

# Blind Box Market Prospect Research—Taking POPMART as an Example

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**Abstract:** In recent years, Blind Box have been treated by many as an important part of trendy culture, and the Blind Box economy has become a new economic trend among young people in Generation Z. How to enhance consumers' willingness to buy is especially important for the sustainable development of the Blind Box market. Therefore, this paper takes POPMART as an example, and use Logistic regression to explore the interactive effects of different factors on consumers' purchase intention from the consumers' perspective. It provides relevant references for the related trendy play enterprises in order to promote the sustainable improvement and development of the industry.

**Keywords:** Blind Box Economy; Willingness to Buy; Market Prospect; POPMART; Sustainability

## 1. Introduction

According to relevant reports, China's trendy toys are developing rapidly, with the market size growing from 6.3 billion yuan in 2015 to 29.48 billion yuan in 2020, with a CAGR as high as 36 per cent, and the market size is expected to exceed 110 billion yuan in 2030, so the trendy toys market has a great prospect for development.

Many trendy toy companies have begun to enter overseas markets, and some Chinese designs have gained popularity among overseas consumers, showing strong innovative vitality and cultural influence. Since 2018, POPMART has entered 23 countries and regions around the world, opened several robot shops with offline shops, and its overseas revenue has increased from RMB 174.2 million in 2020 to RMB 137.4 million in 2021, an increase of 85.2 percent. Trendy toys are no longer a hobby for a small number of people, but have risen to become a spiritual consumption and cultural phenomenon that is spreading overseas. However, in the wake of the COVID19 epidemic, the Blind Box economy is facing a decline, and consumer enthusiasm for Blind Box is gradually cooling down. POPMART released its financial results, which showed that overall revenues in the third quarter of 2022 declined by 5-10% year-on-year compared to the third quarter of 2021, with revenues in Chinese Mainland declining by 10-15% year-on-year<sup>[1]</sup>. Meanwhile, the changes in the Baidu search index are also worrying, and the Blind Box category has become unstable in its position as the highest heat compared to other trendy toys, showing a clear decline.

Based on this, this paper through the study of consumer spending preferences, targeting to provide reasonable marketing advice, so as to provide relevant references for the relevant trendy toy enterprises, in order to promote the continuous improvement and development of the industry.

## 2. Current State of the Blind Box Market

Generation Z (people born between 1995 and 2009), as the main purchasing force of trendy games, is influenced by its social and family environment and has a unique personality; it grew up in an era of relative economic affluence and high technological advancement, and focuses on "flexibility" and individuality, and tends to be self-satisfied<sup>[2]</sup>. It can be seen that for this group of consumers, the purpose and trend of consumption has gradually shifted from practical material consumption to spiritual and cultural consumption<sup>[3]</sup>. Based on Schmitt's experience theory and utility theory, the consumption experience of Blind Box can positively influence consumers' repurchase intention, and there is an inverted U-shaped relationship between the cumulative number of Blind Box purchases and consumers' repurchase intention<sup>[4]</sup>.

### 3. Analysis of Factors Influencing Consumers' Willingness to Purchase Blind Box

#### 3.1. Determine the Model

In order to study the factors affecting consumers' willingness to buy Blind Box and to provide effective suggestions for the development of the Blind Box market, a regression model is constructed. In order to facilitate the analysis, this paper assigns values to the dependent variable shown in the table 1 below: "very likely" indicates a strong willingness to buy, assigned a value of 3; "hesitant" indicates that the respondents may have a certain willingness to buy, but the first price, quality and other aspects of the impact of the first choice to wait and see, value of 2; "unlikely" indicates a lower willingness to buy, assigned a value of 1.

