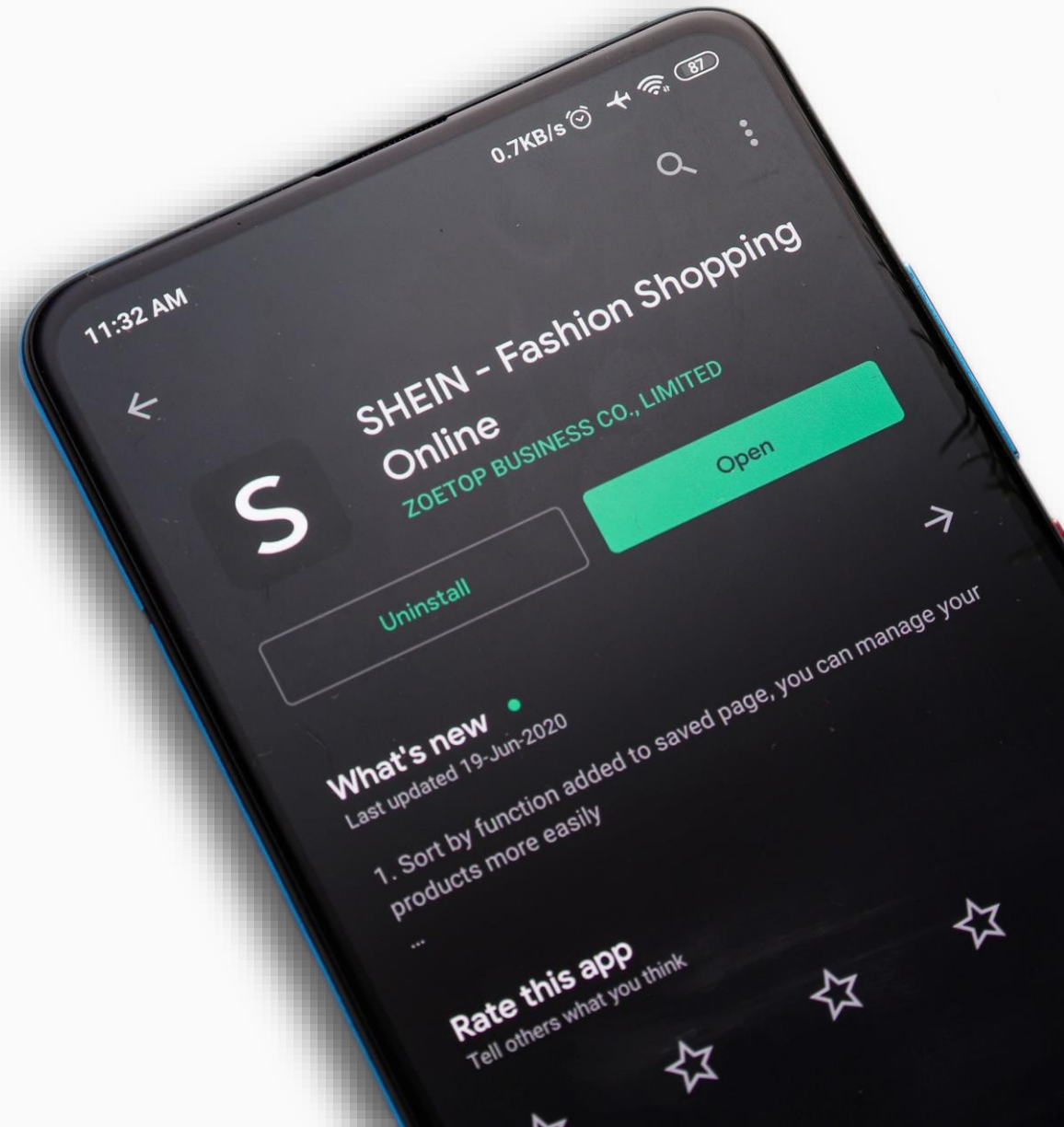


December 5, 2024

Retail Industry Analysis: What Can Retailers Learn from Shein and Temu?

Deborah Weinswig

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ABOUT

Deborah Weinswig **Bio Audio**



Coresight Research: CEO and Founder



Fung Global Retail and Technology (Think Tank): Managing Director



Profitect (Predictive Analytics for Retail): Chief Market Development Officer



Citigroup Research: #1 Sell-Side Research Analyst; Managing Director and Head of Global Staples & Consumer Discretionary

Coresight Research—Research, Data and Advisory Services

Research & Data Subscriptions

Members of the retail ecosystem subscribe to our research and data to see around the corners and stay a step ahead

Advisory & Custom Research

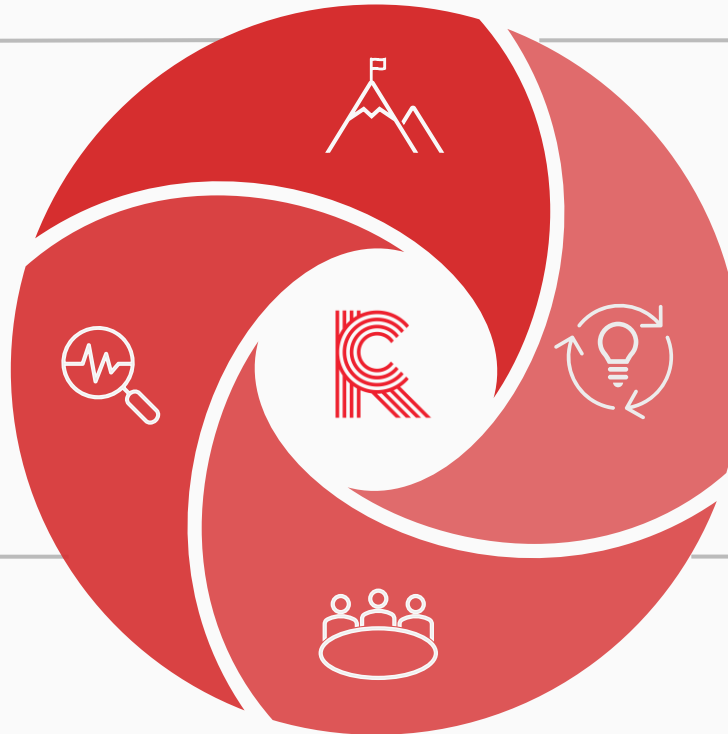
Members of the retail ecosystem work with our advisory team to develop custom, market-leading strategies

Innovator Growth & Marketing

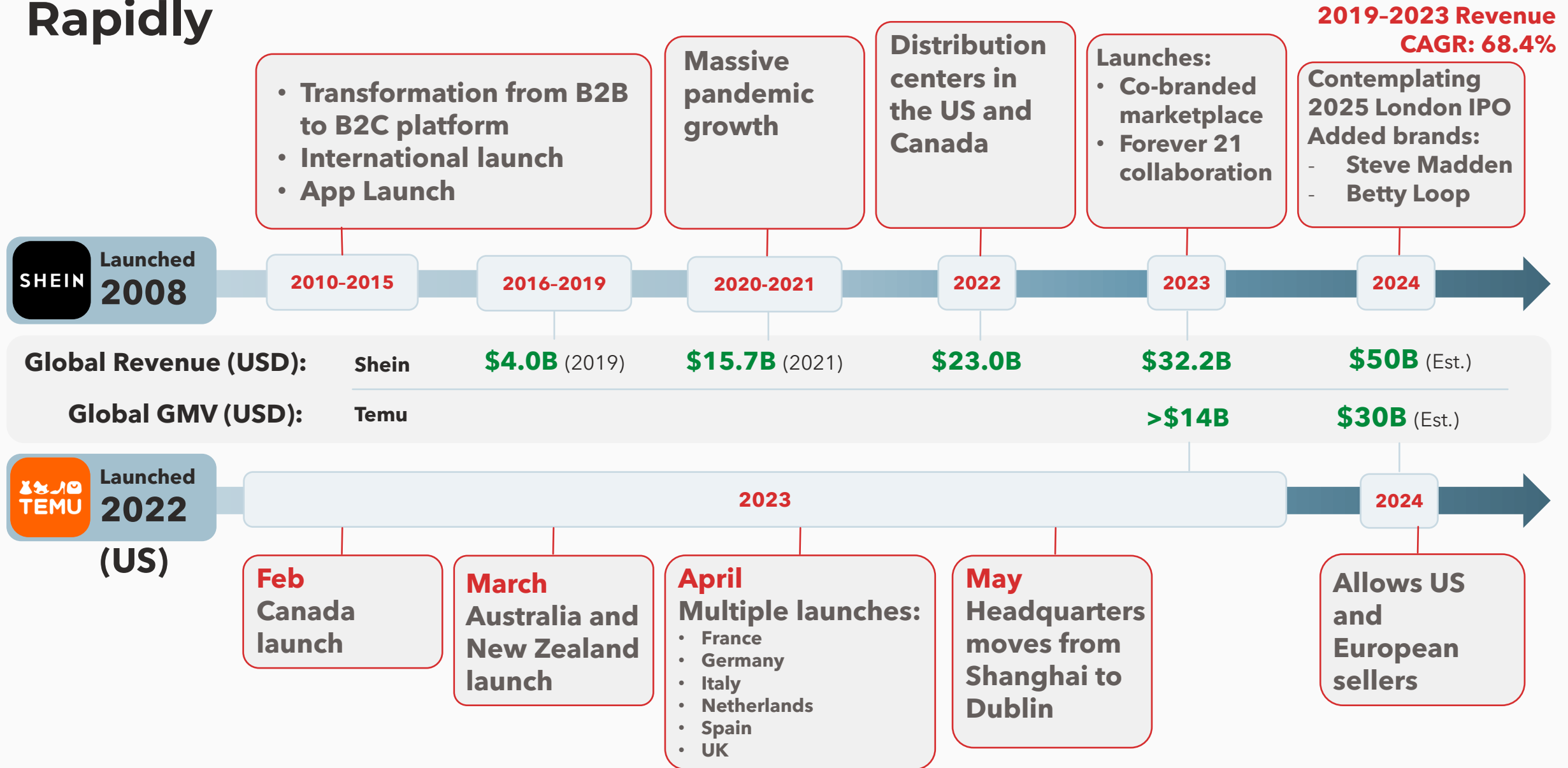
Retail tech companies leverage our content and events to accelerate their adoption curves

