

Research on the Impact of Blind Box on Consumers and Marketing Strategies

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Abstract. A blind box is a sales method where consumers purchase items without knowing the specific contents until after the transaction. This paper investigates the rapid growth of the blind box industry over the past few years and its impact on consumer behavior, particularly in the context of the market's gradual decline in the post-pandemic era. As the initial excitement around blind boxes begins to fade, the study examines the strengths and weaknesses of this marketing strategy, uncovering issues such as the loss of trend appeal, chaos in the secondary market, and the excessive homogeneity of IP (Intellectual Property). By utilizing the addiction model, this research delves into the psychological factors that make blind boxes so compelling to consumers, leading to addictive purchasing behaviors. However, as the market matures, these marketing tactics have begun to reveal significant drawbacks. To address these challenges, the paper suggests several strategies: enhancing emotional design within blind box IP to foster deeper consumer connections, implementing stricter regulations on the secondary market, and actively exploring overseas markets to rejuvenate growth. These approaches aim to inject new life into the blind box industry, ensuring its sustainable development in the future.

1 Introduction

1.1 Research background

A blind box is a way of selling goods, which is characterized by the fact that consumers are unable to know the style or content of the specific product in the blind box at the time of purchase. Blind boxes often contain a collection of beautifully designed toys, models, or other items that consumers do not know until they buy and open them. This sales model adds an element of mystery and surprise to the buying process and is commonly found in trendy toys and anime peripherals. In the four years from 2015 to 2019, the market size of trendy toys rose from 6.9 billion yuan to 20.7 billion yuan. This also attracted funds from all walks of life to join and opened the "blind box economy" [1].

In the past few years, the rapid growth of Pop Mart has caused widespread repercussions both within and outside the industry, and its main blind box economy has also been all the

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rage and has been imitated by many industries. However, this situation seems to have been affected by the pandemic in 2022, which was reflected in its earnings report. Judging from its financial report data, Pop Mart's growth rate last year almost hit a new low in three years. Compared with a 78.7% growth in 2021 and a 49.3% growth in 2020, the single-digit growth rate in 2022 can be called dismal [2].

Based on the post-pandemic world economic downturn, the blind box industry, which has been gaining momentum in previous years, has also been greatly affected. As a result, this study aims to analyze the impact of blind boxes as a sales method on consumers and what sales strategies to use to achieve sustainable growth of the blind box economy in the post-pandemic era.

1.2 Literature review

Zhu found that Blind boxes enable young people to achieve a strong sense of belonging and identity. As well as to achieve a temporary withdrawal from the real world, under the craze of "everything can be a blind box", the consumption mechanism behind the gambling blind box can be sought after for a while, but when the youth group returns to rational consumption, the blind box boom will eventually recede, and the blind box market that relies on the pleasure of selling will inevitably be affected [3]. Shen & Chen discovered that the sensory element of the blind box consumption experience for "Generation Z" is the most important, followed by the game factor, which is only second in importance. The cultural and social factors of the blind box consumption experience also demonstrate the quality of charm [4]. Jiang & Liang conducted research on the marketing strategy of trendy toy brands based on the perspective of the addiction model and discussed the reasons why "Generation Z" consumers are "addicted" to blind box purchase behavior by exploring the four stages of triggering, action, variable reward and investment in the addiction model [5]. In order to establish a foundation for the blind box economy's future growth, Qian examines the psychological and behavioral traits of consumers according to Pop Mart's marketing strategy [6]. Hao uses the 4P marketing mix theory to analyze its marketing strategy from four dimensions: product, price, channel, and promotion of Pop Mart. The analysis found that Pop Mart had problems such as product homogeneity, high price positioning, excessive dependence on offline channels, and lack of novelty in promotion methods, and put forward corresponding improvement suggestions for the existing problems in order to provide reference and guidance for the future development of Pop Mart [7].

Most scholars have mainly studied the reasons for the popularity of blind boxes, but few scholars have studied how to optimize the marketing strategy of blind boxes according to consumer psychology in the context of the global economic downturn after the epidemic era.

