

# Electronic Commerce

S H E I N

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# **1 Introduction**

## **1.1 Background**

### **1.1.1 Establishing the Context**

In 2008, SHEIN's predecessor, Dian Wei Information Technology Co Ltd, was founded in Nanjing by Yangtian Xu, a recent university graduate, and the opportunity to start was to offer cheaper clothes to the middle class as he thought the financial crisis would surely collapse them (Dai, 2022). In 2012, SHEIN abandoned its cross-border e-commerce wedding dress business, acquired a website with the domain name SHEINside.com and began to focus on the overseas fashion items market.

### **1.1.2 Social context**

#### **1) China lacks internationally renowned fast fashion brands**

China's apparel exports have ranked first in the world for many years since 1994, but the gap between the competitiveness of domestic brands and foreign fast fashion brands is large.

Semir and Meters Bonwe still derive their core business from domestic sources and have little influence abroad, and Chinese fast fashion brands are at a disadvantage in overseas markets.

#### **2) Downgrading of middle class consumption overseas**

During the 2008 financial crisis, the wealth accumulation of the richest decile of US households grew by an average of 2%. Whereas the median wealth of middle-income households shrank by 39.8%, the lowest third of Americans with incomes, with essentially no surplus wealth, did not care if their wealth shrank or increased in value (Gui, 2021). The middle class suffered the worst, and SHEIN sees a new business space in giving them cheap clothes.

#### **3) COVID-19 prompts fast fashion companies to develop online presence**

Online retailing only requires the rental of cheap warehouses to meet daily operations. At the same time, the choice of online retailing leads to the upgrading and optimization of the supply chain, diminishing the negative effects of the fast fashion industry's long production cycles and inventory backlogs, among other challenges. The online retailing approach reduces costs, allows for quicker response of products based on price advantages, and increases the frequency of updating fast fashion items, which is closer to the essence of fast fashion (Li, 2022).

### **1.1.3 Technical background**

#### **1) Social networking is all the rage**

Using social media platforms, SHEIN has reached over 10 million followers on Facebook and Instagram by seeking collaboration with online celebrities, enhancing communication between the brand and its fans, and increasing brand stickiness as well as brand conversion rates (Zhang et al., 2023).

#### **2) The rise of the independent station model**

The earliest independent websites in China emerged around 2004, initially selling game coins online and gradually expanding into other categories by leveraging the traffic bonuses of Google's search engine optimization (Li, 2021); SHEIN has built its independent website since its inception, adopting the DTC model to strengthen its data tracking and application capabilities by building its e-commerce channel. The "brand management + independent website" model is a new channel that enables deep control of the supply chain and shows strong data acquisition capabilities (Hu, 2021).

#### **3) Implementing a data center strategy**

The concept of a data middle office was first introduced in 2015 (He, 2016). Its value is mainly reflected in cost reduction, efficiency, business growth, and organizational change. After SHEIN changed its domain name to SHEIN.com in 2015, relying on its strong data-enabled capabilities, it has achieved timely response to customer demand, continuous and rapid product uptake, and faster product development, building a closed loop of business based on a flexible supply chain (Wu et al., 2023).

## **2 Business Operations and Business Model**

### **2.1 The business operations**

#### **2.1.1 Supply chain management**

- 1) The industrial cluster of the whole process supply chain system, and all links of the supply chain are closely coordinated. SHEIN has established a supply chain center in Guangzhou, the world's largest garment industry cluster, mainly responsible for production management, quality management, warehousing and logistics. The most concentrated and interactive industrial cluster is formed here. So the links between suppliers are very close.
- 2) Digital Supplier Operation. SHEIN has developed a supply chain management (SCM) system. Through this system, SHEIN and suppliers can share real-time data and design and manage production processes in the first place. SHEIN can detect and track each node of the supply chain of each order, so as to control the production plan and production schedule; Suppliers can check the supply and demand of each style and update the schedule in real time, so as to provide suppliers with production efficiency and improve production

profits. In addition, SHEIN uses technologies such as cloud computing, big data and artificial intelligence to fine-track inventory and supply chain management. At the same time, it has also established an intelligent inventory management system to monitor the inventory situation and market changes in real time. Continuously improve supply chain management and operation capabilities through continuous digital empowerment.

- 3) Due to the strong supply chain system, SHEIN adopts flexible supply chain management. This mode can quickly capture user needs and market trends, and feed back to back-end supply chain design and production, so as to achieve an agile supply chain system of on-demand production and rapid response. SHEIN breaks the fixed mode of assembly line and changes into networked production mode, from assembly line production to flexible manufacturing. Take advantage of the huge flow of independent stations to measure product styles, then decide on subsequent production plans according to consumer feedback. If the sales volume is high after the launch, expand production; The sales volume is low then sold at a discount. The model of small orders and quick reflection allows SHEIN to face market changes more flexibly.

### **2.1.2 Omni-channel marketing**

- 1) Adopt full-coverage advertising. Advertise heavily on major social platforms, while focusing on strengthening marketing and promotion to target customers, so as to reach users accurately.
- 2) Refined social media marketing. Focus on the localization of various countries, and open different accounts for different countries and regions. Special accounts will also be set up for diverse categories to output differentiated vertical content for disparate categories.