AI Council

Retailers join our monthly AI Council meetings to work with industry peers on actionable AI use cases



Shein and Temu Are New Platforms and Have Grown Very Rapidly

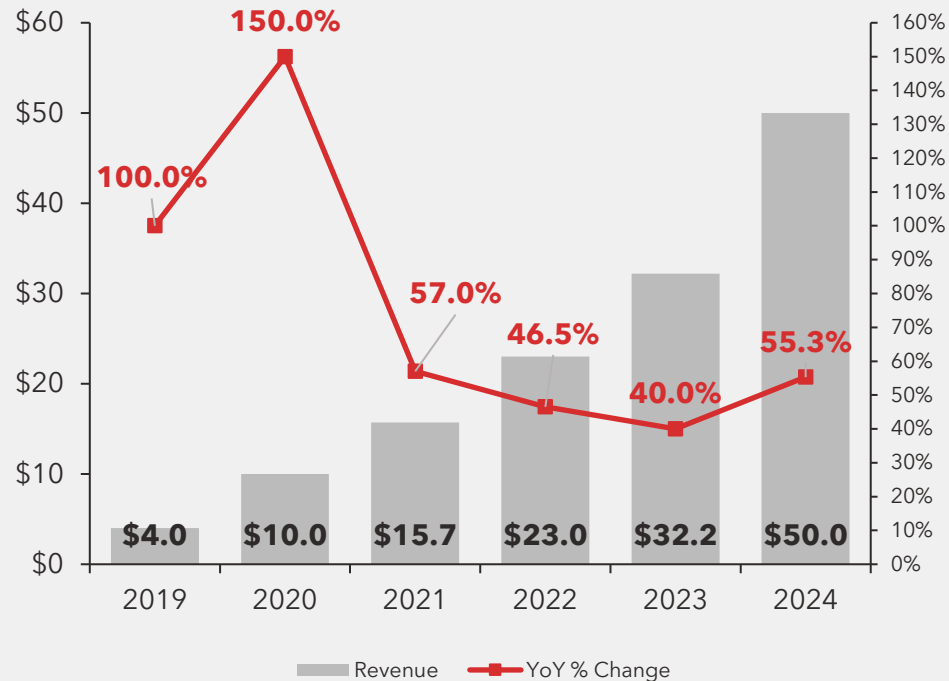


Shein's Growth Continues To Be Impressive...



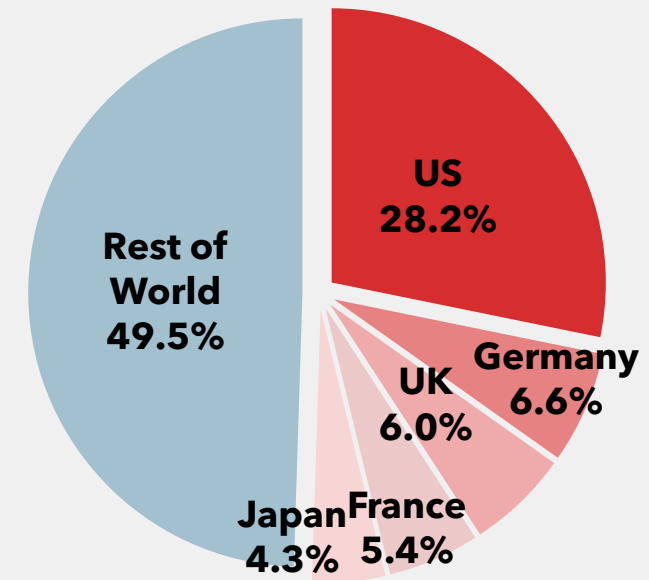
Shein (Estimated): Revenue, Revenue Growth and Revenue by Geography, 2024 (% of Total Revenue)

Revenue (USD Bil.) and Revenue Growth (YoY %)



Source: Company reports/Coresight Research

Revenue by Geography



Shein ships to over 150 countries from key centers of operation, including the US, Ireland, Brazil and China

...and Temu's GMV is on a similar trajectory



Temu's monthly GMV reached \$1 billion in June 2023, up from \$3 million in September 2022

\$18 Billion
GMV in 2023

Source: SCMP

\$30 Billion
GMV Goal in 2024

in countries incl. the US, Australia, New Zealand, France, Germany, Italy, the Netherlands, Spain, the UK and others in Latin America

Source: SCMP

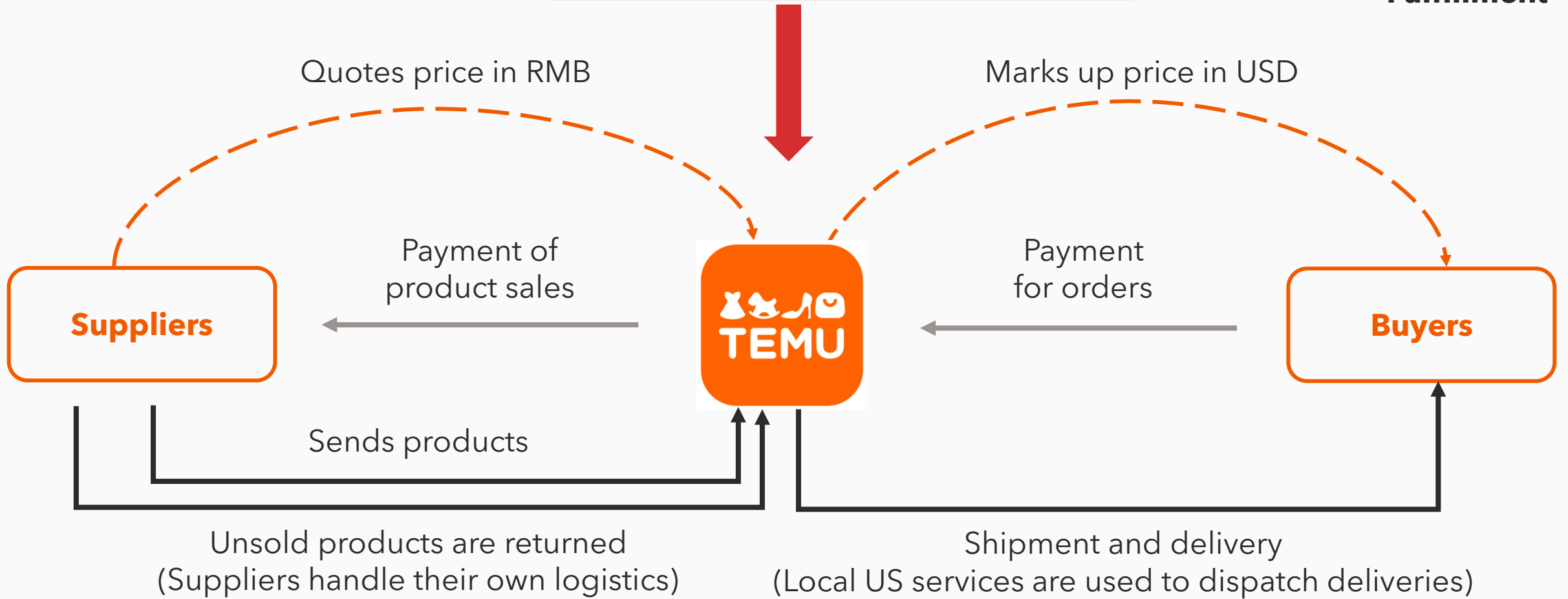
NB: Temu GMV surged to about \$20 Billion for first half of 2024, surpassing the whole year sales of 2023, and highly likely to beat the \$30 billion goal for 2024.

