

Comparing IP-Driven business and Traditional Consumer goods business- Evaluating the Investment Potential – Using a case study of POP MART

Qichen Peng

Email: 3292939205@qq.com
Unit: Shanghai Concord Bilingual School
Region: Shanghai, China

Abstract:

This study evaluates the investment potential of IP-driven businesses in comparison with traditional consumer goods business with a case study of Pop Mart used. For methodology, a mixed-methods approach is used by combining a questionnaire data from consumers with secondary financial data and literature. Results show consumers rated IP-driven businesses significantly more attractive, blind box mechanism importance acts as the only significant predictor of willingness to pay a premium, and a strong correlation between premium willingness and brand loyalty. These findings support that IP-driven businesses generate more durable pricing power and higher profitability than traditional peers, with Pop Mart's premium valuation defensible under both P/E and income-based IP valuation frameworks, contingent on IP diversification.

Keywords: IP-driven businesses; Emotional consumption; Investment valuation; Pop Mart

1.Introduction

In recent years, IP-driven businesses have become a rapidly growing business model that has been discussed by many investors. It can be defined as "An IP-driven business model is a commercial strategy that leverages intellectual property (IP) assets as the core source of value creation, competitive advantage,

and revenue generation." (IPBA, n.d.). In comparison, IP-driven business differentiates from traditional consumer goods businesses by the value provided. The value given by IP-driven businesses is mainly emotional and for personal fulfillment; the value given by traditional consumer goods businesses is predominantly functional, satisfying the needs of daily use. Therefore, there will possibly emerge different

ways for valuation and evaluating investment potential for each.

According to UNDP, “the global value of Human Development Index (HDI) is projected to reach record highs by 2024” (UNDP, 2025), through rising living standards, people are able to satisfy most of their basic physical needs. Originally highlighted as “At once other (and 'higher') needs emerge and these, rather than physiological hungers, dominate the organism” (Maslow, 1943). As a consequence of people having higher levels of needs, this might lead to more demand for more emotional value as a vital part as their consumptions. For example, in China, market research into consumers shows a prioritization of personal fulfillment on their consumption decisions. (McKinsey, 2025) In response, IP-driven businesses have become more popular. A case in question is Pop Mart. Pop Mart “principally engaged in the product design and development and sale of pop toys”(Pop Mart, 2025, pp.61) , it focuses on IP operations as a key element of their business model, as of the end of 2024, 1,608 copyrights, 1,218 trademarks and 45 patents were owned by the company. (Pop Mart, 2025). It has a strongly developed IP ecosystem which allows it to be as one of the most representative businesses in the IP-driven business industry. The interim report highlights its rapid growth, with a 204.35% growth of revenue in H1 2025, compared to the same period in 2024. It has attracted global capital investment, and the stock price has increased more than 340% in 2024. As a result, Pop Mart has gained significant attention from institutional investors.

Current academic research focuses on how IP-driven emotional consumption can fulfill emotional needs and drive consumers to pay higher prices, how to do valuation for IPs, the governance and risk studies on some negative impacts of products like blind box, and the investment potential for IP-driven business. Current research suggests that IPs provide emotional value which allows IP-driven business to gain excess profit and higher brand loyalty, but still faces risk on unstable growth of over reliance on single IP (which the single IP “The Monster” has contributed 34.7% of its total revenue(Pop Mart, 2025) according to Pop Mart’s 2025 interim report), In addition there is also uncertainty about future regulation for blind boxes. Additionally, there is a clear conflict on the investment potential of Pop Mart, some institutions like Bernstein believe that Pop Mart is highly overvalued(Bernstein, 2025)while institutions like CICC and Morgan Stanley believe that the share of Pop Mart is a good investment asset(Moomoo, 2025).However, current research gaps are shown in the lack of the comparison between new emerging IP-driven and traditional consumer goods businesses on investment asset and the lack of systemic valuation.

This research will address the research gap noted above and include investigation by conducting both primary and

secondary research, and using a case study on Pop Mart. It will compare the IP-driven and traditional consumer goods businesses by analyzing factors influencing the value of an IP-driven business as investment asset that differs from traditional businesses, which will be ended with an overall evaluation on the investment potential of IP-driven businesses like Pop Mart.

2. Literature Review

2.1 Shift in demand toward emotional consumption

Most of the studies and research show that emotional value is becoming the most important part of consumption compared to functional use. As stated in UNDP, the global Human Development Index (HDI) has reached high value of 0.756 in 2023(UNDP, 2025) which shows a general higher standard of living across the world. According to Maslow’s theory ‘Hierarchy of Needs’ when basic needs are met, people will be motivated to seek higher level needs. As well as the higher the HDI, the increase in world GDP per capita from \$5051.3 in 2000 to \$13,631 reported in 2024 (World Bank, n.d.) enables more individuals to satisfy their survival needs and strive for higher levels of need such as emotional needs.

Modern psychological research also considers emotion as a vital influencer of consumer’s acceptance of information. For example, in the context of emotional consumption, consumers value emotional satisfaction and psychological recognition rather than price or quality of product while making purchasing decisions, which additionally highlights the importance of emotional satisfaction and spiritual recognition from the product which exceeds the functional utility.(He et al., 2022). McKinsey’s report on Chinese consumer shows that 23% of the Chinese consumers are increasing consumption on entertainment and culture (McKinsey, 2025), which demonstrates that consumers are shifting to emotional need and personal fulfillment in consumption. However, though the McKinsey report is reputable and reliable, the data is limited in scope and only focuses on China which may limit its representativeness.

2.2 Differences between IP-driven business and traditional consumer goods businesses model.

The Intellectual Property Business Academy (IPBA) describes IP-driven businesses as “a commercial strategy that leverages intellectual property (IP) assets as the core source of value creation” and traditional consumer goods businesses as businesses model that “focused on physical assets or service delivery” (IPBA, n.d.). This shows that these two models are different by the core value created,

which are IP-driven focus on building emotional value on IPs and traditional consumer goods businesses, which rely on the functional use and tangible products to create physical value.

Similarly, the emotional resonance created by IP content is the key difference between IP-driven businesses compared to traditional consumer goods businesses. The research from AltLegal suggests that “intellectual property is a cornerstone of brand identity and growth for blind box brands”(Edem,2025:p1).This suggests that the consumers are purchasing for the emotional value or the story rather than the physical product, providing higher added value to the brand’s product In contrast, traditional consumer goods businesses can only build brand loyalty through high quality products or cheap price which may be challenging or costly to maintain.(Hardiyani, 2025)

In practice, Pop Mart is a representative example for IP-driven businesses when comparing with traditional consumer goods businesses.Traditional consumer goods businesses are competing in terms functional benefits like price and quality of the product, which is completed by methods like cost and supply chain management.(Gemina et al., 2022)On the other hand, Pop Mart set its main business strategy in purchasing, establishing, and developing IPs to make products based on their IP, using storytelling to build emotional connection to consumers to justify the extra price. This allows Pop Mart to gain a higher profitability with a gross profit margin of 66.79% in 2024 (Pop Mart, 2025) according to Pop Mart’s 2024 annual report which is significantly above 25.86% gross profit rate of the average of company in the SSE Consumer 50 index (East Money, n.d.). However, it is important to note that most of the analysis for IP-driven businesses focuses on the successes of leading businesses like Pop Mart, and therefore data may be inaccurate and biased.

