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3DR Co-Founder and CEO Chris Anderson explains how Chinese drone maker DJI crushed U.S. competitors by outdoing them in all areas: design, marketing, software, pricing and product-release strategy. Anderson says consumer-hardware companies in America must know that Chinese firms don't just copy others, but present a real threat due to strong engineering, low-cost manufacturing and rapid innovation cycles.



Transcript

- So DJI is a company that grew up in the Pearl River Delta, in Shenzhen.. You know, I describe the companies of that era as the ones that were making iPhones for ten years and taking notes.. They basically, the iPhone processes, and everything about Apple and the iPhone was something they were really well schooled on.. DJI...so I lived in China for four years.. My children were born there.. And I knew that they were not just copying.. They weren't just low-cost manufacturing.. I knew that there was a really strong engineering culture there.. And so we were prepared for this.. We were prepared for tough competition from China..

And we have a theory, which I'll get to in a second.. But everyone said, and you still hear this, I can't believe you still hear this in Silicon Valley.. Everyone said, "Oh don't worry about China, "they can't do x." And sometimes x was innovate.. And sometimes x was global distribution.. Or sometimes x was marketing.. Or sometimes x was software, or design, or something.. As far as I can tell, there's no x.. We haven't found an x.. DJI does all that stuff.. They started global..

They've fantastic software, fantastic marketing, fantastic design.. They innovate.. Everyone said, "Oh don't worry, China just copies." I don't know when that was true, but that has not been true in my life, since I've been paying attention there.. DJI is innovating faster than everybody else.. I talked to the US trade reps, and they're like, "So, did DJI "dump products under cost? Do you wanna file some--," I was like, "No.. They kicked our ass, just fair and square." And it's like, by the way, they kept their prices higher than ours.. What they did is they just innovated faster, so what they would do is they would release a product at 15 hundred bucks, which is higher than our price.. And we're like, "Ah, our product's cheaper." Then like, six months later, they release another product at 16, 15 hundred bucks, whatever.. And then that product they'd released six months earlier goes down to 500 bucks.. And so they managed to get the high end of the market and the low end of the market by simply iterating so fast..

And I'm like, you know, this is not dumping, right.. This is just innovation, This is a country doing to Silicon Valley, what Silicon Valley did to everybody else...