

The Analysis of the Marketing Strategy of Shein and Accompanying Word of Mouth on Social Media

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Abstract. For the fast fashion economy, the faster the product is updated and the more categories there are, the larger the brand will be. Speed, category, and price are all essential elements for a successful fast fashion business. But all of these elements serve the first principles of the industry. That is, these fast fashion brand companies use various fashion elements to maximize their ability to capture the various social psychologies of the moment and make these fashion elements the popular goods of the period. Therefore, this paper focuses on SHEIN, a brand that is now a huge success in the global apparel market, and evaluates three strategies that it uses to gain insight into consumer psychology and gain word-of-mouth (using data management to gain effective consumer insights, using affiliate marketing programs to create social media viral spread, and creating a combination of UGC and PGC content with its brand power to enhance users' spontaneous communication behavior). A questionnaire was created to determine the behavior and psychology of customers when purchasing fast fashion items, and 237 people completed it. It was clear that SHEIN's marketing strategy and its novelty of style and low price could attract a group of consumers. However, some drawbacks are also evident, such as customers' overall perception of the brand, which will affect the enhancement of SHEIN's brand value. The results can help SHEIN to create optimized tactics by considering customers' psychology during the post-pandemic era when more people consider more about the sustainability of their consumer behavior.

Keywords: SHEIN, marketing strategy, social media, word of mouth

1. Introduction

Marketing strategies affect the public perception of a company and the behavior of its customers, which is unmistakable in the fast fashion industry. Fashion can be understood as a social-psychological phenomenon, referring to the process by which things, ideas, and ways of behavior that are newly emerged in society or advocated by an authoritative figure are generally accepted, adopted, and then promoted by the general public until they disappear [1]. Fast fashion, on the other hand, is an extension of fashion in the field of clothing and is a concept that compresses the overall life process of fashion as much as possible. It began in Europe in the middle of the 20th century as a means of quick feedback and replication of the fashion trends that were being sold at the time. In order to satisfy the actual needs of a wide spectrum of consumers [2], firms created and developed clothing products that were comparable to high-end fashion labels before selling them at a cheaper price [3-4]. Fast fashion is defined as clothing that consumers may purchase for a reasonable price while maintaining a level of quality comparable to that of high-end brands [5]. Fast fashion brands are good at attracting potential customers through different channels and making them loyal customers, inspiring people to discuss the brand, and continuously gaining more word of mouth.

The company chosen for this paper is SHEIN, one of the emerging fast fashion brands that have been successful in recent years in more than 200 national markets. By analyzing quantitative data from social media and 237 qualitative answers to a questionnaire created by the author, there are several findings, including the effectiveness of SHEIN's marketing tactics (targeting Gen Z consumers with low prices and fashion, using affiliate marketing programs to create social media viral spread, and creating a combination of UGC and PGC content with its brand power to enhance users' spontaneous communication behavior), as well as the different consumer buying SHEIN's marketing tactics, as well as its innovative styles and low prices [6], were able to attract a group of consumers. However, some drawbacks are evident, such as the overall perception of the brand by

customers, which will affect SHEIN's brand value. According to the answers to the questionnaire, 79.70% of fast fashion consumers will consider price when buying fast fashion items. More than half will consider the brand, the convenience of purchase, and the fashionability. 30% will consider the environmental impact of their purchase behavior.

This paper first briefly introduces SHEIN's history and business, then presents its online marketing strategy, followed by an analysis of three strategies SHEIN has used to gain more word-of-mouth on social media. This is followed by an assessment of consumer behavior and psychology, and finally a SWOT analysis.

2. Description of SHEIN

2.1 Overview

Yangtian Xu, the CEO and an SEO expert, established SHEIN in Nanjing in 2008. Although the vast majority of its customers are still women, the company originally started as a portal for wedding dresses, expanding into general womenswear in the early 2010s and to all forms of fashion by the mid-2010s. Sheinside changed its name to SHEIN in 2014 and started to rise to the top of internet retailers. With thousands of new things being produced each week to keep up with the latest trends, SHEIN is currently, by some estimates, the largest online fashion retailer and the pioneer of a new fast fashion movement that puts Zara and H&M to shame. Shein updates its store with 2,000 new products per day on average. Shein's business is built on online sales for desktop and mobile consumers, unlike many Chinese manufacturers. Shein will be the biggest fashion store in the world as of 2022, yet it won't be doing any business in China. Shein first succeeded in luring manufacturers by merely making on-time payments. Shein developed a reputation for being extremely on time with their payments during the early 2010s when there was a high rate of late or non-payments in the Chinese manufacturing sector. Shein's market value has skyrocketed in the last five years as a result of its entry into the US and European markets. With an expected IPO in 2022, its valuation increased from \$5 billion in 2019 to \$47 billion in 2021.

