The Rise of the Pop Toy Economy: Synergistic Effect of Corporate Strategy and Social Context – A Case Study of Pop Mart's Trendy IP Labubu

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ABSTRACT

This article provides an in-depth analysis of the multifaceted factors behind the remarkable marketing success of Pop Mart's pop toy IP, Labubu. It examines both the socio-environmental factors contributing to its popularity and the successful initiatives implemented by the company in product promotion. By delineating these key elements, the article aims to offer practical, instructive references for both product producers and consumers. The analysis proceeds from multiple dimensions including brand positioning, product design, channel strategy, and consumer psychology. It investigates both the deliberate strategic arrangements in Labubu's brand development and the contingent opportunities it capitalized on within the specific market context, thereby fostering a more rational perspective on consumption trends for producers and consumers alike.

Keywords—Marketing Methods; Long Tail Effect; Blind Box; Economic Bubble; Matthew Effect

INTRODUCTION

In recent years, Chinese pop toy IPs have risen strongly in the global market, with Pop Mart's Labubu performing particularly prominently. According to Pop Mart's 2024 annual report, the THE MONSTERS series to which Labubu belongs generated annual revenue of 3.04 billion RMB, a year-on-year increase of 726.6 percent, and Pop Mart's revenue from Hong Kong, Macao, Taiwan and overseas exceeded 5 billion RMB, accounting for 38.9 percent of the company's total annual revenue [2]. In 2025, the series further grew to 14.16 billion RMB, and Pop Mart's total annual revenue reached 37.12 billion RMB, a year-on-year increase of 184.7 percent [2]. The popularity swept across many overseas countries and gave rise to new consumption models such as pendant-style consumption. Domestic animated game IPs such as *Black Myth: Wukong* and *Nezha* have gone global, fully demonstrating the appeal of Chinese culture and gaining substantial international attention. This collective cognitive dividend has laid a foundation for Pop Mart and Labubu's globalization goals: as the competitiveness of Chinese brands improves, locally incubated trendy IPs like Labubu naturally receive broader recognition.

The character Labubu was born in 2015, created by Hong Kong illustrator Kasing Lung from his picture book *The Monsters*. Labubu is set as a forest elf from Northern Europe, with a mischievous and rebellious temperament. From 2015 to 2019, it was only a niche art toy. In 2019, Pop Mart collaborated with Kasing Lung to redesign the image: retaining the core character traits while modifying the appearance to a more rounded and cute style; in addition to plastic figures, plush versions were added to enrich the product materials. This subtle image iteration, combined with Pop Mart's pioneering blind box sales model, brought Labubu into the public eye in 2023, and between 2024 and 2025 it completed the leap from niche collectible to phenomenal hit.

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Pop toys, also known as artist toys or designer toys, are toy products themed around pop culture, designed and made by designers or artists, integrating painting, sculpture, art and other elements, with a unique artistic style. Pop toys cover a wide variety of product categories, including blind boxes, action figures, garage kits and assembly toys. Unlike traditional toys, pop toys are centered on pop culture and artistic creativity. Designers or artists carefully create them based on unique aesthetic concepts and cultural symbols, endowing pop toys with richer cultural connotations and fashion expressions [1]. Specifically, there are four significant differences between the two in terms of target audience, functional attributes, design philosophy and intrinsic value. First, the target audiences differ. Traditional toys are mainly aimed at children and adolescents, and product design must strictly comply with child safety standards. The core consumer group of pop toys is the emerging consumer group represented by Generation Z, with greater emphasis on artistry, uniqueness and cultural expression. Second, functional attributes differ. Compared with traditional toys that have a certain degree of playability and educational value, pop toys are closer to static art ornaments, emphasizing their emotional value, social value and collectible value. Third, design philosophies differ. Pop toys are usually designed around IP. Fourth, the intrinsic values differ. The value of pop toys does not directly depend on their production costs, but is highly dependent on their design creativity, IP influence and cultural added value. Limited editions and hidden editions have strong secondary market liquidity [1].

RESEARCH METHOD AND CONCEPTUAL FRAMEWORK

Case Study Method

This study adopts a single case study approach. Case study is an empirical research method that focuses on contemporary phenomena and their organizational and social boundaries, and enables in-depth investigation of the causes and connections behind complex phenomena through analysis of multiple sources of evidence. The case study method is particularly applicable when the research subject is an ongoing event and the researcher has very little control over the subject.

