

Analyzing on the Going Global Marketing Strategy— Taking Shein as an Example

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ABSTRACT

This paper focuses on analyzing the Going Global marketing strategy and takes Shein as an example. The research is based on 4P and STP models. These two models are fundamental marketing analytics tools and also the key to analyzing Shein's marketing strategy. This paper discusses one of Shein's successful marketing strategies: growth marketing strategies as well, including micro-influencer marketing, social media marketing and C2M business model.

Keywords: *Going global marketing strategy, 4P model, micro-influencer marketing, social media marketing strategy, growth marketing strategy.*

1. INTRODUCTION

This paper uses Shein as a case study to analyze “going global” marketing strategy. Going global is not familiar with people and firms in these years. Many Chinese brands are successful in foreign markets and it has become a trend. Shein is one of the most successful examples. Due to COVID-19, e-commerce has also become popular and people are more willing to purchase online to avoid touching. By analyzing Shein's successful marketing strategy, more brands can learn from it and take advantage of foreign markets.

2. THE BRIEF INFORMATION OF “GOING GLOBAL” STRATEGY

2.1. The Background of “Going Global” Strategy

China's “Going Global” policy first evolved in 1999, when Chinese enterprises were urged to capitalize on brisk global trade. As an ideological and economic effort, it frames China's aim for global leadership and cooperation, as exemplified by the world's largest development push — the “Belt and Road Initiative” [6].

“Going Global” has evolved to reflect China's domestic goals, which include shifting from a production-driven economy to a consumer-driven economy and becoming a significant global actor. Since the late 1990s, Chinese brands have grown in popularity,

as seen by the annual BrandZ Top Chinese Brand Builder Report, which raised the number of brands from 30 in 2017 to 11 in 2021. This indicates the increasing worth of Chinese brands. According to Interbrand, the entire value of China's top 50 brands increased by 15% in 2018, with Alibaba, Tencent, and Haier experiencing the greatest gain [6]. Since 2014, the United States has emerged as the most important market for Chinese businesses, with US trademark applications increasing nearly exponentially from little over 6,200 in 2014 to over 50,000 in 2017 [8].

2.2. “Going Global” Strategy Related to The Company

Going global is the company's effort to expand its business reach throughout the world [7]. There have been many successful cases of Chinese brands expanding their business in the United States in recent years. For example, Florasis, a Chinese cosmetics brand founded in 2017, caught foreigners' attention with its delicate appearance and traditional Chinese style. TikTok, owned by ByteDance from China, is a very popular social media platform in the United States. Shein, a Chinese online fast-fashion retailer, is known for its affordably priced apparel. In H1 2021, its sales revenue was over \$6.1 billion, nearly on par with Uniqlo, and already three times that of Levi's and double of Victoria's Secret. This is in contrast with fashion retail giants like Zara shuttering stores around the world and Forever 21 filing for bankruptcy [4]. In 2020, Shein completed its series E financing with a \$15 billion company valuation and has

nearly 300 million fans across various social media platforms. In 2021, Shein surpassed all its competitors with a 28% market share in fast fashion sales and became the most popular brand. Shein's achievement is not coincidental. In the wave of the global pandemic, the international demand for e-commerce and imported Chinese goods have been rapidly growing. Although total worldwide trade-in products declined dramatically in 2020, China's cross-border e-commerce export growth rate surged by 40% [5].

3. WHAT IS SHEIN?

The Nanjing-based company, founded in 2008 by CEO and SEO specialist Yangtian Xu, began as a wedding clothing business. Sheinside became Shein after a rebranding in 2014, and the company began its ascension to the top of online merchants. This has been fueled by data-mining-based social network research, which has enabled it to create tiny batches of new pieces, as well as tax breaks from China's cross-border e-commerce model. Because of the trade conflict with the United States in 2018, China has abolished export fees for direct-to-consumer firms that rely on cross-border e-commerce. Meanwhile, the US does not tax plots valued less than \$800, allowing Shein to capitalize on its privileged position and develop enormously. Despite the fact that its production is based in China, the brand's main markets are outside of China [11].

4. SHEIN'S 4P AND STP MODEL

4.1. Shein's 4P Model

Product: Shein offers a diverse selection of products, including tops, bottoms, accessories, shoes, outerwear, dresses, and loungewear, among others. Shein launched 150,000 new things in 2020, with an average of more than 10,000 new items every month. It has already caught up to Zara's yearly new product volume in one to two months, and the pace is picking up. Shein's women's clothes sector alone has an average of 2,000 new products every day in March 2021. Shein's clothing come in a variety of designs, colors, and patterns. Shein's website has exclusive items chosen by Shein stylists and designed particularly for the online store, as well as clothing, shoes, and accessories from brand partners. The catalog has convenient navigation for buyers. All products are divided into categories: Men, Women, and Children; standard sizes and models Size+; seasonal collections; promotions and sales; fashion trends and style directions. Shein has a large assortment of products, making online shopping fun. Consumers never know what they will discover at the store, as the selection changes on a daily basis. Shein's product line is perfect for young, budget-conscious customers who do not need a long-lasting professional wardrobe [10].

