

# Shein and Amazon are trying to stay one step ahead of the competition

## Article

**The insight:** Amazon and Shein are adjusting their tactics as they try to fend off Temu and compete more effectively with one another.

- Shein plans to start selling its proprietary supply chain capabilities to other companies, The Wall Street Journal [reported](#).

- **Amazon** is focused on boosting consumer trust and speedy delivery to keep shoppers on its platform. The retailer is also building an AI search tool to turn its site into a source of shopping inspiration, [per](#) Business Insider.

**Shein branches out:** Shein’s “supply chain as a service” offering is a significant attempt at diversification at a crucial time for the company. In addition to being leapfrogged by Temu, its IPO has effectively been put on hold due to political headwinds in the US.

- **Shein’s on-demand production model is the key to its meteoric rise.** The proprietary technology tells manufacturers which products are selling well and which are tanking, enabling Shein to add thousands of SKUs to its site daily while minimizing inventory waste.
- That the company would consider allowing other brands to capitalize on its own competitive advantage shows how pressured the retailer is by Temu’s well-funded rise and [Amazon’s maneuverings](#) to maintain its ecommerce dominance.
- A supply chain offering could go a long way toward improving [Shein’s margins](#), which were just 3.5% in 2022—nearly three times lower than Inditex’s in the same period.
- **The additional revenue stream could offset higher US advertising costs**, which grew 160% year over year (YoY) in 2023 as the fast-fashion retailer tried to keep pace with Temu, [per](#) Sensor Tower data reported by Business of Fashion.

**Amazon defends its turf:** Like Shein, Amazon is looking to widen the moat with competitors by leaning into what it does best—delivering products quickly and reliably.

- The retailer is increasing the number of products available for same-day delivery in categories like electronics, [per](#) The Wall Street Journal.
- Amazon is also considering marketing campaigns that would highlight its reliability and delivery speeds. That creates an unspoken contrast with Shein and Temu, both of which have struggled with product quality as well as longer delivery times due to the need to ship items from China.
- Amazon’s AI search initiative—which provides product recommendations and allows shoppers to see what items look like in various settings—also speaks to its ambition of becoming shoppers’ go-to destination for inspiration (and impulse purchases), providing another layer of protection against Shein’s and Temu’s encroachment.

**The big takeaway:** That Amazon's current priority is protecting its business from Shein and Temu speaks to how quickly the two companies have reshaped the retail landscape.

- Ironically enough, Shein's efforts to diversify its own business could give brands the tools they need to compete more effectively with the retailer—although lingering concerns about links to forced labor in Xinjiang could limit adoption.
- Other retailers should follow Amazon's example and lean into their competitive advantages, be it convenience, quality, or brand selection, to keep Shein and Temu at bay.