Table 1: Variable Definition

Variable	Definition	Range	Mean	Standard Deviation
Willingness to buy	1=unlikely 2=hesitant 3=very likely	1-3	2.26	0.755
Cost of living/wages	1= "1000-3000" yuan 2= "3000-5000" yuan 3= "5000-10000" yuan 4= more than "10000" yuan	1-4	2.13	1.057
Level of knowledge of Blind Box	1=not at all 2=not really 3=heard about 4=better known 5=familiar	1-5	3.54	1.060
Styling	1= very low importance 2=lower importance 3=general importance 4=higher importance 5=great importance	1-5	3.53	0.993
Feeling quality		1-5	3.39	1.156
Collector's value		1-5	3.42	1.160
Price		1-5	3.42	1.208
practicality		1-5	3.42	1.170
The novelty of consuming Blind Box	1=strongly disagree 2=disagree 3=neutrality 4=agree 5=strongly agree	1-5	3.78	1.083
Emotional value provided by the process of opening a Blind Box		1-5	3.56	1.250
Stress can be relieved during the opening process		1-5	3.56	1.226
Blind Box can bring happiness		1-5	3.61	1.230
Budget on Blind Box	1= "0-200" yuan 2= "200-500" yuan 3= "500-1000" yuan 4=more than "1000" yuan	1-4	1.91	0.915
Thoughts on Hidden / Anniversary / Collector's / Limited Edition Blind Box	1=not interested 2=hard to say 3=deep commitment	1-3	2.27	0.644
Acceptable price range	1= "0-50" yuan 2= "51-100" yuan 3= "100-200" yuan 4=more than "200" yuan	1-4	1.82	0.883

#### 3.2. Logistic Regression Result

This paper analyses the effect of the above variables on consumers' willingness to buy Blind Box

using ordered logistic regression in SPSS 26.0 and the regression results are shown in the table 2 below. The significance of the parallel line test is 0.083, which is greater than 0.05, indicating that it passes the parallel line test.

Table 2: Logistic Regression Result

Variable	Estimate	Standard Error	OR Value	Significance
Cost of living/salary	0.053	0.066	1.054	0.418
Knowledge of Blind Box	0.227	0.066	1.255	***
Styling	0.037	0.126	1.038	0.768
Feeling quality	0.008	0.080	1.008	0.919
Collector's value	-0.036	0.075	0.965	0.626
Price	0.098	0.073	1.103	0.179
Practicality	0.012	0.072	1.012	0.868
The novelty of consuming Blind Box	0.246	0.118	1.279	**
Provides emotional value when opening a Blind Box	0.047	0.071	1.048	*
Stress relief in the process of opening Blind Box	0.007	0.075	1.007	0.924
Blind Box can bring happiness	-0.152	0.077	0.859	**
Budget on Blind Box	0.174	0.083	1.190	**
Opinion on hidden/anniversary/collector's/limited edition Blind Box	0.242	0.109	1.274	**
Acceptable price range	0.034	0.084	1.035	0.683

Note: \*, \*\*, \*\*\* indicate significant at the 10 percent, 5 percent and 1 percent levels, respectively.

### 3.3. Result Analysis

#### 3.3.1. Degree of knowledge about Blind Box

Knowledge of Blind Box has a significant effect on consumers' willingness to buy Blind Box, which suggests that as consumers' knowledge of the brand, culture and background of Blind Box increases, their willingness to buy Blind Box also increases. The reason for this phenomenon may be that when consumers' knowledge of Blind Box changes from not heard of it or not well known to known, they may want to try Blind Box products out of curiosity or herd mentality; secondly, when consumers' knowledge of Blind Box further changes to better or very well known, they may be deeply attracted by the culture of Blind Box and become a loyal user of Blind Box, thus they may want to collect more Blind Box artefact. Therefore, consumers' willingness to buy will increase as their understanding of the Blind Box increases.

#### 3.3.2. Novelty to the consumption form of Blind Box

The novelty of the consumption form of the Blind Box has a significant effect on the consumers' willingness to buy the Blind Box, i.e. the more novelty the consumers feel about the consumption form of the Blind Box, the more their willingness to buy the Blind Box products will be increased. Blind Box sales format that cannot know the specific product style before consumers open the box, attracting a batch of consumers to chase and purchase. Many consumers buy Blind Box out of curiosity or to try their luck when they first see a Blind Box or watch a short video about Blind Box. At the same time, Blind Box brands continue to launch new designs every year, co-brand with more IPs, and broaden sales channels such as opening Blind Box machines online, which can arouse the curiosity of more consumers and increase their willingness to buy.