2.3 The unique value of IPs and way for IP valuation

The World Bank blog states that “Global investment has shifted toward intangible assets, where the value of Intellectual Property (IP) often surpasses that of tangible assets. Intangible assets now represent nearly USD 80 trillion globally.” (Istukujni and Zhu, 2025, pp.3), this indicates that IP has already become a globally recognized asset. IP provides unique value by embedding emotion and cultural meaning into the products. Research from Huang, reveals that IPs like Labubu creates unique value using four key psychological factors, which are “emotional resonance and value identification, scarcity and uniqueness, social recognition and conformity, and brand effect”, and a behavioral factor of “transforming the traditional consumption model into a more interactive, emotionally charged, and community-driven process.”(Huang,2025,pp.1).

These suggests that IP is providing experience that is hard to replicated by traditional goods, which adds value to the IP-based products and builds strong brand loyalty to IP-driven businesses. However, it should be noted that this research is qualitative and case-study based meaning there is a lack of reliable and objective quantitative data to support it.

Valuation for IP as an asset is a complex process but vital for the evaluation for the real value of IP-driven businesses. Various organizations have provided different explanations for IP valuation approaches and the three main approaches are income, market and cost.The income method is “the most commonly used method for IP valuation,”which is done by discounting the future income generated by the IP into present value (WIPO, n.d., p.5). However, this method relies on the subjective forecast of future cashflow, which may be inaccurate in the quickly changing market (APEC, 2018). The second method is market method which is used by comparing “the actual price paid for the transfer of rights to a similar IP asset” (WIPO, n.d., p.5).The limitation of market method is the lack of comparable data for unique IPs and the difficulty in comparing IPs. Lastly, the cost method calculates “the cost of a similar (or exact) IP asset” (WIPO, n.d., p.5). However, the cost of IP creation may be hard to record and cost method also ignores the future cash flow that may be generated by the IP. The World bank blog states that “under the Basel III framework’s Standardized Approach for Credit Risk, intangible assets, including IP, are not eligible as collateral for reducing credit risk exposures” (World Bank, 2025) This implies that although there is various way of valuation, the method is still underdeveloped.

2.4 Investment Potential

The stock price of Pop Mart has risen over 109% in 2025 with a 396.49% rise in its net profit according to the 2025 interim report of Pop Mart (Pop Mart, 2025). On the investment potential of Pop Mart, a clear conflict still exists between different financial institutions.For example, Bernstein criticizes Pop Mart and states that it is highly overvalued as the over-reliance on single IP(“The Monster”contributing 34.7% of total revenue) making the growth of Pop Mart unsustainable, especially when the fall in second-hand Labubu price highlights a decline of global popularity of Labubu (Bernstein, 2025). However, institutions like CICC and Morgan Stanley believes that Pop Mart is still undervalued. They suggest that the global rise in popularity will be a long-term benefit. This will help Pop Mart in the globalized economy demonstrating high growth potential. The strong IP operations and developing skill is also considered as a reason why Pop Mart may grow in the future (Moomoo, 2025). The difference is mainly caused by different understanding between an-

alysts on the recent growing IP industry, which results in different assumptions regarding the sustainability of future growth. This divergence reflects the uncertainty exist in valuing IP-driven businesses, due to the lack of standardized framework assessing the risk of IP concentration and the long-term loyalty of emotional consumer.

2.5 Research Gap

While the current research identifies the shift to emotional consumption (He et al., 2022; McKinsey, 2025), the unique emotional value of IPs (Huang, 2025), the valuation model of IPs (WIPO, n.d; APEC, 2018) and the different perspectives between financial institutions (Bernstein, 2025; Moomoo, 2025) a clear research gap is shown in the lack of specific and detailed data comparing new emerging IP-driven businesses and traditional consumers good business. The research gaps exist as most of the studies focus on qualitative data and focuses on a narrow range of cases for successful IP-driven mainly. There is a lack in quantitative data and more detail analysis comparing IP-driven businesses with traditional consumer goods businesses to link how IP-driven business can outperform traditional consumer good business in the market. The research gap also emerges in IP valuation processes which is still underdeveloped and not used in the business valuation process, there is also a lack in some other valuation frameworks for businesses. This dissertation will conduct comparative analysis on the two types of business, collecting primary data, using financial data and valuation model both for IPs and businesses to fill the gap and evaluate the investment potential of IP-driven firms.

3. Methodology

3.1 Research Approach

This research uses a comparative analytical approach between IP-driven businesses and traditional consumer goods businesses. A mixed methods design is used in the research analysis by using the quantitative data for financial analysis and data analysis for consumer's perception, as well as using qualitative data to support the the explanation in consumer behavior. A variety of methods will also be used in valuation to evaluate the investment potential of IP -driven businesses. This includes traditional methods like PE valuation and new methods that link to the value of IPs.

The data collected will be a combination of primary data for a survey to consumers with secondary data from academic literature, business and industrial reports, and financial terminals. By these, the study will provide an assessment of the value for the emotional consumption and IP-driven business using Pop Mart as a case study. This

ensures that the results can be both theoretically accurate and practically relevant to the current situation in finance sector.

3.2 Primary Research

3.2.1 Method and Design

For primary research, a questionnaire is designed and published to gather both qualitative and quantitative data on the consumer perception and purchasing motivations. The collection of firsthand data prevents the study from over relying on existing literature and secondary sources. The questionnaire is created on the platform "Questionnaire Star" and distributed through various social media like WeChat to reach wider base of consumer as respondents. This is chosen as it can reach a wide range of data with a low cost and provide standardized data on consumer behavior available for comparison and statistical analysis. Additionally, the anonymously collection will reduce the possibility of response bias.

3.2.2 Questionnaire Design

The questionnaire is designed with a variety of question type to provide detailed data in both qualitative and quantitative. The question in the questionnaire is divided into 5 parts: 1) background information 2) consumption preferences and tendency 3) comparison between IP-driven products and traditional consumer goods 4) Industrial development and value 5) Open ended question. For quantitative data A Likert scale is used in gathering more accurate and detailed data. This requires the respondents rate their level of agreement, in a range from 0-10, about statements related to factors like brand loyalty, attractiveness and emotional resonance. For example, a question "To what extent do you agree that IP-driven goods can better create social value compared to traditional consumer goods?", asked for the view on comparing between IP-driven products with traditional consumer goods on their social value. The open-ended question will be used in collecting qualitative data, which asked for aspects like the reason that they are attracted from an IP-driven product and the factor they believe that is influencing the appeal Pop Mart as an investment aspect.

