

Exploring the Digital Marketing Ecosystem: A Case Study of SHEIN's Innovative Strategies

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Abstract: In recent years, the landscape of retail has been redefined by the quick development of e-commerce, with digital marketing acting as the key of success. SHEIN, recognized for its rapid growth in the online fashion industry, stands as a model of innovative digital marketing strategies. In this paper, I explore SHEIN's strategies by utilizing the 4P marketing framework – Product, Price, Place, and Promotion. This study uses qualitative content analysis of SHEIN's digital marketing materials, such as social media advertisements, and influencer collaborations. Based on these information on various platforms, I examine how SHEIN strategically utilize these elements to engage its target market and attract more consumers. First, I examine four aspects through 4P model one by one and analyze how they affect consumer behavior and brand awareness. Furthermore, I compare each strategy with the features of Generation Z to identify how SHEIN attract new consumers. Finally, I found that SHEIN focuses more on promotion than other three aspects, which takes preferences and behaviors of Generation Z into consider. These strategies reinforce SHEIN's position in the competitive e-commerce market.

Keywords: digital marketing, social media markets, Generation Z, e-commerce

1. Introduction

In the era of globalization and the digital revolution, the retail industry has undergone a profound transformation. With the emergence of online shopping, fast fashion retailers become front-runners in the competitive market. SHEIN, a Chinese online fast fashion retailer, has captured the attention from worldwide. Established in 2008 in Nanjing, China, SHEIN started as a small e-commerce platform focusing on the domestic market. By 2014, SHEIN had begun its international expansion and quickly gained popularity in various countries, such as United States and Brazil. Known for selling trendy and relatively inexpensive apparel, SHEIN becomes the leader of Gen Z-favored brands. What makes SHEIN outstanding from competitors can be largely attributed to its exceptional digital marketing strategies, which has revolutionized the way consumers perceive and engage with the fashion industry. The brand recognized the significance of social media platforms as powerful marketing tools, utilizing platforms such as Instagram, TikTok, Facebook, and Twitter to connect with its target audience directly. SHEIN's digital marketing strategy has undoubtedly redefined the fast fashion landscape, setting new standards for the industry.

In this paper, I will investigate the digital marketing strategies of SHEIN as a Cross-boarder E-commerce and analyze in 4P model (Price, Place, Product, and Promotion). I will show how

SHEIN focuses on marketing, especially promotion, and establishes popularity and loyalty among Generation Z. This paper is organized as following: section two focuses on related literature of SHEIN and digital marketing strategies in general; section three focuses on 4P analysis based on various features and strategies of SHEIN; section four makes the conclusion about SHEIN's unique digital marketing strategies and how they serves consumers.

2. Review

Our Research is directly related to the literature on SHEIN and digital marketing strategies.

SHEIN is a rising star in the fashion industry, while the academic researches and literature directly related to it are comparatively limited. It's commonly believed that SHEIN is a new supermodel of e-commerce and expert in drawing "shoppers' attention in the digital world." [1] The existing researches analyze SHEIN's success from different perspectives through its various strategies. Some experts state that the user-generated content has positive influence on the consumer decision-making on SHEIN. [2] Some articles says that the fashion show and in-person events are keys for SHEIN to "grow awareness in the U.S." [3]

Digital marketing is a dynamic and rapidly evolving field and has emerged as a cornerstone of modern business strategies. Central to this transformation is the emergence of Generation Z, a group of people who is not merely passive consumers of digital content, but active shapers of the digital universe. In recent years, many literature investigates the connection between digital marketing and Gen Z. Some researches believe that if a brand can integrate an emerging trend or technological advancement into their strategy, they are more likely to be outstanding in the competition focusing on Gen Z. [4] Several research even further dig into the social media marketing strategies and claims that the implementation of influencer marketing can increase loyalty of GenZ. [5]

3. Analysis

3.1. Price

SHEIN is known for its affordable price. [6] Its low price allows the brand to target on consumer with middle and low income. In our social structure, middle and low income takes the major place, and thus the price decision of SHEIN allows it to enlarge its potential market. Also, the price setting fits to the features of its target market--- the Generation Z. [7]

Besides the low price, SHEIN's pricing strategies also play significant roles in its success. Psychological pricing is one of the main strategies it uses. Psychological pricing aims to create a perception of a bargain for customers. [8] By setting prices just below round numbers (e.g., \$4.99 instead of \$5), SHEIN allows consumers to perceive the price as significantly lower, even though the difference is just one cent. For consumers with purchase intention, the little difference in price can cause huge difference and thus stimulate them to purchase goods.