The case selection in this study follows the principle of theoretical sampling rather than random sampling. Labubu was chosen as the research case based on three considerations. First, Labubu is the fastest growing Chinese pop toy IP in recent years, with a year-on-year revenue increase of 726.6 percent in 2024 [2] and THE MONSTERS revenue reaching 14.16 billion RMB in 2025 [2], demonstrating extreme typicality and theoretical saturation. Second, Labubu's success and subsequent correction involve complex interactions among multiple factors including corporate strategy, consumer psychology and sociocultural change, making it suitable for a case study to reveal "how" and "why" questions. Third, Labubu experienced a substantial secondary market price correction starting in the second half of 2025, providing complete empirical materials for studying the life cycle and sustainable development of pop toy IPs.

The research follows the standardized case study process, including four stages: research design, data collection, data analysis and report writing.

Data Sources and Collection

This study comprehensively uses multiple sources of evidence. First, corporate public data, including Pop Mart's 2024 and 2025 financial reports and disclosure information from performance meetings [2]. Second, platform transaction data. From January to February 2026, the authors systematically collected Labubu-related sales data: all Labubu series product pages on Tmall's Pop Mart flagship store from January 2024 to December 2025 were crawled, including selling price, monthly sales volume, cumulative reviews and listing time, totalling 217 SKUs; historical transaction data from JD.com's self-operated flagship store and Douyin live broadcast rooms were also collected simultaneously. For the secondary market, all transaction records under the Labubu keyword on three platforms – Qidao, Xianyu and Dewu – from June 2024 to January 2026 were crawled, including transaction price, transaction time and product condition, yielding 18,742 valid samples. Third, media reports and industry analyses, from in-depth reports by financial media such as *Securities Times*, *21st Century Business Herald* and *Jiemian News*. Fourth, academic literature and theoretical resources.

Evidence Verification Strategy

This study adopts a data triangulation strategy to cross-validate evidence at three levels. First, it distinguishes documented facts from interpretive conclusions: all quantitative information involving revenue data, sales data and price data is annotated with specific data sources; all qualitative conclusions involving cause analysis, mechanism explanation and trend judgment are based on cross-verification from multiple sources of evidence. Second, multi-channel data cross-comparison: for key quantitative claims, the principle of "at least two independent sources for cross-validation" is applied – for example Labubu's revenue data come from both financial reports and financial media reports, and secondary market prices refer to transaction records from Xianyu, Qidao and Dewu simultaneously. Third, longitudinal time-series tracking: Labubu's market performance is tracked across multiple periods from early 2024 to the end of 2025, and by comparing price, volume and attention indicators at different time points, cyclical fluctuations are distinguished from structural changes, avoiding misinterpretation of short-term phenomena as long-term trends.

Data Triangulation Strategy

Triangulation is a core method for ensuring validity and reliability in case study research. It refers to the combined use of multiple data sources or research methods when studying the same phenomenon in order to cross-validate findings. One major advantage of the data collection process in case studies is the ability to use multiple sources of evidence for triangulation, forming a corroborating chain of evidence by converging different sources, thereby significantly reducing the risk of misjudgment and improving research quality.

This study employs triangulation strategies at the following three levels.

First, triangulation of data sources. The data collection covers four independent categories: corporate public data, platform transaction data, media reports and industry analyses, and academic literature and theoretical resources. These four categories are independent of each other and mutually corroborating; deviations in any single source can be identified and corrected through cross-source comparison. For example, Labubu's annual revenue data come from both Pop Mart's official financial reports and independent financial media reports [2]; secondary market price trends refer to transaction records from Xianyu, Qidao and Dewu simultaneously to avoid misjudgment due to user structure bias of a single platform.

Second, triangulation of analytical methods. This study combines quantitative and qualitative analytical approaches in data analysis. At the quantitative level, descriptive statistics and time-series analysis are performed on the 18,742 secondary market transaction records collected, calculating indicators such as average transaction price, premium rate and price volatility for each period, providing empirical support for the division of "boom period" and "correction period". At the qualitative level, thematic analysis is conducted on social media UGC content, media reports and consumer reviews to identify consumer motivations, community interaction patterns and market sentiment changes. The two analytical approaches complement each other: quantitative data reveal "what happened" – e.g. prices falling from 1,388 RMB to 60 RMB – while qualitative analysis explains "why it happened" – e.g. supply expansion signals triggering a reversal of market expectations. This mixed strategy of "quantitative positioning + qualitative interpretation" enhances the persuasiveness of the findings.

Third, triangulation of longitudinal time series. To avoid misinterpreting short-term fluctuations as long-term trends, this study tracks Labubu's market performance across multiple periods from early 2024 to the end of 2025, identifying cyclical fluctuations and structural changes by comparing indicators such as price, volume and attention at different time points. Specifically, the observation period is divided into three stages: the preheating period (January 2024 – March 2025), the boom period (April 2025 – August 2025) and the correction period (September 2025 – January 2026). Core indicators such as average transaction price, trading volume and premium rate are calculated for each stage, and through longitudinal comparison, short-term speculative bubbles are distinguished from long-term IP value. This time-series triangulation ensures that the stage division and "bubble" judgment regarding Labubu's market cycle are based on systematic empirical evidence rather than isolated case events.

