

SHEIN's Business Model Innovation Practice and Evolution Path: From Fast Fashion to Fashion Platform

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Abstract: Fast fashion enterprises have been facing paradox: despite lower resource consumption per product, high-frequency up-selling may stimulate over-consumption. Based on the theory of “value proposition, value creation and value realization” of business model, the thesis re-examines the traditional theory from the perspective of sustainable and dynamic development, and adds the element of “value continuity” into the value network to form a closed network. and puts forward the theory of the four elements of business model innovation of fashion enterprises. By analyzing the business model innovation practice of SHEIN and the evolution path from fast fashion to fashion platform, the thesis aims to enrich and improve the business model theory and empirical revelation of the enterprises spanning “fast fashion and cross-border e-commerce”.

Keywords: Business model; Evolutionary path; Fast fashion; Fashion platform; Shein.

1. Introduction and Literature Review

1.1. Introduction

Enterprises in the fast fashion industry have always been difficult to realize the “impossible triangle” of “very fast new speed, very high cost performance, high turnover and zero inventory”. However, as a benchmark enterprise in the fast fashion industry, SHEIN has successfully broken this triangle and achieved the above three goals at the same time through the strategic initiatives of “quick response to small orders, industrial cluster synergy, digitalized flexible supply chain management and platform empowerment” and other strategic initiatives with an on-demand orientation.

In March 2025, the international consulting organization Global Data released data showing that the fashion e-commerce giant SHEIN surpassed traditional fast fashion brands such as ZARA and H&M with a market share of 1.53%, ranking among the top three fashion retailers in the world, second only to Nike and Adidas, and becoming the fastest-growing industry benchmark.

How SHEIN, a cross-border e-commerce company that started as a wedding dress SEO in 2008, has gone from fast fashion to ultra-fast fashion, instant fashion, and now a fashion platform. Based on business model theories and practical cases, the thesis analyzes the innovative practices and evolutionary paths of Shein's business model, with a view to enriching and perfecting the business model theories and empirical revelations of enterprises spanning “fast fashion and cross-border e-commerce”.

1.2. Research on Business Models and SHEIN Case

Afuah (2000), Rappa (2004), Yuan Lei (2007), Luo Min (2009), Wei Jiang and Liu Yang (2012), Luo Min & Li Liangyu (2015), Li Honglei (2018) mainly study its definition and connotation from the perspectives of profitability theory, value theory and operation theory.

Research on the business model aspect of fast fashion industry or enterprise, domestic and foreign scholars focus on case studies, respectively from the perspectives of technology and digital innovation, emerging markets and global

expansion, and challenges and criticality.

Based on the case studies of Zara and H&M, Cachon, G & Swinney, R. (2011) proposed that the core of the fast fashion business model is “agile supply chain + fast response to demand”, and defined the four pillars of fast fashion business model as “agile supply chain + fast response to demand”. Christopher, M., & Holweg, M. (2011) explain how fast fashion companies can achieve business model innovation through supply chain agility, such as shortening lead time and flexible production, emphasizing the competitive advantages of “speed” and “flexibility”. “Li, X., & Wang, Y. (2023), based on the case of Shein, proposed a “digital twin-engine” model for business model innovation in fast fashion enterprises. Choi, T, et al. (2022) reveals how big data and artificial intelligence can empower business model innovation in fast fashion enterprises.

Tokatli, N. (2015) analyzed the globalization paths of Zara and Uniqlo based on Resource-Based Theory (RBV) and proposed that fast fashion enterprises need to achieve business model innovation through “localized supply chain + cultural adaptability”. “Zhang, L., & Chen, R. (2024) first systematic study of SHEIN's “semi-trusted platform model”, put forward three innovative mechanisms for cross-border e-commerce platformization. Bhardwaj, V., & Fairhurst, A. (2010) critique the negative impacts of the fast fashion business model on the environment and labor rights. Joy, A., et al. (2020) analyzed the cases of H&M's “Conscious Collection” and Patagonia to explore how fast fashion companies can restructure their business models through circular economy. Team (2021) analyzes the emergency business model adjustment of fast fashion companies under the epidemic.

