The Innovative Models of Cross-Border E-commerce —Taking SHEIN as an Example

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Abstract: **Cross-border E-commerce is a core force in the global economy and an emerging field in the development of international trade in recent years. This paper takes cross-border E-commerce giant SHEIN as the research subject, using the 4P model, competitor analysis, and Porter's Five Forces analysis to explore the core competitiveness and innovative model of SHEIN's marketing strategies. It finds that SHEIN leverages positioning innovation, supply chain innovation, core technology innovation, value innovation, brand strategy, and continuous innovation, and seizes overseas markets with advantages in high cost performance and rapid product launches. These strategies have enabled SHEIN to achieve remarkable results in the global market and provide valuable experience for other cross-border e-commerce enterprises to draw upon in the fierce market competition.**

Keywords: **Cross-border E-commerce; Marketing Strategies; Innovative Model.**

I.   INTRODUCTION

Cross-border e-commerce is a core force in global economic integration and a new driver for the development of international trade. China's cross-border e-commerce has undergone three stages: the initial stage (1999-2003), the exploration stage (2004-2012), and the growth stage (2013 to present). According to data from the General Administration of Customs of China, China's cross-border e-commerce transaction volume reached 2.38 trillion dollars in 2023. Technology, logistics, and payment are the three main driving forces behind the industry's leap forward; an internet penetration rate of 67.1% reflects the extent of enterprises' reach to global users; smart logistics has reduced cross-border delivery times to within seven days; the application of blockchain technology has greatly improved the efficiency of cross-border payments[1]. These changes have reshaped the global trade landscape, given small and medium-sized enterprises the key to participating in international trade, and promoted the transformation from "Made in China" to "China Brand".

SHEIN leverages 400 clothing suppliers in Guangzhou to build its own "small-batch, quick response" system, enabling clothing to go from design to delivery in just 7 days, with a daily update capability of over 6,000 SKUs (Stock Keeping Units). SHEIN's KOL (Key Opinion Leader) marketing matrix can reach young customer groups in more than 150 countries worldwide. In 2023, its revenue reached USD 32.2 billion, and APP downloads exceeded 200 million[2], making it a uniquely large global brand. SHEIN's data-driven product selection, social viral communication, and localized overseas operation model have broken through the traditional patterns of foreign trade. This paper focuses on analyzing SHEIN's marketing strategies, particularly the innovations in its "small-batch quick response" system and "viral marketing" mechanism, providing a learnable strategy template for the industry and serving as a model answer for companies seeking to enhance market penetration. Moreover, it supplements the theoretical framework of cross-border e-commerce with a micro-level empirical case, filling the gap in research on interactions between companies and the industry.

II.   LITERATURE REVIEW

A. Cross-border E-commerce

In a narrow sense, cross-border e-commerce refers to cross-border retail e-commerce, which involves trading entities located in different customs jurisdictions. It uses the internet to complete transactions, process payments, and deliver goods to consumers through cross-border logistics. This process includes models such as direct mail, bonded warehouses, direct

procurement by enterprises, and overseas warehouses. Broadly speaking, e-commerce covers its applications in import and export trade and retail, including cross-border e-commerce (B2B and B2C) and related services such as website development, SaaS (Software-as-a-Service), supply chain, logistics, overseas warehouses, payment, and financial services. B2B, B2C, C2C, and social e-commerce (such as TikTok and Rednote) are currently the four major models of cross-border e-commerce.

Ge, Tong and Zhang (2022) emphasized that the strong resilience demonstrated by cross-border e-commerce during the COVID-19 pandemic plays an important role in promoting the ascent of Chinese industries to the mid-to-high end of the global value chain [3]. He (2024) proposed ten innovative models, which dissect three major modules—profit model reconstruction, service optimization, and customer engagement mechanisms—providing enterprises with multiple paths to break through homogeneous competition [4]. Du (2020), using SHEIN as an example, pointed out that it has penetrated overseas markets through supply chain integration and social media marketing; SHEIN's practices offer replicable experiences for the industry [5]. Ma (2024) stated that cross-border E-commerce can contribute to the green economy through green production, low-carbon logistics, and environmentally friendly consumption [6]. Wang (2025) suggested that companies can enhance competitiveness through multi-platform operations, flexible supply chains, and the optimization of consumer experience [7]. Zhang (2020) indicated that digital platforms in cross-border e-commerce are the dominant form of future trade [8]. Zhang (2021) proposed a four-dimensional mechanism by which cross-border e-commerce drives high-quality economic development: stimulating consumption potential, optimizing resource allocation, promoting industrial transformation, and deepening international cooperation [9].

