company centred on IP operation and creative design, the first challenge it will face in its future development is to avoid IP homogenization and continuously incubate original IPs. With the highly commercialized development of leading IP images, consumers will experience aesthetic fatigue, thereby reducing their attention to the brand. In this situation, companies can draw on the contest format of crowdsourcing and hold customer creativity competitions, which provide brands with opportunities to access a global talent pool that is not limited by region [10]. POP MART can utilize creative competitions as a model for discovering emerging artists, attracting people to participate in second creation and IP innovation design, and combining this with the company's internal discovery of potential pop artists to build an original IP pipeline.

The annual report also states that in 2024, Popmart actively promoted the expansion of its overseas business, and the proportion of overseas revenue increased from 16.9% in 2023 to 38.9% [6]. The data of the company's sales is certainly impressive, but the regulatory system for blind boxes in overseas markets is different from that of mainland China, and the company should make the relevant business expansion layout after careful legal consultation. Although the randomness of a blind box is similar to that of a loot box in a video game, the items in a physical blind box have a corresponding cash value and can be sold free-

ly, thus making blind boxes gambling in the Netherlands and the United Kingdom [18]. In response, the company can implement probability transparency in accordance with the regulations of the overseas market, actively disclose information such as the probability of hidden items and the average cost of opening the boxes. It can also offer a dual-line product sales model of clear boxes and blind boxes. Overall, in order to maintain growth in the future, Pop Mart must not only break the risk of homogeneity by continuously incubating original IPs, but also proactively address the regulatory challenges of the overseas market regarding the gambling nature of blind boxes.

6. Conclusion

To summarize, this article introduces POP MART's closed value chain from three aspects: IP development, immersive retail experience and online community building. IP development brings original characters and their backstories to the brand, offline exhibitions and theme parks transform the product into a more emotionally rewarding and interactive experience, and then, the brand's word-of-mouth spreads by stimulating the online community and user-generated content. These three elements become intertwined, creating a positive cycle of content, traffic and revenue.

Moving forward, POP MART should also remain focused on both internal and external aspects. Internally, the company needs to continue incubating differentiated characters and improve the ecosystem of selected artists to prevent IP homogenization and thus reduce market competitiveness. Externally, the company needs to meet the market regulatory system and legal restrictions on blind boxes in different regions overseas and adopt methods such as disclosing the probability for compliance sales. Combining a good supply of creativity and legal vigilance, POP MART will be able to sustain its development in the global designer toy market.

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