

# ***Pandora's Box Operation Logic Analysis of China's Blind Box Industry - Pop Mart***

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**Abstract:** Within the global craze for blind boxes, Pop Mart, as the leading player in the blind box industry, has demonstrated how scarcity and storytelling can drive explosive consumer demand through its Naruto series and The Monsters series of blind boxes. This study integrates interdisciplinary approaches such as transmedia storytelling, co-branding, FOMO (Fear of Missing Out) scarcity effect, and Baudrillard's theory of symbolic consumption to uncover the underlying logic behind society's fascination with blind boxes. The aim is to assist toy brands driven by intellectual property (IP) in exploring a path that balances growth with sustainability. This study first conducts a case analysis of Pop Mart's product line, financial status, and community operations from 2023 to 2025, dissecting its value creation framework. Then reviews numerous academic articles and reports to reveal how factors such as symbolic consumption, impulse buying, FOMO, and perceived scarcity interact, and provides targeted suggestions based on these findings. The research results reveal three mechanisms. Firstly, cross-media expansion and co-branding integration introduce the narrative capital of blind boxes. Secondly, artificially created uncertainty triggers FOMO and perceived scarcity, leading to products selling out quickly while also driving transactions in the secondary market. Thirdly, both series of blind boxes shift consumers from functional consumption to symbolic value consumption. Based on the research findings, this paper recommends that the blind box industry make winning probabilities transparent, establish a blind box recycling mechanism, and incorporate more cross-media elements to solidify its symbolic value, thereby achieving long-term brand profitability.

**Keywords:** Blind box economy, symbolic consumption, FOMO and scarcity effect, transmedia storytelling and co-branding.

## **1. Introduction**

The nature of blind boxes is similar to the sales form of Japanese Gacha. Generally speaking, blind boxes are described as closed and opaque small boxes. The appearance packaging of the same series is exactly the same. Inside the box, there are toys or items of various shapes. Consumers need to open the box after purchase to know the style [1]. Its main feature lies in high uncertainty. The random drawing mechanism is the essential selling point of blind boxes, and the same series usually includes regular items and low-probability hidden or limited editions, which to a certain extent

stimulates players' collection motivation. This signal of scarcity directly affects prices in the secondary market, and thus plays an indispensable role in the emotions and social value of buyers.

According to statistics from the Alibaba Research Institute, in China in 2016, people aged 35 and above spent US\$1.9 trillion on blind box products, while those aged 18-35 spent US\$1.5 trillion. Four years later, spending on blind box products by those aged 35 and above increased by 0.5 trillion dollars, while spending by those aged 18-35 increased by 1.1 trillion dollars. This indicates that from 2016 to 2020, the number of blind box consumers showed a significant upward trend, particularly among younger consumers, who became the main consumer group in the blind box market in 2020 [2]. Additionally, a survey indicates that China's blind box retail sales entered a high-growth phase starting in 2019, with the market size expected to exceed 30 billion yuan by 2024, representing an approximately 75% increase from 2019 [3]. Among the numerous blind box brands that meet people's emotional values, data shows that Pop Mart is a representative brand. As an industry leader, Pop Mart was founded in Beijing in 2010 and went public in Hong Kong in 2020, becoming the "first blind box stock" [3]. Pop Mart's 2024 annual report shows that the company achieved a revenue of 13.04 billion yuan that year, more than twice the revenue of 2023, and its net profit reached 3.4 billion yuan [4]. Among the numerous blind box brands that meet people's emotional values, data shows that Pop Mart is a representative brand. As an industry leader, Pop Mart was founded in Beijing in 2010 and went public in Hong Kong in 2020, becoming the "first blind box stock" [4]. Pop Mart's 2024 annual report shows that the company achieved a revenue of 13.04 billion yuan in this year, a year-on-year increase of 106.9%, and a net profit of 3.40 billion yuan. By the end of 2024, Pop Mart had added 38 offline stores and 110 robot stores in Chinese mainland, bringing its total number of physical stores in the country to 401, with an additional 2,300 self-service machines. In addition, it has 130 stores overseas, covering six major regions: Southeast Asia, East Asia, North America, Europe, Australia and the Middle East [4].

After examining the concept of blind boxes, the evolution of the Chinese market, and Pop Mart's business landscape, this paper will focus on Pop Mart's two most representative product lines: the cross-border collaboration series with the classic anime IP Naruto, and the The Monsters series created in collaboration with artists. As the relevant market continues to expand rapidly, this study holds significant implications for future discussions on blind boxes. This study primarily uses the two product lines as entry points, employing literature analysis to search for and read relevant materials and literature, thereby analyzing how various theoretical frameworks reflect this social phenomenon. The ultimate research objective of this study is to reveal the operational logic of Pop Mart's Pandora's Box-style business model in practical implementation. To achieve this goal, this paper conducts an in-depth case analysis, discusses the connection between four theoretical frameworks and the popularity of the blind box industry, and based on this, proposes relevant suggestions for reference in corporate strategic decision-making and industry promotion.

