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SHEIN

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Abstract

We chose the company SHEIN as the focus of our analysis. SHEIN is a well-known clothing brand that operates primarily online and is recognized for promoting fast fashion. Its business model relies on rapid production, low prices, and frequent new releases, which have made it popular among young consumers around the world. However, this fast fashion approach has also resulted in a number of serious issues, particularly concerning environmental impact and labor rights.

To better understand the company's situation, we conducted both a SWOT analysis and a PEST analysis. These tools helped us identify SHEIN's internal strengths and weaknesses, as well as the external opportunities and threats it faces. One major area of concern that emerged from our research was the company's performance in Corporate Social Responsibility (CSR). We discovered several CSR-related problems, including reports of the use of child labor and a lack of transparency in their labor practices. Additionally, SHEIN often uses cheap and non-environmentally friendly materials, which not only reduce product durability but also cause significant environmental pollution due to high levels of waste and resource use.

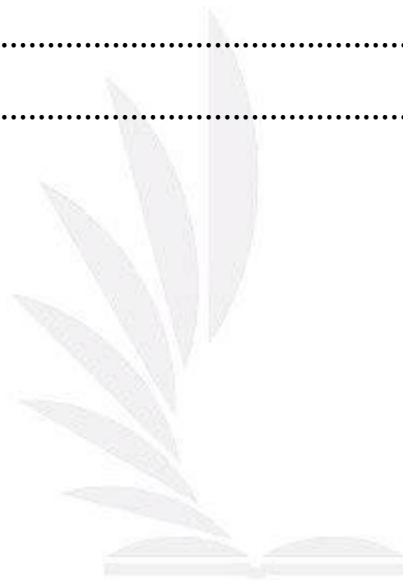
Based on these findings, we developed several recommendations to help SHEIN improve its practices and reputation. First, the company should transition to using more sustainable and eco-friendly materials in its clothing production. This would not only reduce environmental harm but also improve product quality and durability, encouraging customers to buy less frequently. Second, we suggest that SHEIN apply for credible sustainability certifications to demonstrate its commitment to ethical production. These certifications would enhance consumer trust and brand image. Finally, the company should take serious steps to eliminate unethical labor practices by enforcing stricter supply chain oversight and ensuring fair working conditions for all workers.

In conclusion, while SHEIN has achieved great commercial success, its long-term growth and social responsibility require significant improvement. By implementing these changes, the company can move toward a more sustainable and ethical future.

Keyword : SWOT 、 Clothing 、 PEST 、 CSR 、 Fast Fashion

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Chapter 1 Case introduction

Background



Figure 1 Shein Logo

Founded: 2008 in China

Headquarters: Singapore

Business Type: global online fast fashion retailer

Reach: over 150 countries

Major markets: United States and Europe.

Products: Clothing, accessories, beauty, home goods

Vision and Goals

To make fashion accessible and affordable, focusing on personalization and customer satisfaction.

