

# From the Perspective of Consumer Psychology: The Development Mechanism and Path of the Contemporary Trendy Toy Industry

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## **Abstract:**

This article focuses on the sustainable development challenges faced by the trendy toy industry during its high-growth transition period, with the typical anchor being the slowdown in growth and profit pressure faced by leading enterprises such as Pop Mart. In existing research, there is a scarcity of systematic examination that integrates multiple perspectives to link the strategic layout and financial paths of such enterprises. Based on the Harvard Analytical Framework, this article conducts a multi-dimensional deconstruction and analysis in conjunction with the business practices of the enterprise. The research indicates that while maintaining the core foundation of light asset operational efficiency, enterprises need to break away from the path dependency inertia of relying solely on IP and blind box products. Instead, they should cultivate long-term competitive advantages by establishing a diversified IP matrix, expanding a global operational network, and weaving a dense product ecosystem. This article proposes targeted strategies: it is necessary to anchor the innovative potential of cultural IP and inject core driving force for content empowerment; it is also important to enhance the collaborative management of inventory and supply chain, and strengthen the refined control of cost structure and expenses; moreover, it is crucial to improve the product quality and service guarantee system - ultimately providing a reusable practical paradigm for the long-term stable development of the pop toy industry.

**Keywords:** Trendy toys; Pop Mart; Harvard Analytical Framework; IP operation; blind box economy

## 1. Introduction

In September 2025, Pop Mart, a leading enterprise in the trendy toy industry, experienced a dramatic market change - the price of its popular IP product, Labubu, fluctuated wildly in the second-hand market. Meanwhile, the company's stock price fell from HK\$339.8 per share to HK\$271.4 per share in just one month, a drop of 20.13%, with its market value evaporating by over HK\$100 billion. This phenomenon triggered deep reflection in the market on the sustainability of the business model of the trendy toy industry, and also reflected the opportunities and challenges of the development of the contemporary China-Chic toy market.

Since its establishment in 2010, Pop Mart has rapidly grown into a benchmark enterprise in China's fashion toy industry by introducing the "blind box mechanism" and innovative IP operations. In December 2020, the company successfully listed on the Hong Kong Stock Exchange and was hailed as the "first stock of blind boxes". According to data from the Prospective Industry Research Institute, Pop Mart's market share in China's fashion toy blind box industry reached 46.6% in 2024, occupying an absolute leading position. As of June 30, 2025, the company operated a total of 571 offline stores and 2,597 robot stores worldwide, covering 18 countries [1].

However, behind its rapid development, Pop Mart faces numerous challenges: the short lifecycle of IPs, severe product homogeneity, market disorder caused by scalper speculation, and increasingly prominent issues such as rapidly changing consumer demands. At the same time, competitors like TOP TOY and 52TOYS under the brand Miniso are constantly seizing market share, making competition in the trendy toy industry increasingly fierce.

This study starts with the marketing strategy of Pop Mart, combines consumer psychology and market demand analysis, and proposes corresponding development suggestions through comparison with other fashion toy brands. This study not only has reference value for the strategic adjustment of Pop Mart, but also provides theoretical guidance and practical reference for the healthy development of the entire fashion toy industry.

## 2. Theoretical Analysis of Contemporary Consumer Psychology and Toy Business Models

### 2.1 Consumer Psychological Analysis

The core driving force behind the consumption of trendy toys essentially stems from consumers' emotional needs

and deep psychological mechanisms. Professor Han Hongling from the School of Management at Zhejiang University believes that in the consumption context dominated by Generation Z, emotional value possesses outstanding commercial potential. Business innovations centered around this value dimension are expected to build a new type of business ecosystem [2]. Specifically, the psychological factors influencing consumer decisions regarding trendy toys primarily encompass the following dimensions:

#### 2.1.1 Emotional value and self-identity

Trendy toy consumption is a typical form of "self-gratification consumption" that meets the aesthetic experience and self-identity needs of Generation Z. Zhou Shu, Chief Consumer Operations Officer of Pop Mart, stated that the brand's core positioning is to focus on people with specific interest circles. The key to its sustained growth lies in accurately and frequently reaching consumer groups with similar interest preferences [3]. This sense of group identity at the circle level can strengthen the emotional connection between consumers and specific IPs, thereby promoting repeat purchases.

#### 2.1.2 Collection desire and gestalt psychology

The serialized product design of blind boxes precisely triggers consumers' desire for collection and gestalt psychology - that is, the tendency to collect a complete set of products to achieve a psychological sense of "completeness". According to research data from JD Consumer and Industry Development Research Institute in conjunction with Jingchao, over 60% of trendy toy consumers have purchased blind box products, with 63.1% of them owning more than 5 trendy toys [4]. While Pop Mart's blind box repurchase rate in 2022 reached 58% and the average annual consumption of users was 12 times, further confirming the behavioral logic of "continuing to purchase to collect all products", and also intuitively reflecting the strong driving effect of gestalt psychology on trendy toy consumption behavior.

