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SHEIN VS. ZARA: DIGITAL TRANSFORMATION IN THE FAST-FASHION INDUSTRY

In May 2021, SHEIN (pronounced Shee-in) overtook Amazon as the most downloaded shopping app on the US iOS and Android app stores. This was a remarkable achievement, especially in the highly competitive apparel industry. SHEIN's clothing had Instagram-style [see **Exhibit 1**], and its growth posed a challenge to Zara and H&M, the leading players in the fast-fashion space.

Despite SHEIN's success, most Americans over the age of 30 had not heard of the brand.¹ Most Chinese were also unaware of it—despite it being a Chinese company. Unlike other well-known Chinese brands (Alibaba, Huawei, or Tencent) that grew big in the domestic market before venturing overseas, SHEIN had no market presence in China. All its sales were generated overseas.

The lack of name recognition was partially because SHEIN only existed in the virtual world, unlike Zara, JC Penny, or Nordstrom that operated many brick-and-mortar stores. SHEIN's low-profile media strategy was also a contributing factor. Its leadership team had not given any interviews to Chinese or foreign media.

But with a series of recent articles in the *Wall Street Journal* and the *Financial Times* on this Chinese apparel maker in mid-2021, SHEIN became much better known among the traditional media and the business community. Questions including “How can a Chinese player quickly emerge from this competitive space?” and “What is the role of digitization in its business model?” were raised. Simultaneously, potential issues about SHEIN were also exposed to the public. These issues related to product quality, potential environmental impact, and sustainability. In addition, SHEIN's success attracted imitators that used a similar business model. What should SHEIN's next step be to maintain its competitive advantages and continue its future growth?

¹ Simon Fuller, “How Trump's trade war built SheIn, China's first global fashion giant,” Bloomberg, 14 June 2021, <https://www.bloomberg.com/news/articles/2021-06-14/online-fashion-giant-shein-emerged-from-china-thanks-to-donald-trump-s-trade-war>, accessed 20 November 2021.

Dr. Shuqing Luo of The University of Hong Kong and Professor Guoli Chen of INSEAD prepared this case for class discussion. This case is not intended to show effective or ineffective handling of decision or business processes. The authors might have disguised certain information to protect confidentiality. Cases are written in the past tense, this is not meant to imply that all practices, organizations, people, places or fact mentioned in the case no longer occur, exist or apply.

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Origin of SHEIN

Chris Yangtian Xu from Nanjing, Jiangsu Province, created SHEIN (initially called SheInside) in 2008 as a cross-border e-commerce company that sold wedding dresses. Specifically, SHEIN sold the dresses to US consumers due to the product's high profit margin: the price of a comparable wedding dress in the US was USD1,000, while SHEIN could sell them for USD200 and earn a reasonable margin, due to the supply chain and cost advantages in China. Initially the company quickly became profitable.

At that time, SHEIN sourced its products from China's wholesale clothing market in Guangzhou (southern part of China, close to Hong Kong)—a region where many Chinese garment factories were located. Originally it sold directly to overseas shoppers without involving itself in any design, branding, or manufacturing.

But the founder, Xu, quickly realized that such a business model did not have any entry barriers, making it unsustainable. So, he decided to build his brand by establishing SHEIN's own independent website rather than selling its products on a third-party platform, such as Amazon. Having its own platform enabled SHEIN to attract, collect, manage, and analyze consumer data. This strategic shift reflected Xu's background: Xu had started his career not in the fashion industry, but in the branding and search-engine-optimization sector of a digital marketing company.

After deciding on his strategic direction, Xu invested RMB2mn (about USD295,000)² to have professional web-design companies develop a website for SHEIN, SheInside.com. In addition to its core market in the US, SHEIN quickly entered Europe. In 2010, SHEIN came to Spain, the home country of ZARA—the creator of the fast-fashion industry. In 2012, it launched its website in France. In 2013, it launched Russian and German websites. In 2014, it entered Italy.

That same year, Xu shortened the domain name from SHEINSIDE to SHEIN. This rebrand made SHEIN more memorable and searchable for shoppers.

SHEIN continued to expand. In 2015, it entered the Middle East, where foreign companies did not typically understand the female apparel market well. But one year after entry, SHEIN's sales in the Middle East reached RMB200mn.³ In 2021, it ranked among the top-three shopping apps in Saudi Arabia and the UAE, the two main markets in the Middle East.⁴

SHEIN also expanded to Southeast Asia, with a regional hub based in Singapore. This region, together with the US, Europe, and the Middle East, became SHEIN's main markets. In 2021 it served more than 200 countries and regions worldwide with a cross-border e-commerce business model.