2.2 Financial analysis

Shein has grown primarily over the previous two years. From 2019 to 2021, its revenue grew by 398 percent, reaching \$15.7 billion. Shein reportedly saw eight straight years of over 100% revenue growth, with company revenue rising from 612 million dollars in 2016 to close to \$10 billion in 2020 (CB insights). Shein, one of the world's top-performing e-commerce companies, has transformed the way clothing is made. Even though the pandemic has severely impacted several fashion labels and stores, SHEIN's sales have risen dramatically since 2020, when Covid-19 became common and stay-at-home orders were implemented in mid-March. SHEIN's revenue increased by 60% from 9.8 billion dollars it made in 2020 to \$15.7 billion in 2021. There are 7.5 million US-based users out of an estimated 43.7 million active shoppers worldwide. The SHEIN app, is the second most downloaded retail app of 2021, with 157 million downloads. Before its 2022 IPO, SHEIN was estimated to be worth \$47.5 billion.

3. Marketing Strategies Analysis

Shein's online marketing is an important factor contributing to the brand's success. On the Internet, SHEIN uses three main strategies: using data management to gain effective consumer Insights, using affiliate marketing programs to create a social media viral spread, and creating a combination of UGC and PGC content with its brand power to enhance users' spontaneous communication behavior, therefore, building its brand recognition and achieving very impressive sales results.

Ever since the Internet existed, brands have developed multiple ways to show themselves and grab people's attention. Nowadays, more brands choose to promote themselves online. Red Bull is one of the brands that have been active on multiple social channels, and gained huge success. Red Bull is

present on every major social media platform, including Facebook, Instagram, Twitter, and Google+. It takes part in all aspects of digital marketing promotion and is aware of the demographics of each social media platform's user base. They provide attention-grabbing images and text for their blog entries that relate to their audience. Additionally, the interactive contests on their platform increase engagement and drive marketing. Along with interacting, they receive retweets from followers, and crucially for PR, winners receive prizes from Red Bull.

Under the category of fast fashion, Shein has also used social media to generate huge sales. SHEIN's main marketing scene is online, and unlike traditional sales channels as well, SHEIN sells its products via its own website and has its own social media accounts. They started social media marketing long before TikTok became popular, and even without celebrity endorsements, they have gained huge traffic through Internet celebrities. In order to sign up clients from all around the world for their affiliate program, which pays aspiring influencers to advertise for the company by sharing images of their clothes, SHEIN largely embraces social media marketing. Images from paid collaborations with well-known celebrities like Hailey Bieber may be seen on Shein's Instagram, as well as reposts from unidentified producers with between 2,000 and 50,000 followers. Famous celebrities help create a fashionable brand image, meanwhile, SHEIN is also cooperating with lesser-known influencers and satisfied customers to help promote their products.

When making purchases, buyers must have access to information about items and suggestions from previous customers, which may be found in online reviews. Social media word-of-mouth (WOM) can raise people's knowledge of the company and its goods. With their affiliate marketing strategy, buyers act as influencers, giving the most authentic reviews of the products. They significantly contribute to their success by boosting sales volume and exhibiting natural user empathy.

The benefit of social media is clear: due to millions of posts, more individuals become aware of this brand and are driven to purchase SHEIN's products, making SHEIN one of the most popular fast fashion companies internationally.

3.1 Using data management to gain effective consumer Insights

Shein must first identify the demands of its clients in order to effectively market its products to its target market. Shein accomplishes this by tracking users through its mobile app and on the web. By consenting to be monitored, clients offer Shein practically limitless access to their online activity, including what other clothing brands and specific items they are interested in, what holidays they may be looking for, and their social media preferences and interests. Shein also makes use of other search engines, such as Google's "Trend Finder," which offers information on what people are looking for in real-time and helps forecast what styles customers will want so that they can adjust their production and marketing strategies appropriately.

