

# Is Shein legit? Why the world is questioning China's fashion giant

By Asia Markets On Jul 10, 2022



Share

In just over a decade, Shein has grown from a hyperlocal e-commerce company in China, to the most expansive fashion retailer in the world. So, why are so many people across the globe asking, 'is Shein legit'?

The answer is because there has been a litany of highly-publicised controversies surrounding the company.

[Follow Asia Markets on Twitter](#)

# The origins of Shein

Chinese born entrepreneur, Chris Xu founded Shein in 2008 as a wedding dress and general apparel e-commerce company. The company gained traction due to its economical prices, expanding its apparel offerings to include shoes, purses, and jewelry 2010s.

During its early stages, Shein did not produce or design its products. Instead, the [Shein business model](#) focused on sourcing products from wholesale garment factories in Guangzhou and connecting wholesalers with consumers through online retail stores.

In 2014, Shein became a fully integrated retailer. Shein expanded its staff to include designers and textile workers. By augmenting its workforce, Shein increased its supply chain efficiency and reduced production costs. Shein took its savings and passed them on to the consumer, further aiding the company's rapid expansion.

Today, Shein is the largest online fashion retailer in the world.

In April 2022, investment firms valued the company at around US\$100 billion. The valuation came as a surprise to many, but not to users of social media who are bombarded daily with ads for trendy clothing from this online retailer.

# The rapid growth of Shein

So, how exactly did Chris Xu build a fast fashion empire so quickly?

Shein's rapid success is attributable to cheap raw materials, abundant labor, and aggressive social media marketing. Working off the fast

fashion business model, Shein perfected the online fashion store. Shein shoppers enjoy access to hundreds of the hottest trends at shockingly low prices.

Low prices paired with hot trends have been a lucrative combination for Shein. And the increase in online consumer shopping because of the pandemic suggests Shein will continue to grow in years to come.

## Is Shein Legit?

Yes, Shein is a legitimate company, with millions of customers across the world. It's supremely efficient supply chains have revolutionized fast-fashion and have helped significantly reduce the cost fashion trends. However, the company has attracted a lot of critics due to high profile controversies and social concerns. Now, many question if buying from Shein is ethical.

*[Read next on Asia Markets: What is Pinduoduo? Revolutionizing retail, generating profits](#)*

## The Shein files: All the biggest Shein controversies

Shein's exponential growth is being threatened by numerous lawsuits. Since Shein's boom in the late 2010s, The company has repeatedly found itself at the center of intellectual theft and ethical practice lawsuits.

Here's all the biggest Shein controversies to emerge in recent years.

### Intellectual and design theft allegations

Imitation products from China are nothing new. Fake Louis Vuitton and Gucci bags have lined street markets in the US for years. But while imitation goods have historically targeted luxury brands, [Shein's design theft](#) seems to target anyone with an original idea. Taking ideas makes sense for a platform whose business strategy relies on rapidly developing trends.

The first design theft lawsuit against Shein was filed in 2018 by legendary denim manufacturer Levi Strauss & Co. The lawsuit alleged Shein illegally copied trademarked Levi Strauss stitching patterns. Levi Strauss & Co. and Shein settled the suit outside of court, leaving the rest of us guessing what happened.

A few years later, in 2021, at the height of a resurgence in popularity of Doc Martens, the iconic British punk rock boot, Airwave International accused Shein of duplicating its iconic Doc Martens design in their Martin boots. Shein denied the claims. However, the similarity in Shein's naming convention says it all.

In addition to famous fashion brands, several indie designers and small fashion companies have accused Shein of stealing their designs. Most of these designers lack the resources to take a giant like Shein to court, so there is no official ruling about whether or not the company is poaching ideas from other designers.

## Offensive product imagery

Shein has also come under fire for its use of offensive images. In 2020, Shein produced a necklace with a symbol closely [resembling a swastika](#). When consumers flagged the jewelry for its brazen reproduction of insensitive imagery, Shein quickly discontinued the product.

Shein issued a statement claiming the symbol has religious origins and connections to Buddhism. Fair enough, it does. Still, it is disconcerting that a multi-billion dollar corporation lacked the PR oversight to flag the necklace design as questionable, given its visual similarity to the swastika.

In another gross PR oversight, Shein produced a phone case with an image of a handcuffed black man outlined in chalk. The imagery evoked the racist violence rampant in America. Many consumers felt Shein's phone case was attempting to profit from a social and cultural issue that affects millions of African Americans.