Through these three levels of triangulation, this study forms a cross-corroborating chain of evidence in terms of data sources, analytical methods and time dimensions, effectively controlling for systematic biases that may arise from a single data source, single method or single time cross-section, thereby ensuring the internal validity and external reliability of the findings.

Analytical Framework: A Three-Layer Nested Model of Social Context, Corporate Strategy and Consumer Behavior

This study integrates the theoretical concepts dispersed across chapters into a unified analytical framework. The framework takes the S-O-R (Stimulus-Organism-Response) model as its underlying logic, while also incorporating the perspective from social construction theory that brand value is co-constructed by multiple stakeholders. The theories explaining the Labubu phenomenon are categorized into three analytical levels according to their objects of explanation.

Macro level: Social structural transformation and shifts in consumption demand. This level explains "why consumers need products like Labubu". The core theoretical tools are Fei Xiaotong's theory of the differential mode of association and its derived concepts – namely the loneliness economy and symbolic consumption. Traditional Chinese society was organized on the basis of kinship and geography forming the differential mode of association, where individuals obtained emotional support and identity confirmation within kin networks. However, with urbanization and increased population mobility, the traditional differential mode of association has gradually loosened, individuals are placed in a society of strangers, and real-life interpersonal emotional support has weakened. The anonymization, one-way orientation, marketization and standardization of emotional satisfaction in modern society have become increasingly prominent, giving rise to two types of needs. One is the need for emotional compensation, where consumers buy plush toys and figures as substitutes for emotional attachment. The other is the need for identity construction, where consumers use the aesthetic and cultural symbols carried by products to achieve self-expression and group belonging. The role of the macro level is that it defines Labubu's social function as an "emotional value carrier" and "identity symbol", providing the demand-side precondition for the meso-level corporate strategies.

Meso level: Corporate strategic design and market structure shaping. This level explains "how Pop Mart designs products and pricing systems to meet the above demand". The core theoretical tools include the long-tail effect, conspicuous consumption signaling and resource agglomeration effects. The long-tail effect, proposed by Chris Anderson, holds that the total market of products with small sales volumes but great variety may exceed the sales scale of a few popular products. The long-tail effect guides Pop Mart to implement a broad price range strategy (tens to hundreds of RMB), transforming pop toys from niche collectibles into affordable symbolic consumer goods for the mass market, maximizing market coverage. Conspicuous consumption signaling acts on brand positioning: Pop Mart establishes strategic associations with luxury brands like Hermès, uses celebrity endorsements ("the role of celebrity advertising is to transfer the celebrity's authority and credibility to the product to gain consumer trust" [12]), and conducts limited-edition high-premium auctions, actively

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manufacturing conspicuous consumption signals so that Labubu carries class and taste implications, responding to high-income groups' demand for status distinction. The two strategies form a combined structure of "mass base + high-end anchor", while the resource agglomeration effect manifests as follows: under the dual effects of UGC dissemination and algorithm recommendation, Labubu as a leading IP receives disproportionate traffic and resource concentration, continuously reinforcing its market advantage.

Micro level: Individual behavior triggers and community dissemination amplification. This level explains "why consumers repeatedly purchase, actively spread and form communities". The core theoretical tools include intermittent reinforcement, UGC "textual poaching" and social currency. Intermittent reinforcement explains the behavioral addiction logic of the blind box mechanism. User-generated content (UGC) relies on users sharing real usage experiences and IP-related content as well as consumers' secondary creations, forming interactive communities based on common themes. By purchasing merchandise related to specific ACGN works and producing related products, they form communities with strong emotional resonance, thereby strengthening emotional connections among group members. Blind boxes are sold in series, and although hidden editions are announced on the packaging, because they are produced in smaller quantities and are more exquisitely designed, their draw probability is artificially reduced [3]. This unpredictable positive reward most effectively maintains and even reinforces purchasing behavior. UGC "textual poaching" explains the craze for consumer secondary creation: Labubu has no original animation or film narrative, which precisely provides consumers with a "blank space for meaning". Fans actively participate in constructing the IP worldview through unboxing reviews and creative modifications. Social currency explains the motivation to share: "Generation Z youth in a 'liquid society' are the mainstream group in the growth of cultural consumption" [3], and owning and displaying Labubu becomes a "passport" to integration into specific circles, with consumers gaining social recognition through community interaction.

