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Business in China: Is Local Design the Key to the Throne?

In 2010 the number of Chinese billionaires nearly doubled – from 64 the previous year to 115. The number of Chinese millionaires – individuals with at least USD 1 million in investable assets -grew 12% to 534,500.

To reach this growing consumer base, companies outside China are increasingly incorporating Chinese customer preferences into design choices and performing R&D locally. While there are often unexpected challenges in translating local preferences into product (see next week's newsletter), the results can be transformational.

An inspired result of US-China cross-border engineering and design is the "Numi" – a "smart toilet" from Kohler, the 138-year old plumbing fixtures company based in Wisconsin. Retailing for USD 6,400, the Numi's many features include a heated footrest and remote controls for the integrated bidet. Users can also play video games, read e-books, listen to music, and Skype friends while seated.

Kohler's revenue from China is reportedly about 20% and growing: not bad for a traditionally low-tech, low-glamour industry.

However, while local design is one ingredient for local success, local marketing is equally important. The [Numi promotional video](#) has been viewed nearly 200,000 times on YouTube, but that site is blocked in China. The Chinese site, Youku, has the Numi video but only in the original English version. The site has been viewed less than 9000 times and has generated very little discussion

In China, the most affluent portion of the population is largely within the 25- to 45-year age range. These are savvy technology users who may be familiar with English but have a greater comfort level with Chinese.

For optimum success with consumers in China, a great product design should be supported by promotional strategy that is on-line, has local design components, and includes local language. This is the real key.

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