Chapter 2 SWOT Analysis

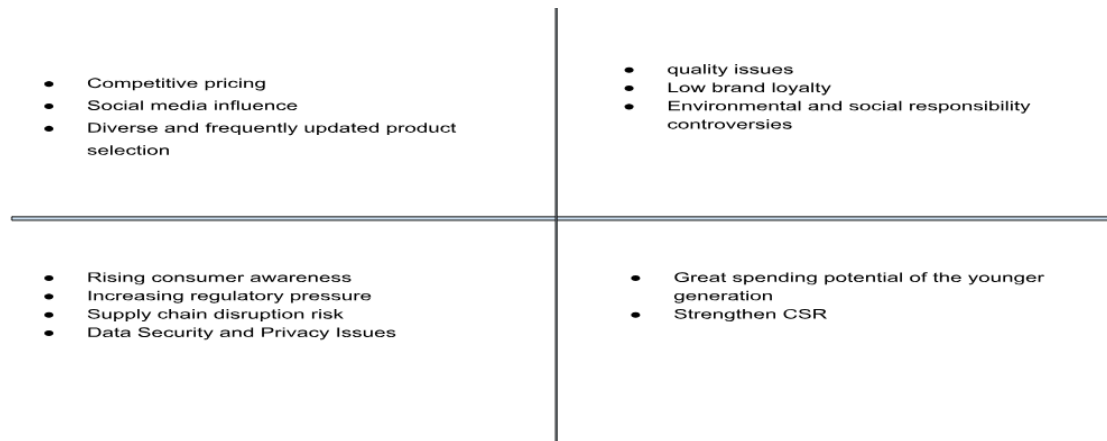


Figure 2 Swot analysis

Strengths:

- **Highly Competitive Pricing:** Shein is renowned for its extremely low prices, allowing it to attract price-sensitive consumers.
- **Extensive Product Variety and Rapid Product Updates:** Shein adds a large number of new styles daily, enabling it to quickly capture and respond to the latest fashion trends.
- **Strong Digital Marketing and Social Media Influence:** Shein has a vast presence on social media platforms, effectively leveraging influencer marketing and community engagement to appeal to younger consumers.

Weaknesses:

- **Quality and Durability Concerns:** The low-price strategy often comes with worries about product quality and durability.
- **Environmental and Social Responsibility Issues:** The fast fashion model is frequently criticized for environmental pollution, labor rights concerns, and a lack of production transparency.

- **Relatively Low Brand Loyalty:** Consumers may prioritize price over brand affinity.

Opportunities:

- **Continued Growth of the Online Retail Market:** The global e-commerce market is steadily expanding, offering Shein more growth opportunities.
- **Spending Potential of Gen Z and Young Millennials:** These younger demographics are major consumers of fast fashion and have significant purchasing power.
- **Enhancing Sustainability and Corporate Social Responsibility Image:** By adopting more eco-friendly production methods and making commitments to sustainability, Shein can improve its brand image and attract environmentally conscious consumers.

Threats:

- **Intense Competition in the Fast Fashion Market:** Competitors like Zara, H&M, and ASOS are continuously innovating and expanding their online businesses.
- **Rising Consumer Awareness of Sustainability and Ethical Consumption:** More consumers are paying attention to the environmental and social impacts of the fashion industry.
- **Increased Regulatory Pressure:** Governments around the world may impose stricter regulations on environmental and labor practices in the fast fashion industry.
- **Risk of Supply Chain Disruptions:** Global political and economic instability may lead to disruptions in the supply chain.

- **Data Security and Privacy Issues:** As a data-driven company, Shein must address challenges related to data security and consumer privacy.