SHEIN started with the humble beginnings of a “dropshipping” model and developed into a truly global company by 2021, hiring experts in marketing and business development, logistics, supply chain, warehousing, global operations, branding, designers, and more importantly, data scientists, algorithms, software, and cloud engineers.

By 2021, SHEIN had positioned itself as “an international B2C fast fashion e-commerce platform” that focused on women's wear, but also offered men's apparel, children's clothes,

² Approximately USD 295,000, based on an average exchange rate in 2010 (1 USD = 6.77 RMB).

³ Approximately USD 30 million, based on an average exchange rate in 2016 (1 USD = 6.64 RMB).

⁴ Similarweb, <https://www.similarweb.com/apps/top/google/store-rank/ae/shopping/top-free/>, accessed 20 November 2021.

accessories, shoes, and other fashion items. SHEIN adhered to the concept that “everyone can enjoy the beauty of fashion.”⁵

Unlike most industries that took a hard blow during the COVID-19 pandemic, online sales surged after early 2020. In September 2020, the SHEIN app had 10.3 million downloads globally, compared to 2.5 million downloads for H&M’s app and 2 million downloads for Zara’s app.⁶

SHEIN’s total sales in 2020 were reportedly about USD10bn. In the first quarter of 2021, its sales reached USD3.6bn.⁷ In June 2021, the monthly sales were more than USD2bn.

SHEIN’s Business Model

Product Offerings

In 2011–2012, SHEIN had a relatively simple product line that mainly focused on women’s clothing. At the time, wedding dresses were its most profitable category. From 2012 to 2016, SHEIN gradually integrated other products and restructured its categories into the following six: Dresses, Tops, Bottoms, Shoes, Jewelry, and Accessories. From 2017 to 2018, SHEIN redesigned the website to make it look trendier. It added a Swimwear category and other special categories, such as Exclusive, Trends, and Explore.

In 2019, SHEIN adjusted its first-level navigation categories into Women, Curve Plus, Kids, Men, Beauty, and Home. Under a second-level navigation panel, it altered the categories depending on the market demands. For instance, under Women, it added Activewear, Lingerie and Lounge, and combined Shoes and Accessories. Over the years, SHEIN gradually developed from a single product—wedding dresses—to an all-inclusive fast-fashion e-store.

Unlike fast fashion’s old guards, who opened spacious, brightly lit stores in premier shopping locations, SHEIN was a pure cross-border e-commerce player without a physical presence. After shoppers ordered online, they waited around a week to receive their shipment, depending on their location. Despite efforts to decrease the delivery time over the years, the overall timeline per order was longer than that of most US-based retailers such as Amazon. SHEIN also provided free shipping and free returns.

Fast + Fashion

SHEIN’s core business resided in the domain of fast fashion, which catered to price-sensitive customers who looked for the latest fashion trends. Fast fashion started in Europe in the 1990s and then quickly spread globally. Zara and H&M became top global apparel brands by creating and pioneering this new business model.

The traditional model in the fashion industry had a long lead time with a quarterly or seasonal feedback loop. Most of the inventories were committed before the start of the season, which increased the risks of misjudging constantly evolving fashion trends.

Zara revolutionized the fashion industry by using a highly flexible supply chain near its headquarters in Spain. This supported production in large volumes in the shortest turnaround time. Its store managers worldwide grasped the sales and fashion trends through their point-of-

⁵ SHEIN, Company overview, LinkedIn, <https://sg.linkedin.com/company/shein>, accessed 20 November 2021.

⁶ Sonya Dowsett and Sophie Yu, “China’s turbo-charged online fashion takes on Zara and H&M,” Reuters, 16 October 2020, <https://www.reuters.com/article/inditex-challengers-focus-idUSKBN27104R>, accessed 20 November 2021.

⁷ 腾讯网, 23 June 2021, <https://new.qq.com/omn/20210623/20210623A09AL000.html>, accessed 20 November 2021.

sales systems, interactions with customers, and analysis of data on shopping habits. Zara substantially reduced the fashion production cycle—including design, manufacturing, and shipping—to three weeks. The quick turnaround time and flexible supply chain model enabled Zara to launch around 12,000 new designs annually compared to a couple hundred of products by traditional fashion players. Ultimately, fast fashion was more agile and responsive. Zara designed its system to ensure that new products would refresh its stores at high frequency, supporting the fast-fashion image and attracting customers to regularly visit the stores. In addition, frequent launches of new products in small batches kept inventories at a minimum and reduced judgment errors on fashion trends and, thus, end-of-season markdowns. This efficiency and flexibility reduced the total cost of Zara's products and allowed it to offer more accessible prices to its consumers.

