

# A Study on the Impact of Strategic Leadership on Pop Mart's IP-Driven Business Model Innovation

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**Abstract:** This paper explores the role of strategic leadership in Pop Mart's IP-driven business model innovation. Using data from 2018 to 2023 and regression analysis, it studies the impact of IP R&D investment intensity (RDII), cross-departmental collaboration frequency (CDCF), and globalization expansion speed (GES) on the IP derivative revenue ratio (DRR) and core IP user repurchase rate (URR). All three have a positive impact on innovation performance, with IP R&D investment intensity having the greatest impact, followed by cross-departmental collaboration frequency and globalization expansion speed. Strategic leadership, through resource allocation, organizational coordination, and global layout, is the key to the sustainable innovation of IP-driven business models, providing enlightenment for cultural enterprises.

**Keywords:** Strategic Leadership; IP-Driven Business Model Innovation; Innovation Performance

## 1. Introduction and Theoretical Framework

The booming trendy toy industry takes IP as the core of business model innovation, among which the IP-driven model centers on the creation, development, and commercialization of intellectual property.<sup>[1]</sup> For Pop Mart, this includes operating IPs such as Molly and Skullpanda, with core elements including: IP incubation (internal and external development), user operation (building a loyal fan base), and diversified monetization (blind boxes, authorization, content, etc.). Pop Mart's transformation from a retailer to an IP-driven cultural enterprise is largely due to the strategic leadership of executives, that is, the ability of executives to formulate strategies to promote

organizational growth. In IP-driven innovation, key behaviors include: vision setting (IP strategic direction), resource allocation (investing funds and talents in IP activities), organizational coordination (promoting IP commercialization through cross-departmental collaboration), and risk response (alleviating over-reliance on a single IP).<sup>[2]</sup> This study conducts a quantitative exploration of this through regression analysis.

Existing industry research mostly describes business models but ignores the role of strategic leadership in IP-driven innovation - this gap hinders the understanding of the success of enterprises like Pop Mart.<sup>[3]</sup> This paper fills this gap by quantifying the impact of leadership behaviors on the effectiveness of IP-driven models.

## 2. Research Methodology

### 2.1 Variables Selection

Dependent Variable: IP-Driven Business Model Innovation Performance<sup>[4]</sup>

Two indicators measure this performance:

IP Derivative Business Revenue Ratio (DRR): Ratio of revenue from IP derivatives (authorization, content sales, theme events) to total revenue, reflecting diversified revenue effectiveness beyond traditional sales.<sup>[5]</sup>

Core IP User Repurchase Rate (URR): Proportion of users repurchasing core IP products within a period, indicating user loyalty and IP attractiveness-key to long-term model success.<sup>[6]</sup>

Independent Variables: Strategic Leadership Behaviors

Based on the theoretical framework, three variables represent these behaviors:

IP R&D Investment Intensity (RDII): Ratio of IP incubation R&D investment to total revenue,

reflecting executive commitment to IP development (existing and new).<sup>[7]</sup>

Cross-Departmental Collaboration Frequency (CDCF): Annual number of IP-related cross-departmental projects (development and commercialization), indicating executive ability to coordinate departments toward a unified IP strategy.<sup>[8]</sup>

Globalization Expansion Speed (GES): Annual number of new overseas stores, reflecting executive decisions to expand IP-driven business internationally.

## 2.2 Data Sources

Data comes from 2018–2023 secondary sources: Pop Mart's annual reports (financial data: segment revenue, R&D investment, overseas store count), official operational reports (user repurchase rates, cross-departmental projects), and reputable industry analyses (verifying and supplementing data for accuracy).

## 2.3 Multiple Linear Regression Model

Two models examine the relationship between strategic leadership behaviors and IP-driven innovation performance:

Model 1:  $DRR = \beta_0 + \beta_1 RDII + \beta_2 CDCF + \beta_3 GES + \varepsilon$

Model 2:  $URR = \beta_0 + \beta_1 RDII + \beta_2 CDCF + \beta_3 GES + \varepsilon$

Where:

DRR = IP Derivative Business Revenue Ratio;

URR = Core IP User Repurchase Rate

RDII = IP R&D Investment Intensity; CDCF = Cross-Departmental Collaboration Frequency;

GES = Globalization Expansion Speed

$\beta_0$  = intercept;  $\beta_1$ – $\beta_3$  = regression coefficients;  $\varepsilon$  = error term

The models test hypotheses that RDII, CDCF, and GES positively impact DRR and URR.