Temu Launched by Pinduoduo from China



Pinduoduo, a Chinese online retailer, launched **Temu** in September 2022

- Pricing
- Payment
- Fulfillment

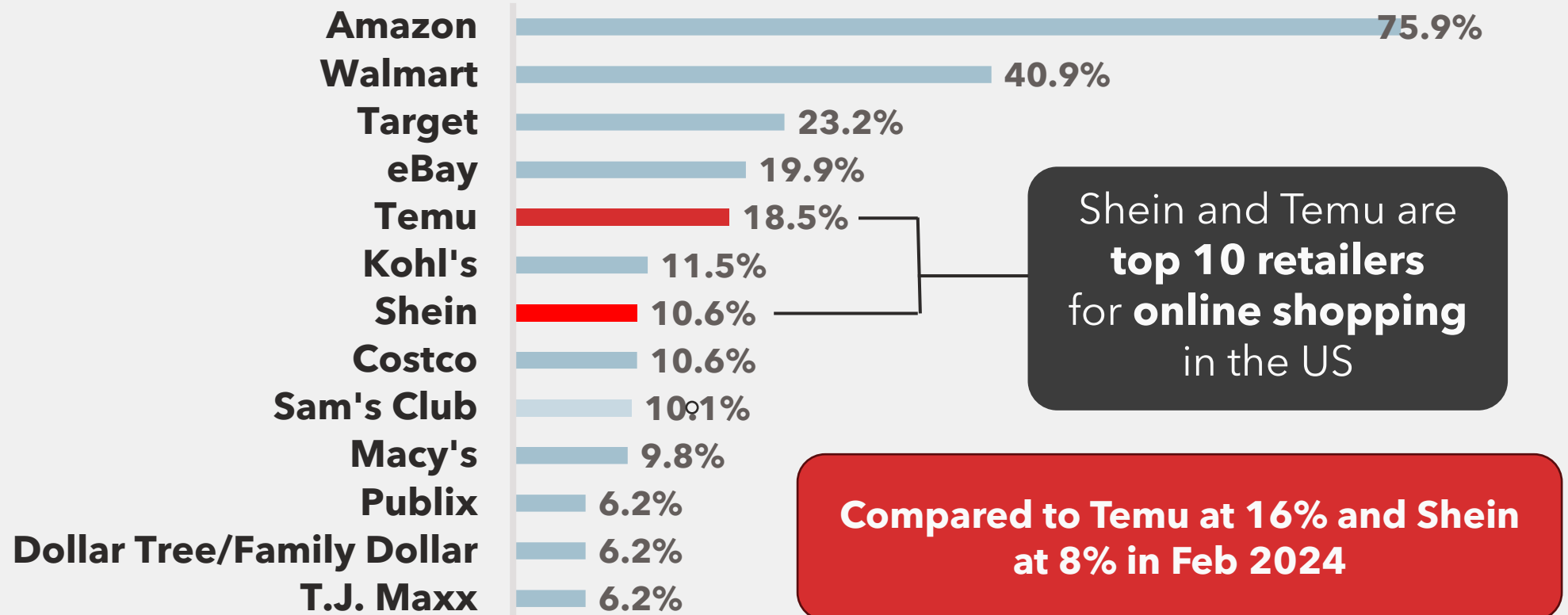


Source: Momentum Works/Coresight Research

Shein & Temu Are Already Top 10 E-Commerce Retailers in the US



US Shoppers: Where Have They Made E-Commerce Purchases in the Past Three Months (% of Respondents)



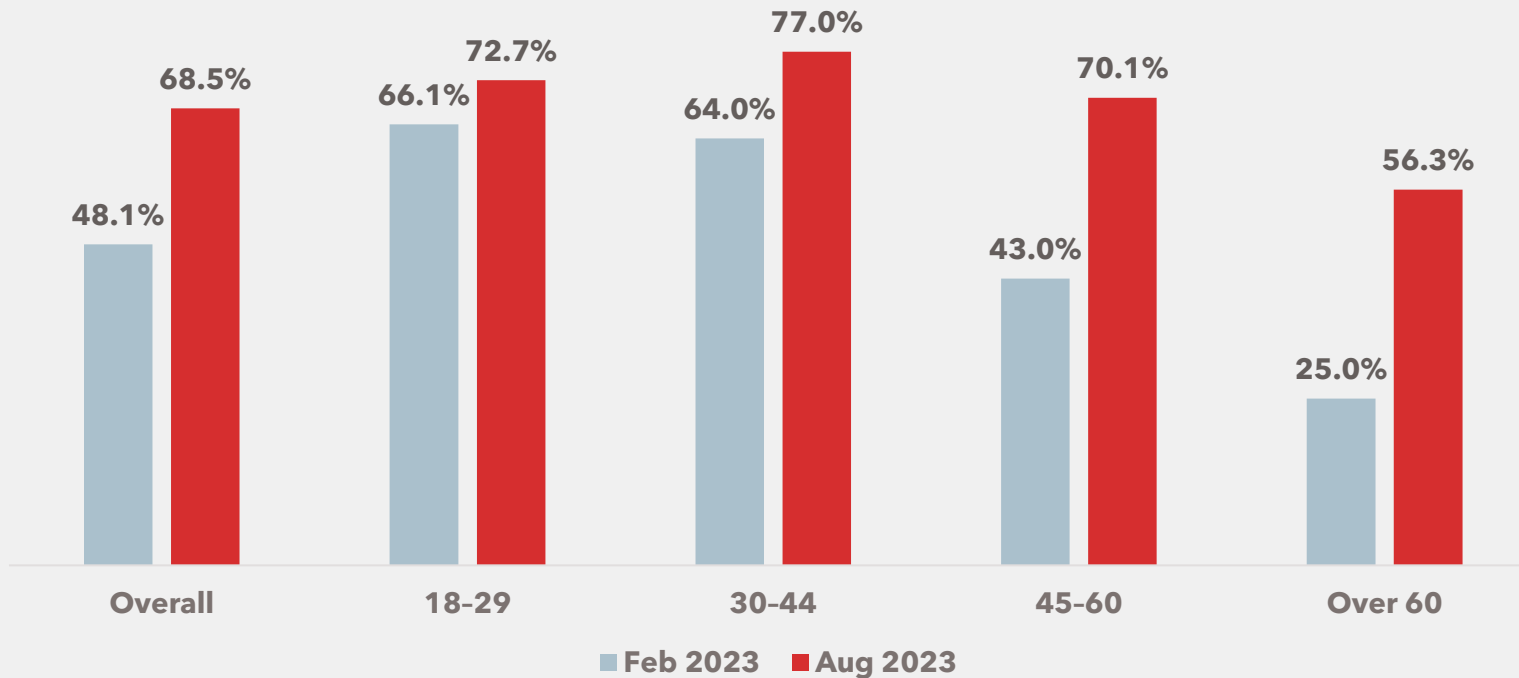
Base: US respondents aged 18+, surveyed on November 4, 2024. Figure for T.J.Maxx includes T.J.Maxx, Marshalls, HomeGoods, HomeSense and Sierra banners
Source: Coresight Research

Temu Brand Awareness Among US Consumers Is Very High for a Two-Year-Old Platform



US Consumers' Familiarity with Temu: Overall and Breakdown by Age

(% of Respondents Overall and in Each Age Group Who Are Familiar with Temu)



68.5%

of consumers are familiar with Temu—
up 20.4 percentage points
from February 2023

Familiarity with Temu includes the app or the website

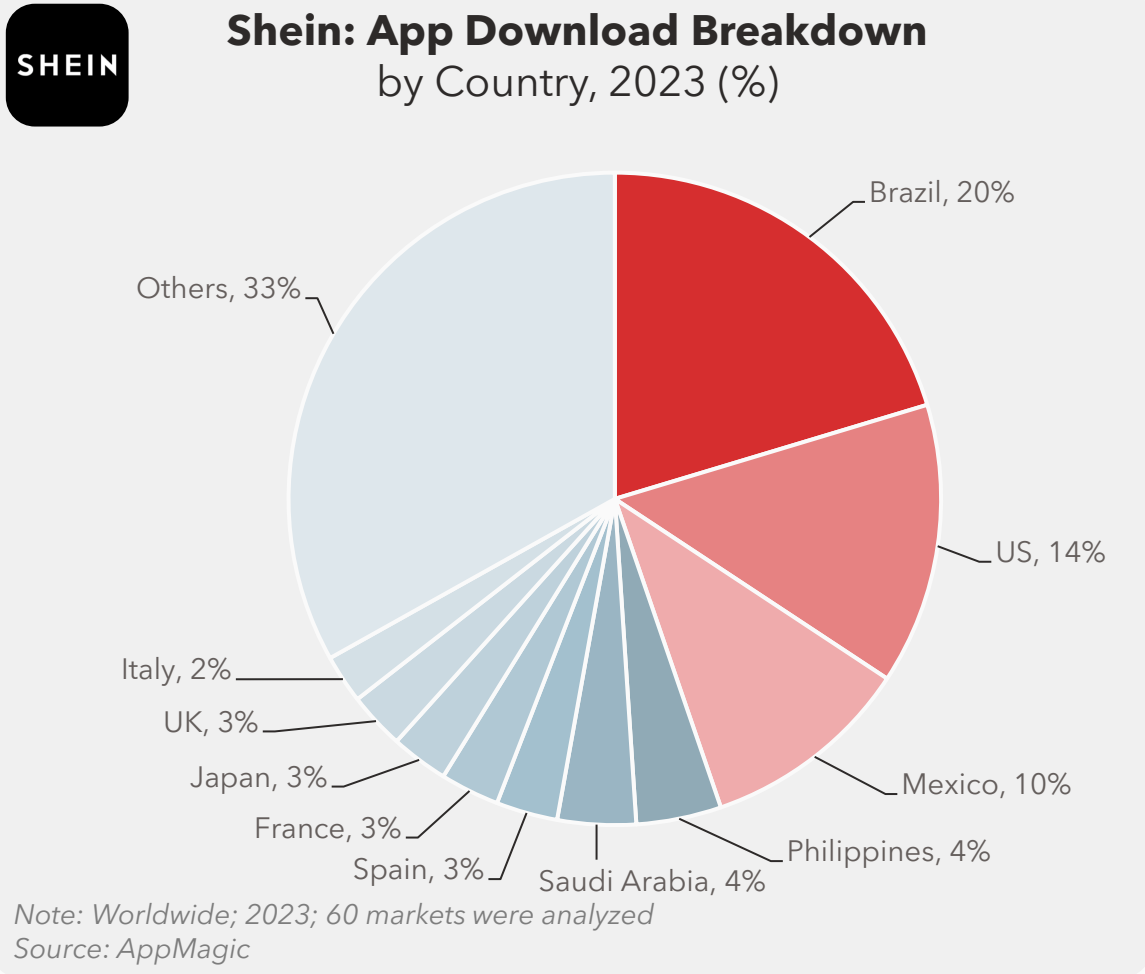
Base: 400 US respondents aged 18+, surveyed on August 28, 2023; and 399 surveyed on February 27, 2023