Chapter 3 PEST Analysis

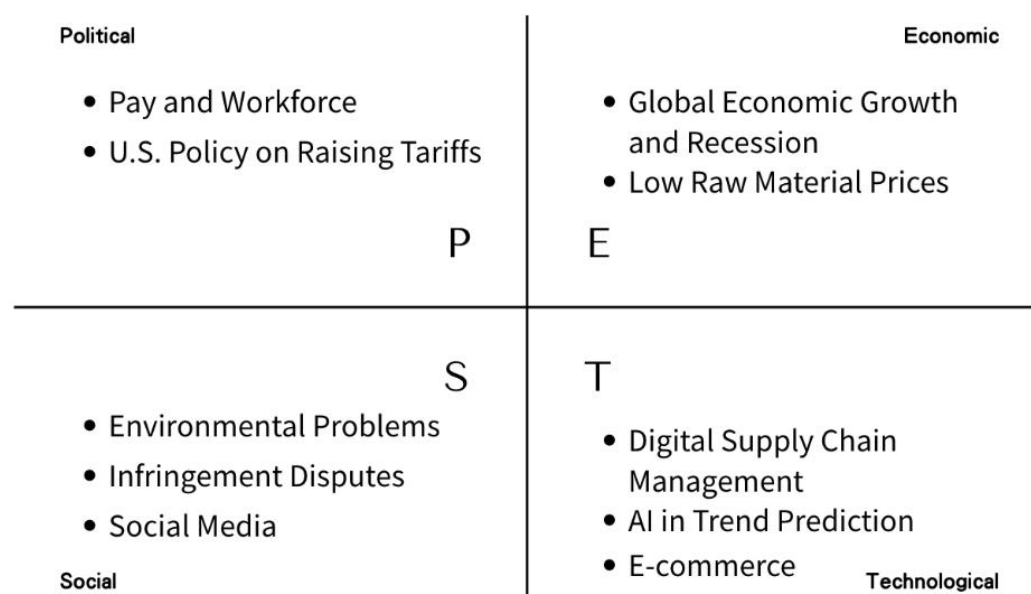


Figure 3 Pest Analysis

According to Chinese labor laws, employees are not permitted to work more than 8 hours per day and an average of 44 hours per week. Overtime must not exceed 3 hours per day. However, investigations have revealed that workers in garment workshops within SHEIN's supply chain in Guangzhou are working approximately 75 hours per week, with only one day off per month. These practices are in direct violation of China's labor regulations, raising serious concerns about legal compliance and worker welfare.

Economic:

1. Global Economic Growth and Recession: Factors such as inflation, consumer spending cutbacks, and currency fluctuations affect consumers' willingness to spend.
2. Low Raw Material Prices: Shein's clothing materials are low-cost, which helps maintain its competitive advantage in pricing.

Social:

1 .Environmental Problems:

A large portion of SHEIN's clothing is made from synthetic plastic-based fibers such as polyester and nylon, which significantly lowers production costs and allows for extremely competitive pricing. However, these materials contribute to

environmental degradation due to their non-biodegradable nature and microplastic shedding. Moreover, some SHEIN products have been found to contain harmful chemical substances that pose risks to human health, raising concerns about product safety and regulatory compliance.

2. Infringement Disputes:

SHEIN has been embroiled in multiple intellectual property infringement controversies. Most recently, the brand was sued by Uniqlo's parent company for allegedly copying its popular single-strap shoulder bag design. This is not an isolated incident—H&M previously filed a lawsuit accusing SHEIN of plagiarizing swimwear and sweater designs. These repeated allegations have damaged SHEIN's reputation within the global fashion industry and increased scrutiny of its design sourcing practices.

3. Social Media Marketing Strategy:

Rather than relying heavily on traditional advertising or celebrity endorsements, SHEIN leverages influencer marketing by sending new products to social media influencers and regular consumers, who act as informal brand ambassadors. This strategy reinforces the brand's image as trendy and affordable. On TikTok alone, SHEIN reportedly spends around \$100,000 per day in advertising, making it one of the earliest fashion brands to effectively capitalize on the platform's traffic. In 2020, SHEIN surpassed brands like Sephora and Netflix to become the most talked-about brand on both YouTube and TikTok.

Technological:

1. Digital Supply Chain Management:

Since 2014, Shein has established its own supply chain and developed a digital system applied across product design, production, warehousing and logistics, sales, and customer interactions. For example, it uses online platforms for sales, real-time tracking of inventory and logistics, and integration of upstream and downstream production. This approach addresses traditional industry issues such as rising labor costs and overproduction.

2. AI in Trend Prediction:

Shein uses algorithms to analyze consumer purchasing habits and browsing activities to predict user preferences. It collaborates with factories for small-batch production to test market demand, enabling the company to stay ahead of fashion trends and reduce resource waste caused by excess inventory.

3.E-commerce:

The core elements include the digital platform, product supply, electronic payment, logistics and delivery, and customer service. Shein's app features a user-friendly interface, daily push notifications for new items and discounts, and diverse payment options (credit cards, cash on delivery, and PayPal).