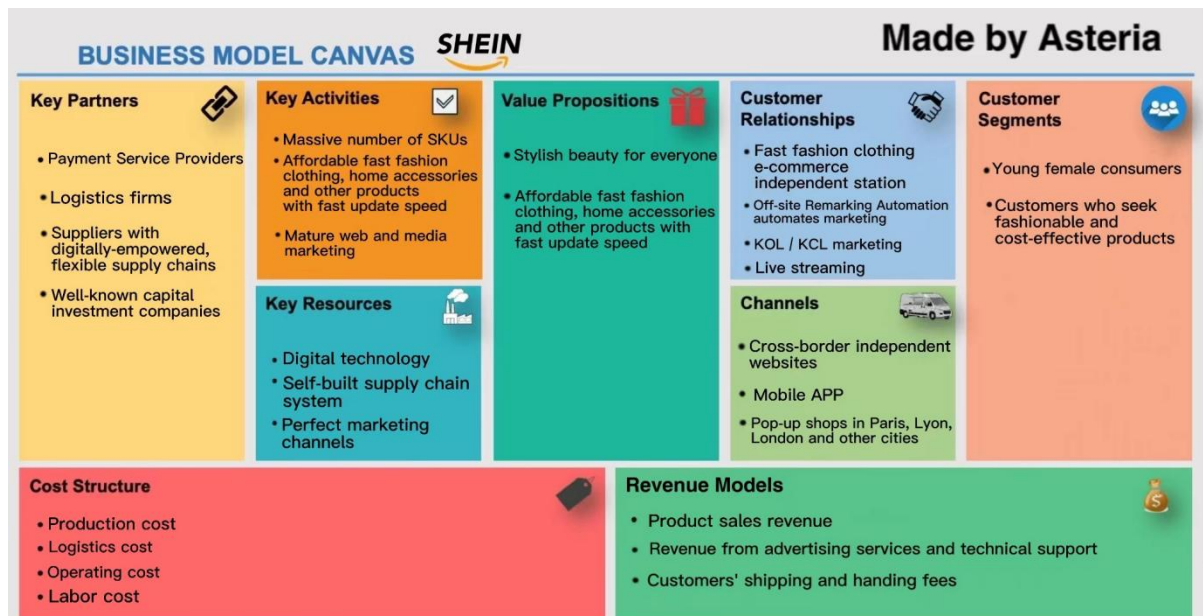
- 3) All-round, multi-level influencer marketing. Attract heads and many small and medium-sized influencers by providing commissions, exclusive discounts, paid cooperation, etc. Then use fan stickiness and high-quality visuals in exchange for promotion traffic and conversion rates.

### **2.1.3 Sales and after-sales management**

- 1) Provide good logistics services through the cooperative operation mode of centralized warehouse construction and overseas transit operation warehouse. SHEIN's warehouses are divided into domestic central warehouses, overseas transit warehouses and overseas operation warehouses. SHEIN has four R&D institutions in Nanjing, Shenzhen, Guangzhou and Hangzhou, six logistics centers in Foshan, Nansha, Belgium, East America, West America and India, seven customer management centers in Los Angeles, Liege, Manila, Dubai, Mumbai, Yiwu and Nanjing, as well as a global distribution network. At the same time, big data is used to design logistics routes in order to provide fast and convenient logistics services.
- 2) A variety of third-party payment systems to meet the various payment needs of consumers. In cooperation with the world's top payment service providers and differentiated payment service providers, SHEIN has a complete transaction protection system and flexible payment methods.
- 3) Establish a perfect after-sales customer service system. Built customer relationship management centers in multiple locations and supported customer communication in 17 minor languages around the world. SHEIN also attaches great importance to the customer's after-sales evaluation and feedback, and then summarizes and optimizes them in time.

In a short summary, SHEIN has formed a mature operating system, through its business operations from supply chain production to product marketing and after-sales management.

## 2.2 The business model



## 3 Channels and Design

### 3.1 Channels

#### 1) App

SHEIN operated through a mobile app. In 2021, the SHEIN app was downloaded approximately 75 million times, overtaking Shopee for second place and making SHEIN the number one mobile fast fashion brand in the world. SHEIN had a large global user base, ranking in the top 5 downloaded shopping apps in over 60 countries, surpassing Amazon as the most popular online shopping app in the world. SHEIN had a much higher percentage of app downloads than its competitors.

#### 2) Website

SHEIN's website had a high level of attention in the fashion industry in all countries. In the United States, SHEIN was the second most visited website after Macy's. In the Middle East,



SHEIN's website was in the top five in all countries, which states SHEIN a highly recognized brand worldwide.

### **3) Third party application**

SHEIN had a presence on Instagram, Facebook and TikTok, and ran its own official accounts on these common social media platforms to build brand awareness outside of commercial channels. SHEIN ran more targeted sub-accounts for each sub-market to differentiate and localized its platform marketing.

SHEIN had already worked with a number of KOLs and celebrities with a large fan base. Given the cost and coverage of the target market, SHEIN invited high profile netizens to promote its products and expanded its KOC promotion channels. Bloggers with more than 5,000 followers can apply to become brand ambassadors.

At the same time, SHEIN used affiliate marketing to generate short-term sales. In this way, SHEIN generated short-term attention with groups that generate their own attention, using the attention of affiliates to convert them into sales.

## **3.2 Design**

### **1) APP Design**

The design of the SHEIN app had a number of advantages. First of all, the App was designed to meet the usage habits of users with different shopping purposes. The app was divided into five main menus, which can be used for different purchasing purposes (Gui, 2021). The first menu after the opening screen is the product information section, the sub-menus are divided into 'women' 'curve+plus' 'kids' 'men' 'beauty' and 'home+pets'. Each sub-menu was organized from top to bottom in the following order: discount information, product catalogue, brand events, daily new arrivals and recommended purchases.

Secondly, its design worked well with brand activities and updates frequently to reduce users' aesthetic fatigue. The color scheme, fonts and style of the app pages match the promotional photos of the collection (Gui, 2021). Each sub-menu was distinct, but without conflict of style, and SHEIN was designed like a fashion magazine, regularly updated and rich in information. Thirdly, the emphasis on UGC and the provision of a presentation platform for users highlighted the social attributes of the SHEIN app. In the community section of the app, different styles of outfit photos and videos were also displayed depending on the address chosen by the user. This allows consumers in different regions to get content that best fits their local aesthetic, allowing brands to adapt to different market environments and capture consumer needs and interests to drive purchase behavior.

