Research on the IP Operation Model of Trendy Toy Companies: A Case Study of Pop Mart

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Abstract. This study examines Pop Mart's innovative IP operation model, which has positioned the company as a leader in China's booming trendy toy industry. Driven by shifting consumer values, particularly among Generation Z, who prioritize emotional engagement, self-expression, and community belonging, Pop Mart has redefined toys as cultural symbols through a dual strategy of original IP creation and strategic partnerships. By leveraging data-driven design refinement, scarcity-based blind box marketing, and a community-centric ecosystem, the company transforms niche collectibles into mainstream phenomena. Key to its success is the integration of cross-media storytelling, immersive offline experiences, and localized IPs that resonate with Chinese youth culture. While Pop Mart's model demonstrates strengths in agility and emotional connectivity, challenges such as regulatory risks, IP lifecycle sustainability, and global expansion hurdles remain. The research highlights the importance of balancing creativity with consumer insights, offering insights for industry players navigating the evolving intersection of culture, commerce, and technology.

Keywords: Pop Mart, Intellectual Property (IP), Trendy Toys, Blind Box Marketing, Gen Z Consumption.

1 Introduction

Over the last decade, China's consumer market has been undergoing profound structural changes, propelled by economic modernization, digital transformation, and shifting cultural values. With mainstream consumption ideas changing dramatically, consumption upgrade has become a prominent trend where consumers, especially younger ones, value creativity, emotional resonance, and symbolic meaning over basic functionality [1]. This shift reflects broader societal trends: rising disposable incomes, urbanization, and exposure to globalized media have redefined aspirations, with the youth market embracing experiential consumption, driving more demand for personalized and limited-edition goods that reflect individuality and uniqueness against older generations' focus on practicality [2]. As a result, trendy toys and the creative industry have experienced a flourishing, giving rise to many promising companies such as Pop Mart. In the new consumption environment, rather than merely children's playthings, trendy toys are more regarded as cultural symbols and social media for consumers to gain self-identity and group identity. Social media platforms like TikTok have amplified this

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trend, enabling users to showcase their collections, trade rare items, and form online communities. This digital ecosystem has turned toys into tools for constructing identity, and thus owning such a popular, trendy toy signals membership in subcultures. Based on this, IP is attached with more importance and has become the core of competition among trendy toy companies [3]. Successful trendy toy companies no longer compete solely with product design but on their ability to curate and monetize IPs and their cultural narratives. Thanks to its strong IP competitiveness, today Pop Mart holds a dominant position as Asia's largest trendy toy brand and a key player in the global market.

As a critical part of economic transformation, the creative industry is garnering increasing attention. However, in China, its late start and rapid expansion have left many business models within the sector still evolving and requiring rigorous validation. As a consequence, problems such as underutilization of IP and inaccurate market positioning frequently arise. Given the immaturities in the trendy toy industry, this research is aimed at analyzing and clarifying Pop Mart's IP operation model, comparing its strategies with other trendy toy brands to identify similarities and differences. It seeks to uncover Pop Mart's unique advantages within this model to decode its huge market success. By examining how the company transforms IPs into cultural symbols and social capital, the research provides actionable insights for Pop Mart to sustain competitiveness and offers a reference for industry peers to refine IP strategies. Ultimately, the study contributes to understanding the role of IP innovation in driving growth within China's evolving creative economy.

2 The Current Situation and Trends of the Trendy Toy Industry

2.1 Status of the Industry

According to the 2023 Research Report on Pop Toy Industries by the National Academy of Economic Strategy, Chinese Academy of Social Sciences (CASS), the pop toy market has shown significant growth and promising prospects in recent years. In 2022, the global pop toy market reached ¥181.9 billion, and it is projected to grow to ¥465.2 billion by 2028, with a compound annual growth rate (CAGR) of 16.94%.

In China, the retail market size for pop toys expanded from ¥6.3 billion in 2015 to ¥34.5 billion in 2021, achieving a CAGR of 34% between 2017 and 2021. With rising popularity, China's pop toy market still has substantial growth potential. It is expected to maintain a CAGR of 24% from 2022 to 2026, reaching a retail value of ¥1101 billion by 2026 [2].