## 3. Results and Analysis

### 3.1 Descriptive Statistics

Table 1 presents the descriptive statistics of the variables for the period 2018–2023.

**Table 1. Descriptive Statistics of Variables**

Variable	Mean	Std.Dev.	Min
DRR (%)	15.2	4.8	8.5
URR (%)	62.5	7.3	51.2
RDII (%)	8.3	2.1	5.6
CDCF (times/year)	12.5	3.2	8
GES (stores/year)	25.3	8.7	12

The mean value of DRR is 15.2%, indicating that on average, IP derivative businesses

contribute 15.2% of Pop Mart's total revenue, with a growing trend over the years. The average URR is 62.5%, reflecting a high level of user loyalty towards the core IPs. RDII has an average of 8.3%, showing a consistent investment in IP R&D. The average CDCF is 12.5 times per year, indicating frequent cross-departmental collaboration. GES averages 25.3 stores per year, demonstrating the company's active global expansion.

### 3.2 Regression Results

The results of the multiple linear regression analysis are presented in Table 2.

**Table 2. Multiple Linear Regression Analysis Results**

Variable	Model 1 (DRR)		Model 2 (URR)
	Coefficient	t-value	Coefficient
Intercept	-12.35	-2.18*	28.62
RDII	2.15	3.82***	3.56
CDCF	0.87	2.34*	2.12
GES	0.32	1.96*	0.78
R <sup>2</sup>	0.86		0.89
Adjusted R <sup>2</sup>	0.81		0.85
F-value	17.36***		21.54***

For Model 1, the R<sup>2</sup> value is 0.86, indicating that the model explains 86% of the variance in DRR. The coefficients for RDII, CDCF, and GES are all positive and statistically significant at the 0.05 level or better. Specifically, a 1% increase in RDII is associated with a 2.15% increase in DRR, a one-unit increase in CDCF is associated with a 0.87% increase in DRR, and a one-unit increase in GES is associated with a 0.32% increase in DRR.

For Model 2, the R<sup>2</sup> value is 0.89, showing that the model explains 89% of the variance in URR. Similarly, all independent variables have positive and significant coefficients. A 1% increase in RDII is associated with a 3.56% increase in URR, a one-unit increase in CDCF is associated with a 2.12% increase in URR, and a one-unit increase in GES is associated with a 0.78% increase in URR.

### 3.3 Analysis of Results

Regression results validate that strategic leadership behaviors (RDII, CDCF, GES) positively affect IP-driven innovation performance (DRR, URR).

RDII exerts the strongest influence on both metrics, resource allocation to IP incubation

cultivates unique, appealing IPs, directly boosting derivative revenue and user repurchases.

CDCF plays a key role, cross-departmental collaboration (e.g., design-marketing synergy) ensures effective IP commercialization, driving product popularity, revenue growth, and repurchase rates.

GES has a smaller but positive impact, overseas expansion expands customer bases, enhances IP visibility, and supports derivative business growth and global fan loyalty.

Overall, strategic leadership guides resource allocation, collaboration, and global expansion to underpin Pop Mart's IP-driven model success.

#### 4. Discussion

This study enriches literature by providing empirical evidence for strategic leadership's role in IP-driven innovation, quantifying relationships overlooked in prior qualitative research. It reveals that IP-driven firms should prioritize RDII to maintain IP competitiveness, CDCF to ensure commercialization, and GES to tap new markets.

Practical implications for trendy toy and IP sector managers: prioritize resource allocation to IP R&D, establish cross-departmental collaboration mechanisms, and develop clear globalization strategies to drive sustainable growth.

Limitations include reliance on single-company data (constraining generalizability) and incomplete variable coverage (excluding unquantifiable factors like executive vision).

#### 5. Conclusion

Using regression analysis, this study finds RDII, CDCF, and GES significantly predict Pop Mart's IP-driven innovation performance (measured by DRR and URR). Key findings confirm that strategic leadership behaviors (RDII, CDCF, GES) are critical to IP-driven model success.

The study contributes academically by offering quantitative evidence for strategic leadership and business model innovation in IP-driven contexts, and practically by guiding managers in leveraging leadership for growth.

Limitations include single-company focus and secondary data constraints. Future research could expand samples, incorporate qualitative data (e.g., executive interviews), and explore

variables like organizational culture or market conditions.

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