1.3 Research framework

First, this study focuses on the impact of blind boxes on consumers and how blind box products have entered the hearts of consumers step by step. Secondly, this paper analyses the reasons why the sales of blind box products have gradually declined in the past-epidemic era. Finally, according to consumer psychology and the current situation of the blind box market, some suggestions for the optimization of the blind box marketing strategy are proposed.

2 Case description

The concept of blind boxes originated in Japan as "Lucky Bag", a type of product sold during the New Year, usually containing a variety of goods at a price lower than the actual value, but consumers have no way of knowing the exact contents in advance.

At the end of the 20th century, the Japanese model figure market began to adopt a similar approach, introducing the "Gashapon", a vending machine that obtained random toys by spinning the machine after a coin was inserted, often related to anime or film works, and may contain rare hidden styles.

In 2016, the Molly series of blind boxes launched by the Chinese company Pop Mart became an instant hit in the Chinese market, marking the beginning of the popularity of blind boxes in China. Since then, blind boxes have gradually become an important part of the trendy toy market.

In the four years from 2015 to 2019, the market size of trendy toys rose from 6.9 billion yuan to 20.7 billion yuan. This also attracted funds from all walks of life to join and opened the "blind box economy", and all of a sudden, the controversy about the blind box continued to strike. The public believes that the success of the blind box depends on the prosperity of pan-entertainment caused by the increasing level of the national economy, which is more similar to a popular product, and its value will only be seen in the short term. Nowadays, the "blind box craze" seems to be fading away, especially with the announcement that Bubble Mart's market value shrunk by 100 billion yuan in 2022, and it seems that it has also announced that trendy toys and users have entered a "cooling-off period". This makes both the market and users more cautious and rational in their views on blind boxes [1].

3 Analysis on the problem

3.1 The impact of blind box products on consumers

3.1.1 Addictive models

First of all, the four phases of the addiction model are triggers, action, variable reward, and input [8].

Triggers: Triggers are the first stage of the addiction model, and they refer to the triggers that prompt you to do something. Internal triggers and External triggers are two main parts of triggers. Internal triggers are bound to the user's emotions and emotions, such as needs, desires, etc., while internal triggers are bound to the user's emotions and emotions, such as needs, desires, etc. A trigger is the starting point for a user's interaction with the product, and it reminds the user to take the next action.

Action: Action is a direct response to the user's expectation of a reward in the process of using the product. To increase the incidence of expected behaviors, triggers need to be obvious, behaviors need to be easy to implement, and motivations need to be common sense. The user's activities can be guided using Fogg's behaviour model (B=MAT), where B is for behaviour, M for motivation, A for ability, and T for triggers.

Variable Rewards: Rewards are the purpose for which users use the product. The variability of rewards can stimulate users from multiple dimensions and keep them interested in the product for a long time. Variable rewards generally include three forms: social rewards, prey rewards, and self-rewards. Interpersonal benefits that users obtain from connecting with others are referred to as social rewards; The term "prey reward" describes the particular materials or knowledge that customers get from the product; Self-reward is the feeling of completion, sense of finality, etc. that customers get from using the product.

Investment: Input is the last stage of the addiction model, and every bit of investment from the user can increase the user's goodwill towards the product and enhance the user's loyalty. Setting the right triggers in the engagement phase can induce users to re-enter the addiction model. The user's input can be material cost input or non-material cost input, such as time, energy, etc. By designing a mechanism to guide input, users can have a deeper emotional connection with the product.

3.1.2 Trigger

Born between 1995 and 2009, "Generation Z" has strong social needs. They were born with the Internet, and the use of social media has also led them to form a small circle with similar consumer preferences [9]. Thus, a person's purchase will lead to a group of people's knowledge of the thing, which can satisfy the conditions of external triggers. At the same time, the "Generation Z" group is also characterized by a rich life since childhood, and when they meet their material needs, they advocate their own emotional pursuits and the satisfaction of the spiritual world. In the process of pleasing yourself, you can show your personality, relieve anxiety, and gain recognition. Gen Z is more interested in the "new" things by focusing on the direction of the new trend [9]. Blind boxes are essentially trendy toys and have their trendy attributes, so blind boxes also meet the conditions for internal triggering.

