

Shein's attempt to control the narrative over environmental and labor issues blows up in its face

Article

The misstep: Shein invited a group of influencers to tour its “innovation center” in Guangzhou, China, as part of its attempt to reshape its public image after accusations

regarding the environmental impact of its business model and labor practices.

- The tightly orchestrated trip featured smiling employees and robots working in concert to craft clothes in a bright, high-tech facility.
- However, the trip, and the influencers who posted about the company, sparked a massive social media backlash and significant media attention with headlines such as “[How Shein’s influencer trip to a Chinese factory backfired](#),” “[Shein sent American influencers to China. Social media users are furious](#),” and “[How Do You Convince People Your Sweatshop is Cool? Pay an Influencer To Tour It](#).”

While Shein sought to use the trip to improve the narrative around its business practices, it ultimately drove greater scrutiny over issues such as how much environmental waste it generates and whether it has been transparent about its labor practices.

Why it matters: Shein’s ability to identify and produce on-trend apparel online has enabled it to garner a 40% share of the fast-fashion market in the US, per Bloomberg, and the company is continuing to explore [growth opportunities](#).

- It recently reentered the Indian market; rolled out plans to launch its online marketplace in Mexico, Germany, Spain, France, and Italy this year; announced partnerships with brands such as **Skechers** and mothercare company **Lansinoh**; and expanded into new categories such as home appliances and smart home products.
- However, Shein faces upstart competition from **Temu** and other Chinese companies selling ultra low-cost goods.
- Meanwhile, US lawmakers are investigating whether Shein sources cotton from Xinjiang, which has been linked to the use of forced labor, and environmental activists have also voiced serious concerns about its environmental impact despite the company’s eco-friendly initiatives such as [resale](#) and its use of deadstock fabrics.

The big takeaway: Shein is in a tough spot as it pushes toward an initial public offering.

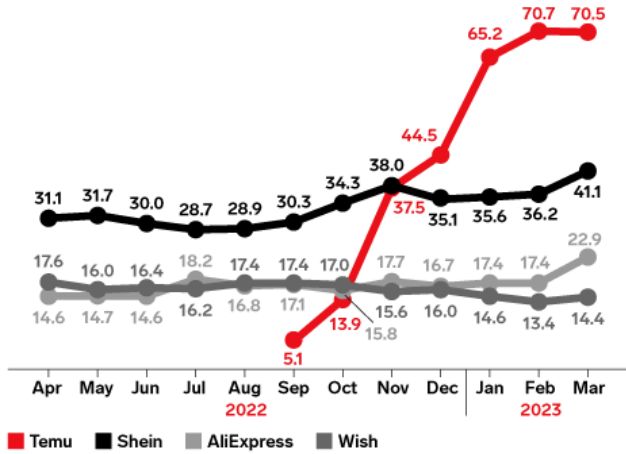
- While it recently [raised \\$2 billion](#), it did so in a funding round that valued the company at one-third less than its valuation last year.
- Shein’s efforts to mollify critics via tactics such as the influencer trip and the launch of a resale marketplace have fallen flat.

If it does go public, the spotlight over its finances and business practices will shine even more harshly.

Go further: Read our [Chinese Ecommerce in the US](#) report.

US Unique Visitors to AliExpress, Shein, Temu, and Wish, April 2022-March 2023

millions



Source: Comscore Media Metrix Multi-Platform, May 4, 2023

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