## **2) Website Design**

The navigation bar of the SHEIN website was clearly structured, with a detailed division of products into categories. The main menu of the SHEIN website was divided into six categories: "women's clothing, plus size clothing, children's clothing, men's clothing, beauty and personal care, and home furnishings" and the sub-menus below the main menu are divided into "new products, trends, promotions". SHEIN had also made some cultural adaptations in the subcategories depending on the country. The American site has a sporty and sexy style category, while the Arab site has elegant, casual and other relatively conservative categories.

# **4 The Marketing / Pricing Strategies and Activities**

## **4.1 The consumer segmentation**

Based on the available information about SHEIN's target audience and marketing strategies, there is a reasonable consumer segmentation for the company:

- 1) ***Young fashion-conscious women:*** SHEIN primarily targets young women aged 16-35

who are interested in fashion and trends (Zhang et al., 2023). Two things that draw their interest are typically reasonable pricing and distinctive styles. Besides, they are engaged on social media and frequently look to influencers and blogs for inspiration.




- 2) ***Bargain hunters:*** SHEIN's pricing strategy appeals to budget-conscious consumers who are looking for trendy clothes at an affordable price. These consumers are probably younger, less affluent, and more price sensitive than others.
- 3) ***International shoppers:*** SHEIN is a desirable option for customers outside of the US thanks to its worldwide shipping and regional websites. They could be drawn to unique fashions that are hard to find in their countries.
- 4) ***Environmental and social activists:*** SHEIN is always dedicated to advancing sustainability and building an eco-friendly brand. According to Guan (2023), those people may pay attention to the company's environmental initiatives and transparency in the supply chain.

Briefly, the goal of consumer segmentation is to identify the target audience with various purchase needs and behaviors and subdivide the entirety into some sub-markets.

## **4.2 The competitive environment and competitors**

SHEIN operates in the fiercely competitive and diverse fast fashion industry. Not only does the company compete with online fashion retailers but also against physical competitors. In order to remain competitive, SHEIN must constantly evolve and innovate to keep pace with shifting fashion trends and consumer demands (Mithas et al., 2013).

Some representative competitors are as follows:

	<p>The world's largest online retailer</p> <ul style="list-style-type: none"> <li>• Huge number of users, huge traffic, highly internationalized, powerful logistics.</li> <li>• Lack of adequate refinement, high cost.</li> </ul>
	<p>The world's largest online megastore</p> <ul style="list-style-type: none"> <li>• Effective, low bar for merchant settlement.</li> <li>• Poor product quality, slow delivery, insufficient after-sales service.</li> </ul>
	<p>The world's largest retail clothing chain</p> <ul style="list-style-type: none"> <li>• High inventory turnover, lower discounts, strong offline supply chain.</li> <li>• High administrative costs, relatively slowly come up with new clothes.</li> </ul>

To summarize, SHEIN's core competencies in rapid update speed, pricing strategy, social media marketing, and data analytics have contributed to establish a strong position in the highly competitive market environment.<sup>41</sup>

### How to deal with competition?

- 1) ***Establish a unique selling proposition (USP) that differentiates your brand from competitors in the market:*** SHEIN's core advantage is that they update their products quickly to cater to trends and offer free shipping and returns service. Moreover, they have a strong social media presence and engage with customers through influencer partnerships and user-generated content.
- 2) ***Invest in research and development to constantly innovate and enhance products or services:*** According to the latest market data, testing more clothing styles to increase the popularity rate is a significant merit in fast fashion.
- 3) ***Offer competitive pricing and promotions to attract customers:*** SHEIN can provide discount codes and bundle deals, which suggests stimulating strong market demand with

products that are cost-effective.

- 4) ***Expand your product or service offerings to cater to a wider audience:*** SHEIN can diversify its online and offline product lines and offer multilingual support.
- 5) ***Collaborate with other companies or influencers:*** SHEIN can cooperate with Facebook and Google to accumulate fans and traffic to increase popularity in the market, especially among Generation Z consumers. At the same time, influencers are also expected to achieve substantial profit (Lee, 2018).

### **4.3 Advertising & Promotion**

SHEIN advertises and promotes its business to customers through two major channels, influencer marketing and mass affiliate marketing.

#### **4.3.1 Influencer marketing**

SHEIN strategically focuses on influencers who has power to influence others' purchasing decisions on mainstream social media like YouTube, Facebook, and TikTok. SHEIN targets influencers of all sizes, from micro-influencers (with a few hundred to a few thousand followers), KOCs (with tens to hundreds of thousands of followers), KOLs (with millions of followers), to celebrities (with tens of millions of followers). SHEIN has successfully harvested them by offering commissions, free product trials, exclusive discounts, and paid collaborations to reach out a wider audience and create brand awareness. Based on the effort made by influencer marketing, by the end of October. 2022, SHEIN ranked the Top 1 fast fashion brand on TikTok and the Top 2 fast fashion brand on Facebook and YouTube, respectively (Western Securities, 2022).

### 4.3.2 Mass affiliate marketing

SHEIN also provides mass affiliate program, where participating users can register as alliance members, post and promote its products on social media platforms. If the potential customers click on their posts and shop on SHEIN's app, alliance members could collect 10%-20% commissions per promotion (<https://www.SHEIN.com>).

## 4.4 Pricing strategies

SHEIN applies two main pricing strategies to maximize revenue, including cost-based pricing and psychological pricing.

### 4.4.1 Cost-based pricing

Price (\$)		Goods					
		Jeans	Dress	Jacket	Overcoat	Shoes	Accessories
Brand	SHEIN	18.85	15.74	10.07	19.72	24.07	6.56
	ZARA	41.54	48.19	35.73	96.05	78.27	45.53
	H&M	31.2	29.87	22.55	51.22	42.5	15.45

According to the official websites, the average prices of SHEIN and other fast fashion brand competitors are as above. Comparing horizontally with various categories of products, SHEIN charges the lowest price against its competitors.

