

# CORPORATE BRAND MANAGEMENT AND REPUTATION

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## MASTER CASES

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### **Racing the Algorithm: H&M vs. Shein**

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## **Corporate Brand Management and Reputation: Master's Cases**

The “Corporate Brand Management and Reputation: Master's cases” is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *“A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. The class then discusses this description.”*

The student groups select the topics of their case, providing updated and relevant insights into corporate brand management. The cases can be used as “written cases” (handed out and read in advance, later to be discussed in class) and/or as “live cases” (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *“to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice.”*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of the course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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## **WRITTEN CASE**

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## Racing the Algorithm: H&M vs. Shein

Stockholm, March 2026. Inside the H&M Group's headquarters, senior executives reviewed a series of industry reports projecting the rise of ultra-fast fashion platforms. Out of all, one headline stood out: "This could be the end of traditional fast fashion." Analysts pointed out the rapid growth of Shein, a digital-only, ultra-fast fashion retailer, capable of launching new products daily using data-driven algorithms and real-time consumer signals. Where H&M had spent decades refining their global supply chains, Shein has appeared to operate under different rules. Yet, the market has revealed an uncomfortable reality: many of H&M's core customers were and are still shopping at Shein. H&M has accelerated investments in artificial intelligence (AI) and increased their efforts to reposition the brand towards creativity and responsibility. Leadership is facing a difficult question: are we being outmaneuvered, where fast suddenly isn't "fast" enough? Or is there something deeper at play here?

### Background and History

#### H&M: A Swedish Retail Pioneer to Global Fast Fashion Leader

Founded in 1947 in Vasterås, Sweden, H&M Hennes & Mauritz AB, or H&M, built its reputation on offering affordable women's fashion inspired by contemporary trends. The company expanded internationally in the late twentieth century, entering the major European markets and later North America and Asia.

During the 1990s and 2000s, H&M became one of the defining players of the fast fashion industry, characterized by rapid design and frequent collection refreshes. Strategic collaborations with highly recognized designers were made such as Karl Lagerfeld, and later collaborations with luxury houses elevated brand visibility, making the fusion of affordability with aspirational design.

By the early 2010s, H&M had established thousands of stores worldwide and diversified its portfolio to include brands like COS, ARKET, DIVIDED, each targeting distinct consumer segments within the broader fashion ecosystem..

In parallel, H&M has been putting efforts to position itself as a leader in sustainable fashion, introducing garment collection programs, recycled materials, and transparency initiatives. These efforts were partly influenced by the increasing regulatory scrutiny within the European Union and stakeholder expectations regarding environmental responsibility. While sustainability became central to corporate communication, critics have questioned the feasibility of sustainability at a fast-fashion pace.

More recently, H&M announced initiatives exploring the use of AI in creative and marketing processes. According to company communications, AI use aims to enhance creativity, improve personalization and strengthen digital engagement (H&M Group, 2025). These initiatives reflect industry trends in which fashion retailers seek to integrate AI into forecasting, design support, and customer interaction.

In contrast to Shein, H&M continues to operate a substantial part of its business in the physical retail network. H&M's identity remains tied to both digital and physical presence, European design heritage, and corporate sustainability initiatives.

## **Shein: The Rise of Ultra-Fast Fashion**

Founded in 2008 in , Shein has emerged as one of the fastest-growing fashion companies globally, operating through a fully digital, data-driven business model. Unlike traditional fashion retailers, Shein does not rely on seasonal collections or physical retail stores, instead, the company focuses on cross-border e-commerce and digital distribution (NIQ, 2023).

By the early 2010s, Shein's model evolved into what industry experts labeled as "ultra-fast fashion." Unlike traditional retailers, Shein would release thousands of new products daily, testing small batches of products before scaling production based on real-time consumer engagement. This model reduces unsold inventory risk while increasing the ability of Shein to respond to micro-trends.

In this sense, cross-border e-commerce platforms like Shein have developed rapidly during the pandemic, mainly to the significant reduction of entry barriers. The company became one of the most downloaded shopping applications globally and achieved multi billion dollar revenues, with a significant market participation, seen in **Exhibit A**.

Despite the company's growth, Shein has been facing ongoing criticism related to its environmental impacts and poor labor conditions within their supplier networks, as well as the sustainability of ultra-fast production. As of 2026, the European Parliament and advocacy groups have questioned the long-term impact of Shein's business practices. Shein has faced significant, increasing, and widespread regulatory

scrutiny, including new tariffs in the United States and threats of bans or operational suspensions in Europe. Nevertheless, consumer demand has been increasing.

As of now, Shein is no longer perceived as a low-cost retailer but more as a digital fashion platform capable of reshaping market and consumer dynamics across the global apparel industry.

## **The Fashion Industry is in Continuous Transformation**

The fashion industry has undergone significant transformation over the past decade. Traditionally, fashion operations have been through seasonal cycles, and brands led design.

Fast fashion retailers like H&M and Zara have been putting forth effort to shorten production cycles and reduce lead times in order to respond to the ever-changing consumer expectations.

With the emergence of players like Shein, who use data-driven platforms to detect and measure digital interest to create and expand their product offerings, firms like H&M have been under constant pressure to keep up with the ultra-fast fashion retailers while trying to maintain their competitive advantage and brand identity.

