

## How to Stand out: Analysing The Brand Competitiveness of E-Commerce Brand SHEIN

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### Abstract

With the acceleration of globalization, both governments and enterprises are seeking the global development of brands, striving to expand the market and enhance their influence. Globalization has brought more opportunities and larger markets. The new round of scientific and technological revolution and industrial transformation has also promoted the development of the new economy, and various industries are undergoing digital transformation and seeking opportunities to go overseas. The brand awareness of enterprises has also gradually increased, and they have strived to gain a firm foothold in the international market and build the core competitiveness of the brand. SHEIN, a cross-border e-commerce platform, seized the opportunity and has now developed into the world's third largest "unicorn" brand. As a Chinese brand, SHEIN has shown amazing results in global app downloads, and has a place in the European and American markets and even the world, and is welcomed by many young women, especially Generation Z consumers. So how did it make it, and what competitive advantages did the brand have that set the brand apart in a highly competitive environment? This article will explore SHEIN's core competitive advantages and marketing communication strategies, explore the reasons why this brand has become a global cross-border e-commerce giant in women's clothing, and provide experience for other cross-border brands.

### Keywords

Brand Competitiveness, Cross-Border, E-Commerce, SHEIN.

### 1. Introduction

SHEIN is composed of two words, SHE and IN. SHEIN is a cross-border private brand fast fashion e-commerce platform mainly aimed at young women. It exists in a rare B2C (business to consumer) model in the industry and has its own independent website and application. SHEIN utilized ShareASale's unique promotional code tracking function in the US market, effectively targeting and reaching new customers on Reddit and Twitter, and expanding new social media channels. In May 2021, App Annie, which is the industry leader in data analysis and market analysis of mobile applications, shows that SHEIN has replaced Amazon as the most loaded shopping application of American iOS and Android platform. In 2020, the revenue of SHEIN reached 70 billion yuan.

Brand competitiveness refers to the ability of a brand to open up the market and occupy the market, and a brand that continuously expands market share and can consolidate its own market is considered a competitive brand (Zhang Shixian, 2000). Aaker (2001) believes that brand competitiveness is formed in a certain market environment, which is conducive to building a strong brand and supporting the sustainable development of the brand. Brand competitiveness stems from competitive advantage, which can be obtained through product differentiation and total cost leadership based on innovative activities (Long Yi, Chen Yalan, and Zhang Huarong, 2020). Therefore, the company's brand strategy needs to focus on enhancing

its brand competitive advantage. Based on the above definitions, this article will explore the core competitive advantages and marketing strategies of SHEIN, and explore the reasons why this brand has become a global cross-border e-commerce giant in women's clothing.

## **2. Advantages of market competition environment**

SHEIN's success is inseparable from the objective environmental advantages in many aspects, which have provided promotion for its cross-border development. With the high technology and China's advantage in garment industry, SHEIN can have the space to development.

### **2.1. Technology environment**

The technological empowerment of the Internet has assisted cross-border e-commerce platforms, and the rise of cross-border trade and e-commerce has promoted the development of modern digital service industries such as cross-border logistics, electronic payments, and information services in China. The development of cross-border online payment methods has greatly boosted the industry. The related information manufacturing industry has also been developed. SHEIN, as a cross-border clothing e-commerce brand, has seized this opportunity. Besides, policy support also provides bigger development space for the cross-border e-commerce industry. At present, more and more small and medium-sized enterprises are actively entering cross-border e-commerce platforms, seeking more development opportunities while also meeting the diverse consumption needs of global consumers, which is also conducive to driving global economic recovery. Driven by the the Belt and Road Initiative, cross-border e-commerce brands also ushered in an unprecedented development prospect.

### **2.2. Industrial environment**

Under the previous traditional business model, our country lacked the awareness of establishing independent brands, so there were few well-known brands, let alone open the international market. In the field of fast fashion in the clothing industry, it cannot compete with international fast fashion brands. But in fact, there is a huge room for development in my country's cross-border e-commerce industry. The advantage of my country's development of the clothing industry lies in the fact that there are many production companies with reliable product quality and strong production capacity in all links of the industrial chain. The textile and garment industry clusters based in Guangdong and other places have created production conditions for the development of my country's garment industry.