Shein responded to the criticism by removing the phone case from its website and apologizing for its lack of cultural awareness. Shein attempted to sidestep some of the heat for its cultural insensitivity by admitting the imagery was stolen.

## Health concerns

[A Canadian health investigation](#) spearheaded by Miriam Diamond of the University of Toronto collected a random sample of fast fashion products from several online retailers, including Shein.

According to Canadian health agencies, two of the products purchased from Shein, a purse and jacket, were found to have dangerously high levels of lead that posed adverse risks to consumer health.

The elevated levels of heavy metals in Shein's products raise questions about the supply chain.

Toxicology experts and scholars from the study stated that the lead levels in the purse and jacket indicated that lead was actively used in Shein's manufacturing process. Shein responded by removing the

toxic products from the website. The company promised to improve its supply chain sourcing.

Shein's response to the discovery is appropriate. But the incident suggests Shein lacks adequate quality assurance measures to guarantee that the products it delivers to market are safe for consumers.

## Privacy concerns

Chinese companies and privacy concerns have become synonymous in the media, with TikTok being the most recent and widely cited offender. But TikTok is not alone. Shein's app has raised privacy concerns in several countries, particularly India, where the app was made illegal in 2021.

India outlawed Shein's app after sources suggested the app collected and shared personal user information with the Chinese government.

Sharing user information with a foreign government within countries where the app remains legal is concerning. The concern is valid in countries such as the US, where downloads of the Shein app have surpassed downloads of the Amazon app as of May 2021.

Unintentional privacy issues have also been a concern for Shein. In 2018, Shein suffered a data breach that exposed the private information of more than 6 million users.

## Human rights issues

A private investigation was done into Shein's supply chain by Public Eye, a Swiss-based non-governmental agency. The agency identified several factories within Shein's supply chain where workers regularly

worked 75-hour weeks. The long hours violate Chinese labor laws and raise concerns about the working conditions in Shein's factories.

The UK and Australia independently identified parts of Shein's supply chain that violate modern anti-slavery laws. Several images and videos have circulated on major social media platforms that show Shein products with [cries for help cleverly camouflaged in tags and labels](#).

Shein states that these images and videos are fake. So far, no third-party organization has verified whether the photos and videos are conspiracy propaganda or genuine cries for help.

## Tax evasion in the UK

The UK requires a Value Added Tax (VAT) levied on goods under £135. Her Majesty's Revenue and Customs, the department responsible for collecting VATs, claims Shein failed to collect VAT on products sold in the UK for nine months.

The UK has also accused Shein of exploiting foreign tax advantages to undercut British fast fashion companies Boohoo and Asos. There is nothing inherently wrong with Shein's exploitation of the tax code. But it does paint a sinister picture of the business practices within the company.

Shein has employed similar tax exploitation methods in the US as well. A 2015 trade bill states US imports valued under 800\$ are duty-free. Shein has organized the delivery of its products to the US in such a way as to abuse the wording of this trade bill, regularly delivering its products free of import charges.

## Fast fashion critics

## What is fast fashion?

Fast fashion refers to the fashion business model where garment producers rapidly-produce clothing with inexpensive materials to keep abreast of fashion trends. The term fast fashion is associated with companies like H&M and Zara, which produce at least one micro-collection of clothing a week.

If H&M and Zara are fast fashion, then Shein is turbo fashion.

Shein uploads roughly 6,000 new products to its platform daily: A staggering output that eclipses the production numbers of every other fast-fashion company. While these production numbers are good for Shein's valuation, they are abysmal for the environment.

Both consumers and Shein are aware of the waste produced by consuming fast fashion products. Consumers understand that the garments they purchase will be out of fashion within a few months. And the quality of materials used in the garment means the product will likely fall apart before it falls out of style.

Shein has tackled the waste issue by purchasing a slew of landfills where it can store its waste away from the prying eyes of concerned citizens and environmental organizations.

## The future of Shein

Shein continues to be a very attractive option for millions of consumers looking to buy affordable fashion items. However, the above controversies help you understand why so many are asking *is Shein legit?*

Recently, Shein has accelerated efforts to defend its reputation and address the ethical concerns surrounding its business model. These



efforts will be critical in the long-term sustainability of the business as more and more consumers consider environmental, social and governance factors in their everyday lives.