## **Fast Fashion vs. Ultra-Fast Fashion**

Fast fashion origins can date back from as far as the 1950s, although it's now defined as a focus on low-cost garments that replicate the latest fashion trends. This means that retailers are able to offer a greater variety of products in large quantities and allow consumers to get more fashion and product differentiation at a low price. Its definition has shifted towards a new phenomenon called "ultra-fast fashion", where ultra-fast fashion is the combination of rapid production, high-volume distribution, and short lifecycle products. This model can bring products from design to sale in as little as a 5 to 7 days, focusing on rapidly responding to consumers' increasing demands for immediacy and fashionable innovation. Brands such as Shein, Boohoo, Pretty Little Thing, among others, fall under this category; whereas brands like H&M are categorized as simply fast fashion.

## **Ultra Fast-Fashion Techniques**

Shein is known for using a series of techniques to help with their rapid production, high-volume distribution that contribute to its success, such as micro-batching and

the Large-Scale Automated Test and Reorder (LATR) model. Shein's CEO, Molly Miao has stated that each item is produced only in small numbers, between 50-100 pieces a day, before it becomes popular and is then mass-produced. This process is called micro-batching. On the other hand, the LATR model focuses on an advanced cross-border version of the Consumer-to-Manufacturer (C2M) model. The LATR model keeps production time within a week and constantly replenishes its inventory. It relies heavily on consumers' feedback about fashion trends, not only monitoring their changing preferences and using big data and AI solutions to discover patterns, creating forecasts and adjusting inventory, but also by using plug-ins to gather information directly from other retailers and Google Trend Finder. **See Exhibit B.** Its optimized Cloud-based supply management system is a perfect match between production capacity and an up-to-date product portfolio. According to another source, each of Shein's suppliers gets their own account on the platform, which spits out information about what styles are selling well and can also quickly identify which might become future hits. The University of Delaware, estimates that the LATR model alone generated 20 times as many new items as H&M or Zara in 2021, as they have not publicly expressed their usage of similar tools or models.

## Management Discussion

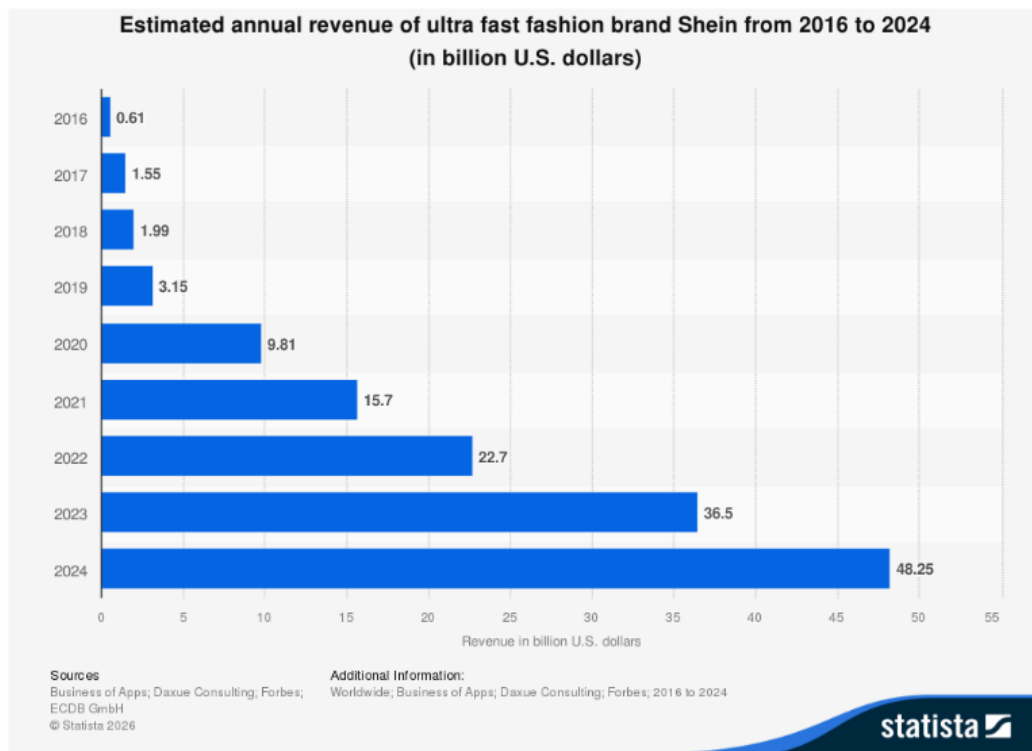
Now, the executive board of H&M convenes for a strategic meeting to address the intensifying pressure from Shein and its increasingly popular counterparts. Margins are tightening, younger consumers are gravitating towards ultra-low prices, and industry and market analysts continue to question whether fast fashion can survive against algorithm-driven production. During the meeting, the Chief AI Officer presents a bold proposal: fully adopt Shein's LATR model to beat them at their own game. The argument is clear – greater efficiency, reduced inventory, faster response to changing trends, all while lower cost.

However, **as the Chief Brand Officer**, you recognize the strategic implications extend far beyond just efficiency. H&M has built its (CORPORATE) brand on product availability, scale, global omnichannel presence, and an increasing commitment to sustainability and transparency. A sudden shift towards ultra-fast fashion may help speed and lower costs, but it may also undermine H&M's brand identity, stakeholder trust and long-term positioning.

The board now turns to you.

**What would be the corporate brand implications of adopting the LATR model, and should H&M pursue this transformation?**

**Exhibit A** Estimated annual revenue of ultra fast fashion brand Shein from 2016 to 2024 (in billion U.S. dollars)



**Exhibit B** The Large-Scale Automated Test and Reorder (LATR) model