3.2.3 Sample

For the questionnaire, 103 responses were collected in total. The sample is covering a broad demographic distribution with relatively balance mix of gender and including all age groups. While the sample mainly concentrated on age group of 14-19 and 19-30 which are represented as the major targeted market for IP-driven emotional consumption. The respondents also included a diverse range of income level from student and no income earners to the individual with income over the 30,000 CNY per month.

However, it is not spread to a wide geographical area where the most of sample was concentrated in East China, with mainly urban areas such as Shanghai, Jiangsu, and Zhejiang

3.2.4 Ethical Considerations

The ethical guidelines for academic research were strictly and carefully followed throughout the whole process of research. A clear statement is provided for all the participants in the questionnaire on the purpose of the research and get allowance for the use of data with consent. All the data is collected anonymously and securely stored. The information from the questionnaire will only be used for this dissertation and will not be shared with any third parties.

3.3 Secondary Research

3.3.1 Method

The secondary research in this study includes the review of various of existing literature, corporation and industrial reports and financial data published. Academic literature was found from online platforms such as ResearchGate and Google Scholar. These give knowledge and insight for example, the ways of valuation IPs and some psychological mechanism toward emotional consumption. Financial data is collected from some official financial database including EastMoney and Wind Financial terminal, providing the profitability, PE ratio, ROE and other financial data use in comparison analysis between IP-driven business and traditional consumer goods businesses. Some of the further research sources were found in official website of Stock Exchange like HKEX for some annual report and prospectus, and website of financial institutions for indus-

trial or stock analysis. These will provide both theoretical and case-related practical information enabling the comparison analysis.

3.3.2 Source Evaluation

To ensure the quality and reliability of the sources chosen, all the secondary sources will be evaluated by CRAAP principles before using it. The CRAAP principles evaluate the currency, relevance, authority, accuracy, and purpose of the source. For example, the latest financial report and data is used for currency, the major of the source is from reliable journal or institution which ensure the authority and accuracy. Most of the source have no clear vested interest as purpose but some of the report like the the prospectus from Pop Mart may be having a purpose of attracting more investors which may lead to bias. However, as it is strictly monitored and examined by the Stock Exchange with strong regulation, the source will be still considered as reliable after evaluation.

4. Results

4.1 Sample Characteristics

After data cleaning checks, 103 responses are found to be valid and retained for the data analysis. The age is distributed from under 14 to over 50. Most respondents were aged 19–30. The respondents are mainly male with about 72 %. Respondents were geographically diverse across China. Many respondents were students or reported no income, and only a small number had monthly incomes over ¥30,000. Approximately 38 % identified as knowledgeable investors while 62 % did not.

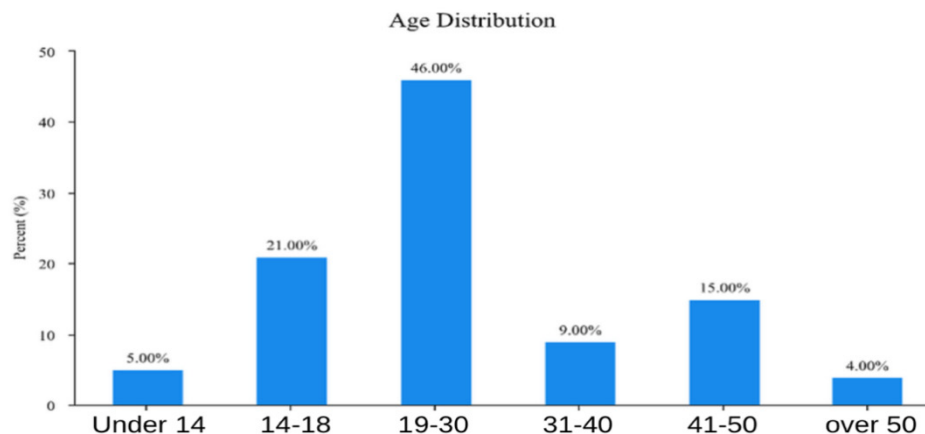


Fig. 1 Age Distribution of Respondents

Note: Bar chart of respondents across six age groups, and 19–30 is the largest age group with 46%

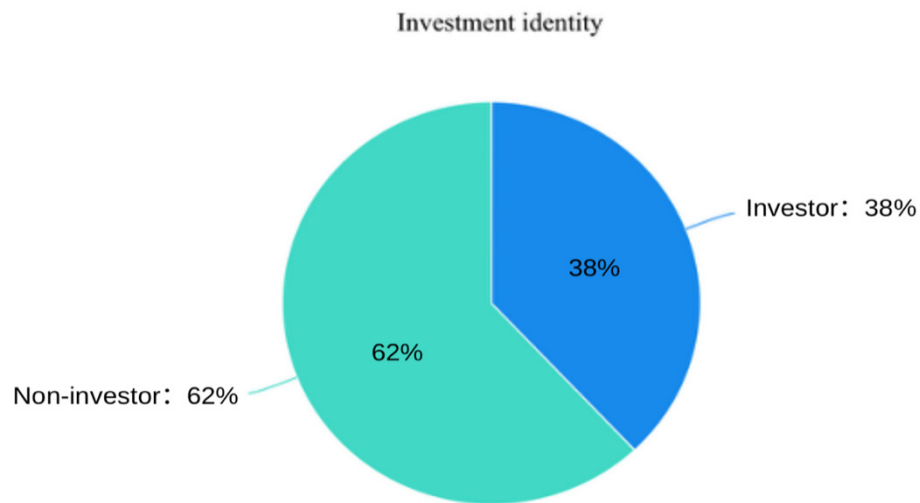


Fig. 2 Investment Identity Distribution

Note: Pie chart showing 38% investors and 62% non-investors

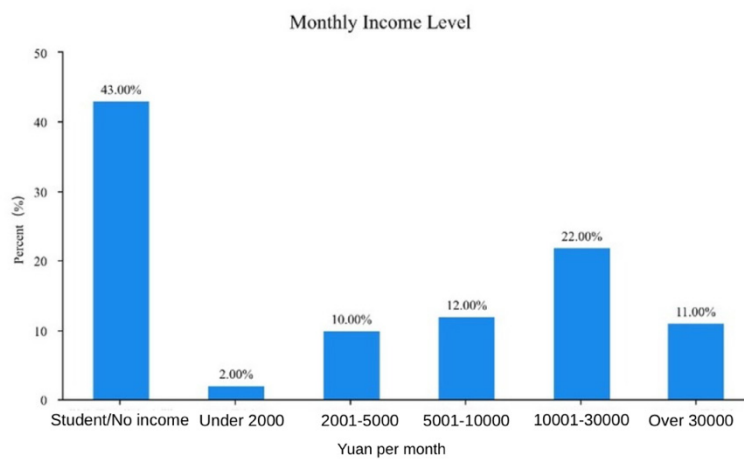


Fig. 3 Monthly Income Level of Respondents

Note: Bar chart across six income brackets, and student/no income is the largest income group with 43%.