Source: Coresight Research

Number of App Downloads Is Impressive

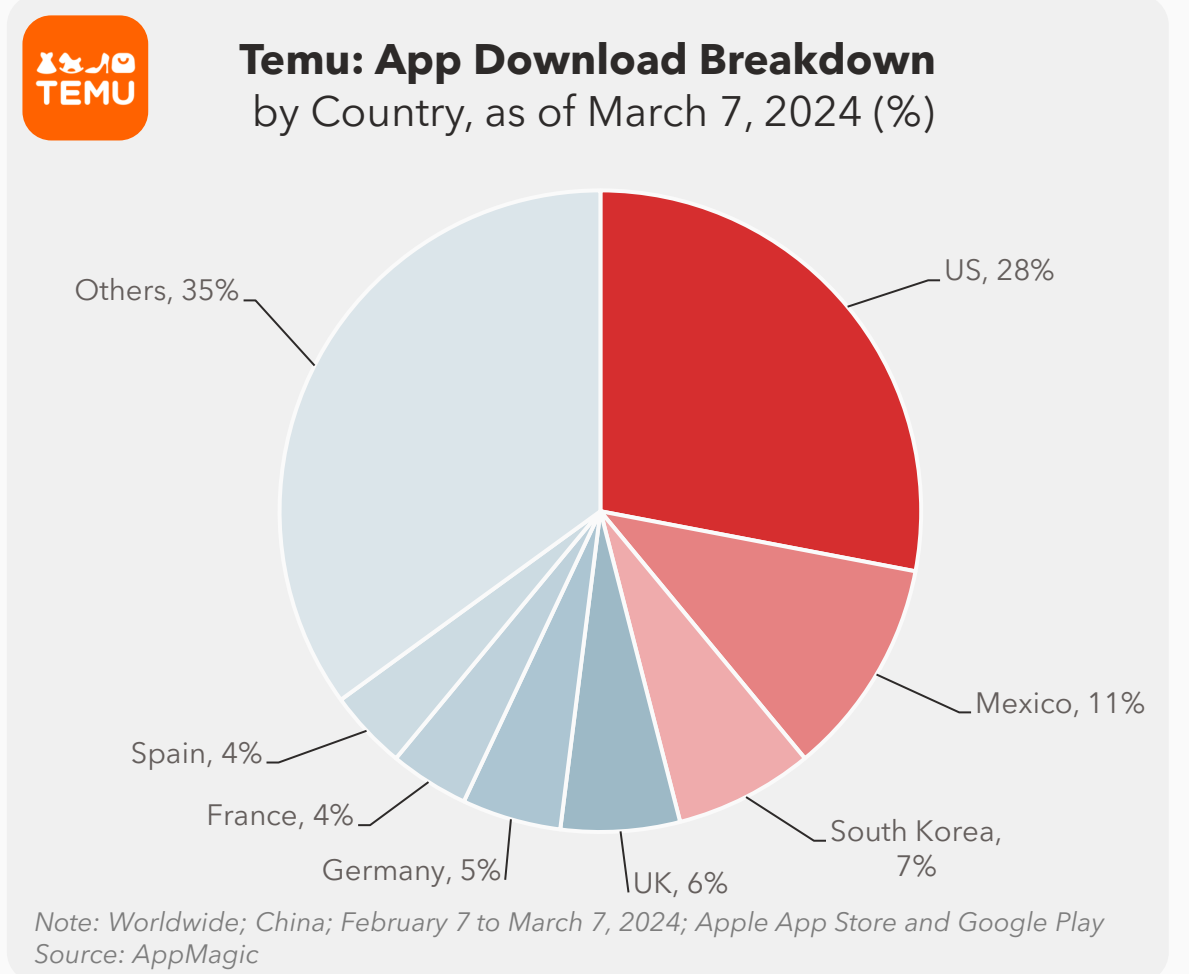
1,135MM Users

Based on global app downloads from 2015 to November 2024



843MM Users

Based on global app downloads from September 2022 to November 2024



Temu Is Popular



Retailers That US Consumers Have Bought Nonfood Products from in the Past Two Weeks (% of Respondents)

Retailer	Oct 28	Nov 4	Nov 11	Nov 18	Nov 25	One-Week PPT Change	Four-Week PPT Change
Walmart	50.6%	57.0%	54.6%	52.5%	54.5%	2.0	3.9
Amazon	53.1%	52.0%	47.1%	57.1%	49.0%	(8.1)	(4.1)
Target	27.9%	32.6%	29.9%	27.6%	29.1%	1.5	1.2
Dollar General	21.2%	18.2%	20.4%	24.4%	22.9%	(1.5)	1.7
Dollar Tree/Family Dollar	19.5%	25.9%	20.9%	21.4%	21.4%	0.0	1.9
Costco	18.5%	18.2%	17.7%	14.8%	15.2%	0.4	(3.3)
Kohl's	10.4%	12.2%	12.0%	11.3%	13.4%	2.1	3.0
Temu	10.9%	13.2%	11.2%	9.1%	12.9%	3.8	2.0
TJX banners*	14.6%	13.2%	17.2%	12.6%	11.7%	(0.9)	(2.9)
Sam's Club	12.6%	15.4%	10.2%	12.3%	11.2%	(1.1)	(1.4)
Macy's	8.4%	11.7%	10.2%	8.4%	11.2%	2.8	2.8
eBay	13.3%	10.7%	12.7%	9.4%	10.9%	1.5	(2.4)

1 in 8

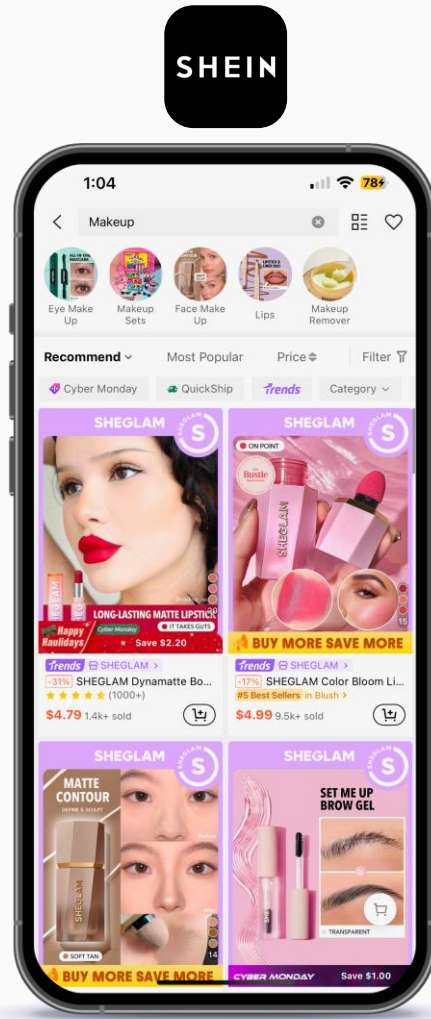
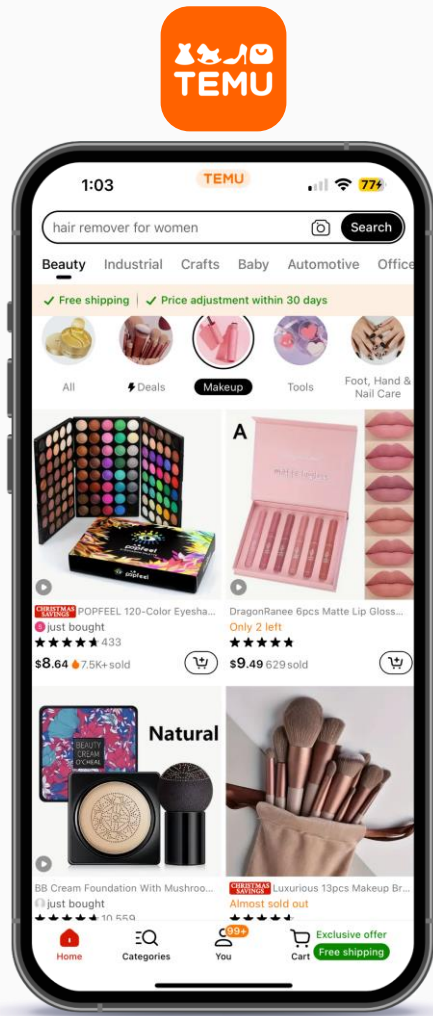
shoppers purchased nonfood from Temu in the past two weeks (12.9% as of November 25, 2024, up week over week)