The three levels are not in a one-way linear relationship but form a continuous dynamic cycle. The social needs at the macro level provide direction for corporate strategy. The strategic design at the meso level triggers micro consumption behavior through specific products and price signals. The large-scale UGC and secondary market transaction signals at the micro level, after fermentation through social media, feed back to the meso level (e.g. forcing Pop Mart to adjust production capacity), and thereby change the collective perception of Labubu as a "scarce luxury good" at the macro level. It is through this systematic analysis of the three-layer nested framework that the complete cycle of Labubu from explosive popularity to correction can be fully explained.

Marketing and Market Advantages

Community Dissemination Driven by User-Generated Content

"The term 'merchandise' (derived from the Japanese word for 'goods') refers to peripheral products related to ACGN (Animation, Comic, Game, Novel), and its main consumer group is young fans of two-dimensional culture, especially the post-2000 generation" [4]. Early fan culture was considered non-productive in value, but scholars like John Fiske redefined fans as active cultural subjects and proposed the concept of "textual poaching" – where fans independently interpret and create secondary works, reclaiming the right of cultural interpretation.

Labubu's dissemination path is a typical manifestation of this theory. Labubu has no accompanying animation, film or other original narrative media, providing consumers with ample room for reinterpretation and transformation. Consumers enrich the IP worldview by sharing content, collecting different styles, and making personalized modifications such as DIY outfits and secondary creations incorporating regional aesthetic elements. Relying on the UGC dissemination mechanism, Labubu's influence has spread exponentially. New professions such as "Labubu beauticians" and "Labubu tattooists" have emerged on social media. Thai craftsmen have created Labubu-themed amulets and ornaments, gaining market popularity. Owning Labubu has become an essential “social currency” for integration into circles, and consumers gain social recognition and group belonging through community photo sharing, exchange and discussion. This peripheral economy spontaneously generates massive discussions, and combined with the amplifying effect of social media algorithm recommendations, continuously pushes Labubu’s popularity higher.

Product Naming Strategy Adapted to the Market

Product names are a critical medium between consumers and goods, profoundly affecting commercial success. “The Chinese language has about 9,400 morphemes, but only 3,500 are commonly used” [5]. “In modern Chinese, over 70 percent of words are disyllabic compound words, so linguists call Chinese a disyllabic language” and “native Chinese speakers have a preference for prosodic words (disyllabic words)” [5]. However, Labubu is a trisyllabic transliteration, deliberately breaking the convention. “Foreign brand names, because they represent Western modern lifestyles, tend to attract young people’s attention. To balance these two factors, one needs a name that is catchy and easy to remember while retaining a foreign flavor” [5]. The transliteration of Labubu preserves the original pronunciation and repeats the “bu” syllable, fitting the characteristics of internet language communication and facilitating word-of-mouth transmission.

The advantages at the auditory brand level are equally prominent. Labubu’s global promotional theme songs are all composed from the recombination of these three syllables – e.g. “Labubu, Labu labu, Labubu, Bu”. The minimalist design splits and recombines the trisyllabic structure, alternating complete trisyllabic, disyllabic and monosyllabic segments to form rhythm and melody, repeatedly reinforcing the auditory memory of the IP. The catchy repetition combined with light music fits the dissemination logic of short-video platforms and encourages user secondary creation and forwarding. From a commercial perspective, there is no need to specifically write lyrics, saving lyric-writing costs and avoiding the controversy risks of hiring songwriters.

The naming of sub-series also keenly captures contemporary cultural trends. Take Labubu’s first-generation “Heartbeat Macaron” series in 2023 as an example. The Chinese names – such as 青提果果, 海盐椰椰, 栗子可可 – extensively use food-themed reduplicative onomatopoeic constructions, borrowing familiar food themes to directly inherit existing consumer recognition and reduce marketing investment for new IP. The English names – Green Grape, Sea Salt Coconut and Chestnut Cocoa – use alliteration to enhance memorability, and the food selections take global adaptability into account: green grapes are abundant in the Mediterranean, cocoa is rooted in Europe, the Americas and Southeast Asia, and chestnuts are representative of Nordic festive diets. This naming combination not only captures consumer attention but also accelerates cultural acceptance through localized market positioning.

Market Positioning Driven by the Long-Tail Effect

The long-tail effect theory was proposed by Chris Anderson, editor-in-chief of *Wired* magazine, in 2004. The long-tail effect refers to the phenomenon where products or services that were previously overlooked, with small sales volumes but many varieties, accumulate a total revenue that exceeds that of mainstream products due to their sheer aggregate size. In simple terms, the long-tail effect means that all niche markets combined may be larger than the mainstream market. The emergence of this concept is closely related to technological development, cultural environment, economic conditions and social division of labor at that time.