Why SHEIN has the faith to do so instead of worrying about being profitless? In other words, what business advantages does SHEIN that allows it to maintain such a low-cost pricing strategy? The answer is SHEIN 's powerful logistics system. Existing studies and practices found that logistics cost is a key factor in determining the pricing of e-commerce (Ding & Zhao, 2021). In this case, SHEIN achieves lower operating costs through three logistics advantages

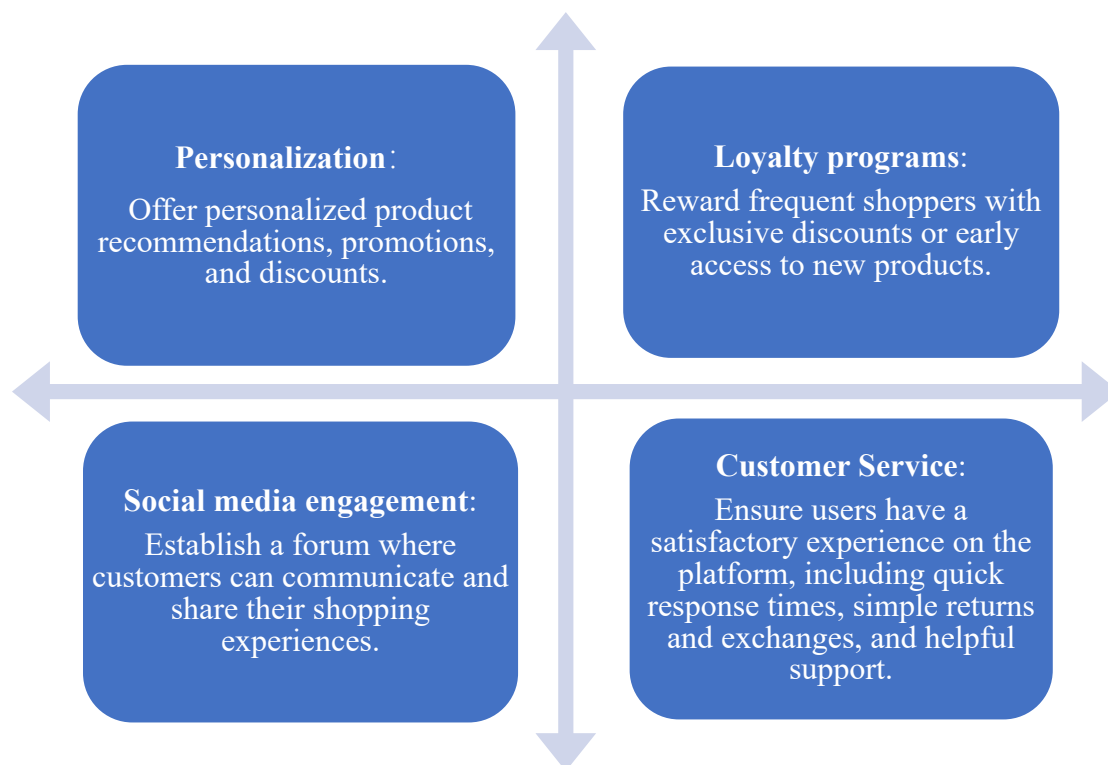
we mentioned in the section 2.1.1, the geographic advantages of the headquarters, the systematic warehousing system, and the powerful IT system, in turn gaining a cost advantage in pricing.

#### 4.4.2 Psychological pricing

SHEIN uses a pricing strategy to create a perception of value in the customer's mind, so called psychological pricing. For example, SHEIN always set the price of a unit product at \$0.99 instead of an integer, which make the product seem to be more cheaper for customers, and thus increases sales. According to McKinsey (2021), "Companies that have used psychological suggestion in pricing tend to achieve on average a 2 to 7 percent increase in revenue".

#### 4.5 How to lock in users and how to prevent user churn?

To lock in users and prevent user churn, SHEIN can consider the strategies listed below:



### 5 Data collection and ethical dilemmas

All of SHEIN's core competencies were data-driven, and SHEIN used data to capture trends.

SHEIN used crawl tools to collect extensive third-party and product data from various clothing retail sites on the Internet, including patterns, colors, price changes, fabrics and styles (Hu, 2021).

SHEIN had built a database of user behavior, collecting information on likes, shares, interactions, purchase decisions to predict future demand for its products. This data helped SHEIN make more accurate production decisions and also optimizes overall inventory costs, while strengthening its control over suppliers.

As part of the sales process, SHEIN also analyzed user origin data in the sales process and uses the results from each marketing channel to target advertising. As soon as a new product was launched on the website, SHEIN started collecting data on user behavior, such as traffic sources, time spent on the page and return visitors, bounce rate. The data was processed by the algorithm and immediately updated on the shop floor to modify production schedules (Hu, 2021). The algorithm also updated weights to recommend products to more users with similar profiles and to accurately target customers.

The entire supply chain and sales system developed by SHEIN relies on a logical data set to carry out the process. However, the data collection process may raise ethical issues. Collecting traces of Internet use by a large number of users without their knowledge may violate privacy.

In the process of analyzing web data, it is difficult to protect the privacy of Internet users. There is also an ethical risk in the process of web data analysis: who uses web data and where it is used, and internet users have no control over the flow of personal information. Details of internet users' search engine usage are passed on to companies, and if an illegal company uses it to threaten and defraud, this poses a threat to legal security. In 2018, SHEIN's systems were



hacked and the data of 39 million accounts was compromised. After the attack, SHEIN only contacted some of the affected customers in an attempt to minimize the impact of the data breach. In 2022, SHEIN's parent company, was fined \$1.9 million by the State of New York (Li, n.d.), illustrating the need for SHEIN to refine its system algorithms to protect user information. SHEIN was also required to conduct regular external vulnerability scanning and monitoring to ensure security.