Place: Shein has its website and mobile application, and it also sells on Amazon and eBay. Shein is mainly a digital retailer and sells online. Although the company has found success launching a few physical locations, most of these stores are just pop-ups in big cities. Shein is now available in over 150 countries and territories throughout the world. Shein ships from one of its numerous globally positioned warehouses, with websites supporting the United States, Spain, France, Russia, Germany, Italy, Australia, and the Middle East. It continues to thrive due in part to the company's values in controlling the excellence of in-house production [1].

Price: Shein's prices are low and reasonable. A tweet went viral claiming that \$280 at Shein is equivalent to a year's worth of clothing. Shein does not export in bulk and can keep its prices low because it does not have stores to fill. The combination of Trump-era trade riffs that allow China to waive taxes on DTC companies, combined with shipping from Chinese warehouses, means that the merchant avoids paying import and export customs. Analyzing the customer-facing average pricing currently available online in the US reveals that Shein's accessories are the cheapest, with an average price of \$5. At the same time, outerwear remains around \$30, undercutting fast fashion giants boohoo and H&M. To encourage increased consumer spending, it always provides discount codes on its website and in emails. Customers can earn points for completing product reviews, which allows them to save money [9]. It works with online payment companies and banks to provide customers with coupon codes. When these coupons are used, they receive discounts, which encourages much more bulk purchasing. Those who subscribe to their premium plans receive benefits such as waived shipping charges and discounts ranging from 20 to 80 percent on certain products. Furthermore, these promo codes have been a big factor for Shein's marketing strategy's success, since more mobile users use them to purchase items at a faster pace [2].

Promotion: Shein has various marketing and promotion strategies, including KOL, live streaming, affiliate, social media advertising, remarketing, etc. Shein is the most popular brand among TikTok teenagers. TikTok users love the variety of sizes and inclusiveness. Shein, for example, has sizes ranging from XL to 4XL. Shein has amassed armies of fashion bloggers that support the brand by posting on TikTok with the hashtag #Shein. Every month, TikTok influencers receive free items for their TikTok postings. Others earn higher-than-average affiliate commissions on sales referred to Shein's website. Shein, like Primark, has created a setting in which consumers may feel sophisticated and savvy in order to locate the appropriate outfit in style. The vast array of things sold in the store, combined with the fact that not everything is always in stock, creates an almost gamified experience. Customers are making movies about how they found low-cost goods. They are delighted

to be able to unpack their clothes and try them on. These things may not be the correct size or appear to be cheaper than they are on the Internet, but this risk adds to the excitement. Furthermore, affiliate networks allow consumers to earn a commission on all advised sales simply by referring customers to Shein's website [10].

Shein usually held more than three different sorts of promotions in a month to entice customers to spend money. Cart-level discounts, package offerings, app exclusive deals, flash sales, and tactical significant holidays such as Easter, Labor Day, and Back-to-School are frequently included in these promotions. Because the majority of the discounted items were in the 20-39 percent off range, the company was cautious in implementing its promotions in order to retain profit margins. Sellout rates at shallow discounts were also recorded, indicating that the success was attributed to relevant markdown items offered [8].

4.2. Shein's STP Model

Segmentation: Shein's target market includes men, women, Gen Z, and people with low or middle income. It mainly focuses on hitting Gen Z consumers. As a result, Shein's market approach focuses mostly on young people. They want to be both distinctive and socially acceptable. This generational cohort provides a sizable market, but it necessitates different marketing methods. Young people today do not respond to the same tricks as previous generations. For example, 55 percent of Gen Z consider pricing to be the most essential criterion when buying for clothing. Shein offers a diverse and dispersed channel mix that includes a website, app, social media, and a large network of fashion influencers. Generation Z, more than previous generations, relies on social media and targeted mobile advertising to discover fashion businesses. Furthermore, Shein's Instagram encourages body positivity and self-love. This is equally crucial for young customers [10].

Targeting & Positioning: During the initial period of Shein's launch (2011-2012), Shein has a niche market of low-price wedding dresses. During the exploration period (2012-2016), Shein added dress, top, bottom, accessory and jewellery. Shein positioned itself as an all-inclusive clothing site. During the adjustment period (2017-2018), Shein added featured channel pages to its website such as Exclusive, Trends, and Explore. In 2018, Shein added a swimwear catalog and put women's clothing as its priority. In the expansion period (2018-present), Shein added men's and kids' clothing. In 2020, Shein divided women's clothing into curve and plus size and also added beauty and home catalogs. Shein identified itself as a one-stop cross-border e-commerce platform.

