

# The Marketing Strategy Analysis of POPMART in South Korea

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**Abstract:** In recent years, the pursuit of spiritual satisfaction alongside material needs has driven the popularity of blind boxes among young individuals, injecting vitality into the designer toys market. Pop Mart has emerged as China's largest and fastest-growing company in this industry, seizing the opportunity presented by the rapid growth of the domestic market to embark on international expansion. This study examines Pop Mart as a case study, providing an overview of its development progress in the Korean market. It further analyzes Pop Mart's marketing strategies in terms of product offerings and distribution channels in Korea. By summarizing Pop Mart's successful marketing experiences in Korea, this paper offers recommendations for its expansion into other overseas markets.

**Keywords:** Pop Mart; Marketing Strategy; the South Korea Market

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## 1. Introduction

With China's economic growth, the cultural industry has thrived. The "14th Five-Year Plan for Cultural Development" recognizes culture's pivotal role and emphasizes expanding the cultural industry while empowering it. Designer toys, witnessing promising prospects, have driven domestic companies like Pop Mart to expand overseas. This study examines Pop Mart's marketing strategy in South Korea, analyzing product and distribution channels. The findings offer valuable insights for future overseas endeavors, drawing from successful practices in the South Korean market.

The analysis of Pop Mart's marketing strategy in Korea and its implications for overseas markets consolidate its marketing advantages, optimize strategies in the Korean market, expand the market and attract more consumers. Lessons from overseas marketing in Korea provide valuable insights for Pop Mart's entry into international markets. Given the limited literature on Pop Mart's Korean marketing strategy and Korea being its first venture abroad, developing Pop Mart's international business is strategically significant.

## 2. Overview Of Pop Mart'S Development In South Korea

With a strong economy, thriving entertainment industry, and fashion-forward culture, Korea was Pop Mart's initial focus for expansion. The Korean market serves as an important gateway for overseas ventures, extending its popularity to Southeast Asia.

In 2018, Pop Mart entered the overseas market, starting with South Korea due to its cultural and economic development. The company launched its website and app, and in 2019, opened its first robot store. Pop Mart's operating revenue in South Korea reached \$59.09 million in 2019, growing to \$96.09 million in H1 2020. This growth is attributed to diversified marketing, enhanced brand awareness, and strong consumer support.<sup>[1]</sup>In H1 2022, Pop Mart reported impressive financial results, with total overseas revenue of RMB 157 million, a 161.7% YoY increase. Revenue share also rose from 3.4% in H1 2021 to 6.6%.<sup>[2]</sup>

## 3. POP MART'S MARKETING STRATEGY IN THE SOUTH KOREA

### 3.1 Hot cross-border IP product strategy

Pop Mart's inaugural IP, MOLLY, has been online for over a decade while maintaining remarkable vitality. This underscores the significance of IP marketing in extending product life cycles, necessitating a deeper emotional connection with consumers for long-term success. In the Korean market.<sup>[3]</sup>

Pop Mart's product strategy revolves around IPs, continuously enhancing their visibility and leveraging each IP's inherent strengths while understanding consumer demographics. This approach enables Pop Mart to develop diverse product offerings tailored to different consumer segments.<sup>[4][5]</sup>

### **3.1.1 Brand co-branding**

In 2020, Pop Mart collaborated with the renowned Korean IP, LINE FRIENDS, to release the LINE FRIENDS Series, resulting in exceptional sales on the release day. Leveraging the popularity of Line, which holds a market value of \$5.5 billion and enjoys significant popularity in South Korea, Pop Mart stimulated consumer motivation among Korean customers and offered a novel consumption experience. This collaboration further enriched Pop Mart's range of overseas product offerings by leveraging the inherent advantage of popular Korean IPs.

### **3.1.2 Brand Licensing**

Pop Mart effectively utilizes brand licensing with renowned brands in Korea to enhance international recognition and local impact. Collaborations bring additional benefits, increasing profitability and achieving mutually beneficial outcomes.

In 2022, Pop Mart collaborated with the Korean fashion brand 12DE MARZO to launch a spring/summer collection through licensing. This partnership increased sales and profits for the local brand and expanded Pop Mart's IP licensing business, facilitating sustainable development in Korea.

#### 3.1.3 IP localization Strategy

To succeed in foreign markets, understanding cultural characteristics and local differences is crucial for a tailored shopping experience. Pop Mart achieves localization in Korea by aligning with aesthetic preferences and designing products for local consumers.

SATYR RORY, a collaboration with Korean artist Seulgie, inspired by the Greek deity Pan, sold out within five minutes of its June 2015 release. Another example is DUCKOO, an original IP by the Korean creative team CHOKOCIDER. The "DUCKOO Camping Series," launched in September 2019 in collaboration with Pop Mart, garnered high praise from Korean consumers.

