Deloitte.

德勤



EDGES OF CHINA







TABLE OF CONTENTS

Foreword from Deloitte	3
The Edges of China	7
Innovation Hubs in China	21
Are you ready?	25
Acknowledgements	26



Foreword from Deloitte China

What happens in China does not stay in China. In recent years, Chinese enterprises have begun reshaping global markets in significant ways. From the "BYD effect" to the "DeepSeek moment," China's new business models and innovation ecosystems challenge the status quo and create a new sense of the possible.

The Edges of China captures the most distinctive strategic and operational choices Chinese companies make – offering important lessons for businesses the world over.

Developed through close collaboration between Deloitte China and the Deloitte Center for the Edge, this booklet explores eight capabilities that underpin the success of leading enterprises in one of the world's most competitive markets. Through these case examples, we hope to convey the richness, dynamism and diversity of China's business landscape. It is our sincere hope that the lessons learnt from leading Chinese enterprises will provide businesses around the world with fresh inspiration and new perspectives at a time of accelerating technological and geopolitical change.

China is by all measures one of the world's largest markets and offers multinational enterprises significant opportunities for growth, talent, technology, and business transformation. As a leading Professional Services Firm that is both deeply rooted in China and globally connected, Deloitte China serves many of the most competitive and innovative enterprises in the country. We are wholeheartedly committed to helping our clients to capture the broad range of opportunities China offers today and to position advantageously for the future.

We hope that the reader will enjoy the amazing journey this booklet describes and will find many ideas that resonate within Executive teams.



Vivian Jiang
Partner
Deloitte China Chair



Dora Liu
Partner
Deloitte China CEO



Foreword from Deloitte China Global Office

For decades, global companies have looked to China through two primary lenses: as one of the world's most important growth markets, and as a manufacturing base supporting global expansion. Increasingly, a third lens is becoming just as important: China as a source of innovation, new technologies, and new models for businesses to compete.

This shift matters. Chinese companies are increasingly competing internationally, while innovations developed and tested in China are reshaping industries from electric vehicles and renewable energy to artificial intelligence, advanced manufacturing, and biotechnology. For multinational companies, understanding China is therefore about more than winning in China. It is also about understanding how competition and competitive advantage themselves are changing.

That is the opportunity explored in the Edges of China.

The central idea of this booklet is deceptively simple. Many successful organizations operating in China appear unusually effective at collapsing the distance between idea and scale. They bring strategy closer to the market, research closer to commercialization, ecosystems closer to enterprise, regulation closer to deployment, and consumers closer to innovation. The eight Edges described here capture different manifestations of that broader pattern.

These models should not be copied uncritically. China's particular combination of market scale, infrastructure, talent, supply chains, institutions and competitive intensity cannot simply be recreated elsewhere. Leaders should consider what the underlying capabilities could mean for their own organizations.

We suggest three possible responses: Adapt relevant elements of the underlying operating model where it can create advantage in your own markets. Engage selectively with companies and ecosystems in China to access technologies and capabilities developed there. Embed into China's innovation and industrial ecosystems to better understand how technologies, business models, and competitive dynamics are evolving.

Deloitte China has operated in China for more than a century. Today, our teams work across China and around the world with organizations navigating the opportunities and complexities created by this next phase of China's development. The Edges of China brings together some of what we are learning from that experience.

We hope these stories prompt a different kind of conversation: not simply "What is happening in China?", but "What can China teach us about how competitive advantage is changing, and what should we do about it?"



Marco Hecker
Partner
Deloitte China
Global Officer







The Edges of China

How China Collapses the Distance Between Idea and Scale

Over the past decade, China has produced an extraordinary range of companies and innovations that have reshaped industries, challenged incumbents and changed expectations of what can be brought to market at scale. Some have become global icons; others remain relatively unknown outside China. They span electric vehicles and artificial intelligence, advanced manufacturing and biotechnology, consumer products, digital platforms, energy and robotics.

Across the organizations and ecosystems we studied, one pattern repeatedly stood out:

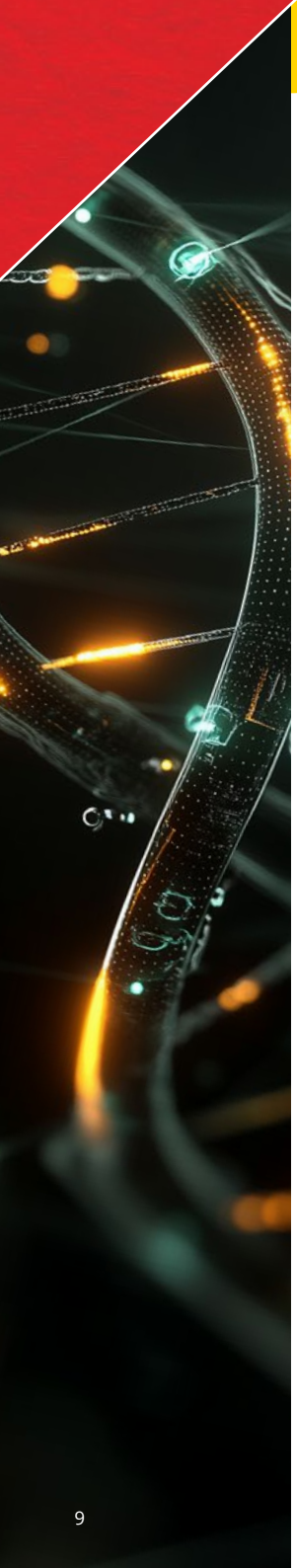
they shorten the distance between idea and scale.