5. SHEIN'S GROWTH MARKETING STRATEGY

Micro-influencer marketing: Using customer reviews as product promotion strategies is one of the novel ideas in Shein's Marketing Strategy. Shein focuses on lesser-known influencers and satisfied customers who have previously used their services, whereas other firms seek celebrities to sell their products. Customers are greatly impacted by word of mouth. These young buyers act as influencers, explaining the product quality in great detail, much like product reviews on eCommerce sites. Furthermore, with stronger relationships and approachable language, these influencers have increased sales volume and are a major factor for their growth. Clearly, in today's internet retail world, winning the social media fight is critical. Shein has created a reputation for itself in the worldwide retail sector because of ad campaigns, influencer marketing, and a wide range of products [2].

Social media marketing strategy: The brand largely employs social media marketing, encouraging followers from all around the world to join its affiliate network, which compensates aspiring influencers for promoting the brand through outfit posts. As a result, Shein's Instagram features photographs from paid collaborations with mega-influencers such as TikToker Addison Rae, as well as reposts from lesser-known producers with follower counts ranging from 2,000 to 50,000. On TikTok, the hashtag #Shein has 6.2 billion views and appears in more than 70 other popular hashtags, while Shein's 10 verified Instagram accounts, which represent some of the 220+ countries and territories it delivers to, have nearly 30 million followers. The brand's consistent and regular publication across each of its Instagram accounts, with an average of five to eight new posts per day, reflects the high number of influencer collaborations. By employing country-specific Instagram profiles, Shein can fine-tune its local influencer activities and establish more meaningful interactions with consumers in each area [3].

Shein holds Instagram live shows every Wednesday, and the company recently celebrated its fourth anniversary with an Instagram Live event hosted by Renee Ariel (175,000 followers) and Fiona Zaring (2,707 followers), during which viewers could win gift cards and redeemable points while watching clothing reviews [3].

Shein has a strong digital strategy and is investing in online video, but the brand's defining strength is its user-generated content-based social media presence. The label is most likely most known for appearing in millions of TikTok and YouTube review videos or "clothing hauls" as the personification of a customer-centric brand. Only two of the top ten most popular Shein try-on videos on YouTube were sponsored by the firm. Shein has a remarkably large number of extremely low-cost

products, adding up to 500 new things for sale each day, encouraging shoppers to hunt out hidden gems and share their finds with others [3].

Shein has implemented gamification into its app, rewarding customers with points for frequent cumulative logins, as well as playing its in-app minigames and leaving reviews, as younger shoppers spend more time on mobile devices. In May 2021, it surpassed Amazon to become the most downloaded shopping app in the United States. According to Snap's 2021 Future of Shopping report, one-third of global consumers consider their mobile phones to be their preferred shopping channel, and half of Generation Z and millennials say they never go shopping without a phone [11].

Shein promotes itself by utilizing user-generated content. The goal is to interact with content creators and real-time consumers to create compelling tales about their products through blogs, articles, and videos.

People are often suspicious of celebrity endorsements since they are aware that they are being paid to promote a product. It has a higher level of trustworthiness when numerous users say the same thing. People will be more enthusiastic to participate. High-rated products sell out rapidly [2].

When shoppers visit Shein's website now, they are greeted with a revolving carousel of daily new arrivals, campaigns, and promotions, ranging from \$4.00 jewelry to enticing cart-level discounts and flash deals. Shein's generic brand voice and diverse product offering exemplify the new consumer-to-manufacturer (C2M) business model championed by Chinese e-commerce titans. This method is at the heart of the company's very fast time-to-market, which is driven by consumers and allows producers to receive real-time product feedback [8].

6. CONCLUSION

Shein's marketing strategy has provided the retail business with a whole fresh perspective. Because of the exponential growth, product variety, and unapologetic celebration of body positivity, market dynamics have transformed. Shein is clearly a relatively unknown company outside of the United States, but the company is focusing on long-term expansion in the Middle East and Africa [2].

Shoppers love the gamifying experience on the Shein portals and the countdown timers for the season sale discounts. They are always under the impression that they are getting a better deal, and the transactions are finished swiftly. Shein will continue to rule the market for a long time because of her better client retention rate and social ties [2].

Shein is able to execute on its consumer-driven approach on a consistent basis by leveraging data and

analytics. Creating an assortment solely based on trends can be intimidating and risky, especially if the trends are ephemeral. It not only reduces guesswork but also improves accuracy in satisfying consumer demand by validating patterns using data-backed analysis. Shein is able to attract and satisfy low-income Gen Z consumers who want to wear the latest looks and follow the latest trends by optimizing assortment and pricing because of its reasonable prices.

However, the assortment optimization and pricing should go hand in hand. Brands can optimize their potential for excellent full-price performance if they have the right products at the right price and at the right time. Shein fosters a young, digital community of like-minded buyers on platforms like Instagram, TikTok, and YouTube. Shein is able to capture this digitally native group that is extremely dependent on the internet through aggressive marketing approaches with a continual influx of influencer marketing [8].

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