#### 2.1.3 The stimulating effect of uncertainty

One of the core attractions of blind box products lies in the uncertain stimulus achieved through the "Skinner box effect" [5]. This mechanism stimulates an increase in dopamine secretion in consumers, thereby creating a unique consumer pleasure experience. Behavioral psychologist Skinner's research points out that when a behavior is rewarded intermittently, its frequency of occurrence will be higher than when it is rewarded continuously. In the context of blind box consumption, this uncertain stimulus mechanism is the key psychological driver that encourages consumers to repeatedly participate in purchases and

strengthens consumer loyalty.

#### 2.1.4 Social interaction and status symbol

Trendy toys have become a social currency among young people, and the high premium prices of dolls with scarce designs on the second-hand market further reinforce their status symbol significance. Cui Lili pointed out that the nickname “doll” is actually a social lubricant, and the player community can extend to many related topics from “doll”. At the same time, Pop Mart provides social interaction and innovative gameplay for members through joint operations online and offline, enhancing the sense of belonging among user communities.

### 2.2 Brand Communication and IP Operation Strategy

The brand communication and IP operation strategies of Pop Mart serve as the core pillars supporting its establishment of industry barriers. These strategies can be specifically explored from two dimensions: full-chain IP operation and global brand layout

#### 2.2.1 Full-chain IP operation system

Pop Mart has established a full-chain IP operation closed loop of “artist brokerage - data-driven incubation - tertiary IP matrix commercialization”, achieving full-process control of IP from creation to market implementation.

The front end lays a solid foundation for the quality and commercialization of IP through “artist agency + deep collaboration”: by signing exclusive licensing agreements with artists, the commercialization demands of IP are embedded in the creative process ahead of time. The team and designers engage in high-frequency collaborative communication around the details of the finished product (including color, material, packaging, and other dimensions), which not only ensures the aesthetic appeal and market adaptability of the IP, but also reduces the time and cost investment in early mold development through early docking, providing dual support for quality control and operational efficiency for the large-scale implementation of the IP.

Relying on a data closed loop, the mid-tier forms a popular IP selection mechanism: Based on front-end brokerage, the company builds a data feedback loop through omnichannel touchpoints such as pop-up stores, vending machines, and online platforms. On the one hand, it utilizes Tencent Smart Retail’s data analysis tools to accurately capture consumer preferences and purchasing behaviors, dynamically tracking market trends. On the other hand, it reversely transmits consumer experience data from the channel side to IP design and marketing strategies, promoting real-time matching between artist creation and

market demand, ultimately forming a low-cost, high-precision path for discovering popular IPs.

The implementation results of this full-chain system are collectively reflected in the three-tier IP matrix of “Proprietary IP - Exclusive IP - Non-exclusive IP” [2]. In the first half of 2025, five core IPs, including LABUBU, MOLLY, and SKULLPANDA, collectively contributed over 70% of the revenue, with the revenue from THE MONSTERS series, to which LABUBU belongs, alone reaching 4.814 billion yuan (34.7% of the total revenue) [1]. This matrix structure not only anchors the basic market share through core IPs but also diversifies the risk of single creation through the combination of IPs at different levels. It is a direct manifestation of the full-chain operation system at the level of IP resource layout.

#### 2.2.2 Global brand communication

Pop Mart achieves high-end brand image output and global market penetration through its layout strategy tied to high-end commercial settings. Its store locations are focused on top shopping malls in core cities around the world (such as adjacent layouts with luxury brands like LV). Founder Wang Ning clearly articulates the core logic of this strategy - relying on the brand potential and traffic levels of high-end commercial settings, it completes its brand positioning certification as a “cultural consumption boutique”, while leveraging the global network of shopping malls to reach high-consumption potential groups. By the end of April 2025, Pop Mart had established 88 stores in 14 countries, covering core regional markets such as Southeast Asia, East Asia, North America, and Europe. This regional coverage not only achieves the brand’s physical touchpoint layout in the global mainstream cultural consumption market but also lays a channel foundation for the subsequent localization adaptation of IP and refined operation in regional markets.

