

The China-Backed Retailers Shipping Millions of U.S. Packages a Day

Newcomer Temu and Shein are targeting bargain hunters and benefit from lower shipping costs by sorting packages in China

By Esther Fung and Shen Lu (WSJ) Updated Dec. 22, 2023 12:00 am ET



While Shein has logistics facilities in Indiana, above, and California to handle its most popular items, most parcels are still packed in China. PHOTO: SCOTT OLSON/GETTY IMAGES

Shein and Temu have become as prolific as some well-known American retailers in the number of gifts they are putting under Christmas trees.

The two fast-growing, [Chinese-backed shopping platforms](#) are each shipping an estimated one million packages a day on average in the U.S., according to parcel-shipping consultant ShipMatrix. The totals account for a small but growing portion of the total packages delivered in the country.

Those volumes are more than twice the level of televised shopping networks and online retailers QVC and HSN, which combined ship about 413,000 packages a day around the country. On average, [Amazon](#) ships more than 20 million U.S. packages daily.

Both Temu and Shein are even busier during the current peak shipping season, said Satish Jindel, president of ShipMatrix. The average daily parcel volume in the U.S. is around 82 million this season, according to estimates from ShipMatrix.

Shein and Temu have boosted airfreight volumes as other parts of the shipping industry grapple with sluggish demand, analysts say.

Shein says it's able to make affordable apparel by predicting customer demand and producing items in small quantities. Here's how Shein has dominated the global fast-fashion market as it remains one of the least transparent e-commerce companies in the world.

Shein, founded in China more than a decade ago, made its debut in the U.S. in 2017. Now based in Singapore, Shein recorded \$23 billion in revenue last year and this year [filed paperwork in the U.S.](#) to become a publicly traded company. Chinese e-commerce company [PDD Holdings](#) launched Temu in [the U.S. last year](#) and aired a commercial during the NFL's Super Bowl in February.

"Their U.S. volume is staggering and growing," said Sunandan Ray, chief executive of [Unique Logistics International](#), a logistics and freight-forwarding company.

Other signs show the companies' increased popularity. Temu had the 10th most website-and-app visits among multi-category retailers, ranking behind JCPenney on Black Friday, according to digital data and analytics firm SimilarWeb. Temu was the most downloaded free app on iPhones in the U.S. in 2023, [Apple](#) said [earlier this month](#).

Both Temu and Shein have been disrupters in the U.S. retail landscape by selling products like sweaters and wireless headphones for \$5 as well as pricier items. The two retailers said they are able to keep costs low for consumers as a result of their logistics operations.

Individual packages bound for the same U.S. ZIP Code or geographic region are packed together on pallets in China, skipping the step—and higher cost—of sorting in the U.S. Typically, U.S. retailers store imported inventory in warehouses across the country and later sort and package them for delivery to stores or to individual customers.

Most of Temu's merchants are based in China and they send products to Temu-affiliated warehouses for inspection, packing and shipping, the company said. "By inspecting and bundling products at the source, we eliminate many traditional logistical steps," a Temu spokesman said. He added that processing large volumes of orders also helps it secure lower shipping rates.

Shein said its on-demand business model works to match the supply of goods to market demand and its closer partnerships with manufacturers limit overproduction and storage costs. While Shein has logistics facilities in Indiana and California to handle its most popular items, most parcels are still packed in China, according to logistics consultants. Shein also forged ties with warehouse operators in the U.S. to support its express shipping option, a company spokeswoman said.

Following recent [attacks on ships in the Red Sea](#), logistics industry analysts are monitoring the security situation to determine whether shippers will have to divert ocean freight away from the area or to airplanes. The situation isn't likely to affect orders from U.S. shoppers of Shein and Temu because they typically rely on planes to move goods across the Pacific.

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Representatives from logistics companies said that Temu and Shein eke out other savings by reducing package size to a minimum and betting that customers are willing to accept extended delivery times.

With standard shipping, about 76% of orders get to U.S. customers within 10 days, according to Shein's website. Temu packages typically arrive between five to eight business days after they are ordered in the continental U.S., according to its website.

After Temu and Shein pallets arrive in the U.S., by air, they are trucked to parcel carriers' facilities. Parcel carriers said that having more time to deliver packages to individual addresses means they can save on expensive long-haul trucking on a tight deadline.

"We benefit from the presorting in the supply chain. We can offer them lower costs for their delivery because of their work reducing our work," said Andy Whiting, founder and chief executive of last-mile delivery company Better Trucks.

ShipMatrix estimates that QVC's average parcel shipped has an order value of \$46 compared with Temu's \$29 and Shein's \$39.

"I feel like I can rack up so much and be able to pay for that," said Felicia Johnson, a 27-year-old kindergarten teacher in New York who frequently places orders on Shein. "That's why I will continue to shop with them."

Shein and Temu also benefit from the de minimis rule, which eliminates duties and taxes on goods valued at \$800 or less for a customer importing merchandise from abroad. This rule is meant to reduce red tape for low-value, low frequency shipments between foreign sellers and U.S. customers.

[Some U.S. lawmakers and businesses say](#) the exemption is a loophole that enables companies like Shein and Temu to receive little customs scrutiny, while shipping products that might be unsafe or made with forced labor. They have called for more scrutiny on these companies.

Shein and Temu said their growth isn't dependent on the de minimis rule. Shein has said it has "zero tolerance" for forced labor and Temu has said that the allegations are "completely ungrounded."

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