2. Theoretical Basis and Evolutionary Path of Business Model Innovation in Fast Fashion Enterprises

2.1. Theoretical Foundation and Evolutionary Path

An enterprise's business model must satisfy at least two necessary conditions: An enterprise's business model must be a holistic structure consisting of various elements, not just a

single factor: other condition is there must be a strong intrinsic connection between the components of an enterprise's business model. The business model canvas proposed by Osterwalder and Pigneur includes nine elements such as customer segmentation, value proposition, channel pathway, customer relationship, revenue source, key resources, key business, key partners and cost structure. Wei Jiang and Liu Yang (2012) defined business model includes five elements: value proposition, value creation, value capture, value network, and strategic choice. Luo Min (2015) business model in the Internet era has its own unique key elements, including community, platform, cross-border, resource aggregation and product design. Yuan Lei (2015) and others use this as a basis to add value delivery to this model. Li Honglei and Huang Sujian (2017) believe that the business model is a network transaction structure formed by the enterprise based on its own key resources and capabilities, which is to realize value creation, value transfer, value acquisition and value distribution.

Business model innovation must have three major mechanisms. The first is a dynamic matching mechanism, which needs to evolve synergistically with market dynamics, technological dynamics and competitive dynamics, especially the need to add the element of sustainable development to the analytical framework. The second is the isolation mechanism, where the unique features of the business model architecture form competitive barriers, such as the difficulty of imitating transaction connections. The third is the contingency matching mechanism, where resource integration synergizes with other contingency factors such as strategy and technological innovation to enhance performance.

Further, the innovation of enterprise business model should be carried out from the perspective of value ecosystem in a broader sense, and enterprises can only realize profitability and ensure the stability of business model by reconstructing the value network and expanding new sources of income, and need to deeply explain the role of digitization in driving the value network, and to create sustained value through the combination of heterogeneous resources and the development of dynamic capabilities.

Therefore, this paper takes SHEIN as an example, based on the core elements of business model including customer value proposition, value creation and value realization proposed by Wei Jiang (2012), and from the perspective of dynamic matching mechanism, we incorporate the element of sustainable development into the analytical framework, and put forward the four-factor closed-loop theory of "value proposition, value creation, value realization and value continuity" for business model innovation. The four elements of business model innovation "value proposition, value creation, value realization and value sustainability" are proposed in the closed-loop theory. Among them, customer value proposition is to identify the needs of target customers and design matching offerings; value creation is to integrate internal and external resources (technology, capability, network) to realize value output; value acquisition is to realize value retention through transaction governance and benefit distribution mechanism; and value continuity is to discuss how business models can be both innovative and sustainable from the perspective of sustainable development.

2.2. Case Study Selection

The thesis selects a single case study method, combining the public data of enterprises and industry reports to

dynamically analyze the evolution path of SHEIN's business model. The case selection criteria consider the following aspects: first, typicality, for example, the research object is a representative enterprise of cross-border e-commerce platform and fashion; second, it is researchability that case can obtain data and information from the public channels of the official website of SHEIN about the development history, value objectives, significant events, ESG reports, and STASTIC and other websites about SHEIN; third, it is significance the development of the enterprise spans multiple periods with distinctive stage characteristics, developing from a fast fashion general enterprise to an industry benchmark.

2.3. Case Introduction

Market coverage directly reaches more than 150 countries or regions, focusing on the layout of the United States, the United Kingdom, Germany and France and other European and American markets), Mexico and Brazilian countries in Latin America, the Middle East and Southeast Asia markets. User profile is positioned as a female user aged 18-44, 70% of the product audience in the young female population, high repurchase rate and cost-effective demand is significant. In terms of brand influence, in 2023, the number one global shopping APP downloads, Google search volume TOP1 brand, social media fans of more than 100 million, including Instagram more than 31 million, TikTok more than 880,000. The revenue of SHEIN company increase from \$610 million in 2016 to reach \$3.25 billion in 2023. Comparison of the market share of the world's top 10 fashion brands in 2024, it shows SHEIN has already been in the third position.