Base: US respondents aged 18+
Source: Coresight Research



Both Shein and Temu Sell in Your Categories

Cosmetics



Low Price

Beauty items, e.g. Color Bloom, as low as \$4.99

Organize

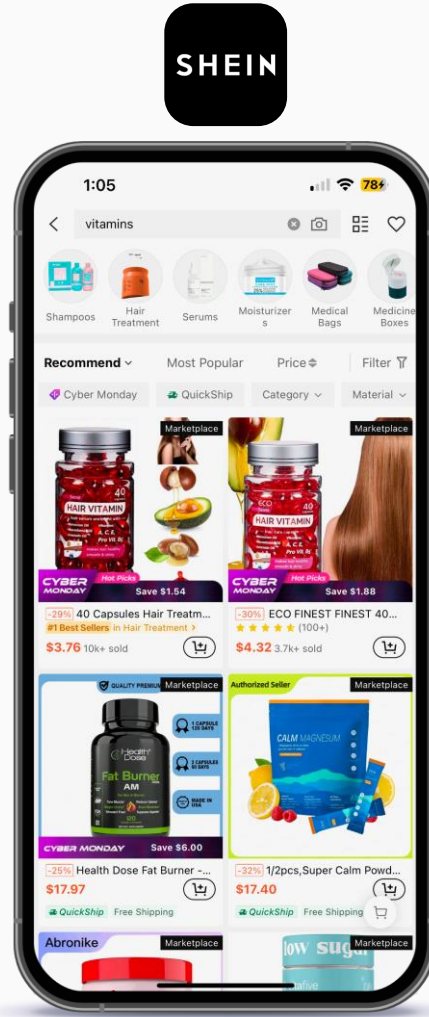
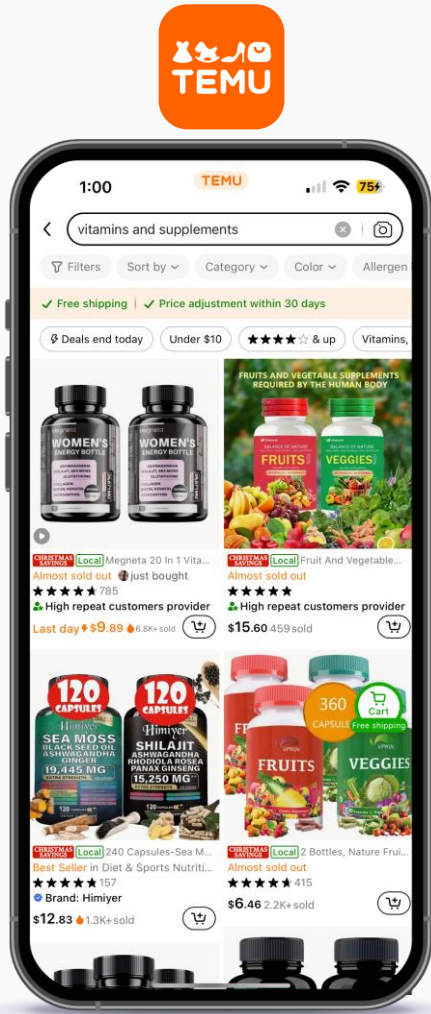
Product items organized by category

Promotion Tags

Cyber Monday deals, QuickShip, and Hot Items

Both Shein and Temu Sell in Your Categories

**Vitamins/
Supplements**



Low Price

Hair vitamins as low as \$3.76

Organize

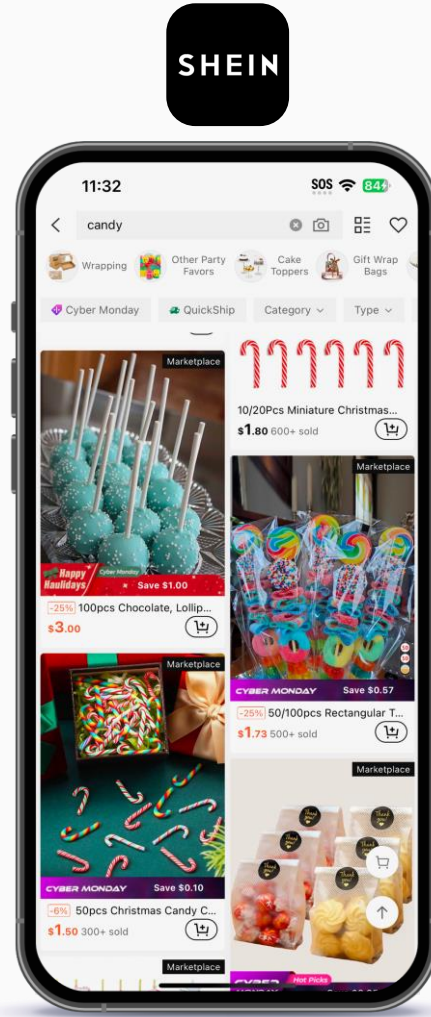
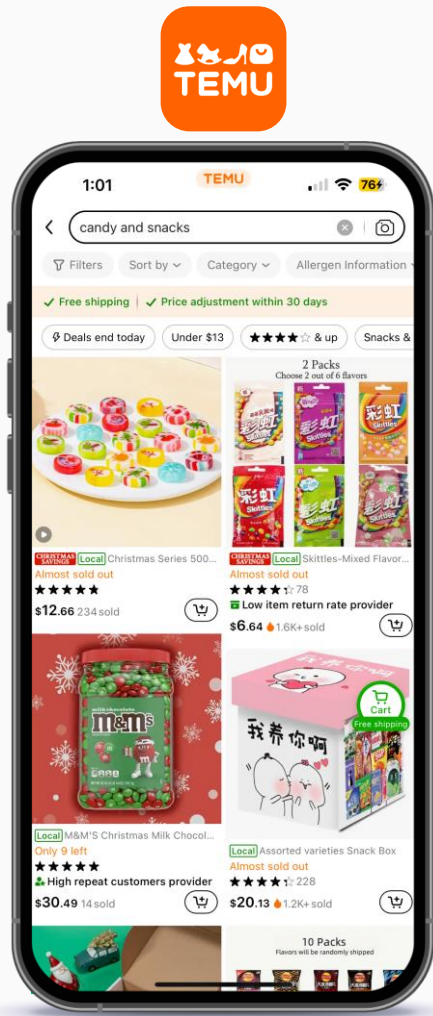
SKUs with repeat customers on top

**Promotion
Tags**

**Cyber Monday and Christmas
deals**

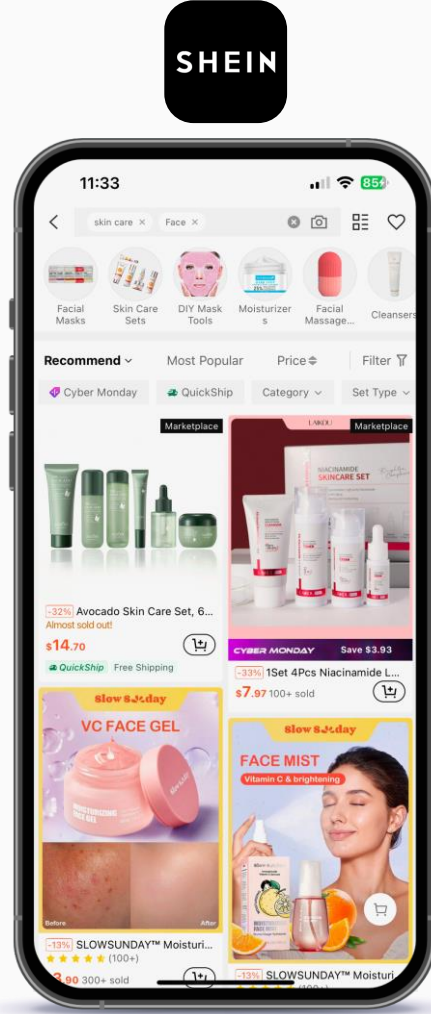
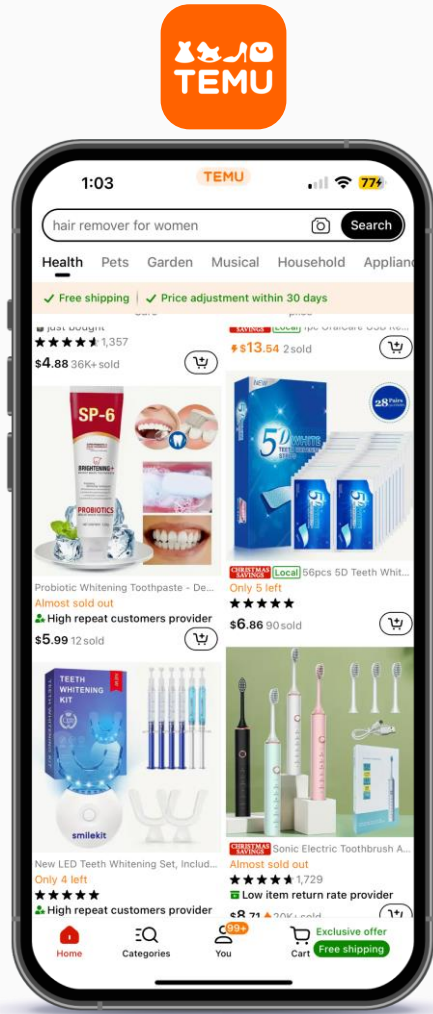
Both Shein and Temu Sell in Your Categories

Candy & Snacks



Both Shein and Temu Sell in Your Categories

Personal Care



Business Models



First-party (1P) retail model



Owens its inventory and partners with a multitude of manufacturers



Engages in direct sales to consumers in small lots



Doesn't own manufacturing facilities. Its large order volume positions it as the main client, thereby enabling it to uphold low prices