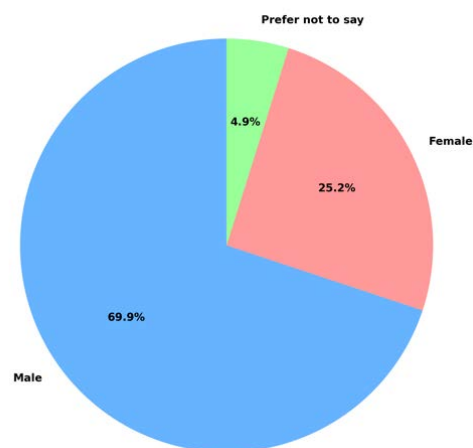


Fig. 4 Gender Distribution of Respondents

Note: Pie chart shows the respondent is 69.9% male, 25.2% female, and 4.9% of them preferred not to say.

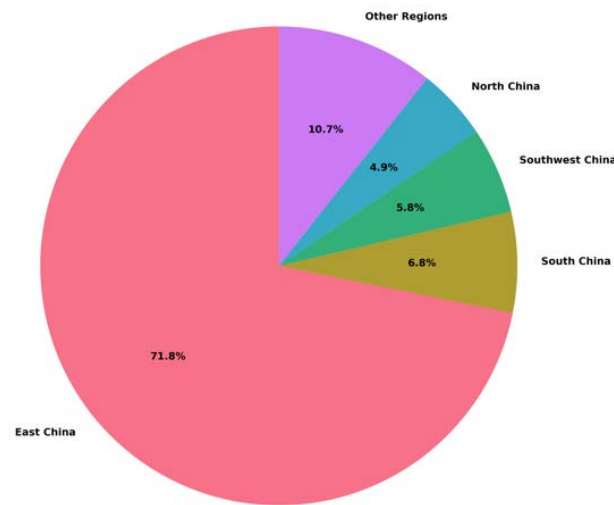


Fig. 5 Geographical Location of Respondents

Note: The Pie chart show that the main majority of 71.8% respondents is located in East China.

4.2 Descriptive Statistics

Descriptive statistics are used to calculate the proportions of emotional consumption, and includes the percentage of, the frequency of purchasing blind boxes or IP products, the importance of the blind-box mechanism and views on whether that IP-driven businesses are more attractive than traditional. Descriptive statistics showed that most

respondents spent less than 10 % of their expenditure on emotional consumption, purchased blind boxes only occasionally, rated the blind-box mechanism as of moderate importance and gave IP-driven businesses a median attractiveness rating of 8 out of 10. This means that most of the consumer do not spend much in emotional spending but still perceives IP-driven product as attractive.

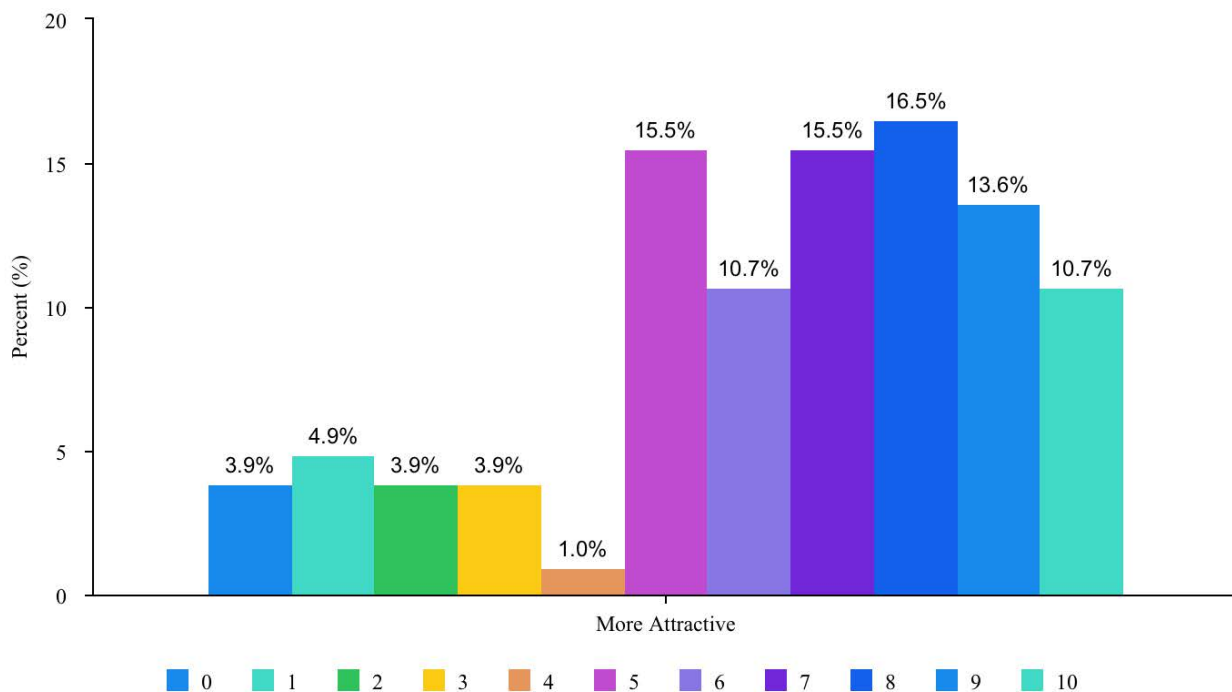


Fig.6 Respondents' Rating of the Attractiveness of IP-Driven Products Compared with

Traditional Consumer Goods

Note: Most respondents rate IP-driven products between 7 and 9, which indicate they perceive IP-driven products as more attractive than traditional consumer goods.

4.3 Hypothesis Testing

4.3.1 H1 – Acceptance of IP-Driven Businesses

A one-sample Wilcoxon signed-rank test is used to analyze if the attractiveness rating of IP-driven product dif-

fered from the neutral benchmark value of 5. The median rating was 8 (IQR = 6–9). The results showed a clear significant difference from the neutral benchmark ($Z = 6.617$, $p < 0.01$). This means that consumers perceive IP-driven products significantly more attractive compared to traditional consumer goods.

Table 1. One-Sample Wilcoxon Signed-Rank Test on IP-driven product's attractiveness

One-sample Wilcoxon						
Item	n	25th Percentile	Median	75th Percentile	z	p Value
More Attractive	103	6.000	8.000	9.000	6.617	0.000**
* $p < 0.05$ ** $p < 0.01$						

Note: Tests whether the median attractiveness rating significantly exceeds the neutral benchmark of 5.