Labubu’s price range spans from tens to hundreds of RMB, which is a practical implementation of this strategy. Pop Mart transforms collectible pop toys into affordable symbolic consumer goods for ordinary people, expanding the consumer group beyond the top 20 percent of high-income earners to the 80 percent of middle-income consumers. High-income groups are few in number but have strong purchasing power; middle-income groups have limited individual purchasing power but an extremely large base. The downward democratization of high-end enjoyment directly generates large-scale collecting behavior. Financial data confirm the effectiveness of this strategy. In 2024, Pop Mart's group achieved for the first time that four IPs – THE MONSTERS, MOLLY, SKULLPANDA and CRYBABY – each generated over 1 billion RMB in revenue, and 13 IPs exceeded 100 million RMB. Pop Mart's revenue and net profit again reached new historical highs, with revenue of 13.04 billion RMB (up 106.9% year-on-year) and adjusted net profit of 3.40 billion RMB (up 185.9%) [2]; in 2025, THE MONSTERS reached 14.16 billion RMB, and total annual revenue reached 37.12 billion RMB (up 184.7%) [2].

The Psychological Driving Logic of the Blind Box Mechanism

Pop Mart's 2024 annual report shows that blind box vending machines generated revenue of 1.1137 billion RMB, a year-on-year increase of 52.7 percent, breaking the historical sales record of 2022. The content e-commerce team reshaped the live broadcast room positioning, strengthened brand expression through scenario-based performance, conveyed the emotional value of IPs and products, and attracted a large number of new fans. They built a differentiated operation strategy for interest e-commerce, successfully expanded into new categories such as plush toys and acquired new customer segments. Revenue on the Douyin platform in 2024 reached 601.2 million RMB, up 112.2% year-on-year. Tmall flagship store in 2024 focused on increasing new brand customer scale, expanding store traffic and customer quality, set the highest sales record for toy-category super-brand activities during the Super Brand Month, and achieved rapid business growth throughout the year, with revenue of 627.8 million RMB (up 95.0%) and won first place in both the Tmall Trendy Toy Ranking and the overall toy ranking during the 618 shopping festival [2].

The psychological driving force of the blind box mechanism can be explained from the perspective of behavioral psychology. "Blind boxes originated in Japan at the end of the Meiji Restoration, when department stores used a sales format called 'lucky bags' to clear inventory, placing goods in opaque cloth bags and selling them at low prices, and the goods sold out quickly. By the 1980s, the lucky bag format evolved into 'gashapon', a sales method where toy models of similar cartoon or anime characters were randomly sold in egg-shaped containers" [3]. Modern blind boxes set tiered probabilities. "Blind boxes are generally sold in series, with styles within the series, and styles are further divided into common styles, hidden styles and limited styles. Common styles refer to the planned number of styles that producers design for the series and ensure equal draw probability for each style when released to the market. Hidden styles, although announced on the packaging, have a deliberately reduced draw probability because they are produced in smaller quantities and are more exquisitely designed, and limited styles follow the same logic.

Therefore, to obtain a hidden or limited style, consumers need to keep purchasing to increase the probability of drawing such styles" [3]. Under this intermittent reinforcement paradigm, uncertainty extends consumers' participation time and reinforces the impulse to repeat purchases. Even after multiple failures, the random reward still sustains consumption behavior. The blind box mechanism quantifies the collection gap, allowing consumers to estimate the number of purchases needed to complete a full set. "Taking blind box purchase as an example, the guidance of this consumption game lies in that it lets buyers know how many more they need to complete a series, and their blind box purchase quantity can be recorded.

At the same time, this game exploits the gambler's fallacy, making consumers feel that one more purchase will always bring the rarest style, thereby triggering purchases. When blind box unboxing videos and strategies are everywhere and friends around seem to be discussing and buying, individuals are likely to follow the crowd under the influence of conformity pressure and buy blind boxes" [3]. Unboxing videos, box-opening strategies and community discussions continuously spread, and group conformity pressure further rationalizes continued purchasing.

The Social Context of the Labubu Phenomenon

Multidimensional External Environment Analysis Based on the PEST Framework

This section uses the PEST analysis framework to systematically analyze the macro environment of Labubu from four dimensions: political, economic, sociocultural and technological.

Political Environment

In recent years, the domestic government has continuously increased policy support for the cultural and creative industries. The 2025 Government Work Report proposed "vigorously boosting consumption, improving investment efficiency, and expanding domestic demand in all aspects. It called for promoting better integration of consumption and investment, accelerating the filling of shortcomings in domestic demand, especially consumption, and making domestic demand the active driver and stable anchor of economic growth" [6]. It also proposed "implementing special actions to boost consumption, formulating special measures to enhance consumption capacity, increase high-quality supply and improve the consumption environment, releasing diversified and differentiated consumption potential, and promoting consumption upgrading and quality improvement" [6]. Policy support is directed at the entire cultural and creative industry, and Pop Mart is able to access policy resources due to its own scale advantages and overseas operational capabilities. At the same time, issues such as opaque probabilities in blind box sales and induced repeat consumption have attracted regulatory attention, and relevant regulations will impose certain constraints on the sales model.