Third-party (3P) marketplace model



Links consumers with small-scale enterprises

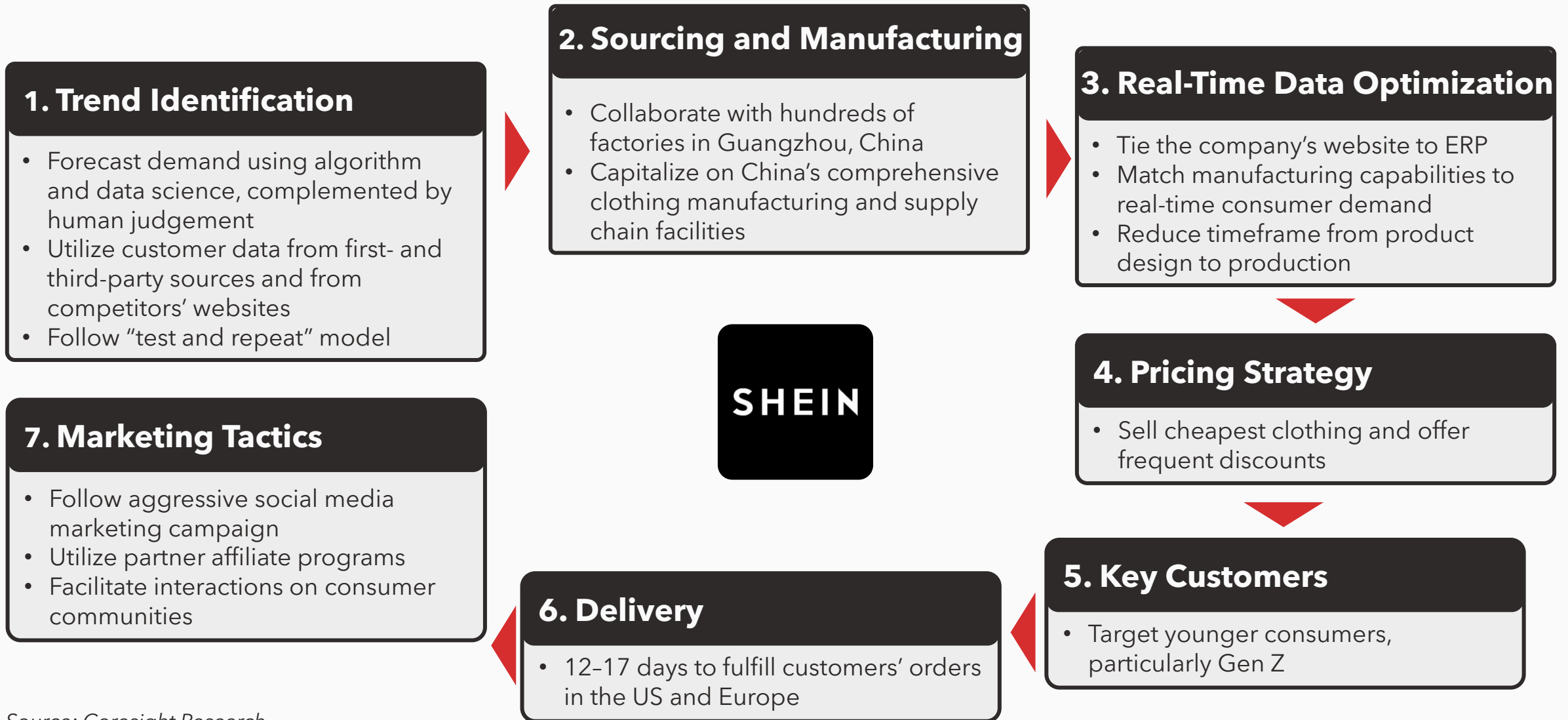


Independent sellers directly cater to consumers through the Temu's platform



Consumer intelligence to support suppliers in understanding market trends and producing desirable products at competitive prices

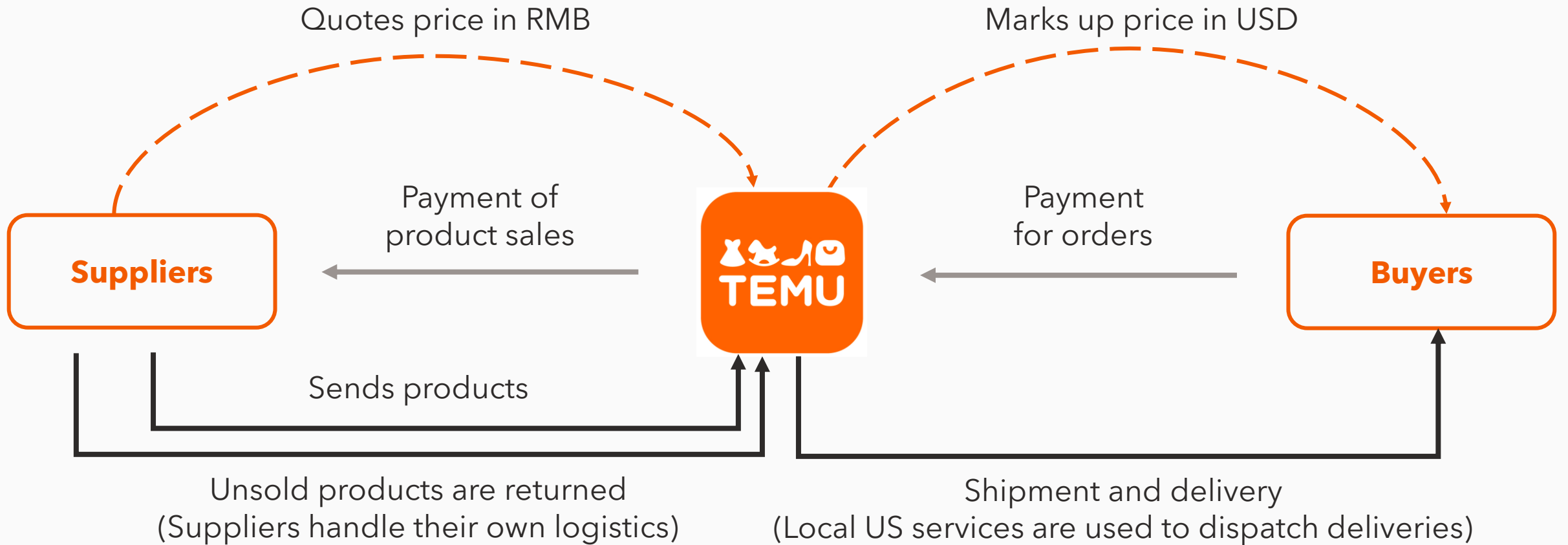
Shein's Business Model



Source: Coresight Research

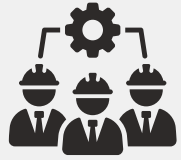
Temu's Business Model

- Pricing
- Payment
- Fulfillment



Source: Momentum Works

Key Technologies Used by Shein



Enterprise resource planning (ERP)

Matches manufacturing capabilities to real-time demand



Data analytics

Consumer behavior, inventory, and price tracking is used to drive personalized marketing strategies



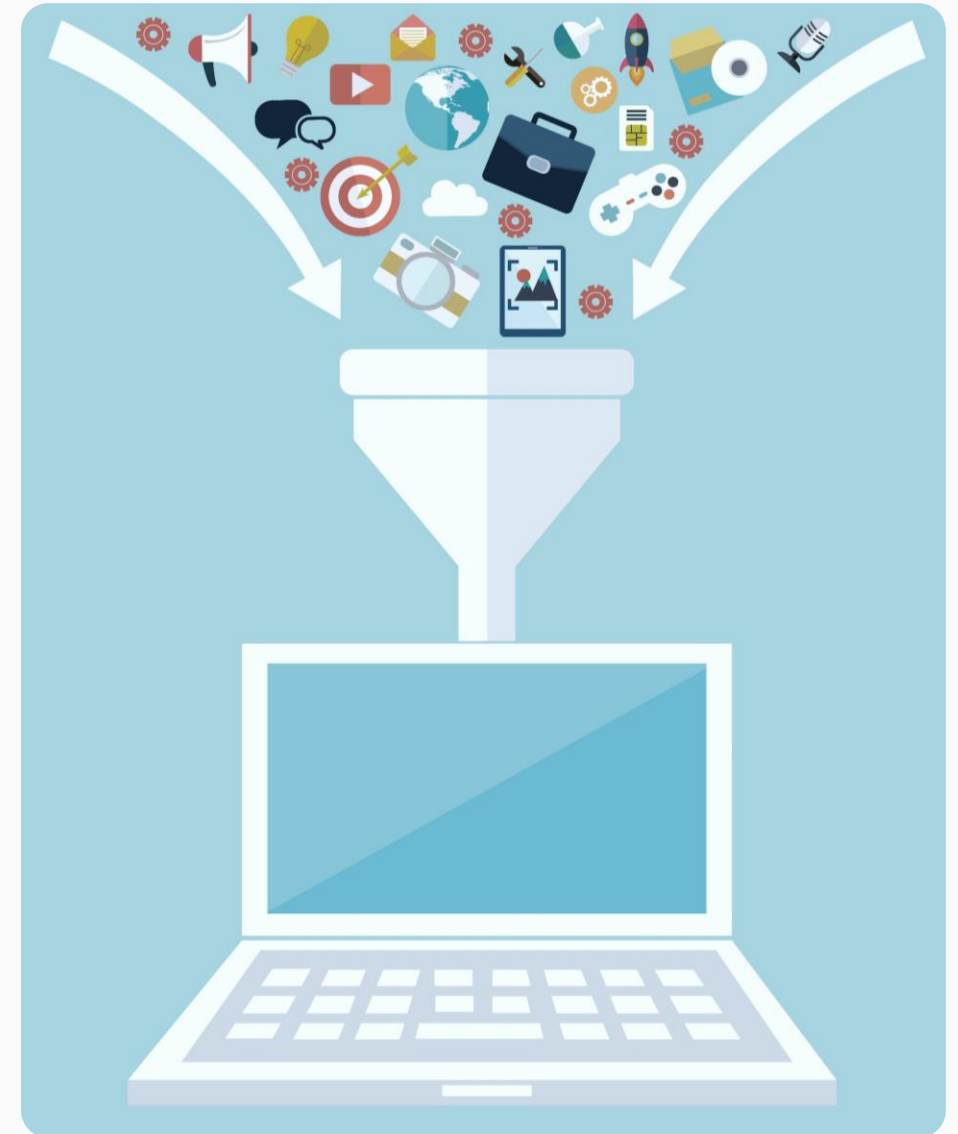
Unified process-management system

Micro-Macro AlphaFlow platform manages cross-functional processes



Chatbot customer service

Programmed to answer common inquiries, provide product recommendations and help with website navigation



Key Technologies Used by Temu



Supplier, Order and Inventory Management

Temu has established highly agile systems for supplier, order and inventory management.