Promotional pricing is another widely used strategy among SHEIN's products. There are two main ways of promotion in SHEIN: one is for clearance sales, and another is during specific time period, like festivals or other important events. It allows products that faces the market elimination danger to make profit, even at a lower price. The promotion strategy not only extends the product life but also appeals to both existing and new consumers. It attracts new customers seeking good deals and discounts, which is a good opportunity to enhance brand awareness and popularity. Additionally, it helps to retain existing customers, especially for SHEIN's target market, Generation Z, whose increase shopping can increase their consumer loyalty. [9]

Limited times sales during festivals in SHEIN also catches lots of attention. Limited-time sales create a sense of urgency and scarcity among consumers. When customers know that the sale is only available for a short period, they are more motivated to make a purchase to take advantage of the

discounted prices before they expire. Thus, higher conversion rates are achieved. Also, during festivals, consumers are more inclined to spend on themselves and others as part of the celebratory spirit. Except from increasing demand, offering special promotions during festivals also makes effort on connecting SHEIN with customers on a personal level and fostering long-term positive relationship and loyalty, because consumers can feel SHEIN values them.

Overall, SHEIN's price strategies enable the brand to thrive in a competitive market, attract a diverse customer base, and solidify its position as a dominant player in the cross-border e-commerce landscape.

3.2. Place

The distribution channel serves as the backbone of any successful retail operation. It encompasses the various processes and stages involved in sourcing, manufacturing, storing, and delivering products to the end consumer. As soon as consumers purchase goods on SHEIN, they could quickly monitor order processing and track for their shipments on app, ensuring the transparency. During the shipments, SHEIN uses single-intermediaries channel, which increases its sales and brand exposure compared to direct channel. Also, compared to multi-intermediaries channel used by many e-commerce platforms, single-intermediaries channel can save some costs on management. The returns and consumer services are also significant steps in a satisfying distribution. According to SHEIN return policy, "Return Shipping is free on your 1st return package for any order." [10] This policy enhances consumer experience and raises brand loyalty. Reduced purchase anxiety also increases the possibility of successful deals for consumers with purchase intention. In SHEIN's distribution channels, each step efficiently serves the goal--- giving better consumer experience and thus raise conversion rates.

SHEIN has been a well-known fast fashion brand for several years, but the company has only recently started to open off-line stores. As SHEIN started to open offline stores since November 2022, these pop-up stores generally last for 2-3 days. According to research done by Dennis J. Zhang and other authors who are experts in Business, "pop-up store visits increased customers' purchases at retailers that sell related products on Tmall but did not participate in the pop-up store event." [11] The increase in purchase may because consumers feel more engaged and receive better experience offline, and the temporary nature of pop-up stores creates a sense of urgency and excitement among customers.

Though the benefits of pop-up stores, SHEIN still puts much more emphasize on online platforms than offline stores. One potential reason is that SHEIN originated as an online-only retailer, and the ability to reach customers worldwide without the limitations of physical store locations has contributed to their exponential growth and popularity. Generation Z "are highly likely to be exposed to digital advertising on social media." [12] They are more likely to be attracted by online information when they open their phone hundreds of times a day, rather than occasionally get into a pop-up shop. Besides, maintaining physical stores involves significant overhead costs such as rent, utilities, and staffing. SHEIN's online model allows them to operate with a leaner cost structure. Hence, though pop-up stores can raise brand awareness, it still relies on e-commerce to attract new consumers earn profit.

3.3. Product

As a mature and successful e-commerce, SHEIN has its special ways to deal with products and its website to continue growth and extend its products lives. Here are three main ways.