## **6 Suggestion for future practice**

SHEIN's user growth rate has fallen to single digits for the majority of 2022 as SHEIN has reached its user ceiling. How to upgrade high-end without losing the advantage of low prices becomes a challenge for SHEIN.

### **6.1 Improve production channel**

Supply chain may be one direction of SHEIN's transformation, combining supply chain information platform and "Internet+" technology to produce more closely to consumers around the world, which can shorten the delivery time to consumers around the world, from a mainly domestic supply chain to a globally localized supply chain (Li, 2021).

### **6.2 Produce by preference**

In some overseas markets, set an example, Huaxizi's makeup brushes have no sales well as expectation. Research and analysis illustrate local consumers prefer local brands when purchasing makeup brushes, as they believe that local brands better understand their skin and skin tone needs.

Apply this thinking to SHEIN's marketing model. First of all, market research and consumer

insight should be carried out before the brand going abroad, which determines the positioning for a specific audience, which performs a function in the success of the brand going abroad.

### **6.3 Use data analysis for brand promotion and sales**

Employ data analysis technology to accurately locate and analyze target users in overseas markets. By analyzing the consumption habits, shopping preferences, demographics, social media and other data in overseas markets, we can accurately target the target market and target users. Next, according to Zhang (2023), SHEIN needs to further optimize and adjust the product line by using data analysis technology to ensure that the products can meet the needs of overseas markets and improve product sales and brand awareness. Additionally, data analysis technology will also be used in the brand promotion to conduct in-depth analysis of user characteristics, behavior habits and usage scenarios of different social media platforms, formulate precise marketing strategies, and effectively improve the brand exposure and the user engagement.

Through data analysis technology, we will comprehensively evaluate the brand effect of sales, quantify the brand promotion effect and sales volume, timely adjust the promotion strategy and product sales strategy, and enhance the commercial value and market competitiveness of the brand (Wu et al., 2023).

### **6.4 Expand brand awareness and attract new users**

In the face of international fast fashion brand competition and local brand competition, SHEIN can take a number of steps. First, actively seek z-partners worldwide to speed up access to local markets by cooperating with local brands or retailers. Second, SHEIN is also actively recruiting local employees around the world to better appreciate local markets and consumer needs.

Finally, SHEIN's aggressive use of influencer marketing on a global scale is a great way to expand brand awareness and influence (Wang, 2022).

## **6.5 Marketing strategy combining real economy with online purchase**

The combination of online and offline sales can not only rapidly improve the awareness of fast fashion brands, but also expand the market share. Compared with offline channel expansion, the Internet obviously has a wider coverage and faster transmission speed, and from the perspective of investment, online obviously has more financial advantages (Wang, 2011).

On the contrary, offline can ensure that consumers obtain better consumer experience under the condition that the consumption level remains unchanged, also brands can strengthen their ties with customers and gain considerable economic benefits.

## **6.6 On-demand pricing**

Production pricing on SHEIN will continue to be demand-based. The first order of each SKU only has a low inventory of 100-200 units to quickly test the market feedback, and supplements the required orders according to the actual market demand, so that the production of SHEIN is completely determined by the demand, which greatly avoids the inventory issue. With this operation, SHEIN can price its products more rationally. In the past, 30% of the cost of unsold inventory was apportioned in advance to the price of the product. SHEIN does not have this part of the cost now, so consumers enjoy higher cost performance, thus improving the competitiveness of product prices. SHEIN not only has to rely on its production costs and competing firms to price its goods, but also on the intensity of consumer demand for the goods and the degree of awareness of the value of the goods.

For SHEIN, although its operational ability is excellent, if it tends to transform into a full-category platform, which means that SHEIN's role should be altered from a self-operated brand to a platform service provider. This puts forward more requirements for SHEIN in terms of merchant management, such as quality control, after-sales processing ability, logistics timeliness guarantee, and so on.

## **7 Case Supplement**

**Attach importance to the property rights of SHEIN and commodity quality, and cultivate the ability of sustainable development.**

In the process of rapid development, SHEIN has suffered from infringement of commodity design and commodity quality problems, which have caused a negative impact on the enterprise. The sustainable development capability that fast fashion brands need to establish mainly includes the sustainable development capability of original design and the sustainable development capability of commodity quality.

At present, the design problems exposed by fast fashion enterprises prove that their original ability needs to be further strengthened. We will increase scrutiny of goods that may be subject to intellectual property disputes, and conduct a more careful review of elements that are prone to disputes before the release of goods. At the same time, enterprises should also do a lot job in the layout of intellectual property rights, and apply for copyright protection or patent protection for the special pattern design or appearance design used on the goods, so as to effectively avoid being copied.

In the early stage of entering a new market, fast fashion products occupy the consumer market with low prices, various styles and fast speed of introduction. Fast fashion enterprises have to solve problems in the process of development, such as commodity quality failing to meet consumers' expectations and excessive production causing pressure on the environment. Fast fashion enterprises can start with the fabric, production technology, and so on, invest more resources in improving the quality of goods, produce high-quality and cheap goods to improve the utilization rate of goods and reduce environmental pollution (Yang, 2020).

## **8 Summary**

SHEIN's predecessor, Dian Wei Information Technology Ltd, was founded by Yangtian Xu in 2008, the opportunity being the financial crisis that caused the financial collapse of the Western middle class and the need for cheaper clothing. On its way, SHEIN forged its business empire step by step, influenced by the social context of the lack of fast fashion brands in China and the COVID-19 boosting online business, as well as the technological context of the rise of the independent site model, the high performance of the data central strategy and the popularity of social networking.

Excellent supply chain management system is one of the important guarantees for SHEIN's success. SHEIN's long-term planning and strategic layout in supply chain management enable it to gain greater development space in the future market competition. Through the business operation from supply chain production to product marketing and after-sales management, a mature and perfect operation system has been formed.