Economic Environment

Chinese residents' per capita disposable income continues to grow, and the consumption structure is shifting from material consumption dominance to equal emphasis on material and service consumption. "The rapid development of the pop toy industry is closely related to China's economic development level. The sustained increase in per capita income drives the continuous optimization of the consumption structure, with residents' consumption gradually shifting from material-oriented satisfaction consumption to experience-oriented consumption centered on emotion and spirit". "The pop toy industry, formed by the production and consumption of pop toys, as a new business form integrating design creativity and cultural expression, conforms to the trend of residents' consumption shifting from material goods dominance to service consumption dominance. Especially among emerging consumer groups such as Generation Z (those born between 1995 and 2009) and urban middle-class consumers, pop toys, as typical representatives of symbolic consumption, show strong market appeal and frequent purchasing behavior". However, pop toys are non-essential consumer goods and are relatively sensitive to macroeconomic fluctuations – economic slowdown will directly impact the market demand base. In addition, the number of entrants in the pop toy sector continues to increase, intensifying industry competition.

Sociocultural Environment

The macro-level social structural changes provide the demand-side precondition for Labubu. The traditional differential mode of association has loosened, individuals are placed in a society of strangers, real-life interpersonal emotional support has weakened, and "the anonymization, one-way orientation, marketization and standardization of emotional satisfaction in modern society" have given rise to the need for emotional compensation and identity construction. Labubu does not have a complex or heavy background story, which precisely responds to the above three needs simultaneously. It is a "blank canvas" for meaning, allowing consumers to freely project emotions. It is a highly recognizable visual symbol that can convey the owner's identity signal. It is operated by a Chinese company while possessing an international art style, balancing local cultural identity with fashionable aesthetics. Another manifestation of the strengthening of local cultural identity is the rise of *guochao* (China chic). In the past, the pop toy market was dominated by Japanese figures and American superhero merchandise, but now local IPs have gained market recognition and are competitive on the same stage.

Technological Environment

5. D printing technology has changed the design and production process of pop toys. “The traditional pop toy design process can be divided into four stages: theme design, drawing design, sample making and product finalization” [7]. “This linear model of the design process cannot proceed simultaneously, and in the sample making stage, problems such as unsuitable materials and wet paint often cause delays. At the same time, this workflow is based on design sketches and cannot verify the final physical form, so structural problems may emerge at the sample completion stage, and even worse, if audience feedback is poor or market demand is low, designers must redo sketches and adjust models, seriously wasting design time and model making costs” [7]. “In the context of Industry 4.0, the application of 3D printing technology in pop toy design has gradually deepened. On the design side, 3D printing accelerates the transition from concept to physical object, simplifies the design process, shortens the design cycle, and reduces the model cost and time cost of trial and error, greatly improving design efficiency and enabling products to reach the market faster” [7]. Social media and recommendation algorithms play a more direct role in Labubu’s explosive popularity. Digital technology has broken down consumers’ literacy barriers, wealth barriers, time-space barriers, and information limitation barriers, greatly expanding the scale of participation in cultural creation and consumption across various groups. “Before digital technology empowered consumers and expanded consumption scale, technology had already improved the efficiency of cultural production and dissemination, bringing it to the masses. But cultural dissemination at that time was mainly based on visual and auditory text, and accessing, appreciating and creating such cultural products required higher levels of education, wealth and leisure time. Digital technology has opened the era of images and video, greatly expanding the scale of participation in cultural creation and consumption across various groups. First, it broke through literacy barriers: regardless of literacy level, consumers can enjoy rich cultural products in forms such as images and video. Second, it broke through wealth barriers: consumers can log onto a platform at low or even no cost and have access to a wide range of cultural services, hearing or sampling music from around the world, watching or previewing global films, and visiting precious museum collections without leaving home. Third, it broke through time-space barriers: the portability and mobility of smartphones and tablets better fit the fast-paced, fragmented time and frequent spatial movement of modern society, facilitating the creation and appreciation of cultural products. Fourth, it broke through information limitation barriers: in the past, information channels between producers and consumers were limited, making it difficult for them to find each other. Now, search technology on the consumer side allows consumers to freely choose their interested content from the vast array of cultural products online” [8].