Discounting the price to extend the product life is always used by SHEIN. As a product reaches the maturity stage, demand may start to decline. Discounting the price can stimulate demand by attracting

price-sensitive customers who might have been hesitant to purchase at the regular price. Discounting is an efficient way to clear excess inventory, which prevents overstocking and reduces storage costs. Thus, discounting can minimize the decline.

Quick product updates and adding new features are two strategies to develop SHEIN's platform and thus attract more consumers. The fashion industry thrives on trends that evolve rapidly. SHEIN's ability to quickly update its products enables the brand to stay on top of the latest fashion trends and deliver what customers want, keeping them engaged and excited. Especially for Generation Z. As mentioned, Generation Z is exposed to countless online information everyday, and they "use fashion purchases to express themselves." [13] SHEIN's ability to swiftly respond to ever-changing fashion trends and offer a diverse range of products mirrors Generation Z's desire for variety and self-expression. This close relationship between SHEIN's fast-paced approach and Generation Z's digital fluency and demand for new trend underscores SHEIN's success among young people.

To attract more people's attention on the platform, SHEIN keeps adding new features to the platform. Customer preferences are evolving over time. New features can improve the overall user experience, making it more convenient, engaging, and efficient for customers to browse, shop, and interact with the platform. One of the great examples is SHEIN Exchange. In October 2022, SHEIN launches its own resale platform and defines it as a place "where pre-loved gets re-loved." [14] Many consumers, especially Gen Z, are increasingly conscious of the environmental impact of their choices. [15] Offering a resale platform allows SHEIN to consider these audiences and capture their loyalty. Also, SHEIN Exchange creates opportunities for increased engagement as customers browse, buy, and sell items. This interaction with the platform allows SHEIN to be outstanding among other competitors and can lead to longer app sessions, as well as increased user loyalty.

3.4. Promotion

As a fast fashion brand, it's essential for SHEIN to employ a various digitally-driven promotion strategy that resonates strongly with its primarily young and fashion-forward customer base. Though in contemporary society, an increasing number of companies use viral marketing on social medias, SHEIN still uses promotion as its unique strategy by enhancing the fun and engagement of its promotional activities. Its innovative promotion on social medias revolutionizes the fashion industry and helps to reshape consumer engagement and brand recognition.

In August 2021, SHEIN launched a "SHEIN X 100K" challenge, which encourages participants to create individual designs with the promise of awarding the winner a substantial prize of \$100,000. The challenge combines with live-stream, and the series are available on SHEIN's app and social media platforms. [16] Incorporating live-streaming adds an element of real-time interaction and excitement. It allows participants and viewers to engage directly with the event, fostering a sense of immediacy and connection. Though the competition had judges, audience could vote for their favorite design as well, allowing users to vote for their favorite designs promotes a sense of ownership and involvement. This vote further enhances engagement and encourages participants to promote their entries, driving further reach of brand awareness. The live-stream and form of competition are effective tools to raise awareness in young generations. Generation Z is known for its deep-rooted digital fluency and affinity for online platforms. The SHEIN X 100K challenge being hosted on SHEIN and other various social media platforms resonates with Gen Z's natural habitat, making it a high-profile activity. Interactive experiences involve a feedback loop where users can respond, comment, or take actions. The experiences that allow participation, such as voting, appeal to Gen Z who focuses on innovations [17] and desires to be active participants rather than passive observers. Interactive experiences tend to leave a lasting impression due to their immersive nature, and thus indirectly raise consumer loyalty.

In addition, the invitation of influencers and celebrities during the competition and TV show promotes the popularity and impact of "SHEIN X 100K." Influencers and celebrities often have large and engaged follower bases on social media. Their participation introduces the campaign to a wider audience, extending its reach beyond the brand's existing customer base. Also, the involvement of well-known personalities encourages more interactions and engagements on social media, since people are more likely to comment and share posts that feature their favorite influencers or celebrities. One of the features of Generation Z is that they "appreciate the communication of brands on social media particularly through micro-celebrities as they find them more authentic." [18] By featuring micro-celebrities in the competition, "SHEIN X 100K" taps into Gen Z's preference for relatability and authenticity. Also, Micro-celebrities often belong to specific subcultures or niches that resonate with their followers. When they participate in activities like "SHEIN X 100K," it adds cultural relevance and personal connections with Gen Z's interests, which further enhancing brand popularity and loyalty.