SHEIN uses key channels such as app, website and third-party apps to reach consumers

accurately, and the effective channels allow SHEIN to get a constant flow of customers. Excellent page design also provides a good consumer experience. With well-defined functional partitions and harmoniously matched photo styles, the fashion needs of Generation Z are constantly met and they gradually become loyal fans of SHEIN.

SHEIN is a direct-to-consumer (DTC) cross-border e-commerce, which requires different marketing strategies for consumers with various tastes. To deal with competition from other companies, we have listed several kinds of methods that SHEIN can use. To prevent the loss of users, we need to capitalize on our benefits and strengthen our deficiencies. SHEIN can advertise and promote its business through two major channels, the first one is influencer marketing. Also, SHEIN applied two main pricing strategies, including cost-based pricing.

SHEIN's strong supply chain is based on digital technology, with design, production, marketing, and sales all relying on data analysis to adapt. SHEIN collects and analyses data to determine business operations, but must also be aware of ethical problems such as those that result in privacy violations.

Faced with the saturation of the fast fashion market, SHEIN needs to innovate and improve its business model if it wants to break through. We made suggestions from the aspects of production and supply, Internet technology application, brand promotion, marketing model, and pricing strategy.

SHEIN's experience provides a template for Chinese fast fashion enterprises to build independent stations to compete in the global market, and fast fashion enterprises should learn from it to explore a suitable rhythm for their own development at sea. As an emerging trend in foreign trade, cross-border e-commerce is an important direction to promote the transformation

and upgrading of China's foreign trade. The global cross-border e-commerce B2C market is entering a period of rapid growth, with the relevant departments continuously releasing favorable policies and the increasing penetration of global e-commerce providing opportunities for Chinese enterprises to participate in international trade in a B2C manner. The fierce competition in the domestic apparel market has led fast fashion brands to look to overseas opportunities, with Chinese fast fashion companies backed by China's well-developed apparel industry chain having a cost advantage that cannot be compared to other countries. SHEIN's success in overseas markets proves that Chinese manufacturing is transforming from the world's factory to a brand at sea, and that the business model of apparel manufacturers simply being OEMs has changed, with more fast fashion or in the future, more fast fashion or apparel companies will choose to participate in international trade through independent stations, helping the Chinese apparel industry to get rid of the bottom end of the smile curve (Li, 2022).