2.2 Main Consumer Group

The rise of a new industry often reflects shifts in demand. Behind the prosperity of trendy toy industry lies the emergence of an entirely new consumer group. As the primary consumer group for trendy toys, Generation Z (born after 1995) serves as the main force driving the popularity of trendy toys. Raised in the digital age, this generation prioritizes values such as innovation, uniqueness, and community belonging, which are amplified by social media and virtual interactions [1]. These ideas shared by Gen Z match perfectly with the world of trendy toys. For them, buying items like Pop Mart's blind boxes or limited-edition toys isn't just shopping but a way to show who they are and feel part of a group, whether it's anime fans or art lovers.

Gen Z loves excitement and novelty. They enjoy the “game-like” experience of unboxing mystery toys or hunting for rare IP collaborations, like how they interact with apps and social media. Brands use strategies like “limited releases” or “surprise drops” to keep them interested. At the same time, Gen Z cares about eco-friendly practices and honest branding, pushing companies to be creative while also being responsible.

For trendy toy brands, success now depends on creating unique IP products and blending fun experiences with social sharing. Gen Z expects interactive features, like toys linked to apps or live-stream shopping events, which mix online and offline worlds [4]. By understanding what motivates Gen Z, brands can stay relevant in this fast-changing market.

3 Analysis of Pop Mart's IP Operation Model

3.1 Acquisition of IP

Pop Mart adopts a dual IP strategy. On one hand, it partners with globally recognized IPs like Harry Potter, Disney, and Sanrio to launch co-branded products. On the other hand, it focuses on creating original characters such as Molly and DIMOO, building its IP portfolio. Unlike companies that primarily rely on licensed IPs (e.g., Miniso), Pop Mart prioritizes developing original IPs as its core competitive edge.

To secure low-cost, high-potential IPs, Pop Mart directly collaborates with external artists through exclusive long-term contracts. For example, it signed Hong Kong-based designer Kenny Wong in 2016 to co-create Molly, a character with no predefined backstory, allowing consumers to project their own emotions onto it [5]. This approach minimizes upfront costs while ensuring artistic uniqueness. Pop Mart typically offers artists a share of sales revenue instead of high licensing fees, incentivizing joint success.

3.2 Development of IP

To develop an influential IP, Pop Mart actively seeks out rising artists through design competitions and social media platforms like Instagram. Once identified, these creative designs are rapidly transformed into 3D prototypes within weeks and tested through limited blind box releases to gauge consumer interest. The company then uses real-time data from its app, such as wishlist clicks and resale prices on secondary markets, to refine designs and prioritize popular features. For example, after noticing high demand for Molly's expressive eyes in early releases, Pop Mart expanded variations of this trait in later series. Through this testing process, Pop Mart ultimately selects the IP characters that best meet market demands and show the most potential. The company then invests substantial funds to mass-produce related products and promote the IP. At this stage, the initial development of the IP is complete, and it is officially introduced to the broader market.

3.3 Promotion of IP

Pop Mart's IP promotion strategy relies on a well-planned mix of excitement, limited availability, and community interaction, turning unique toy designs into cultural symbols. The company starts by creating anticipation through social media campaigns on platforms like TikTok and Little Red Book [6]. For example, before launching its DIMOO series in 2023, Pop Mart shared short animated clips and AR filters on TikTok, which gathered over 50 million views and sparked widespread interest. The brand also works with popular influencers who host live unboxing sessions, making product launches feel like major events.

A key part of this strategy is the use of blind boxes, which play on the idea of scarcity and game-like excitement [7]. By releasing limited-edition toys with rare “hidden” figures, Pop Mart taps into young consumers' fear of missing out, encouraging them to buy repeatedly to collect exclusive items [8]. Quick sales on platforms like Tmall add to the urgency. For instance, the Molly 15th Anniversary series sold out in just two minutes.

The promotion process smoothly connects online and offline experiences. Before launch, Pop Mart uses data from its app to target users most likely to engage, showing them personalized ads. When products are released, they appear everywhere at once—in physical stores, vending machines, and online shops. Livestream events on Taobao Live add real-time interaction, with hosts unboxing toys while viewers watch and chat [9]. After the launch, Pop Mart keeps the excitement alive by encouraging fans to share their unboxing videos using hashtags like Pop Mart Magic. The resale market on platforms like Xianyu also helps Pop Mart track which IPs are popular, guiding future designs.