#### 3.2 Integrated online and offline channel strategy

Pop Mart's overseas offline business constitutes 80% of total operations, including physical stores, pop-up shops, and robot stores. It also leverages online channels like the online store and Pop Mart community. Through a multi-channel approach, Pop Mart enhances its presence in Korea, establishing a strong sales network and localized operational expertise. This creates a diverse sales and operational channel. Subsequent sections will outline key online and offline strategies.<sup>[6]</sup>

##### 3.2.1 Online official website POP MART KOREA

In 2018, Pop Mart expanded overseas, starting with the Korean market. In October of that year, the POP MART Korea online app was launched as the official store in Korea. Within two months, it generated revenue of 51.5 million yuan, catering to the shopping habits and needs of young Korean consumers.

##### 3.2.2 Offline Overseas Direct Store

Pop Mart adopts a "light before heavy" approach in store openings, starting with pop-up and robot stores to assess investment potential before investing in direct-operated stores. The initial online mall and robot store setup allows Pop Mart to accumulate valuable operational data and insights for further expansion in Korea.

In 2020, Pop Mart opened its first overseas flagship store, a milestone in its Korean offline channel strategy. This breakthrough has elevated the brand to new heights. The Korean store showcases a dedicated area for local artists and incorporates cultural characteristics. In April and October 2021, Pop Mart expanded its brand image by opening the second and third offline stores in Korea.

## **4. Inspirations and Suggestions from Pop Mart'S Marketing in the South Korea for Its Entry into Other Countries**

### **4.1 IP marketing**

#### **4.1.1 Brand co-branding to increase brand influence**

Recognizing the impact of brand collaborations on brand development, Pop Mart aims to partner with renowned international brands to enhance brand reputation and revenue.

In the future's Japanese market, Pop Mart could collaborate with Kokuyo, Japan's largest office supplies provider, to release co-branded products featuring Pop Mart's cartoon IP characters. This collaboration would greatly assist Pop Mart in penetrating the Japanese market and increasing brand sales.

#### **4.1.2 Brand licensing to increase brand awareness**

Following a successful brand licensing program in Korea, Pop Mart continues overseas licensing activities, partnering with renowned international brands. Criteria for selecting licensing partners include design, collaborative clients, and promotional channels, aiming for collaborations with leading brands for mutual benefits.

In the future, Pop Mart could potentially collaborate with ROXY, a popular leisurewear brand under Quiksilver, targeting young women and popular in Australia. A partnership between Pop Mart and ROXY would enhance brand innovation for ROXY and increase Pop Mart's visibility among its target consumer base, particularly young women. This collaboration would introduce trendy collectibles to consumers and facilitate Pop Mart's entry into the Australian collectibles market.

#### **4.1.3 Product localization to enhance product competitiveness.**

Pop Mart's successful localization practices in the Korean market provide valuable insights for its expansion into other overseas markets. To effectively integrate into foreign markets, Pop Mart acknowledges the importance of adopting an adaptive approach and developing personalized localization strategies.

In the future, when entering the Argentine market, Pop Mart can leverage the national cultural characteristic of football and Argentina's recent victory in the 2022 FIFA World Cup. Pop Mart can launch a football-themed blind box series, catering to the passion deeply rooted in the national culture and capitalizing on current events. This strategy will facilitate Pop Mart's entry into the Argentine market, driving sales and revenue.

### **4.2 Innovative multi-channel marketing**

After successful channel development in Korea, Pop Mart expanded internationally using an integrated online and offline strategy for rapid market entry. Online channels were pivotal, entering overseas markets through online retail and launching the "POP MART Global" app in 2021. This platform enables direct purchases and fosters social interaction, connecting toy enthusiasts worldwide. Developing offline channels was also crucial, expanding through pop-up and flagship stores in countries with positive online feedback.

Looking ahead, Pop Mart can apply this channel strategy in the Netherlands, leveraging the success of the official global website store since September 2022. Establishing offline stores in the Netherlands would enhance its presence in the Dutch market, considering the positive response at the Horticultural Expo in October 2022.<sup>[7]</sup>

## **5. Conclusion and Recommendations**

Effective marketing is crucial for business development, brand creation, and long-term sustainability. This study examines Pop Mart's marketing strategies in the Korean market, emphasizing crossover IP products and online-offline integration. These strategies have established a strong presence and generated continuous revenue growth in Korea. The Korean market provides valuable experience and insights for future expansions, such as brand collaborations in Japan and online-to-offline models in the Netherlands. However, understanding the overall industry requires comprehensive research. This paper offers successful practices and insights for Pop Mart's marketing strategies in other overseas markets. Further research is needed for stable and sustainable growth.

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