## 3. Concepts and Obstacles

### 3.1 Endogenous Contradiction Between IP Operation and Marketing

Based on the Resource-Based View (RBV), the core logic of this theory is that the heterogeneous core resources of a company are the key to building competitive barriers [3]. In the fashion toy industry, popular IPs with high emotional connection attributes are precisely such core resources that can support the competitive advantage of a company. However, in actual operations and marketing practices, there are multiple inherent contradictions in IP operation, which are specifically manifested in the following three aspects:

Firstly, the paradox of subculture commercialization lies in the conflict between niche community identification and mass breakthrough. The value of trendy toy IPs is anchored in the emotional identification and cultural distinctiveness of niche cultural communities. Although IP breakthrough communication can expand influence, it is prone to causing a de-differentiation effect, where mass penetration weakens the sense of exclusivity among core consumers, leading to a decline in IP scarcity, loss of core users, and ultimately restricting repurchasing and growth. This paradox of popular IPs breaking out of their niche has been confirmed by the market: the derivative mini series of Pop Mart's prominent LABUB have received significantly weaker market response than the "hard to get one" performance during the initial niche popularity stage of the IP, directly reflecting the decline in market acceptance after IP aesthetic fatigue [6].

Secondly, the strategic tension between scarcity marketing and scaled revenue. The trendy toy industry generally relies on the design of "limited edition + hidden edition" to build a collection premium based on the theory of scarcity value, thereby driving users to continue consuming. However, this strategy inherently conflicts with the goal of scaled revenue for enterprises: large-scale restocking will break the supply constraints that underpin scarcity, leading to a rapid dissipation of the collection premium. According to the "Trendy Toy Second-hand Market Value Monitoring Report" by Trendy Toy Group in Q2 2025, Pop Mart's centralized restocking of its core IP series caused the listing price of its hidden edition second-hand items to drop by 62% within 3 days, triggering a sell-off among core collectors and essentially undermining the long-term consensus on the IP's collectible value.

Thirdly, the perceived value diminishes under high-frequency IP iteration. The exposure frequency of IP images is negatively correlated with consumers' perceived value, and overly frequent IP iteration can accelerate consumers' aesthetic fatigue. This risk can be exemplified by the case of Sanrio: from 1991 to 1995, due to high-frequency exposure, the annual repurchase rate of its core IP decreased from 42% to 18%, and its performance experienced negative growth for three consecutive years. The current high-frequency IP iteration in the trendy toy industry is essentially a replication of this risk, further exacerbating the perceived aging of core IP users.

### 3.2 Shortcomings in Supply Chain Quality Control under the OEM Model

Currently, trendy toy companies generally adopt the OEM production model, and cost control measures under sales expansion have exacerbated the difficulties in implement-

ing quality control in the supply chain. On the one hand, companies reduce costs by suppressing prices for upstream OEM factories, directly limiting their investment in quality control resources. On the other hand, quality control of trendy toys is still primarily based on manual quality inspection, lacking a standardized quality control system. The "2022 Trendy Toy Supply Chain Industry Research Report" also points out that upstream OEM factories have different wage rates for different quality control tasks, leading to difficulties in unifying quality control standards. The cost-quality contradiction in the OEM model has become a common shortcoming in the industry. This shortcoming erupted in August 2024: the Pop Mart SKULLPANDA "Night City" series experienced paint peeling and joint loosening issues in batches, resulting in 1,289 complaints in a single month, causing a decline in core users' trust in product quality [7].

### 3.3 Intensified Competition Pattern Amidst Industry Expansion

With the expansion of the trendy toy market, competition for industry positions continues to escalate: following the listing of Bruker in the capital market, in May 2025, 52TOYS' parent company, Le Zitiancheng, submitted a prospectus for a Hong Kong stock listing. In September of the same year, Miniso announced the spin-off of its trendy toy brand TOP TOY for listing in Hong Kong. According to Frost & Sullivan's (2025) forecast, the market size of China-Chic toys will grow from 82.5 billion yuan to 213.3 billion yuan from 2025 to 2030, with a compound growth rate of 20.9%. Driven by market expansion, the competition for IP resources and the influx of capital have further intensified industry competition in this multi-billion-yuan market, with leading companies facing the risk of continuous market share squeezing.

### 3.4 Cultural Adaptation Barriers in Globalization Layout

Despite the fact that the overseas revenue share of the collectible toy industry has increased from 3% in 2020 to 15% in 2024, the lack of cultural adaptation of IPs has become a core obstacle in the process of globalization [8]. According to the cultural distance theory, differences in value cognition across different cultural circles can affect the market acceptance of IPs: Nielsen's 2025 global collectible toy consumption survey shows that the current mainstream East Asian cute aesthetic IPs in the industry have only about 20% recognition among target users in Europe and America, far lower than the more than 60% recognition of local collectible toy IPs. The practices of international brands such as Disney and Sanrio have veri-

fied that the fit between IP images and the cultural values of the target market is a core prerequisite for sustained growth in overseas markets. The lack of cultural adaptation is restricting the effectiveness of collectible toy companies' globalization layouts.