3.1.3 Actions

Blind box products are generally small dolls, small toys, etc. Compared with the figure of thousands of yuan, the price of the blind box is low, usually only a few dozen yuan and the low unit price can lower the initial purchase threshold. At the same time, the strong spending power of "Generation Z" and the pursuit of satisfying their own emotional and spiritual world have also increased users' actions (purchase behavior).

3.1.4 Variable rewards

Due to the existence of social media, people who buy blind boxes can get social rewards (such as praise and envy of others) by posting their blind boxes in their own social circles. The design of each IP in the blind box also allows players to feel the reward of prey. What's more, the blind box's design is usually composed of ordinary and limited editions. Taking Bubble Mart as an example, the probability of winning the hidden model of the general style is only 1/144, and the sense of achievement of the hidden model is, needless to say.

3.1.5 Input

When consumers buy blind boxes, it is a sunk-cost investment to draw unpopular styles or duplicate styles, and consumers will feel that the latter ones will be better and continue to invest so that users and products form a greater connection.

3.2 Unveiling the issues as the blind box boom fades

3.2.1 Blind box toys are no longer trendy

In street culture, graffiti is a very important form of expression, and in modern times, this form of expression is combined with toy dolls to form a trendy toy, and the blind box is

packaged in this trendy toy, so the blind box is essentially a trendy brand. This kind of pop culture itself is actually niche and has a rebellious spirit, rebelling against the mainstream and rebelling against the popular. However, most of the current blind box trendy toys use images that conform to the "baby face effect" - the facial features are very naïve, the facial features are concentrated, the proportion is small, and the face shape is round, which is harmless, gentle and innocent, and it is easier for people to sprout love and protection [1]. A large number of various IPs on the market that seem to be constantly innovating are actually just reproductions of the original success stories. When young people gradually realize that blind box toys are no longer synonymous with trendy but symbolic facial features, the vitality of blind boxes will be completely declared dead.

3.2.2 Unhealthy secondary market for blind boxes

As mentioned above, the trendy toys in the blind box are usually divided into ordinary and hidden. In the secondary market, the price of hidden models is usually speculated to be more than six times the original price of blind boxes, while ordinary models can only be sold at 50%-70% of the original price of blind boxes in the secondary market. When players open the blind box and find that the style they draw is cheaper, they will gradually lose interest in buying the blind box.

3.2.3 Homogeneity and overreliance on leading IP plague blind box market

The products produced by major blind box manufacturers are relatively similar, and they all follow the example of some high-sales IPs for reproduction, with the intention of capturing the hearts of consumers, resulting in the simplification of the aesthetics of the blind box market. At the same time, the proportion of blind box sales by blind box manufacturers is uneven, and the proportion of leading IP sales is too large, which means that the rest of the IP lacks attraction to consumers.

4 Suggestions

4.1 Blind box trendy toys should strengthen the emotional design

Unlike Disney, which integrates IP into a huge worldview to enrich the IP image, the blind box trendy toys IP chooses to weaken the story behind the characters to arouse the association of young people without boundaries. In other words, the "de-storytelling" narrative of blind box trendy toys means that trendy toys have different appearances in form, and the players themselves give their connotations, "There are a thousand Hamlets in the hearts of a thousand readers". Such a design theme undoubtedly fits the inner needs of modern "Generation Z" in pursuit of emotional value and individual identity. Still, a large number of blind box trendy toy IPs on the market are just copying the various characteristics of popular models. This passive replication deviates from the original intention of handing over the interpretation power to the players themselves.

