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5 Ways Innovation in China Can Help Your Business

Evolving From Factory to Lab to Studio, China Is Becoming a Center for Creativity, Says DDB's Dick Van Motman

by [Dick Van Motman](#)

Published: [October 28, 2009](#)



SHANGHAI (AdAgeChina.com) -- Most people believe China is the factory of the world, a sweat shop where quantity, rather than quality reigns. But China is developing fast from being the world's factory to a place at the cutting edge of technology, creativity and innovation.

What are the implications and opportunities of this transformation for western companies?

First, don't look at innovations found in China as unique to that market. Figure out how they can be transplanted back to more developed markets.



Dick Van Motman

An example is Electronic Arts, one of the world's leading game designers.

The company has adopted its free-to-play model in China for the global launch of its Battlefield Heroes online game. Playing the game is free, the revenue comes from optional micro-transactions for buying merchandise like avatar weapons and costumes.

A second possibility is creating in China, for the world. Not as a goods factory or even as a cyber farm

handling coding and programming for western companies like Microsoft Corp. But by creating ideas, concepts, designs, art that leverage the melting pot of nationalities now found in China's largest cities.

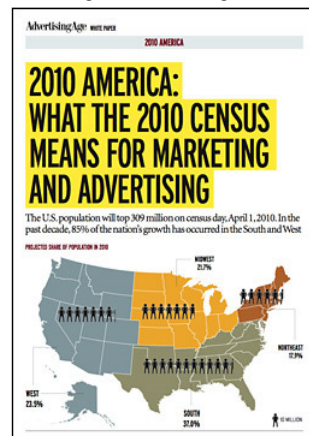
An example of this is a company called Cmune, a 3D social platform founded in Beijing two years ago by a combination of western and Asian executives such as Ludovic Bodin, Shaun Lelacheur, Yong Joon Hyoung and Benjamin Joffe.

A truly multicultural company, it launched Paradise Paintball, a browser-based 3D multi-player game in November 2008. It was ranked No. 1 worldwide on Apple's Dashboard for two months and became the first 3D multi-player game on Facebook.

A third option is forming strategic partnerships with emerging Chinese companies, in hopes of becoming a world leader together. A very recent example of this is Volkswagen's tie-up with the automobile and battery maker BYD Co., paving the way for BYD to supply lithium-ion battery technology for upcoming VW cars. Imagine Volkswagen designs, quality and branding powered by BYD's innovative electric battery.

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Within the media world, another example is Touchmedia, an in-taxi media company that provides ads and content via touchscreens and paper posters. The Shanghai-based company was founded by an American-born Chinese entrepreneur, Micky Fung, and its technology potentially can be reapplied in both developing and developed markets.

The fourth, and one of the more obvious, opportunities is to design for China and sell in China, capitalizing on the market's massive scale and rapid growth. Most multinationals have had a learning curve in China and have adapted products for the local markets, but it's not easy.

In some categories, like sportswear, international designs are favored more than Chinese styles, both in products and advertising. In other areas, like skin care and health care, Chinese are less fond of foreign influences and products.

The last possibility is the easiest in terms of effort and investment. It is about helping China sell to the world. This involves using the considerable intellectual capital, which the West has developed already in branding, communication and design, to help Chinese companies.

A handful of Chinese companies are moving down this road already, such as Lenovo Group, Haier Group, Li Ning Co., and China Mobile. These companies have invested in marketing, manufacturing, distribution and joint ventures outside the mainland as part of grand plans to build leadership positions in their industries.

The real question is not whether, when and how soon a Chinese brand can become globally popular. It's figuring out how we -- both Chinese and foreign companies -- deal with and benefit from China's inevitable progress from being a factory to a studio. The picture is still being painted. We can wait and watch till the paint runs dry to see if it is a great picture or we can leave our own imprint on the canvas.

Dick Van Motman is DDB Group's CEO and president, China based in Shanghai.

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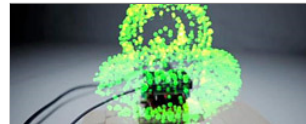
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