Despite Zara's successes, SHEIN was able to launch more than 150,000 new items in 2020—about 10 times more than Zara, according to Daxue Consulting's report.⁸ SHEIN completed the design and production cycle in around one week, with its speed of launching new designs continuing to accelerate. In March 2021, its women's clothing category had an average of 2,000 new products per day. Compared to previous fast-fashion companies, such as Zara and H&M, SHEIN became the “ultra-fast,” 2.0 version of fast fashion. Additionally, through its online presence, SHEIN reached millions of young shoppers directly via social media without a physical retail space. SHEIN relied on search traffic and customer data to foreshadow trends.

Price

Products from fast-fashion brands like Zara were not expensive—a basic dress from ZARA cost USD30 to USD40. However, a similar dress on SHEIN could cost less than USD10. In addition, SHEIN provided a more diverse range of styles with more colors and patterns to choose from. Consumers could easily buy an entire outfit, with accessories and shoes included, for less than USD30 on SHEIN. Its website included special categories that helped customers find the cheapest deals, such as tops under USD5.99; dresses under USD9.99, and clearance items under USD5 [see **Exhibit 1**]. Its low prices inspired social media users to post and share about the brand. Twitter users posted that spending USD280 on SHEIN could create 365 outfits, enough for a whole year [see **Exhibit 2**]; TikTok users shared videos of their affordable clothing hauls after receiving their package from SHEIN [see **Exhibit 3**].

SHEIN frequently offered discounts at the end of a season when purchasing through a key opinion leader's (KOL) link or special promotion or even from downloading the app. These discounts, on top of the original low price, attracted new buyers and helped build a large customer base. This created a self-perpetuating cycle where, given the high demand, SHEIN produced in bulk and further lowered costs and prices.

Because the price of each piece was so low, customers became less sensitive to their total spending per order. Based on data in June 2021, SHEIN's daily total shipment was about 1 million packages, with each order totaling USD70, on average.

Customers

SHEIN's main customers were females aged 15 to 35. SHEIN's most important customer group was Gen Z. A 2020 survey of 9,800 American teenagers (~15.8 years old) found that SHEIN had surpassed Amazon as the respondents' most popular online clothing store.⁹ Gen Z

⁸ Daxue Consulting, “SheIn's market strategy: How the Chinese fashion brand is conquering the West,” 26 July 2021, <https://daxueconsulting.com/shein-market-strategy/>, accessed 20 November 2021.

⁹ Wu Duidui, “SHEIN 凭什么征服美国的年轻人”, 钛媒体 App, 21 February 2021, <https://baijiahao.baidu.com/s?id=1692267100622778650&wfr=spider&for=pc>, accessed 20 November 2021.

consumers were the most frequent users of social media platforms, where they sought fashion trends and unique styles to get the attention from their peers; however, they were also a generation with tight budget constraints. These young and price-sensitive customers did not require long-lasting professional clothes. SHEIN's products—affordable, fashionable, and diverse—were a perfect fit.

SHEIN had a wide range of products on its website or apps that made online shopping more enjoyable.¹⁰ With daily new releases and changing products, customers could be surprised by new fashion finds and were therefore encouraged to frequently revisit its website for the latest clothing drops.

A Google Trend keyword search on SHEIN in the US revealed that its top-five consumer bases resided in the states of Mississippi, West Virginia, Kentucky, South Dakota, and Alabama [see **Exhibit 4**]. By contrast, the top five states in the search index for its biggest competitor, Zara, were Washington, DC; New York; New Jersey; California; and Washington.

Marketing and Branding

SHEIN collaborated with well-known musicians including Katy Perry, Nick Jonas, Lil Nas X, and Tinashe on concerts and events. It also sponsored key influencers such as Addison Rae and created capsule collections with D-list reality TV stars like *The Bachelor*'s Hannah Godwin and *The Only Way Is Essex*'s Amber Turner.

In addition, SHEIN continuously increased its brand awareness and cemented its reputation with the public. Gen Z shoppers promoted the brand through unsponsored clothing hauls and outfit posts on social media. This attracted other Gen Z consumers who were trying to discover fashion brands on social media. Thus, SHEIN actively leveraged TikTok, Instagram, and YouTube channels in its marketing campaigns.