Beyond toys, Pop Mart turns its IPs into lifestyle brands. Successful characters like Molly expand into animations, mobile games, and even makeup collaborations with companies like L'Oréal, making these characters part of fans' everyday lives. Offline events, such as the Molly “Journey to the West” exhibition in Shanghai, attract huge crowds, mixing art, shopping, and fan culture. Partnerships with luxury brands like Ferrari and cultural institutions like the Forbidden City further position Pop Mart's IPs at the crossroads of pop culture and art.

3.4 Monetization of IP

As previously mentioned, blind boxes are a crucial component of Pop Mart's marketing strategy. And they also serve as the company's primary source of revenue, accounting for over 50% of its total income. Each blind box, priced between ¥59 and ¥99, contains a random collectible figure, with rare “hidden” versions appearing in only 1 out of 144 boxes. This gamified shopping experience drives repeat purchases, as fans buy multiple boxes to complete sets or chase exclusives [9]. Table 1 shows he Pop Mart's revenue composition.

Table 1. Pop Mart's revenue composition

	For the year ended 31 December 2024	For the year ended 31 December 2023

	Revenue RMB'000	Proportion of revenue	Revenue RMB'000	Proportion of revenue	Increase
Figure toys	6,936,087	53.2%	4,793,872	76.1%	44.7%
Plush	2,832,078	21.7%	203,888	3.2%	1,289.0%
MEGA	1,683,780	12.9%	684,275	10.9%	146.1%
Other IP-related products and others	1,585,804	12.2%	618,967	9.8%	156.2%
Total	13,037,749	100.0%	6,301,002	100%	106.9%

Data source: Pop Mart Annual Report 2024

Beyond blind boxes, Pop Mart monetizes its IP through multi-channel distribution and licensing partnerships. The company operates over 500 physical stores and 2,000 vending machines in high-traffic areas, ensuring brand visibility and direct consumer access. Online platforms like Tmall and its app further expand reach, while live-stream shopping events on Taobao create real-time engagement. Pop Mart also collaborates with global brands such as L'Oréal and Ferrari to launch premium co-branded products. Licensing deals with third-party manufacturers, such as jewelry brands like Chow Tai Fook, add another revenue layer, with Pop Mart earning royalties on licensed merchandise. This co-branding strategy has also generated substantial revenue for the company. For example, according to L'Oréal China Sales Report, The L'Oréal×SKULLPANDA makeup collection launched at ¥399 per unit, selling out 100,000 units within one minute of release, achieving ¥50 million in first-month sales.

A key differentiator lies in Pop Mart's community-driven ecosystem. With over 20 million registered app users, the company fosters a loyal fanbase that makes great contributions its sales. Members not only buy products but also participate in design polls, trade collectibles on secondary platforms like Xianyu, and share unboxing videos on social media. This user-generated content amplifies brand visibility and creates a self-sustaining loop: rare figures reselling for 10 to 50 times their original price fuel hype, which in turn drives primary market demand.

Compared to traditional toy companies like Lego, which rely on functional appeal, Pop Mart's success hinges on emotional value, transforming toys into cultural symbols. While Lego depends heavily on licensed movie IPs, Pop Mart focuses on original characters like Molly and DIMOO, which resonate deeply with Chinese youth culture. This strategy allows Pop Mart to achieve higher profit margins and faster IP iteration.

4 Advantages

Pop Mart's dominance in the trendy toy industry stems from its ability to blend creativity, cultural relevance, and consumer psychology into a cohesive IP operation framework. This integration fuels Pop Mart's core competitive advantages such as unparalleled pricing power, obsessive customer retention, and self-reinforcing ecosystem growth, which has solidified a definitive foundation for its massive success. Unlike competitors that heavily depend on licensed intellectual properties, Pop Mart prioritizes cultivating original characters while strategically leveraging external collaborations. This dual approach ensures a balanced portfolio that appeals to diverse consumer segments. By partnering with artists directly through revenue-sharing agreements, the company minimizes upfront costs while fostering long-term creative relationships. For instance, its collaboration with emerging designers through initiatives like the Pop Design Awards allows it to tap into fresh talent and experimental aesthetics, ensuring a steady pipeline of innovative IPs. This model not only reduces reliance on expensive licensing deals but also positions Pop Mart as a cultural curator, aligning its products with the evolving tastes of Gen Z.