Social Structural Change and Consumption Shift

Traditional agrarian society operated within closed kinship networks, and Fei Xiaotong’s “differential mode of association” used concentric circles formed by blood and geography as the primary bond. With accelerated urbanization and large-scale population mobility, individuals have detached from close kin networks and entered an “individualistic society” dominated by strangers. Implicit emotional needs begin to manifest through explicit product demands. Emotional value has been upgraded from a supplementary attribute of products to a core transaction purpose, and consumers’ payment behavior directly targets emotional experiences such as self-identity and psychological comfort. Emotional needs themselves have been incorporated into the market exchange system, becoming commodities that can be produced and traded. “Youth cultural consumption, as it appears in young people’s daily lives, is a way of expressing one’s attitudes. This way is not just about music, but also about what I wear, why I choose this brand, what attitude this brand lets me express, and what personal beliefs it conveys” [9].

“The anonymization, one-way orientation, marketization and standardization of emotional satisfaction in modern society have narrowed the social sources of genuine emotion, while the demand for virtual emotion has grown increasingly large” [10]. “Modern hedonism focuses attention on fictional stimuli and the hidden pleasures they bring, relying more on emotion than direct sensation” [11], “and people long to experience in reality the emotions and pleasures created in fantasy. The market has accordingly produced corresponding ‘emotional’ consumer goods, allowing consumers to establish emotional connections with products through the consumption process, express inner feelings, and obtain a kind of virtual emotional satisfaction and social support” [11]. It has become a consumption trend for consumers to satisfy emotional experiences through the consumption of emotional goods.

Labubu’s Market Cycle: An Empirical Analysis from Frenzy to Correction

Boom Period: Supply-Demand Imbalance and Price Surge

Labubu’s market heat reached its peak in the first half of 2025. On August 28, 2025, Pop Mart officially launched the “Mini Labubu”, priced at 79 RMB per unit and 1,106 RMB per set. Before the sale, over 580,000 consumers had already added the product to their shopping carts on Tmall. The entire stock sold out within 60 seconds. On Tmall’s single store, over 300,000 units were sold in 10 minutes, with sales exceeding 23 million RMB. The official live broadcast room received nearly 1.5 million visitors in ten minutes. Combining data from Douyin, Tmall and JD.com, total sales of this series across all platforms exceeded 1.078 million units.

The secondary market speculation was even more intense. The transaction records crawled from secondary platforms show that the Mini Labubu, originally priced at 79 RMB per unit, was resold at up to 1,388 RMB per unit, a premium rate of 1,657 percent. Labubu’s Vans collaboration model had an official retail price of 599 RMB and reached a peak secondary market price of nearly 35,000 RMB, a 57-fold premium. In June 2025, a first-generation collector’s edition Labubu figure was auctioned for 1.08 million RMB. On the pop toy trading platform Qidao, the average transaction price for complete sets reached 1,920.77 RMB, with the highest transaction price at 2,580 RMB.

The frenzy of this period can be explained at multiple levels. At the macro level, the social demand from the loneliness economy and symbolic consumption provided a vast potential consumer base for Labubu. At the meso level, Pop Mart established associations with luxury brands like Hermès and invited international celebrities (Rihanna, Lisa, Beckham, etc.) for exposure – “the role of celebrity advertising is to transfer the celebrity’s authority and credibility to the product to gain consumer trust” [12] – successfully anchoring Labubu as the “Hermès of blind boxes”. Conspicuous consumption psychology made higher prices actually increase purchase intention. At the micro level, the intermittent reinforcement mechanism of blind boxes drove repeat purchases – “hidden editions are produced in smaller quantities and have artificially reduced draw probabilities” [7] – and the social currency motive drove community sharing and bandwagon effects, while social media algorithms continuously amplified the heat, with the three forces mutually reinforcing to form a positive feedback loop.

Correction Period: Supply Expansion and Price Decline

Labubu’s price myth began to weaken after reaching its peak in June 2025. The key turning point came from a sharp expansion in supply. In August 2025, Pop Mart’s Supply Chain Center President Yuan Junjie publicly stated that “for plush toys, the current monthly production capacity is more than ten times that of the same period last year, now around 30 million units” [2]. The official supply greatly increased through the rule of “limit 12 units per person" and full-channel replenishment mechanisms.

The supply expansion directly led to a sharp correction in secondary market prices. The secondary transaction data crawled in this study show that for the "True Self" hidden edition of the "High Alert" series, its transaction price approached 3,000 RMB in June 2025, then fell to around 1,200 RMB in July and August, and now the average transaction price is about 530 RMB, down more than 80 percent from the peak. For the Labubu "Sitting Party" vinyl plush series, originally priced at 594 RMB per set, the average secondary platform price had exceeded 1,000 RMB, but now the lowest single blind box transaction price has dropped to 60 RMB, falling below the retail price. On the Xianyu platform, Labubu's seven-day average transaction price has dropped to about 70 RMB, and 69 percent of users are bearish on future trends.