Customers and influencers were interchangeable in SHEIN's marketing and promotion schemes. Customers could also join SHEIN's affiliate programs. After joining, they could get a 10% to 20% commission on each referred sale, an extra monthly cash bonus by sharing promotions, and new monthly profitable activities. The straightforward process consisted of four steps: (1) promotion of SHEIN on social media; (2) potential customers clicked on the posts; (3) the client placed an order; (4) the influencer received commissions.

For instance, on TikTok, SHEIN attracted fashion bloggers supporting its brand and posting with the hashtag SHEIN. In addition to earning commissions on sales directed to its website, these influencers got free products every month for their posts. In July 2021, a crowd favorite was SHEIN's cross-wrap crop top—a USD13 garment that resembled a halter top, but with a strategically placed cutout that revealed extra cleavage.

SHEIN also created an environment where shoppers felt smart after finding the perfect outfit in style for a low price.¹¹ The wide range of items sold and the fact that not everything was always in stock created an experience of "treasure hunting." Gen Zers were happy to record videos on how they found these treasures. They unpacked their clothes and tried them on. They posted videos of this process on social media such as YouTube and TikTok, which attracted more customers and fans to SHEIN.

In addition, SHEIN positioned itself as a community for fashion enthusiasts by encouraging its customers to share their purchases on social media. As of July 2020, over 900,000 posts on

¹⁰ Daxue Consulting, "SheIn's market strategy: How the Chinese fashion brand is conquering the West."

¹¹ Daxue Consulting, "SheIn's market strategy: How the Chinese fashion brand is conquering the West."

Instagram featured the tag #sheingals. By building a consumer-centric brand, SHEIN was seen as much more than just an online store for cheap clothing.¹²

Data, Design, and Experiments

In the fast-fashion industry, it was very difficult to predict the next big trend. It became even more difficult if the company operated at a global scale because consumers in different countries had different apparel preferences.

Zara overcame this challenge with its pioneer model of computerizing inventory management, utilizing its worldwide store networks and collecting sales data from local managers. SHEIN followed the same logic, but on a different scale.

A digital player such as SHEIN had direct access to customers, instant data collection, and big data analyses to generate intelligence. The high quantity and quality of data on what customers ordered, in combination with their purchasing history and other surrounding information such as friend circles in the social media, provided invaluable insights on how to design a piece of clothing and decide which item would catch on, in which region, and to which consumers. The amount of data it could use as feedback and the speed at which it could iterate over each design raised SHEIN's business model to another level, according to Matthew Brennan, a Beijing-based writer and analyst of Chinese technology. He wrote about SHEIN's pace to "real-time" retail: constantly gathering and analyzing data and using that knowledge to craft new designs—within as little as three days.¹³

An independent study by Yiqin Fu showed that from 16 July to 17 August 2021, SHEIN introduced about 6,000 products per day. Assuming that the pace was kept constant over the course of the year, Fu estimated that SHEIN would add 2 *million* products in 2021.¹⁴

"Each new design is basically a bet because SHEIN can estimate how well a product is going to do, but it doesn't know for sure until it sells," Brennan explained. "Compared to its fast fashion competitors, SHEIN is able to take more bets, but at a lower risk. It's able to place very small initial orders with these factories, about 100 or even smaller."¹⁵

Thus, each design was a minimum viable product (MVP). If it did not work well, after testing the market, SHEIN could pivot based on the customer feedback or withdraw it from the market, as the cost of each design or production mistake was low. However, if a specific product went viral overnight, SHEIN was able to instantaneously ramp up production and place additional orders.

Supply Chain

To support its fast-fashion digital model, SHEIN built a very strong and flexible supply chain ecosystem. Its sourcing center was in the world's most well-developed supply chain, in the Pearl River Delta, Guangdong. It worked closely with a core group of 300 suppliers located near its headquarters in Panyu, Guangzhou; however, its total list of suppliers was over 2,000.

¹² Mark Greeven and Yunfei Feng, "Commentary: Chinese fashion giant SheIn has taken over the world. It has just met its match," *Channel News Asia*, 14 July 2021, <https://www.channelnewsasia.com/commentary/commentary-chinese-fashion-giant-shein-has-taken-over-world-it-has-just-met-its-match-2019161>, accessed 20 November 2021.

¹³ Terry Nyuyen, "SheIn is the future of fast fashion. Is that a good thing," *Vox*, 10 August 2021, <https://www.vox.com/the-goods/22573682/shein-future-of-fast-fashion-explained>, accessed 20 November 2021.

¹⁴ Yiqin Fu, "SheIn: A story of online segregation and data as business intuition," 29 August 2021, <https://yiqinfu.github.io/posts/shein/>, accessed 20 November 2021.