Pricing Technology and Demand Forecasting

Pricing algorithms and forecasting software maintain cost effectiveness while monitoring competitors.



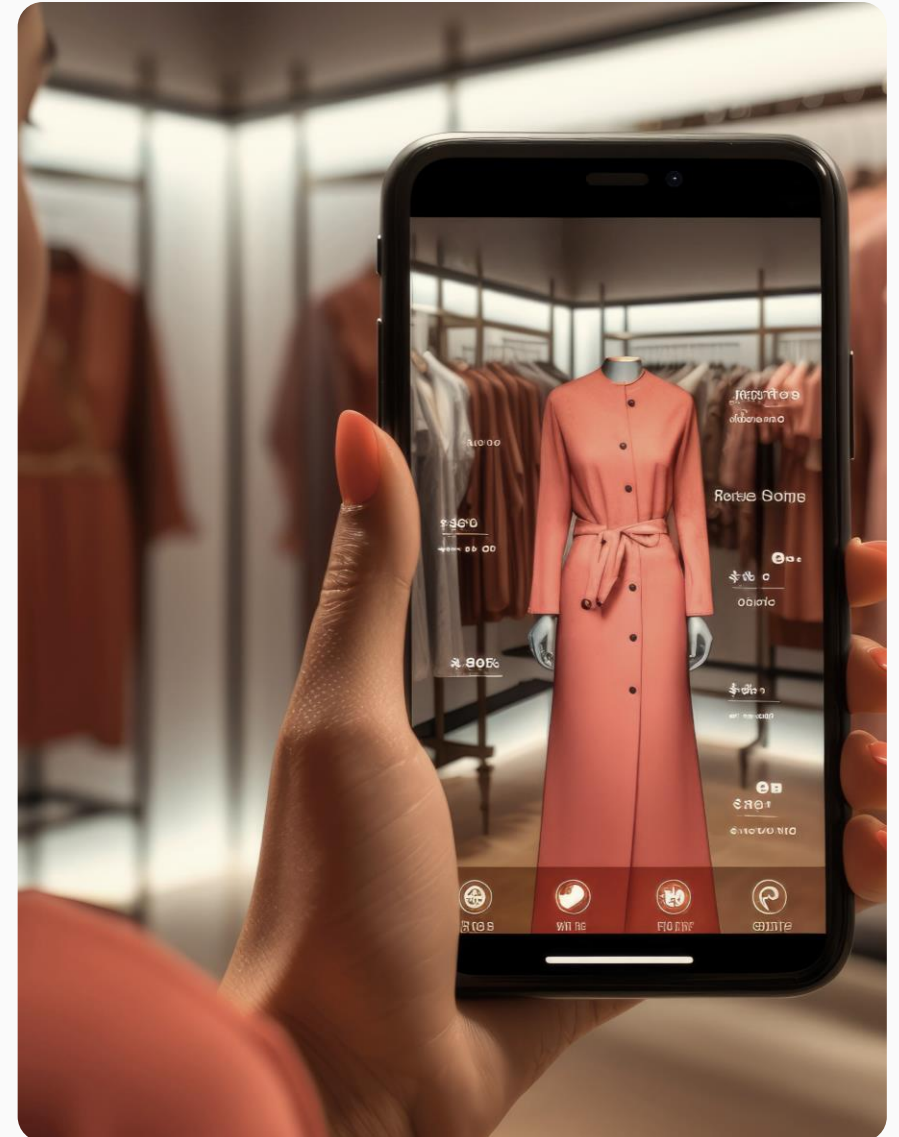
Algorithms and Consumer Behavior

Technology-driven recommendation systems and intelligent marketing to communicate effectively with shoppers based on AI data analysis



Augmented reality

Allows for virtual try-on in apparel categories, reducing returns and raising customer satisfaction.

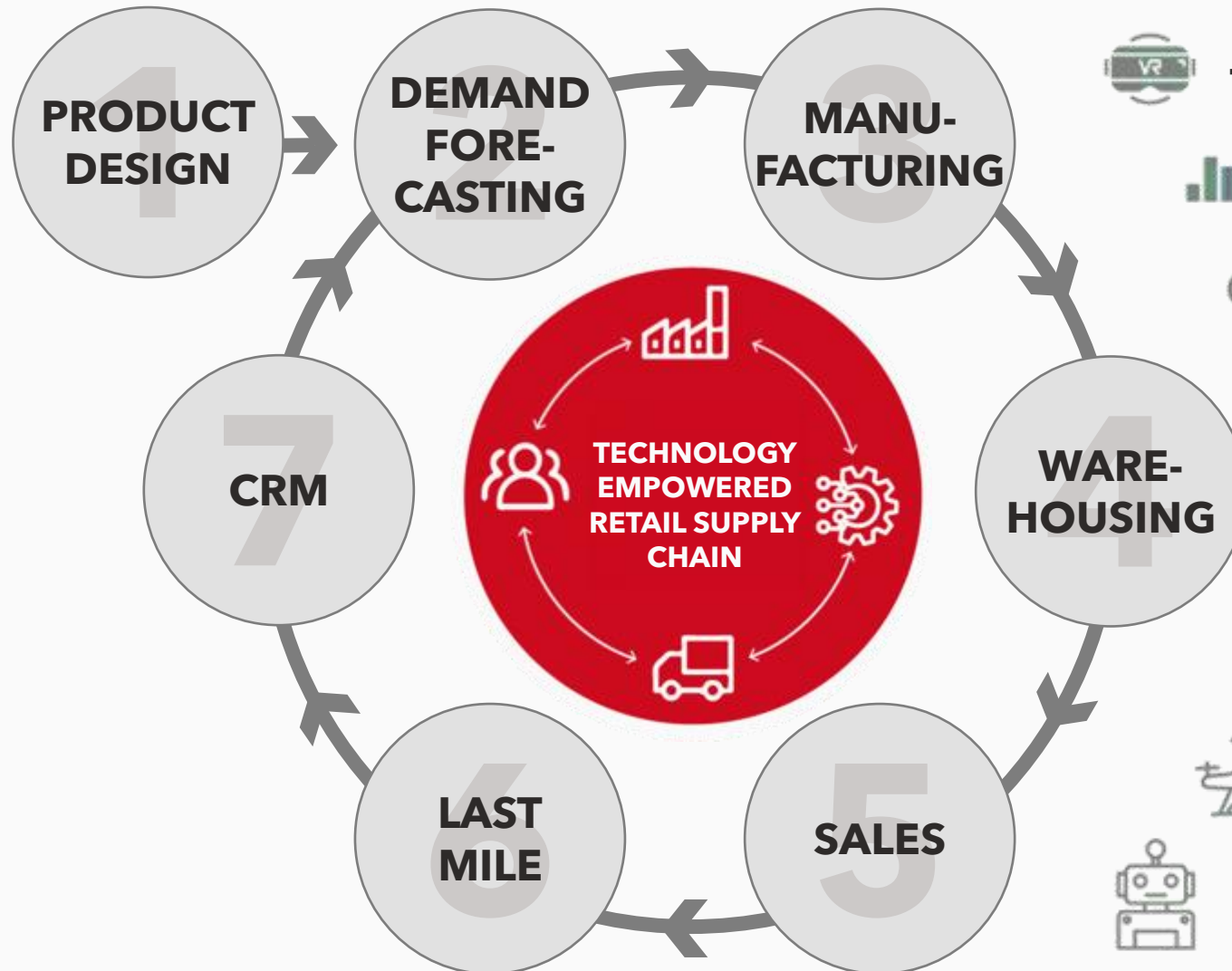


Modern Supply Chains Share Data Among Multiple Participants



56%
of US retail executives believe consistent, cross-platform data is extremely important in their jobs.

Supply chains are multi-directional and require shared data.



Immersive Technologies



Artificial Intelligence and Machine Learning



Cloud Computing



3D Printing



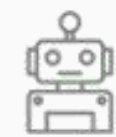
Internet of Things



Blockchain



Drones

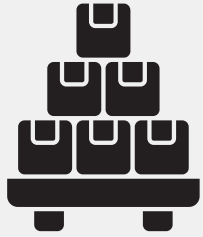


Robotics

Source: Coresight Research



What Makes Shein and Temu Unique—Tech!



1 Million

Packages per Day
Shipped by Shein and Temu
from China to the US

Source: ShipMatrix

Versus Western Counterparts

Lower Inventory Risks

Real-time data to analyze demand and replenish order

Lower Prices

Lower than ultra-low-cost fast-fashion companies ASOS and Boohoo

Aggressive Social Media Marketing

Large following on Facebook, Instagram, Pinterest and TikTok

Faster Trend Identification

Offer latest fashion trends and other product offerings quicker than most retailers

Lower Costs

Lower operational expenses due to low-cost manufacturing ecosystem and China's logistics infrastructure

Shein and Temu “Hauls”

Shein: TikTok Hauls



Massive SHEIN haul!!