The younger consumer demographic is a vital force in marketing innovation. Wu (2020) found that the post-90s and post-00s generations prefer personalized and instantaneous consumption. Enterprises need to build precise marketing models through big data to achieve online-offline integration. This trend shares similarities with SHEIN's 'small batch, quick reaction' model, highlighting data-driven market responsiveness [10].

B. Marketing Strategy

Song and Kim (2022) confirmed that social media marketing can enhance user experience and emotional connection, turning fans into loyal customers of the brand, with high-quality content and interaction being the core of social media marketing [11]. The case of fast fashion company SHEIN shows that product differentiation, supply chain agility, and viral dissemination via social media are the key factors of the success [12].

Jian et al. (2023) indicate that building trust is more important than product presentation and logistics efficiency, and that enhancing consumer confidence through transparent transactions, efficient fulfillment, and high-quality service is a crucial step [13]. Wang (2022) proposes that brands can leverage social platforms such as Rednote and TikTok to accurately reach target customer groups, but a compliant regulatory system must be established to mitigate risks [14]. Ma, Wu and Wand (2021) emphasize that product selection should be aligned with the cultural characteristics of the target market [15], while Li (2020) further suggests embedding cultural elements to enhance product appeal, such as incorporating local aesthetic features and providing multilingual customer service [16]. Wang (2021) points out that insufficient marketing capabilities and product quality issues are the main obstacles to the development of cross-border e-commerce, and innovative strategies are needed to achieve sustainable growth [17].

Academic research often focuses on industry analysis from a macro perspective, with a lack of in-depth case studies in the field of data-driven marketing. SHEIN's practices provide an empirical example, but its sustainability challenges and compliance risks also serve as a warning to the industry to explore paths toward high-quality development.

C. Innovative Model

Abudurahman Abuduaini and Xie Ying (2020) believe that there are five aspects to innovation models in e-commerce [18]:

1. Value Innovation: Meeting customer needs or providing a unique sense of value, such as in product functionality, emotional experience, or one-stop fulfillment of shopping needs.

2. Profit model innovation: not limited to generating profits through the traditional sale of products or services.

3. Core Resource Innovation: Update or expand key resources, including core technologies, brands, channels, etc., to make them more competitive and adaptable to market changes.

4. Collaborative Innovation: Expand collaboration partners or change collaboration methods, engage in deep cooperation with diverse industries, and jointly explore emerging markets.

5. Customer Relationship Innovation: Changing the way of interacting and engaging with customers, such as personalized services and user participation mechanisms.

Ma and Gu (2024) emphasizes that the market changes rapidly, and enterprises need to innovate brand marketing to meet the diversified needs of customers [19]. BaoHeng and Thanathamathee (2025) proposed that innovative business models consist of four dimensions: restructuring value propositions, creating value systems, delivering value networks, and capturing value mechanisms [20]. The innovative model is the novel and unique approach based on five major elements: value, customer relationships, cooperation, core resources, and profit models, introduced through new concepts and operational strategies. The innovative model is the key factor in determining whether cross-border e-commerce can achieve sustainable development in a highly competitive market.

III.   CASE ANALYSIS

A. SHEIN Introduction

Nanjing Dianwei Information Technology Co., Ltd. (the predecessor of SHEIN) was founded in 2008, with its headquarters located in Nanjing at the time. Initially, the company focused on cross-border wedding dress e-commerce. In 2012, under the domain name SHEINside.com, the company transformed its business into cross-border women's fashion, primarily targeting markets in Europe, the United States, and the Middle East. In 2015, SHEINside was renamed SHEIN, dedicated to integrating upstream and downstream supply chain resources and building its own unique supply chain system. In 2020, while major fast-fashion brands were closing offline stores, SHEIN's sales revenue surged by 398%, reaching USD 15.7 billion. In 2023, SHEIN was ranked fourth on the Hurun Global Unicorn List with a valuation of RMB 450 billion. After nearly two decades of effort, SHEIN has become a leading Chinese brand in expanding to the global market[1].

B. 4P Analysis

1. Product

SHEIN's product categories cover women's wear, men's wear, children's wear, beauty products, and more, meeting the shopping needs of young consumers aged 18–35. The company launches over 6,000 new SKUs daily and as many as 40,000 weekly. Its design mechanism adopts a "designer + buyer" model, with the team capturing fashion trends from runways, social media, and user data. The cycle from design to launch takes only seven days, achieving the ultimate responsiveness in fast fashion.