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## 10 Appendix

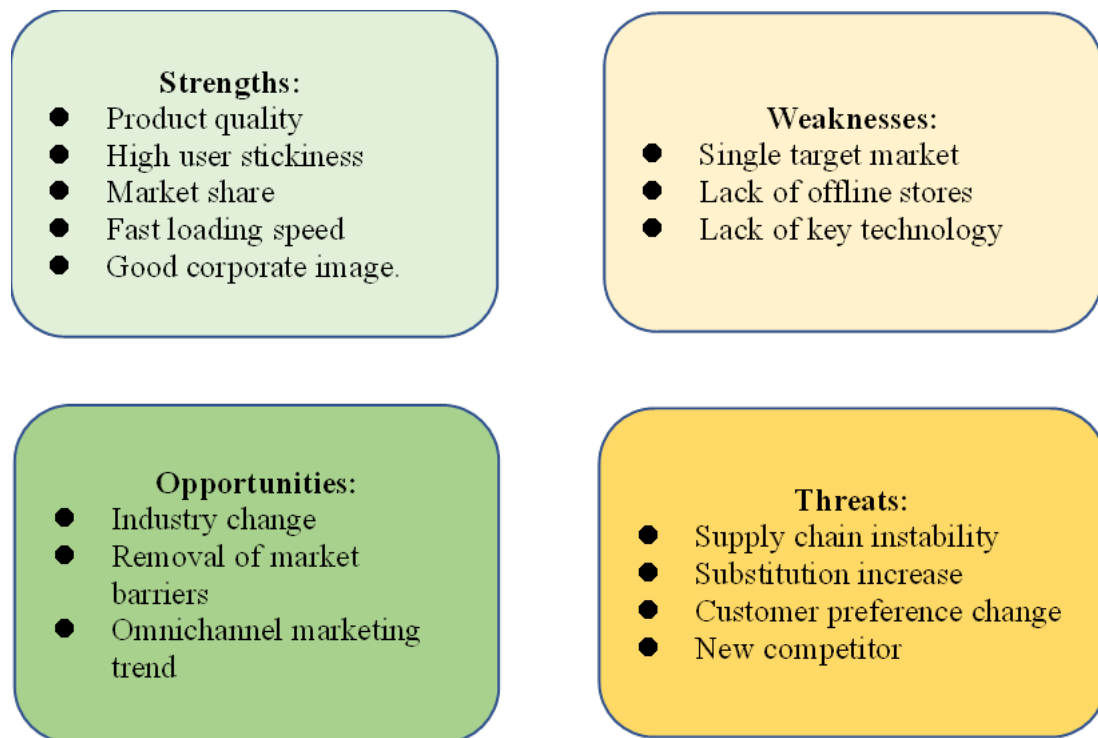


Figure 1 SWOT Analysis

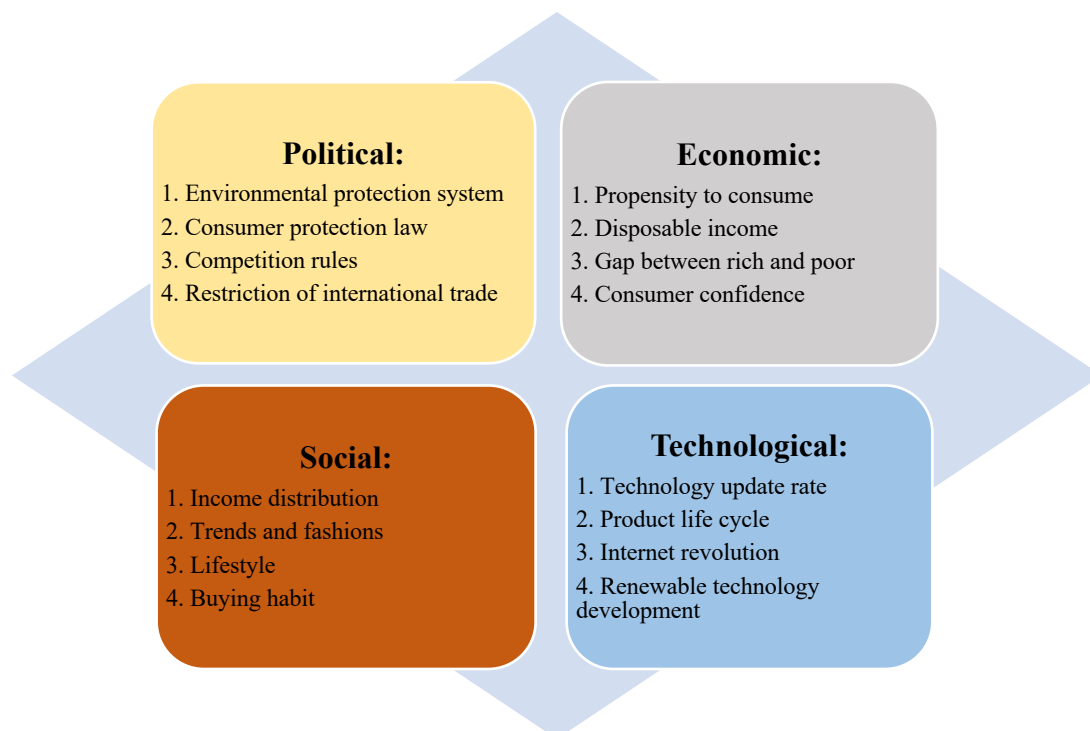


Figure 2 PEST Analysis

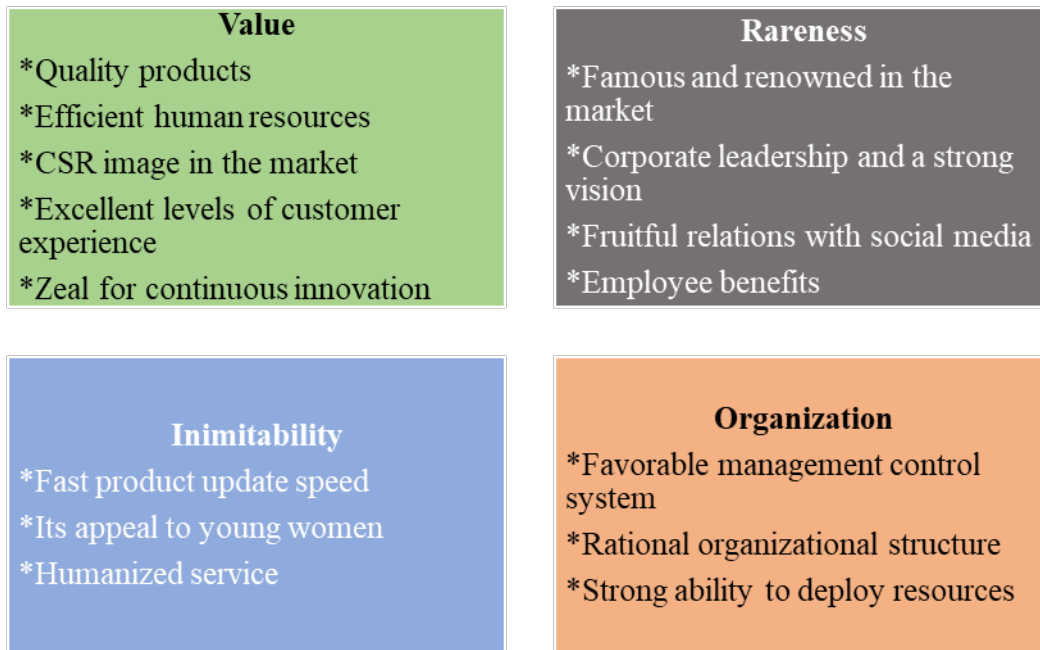


Figure 3 VRIO Analysis

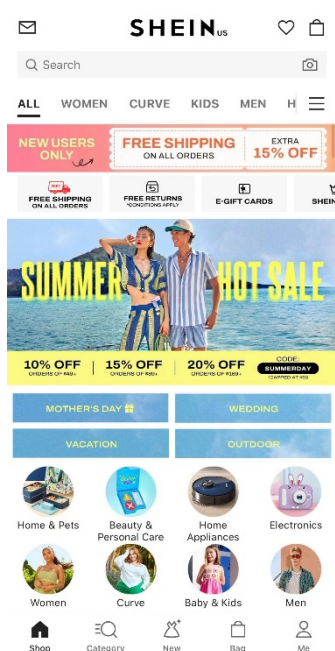


Figure 4 APP in USA

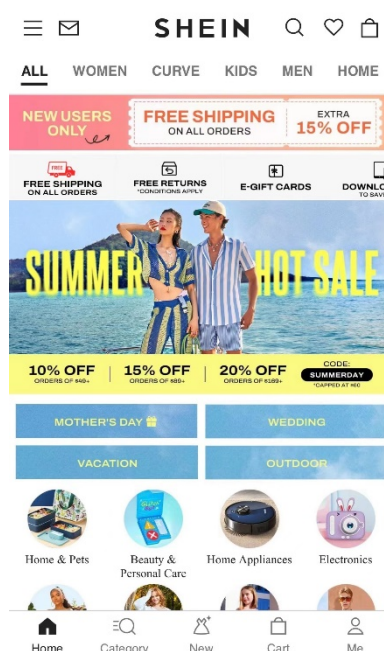