4.3.2 H2 – Emotional Spending and Investment Attitudes

A Kruskal–Wallis H test is used to test differences between emotional consumption groups. A significant difference is found in the purchase frequency ($H = 17.229$, $p = 0.016$), showing that higher emotional spending will

be associated with more frequent purchases of IP-driven products. However, no significant differences were shown in attractiveness ($H = 6.093$, $p = 0.529$) or blind box importance ($H = 10.290$, $p = 0.173$). This means emotional spending only influences the purchase frequency but does not affect how attractive consumers perceive on IP products.

Table 2. Kruskal–Wallis H Test Results Across Emotional Spending Groups

Kruskal–Wallis H test: Non-Parametric Test

Variable	<10% (n=63)	11–20% (n=19)	21–30% (n=7)	31–40% (n=3)	41–50% (n=4)	51–60% (n=2)	61–70% (n=1)	>70% (n=4)	Kruskal-Wallis Test (H)	p
More Attractive	8.0 (6.0–9.0)	7.0 (6.0–9.0)	8.0 (8.0–10.0)	8.0 (2.0–8.0)	7.5 (6.0–10.5)	9.5 (9.0–10.0)	10.0 (10.0–10.0)	9.5 (7.5–10.0)	6.093	0.529
Purchase Frequency (IP)	2.0 (1.0–2.0)	2.0 (2.0–2.0)	3.0 (2.0–3.0)	2.0 (2.0–3.0)	2.5 (1.3–3.8)	2.5 (1.0–4.0)	4.0 (4.0–4.0)	4.5 (2.5–5.0)	17.229	0.016*
Importance of Blind Box	4.0 (1.0–6.0)	6.0 (4.0–6.0)	5.0 (1.0–8.0)	4.0 (4.0–8.0)	6.0 (2.3–9.8)	5.0 (1.0–9.0)	10.0 (10.0–10.0)	11.0 (3.5–11.0)	10.290	0.173

Note: This table reports H-statistics and p-values for each variable across all spending brackets.

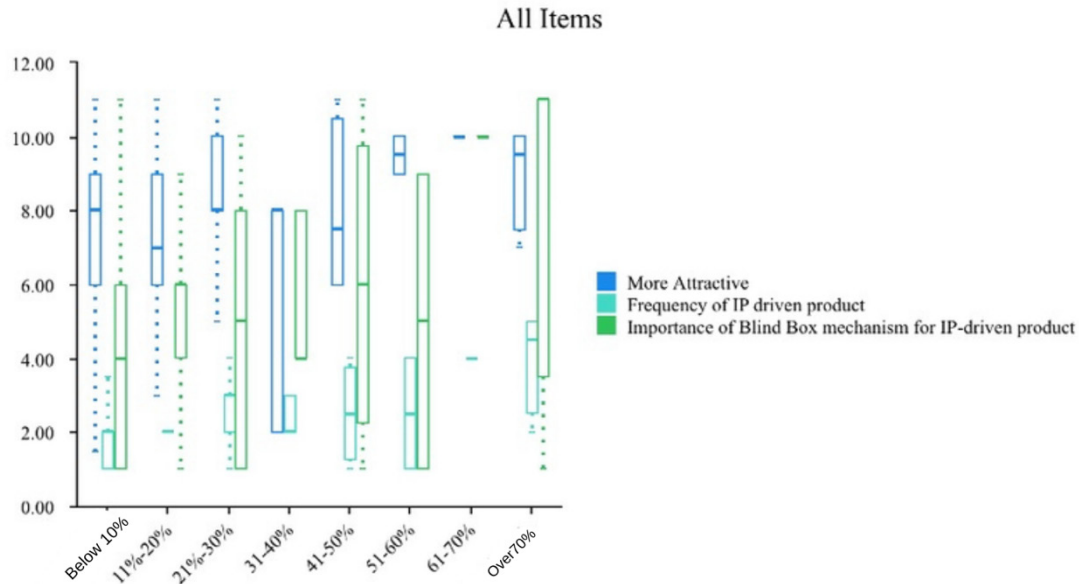


Fig.7 Box Plot of Key Variables Across Emotional Spending Brackets

Note: This figure Compares attractiveness, purchase frequency, and blind box importance across eight spending groups.

4.4 Correlation Analysis

A model of Spearman's rank-order correlation was used to analyze the relationships between three factors: emotional consumption proportion, willingness to pay premium, and brand loyalty. Emotional consumption was positively correlated with willingness to pay a premium ($\rho = 0.240$, $p <$

0.05), showing a weak but statistically significant association. The correlation between emotional consumption and brand loyalty was positive but non-significant ($\rho = 0.191$, $p = 0.053$). Furthermore, willingness to pay a premium was strongly correlated with brand loyalty ($\rho = 0.816$, $p < 0.01$). This means willingness to pay a premium is strongly tied to brand loyalty.

Table 3. Spearman's Rank-Order Correlation Coefficients

Spearman Coefficient (Detailed Format)				
		Emotional Consumption	More willing to pay	Higher brand
		Proportion	premium	loyalty
Emotional Consumption Proportion	Coefficient	1		
	ρ Value	-		
	n	-		
More willing to pay premium	Coefficient	0.240*	1	
	ρ Value	0.015	-	
	n	103	-	
Higher brand loyalty	Coefficient	0.191	0.816**	1
	ρ Value	0.053	0.000	-
	n	103	103	-

* $p < 0.05$ ** $p < 0.01$

Note: This table shows the Correlation matrix for emotional consumption, willingness to pay premium, and brand loyalty.

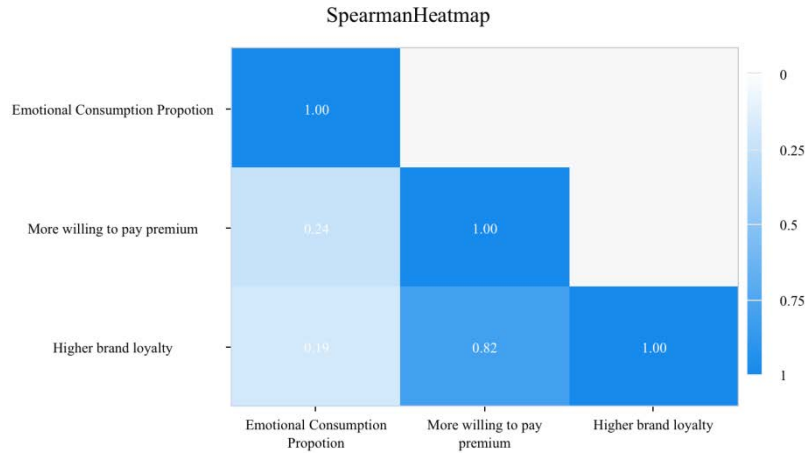


Fig.8 Spearman Correlation Heatmap

Note: This Color-coded heatmap shows the strength of the three pairwise correlations.