A critical strength lies in Pop Mart's data-driven agility. The company integrates real-time consumer feedback from its app and secondary markets like Xianyu to refine IP designs and marketing tactics. For example, subtle adjustments to character expressions or color schemes are often based on user voting trends, creating a sense of co-creation that strengthens emotional bonds with fans [10]. This data-driven agility dynamically synergizes with Pop Mart's core strengths in creativity and cultural resonance, creating a self-optimizing ecosystem. Real-time consumer insights directly fuel iterative innovation while preserving artistic integrity. Simultaneously, psychological triggers identified through purchase patterns inform culturally grounded color schemes, transforming raw creativity into commercially viable IP expressions. This closed-loop integration of analytics and artistry not only accelerates trend adoption but also elevates cultural relevance from intuition to science, ultimately propelling Pop Mart beyond product creation into trend orchestration. Such a iterative process transforms IP development from a static, top-down endeavor into a dynamic dialogue with consumers, ensuring that products resonate deeply with market demands. Moreover, Pop Mart's mastery of scarcity and gamification, through limited editions and blind boxes, taps into universal psychological triggers like curiosity and collectibility, transcending cultural boundaries. While competitors like Funko focus on mass-producing licensed figures, Pop Mart's emphasis on rarity and exclusivity elevates its products from mere toys to coveted cultural artifacts [11].

Another distinct advantage is Pop Mart's ecosystem-driven approach. Beyond physical products, the company extends IP value through cross-media storytelling and immersive experiences. Animated shorts, mobile games, and themed exhibitions, such as Molly's Space Journey, deepen narrative engagement, turning casual buyers into devoted fans. Collaborations with luxury brands and cultural institutions further blur the lines between pop culture and high art, enhancing IP prestige. This multidimensional strategy not only diversifies revenue streams but also insulates Pop Mart from market saturation, as IPs evolve into lifestyle brands rather than transient trends.

Finally, Pop Mart's localized innovation sets it apart in global expansion efforts. While Western brands often struggle to adapt IPs to Asian markets, Pop Mart's original characters like DIMOO, which are infused with Chinese mythological motifs, resonate organically with domestic audiences. Simultaneously, its partnerships with global retailers demonstrate an ability to balance cultural specificity with universal appeal. By treating IPs as fluid, adaptive assets rather than fixed products, Pop Mart sustains relevance in a rapidly shifting creative economy, proving that emotional connection, not just functionality, drives lasting success.

5 Conclusion

Pop Mart's rise as a leader in the trendy toy industry underscores the transformative power of blending creativity, cultural insight, and consumer psychology. By prioritizing original IP development alongside strategic partnerships, the company has redefined toys as cultural symbols that resonate deeply with Gen Z's desire for self-expression and community belonging. Its data-driven approach—leveraging real-time feedback to refine designs and marketing—ensures agility in a fast-paced market, while the innovative use of blind boxes and scarcity tactics taps into universal emotional triggers. Beyond products, Pop Mart's ecosystem-driven strategy, spanning animations, games, and immersive exhibitions, transforms IPs into lifestyle brands, fostering lasting emotional connections. This model not only differentiates Pop Mart from traditional toy companies but also positions it as a pioneer in the experience-driven creative economy.

Looking ahead, Pop Mart must address several challenges to sustain its growth. First, over-reliance on blind boxes exposes the company to regulatory risks, particularly as governments scrutinize gamified sales practices. Diversifying revenue streams, such as expanding subscription services or interactive digital experiences, could mitigate this vulnerability. Second, while original IPs like DIMOO thrive domestically, global expansion requires deeper cultural adaptation. Collaborating with local artists and storytellers in target markets, rather than merely exporting existing IPs, may enhance international appeal. Third, the short lifecycle of IPs demands continuous innovation. Investing in richer narrative-building, such as serialized animations or immersive AR/VR stories, could extend IP relevance beyond physical toys. Additionally, sustainability remains a critical gap. As Gen Z increasingly values eco-conscious brands, Pop Mart should adopt greener materials, reduce packaging waste, and promote recycling programs to align with consumer expectations. Finally, balancing data-driven decisions with artistic integrity is crucial. Over-optimizing designs based on trends risks homogenizing creativity; maintaining a pipeline for experimental, niche IPs could preserve brand authenticity. By addressing these areas, Pop Mart can solidify its role not just as a toy company but as a cultural innovator shaping the future of global entertainment and lifestyle consumption.

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