On this basis, SHEIN's success is largely attributed to their accurate insight into the psychology of Gen Z consumers and their ability to impress this target group with low prices and fashion, a generation that has grown up with the rapid development of Internet technology, accounting for 18.4% of the total population in 2021. Now, with some of Generation Z already in the workplace, their spending habits and spending power have become the focus of most emerging consumer brands. SHEIN has achieved commercial success by preemptively capturing the mindset of Generation Z consumers. Unlike other groups, Generation Z is more socially oriented and has a higher level of online physical consumption. SHEIN understands the consumer psychology of its target group, Gen Z, and how to attract this group on social media. Because Gen Z is extremely price-sensitive and discerning, with 55% of them considering the price to be the most important factor when buying fashion, SHEIN has always highlighted the combination of low price and fashion in its promotions to make consumers willingly pay for it. Meanwhile, SHEIN has been using KOL marketing to the fullest on Instagram, Facebook, and Pinterest, which are the most popular social media platforms for young people, by inserting links to products, pictures of netizens wearing the products, and the social accounts of the collaborating netizens whenever the posts are related to specific products. SHEIN also used TikTok, a social network popular among the Z generation in recent years.

3.2 Using affiliate marketing programs to create a social media viral spread

To make customers keep buying products and develop a sense of identity, SHEIN uses affiliate marketing to boost reciprocity with consumers. It is a win-win situation for both SHEIN and its consumers who have already purchased its products. If someone buys products from SHEIN and posts their experience on social media with their promotion link and other potential buyers click the link and order products, then the buyers who helped promote will get benefits such as commission and coupons. People like reciprocity and consistency. People who enjoyed certain benefits from SHEIN will be willing to buy more products. They are also likely to recommend SHEIN to their family and friends, ultimately benefiting both themselves and the brand [1]. Under this marketing model, SHEIN has built up its core competency, precisely targeting the audience, and at the same time making a name for itself overseas. The Amazon platform data can assist in verifying SHEIN product power in the continuous improvement, the sales ratio of the praised single than the SKU ratio of the praised single.

3.3 Creating a combination of UGC and PGC content with its brand power to enhance users' spontaneous communication behavior

The majority of SHEIN's users are young individuals who wish to freely express their thoughts, talk about their fashion adventures, and promote their emotions via social media. Therefore, SHEIN places a high value on genuine customer experiences and effectively utilizes hashtags, PGC, and UGC to carry out content marketing while putting a strong emphasis on user engagement to transmit the brand's temperature. Similar to a condensed version of Instagram, SHEIN develops a lively and enjoyable community of customers where customers can share their clothes and fashion ideas. SHEIN also uses the company's social media accounts to encourage user interaction. For instance, SHEIN invited people to join the contest by liking, commenting, and sharing an Instagram post to introduce a new product on June 13, 2021, which received 38,000 likes and 32,000 comments. SHEIN published 3,083 posts and 157 videos on Instagram in 2019, which attracted 62.67 million interactions, and 2,456 posts on Facebook, garnering 2.45 million interactions. The massive amount of postings and interactions may help the business connect with its clients and understand their requirements. Real traffic generated by the UGC material continues to flow in, boosting brand traffic while also subtly influencing the company's image and inspiring numerous bloggers to impulsively endorse SHEIN. Only two bloggers have received sponsorship from SHEIN for the ten most popular articles on SHEIN's outfits on Tik Tok and YouTube.

Although SHEIN has achieved good results in terms of sales, the quality of SHEIN's products is also polarized in terms of ratings. A portion of SHEIN's audience are consumers who care about price and don't care about quality; there are also consumers who care about quality but are attracted to buy by price. With the extremely low price premise, it is not surprising that SHEIN is controversial in terms of quality. But as advanced consumer concepts such as environmental friendliness became popular, SHEIN also suffered more and more accusations. One is that the products are not durable, resulting in a waste of resources; the other is that the products do not conform to the concept of environmental friendliness in the production and packaging processes.