#### 3.3.3. The process of opening Blind Box can provide value emotions

Most consumers believe that the experience of opening Blind Box is the excitement and thrill of the moment of opening, and the thrill of this uncertainty is easy to get addicted after the first purchase. Therefore, the more consumers believe that the process of opening a Blind Box provides them with an emotion of value, the higher their willingness to buy the box. And no matter whether it is the ecstasy of drawing the style they want or the frustration of not drawing it that is provided, it will make consumers look forward to the next time they can keep their good luck or good fortune, so they will buy more Blind Box products without realizing it.

### **3.3.4. *Blind Box handicrafts can bring happiness***

Different from the value emotion in the previous item, this factor refers to the consumers' belief that purchasing Blind Box products can bring them happiness before purchasing them. Meanwhile, the regression coefficient of this factor is negative, which means that the more consumers believe that buying Blind Box can bring them happiness, the lower their willingness to buy Blind Box. The reason for this may be that due to the uncertainty of the Blind Box product, in most cases consumers are not able to get their favorite one at first, which not only fails to bring the expected excitement, but also makes many consumers regret it after the three-minute rush has worn off. Therefore, out of reason, consumers with this concept will gradually inhibit their willingness to buy Blind Box.

### **3.3.5. *Budget on Blind Box***

The more consumers are prepared to spend on the Blind Box, the more they accept the price of the Blind Box and the fact that they can't get their favorite style in a few draws, and therefore the more willing they are to buy the Blind Box.

### **3.3.6. *Opinions on hidden/anniversary/collection/limited edition Blind Box***

As these styles are more rare than ordinary styles, the higher the number of draws consumers expect to win. Consumers who are more enthusiastic about hidden models and other rare models are also more inclined to buy more or even directly take a whole box of Blind Box to increase their probability of winning the rare models, so the more enthusiastic consumers are about hidden/ anniversary/ collector's/ limited edition Blind Box, the stronger their willingness to buy Blind Box will also be.

## **4. Marketing Strategy Optimization Recommendations**

### **4.1. *Promote the membership system and set up corresponding discounts***

Implementation of holiday discount system. On the premise of the traditional membership points system, the use of holidays consumers' strong desire to shop and the characteristics of the mall's high traffic flow for the implementation of holiday gifts and discount system. So as to attract consumers to participate in the blind box consumption, and for this system to generate a certain interest in the subsequent repurchase. At the same time, the system can be used to promote vigorously, to attract more potential consumers to join the Blind Box market.

### **4.2. *Establishing association and providing official communication platforms***

Establishing a Blind Box community for consumers, where they can exchange, trade and buy blind box products. Through the cohesion of the brand itself to build a platform for consumers to communicate, and then provide consumers with a social channel, in the circle can also have the same hobby with consumers to make friends, liaison. The second-hand market operates under the supervision of the enterprise, which not only ensures the market order but also provides a channel for consumers to purchase their favorite goods.

### **4.3. *Increase publicity to tap potential consumers***

Innovative advertising to increase coverage and publicity. At present, POPMART's publicity is not very high, mainly to friends and family news exchange and social media publicity, the follow-up can increase shop publicity, such as metro and bus advertising, mall posters, and offline shops to issue brochures and other means of in-depth brand publicity, expanding gender and age coverage, thereby increasing the number of consumer groups, to achieve the purpose of increasing brand revenue.

## **5. Conclusions**

Taking POPMART as an example, this paper analyses the psychological and behavioral characteristics of consumers and the marketing strategy of POPMART under the Blind Box economy, and provides some suggestions for the future development of the Blind Box economy. As a leading enterprise in China's trendy play market, POPMART is now facing the challenges of declining gross margins and falling profits. At the same time, with the explosion of the Blind Box also brings some problems. Many consumers, due to their over-reliance and addiction to Blind Box consumption, have

developed some uncontrollable and irrational consumption behaviors, which is not conducive to the physical and mental health of the youth group. In response to this phenomenon, POPMART should strengthen the market supervision of Blind Box products, regulate the capital profit-seeking behavior in the Blind Box market, and ensure the quality of Blind Box products and consumers' service experience. In addition, POPMART should also take the initiative to assume the responsibility of correctly guiding consumers, helping them to establish a correct consumer outlook, improving their sense of well-being and contributing to society. Relevant enterprises could use this paper for reference and realize their sustainable development.

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