Besides the design challenge, digital fashion show is another online promotional fashion activity by SHEIN. In 2020, due to Covid-19, a majority of fashion industries reduced offline activity, including fashion shows, which faces the loss of connection with audience. SHEIN, however, noticed the opportunity that everyone stayed at home with increasing use of online activities. In September 2020, SHEIN launches its first international live-stream about its new women's collections. Traditional fashion shows involve physical gatherings, which were restricted during the pandemic. SHEIN's digital fashion show allowed the brand to adapt to these constraints and continue engaging with its audience. Hence, consumer would feel they are valued, and their loyalty could be built easily. A digital fashion show transcends geographical limitations, reaching a global audience. This wide accessibility enhances brand visibility and helps SHEIN connect with diverse customers from around the world. Besides the reason of digital fluency, Generation Z can also be targeted by other reasons. The digital fashion show which can be accessed at any time fits the on-demand nature of Gen Z's content consumption. Their insistence on convenience [19] can be achieved as they can watch it when it suits their schedule. Except from that, Gen Z is tech-savvy and willing to embrace new technologies. The digital fashion show leverages technological advancements, resonating with their interest in innovative experiences. These correspondences help SHEIN to captures the attention and loyalty of this influential demographic.

In the later years, the digital fashion shows of SHEIN continued, and they began to focus on the concept of celebrating body inclusivity and highlighting "by its hashtag #sheinforall, with different body shapes and sizes shown throughout the film." [20] In today's society, there is an increasing demand for inclusivity and diversity in all aspects, including the fashion industry. SHEIN's focus on body inclusivity aligns with the evolving values of consumers, making it a relevant and socially conscious promotional activity. It portrays SHEIN as a socially responsible and ethical brand that values every individual, and this positive perception can attract a wider and more diverse customer base. Also, the use of diverse models in the digital fashion shows enhances the authenticity of SHEIN's brand image. This relatability helps consumers see themselves represented, fostering a sense of trust and loyalty towards the brand. The purchase behavior of Generation Z is affected by ethical reasons, [21] and inclusivity is one of them. By showcasing models of different body shapes and sizes, SHEIN speaks directly to Gen Z's desire for representation and acceptance. Hence, brands that align with these lasting values can build deep connections with Gen Z, achieving the purpose of high brand awareness and popularity.

Besides promotions on social media, SHEIN also has other activities. For instance, in December 2020, SHEIN completed charitable donations, the activity of "Light-a-Wish", and the online event aims to "bring people together in celebration of love, music and fashion." [22] Through this activity, SHEIN donated \$300,000 to three charities chosen. From the perspective of public image, charitable

initiatives tend to gain significant traction on social media platforms due to inherently shareable and heartwarming features of online users. By actively contributing to social causes, SHEIN positions itself as a socially responsible brand that cares about more than just its products which set SHEIN apart from other competitors in the crowded market. From the perspective of consumers, involving the community in charity selection engages SHEIN's audience, making them feel like an integral part of the brand's decision-making process. By aligning with causes that matter to its community, this engagement fosters a stronger sense of connection and loyalty.

4. Conclusion

The analysis of SHEIN's digital marketing strategies through the 4P model reveals on SHEIN's effective navigation of the cross-border e-commerce landscape. While each element of the 4P model—product, price, place, and promotion—plays a significant role in SHEIN's approach, it becomes evident that the spotlight is prominently cast on promotion, particularly through the social media promotion. This strategic emphasis on promotion aligns seamlessly with the preferences and behaviors of Generation Z, and thus SHEIN captures the attention and loyalty of Gen Z. SHEIN's effort in understanding the preferences of Generation Z and tailoring its promotional strategies accordingly exemplifies a model for success in the fast fashion e-commerce industry. As the consumer landscape continues to evolve, and as the influence of Generation Z in the market increases, SHEIN's strategic focus on promotion serves as a blueprint for the whole industry to navigate the complexities of digital marketing and provide more community-driven experiences for consumers.

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