4.5 Regression Results

A multiple linear regression analysis is used to find out whether the factors of emotional consumption proportion, purchase frequency, blind box importance, professional-investor status, and income level predicted the willingness to pay premium. The overall model shows a statistically significant, $F(5, 97) = 7.353$, $p < 0.001$, shows that 27.5% of the variance in willingness to pay ($R^2 = 0.275$,

Adjusted $R^2 = 0.237$).

Among the predictors, only blind box importance was statistically significant ($\beta = 0.374$, $p < 0.001$), indicating that higher importance of the blind box mechanism was associated with greater willingness to pay a premium. Emotional consumption proportion ($\beta = 0.057$, $p = 0.578$), purchase frequency ($\beta = 0.171$, $p = 0.126$), professional-investor status ($\beta = -0.034$, $p = 0.707$), and income level ($\beta = -0.076$, $p = 0.415$) were not significant predictors. This suggests that only blind box mechanism is the only factor tested that will lead to consumer willing to pay premium for those IP-driven goods.

Table 4: Multiple Linear Regression Results on Predictors of Willingness to Pay Premium

Linear Regression (n = 103)

	Unstandardized		Standardized	<i>t</i>	<i>p</i> Value	Collinearity	
	Coefficient		Coefficient			Diagnostic	
	<i>B</i>	Std. Error	<i>Beta</i> ^a			VIF	Tolerance ^a
Constant	4.491	1.206	-	3.723	0.000**	-	-
Emotional Consumption Proportion	0.086	0.155	0.057	0.558	0.578	1.390	0.719
Frequency of IP driven product	0.491	0.318	0.171	1.545	0.126	1.632	0.613
Importance of Blind Box mechanism for IP-driven product	0.317	0.085	0.374	3.713	0.000**	1.354	0.739
Investment identity	-0.189	0.501	-0.034	-0.377	0.707	1.104	0.906
Monthly Income Level	-0.106	0.129	-0.076	-0.818	0.415	1.159	0.863
R-squared	0.275						
Adjust R-squared ^a	0.237						
<i>F</i> Test ^a	<i>F</i> (5, 97) = 7.353, <i>p</i> = 0.000						
D-W	1.766						

Notes: This table Reports coefficients, Beta, p-values, VIF, R^2 , and F-statistic for all five predictors.

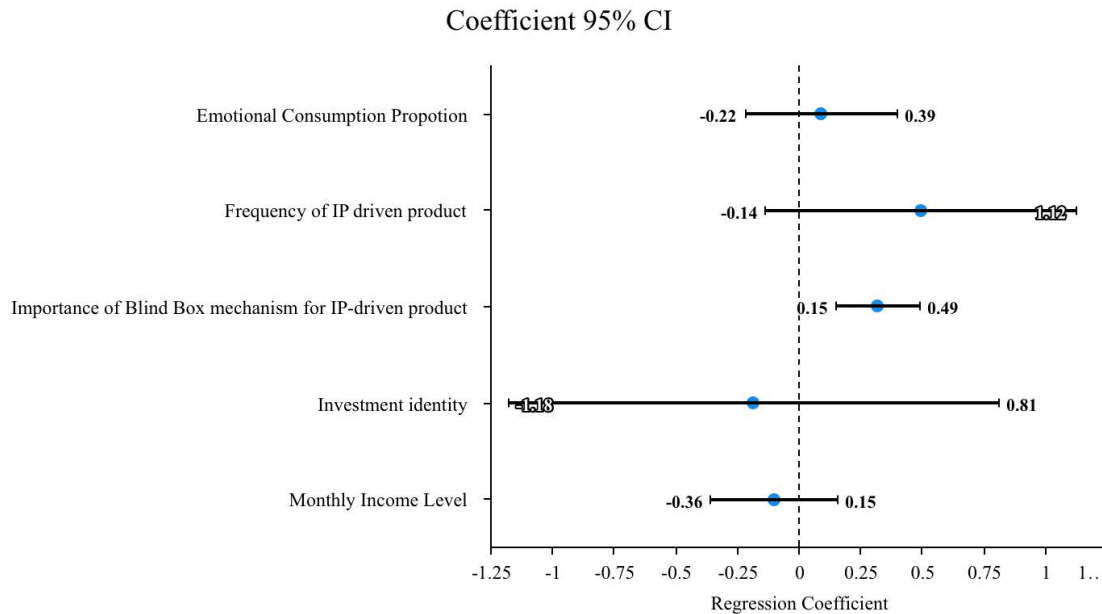


Fig.9 Coefficient 95% Confidence Interval Plot

Note: The plot shows that only the blind box importance coefficient interval does not cross zero.

5. Discussion

5.1 Consumer Perception

According to results, the one-sample Wilcoxon signed-rank test provide a median attractiveness rating of 8 out of 10 (IQR: 6–9), which was statistically significantly above the neutral benchmark of 5 ($Z = 6.617$, $p < 0.01$). This supports the hypothesis of consumer perceiving IP-driven products more attractive than traditional consumer goods. This is because that IP-driven products provides special emotional and social value that traditional functional products cannot replicate. The finding is linked and build upon the view from Huang (2025) which states the four psychological factors 1) emotional resonance and value identification 2) scarcity and uniqueness 3) social recognition and conformity 4) brand effect. The higher attractiveness ratings suggest that IP-driven businesses provide these psychological factors to create value from their product uniquely that traditional consumer goods can not replicate. The perception from consumer like attractiveness, brand loyalty and willingness to pay premium is used as demand side factors which provide foundational information of durability and pricing power of consumers relationship to build accurate investment valuation.

The regression analysis is done among five predictors tested, only one factor of blind box mechanism importance show significance in predicting willingness to pay premium, ($\beta = 0.374$, $p < 0.001$). This shows that consumers are more willing to pay premium prices as they

value the blind box mechanism that delivers IP-based experience. Since the core value of blind box mechanism is carried through the IP content, the high rating of blind box mechanism's importance shows strong emotional response to the IP's emotional value. This is consistent with the argument from AltLegal that intellectual property is a core and vital part of brand identity and growth for emotional consumption businesses (Edem, 2025). The format of randomized and collection-based further enhances the scarcity and emotional engagement, this enables Pop Mart to remain a relatively premium price. This allows Pop Mart to gain a significantly higher gross profit margin of 66.79% in 2024 (Pop Mart, 2025) compared to the average of 25.86% across companies in the SSE Consumer 50 index (EastMoney, n.d.).

