

APPAREL AND ACCESSORIES

What can luxury learn from fast-fashion marketing?

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While many people do not associate fast and high fashion, both can learn from each other. Image credit: Shein

By NORA HOWE

Despite the widespread theory that young fashion consumers prioritize sustainability when making purchase decisions, the accelerated popularity of fast fashion, including brands such as Shein, suggests otherwise.

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According to a new report from Coresight Research, fast-fashion online clothing store Shein brought in an estimated revenue of \$15.7 billion in 2021, a 57 percent increase year-over-year, indicating an overwhelming demand for low-quality, cost-efficient wardrobes. While the fast and high fashion industries have nearly polar opposite business models, luxury brands should consider how, aside from cost-efficiency and quick turnaround, Shein effectively markets to younger segments.

"Shein has created a new business model in the apparel industry of ultra-fast fashion, where the retailer showcases up to 6,000 new products on its website every day, producing only what consumers demand," said Erin Schmidt, senior analyst at [Coresight Research](#). "The implications of this data for the luxury fashion industry are notable as they highlight the speed of the apparel industry.

"As the luxury industry sets the trends for the rest of the industry, Shein and all other fast-fashion retailers will continue to look to luxury fashion for inspiration in their designs and looks that they sell," she said. "Luxury brands can expect to see iterations of runway collections in the market even faster than ever with ultra-fast fashion."

The rise of fast fashion

According to a Coresight survey, Shein is the seventh-most-shopped retailer or platform for buying apparel and footwear among consumers aged 18-29, with 22 percent buying from Shein.

The pandemic-related shift to ecommerce generously helped Shein's performance as it dominated fast fashion over the last two years. Now based in Singapore, the company generates most of its revenue from the United States.

Shein is the twelfth most-shopped platform across all age groups for clothing and footwear, ahead of Nordstrom, eBay, Gap and other leading apparel specialty retailers and department stores.

While luxury brands certainly cannot compete with Shein's price ranges, there are a number of marketing strategies

the company implements to retain consumers beyond attractive costs.

Like its fast-fashion competitors ASOS and Boohoo Group, Shein primarily targets Gen Z consumers by using influencers and celebrities across Facebook, Instagram, Pinterest and TikTok.



The demand for ecommerce has significantly contributed to the success of fast fashion in the United States. Image credit: Coresight

Further, the company has partner affiliate programs on various networks, including Admitad, Awin, Pepperjam and ShareASale, along with its own affiliate program which allows bloggers, coupon sites, information sites, review sites and influencers to earn commission via referrals.

Instead of relying on one source of consumer data, Coresight suggests that retailers and brands should collect, sort and analyze data from several sources to understand customer behavior and ultimately provide personalized experiences.

Additionally, while luxury is not looking to cut corners, automation in certain aspects of a business, like inventory ordering, may allow brands and retailers to focus on the more personal elements of their operations.

While it had plans to go public, Shein has put its U.S. IPO plans on hold amid the Russia-Ukraine war as it is likely avoiding the risk of IPO failure in uncertain markets. This is the second time the company has put IPO plans on hold the first was two years ago.

However, Coresight expects the plan to be revived by the end of this year.

Case for sustainability

Sustainability and ethical sourcing have become critical elements of the global fashion industry, but Shein and its fast-fashion counterparts are often scrutinized for their lack of transparency and unethical or wasteful business practices.

The company is currently facing an investigation into recent allegations that employees' conditions in the company's China supplier factories are not socially responsible.



Fashion companies have been pivoting towards more environmentally sustainable sourcing, and now these efforts are becoming legal matters. Image credit: Stella McCartney

Nearly 17 Shein suppliers in the Guangzhou region are informal factories set up in residential buildings, with no emergency exits and barred windows, violating Chinese labor laws, according to Swiss watchdog [Public Eye](#).

Additionally, workers in these factories worked 75-hour weeks, with only one day off per month.

Ecologically, the company likely contributes to overconsumption and growing landfills as it lists 5002,000 new items on its website each day.

In November 2021, Shein hired Adam Whinston as global head of ESG who plans to publish its sustainability and social impact report in the first half of 2022, highlighting the online retailer's key ESG measures something it may soon be legally required to do.

In January, New York State Senate Assembly Bill A352, or the [Fashion Sustainability and Social Accountability Act](#), was released.

If passed, the law would require fashion retail sellers and manufacturers with global revenues exceeding \$100 million to disclose environmental and social due diligence policies, and establish a community benefit fund for the purpose of implementing one or more environmental benefit projects that directly and verifiably benefit environmental justice communities ([see story](#)).

Getting slightly ahead of the curve, U.S. retailer Neiman Marcus Group shared its progress and goals related to environmental sustainability and social consciousness last month in its debut environmental and social governance (ESG) report.

"[Our Journey to Revolutionize Impact](#)" highlights the company's recent and upcoming commitments to advancing sustainable services and cultivating an inclusive culture ([see story](#)).

"Shein's popularity with younger consumers overrides Gen Z's reported environmental values with two compelling factors: Shein offers the latest trending fashion looks at the lowest market prices," Ms. Schmidt said. "While younger consumers vow to be environmentally conscious, they also want to experiment and wear the latest trends.

"Shein's popularity with the Gen Z consumer suggests that the desire for inexpensive, on-trend apparel is winning over environmentally conscious values."