However, the previous business model was limited by the extensive operation of small factories, lacking brand awareness and a strong industrial chain. However, the current market demand of the clothing industry is more styles and less orders, which means that the clothing market is also going to be fragmented and personalized, and manufacturers have to transform and invest in e-commerce platforms. SHEIN broke through this dilemma, established a brand under the wind of e-commerce development, continuously improved its brand system, and achieved leading development. At the same time, it can also alleviate the plight of overcapacity in the domestic clothing industry, provide a gateway for large-scale clothing exports, and eventually become one of my country's most successful overseas brands.

### **2.3. Competitive environment**

As a cross-border fast fashion brand, SHEIN aims at the markets of Europe, America and the Middle East, and has quickly become one of the favorite clothing brands among young people. It is exported to more than 230 countries and regions around the world. During the epidemic, the fast fashion industry fell into a situation of unsalable sales and losses, and hastily carried out promotions, discounts, and clearance of inventory. At the beginning of 2021, Inditex announced the complete closure of offline stores in the Chinese market, and completed all store

closures by the end of the year. This company is the parent company of the Spanish fast fashion brand ZARA, and its three brands are all leading brands in the fast fashion industry. While these rivals who used to target have adopted shrinking strategies one after another, SHEIN has continued to grow significantly and expand its overseas market territory.

As a successful fast fashion cross-border e-commerce brand in my country, SHEIN actually has many competing products. Many domestic Internet companies are also trying to enter cross-border e-commerce. For example, Ali's Lazada, Allylikes, Byte's IfYooou, TikTok Shopping, and Pinduoduo's cross-border e-commerce platform Temu are all try to step into the field of cross-border e-commerce. However, according to data from the market research organization Apptopia, SHEIN will still be the most downloaded shopping app in the world in 2022, with 229 million downloads, an achievement that other competitors cannot surpass.

### **3. SHEIN's advantages in brand competitiveness**

SHEIN has its own advantages in competitiveness. Its positioning has a fixed and huge consumer market. Its production and management systems are conducive to targeted production of popular products, reducing costs while increasing sales.

#### **3.1. Positioning: "various, fast, new and cost-effective"**

The successful positioning characteristics of SHEIN can be summarized as "various, fast, new and cost-effective", that is, there are various categories, fast new releases, new styles and low prices. The brand is against the low-priced fast fashion brand ZARA, but it has lower prices, more styles and faster updates than ZARA. The consumer portrait of SHEIN is a young group who are fashionable, pursue cost performance and love to express themselves. And the occupancy requirement for small factories is to have over 30 new products per month, which means that there are always new and trendy product per month. Aiming at the mid-to-low end European and American markets, capturing the Z generation, especially female consumers, and focusing on high cost performance and multiple categories, it can always meet the aesthetic needs of young women. In fact, the categories of SHEIN are not only women's clothing, but also men's clothing, children's clothing, accessories, jewelry and other categories. But in the field of fast fashion, the lowest price has the most styles. For young overseas girls who want to try a variety of styles of clothing at the lowest cost, SHEIN is undoubtedly the best choice.

#### **3.2. Production advantage: flexible supply chain**

The success of SHEIN is inseparable from its own flexible supply chain system. The supply chain coordinates production and sales, collects user data through the website to guide the production of suppliers, and avoids the problem of possible inventory backlog. It has created a personalized "small order quick reaction" mode for small batches and multiple batches, that is, batch first order, multi-frequency supplementary order. The reason why fast fashion brands such as Zara and H&M are popular with users lies in the "fast" of "fast fashion": from design, boarding, to production and delivery, a batch of new styles can be put on the shelves in 14 days, which is inseparable from the supply chain system established by the company. The original fast fashion leader brand Zara's product update cycle was as fast as 14 days, and SHEIN was even compressed to 7 days. Product replacement can be carried out quickly in 7 days, which meets the consumption demand of consumers for fast fashion.