## 2. Case analysis

### 2.1. Naruto series blind box

The Naruto blind box series is not an original IP of Pop Mart, but a co-branded product with the famous Japanese anime "Naruto", or it can be called an authorized IP. The annual report of Pop Mart shows that the revenue from licensed IP products was approximately 1 billion yuan in 2023 and is expected to increase to 1.6 billion yuan in 2024. Taking the data of 2024 as an example, the revenue from licensed IP products accounted for 12.3% of the total revenue [4]. Additionally, Pop Mart officially claims that it is continuously expanding its collaborations with other copyright holders to

launch more popular products. Although the company's annual report does not list the specific sales figures for the Naruto collaboration blind boxes, this growth trend indicates that collaboration blind boxes can not only quickly engage fans but also provide the necessary traffic for both collaborating parties. The theoretical framework of Transmedia Storytelling and Co-branding offers a deeper understanding. According to Sangalang's article, Transmedia Storytelling can be defined as a single storyline split across multiple platforms, where each platform has its own independent contribution. Further empirical work indicates that the cross-media effect depends on two major psychological mechanisms: whether the audience can quickly understand the node plot and connect it to the story world in their minds, that is, narrative understanding, and integrate narrative threads in the larger narrative world to enter an immersive state [5]. Furthermore, from a co-branding perspective, as market competition intensifies, some companies can no longer rely solely on internal development and expertise to maintain or enhance their products [6]. Essentially, the purpose of establishing a co-brand is to leverage each brand by shifting attention from one brand to another, thereby differentiating them from competitors, creating synergies, enhancing brand awareness, and increasing the value of the involved brands [7]. Meanwhile, Paydas Turan's empirical research indicates that the quality of brand relationships (Brand-Fit) has a higher explanatory power for co-brand evaluations than the individual assets of each brand [7]. Within the relationship quality, the importance of brand image fit is greater than that of product category fit. The same analysis also emphasizes that the fit between the two co-branded brands is the primary driver of purchase intention and even premium, which is more crucial than the brand awareness of a single brand [7].

If these two frameworks are applied to the Pop Mart and Naruto series blind boxes, it is not simply a matter of replicating the animation designs. Instead, the most popular “Shinobi World War” storyline is selected as the backdrop, with each toy packaged as an independent plot point. This approach of fragmenting the story and allowing fans to piece it together through purchases aligns with the principles of transmedia storytelling, where each platform provides new information to enhance the audience's narrative understanding and subsequently triggers an immersive state, enabling individuals to comprehend or reinforce story events by creating a story world in their minds [5]. On the other hand, the supply chain provided by Pop Mart is actually complementary and compatible with the global fan emotional assets of Naruto, and the statistical results of Paydas Turan indicate that the quality of partnerships and resource matching have a positive impact on co-creation performance [7]. Under this framework, classic IPs have extremely strong vitality. They regain attention through the trendy toy channel, while trendy toy brands attract highly loyal new customers through the Naruto Universe. Inject new fans into the story world to further expand the narrative. It can be seen from this that the success of the Naruto collaboration blind box is not only due to the mechanism of the blind box or the popular IP, but also the combined effect of transmedia storytelling and Co-branding: the former provides narrative of the plot, while the latter offers trust and risk buffering. The two jointly enhance the value of both brands.

## 2.2. The Monsters series blind box

In the first half of 2025, Labubu quickly gained global attention, with many celebrities expressing their admiration for it. Ordinary people even got into fights over purchasing a Labubu [8]. Labubu is a product from the The Monsters series under Pop Mart. It is not a new product from 2025; it first debuted in 2015. After artist Kenny Wong signed a licensing agreement with Pop Mart in 2019, Labubu's design was finally authorized for sale by Pop Mart. The company's annual report shows that from 2023 to 2024, the company's revenue nearly doubled - the total revenue rose from 6.3 billion yuan to 13.04 billion yuan, an increase of approximately 107% year-on-year. The main

