

# Shein may open an online marketplace

## Article

**The news:** Fast-fashion retailer **Shein** is considering evolving into an online marketplace that would allow other merchants to sell on its platform, [per](#) The Wall Street Journal.

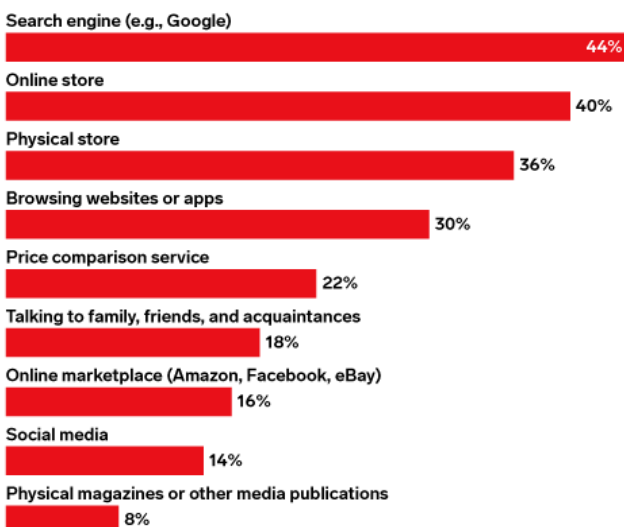
- The move could unlock multiple revenue streams for a company that's already expected to generate [\\$24 billion in revenues](#) this year. For example, **Amazon's** online marketplace drives billions of dollars in listing and [fulfillment](#) fees, and is also the backbone of its retail media network.

**The potential appeal of Shein's platform:** Other retailers could find Shein's platform appealing given that it has a sizable customer base that is in the habit of regularly visiting its website and app.

- **A sizable share of worldwide consumers, 16%, begin their shopping journey on online marketplaces such as Amazon and Tmall, per Klarna.**
- **Online marketplace sales are soaring. Sales grew 53% year-over-year on online marketplaces operated by software vendor Mirakl over Cyber Week, the seven-day period ending on Cyber Monday.**
- **Shein already has a large, actively engaged customer base due to its ever-evolving product mix.** The retailer's proprietary software tracks consumer trends and demand, and tells manufacturers which products to make more of—or discontinue. That approach means that while around 6,000 SKUs are added to Shein's site each day, the company starts off by ordering just 100 to 200 of each item, and ramps up production based on demand.
- **This isn't Shein's first foray into setting up an online marketplace.** The company in October launched a resale marketplace, **Shein Exchange**, that allows US customers to buy and sell previously owned items in the fast-fashion retailer's mobile app.

### Origins of the Shopping Journey According to Adults Worldwide, Q2 2022

% of respondents



Note: ages 18-76

Source: Klarna, "Shopping Pulse," Aug 8, 2022

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**Possible challenges:** Competition is growing as a wide array of merchants, ranging from [Macy's](#) to UK [drugstore chain Boots](#), have launched online marketplaces this year alone. That's not to mention the vast number of well-established platforms such as Amazon, Walmart, and AliExpress.

- **Online marketplaces create new challenges.** For example, differing customer service experiences between the retailer and third-party sellers can leave shoppers frustrated, while several marketplace operators including Walmart and Amazon have had to deal with sellers hawking counterfeit items.
- **Shein is already under scrutiny for issues such as whether it uses cotton from China's Xinjiang region**, where authorities are accused of suppressing the Uyghur Muslim population. While Shein claims to have a zero-tolerance policy toward forced labor and a system to track the raw cotton it uses, it can be challenging to ensure marketplace sellers meet those standards.
- **Shein has a well-established reputation for affordable fashion and slightly higher-end items such as evening gowns.** The marketplace sellers likely to perform well on Shein are those in product-adjacent categories, which may limit the potential universe of sellers.

**The big takeaway:** Adding an online marketplace is a logical next step for Shein as doing so should help drive more revenues with relatively little lift.

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