¹⁵ Terry Nyuyen, "SheIn is the future of fast fashion. Is that a good thing?"

SHEIN asked its suppliers to commit to making 100 or fewer items per batch every week (from prototype to production) so that it could quickly test the products in the market. Only when the product proved to maintain market demand was there an increase in production. In comparison, Zara's minimum batch size was about 300 to 500 pieces, and it took two to three weeks from prototype to production.¹⁶

The initial small-size production and the improved demand prediction allowed SHEIN to avoid major product launching mistakes and inventory glut—the most common problem in the apparel industry.

Initially, few factories were willing to take the risk of making small batches of products. Unlike many other apparel companies, SHEIN did not work with large factories that would have bigger bargaining power due to a lower production cost per piece. Instead, SHEIN paired with small to midsize workshops that picked up orders daily. This system was synonymous with Uber: factory owners would receive new orders from their phones and then production would take place.

SHEIN spent years cultivating relationships with the Chinese garment factories and manufacturers. To get its suppliers' support, SHEIN subsidized production of small batches to guarantee profit for the factories. SHEIN also developed a reputation for timely payment to its factories, which was rare in the apparel industry in China.

Challenges

Despite SHEIN's exponential growth in the previous few years, there were several concerns and criticisms of the company and its business model.

First, consumers were often concerned with product quality. Some customers expressed their frustration on forums. For example, on Trust Pilot, 43% of people rated the brand as "bad." In addition, YouTube review videos showed SHEIN products that were the wrong size or the wrong fit.

SHEIN was also criticized for products that were culturally inappropriate and insensitive. For instance, its website sold necklaces with a Buddhist swastika pendant or a Muslim prayer mat as a decorative rug. The backlash that ensued led the company to issue numerous apologies.

One of the biggest questions consumers raised was how SHEIN could possibly make money, given the affordable price of products and free services (shipping and return). Some suggested that this could be due to: (1) The clothing industry's historically high gross margins led to potential room for SHEIN to improve the process, save costs, and offer consumers its surplus. (2) No costs for operating physical stores. Clothing packages were also light [see the **Exhibit 5**], therefore making the shipping cost manageable. (3) Shipping directly to consumers saved the cost of a middleman.

Another controversial aspect of SHEIN was the transparency of company disclosures. As a private company, SHEIN and its top management team maintained a low profile until premier media outlets, such as the *Wall Street Journal* and the *Financial Times*, published a series of articles on the company. Unlike Zara and H&M, which disclosed detailed background on the sourcing of their clothing and the working conditions of employees on their websites and in annual reports, SHEIN gave no details about the manufacturing process of its products.

¹⁶ 一本册子, <https://www.yibencezi.com/notes/123043>, accessed 20 November 2021.

Although SHEIN provided a clear social responsibility statement against child labor on its website, many consumers were still skeptical about its business practices due to the company's lack of transparency about its activities.

Furthermore, many people addressed concerns about the environmental impact caused by the fast-fashion industry—one of the most resource-intensive industries.¹⁷ Critics claimed that SHEIN's business model drove overconsumption and environmental destruction. The global fashion industry generated about 4% to 10% of total greenhouse gas emissions—more than all international flights and maritime shipping combined. According to the World Bank, the fashion industry used 93 billion cubic meters of water every year—an amount that 5 million people could consume instead.¹⁸ As SHEIN grew, it would receive additional pressure and criticism from its various stakeholders.

Like other Chinese brands, such as Huawei and TikTok, SHEIN faced political risks in the international market. India, for example, had banned the SHEIN app along with a ban on 59 Chinese mobile apps in June 2020. Though the company managed to relaunch in India with Amazon as its platform seller, it did not have a separate e-commerce platform as of July 2021.¹⁹ Even without the policies of Donald Trump, geopolitical uncertainties between China and the US—SHEIN's main consumer market—were expected to remain.²⁰

Finally, the exponential growth of SHEIN in 2020 and 2021 could largely be attributed to the global pandemic, as customers could not shop in physical stores due to lockdown policies.²¹ Until the pandemic settled and people began to resume a pre-pandemic lifestyle, with physical shopping, it was unclear if SHEIN could continue to grow.

Looking Forward

Despite these challenges, SHEIN's top executives needed to grasp future opportunities.

First, in the retail industry, online and off-line integration had increased. The online retail giant Amazon started operating various physical stores, from booksellers to cashier-less convenience stores. Alibaba experimented with its Hema Fresh stores, which integrated technology with traditional grocery shopping. Retail giants such as Walmart and Zara entered the e-commerce industry in the US.