In addition to ultra-fast market response, SHEIN also predicts market trends in advance. It uses web tracking systems such as Google trend to obtain information about product sales throughout the apparel industry and recent searches by consumers in various regions, and summarizes the most popular elements for design and production. SHEIN utilized ShareASale's unique promotional code tracking function in the US market, effectively targeting and reaching new customers on Reddit and Twitter, and expanding new social media channels. Through big

data collection and analysis processing, we scientifically predict market trends, so as to flexibly respond to consumer needs and market changes. In this supply chain model, brands and suppliers share data in real time, enabling the fastest and most efficient production of apparel products that meet consumer market trends. SHEIN will also provide suppliers with raw material price data, other customers' order data, etc., so as to establish a pricing system, and can also reverse the production cost of specific products, so it can lock in the price range to measure the factory quotation. SHEIN is to plan through powerful data processing, form a perfect supply chain, and become a "unicorn brand" in clothing brands.

### **3.3. DTC: self-built independent station**

SHEIN has brand awareness in the early stage, adopts the DTC model (Direct to Customer), and insists on being a brand. This model has developed and matured in the United States, and it is also the most accustomed consumption method of European and American consumers. SHEIN has established an independent website, connected users and brands, and achieved branding, establishing consumers' consistent understanding of brand tonality. At the same time, it builds its own database through the user data collected by the official website, including consumption records, page stay time, etc. Turning the traffic flowing into the official website from various paths into private domain traffic will also help users in the future. In marketing, after combining the people and goods field with the fast circle of fans, relying on the advantages of its own brand, it can attract traffic for independent stations to promote brand awareness and increase sales. In order to retain consumers, SHEIN also formed a designer team to continuously innovate products. In 2021, the "SHEIN X" project will be launched, and designers and artists will be continuously recruited into the project from all over the world to empower them in the whole chain from product design, production to marketing.

### **3.4. Consumer services: focusing on consumer experience**

The brand independent website adopts a simple and fashionable page design, allowing consumers to have a clear understanding at a glance. The layout of website pages places great emphasis on the consumer shopping experience, with clear classification navigation and detailed product information. The overall design of the website is very simple for the user's shopping experience. SHEIN analyzes user data on the mobile end to achieve accurate user insights, and then uses personalized recommendation algorithms to present personalized product recommendations to each user. In addition, SHEIN has also designed an integration system to enhance user spending stickiness. Daily login to the app, participation in mini games, and participation in buyer show competitions can all earn points. And these points can also be offset as discounts in shopping. The entry requirements for SHEIN members are also very low, making it easier to be promoted to the highest level of membership, and then enjoy exclusive activities and special discounts. This can be said to promote consumption and improve user repurchase rates, retaining loyal customers.

## **4. SHEIN's marketing strategy**

Shein's marketing strategy is also an important reason for its success. Shein has made many attempts in marketing, increasing brand awareness through social media, inviting celebrity and KOL, and organizing events.

### **4.1. Social media marketing**

The use of social media for brand communication is also the direction of brand marketing in recent years. SHEIN has already settled in international mainstream social platforms such as Facebook, Youtube, and Instagram, and uses these media to interact with users, expand brand awareness, and gradually establish brand recognition. Through social network marketing, not

only can you quickly establish your own brand image, reach potential consumer groups, but also obtain user feedback, which is conducive to better development of brand planning.

TikTok is a huge communication channel and sales platform. According to "Luxury Business Daily", on TikTok alone, the brand hashtag #SHEIN has generated 6.2 billion views, and the SHEIN brand has also appeared under more than 70 other hashtags on the platform, greatly enhancing its exposure. Expanded brand recognition. At the same time, TikTok can also carry out the sales model of live streaming, promote its own independent station products through this marketing channel, and sell through live streaming.

SHEIN will also adopt community marketing methods to enhance user stickiness. There is a special tab in the APP called Gals (stands for "girls"). This is SHEIN's content community. The overall style of the community is similar to the overseas social software Instagram. Users and settled experts share their shopping experience and interact with each other in this community, which not only enhances cohesion, but also improves their sense of identity with the brand to a certain extent. The maintenance of this community environment also promotes brand loyalty.