Nowadays, the "de-storytelling" design method makes no significant difference between various trendy toys and simplifies consumer aesthetics even further. Trends are pluralistic and independent, and the convergence of consumer aesthetics undoubtedly brings great risks to the changeable trend market. Therefore, in the design of blind box trendy toys, the uniqueness of trendy toys IP can be improved by appropriately adding story backgrounds and striving to jointly construct characteristics that resonate with contemporary young people through story backgrounds and IP images, which may be attitudes towards life, rebellion

against reality, and so on. Not only that but strengthening the emotional design of the trendy toy IP also helps to improve the emotional stickiness of the IP and further enhances the image recognition and life cycle of the IP [10].

4.2 Strengthen restrictions on the secondary market for blind boxes

Due to the social attributes of the consumption behavior of "Generation Z", and due to the setting of some rare hidden models of blind boxes, consumers have established a huge secondary market. However, with the continuous expansion of the blind box audience, the imbalance between supply and demand has further intensified, and the price of an unpopular model in a blind box has plummeted while the hidden model has been coaxed to a high price. There is frequent chaos in the secondary market, and there are even unopened blind boxes sold at a price lower than half of the original price in the secondary market, which has reduced the consumer experience of blind box goods to a certain extent.

In 2016, the former Ministry of Culture issued the "Notice on Regulating the Operation of Online Games and Strengthening the Supervision During and After the Event", which clearly stipulates the form of extracting props from online games: online game operation enterprises shall promptly publicize information such as the names of props and services that may be extracted, as well as the probability of extraction, and the information related to random selection shall be true and effective. In view of the economic supervision of blind boxes, the relevant departments can refer to this provision, requiring the relevant manufacturers of blind boxes to indicate the content, quantity, style characteristics, and sampling probability of each style of the products contained in the blind box in the product packaging box, and ensure the authenticity of the relevant public information through random sampling [11]. This is conducive to reducing the heat of the blind box secondary market.

4.3 Expand overseas markets

At present, the homogenization of the blind box market is serious, resulting in the current saturation of the blind box market. Major blind box manufacturers continue to develop new products and design new IPs to meet the "Generation Z" craze for novelties and satisfy their curiosity. In addition to the above-mentioned thinking on IP image, blind box companies can also actively explore the overseas blind box market. However, due to the cultural and religious differences between the overseas market and the domestic market, import and export management standards, IP licensing and price differences, etc., the export road of blind boxes should also be adapted to local conditions and a personalized overseas blind box road.

5 Conclusion

This paper finds that although the various characteristics of blind boxes make young people flock to them, with the advent of the era of low consumption after the epidemic, the blind box market is gradually cooling down. This study makes prediction analyses and suggestions on the crises and risks revealed after the cooling of the blind box market, and it strives to promote the future development of the trendy toy industry for the blind box.

Due to the continuous development of the blind box trendy toy industry, various blind box trendy toy manufacturers continue to join, and various blind box trendy toys continue to be released, but the release of various new models has not promoted the diversified development of the blind box trendy toy market, but through the imitation of previous trendy items to capture the hearts of consumers. Still, the popularity of blind box trendy toys

essentially stems from the pursuit of new trends among young people. The launch of products such as blind box trendy toy manufacturers can only seize the market in a short time, which is not conducive to the long-term development of blind box trendy toys. At the same time, the strategy of "hunger marketing" and limited edition models of blind box trendy toys has caused various abnormal trading environments in the secondary market, which is also a big blow to the consumption interest of blind box trendy toys lovers.

As a result, this article makes three recommendations. First, the blind box trendy play IP can strengthen the emotional link between it and players and improve the emotional resonance between players and blind box trendy toys through story-based backgrounds, which also makes consumers' emotional stickiness improve and give them a greater sense of belonging to blind box trendy toys. Second, the trendy toy market for blind boxes can follow the online game policy and announce the true lottery probability for the rare models of blind boxes so as to carry out strong supervision of products in the secondary market. Third, blind box toys can also vigorously explore overseas markets and find new growth poles for the development of the blind box toys market.

This study lacks primary data and mainly uses secondary data for research. In the future, primary data can be obtained through interviews and questionnaires.

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