3. The Innovative Practice of Shein's Business Model: From Fast Fashion to Platform-Based Ecology

3.1. Product-Demanding Fast Fashion Start-Up Stage (2008-2013)

In 2008, SHEIN mainly dealt with dresses, mainly low-priced wedding dresses, and entered the market with fashionable products directly targeting overseas consumers. 2010 saw the addition of two product lines, jewelry and cosmetics, and the total unit volume exceeded one million. 2013 saw the addition of two product lines, shoes and bags, and the maximum unit volume of a single day reached 10,000 units. In terms of categories, we continue to segment the customer population, specialize in women's apparel and expand categories, and create a B2C cross-border fast-fashion women's clothing brand.

Value proposition. Imitate Zara and other traditional fast-fashion brands, "fast new + low price strategy" to enter the market, integration of Guangzhou wholesale clothing market resources, the initial accumulation of supply chain capacity, but the delivery cycle is still as long as 1-2 months, from the cross-border e-commerce of a single wedding dress gradually transitioned to the B2C women's clothing brand.

Value creation. The advantages of product-demanding cross-border e-commerce are reflected in two aspects: supply chain foundation and traffic exploration. First, the supply chain advantages of the local manufacturing industry, highlighting the absolute advantage of "large quantity, high quality, low price" supply; Second, with the help of Google and Facebook advertising traffic and the founder's team SEO data analysis capabilities to solve the problem of product

demand.

Value realization. Through low-cost procurement and spot testing, based on cost control and quality assurance, reduce the risk of inventory backlog, and continuously expand market share, laying the foundation for the subsequent model upgrade.

Value sustainability. The business model of cross-border e-commerce company Shein began to promote the traditional industry from “production to sales” to demand-driven, and the competitive advantage has been maintained continuously. 2012, the company entered a period of category expansion, brand building and supply chain improvement, and the Shein brand has been created since then. SHEIN integrates domestic supply chain and industry resources to build a full supply chain from design, pattern making, fabrics, sewing to garments, and opens the whole industrial chain of production, R&D and sales.

3.2. Industry Interconnected Fast Fashion Stage (2014-2020)

In 2014, SHEIN built a cross-border e-commerce independent station after owning its own domain name. On branding, set up a designer team and vigorously market the brand. Upgrade the supply chain ecology, explore more efficient management methods, launch the digitalization of the supply chain, introduce the ERP system to manage orders, and shorten the production cycle to 3 weeks. The size of the design team has increased to 800 people, utilizing Google Trends and other means to capture trends and reduce design risks.

Value proposition. Benchmarking “ZARA and H&M”, reflecting the characteristics of “multi-category and fast turnover”, industrial interconnection type implementation of data-driven agile and flexible supply chain revolution, focusing on B2C cross-border e-commerce fast fashion brand.

Value creation. First, the “design - shelf” cycle is compressed to 7 days, with a daily average of 2,000 new models and an annual SKU of more than 1 million, which is 3 times faster than Zara. The second is to fully shift to online channels, with mobile traffic as the core, to build a “data-production-marketing” closed loop. First, to create and operate independent station and private domain traffic advantage; Second, “small single fast reaction” mode, so that the production of a single batch down to 100-200 pieces, through the “test-feedback-iteration” mechanism to achieve zero inventory; Third, the flexible supply chain model of Shein Thirdly, SHEIN's flexible supply chain model promotes the traditional industry to shift from “production-driven” to demand-driven; fourthly, it adopts AI prediction system, integrates social media hot words and search data to predict the explosion, and the accuracy rate of demand matching is increased to 80%; fifthly, it is the fission marketing of netroots, which realizes user fission at a cost of \$0.3 per customer acquisition through the cooperation of TikTok and Instagram netroots and shapes itself into a quick and easy-to-use brand. The cost to realize user fission, shaping its own fast fashion brand.

Value realization. Capture the Z-generation market with the ultimate price-performance ratio, and in 2020, the revenue will exceed 10 billion dollars.