driving force comes from self-managed artist IPs: The revenue of this segment jumped to 11.12 billion yuan, accounting for 85.3% of the total revenue (76.5% last year). Among them, The Monsters performed the most outstandingly. Its revenue soared to 3.04 billion yuan, and a single series contributed 23.3% of the annual revenue growth [9]. Its explosive growth in 2024 provides the most direct empirical entry point for exploring the FOMO effect (Fear of Missing Out) and Baudrillard's symbolic consumption theory behind the popularity of its blind boxes. First of all, FOMO refers to the fear or anxiety of missing out on pleasant experiences, social connections or opportunities that others might have. Fundamentally, it is an externally triggered response mechanism rather than a personality trait. Many brands today are strategically launching special products to encourage impulse buying among consumers [9]. When consumers are repeatedly exposed to scarcity cues such as limited editions, hidden editions, and restocks, they develop psychological anxiety about missing out, thereby increasing their impulse to purchase and hoard. Conversely, owning scarce products may make individuals feel highly respected, and scarce products are often used as tools to emphasize one's uniqueness when comparing oneself to others [9]. In other words, FOMO refers to a kind of social anxiety, where people long to be noticed and connect with others because they are worried that others might enjoy a better experience [10]. On the other hand, Baudrillard shares similar ideas with Marxism, believing that capitalism has many drawbacks and criticizing contemporary consumerism. At the same time, he put forward the theory of symbolic consumption [11]. He believes that in the postmodern commodity context, consumption has become a symbol in society, and goods have long since departed from their use value to become symbols or simulacra that distinguish social classes, express the self, and exchange social meaning [12]. This means that in the contemporary consumer environment, no object has a fixed meaning in itself, it only acquires symbolic identity within that context. When goods are displayed in stores, what they essentially sell is not the goods themselves, but rather providing consumers with an optional social coordinate system. What consumers purchase is actually a ticket to enter this coordinate system, and after entering, they can obtain a unique contemporary social identity and recognition. In other words, in a consumer society, people arrange their self-image by picking marginal differences, forming what Baudrillard calls personality, a synthetic identity. The symbol system generates different and comparable levels in batches, allowing consumers to continuously maintain and adjust their social positions in the cycle of purchase, enjoyment, and repurchase [12].

When combined with Pop Mart's best-selling Labubu, it is obvious that Labubu's high sales are not due to its functionality or aesthetics. Instead, the official limited edition and hidden sales model triggers the FOMO mechanism, causing players to view missing out as the greatest cost driver and repeatedly purchase to avoid falling behind. Meanwhile, The Monsters, as an artist IP, has been endowed with distinct cultural symbols, which enables it to leap from a simple toy to a symbolic capital that can be collected, displayed and compared socially. As mentioned above, with the support of many celebrities for Labubu, the symbol of this product has been endowed with a dual special meaning, making it instantly a fashion item. Consumers who own Labubu are labeled by society as fashionable, trendy, and wealthy, while those who do not own this product do not have these social identities. In particular, social media continuously maintains this social phenomenon. Every time someone posts a photo of their box on We Chat Moments or posts sales information on a second-hand platform, it triggers an immediate reminder that "others are experiencing this while I am not," and visualizes this psychological gap in real time. Research shows that there is a significant positive mediating relationship between FOMO of digital natives and social media interaction as well as impulse buying [10]. As a result, the secondary premium of Labubu is not merely due to a shortage of supply, but rather the result of the mutual amplification between the absence of visualization and

the magnified symbols. Overall, scarcity leads to FOMO, which in turn boosts symbolic value. Symbolic value, in turn, validates the necessity of scarcity, thereby driving fans to spend on this product until the price exceeds the cost by a hundred times and they still enjoy it.

### 3. Suggestion

Building on the above analysis of the four theoretical models and two typical blind boxes, this paper will further propose possible improvement suggestions to promote the development of the blind box industry in today's society.

Firstly, the empirical research by Xiao et al. on the loot boxes of popular Iphone games in the UK shows that only 64% of the games truly disclose the probability as required by industry self-discipline. When the disclosure method is not prominent or difficult to access, teenagers and problem gamblers are more likely to overspend. On the contrary, in China, where probability disclosure is mandatory, the compliance rate is as high as 95.6%, and reasonable and significant disclosure has significantly enhanced consumers' self-protection ability [13]. This comparison clearly demonstrates that, from the consumer's perspective, transparent algorithms are not only technically feasible but also an effective way to reduce addiction and avoid FOMO. Pop Mart should draw on the gaming industry's regulatory experience with paid loot boxes and prioritize transparency as a core principle for protecting consumer rights. Setting and publicly disclosing a rule that automatically triggers a guaranteed minimum when a rare item is not drawn several times can allow players to anticipate the maximum payment threshold, thereby reducing the risk of emotional additional purchases [13]. This means that the company can attempt to dynamically display the winning probabilities of each style on the purchase interface of the official App and store terminals, and compare and publicize the historical probabilities with the actual box opening results. Pop-up prompts or cooling-off periods should be set for consecutive purchases or single high-payment accounts of minors, and guardians or users should be allowed to set their own consumption limits, laying a credible foundation for their social value.