As a giant in the industry, SHEIN is also subject to many accusations of environmental sustainability. Because of SHEIN's extreme rapid update, its stimulation of consumption must be higher than average. Consumers are buying more clothes than they need. At the same time, SHEIN's fast pace of new arrivals has created a large inventory backlog. Thus it impacts the environment on two levels: first, carbon emissions and pollution at the production end; second, end-waste pollution. Faced with these problems, SHEIN is unable to tell its brand story with a clear conscience. As more people are concerned about the sustainability of their shopping behavior, it's important for SHEIN to start building an eco-friendly brand image.

4. Consumer Behavior and Psychologies

Fast fashion developed as a result of low- and middle-class consumers' desire to purchase high-end brands of comparable quality at a reasonable price. To satisfy consumers' actual needs, companies created and produced clothing items in high-end fashion brands' similar styles. Fast fashion has three main selling advantages from the perspective of the consumer: affordable, stylish, and disposable. This implies that it has never been simpler or more economical to impulsively acquire a brand-new wardrobe. Most people choose SHEIN because of its price and trendiness factors. With the influence of the Internet and social media, fashion has become more inclusive and people's fashion consumption behavior is changing from the mass presentation to the more segmented expression of various trendsetters today, and a variety of fashion brands are gaining market success. Through its own platform, SHEIN has been able to access global fashion elements in real time and refine social psychological trends.

As technology advances, we have more and more ways to make purchases and businesses have more ways to market their goods to us. Consumers have more choices and also more autonomy. They also have different behaviors and psychologies when it comes to shopping. The logic behind this is something that brands and companies should pay attention to.

When consumers are asked about their purchase behaviors and psychologies for fast fashion items, the 237 responses from the questionnaire exhibit variation.

Figure 1 illustrates their psychologies, 79.70% of them will consider price when buying fast fashion items. More than half will consider the brand, the convenience of purchase, and the fashionability. And more than 30% will consider the environmental impact of their purchase behavior.