#### **4.2. KOL Marketing**

The key to the success of SHEIN marketing lies in KOL and UGC, also known as influencers on the internet. SHEIN also used a strategy of co branding with internet celebrities, continuously collaborating with them and leveraging their private domain traffic for brand marketing. Allowing these KOLs to endorse the brand's trust has continuously improved SHEIN's keyword ranking, and releasing promotional codes to potential consumers has also improved sales conversion rates.

In the era of pan entertainment, the influence of celebrity idols cannot be underestimated. Although SHEIN did not hire celebrities as brand spokespersons, it gained attention through its fashion positioning and invested heavily in attracting celebrities who matched the brand's tone for deep cooperation. Hailey Bieber once posted about the fashion combination of grass growing SHEIN; Singer Katy Perry participated in SHEIN's public welfare live broadcast; SHEIN also collaborated with American actor Madelaine Petsch to launch a co branded version and filmed a summer series of advertisements, all of which continuously increased the brand's recognition and credibility. At the same time, the star's own aura can also empower the brand and establish a certain brand association.

At the same time, SHEIN also did not forget to promote grassroots online popularity on social media, especially when the star and head KOL dividends had a marginal utility, it immediately turned its focus to the long tail, such as the brand sent free clothes to KOC for trial and comment, and issued exclusive coupons to capture more potential consumers. At the same time, the user stickiness of these grassroots online celebrities and fans can also empower brand affinity, making the brand more reliable and authentic. By collaborating with KOL to target audiences with targeted advertising, SHEIN has also achieved the transformation of private domain traffic into brand traffic. SHEIN will also transform consumers into brand promoters, regardless of the number of fans, as long as they participate in SHEIN's promotion, they can receive a certain proportion of the share. This strategy has also earned SHEIN a lot of exposure and authentic and effective UGC content.

#### **4.3. Search Engine Marketing**

SHEIN founder Xu Yangtian was previously responsible for search engine optimization (SEO) at a foreign trade company, so he has also been adept at using SEO strategies in brand development. SHEIN has published a large number of paid search and display advertisements on Google, with 48.07% of users entering the official website through paid advertisements (Gui Xiaoqian, 2021), which has a very good drainage effect. Although domestic mobile consumption is developing rapidly and users are gradually inclined to browse products and consume on the

mobile end, overseas consumers still prefer to browse and consume on the brand's official website. Therefore, optimizing search engines and SEM placement strategies can greatly increase brand exposure and promote sales conversion. With the promotion of search engine, SHEIN can quickly know the trend of the market, and also what consumers like, so it can targetedly choose the product which is good to be sold. By this technology, SHEIN not only save the cost but also catch the market.

#### 4.4. Event marketing

As early as 2017, SHEIN began experimenting with online live streaming and gained the first group of fans by relying on the anchor's explanation of dressing techniques. SHEIN often sets up some fashion topics to guide fans to participate together, such as in the #WearYourWonderful event, the brand will distribute coupons to netizens who share beautiful photos in their fashion, thereby increasing users' participation enthusiasm. SHEIN will also hold live events with various themes such as music and beauty to achieve the purpose of attracting traffic. In May 2020, a charity virtual performance was held to assist the World Health Organization's solidarity response fund project for the COVID-19. Viewers can also donate through the donation link on the SHEIN application, and all donations raised will be used to support the World Health Organization COVID-19 Solidarity Response Fund, attracting millions of viewers and attention.

### 5. Conclusion

The reason why SHEIN is so successful is inseparable from the core competitiveness of the brand, which is also the key to the brand's barriers to other brands. With the promotion of the development background of cross-border e-commerce industry and the empowerment of digital technology to the production and manufacturing industry, SHEIN can quickly seize the advantages of the market environment and transform into the "east wind" of its own brand. At the same time, the perfect flexible supply chain provides the foundation for the development of the brand, so that the product has the advantage of "how fast is better to save". Then through online marketing to expand brand awareness, celebrity effect and KOL communication to establish brand association, constantly expand its brand equity, once became the first iOS shopping app in 54 countries and regions. At present, China is still seeking development abroad, and SHEIN provides a good reference idea for building a well-known international brand.

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