Moreover, a study on LEGO indicates that the toy industry is the most plastic-intensive industry in the world. Forty percent of respondents stated that they would resell toys they no longer needed. When consumers better understand the economic value of a product, they are more likely to resell it [14]. PopMart's blind boxes differ from LEGO in that buyers have no idea what style they will receive until they open the box. Therefore, for some users, the accumulation of duplicate products is unavoidable. Therefore, Pop Mart can develop an official blind box recycling system. Customers can accumulate green points by putting duplicate or idle dolls into the recycling machine. These points can be used to offset new products or exchanged for specific products. The store's back-end staff cleans and inspects the recyclables. After that, some of them are repackaged and put on the official second-hand section for secondary sale, while the rest are donated to public welfare projects or recycling stations for processing. This way, not only is the source waste reduced through highly recyclable packaging, but also the product life cycle is extended by using points incentives and second-hand circulation, thus making blind boxes truly become a part of the circular economy. Although this approach may reduce the scarcity of products to some extent, which means users who cannot purchase the limited new products will have more opportunities to buy second-hand ones. However, the official second-hand platforms have the ability to control the secondary market. Working together with regulators to crack down on hoarding and price speculation is one of the effective means to curb third-party speculation.

From Pop Mart's perspective, the blind box industry heavily relies on intellectual property (IP), whether it be original IP or co-branded IP. Therefore, considering the long-term operation of IP is of



utmost importance. On one hand, for co-branded IPs like Naruto, as discussed earlier, transmediation methods can be employed to adapt anime plots into blind boxes, themed pop-up exhibitions, and other multi-symbol carriers. This allows fans to maintain their enthusiasm for an IP through multi-sensory experiences, thereby sustaining or enhancing its popularity and strengthening the emotional bond between the brand and the IP through co-creation [15]. On the other hand, for self-owned characters like Labubu, the core concept should be the metaverse. Research shows that the metaverse can connect the virtual world and the real world, provide dynamic experiences, encourage continuous interaction between consumers and brands, and significantly enhance the potential for value co-creation [16]. Compared with traditional digital platforms, brands can convey their value in different ways in the ever-changing metaverse [16]. This means that the company should extensively integrate various fields, such as popular cultural and creative products, trendy toys, and even develop studios where users can design and vote for mass production on their own, thereby building a community-oriented metaverse. As discussed in the previous text, Baudrillard's theory of symbolic consumption suggests that symbols may be far more important in today's society than the products themselves. Therefore, for Pop Mart, the core logic lies in avoiding the dilution of its symbols. By leveraging the metaverse, it can delve deeply into emotional products and also prevent the dilution of symbols in its original product lines, thereby achieving long-term brand compound interest.

#### 4. Conclusion

This study uses case analysis and interdisciplinary theory integration to reveal the value creation mechanisms and sustainable development paths of blind box brands represented by Pop Mart. The results show that blind boxes' transmedia storytelling, co-branding, and scarcity mechanisms significantly enhance consumers' instant gratification and impulse buying tendencies, while amplifying the risks of FOMO and irrational decision-making, and fully conforming to the logic of Baudrillard's theory about symbolic consumption. Considering the suggestion, transmedia storytelling and long-term IP operation can effectively extend the brand's vitality and deepen fan stickiness. Adding an official blind box recycling system and indicating the actual lottery probability can help increase its social value, while controlling the secondary market to avoid premium pricing. From this, a comprehensive conclusion can be drawn: In the blind box industry, where user experience is the main driving force, the collaboration of sustainable development, scarcity, and enhanced narrative is the optimal solution that balances business growth and social responsibility. This study provides valuable insights for future research in this area. Firstly, it combines one of the most popular forms of entertainment in contemporary society with a theoretical framework, enriching academic discussions on the consumption of uncertain goods. Secondly, it introduces recommendations on business models to the blind box industry. Evidence supported by literature indicates that secondary circulation platforms can effectively enhance consumers' willingness to recycle, thereby achieving long-term development goals. Third, it aligns the concept of transmediation with IP operational practices, offering a practical framework for future research in this area. At the practical level, this study provides decision-making references for blind box companies, investors, and regulatory authorities, advocating that brands continue their scarcity strategies while accelerating the development of sustainable packaging, blind box recycling, and second-hand trading platforms to balance economic benefits with environmental performance.

For future studies, relevant research can be extended in three aspects: First, conduct cross-cultural and tracking studies to examine the effectiveness of scarcity marketing and secondary circulation in different markets and at different life cycle stages. Secondly, introduce the method of big data

sentiment analysis to analyze the detailed mechanisms of psychological variables such as FOMO and instant gratification. Thirdly, further quantify the true contribution of green packaging and recycling to carbon emissions and material recycling rates, and evaluate policy incentives and enterprise collaboration mechanisms. Through continuous exploration by multiple disciplines and methods, the aim is to drive the blind box industry towards a more sustainable future.

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