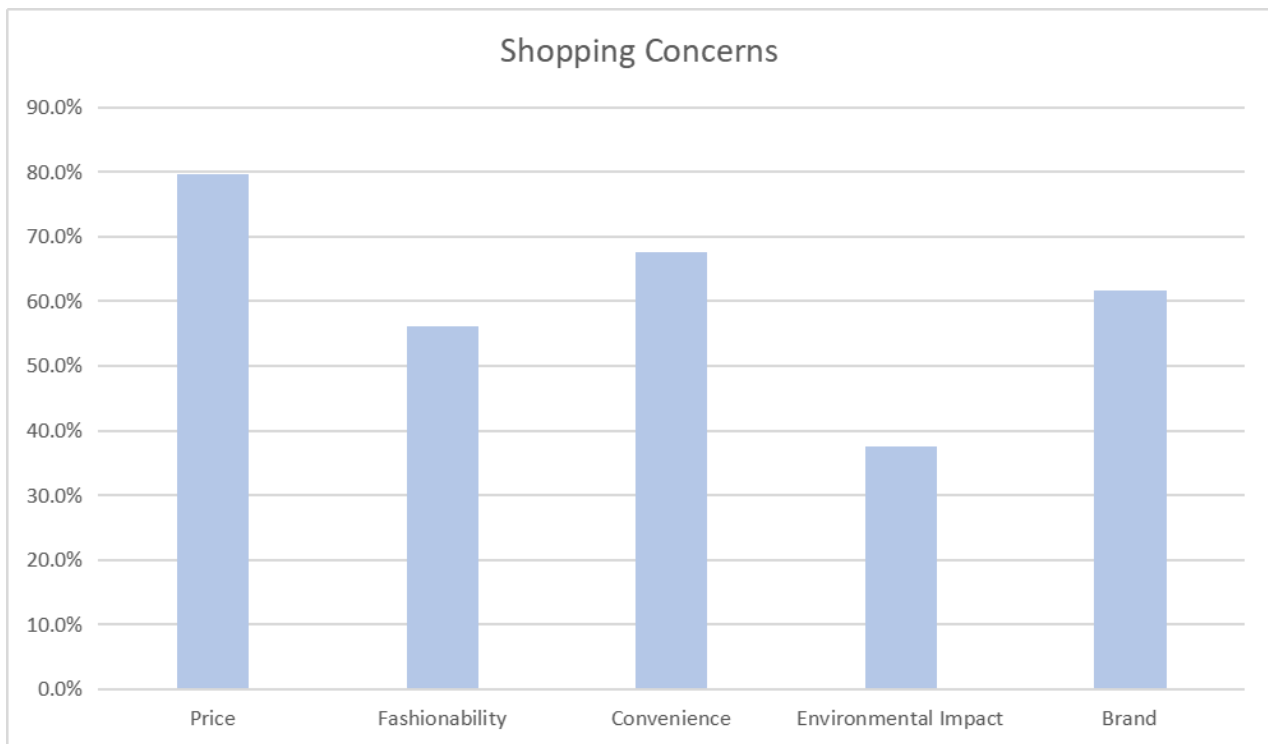


Fig 1. Shopping Concerns

Figure 2 illustrates their shopping behavior, 45.57% of them will shop online once a season, 28.27% of them will shop once a month and 20.68% of them will shop once a week. Among them, only 3.8% will shop offline.

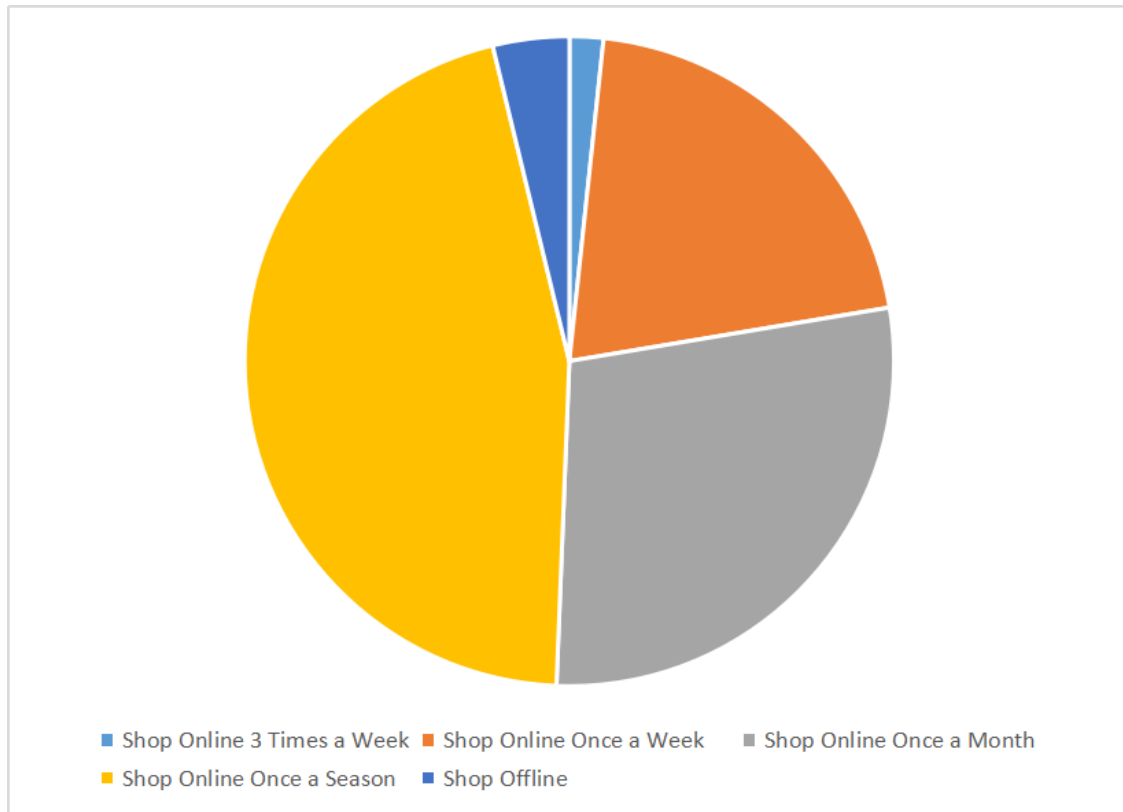


Fig 2. Shopping Behavior

5. Competitive Market Situation Analysis

In addition to the traditional FMCG giants such as HM, ZARA, and other fast fashion companies that are still competing with SHEIN, many Chinese companies are also competing with SHEIN and are trying to follow SHEIN's business model to achieve a certain scale in the world [7-8]. Currently, traditional Chinese internet-based companies such as Byte Dance, Alibaba, and Jindo have launched their websites and apps in an attempt to become the next "SHEIN".