While the global living standard is rising as global HDI have reaches record highs (UNDP, 2025) and basic daily need is satisfied for more of individuals. McKinsey's (2025) research result show that 23% of Chinese consumers are actively increasing spending on entertainment and culture validates this shift on the demand side. Maslow's hierarchy of need fundamentally support this finding as peoples will shift to higher level need like emotional fulfillment only after the basic need is satisfied (Maslow, 1943). These supports that emotional engagement can long-termly become a source of unique commercial value for IP-driven businesses that traditional consumer good business cannot be gain. This support stronger pricing power for IP-driven firms in the long run.

However, the correlation between emotional consumption

proportions and willingness to pay premium for IP-driven product shown a positive but relatively weak significance ($\rho = 0.240$, $p < 0.05$), this shows that emotional spending is not a strong predictor for willingness of paying premium. This suggests that increase in emotional consumption does not directly means that consumers be willing to pay much higher prices. This highlights that even though when the trend shifts more toward emotional consumption, the IP-driven business may only be able to raise price in a limited range to further increase the profitability. The sample is also concentrated geographically in urban east China and demographically toward younger males. This may lead to inaccuracy among broader general global consumers, then caution is still needed in interpreting these result. In conclusion, these findings show that consumer's emotional engagement created by blind box mechanism with the core of IPs is significantly contributing to the value of IP-driven businesses and act as a strong factor enhancing the pricing power.

5.2 Investment Valuation

Since blind box mechanisms have led to higher willingness to pay premium, this boosts the gross profit margin of Pop Mart significantly higher than the average of traditional consumer goods business in SSE 50 index, this enables Pop Mart to gain sustained high-quality cash flow, which justifies that a higher valuation. Furthermore, the strong correlation between willingness to pay premium and brand loyalty ($\rho = 0.816$, $p < 0.01$) shows that the margin and cash flow for these firms will be sustainable and more predictable rather than cyclically as consumer willing to pay premium is the loyal customer for the business. This means that Pop Mart's advantage in profitability over traditional consumer goods businesses is sustainable from customer loyalty rather than cyclical demand. This supports the durability of its cash flow quality and also helps to reduce the cost of customer acquisition which make the cash flow healthiness to improve further.

Applying Price-to-Earning (P/E) valuation to Pop Mart, the case for a premium multiple adjusted by growth is rationally based on the actual financial earning performance rather than market sentiment alone. Pop Mart's net profit has risen by 396.49% in H1 2025 compared to H1 2024 (Pop Mart, 2025), and its stock price rose about 342% in 2024 and about 109% in 2025 (East Money, n.d.). This reflects an expectation of continued strong growth. A higher P/E multiple can be justified while profit is rapidly growing with a sustainable competitive advantage in the industry. The strong correlation between willingness to pay premium and brand loyalty ($\rho = 0.816$, $p < 0.01$) highlights the existence of the competitive advantage with loyal customers. However, the risk also remains in concentrated IP as The Monster as a single IP contribute 34.7% of the total revenue of in 2025 H1 (Pop Mart, 2025). This

is considered as a structural discount for P/E valuation approach. A downward adjustment should be applied while using a typical high growth consumer multiple to adjust the over-dependence on single IP, as a fall in its popularity may impact the earning of Pop Mart significantly. The fall in secondary market price for Labubu further implies the demand for specific IP may be changing quickly. Additionally, the Kruskal–Wallis result shows no significant difference in attractiveness across emotional spending groups ($H = 6.093$, $p = 0.529$), this suggest there may be limits to expand widely in premium high-end market. This shows that although the growth is high, valuation still needs to reflect the risk of relying on a single IP may not be sustainable.

Combining with the P/E approach, an income-based IP valuation method as the most widely used for IP valuation stated by WIPO (n.d) may also be used. The method is approached by discounting future income stream to present value of the IP, this can be applied to Pop Mart by evaluating the future income of royalty income and product sales revenue of the IPs. Higher brand loyalty also allows the cash flow to be more persistence and stable than the traditional consumer good business. The research from the World Bank stated that the global intangible assets are now worth nearly USD 80 trillion (Istukujni and Zhu, 2025), which further shows that income-based IP valuation appropriate method and also increasing standard in institutional investment analysis.

When used together, P/E and an income-based IP valuation provide a balanced and consistent assessment of Pop Mart's investment value. Pop Mart then is seen as a high growth but also high-risk investment asset which the premium valuation will be reasonable if it can succeed in IP diversification and improve future revenue from more IPs. This position is consistent with most of the major financial institutions like CICC and Morgan Stanley considering Pop Mart still remains undervalued in long-term with the global growth potential and the growth of more diversified IPs (Moomoo, 2025). Simultaneously acknowledging the risk concern on concentration IPs mentioned by Bernstein (2025) which may impact future earning and discount factors.

6. Evaluation

The research is designed using a mixed method combining both primary data from questionnaires with secondary literature source and financial data. This allows the statistical data from the survey compared with real market conditions, which improves the reliability and objectivity of the study. Non-parametric tests used is also suitable as the data were based on Likert scales, and some variables were not normally distributed. The combination for both primary and secondary research helps to evaluate the find-

ing through different type of evidence and improve the reliability of the result.

There are some limitations for the primary research since the respondents is mainly male with 72% and concentrated in urban East China. The demographic concentration may lead to bias in consumer perception on IP-driven product, as younger generation has more likely be more interested in these products than the older. This limits the accuracy and generalizability of the data to reflect the wider general consumers.

The cross-sectional design prevents causal inference from overstating emotional motivations through self-report. In addition, questionnaire response mainly relies on self-reported responses, which may lead to response bias because respondents may overstate emotional motivations or purchasing intentions.

Though the regression model is statistically significant ($F(5, 97) = 7.353, p < 0.001$), it only analyzes the 27.5% of variance in willing to pay premium. The remaining 72.5% unexplained variance shows that other factors like peer influence, attachment to culture or specific characters is not being able to be included in the model. This shows a structural limitation in the regression analysis, which weaken the validity of this research.

7. Conclusion

In this study, IP-driven businesses are compared with traditional consumer goods business, a case study of Pop Mart as one of China's leading IP-driven firms is used. The aim is to evaluate the investment potential of IP-driven businesses as an investment asset. The research and evidence support that IP-driven businesses creates a stronger emotional engagement build by IP and blind box mechanism which allow IP-driven business to charge higher and provides strong evidence that these customers will also be more loyal to the brand. This results in more competitive advantage for these leading IP-driven firms and transfers to higher investment value with high profit margin and more stable cash flow.

From the primary research, consumers perceive IP-driven product as more attractive is shown as they rate the attractiveness of IP-driven products compared to traditional products significantly above the neutral benchmark ($Z = 6.617, p < 0.01$, median = 8/10). The blind box mechanism as the shown as the key factor raising the willingness to pay a premium ($\beta = 0.374, p < 0.001$). The strong correlation between premium acceptance and brand loyalty ($\rho = 0.816, p < 0.01$) also suggests that the high pricing power is sustainable. These findings consistent with the law form Maslow's hierarchy of needs (Maslow, 1943) and McKinsey's (2025) survey showing the shift to higher emotional consumption.