Empirical Examination of the "Bubble" Controversy

Whether Labubu constitutes an economic "bubble" first requires distinguishing between *economic bubble* and *bubble economy*. The former reflects a *local* economic phenomenon, while the latter reflects a *global* economic phenomenon, and they should not be confused. A bubble economy refers to a false prosperity phenomenon formed when a local economic bubble, generated by false demand, stimulates effective social demand through certain transmission mechanisms and spreads to the whole economy. In Labubu's case, the price fluctuation is a local phenomenon and has not yet evolved into a systemic bubble economy.

Specifically in the Labubu case, two different types of price phenomena need to be distinguished. The gap between the official selling price and the secondary market premium: the official price is Pop Mart's pricing decision as a producer, reflecting production costs, brand premium and corporate profit. The secondary market premium is essentially a short-term equilibrium price under supply-demand imbalance, shaped by the joint behavior of speculators, collectors and consumers. When official supply expands, the premium quickly disappears and even falls below the issue price, indicating that the main driver of the secondary premium is artificially manufactured scarcity rather than intrinsic value appreciation of the product itself. In this sense, the secondary market premium does have "bubble" characteristics – it is built on supply constraints rather than value creation.

Pop Mart's corporate fundamentals: unlike pure speculative bubbles, Pop Mart as a listed company has real revenue and profit support. In 2024, Pop Mart's revenue and net profit again reached historical highs, with revenue of 13.04 billion RMB (up 106.9% year-on-year) and adjusted net profit of 3.40 billion RMB (up 185.9%) [2]; in 2025, full-year revenue was 37.12 billion RMB (up 184.7%) [2]. Even though Labubu's secondary prices have corrected substantially, Pop Mart's IP operation capability and commercialization system remain sustainable. In 2025, SKULLPANDA generated 3.54 billion RMB, CRYBABY 2.93 billion RMB, MOLLY 2.9 billion RMB, and 17 IPs exceeded 100 million RMB in revenue [2] – indicating that Pop Mart is transitioning from "single-IP driven" to a "multi-IP matrix".

CONCLUSION

Through a single case study approach, this paper systematically investigates the market success and subsequent fluctuations of Pop Mart's pop toy IP Labubu. The research constructs a three-layer nested analytical framework of "social context – corporate strategy – consumer behavior", integrating the macro-level changes in the differential mode of association, the meso-level corporate strategies and the micro-level behavioral mechanisms into a unified explanatory system.

The main findings of this study can be summarized in three points. First, Labubu's explosive popularity was not merely a corporate marketing victory, but the result of corporate strategy being precisely embedded into the gaps of social structural change. The needs for emotional compensation and identity construction that emerged after the loosening of the traditional differential mode of association provided the macro-level demand conditions for Labubu as an “emotional value carrier” and “identity symbol”. Second, Pop Mart’s meso-level strategies – a broad price range covering the mass market, high-end anchors to create conspicuous consumption signals, intermittent reinforcement through the blind box mechanism, and UGC community operations – formed a positive feedback loop of “purchase → share → repurchase” at the micro level, leading to exponential diffusion of popularity. Third, based on longitudinal market data tracking from 2024 to 2025, this study distinguishes between Labubu’s long-term value as an IP and the short-term speculative bubble in the secondary market. The high premiums in the secondary market were mainly driven by artificially manufactured scarcity and have largely subsided after official supply expansion. However, Pop Mart’s multi-IP matrix and continuously growing revenue fundamentals indicate that the company itself is not built on speculative bubbles. The pop toy industry takes IP as its core element, running through every link of the industrial chain, determining the cultural value and market vitality of pop toys. High-quality IP endows products with cultural connotations and emotional value, stimulating consumer resonance and sense of belonging. For emerging consumer groups represented by Generation Z, IP has transcended a mere interest label to become an important medium for self-identity and social interaction. High-quality IP, due to its cultural attributes and uniqueness, possesses strong extensibility and market sustainability.

The practical implications of this study for the pop toy industry are that IP operations cannot rely on long-term scarcity creation and speculative demand, but must return to deep cultivation of cultural connotations and the establishment of emotional connections with consumers. Labubu’s experience shows that when social sentiment on the demand side has not yet subsided, excessive expansion on the supply side may prematurely end an IP’s premium capability. How to find a dynamic balance between commercial expansion and scarcity value is the core issue that Pop Mart and the entire pop toy industry need to continuously address.

The limitations of this study are that the collection of secondary market transaction data is restricted by platform anti-crawling measures, so sample coverage has certain biases; the analysis of consumer motivations is mainly based on public UGC content and behavioral data, lacking first-hand in-depth interview materials. Future research could combine questionnaire surveys and consumer interviews to further verify the causal paths among the three levels of the framework.

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