Chapter 4 Corporate Social Responsibility(CSR) Analysis and Case Challenges



Figure 4 CSR Analysis

Moral responsibility: Companies can help the environment by making less pollution, using less plastic, saving water, throwing away less trash, and making less gas that hurts the Earth.

Environmental Responsibility: When companies do business, they also care about the environment and want to be sustainable. No matter if the company is big or small, running a business creates a lot of carbon footprint.

Financial Responsibility: This means companies use their money not just to make a profit, but also to help people and the Earth. They give money to good causes like protecting nature, being fair, and helping others.

Philanthropic Responsibility: Companies use their own money, people, or things to help the community. They do this by giving money, helping with workers, or giving supplies to make the community a better place.

Environmental Problems: SHEIN uses bad chemicals to make clothes. These chemicals can make the Earth dirty and hurt plants and animals.

Worker Rights: Workers at SHEIN don't get much money and work in bad conditions. People worry that SHEIN is not treating its workers well

Lack of Information: SHEIN doesn't tell people clearly where their clothes come from. This makes customers feel unsure and not trust the company.

Challenges

Circular Systems:

SHEIN tries to recycle clothes to make less trash. But they don't recycle enough. A lot of old clothes still get thrown away instead of being used again.

Resource Efficiency:

SHEIN tries to save water and energy, but it still wastes a lot. They make too many clothes, and some are not sold. This uses too many resources and makes a lot of trash.

problem statement

Shein is known for ultra-affordable clothing because most of the clothing is made from polyester, which is made from fossil fuels.

It causes the clothing to have a short lifespan and discomfort issues. It makes a huge number of customer returns. According to an investigation from Sweden, between 40% and 70% of online clothing purchases from Shein in Sweden are returned due to material problems.

We calculated the distribution of returns in Europe according to the information we found: 90% of returns will be resold, 5% will be discarded, only 3% will be recycled, and 2% unclear outcome.

We can see that the process of returns is as unclear as the production process and the material. The information from Shein to the customer is not enough, and that makes customers like to make returns or throw away the clothes. Including the huge and fast production problem, it makes a lot of waste.

Influence

Using cheap materials often forces customers to repeatedly purchase new clothing, but in the long run, this leads them to buy less overall.

Some suppliers, such as SHEIN, have been criticized not only for the poor quality of their products but also for unethical practices, including the use of child labor. This has resulted in a negative public perception of the brand.

The poor quality of materials has significantly harmed the brand image, as consumers associate it with low value and unethical production. Additionally, the high number of product returns has led to an increase in waste, which contributes to environmental pollution.

Chapter 5 Solutions

- Extend the durability of clothing
- Transparency in labor systems
- Building consumer trust
- Reducing carbon emissions from raw materials
- Choose materials that are more easily recycled
- Application for 18 certifications in sustainable fashion

Chapter 6 Goal Setting

-Short Term:

Transparency in labor systems:

Rotation system

Encourage third-party suppliers to provide factory information

Strengthen cooperation with suppliers of natural materials

-Medium Term:

Reducing carbon emissions from raw materials:

Increase cooperation with local raw materials

Extend the durability of clothing

Linen or animal materials (such as wool)

Choose materials that are more easily recycled:

Linen or animal materials (such as wool)

-Long Term:

Application for 18 certifications in sustainable fashion:

Certification of cotton and drug-free textiles

Building consumer trust:

Switching from original equipment manufacturer to self-production

Chapter 7 Conclusion

During this project, we studied the background of Shein, used PEST and SWOT analysis. We also studied the CSR activities of Shein. Then we found out that Shein has the waste problem due to the material which causes environmental pollution. Although Shein is leader in the market of online fast fashion retailers in U.S.A and Europe, this problem may cause serious influence. We have suggested a few solutions. And we think that if Shein had solved the problem, Shein can keep the leadership in the markets.

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