Differentiated positioning focuses on the fast-fashion niche market, partnering with social media KOLs to strengthen brand perception of 'high frequency, low price, and strong trendiness.'

2. Price

SHEIN leverages the cost advantages of China's flexible supply chain in its pricing and marketing strategy to achieve an extremely high price-performance ratio, which is one of its core competitive strengths. Best-selling items are priced at USD 6–24, which is 30%–50% lower than ZARA and H&M.

SHEIN is passionate about online sales, flexibly using various promotional methods such as limited-time offers, clearance discounts, first-order discounts, VIP member promotions, and gift cards to continuously stimulate consumers' desire to purchase. Based on high cost-effectiveness and combined with a diversified promotional strategy, this price marketing model has enabled SHEIN to rapidly rise in the international market, successfully attracting a large number of loyal fans.

3. Place

SHEIN's channel strategy combines flexibility and innovation, with a core focus on self-operated channels complemented by third-party channels, achieving diversified and mutually supportive sales channels. In terms of self-operated channels, SHEIN leverages PC, mobile, WAP platforms, and independent sites in 18 regions worldwide to build a comprehensive, multi-touchpoint sales network. By deeply cultivating its proprietary platforms, the brand not only strengthens market penetration but also enhances its registered user base and repurchase rate through user data and operational strategies, thereby consolidating its market position.

SHEIN also values third-party channels, having opened specialty stores on major cross-border e-commerce platforms such as Amazon and AliExpress. By leveraging the traffic of these platforms, it broadens its sales channels and attracts more potential consumers. This dual-channel strategy allows for flexible adjustments to sales approaches based on the characteristics of different markets and consumer groups, thereby maximizing benefits.

In channel operations, SHEIN has built an SPA supply chain model (Specialty Retailer of Private Label Apparel). By leveraging its team of designers and data analysis, it rapidly captures market and consumer demand, ensuring the launch of fashionable new products in a short time, thereby consolidating its leading position in the fast fashion sector.

4. Promotion

SHEIN employs various strategies to drive online traffic. It collaborates with top influencers on platforms such as TikTok and Instagram, achieving remarkable results. SHEIN launched the "#SHEINhaul" challenge, actively encouraging consumers to share their own outfit videos, which became highly popular. In the European and American markets, SHEIN has experimented with livestream shopping, achieving outstanding success.

SHEIN is also actively expanding offline interactions. It has set up limited-time pop-up stores incorporating AR fitting technology in cities such as Los Angeles and Paris, greatly enhancing the consumer experience. SHEIN has collaborated with universities to host fashion competitions, successfully attracting the young groups.

SHEIN has gained deep insights into the culture and market needs of different regions in its localization efforts. For example, during the Diwali festival in India, SHEIN launched a series of traditional clothing, which received an enthusiastic response from the local market. For the Middle Eastern market, SHEIN developed product categories such as robes and headscarves, effectively boosting local business revenue growth[21].

C. Competitor Analysis

In China's cross-border E-commerce market, SHEIN and TEMU are the two leading E-commerce platforms. As shown in TABLE 1, compared to TEMU, SHEIN's key success factors in the fast fashion sector include product updates, the responsive flexible supply chain, and traffic acquisition through social fission.

TABLE 1: COMPARISON BETWEEN SHEIN AND TEMU

	SHEIN	TEMU
Amounts of APP Download	First	Second
Main Market	Multiple regions including Europe and America, the Middle East, India, Southeast Asia, and South America	Primarily focused on the North American region
Product	Mainly focused on fast fashion categories	Clothing, home, sports and outdoor, and beauty and health products account for a large proportion
Price	High cost-performance	Low-price strategy
Place	Primarily through self-operated channels, supplemented by third-party channels	Multi-channel
Promotion	KOL + UGC Social Fission	Large-scale advertising and first-order discounts to attract price-sensitive customers

D. Five Forces Model Analysis

Overall (as shown in TABLE 2), SHEIN's suppliers have relatively weak bargaining power, while buyers have relatively strong bargaining power. The threat of new entrants is quite high, the threat of substitutes is at the medium level, and competition among industry peers is rather intense.
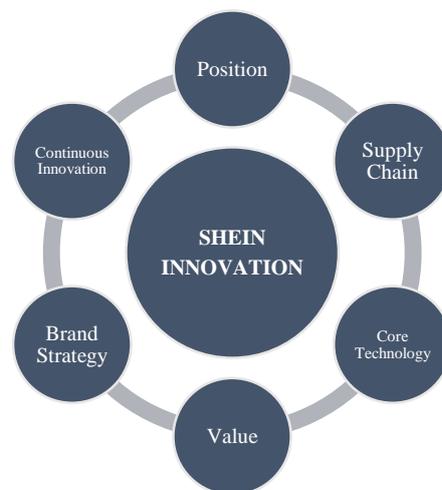
IV. SHEIN Innovative Model

Based on literature review and case study methods, SHEIN's innovation model is identified as follows: (see Figure 1)

1. Positioning Innovation: Precise Positioning and Target Customers

SHEIN focuses on the young women's market, positioning itself as fast fashion to meet both fashion and price demands. It clearly defines its customer profile and firmly targets its core customer group and their needs.