Source: TikTok

Temu: Youtube Hauls



Source: gisselle

Unique Marketing: Spinning Wheel and Affiliate

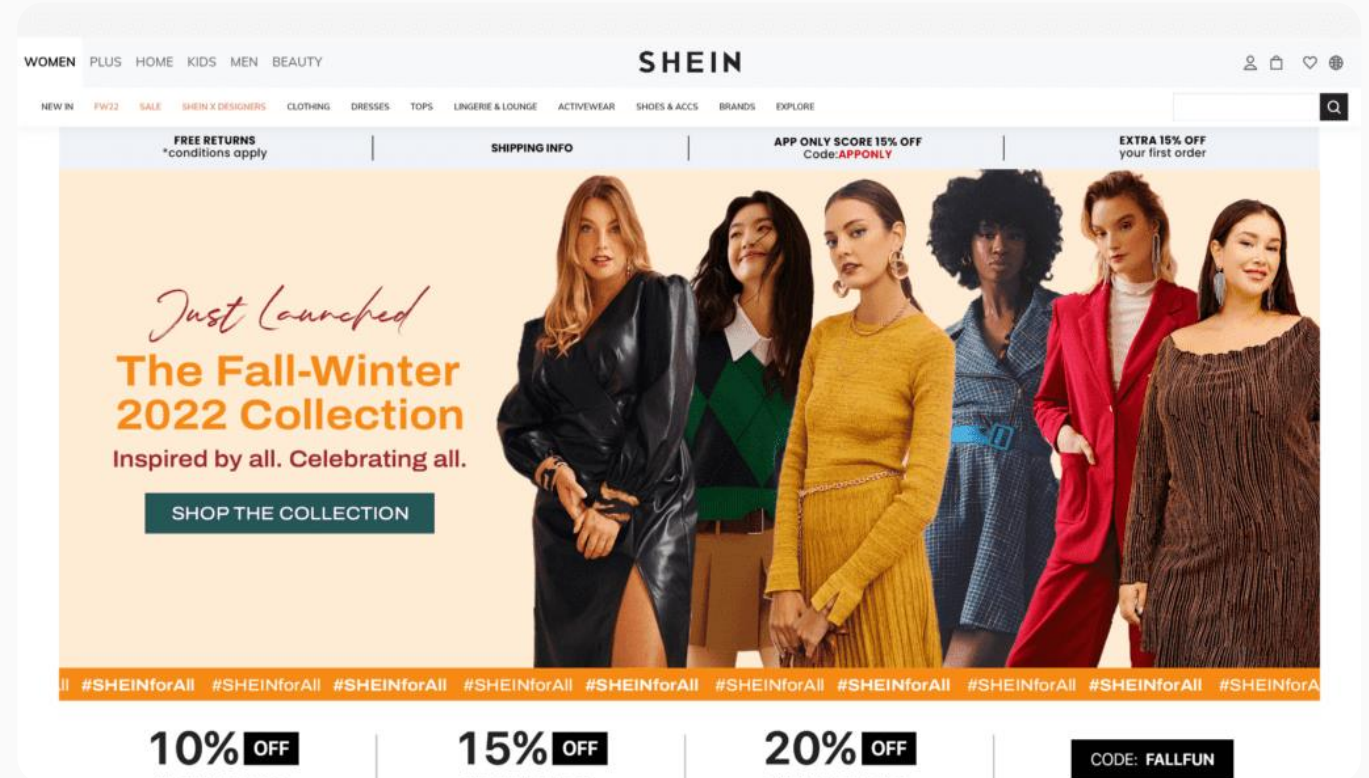
**Temu:
Spinning
Wheel**



Source: One2Step

Unique Marketing: Spinning Wheel and Affiliate

Shein: Affiliate Marketing Program



Source: BloggingTips

Key Risks and Potential Impacts for Shein and Temu



Risk: Shein pollution “more than the country of Paraguay”

Impact: Reluctance of consumers with increased ESG concerns to shop at the worst pollution offenders



Risk: US Regulations: crack down on the waiver on import taxes for shipments under \$800, the “de minimis” rule and President Elect Trump’s calls for higher Tariffs

Impact: Increased costs not faced by some competitors

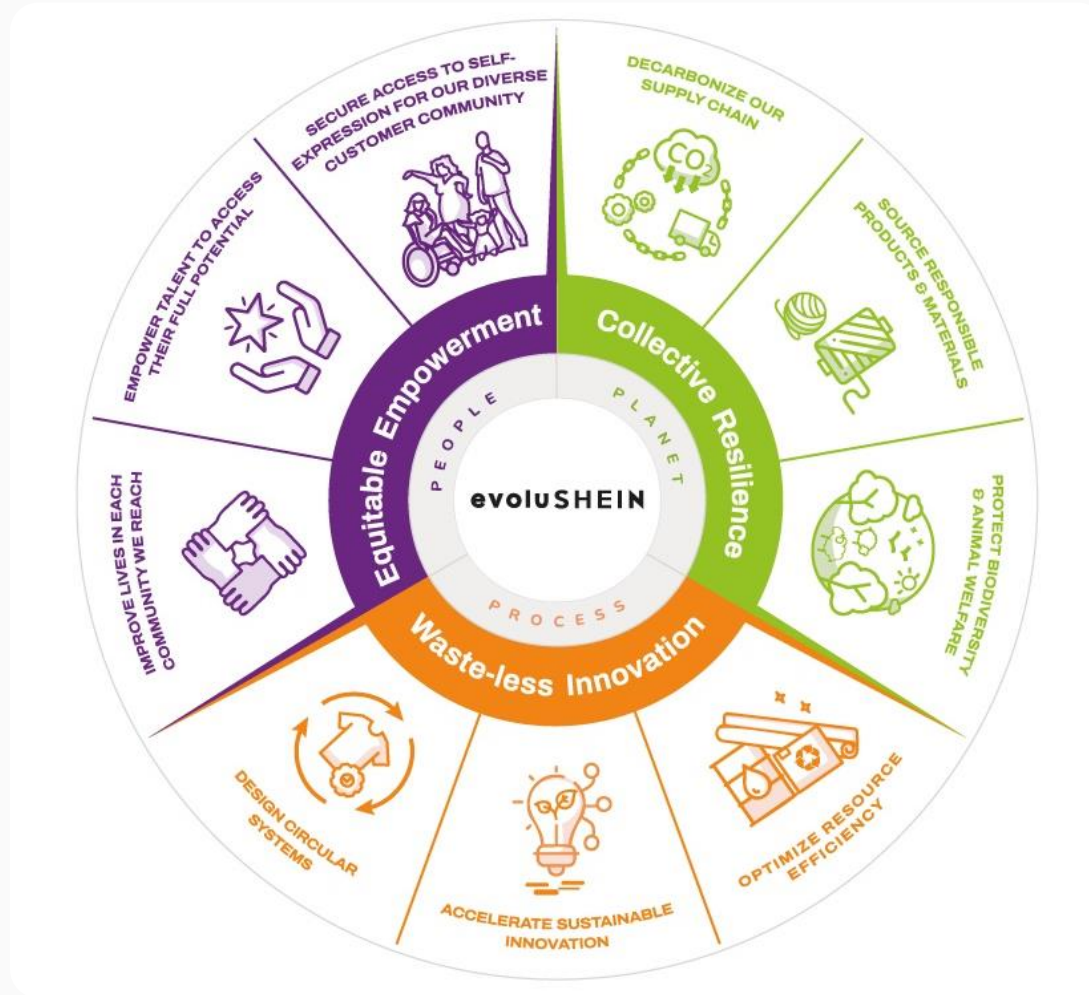


Risk: Uyghur Forced Labor Prevention Act (UFLPA) 2021 prohibits the import of goods into the US that are produced in Xinjiang

Impact: If proven, legal penalties (such as fines and import bans) and reputational damage

Shein's Visible Steps Toward Sustainability Amid Criticism

Key Sustainable Priorities



Source: Shein

Key Stats

SHEIN's Center of Innovation for Garment Manufacturing Achieves

Zero Waste

to Landfill Certification in Nov 2024

\$70 Mil.

allocated in April 2023 to reduce waste and improve working conditions of supplier factories over five years

Source: Shein

Compared to Shein, Temu Lacks Substantial Sustainable Measures

Temu's Tree Planting Program:

Temu has partnered with **Trees for the Future** to plant trees across sub-Saharan Africa since July 2023. Trees are funded by Temu and voluntary contribution from its users.



16,182,806
trees*

**funded by users that donate by clicking "Plant with Temu" at checkout and from Temu
Temu's commitment to environmental sustainability
Source: Temu*

What Can US Drugstore Retailers Learn?

Retailers need to adopt a combination of innovative strategies and operational efficiencies to rival Shein and Temu. They should take 10 key actions across four focus areas:

Supply Chain and Logistics

1. Optimize the Supply Chain
2. Offer Competitive Pricing and Shipping Deals

Tech Implementation

3. Leverage Comprehensive Data Analysis
4. Increase Efficiency Through Automation
5. Incorporate AI and Personalization

Marketing and Customer Engagement

6. Employ Aggressive Social Media Marketing
7. Launch Diverse Affiliate Programs
8. Implement Gamification Strategies

What Can We Expect Going Forward?



Retail Collaborations:

- In 2024, Shein added **Steve Madden** and **Betty Loop** as collaboration partners.
- In late 2023, Shein unveiled a co-branded clothing line—sold only on Shein’s website.



Pave the Way for China Originated Retailers:

- More Chinese retailers aim for US expansion post Shein’s and Temu’s success

Coresight Research Coverage of China Retail



Scan to visit
coresight.com



Retail 2024: 10 Trends in China Retail



Data Dive: Shein in Numbers as It Files for a US IPO



Temu Growth and Challenges in the US Market: A Six-Month Follow-Up



China Retail Insights
(report series)



China Consumer Survey Insights
(report series)



Market Outlook: Department Stores in China

THANK YOU



Scan to visit
coresight.com



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