SHEIN was clearly considering its lack of a permanent physical presence in its bid on iconic British clothing retailer Topshop. Although it lost to ASOS Plc's GBP295mn (approximately USD390mn) offer, the act showed a possible shift away from an online-only model. Should SHEIN explore the potential of a physical presence and become a player in both online and off-line?

¹⁷ Simon Fuller, "How Trump's trade war built SheIn, China's first global fashion giant," Bloomberg, 14 June 2021, <https://www.bloomberg.com/news/articles/2021-06-14/online-fashion-giant-shein-emerged-from-china-thanks-to-donald-trump-s-trade-war>, accessed 20 November 2021.

¹⁸ Mark Greeven and Yunfei Feng, "Commentary: Chinese fashion giant SheIn has taken over the world. It has just met its match."

¹⁹ FP Staff, "Explained: As SheIn returns to India following 2020 ban, a look behind the company's meteoric rise," Firstpost, 15 July 2021, <https://www.firstpost.com/living/explained-as-shein-returns-to-india-following-2020-ban-a-look-behind-the-companys-meteoric-rise-9808111.html>, accessed 20 November 2021.

²⁰ Frederick Kempe, "We're at the perilous beginning of an uncertain era in US-China relations," Atlantic Council, 17 October 2021, <https://www.atlanticcouncil.org/content-series/inflection-points/american-partners-fret-over-growing-us-china-uncertainty/>, accessed 20 November 2021.

²¹ Mark Faithfull, "Is SheIn a mysterious 15 billion fast-fashion retailer ready for stores" *Forbes*, 10 February 2021, <https://www.forbes.com/sites/markfaithfull/2021/02/10/shein-is-chinas-mysterious-15-billion-fast-fashion-retailer-ready-for-stores/?sh=65169c7d6df5>, accessed 20 November 2021.

Despite its global growth, SHEIN had no presence in its domestic market, China, despite being one of the world's largest and fastest-growing consumer markets. Should SHEIN start penetrating the Chinese market?

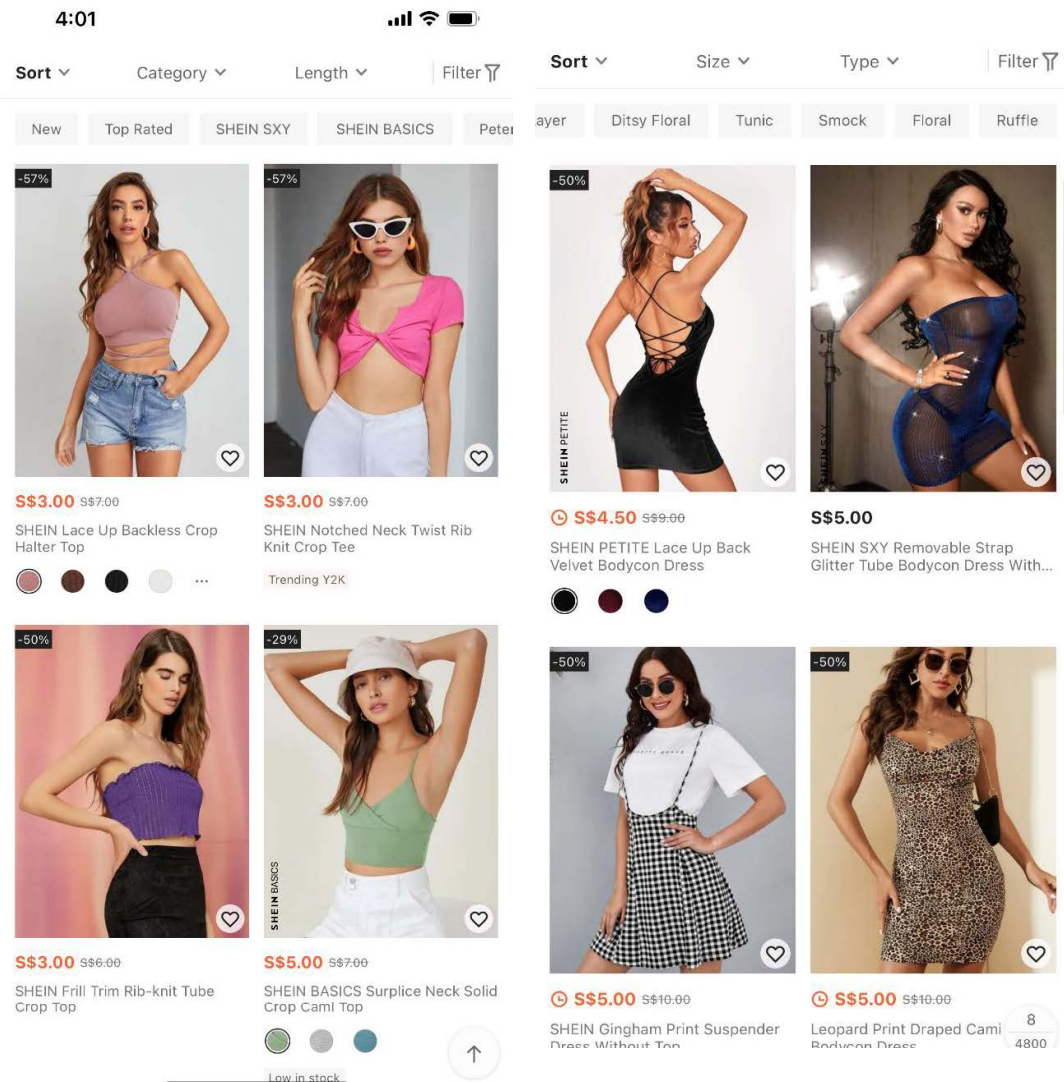
While SHEIN's business was in apparel and fast fashion, was it possible to replicate its model to enter other businesses? Decades earlier, Amazon conquered online shopping by selling books and expanding from there. Should SHEIN expand to other new lifestyle areas, such as furniture or home decoration? What were the core competences that SHEIN could leverage by extending its product lines?