Value sustainability. Compared with traditional fast-fashion ZARA and fast-fashion cross-border e-commerce ZAFUL, SHEIN's advantages in the product end are reflected in “lower price, faster, more, more fashionable”. First, the

product positioning “ultimate cost-effective”; second is the product update “faster” and “more”, ZARA 2 times a week on the new, while SHEIN, Zaful daily new; ZARA new about 12,000 models per year, SHEIN new SKUs for 34,000 models in a week, Zaful 0.2 million models; Third, the product is more “fashionable”, reflected in its pop-up rate of about 50%, the slowdown rate of about 10%.

3.3. Resource-Integrated Ultra-Fast Fashion and Instant Fashion Phase (2021-2022)

SHEIN has reconstructed the closed loop of “data-production-consumption”, pushing fast fashion into the era of “instant fashion”. Focusing on category expansion and product upgrading, such as designer co-branded products SHEIN X and high-end brand MOTF, its essence is to sacrifice part of the profit margin for ultra-high-speed turnover, and amplify the large-scale effect through technological leverage.

Value proposition. Define the C2M and real-time retail paradigm of “instant fashion”, realize “72-hour design-production-delivery” through technological closed-loop, and maintain 12-day delivery with 60% air freight. We have built a closed loop of “data perception - intelligent decision-making - flexible production”, realizing trend forecasting - design finalization - production and delivery within 72 hours. Promote the regionalization of supply chain layout (e.g. Brazil, Turkey), the air transport dependence rate from 60% to 40%, and maintain the 12-day delivery time.

Value creation. First, real-time retail technology, applying AR fitting mirror and virtual try-on technology to collect user preferences in real time and drive personalized recommendation. The second is to open up the supply chain platform to provide on-demand production services for external brands (e.g. Alice McCall) and expand the B2B2C model. The third is to realize a sustainable closed loop, allowing AI algorithms to complete trend forecasting → costing → production decisions.

Value realization. SHIIN is the highest valued and fastest growing cross-border e-commerce fast fashion brand for the period of 2019-2022, with more APP downloads than Amazon, and has shipped to more than 150 countries and regions, with the US, Europe, and the Middle East being some of the largest markets. Starting with a Series A round of funding in 2012, the company's valuation was raised to \$100 billion after the Series F round in 2022.

Value sustainability. In response to the demand for faster and better service purchases, factories were built in countries such as Brazil and Turkey, and supply chain regionalization was laid out. Pilot new energy truck logistics, air transportation dependence from 60% to 40%. Invested 500 million yuan in the implementation of the “lean transformation program”, providing digital management systems and automation equipment, technology-enabled suppliers to build an industry interconnected ecosystem.

3.4. Platform-Enabled Sustainable Fashion Stage (2023 To Present)

Value proposition. Transform from a vertical brand to a two-wheel drive of “self-owned brand and platform”, drive tens of thousands of small and medium-sized merchants and factories in the industrial belt to share the dividends of globalization, and promote the upgrading of China's manufacturing from a “scale advantage” to a “quality advantage”. The two-wheel drive of “self-owned platform”

drives tens of thousands of small and medium-sized merchants and industrial belt factories to share the dividends of globalization, and promotes China's manufacturing from "scale advantage" to "quality advantage". In terms of self-operated platform, SHEIN utilizes independent station data resources and technical tools to capture consumer demand and preference for cutting-edge fashion hot factors for data analysis and product design. In terms of platform empowerment, in 2023, SHEIN will release the "Shiyou Gravity" million seller program, and launch the national 500-city industrial belt overseas program. SHEIN has become a comprehensive retailer with both "Zara's fashion brand" and "Amazon's platform service".

Value creation. The platform empowers SMEs by adopting fully managed, semi-managed and customized services. Fully managed suppliers are only responsible for supply, and SHEIN undertakes operation, logistics and after-sales service, which is suitable for small and medium-sized manufacturers without cross-border experience; Semi-managed allows sellers to independently select and price their own products, and the platform assists in the operation, in order to attract mature sellers with the ability to have overseas warehouses; Personalized customization business supports user-defined products, covering home textiles, bags and cosmetics, and achieving rapid production through flexible supply chain. supply chain to realize rapid production. Further, we continue to acquire brands such as SPARC Group and Missguided, forming a matrix of "own brands + external brands".