TABLE 2: SHEIN FIVE FORCES ANALYSIS

Five Forces	Description	SHEIN's response strategies and current situation
Supplier's Bargaining Power	Abundant supplier resources, homogeneous production input, low switching costs	Small-scale order strategies and the advantage of consumer data weaken suppliers' bargaining power.
Purchaser's Bargaining Power	Wide variety of products, numerous substitute products and brands, easy brand switching	SHEIN offers cost-effective products, focusing on the field of online fashion retail. Buyers have strong bargaining power.
Threat of New Entrants	Low pricing strategy, low barriers to business entry, manufacturing outsourcing, widespread adoption of online marketing	SHEIN keeps product prices affordable. The threat from new entrants is high, requiring continuous efforts to cope with competitive pressure and maintain market position.
Threat of substitutes	The basic function of clothing is irreplaceable, but under brand differentiation it can be regarded as a non-essential product.	SHEIN implements a product diversification and multi-brand strategy to enhance brand stickiness. The threat of substitutes is moderate, requiring continuous optimization of product strategy and brand building to address potential competitive pressure.
The intensity of competition	Fierce competition with Temu and Amazon	SHEIN competes with its rivals in areas such as business model, supply chain model, and market positioning, leveraging advantages like high cost-effectiveness and rapid market responsiveness to challenge competitors.

Figure 1. SHEIN Innovative Model

2. Supply Chain Innovation: Efficient Supply Chain, Rapid Response Strategy

Build a flexible supply chain by adopting a 'small-batch, quick-response' model, using data analysis to guide production, respond rapidly to the market, reduce inventory risks, and achieve cost efficiency and product iteration.

3. Core Technology Innovation:

Leverage big data and AI to predict market trends, thereby guiding design and production, reducing inventory, and enhancing market responsiveness.

4. Value Innovation: Diversified Product Lines and Personalized Needs

Provide diverse clothing options, expand into men's wear, children's wear, beauty, and home categories to meet one-stop shopping needs, focusing on personalized and timely consumption demands.

5. Brand Strategy Innovation: Brand Building and International Expansion

In social media marketing, leverage KOLs and UGC to promote brands, collaborating with top influencers on TikTok and Instagram to achieve a win-win for brand awareness and traffic. Expand brand influence and customer base through creating and acquiring brands. Host high-engagement "#SHEINhaul" challenges to encourage consumers to share outfit videos. The livestream shopping model has also achieved remarkable results in the European and American markets.

Limited-time pop-up stores featuring AR fitting were set up in cities such as Los Angeles and Paris, enhancing the consumer experience. In November 2025, the first physical store opened in Paris, France, with events held to boost brand awareness and accelerate overseas market expansion.

6. Continuous Innovation

Launched the 'SHEINX' designer incubator to address challenges such as plagiarism, with a focus on intellectual property protection. Actively seeking new business growth opportunities to respond to changing market demands, such as pet products.

IV. CONCLUSION

After nearly two decades of effort, SHEIN has brought Chinese brands onto the global stage. From SHEIN's corporate practices, it is evident that social media KOL and UGC content marketing strategies have made a significant contribution to the company's sales, and the viral spread through social platforms has notably reduced promotion costs. This phenomenon indicates that core technological innovation, leading to data-driven dynamic market responsiveness, is the key for cross-border e-commerce companies to win. SHEIN's success lies in its efforts in market positioning, supply chain management, core technology, value, brand strategy, and continuous innovation. These strategies have enabled SHEIN to achieve remarkable results in the global market and have provided valuable insights for other cross-border e-commerce companies to draw upon in fierce market competition.

In today's rapidly developing economy, SHEIN has established its foundation on a flexible supply chain, small-batch quick response, and high cost-effectiveness. When formulating brand management and marketing strategies, companies should continuously innovate and balance low-price strategies with brand premium in order to ensure stable revenue and brand image, as innovative models are the only way to achieve sustainable development.

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