In many customers' perceptions, SHEIN offered the lowest price for apparel. When its core customers, Gen Z, grew up, they might upgrade their purchasing behavior. Should SHEIN launch high-end products to capture higher-profit businesses?

Meanwhile, the public criticized SHEIN for not being environmentally friendly and lacking transparency in corporate disclosure. As Gen Z was a generation that cared about global climate change and sustainability issues, should SHEIN use more resources to improve its brand image? Criticism of the organization could be largely attributed to its prior fast-paced growth. Should SHEIN step back and address its critics?

Last, the competition in the fast-fashion industry further intensified as both incumbents and new entrants saw the potential opportunities and invested in digital transformation. How could SHEIN keep ahead of the competition? Should it further consolidate and strengthen its ecosystem, or vertically integrate and invest in smart manufacturing?

EXHIBIT 1 SCREENSHOT CAPTURE FROM SHEIN APP



Note: USD = SGD1.36 on 1 December 2021.

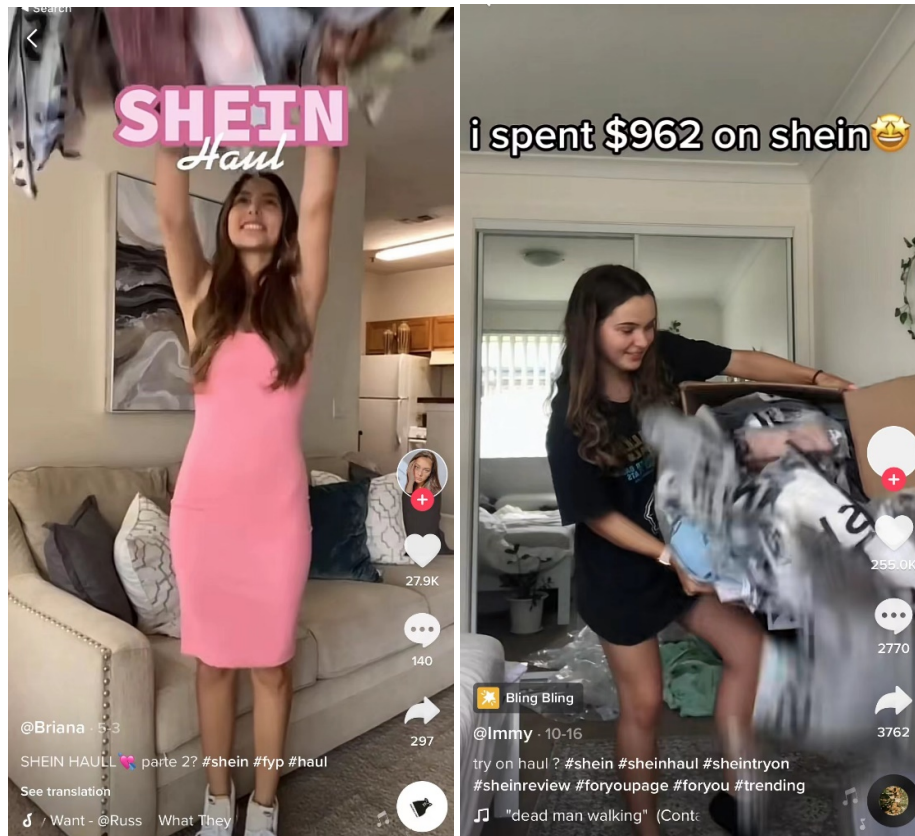
Source: Screen capture by the case writers.