Value realization. In the value realization module, SHEIN integrates and empowers its resources to continuously

optimize its profit model. From the perspective of revenue, SHEIN's revenue includes self-owned brand sales revenue and platform commission revenue. 2023 G+ round of financing amounted to more than 2 billion U.S. dollars, and plans to be listed overseas in 2025, the GMV will reach 80.6 billion U.S. dollars in 2025, and its corporate value has been fully reflected in the capital market.

Value sustainability. Launched the "Xiyou Gravity Program" and industrial belt empowerment. Within three years, it plans to support 10,000 sellers to achieve annual sales of more than one million dollars, and help 100,000 small and medium-sized sellers to reach 100,000 U.S. dollars. The path is realized through traffic tilt, red marketing, multi-site coverage to accelerate growth. At the same time, the 500-city program of industrial belt empowerment is implemented in China. One of the directions of empowerment is to continue to maintain the production side of the flexible supply chain digital upgrading, on-demand production to reduce the risk of inventory; the second direction of empowerment is the sales side of the sales side, with the help of international brand incubation, through the SHEIN global channel to reach consumers. The third direction of empowerment is the integration of SFS overseas warehouses on the logistics side, realizing "shipment from one country, profit from multiple countries"; the fourth direction of empowerment is the ecological synergy and sustainable fashion, launching the second-hand platform of SHEIN Exchange, and tracking the lifecycle of commodities using blockchain to reduce 3,000 tons of waste by 2023. Open supply chain infrastructure to provide on-demand production services for designer brands.

Table 1. Evolution of the path of business model innovation of company SHEIN

Stage	Fast Fashion	Super-Fast Fashion	Super-Fast Fashion	Sustainable Fashion
Business Model	Product Demand	Industrial Interconnection	Resource Integration	Platform Enabling
Value Proposition	Cross-border e-commerce women's clothing	Independent station operation for flexible supply chain	Agile supply and full-category industry interconnection platforms	Sustainable Fashion Platform
Response Speed	Weekly	Day	Immediate	Continuous
SKU Size	Thousands	Millions	Eco-grade	Eco-grade
Value Creation	Spot Sourcing and Traffic Dividend	Data Driven & Small Order Fast Response	C2M & Real-time response	Eco-collaboration and Pattern Reuse
Supply Chain Characteristics	Long cycle time (3 weeks)	High inventory risk Agile production (7-day cycle)	Regionalized supply chain & 72 hour delivery	Open supply chain infrastructure
Market Strategy	SEO Optimization & Wholesale Market Selection	Netflix marketing & AI demand forecasting	Consumer participation in design & technology closure	Full Category Expansion & Third Party Seller Integration

4. Conclusion and Further Research

SHEIN's business model innovation is guided by consumer demand and carried out in accordance with the closed loop of "value proposition-value creation-value realization-value continuity". In the early stage of development, the foundation of SHEIN is the flexible supply chain model with small order and quick response, and in the mature stage, the "cross-border e-commerce + industrial belt" model with industrial interconnection promotes the deep integration of digital technology and the real economy. Deeper domestic synergy is reflected in the "vertical and horizontal linkage" of the supply chain, vertically linking design, production and logistics with a digital flexible supply chain to build a demand-driven agile system, and horizontally connecting the national multi-city industrial belt. It reconstructs closed loop of "data-production-consumption".

After entering the stage of "real-time fashion" and fashion platform, its essence is to sacrifice part of the profit margin in exchange for ultra-high-speed turnover, and amplify the large-scale effect through the leverage of technology. The success of this model needs to be highly dependent on the stability of the global supply chain, the accuracy of the algorithm and the tolerance of the policy environment. However, fast fashion's energy consumption and environmental issues will continue to plague the company, and in order to cope with the pressure from the US-China trade confrontation brought about by tariff policies and competition from fellow brands such as Zara and Temu, it will need to find a more balanced solution between efficiency and ethics, and speed and sustainability in the future.

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