By applying both growth-adjusted P/E frameworks and

income-based IP valuation approach, Pop Mart's premium valuation is reasonable and defensible. However, IP-concentration risk should be considered as a structural discount factor. The data and evidence prove that the customer will have higher loyalty which support a premium P/E. The main risk is the over-dependence on single IP. In general, Pop Mart is a high-growth, high potential but also high-risk investment asset which will be valuable if it can diversify the IP successfully and enter larger global market.

For companies, having a more diversified IP portfolio with emotionally engaging mechanisms will provide the most sustainable path to grow and remain competitive. For investors, IP-specific valuation frameworks should be combined with traditional method when making valuation. Future research should develop discounted cash flow projections across multiple IP lifecycle and make a standardized concentration risk adjustment coefficient. The methodological gap identified requires a broader sample to resolve.

This study finds that IP-driven businesses have a unique and relatively higher investment potential over traditional consumer goods firms. This is supported by the loyal consumer ensure its sustainably stronger pricing power. This will result in higher profitability and more predictable cash flows for those IP-driven firms. The evidence highlights that this advantage is significant and measurable, but the sustainability still depends on IP diversification, and its full extent cannot be easily valued by traditional valuation frameworks alone.

Acknowledgements

The author acknowledges the support and guidance from Lisa Bray and Sierra Wan throughout the research. The author also thanks all questionnaire respondents for their time and valuable contributions to this study.

References

- [1] APEC Intellectual Property Experts Group (2018) Intellectual Property (IP) Valuation Manual: A Preliminary Guide. Available at: https://www.apec.org/docs/default-source/Publications/2018/4/IP-Valuation-Manual/218_CTI_IP-Valuation-Manual.pdf (Accessed: 7 March 2026).
- [2] Bernstein (2025) Pop Mart: Behind the toothy grin, when will the bubble burst? Initiate with Underperform. Available at: <https://www.scribd.com/document/935746517/Bernstein-3-1> (Accessed: 12 February 2026).
- [3] East Money (2026) Pop Mart (09992) Stock Price and Financial Performance. Available at: <https://quote.eastmoney.com/hk/09992.html> (Accessed: 7 March 2026).
- [4] East Money (n.d.) SSE Consumer 50 Index: Average Gross Profit Margin Data. Available at: https://quote.eastmoney.com/zs000126.html?jump_to_web=true (Accessed: 7 March 2026).

- [5] Edem, H. (2025) 'Cultural Capital: How Pop Mart's Trademark and IP Strategy Creates Global Fan Culture', Alt Legal, 27 January. Available at: <https://www.altlegal.com/blog/cultural-capital-how-pop-marts-trademark-and-ip-strategy-creates-global-fan-culture/> (Accessed: 7 March 2026).
- [6] Gemina, D., Yulianingsih and Nurwita, S. (2022) 'Customer Loyalty with the Approach of Product Quality, Price and Customer Satisfaction', International Journal of Research and Innovation in Social Science. Available at: <https://rsisinternational.org/journals/ijriss/articles/customer-loyalty-with-the-approach-of-product-quality-price-and-customer-satisfaction/> (Accessed: 7 March 2026).
- [7] Hardiyani, R., Al Ardi, A.N., Nadhirah, A. and Saadillah, D. (2025) 'The influence of product quality, price, and brand image on customer loyalty of Macan Hitam Rice in Jember Regency', Aksiologi / Gemahripah. Available at: <https://aksiologi.org/index.php/gemahripah/article/view/2382> (Accessed: 7 March 2026).
- [8] He, X., Zhu, L., Sun, L. and Yang, L. (2022) 'The influence of brand marketing on consumers' emotion in mobile social media environment', Frontiers in Psychology / PMC. Available at: <https://pmc.ncbi.nlm.nih.gov/articles/PMC9360773/> (Accessed: 7 March 2026).
- [9] Huang, H. (2025) The Impact of the IP Economy on Consumer Behavior: A Case Study of Labubu. Available at: https://www.researchgate.net/publication/394776097_The_Impact_of_the_IP_Economy_on_Consumer_Behavior_A_Case_Study_of_Labubu/ (Accessed: 7 March 2026).
- [10] Intellectual Property Business Academy (IPBA) (n.d.) IP-Driven Business Model. Available at: <https://profwurzer.com/glossary/ip-driven-business-model/> (Accessed: 7 March 2026).
- [11] Istukujni, I. and Zhu, J.T. (2025) 'Unlocking finance for creative industries', World Bank Blogs, 11 June. Available at: <https://blogs.worldbank.org/en/psd/unlocking-finance-for-creative-industries> (Accessed: 7 March 2026).
- [12] Maslow, A.H. (1943) 'A Theory of Human Motivation', Psychological Review. Available at: <https://psychclassics.yorku.ca/Maslow/motivation/> (Accessed: 7 March 2026).
- [13] McKinsey & Company (2025) Chinese consumption amid the new reality. Available at: <https://www.mckinsey.com/cn/our-insights/our-insights/chinese-consumption-amid-the-new-reality> (Accessed: 7 March 2026).
- [14] Moomoo (2025) 'CICC: Maintain Pop Mart (09992) as outperforming the industry with a target price of HKD 370'. Available at: <https://www.moomoo.com/news/post/57944786/cicc-maintain-pop-mart-09992-as-outperforming-the-industry-with> (Accessed: 7 March 2026).
- [15] Pop Mart International Group Limited (2020) Global Offering / Prospectus. Available at: <https://popwebsite.paquapp.com/pdf/Prospectus.pdf> (Accessed: 7 March 2026).
- [16] Pop Mart International Group Limited (2024) Annual Report 2024. Available at: <https://popwebsite.paquapp.com/pdf/ae8a8881-f14e-47df-b5e0-199eb5417cca-ANNUAL%20REPORT%202024.pdf> (Accessed: 7 March 2026).
- [17] Pop Mart International Group Limited (2025) Interim Report 2025. Available at: <https://popwebsite.paquapp.com/pdf/3863bad4-4f46-4097-bd92-17f143ff5404-INTERIM%20REPORT%202025.pdf> (Accessed: 7 March 2026).
- [18] UNDP (2025) Human Development Report 2025. Available at: <https://hdr.undp.org/system/files/documents/global-report-document/hdr2025reporten.pdf> (Accessed: 7 March 2026).
- [19] World Bank (n.d.) GDP per capita (current US\$). Available at: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD> (Accessed: 7 March 2026).
- [20] World Intellectual Property Organization (WIPO) (n.d.) Valuing Intellectual Property Assets. Available at: <https://www.wipo.int/en/web/business/ip-valuation> (Accessed: 7 March 2026).