Figure 5 Website in USA

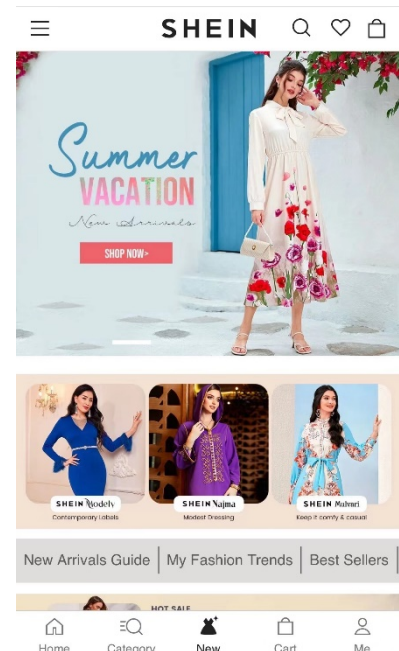


Figure 6 Website in SA

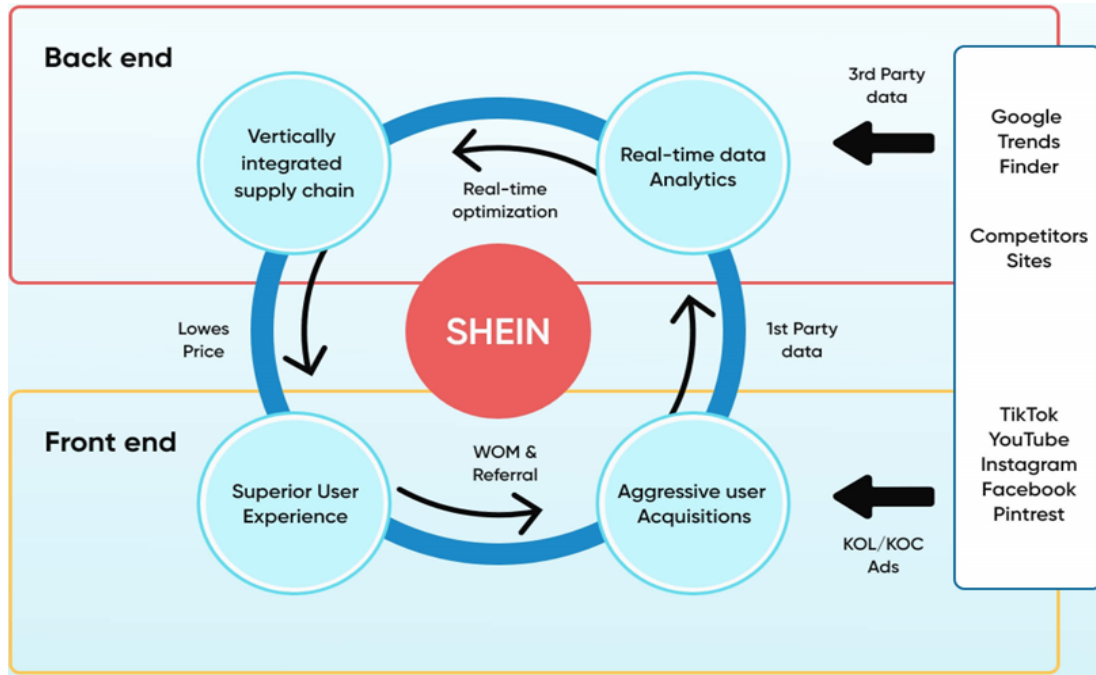


Figure 7 SHEIN's working mechanism

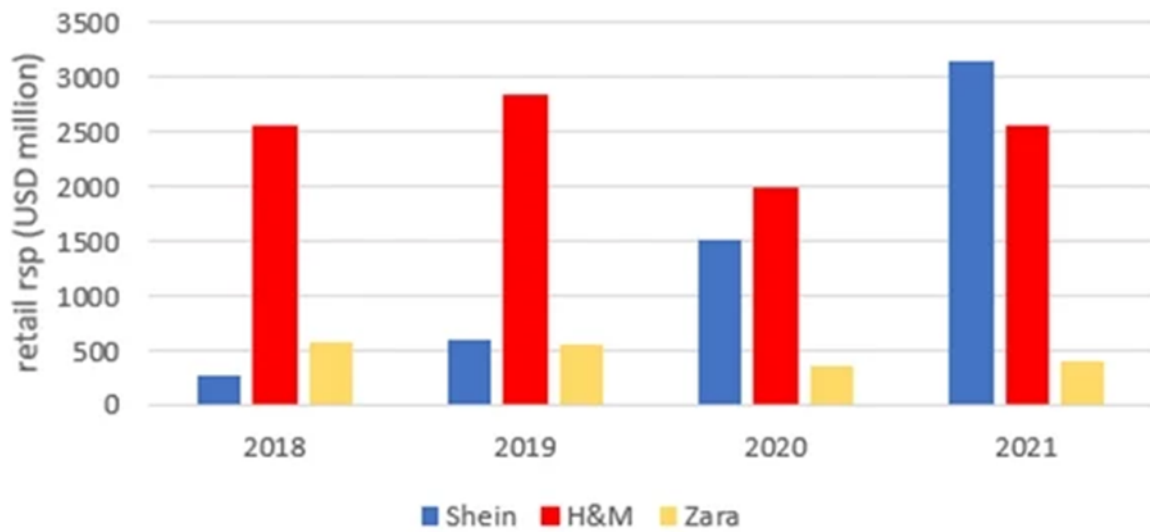


Figure 8 SHEIN, H&M and ZARA in the US: Retail Sales rsp (curr/con, USD million) 2019-2021 (Source: Euromonitor International, Apparel and Footwear Edition 2022)