5.1 Strengths

As one of the most popular and successful fast fashion brands nowadays, SHEIN has a strong brand presence and popularity on social media. Its every move is noticeable, using its successful marketing strategy and social media exposure, and with its efficient supply chain system, SHEIN enables its fans to be the first to buy their favorite products [9].

5.2 Weaknesses

For some high-end consumers who are looking for quality, SHEIN will not be their first choice. At the same time, their fast supply chain system leads to an inventory backlog [10]. Facing these problems, SHEIN did not give a perfect solution. In a long term, this will largely affect their brand image.

5.3 Opportunities

Advertising and social media are what fuel Shein. SHEIN has more than 15 million followers on social media, and its dominion is constantly expanding on a worldwide scale. SHEIN's social media traffic ensures its popularity and ensures that its own products are recognized by the public and receive quick feedback from consumers. With the advantage of the Chinese supply chain, SHEIN can still be very competitive in price.

5.4 Threats

Competition is vital, especially online. As a result, the company must contend not just with merchants like Amazon that sell their products online, but also with hundreds of smaller retailers who provide cheaper goods. Shoppers have a range of retailers to pick from in the physical sector, including the apparel retailer chains Zara and Uniqlo, which allow customers to try on items before making a purchase. The potential of new rivals is also viewed as being quite significant given that hundreds of these sorts of e-commerce businesses are founded each year.

5.5 Advice for SHEIN

Even though SHEIN can use its traditional tactics and keep the current strategies, there are still some opportunities for it to gain more word of mouth and create a more sustainable brand image.

Shein can expand its sales categories to include shoes and bags, jewelry and accessories, home accessories, beauty, and personal care, electronic products, car décor, sports and outdoor, mother and child products, bedding, pet products, office stationery, etc, to develop itself into a fully-fledged e-commerce platform. In order to cater to the desires of a different group of individuals, they may also develop a higher-end brand with greater quality.

As we all know, fashion may set trends, but it shouldn't just serve one purpose. In modern society, fashion is increasingly seen as a cultural icon that expresses one's attitude and philosophy. Building an eco-friendly sustainable development plan can help fashion firms advance as public awareness of environmental preservation rises. In my opinion, SHEIN can try to reduce pollution and enhance environmental protection in the following aspects. In the pre-design, SHEIN should introduce the concept of the circular economy into the design, give priority to recyclability and biodegradability in the raw materials, selection of materials, and functionality of clothing to integrate with the concept of environmental protection. At the same time, SHEIN can open services such as borrowing and renting clothes that can be recycled to avoid the one-time circulation of clothes and to extend the cost of using clothes, which can also allow more people to experience more different clothes at a lower cost.

6. Conclusion

As a fast fashion brand that has received a lot of attention in recent years, SHEIN's marketing strategy is worthy of analysis. They have succeeded in using the Internet and social media to attract attention and gain insight into consumer psychology, thus achieving good results. In the analysis, quantitative data from social media and 237 answers from a questionnaire were collected to understand customer behavior when buying fast fashion products. By analyzing the data and the answers to the questionnaire, it is clear that Shein has a very worthwhile marketing strategy: motivating users to spread word of mouth on social media by sharing photos, videos, or shopping experiences, personal recommendations, and fast fashion consumers focus more on price, trendiness, and brands, while most will choose to shop online. Moreover, the SWOT analysis illustrates that SHEIN's strength lies in its efficient social media network and the opportunity to generate a lot of buzz for its brand through social media. However, its model can be reused by many competitors, so its future market size may be crowded out to some extent. At the same time, SHEIN needs to face environmental-related issues and adjust its production design in time.

The shortcoming of this paper is the small size and limited types of the sample. Due to the limited data collected from the questionnaire, it is difficult to give a conclusion that is applicable to most consumers. In addition, the questions focused on consumers' behavior and the factors that influence their final decision could be improved. Therefore, there was not enough data about people's word-of-mouth sharing, such as posting online, discussing with friends, and recommending. Future research on this topic could design a more comprehensive questionnaire to be completed by thousands of people and analyze more qualitative data to get a generalized result that reflects the mainstream opinion.

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