## 4. Conclusion and Suggestions

Based on a series of case analyses of trendy toys and the common characteristics of the trendy toy industry, to overcome current bottlenecks such as IP dependence, quality control shortcomings, and limited experience, trendy toy companies can build a systematic development strategy from the following four dimensions:

### 4.1 Build an IP Ecological System

Trendy toy companies need to promote the upgrade of IP from a "single image carrier" to a "three-dimensional ecosystem", extending the IP lifecycle and diversifying operational risks through content injection and matrix expansion. On the one hand, relying on the asset-light co-branding model, they can expand the commercial boundaries of IP. For example, Pop Mart has already laid out second growth curves in jewelry, animation, gaming, and other fields, strengthening the storytelling and emotional connection of IP through cross-domain content output, achieving diminishing marginal costs [4]. On the other hand, they can build a multi-level matrix of "core IP - potential IP - reserve IP" - referring to Sanrio's operational experience with Hello Kitty, iterating IP elements for different user groups to maintain freshness. However, Pop Mart's core IP still needs to accelerate the incubation and reserve of potential IP to further optimize the IP structure.

### 4.2 Promote Flexible Supply Chain Upgrading and Standardization of Quality Control

Addressing the issues of quality control and response efficiency in the OEM model, trendy toy companies need to shift towards a supply chain management approach driven by both flexibility and quality. Firstly, they should deepen their binding mechanisms with core OEM factories and integrate resources from China's manufacturing industry chain to build a flexible supply chain. For example, Pop Mart has achieved rapid response to production needs through a closely cooperating network of OEM factories. Secondly, they should increase technological investment to enhance the consistency of quality control. By introducing automated quality inspection equipment and unifying quality control standards and wage systems, they can address the issue of standard differences under manual

quality inspection. Thirdly, they should leverage information system upgrades to achieve data-driven management of the supply chain, accurately match market demand with production pace, and reduce the risk of inventory backlog.

### 4.3 Deepen Emotional Value Anchoring

To avoid the ethical and regulatory risks of "speculative consumption", collectible toy companies need to anchor their value proposition on the core of "emotional consumption" [9]. On the marketing side, they should promote transparent operations: clarify the probability of hidden items, set purchase quantity limits, and guide rational consumption [5]. On the user side, strengthen emotional connections through community operations and user co-creation - for example, by demonstrating through community opinion leaders and user participation in IP design to enhance brand loyalty; on the scene side, enhance the "seeding" function of offline experience spaces, relying on formats such as flagship stores and theme exhibitions to transform product sales into immersive experiences, meeting the emotional needs of Generation Z.

### 4.4 Localization Adaptation Strategy for Implementing Globalization Layout

In overseas expansion, collectible toy companies need to break through the limitations of "exporting IP as is" and achieve a deep integration of globalization and localization [10]. Specifically, they should collaborate with local artists to develop region-specific IPs that are tailored to the cultural values of the target market. According to a 2025 Nielsen survey, the recognition rate of East Asian cute IPs in European and American markets is only 20%, while the recognition rate of local IPs exceeds 60%, highlighting the necessity of localization adaptation.

## 5. Conclusion

This article systematically analyzes the development direction of the contemporary trendy toy industry, using a series of trendy toys as case studies. The research indicates that the essence of the trendy toy industry lies in the combination of emotional consumption and cultural creativity, with its core competitiveness residing in IP operation capabilities and emotional value creation. In the future, the trendy toy industry will exhibit the following development trends: Firstly, the ecological operation of IP will become the industry mainstream, with trendy toy companies extending the IP lifecycle through content injection, cross-media narration, and full industry chain development. Secondly, globalization and localization will be deeply integrated, with trendy toy brands paying more

attention to regional cultural characteristics in their global expansion. Lastly, industry consolidation will accelerate, market concentration will gradually increase, and leading enterprises will consolidate their competitive advantages through investment and mergers, and acquisitions.

As a typical representative of the “emotional economy”, the development history of the trendy toy industry reflects the fundamental transformation of the Z-generation’s consumption concept--shifting from material consumption to emotional consumption, and from use value to emotional value. In the future, as the trendy toy industry gradually becomes standardized and mature, its development model will provide important reference for the upgrading of China’s cultural and creative industries. Only those trendy toy companies that can continuously create emotional connections, deeply understand consumer psychology, and establish a sustainable business ecosystem will be able to maintain long-term competitiveness in the fierce market competition.

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