EXHIBIT 2: SHEIN MENTIONED BY TWITTER USERS

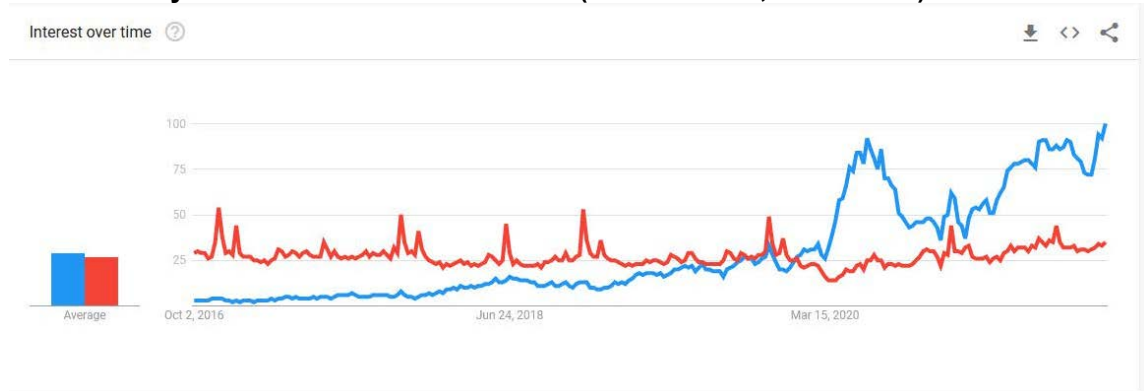
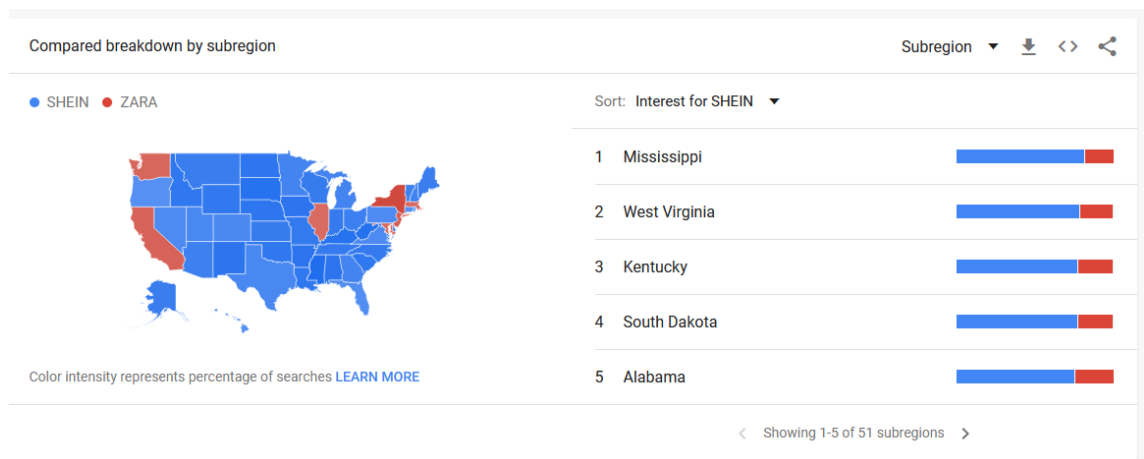


Source: Guapmama (@tweetshaeee), "280 on Shein is about 365 outfits. She smart,"
 Twitter, 7 July 2021, 2:27 a.m.,
<https://twitter.com/tweetshaeee/status/1412478506940784641>.

EXHIBIT 3: #SHEINHAUL CAPTURE FROM TIKTOK



Source: Screen capture by the case writer.

EXHIBIT 4: COMPARISON OF SHEIN AND ZARA FROM GOOGLE TRENDS**Keyword search trends over time (SHEIN – blue; Zara – Red)****Keyword search based on different states (SHEIN – blue; Zara – Red)**

Source: Compiled by the case writers from Google Trends data.

EXHIBIT 5: SHEIN – CLOTHING PACKAGES



Source: Screen capture by the case writers.