Products reach customers sooner. Research moves closer to commercialization. External capabilities become part of how companies operate. New technologies reach real-world deployment earlier. Industrial capabilities mobilize around opportunities as they emerge.

That observation became the starting point for our research. Over the past year, we studied national champions, emerging disruptors and multinational companies operating in China, alongside the broader environments in which they compete and innovate. Our research focused on a fundamental question:



What allows some organizations and ideas in China to move from possibility to scale unusually quickly?



We found recurring patterns at two levels. The first comes from **choices leading organizations make**: bringing strategy closer to market feedback, building capabilities others choose to build around, extending the enterprise through external ecosystems, and bringing activities once distributed across different channels into a single platform. These are choices about how businesses in China compete.

The second comes from **conditions in China that can accelerate ideas**. Large and engaged populations can give unfamiliar products, services and business models an early test. Concentrations of talent, research, suppliers, capital and manufacturing put many of the ingredients for innovation within reach. Real-world experimentation can inform emerging regulation, while China's industrial depth provides resources, infrastructure, supply chains and production capabilities that can help promising ideas scale.

Across both levels, the common thread is proximity. Strategy sits closer to the market; firms work more closely with external capabilities; discovery and transaction converge; innovators encounter adopters sooner; research is linked more tightly to commercialization; regulation learns from deployment; and industrial capabilities connect ideas to production. Activities that often sit across separate organizations, institutions or stages of development can interact much more directly.

That proximity creates powerful feedback loops. Organizations can learn from customers while products are still evolving. Partners can contribute capabilities without joining the same corporate boundary. Research can move toward production alongside specialist suppliers and engineering talent. Emerging technologies can encounter users and operating environments while products and rules are still developing.

These practices are not unique to China, and success is never automatic. **What stands out in China is the speed, scale and intensity with which these capabilities can interact**. Its market, talent, infrastructure, industrial depth, institutions and competitive environment create conditions in which the distance between idea and scale can become unusually short.

We call these recurring sources of advantage the Edges of China.

The eight Edges fall into two groups: **how businesses in China compete**, reflecting choices made by leading organizations; and **how China accelerates**, reflecting conditions that can give ideas a head start on adoption, innovation and scale. Together, they provide a way to examine how advantage is being created in China and what those patterns could mean elsewhere.



The Eight Edges of China

HOW BUSINESSES IN CHINA COMPETE

Choices leading organizations in China make to move closer to markets, capabilities and customers.

1 Strategy at Market Speed

Let the market write the next move

2 The Indispensable Link

Become the capability others build around

3 The Company Beyond the Company

Grow beyond what you own

4 The Economy Inside the Platform

Turn attention into an economy

HOW CHINA ACCELERATES

Conditions in China that give ideas a head start on adoption, innovation and scale.

5 A Nation of Early Adopters

Where the new finds its first believers

6 Innovation Density

Where everything innovation needs is within reach

7 Regulation in Beta

Where the rules learn from the real world

8 The Industrial Advantage

Where the foundations for scale run deep

What could China's Edges reveal about your own?

The Edges are not a blueprint to be copied wholesale. Some point to operating practices that can be adapted elsewhere. Others draw much of their advantage from capabilities and conditions found within China. For business leaders, the opportunity is to decide where these patterns can inform change inside the organization, where accessing capabilities in China creates value, and where proximity to the ecosystem itself matters.

Adapt

What could work in your own organization?

Adapt relevant elements of these operating models to your own market and circumstances. Practices that shorten the distance between strategy and customers, organizations and capabilities, or ideas and execution may travel even when the surrounding context differs.

Engage

What could you access through others?

Engage selectively with companies, universities, technology providers and ecosystems in China where engagement provides access to capabilities, technologies or insights that would be difficult to develop independently.

Embed

Where does proximity itself create advantage?

Establish or expand parts of your business within China's innovation and industrial ecosystems when sustained proximity to talent, research, technology, suppliers, infrastructure or customers creates capabilities that are difficult to access from a distance.

The Edges of China offer a lens for identifying where distance slows an organization down, where proximity creates advantage, and whether to adapt relevant practices, engage with capabilities in China, or embed selected activities within the ecosystem.

The Eight Edges of China

1 Strategy at Market Speed

Let the market write the next move

Leading organizations shorten the distance between planning and market feedback. Products and propositions reach real customers earlier; what happens next informs what gets refined, scaled or abandoned. Strategy becomes a continuous cycle of planning, testing, learning and adapting.

2 The Indispensable Link

Become the capability others build around

Some organizations become disproportionately valuable by solving hard problems at critical points in a larger system. Their advantage comes from capabilities, technologies or infrastructure that connect different parts of a value chain and make the wider ecosystem work better. As those capabilities deepen, partners and opportunities increasingly form around them.

3 The Company Beyond the Company

Grow beyond what you own

Leading organizations increasingly orchestrate capabilities they do not need to own. Suppliers, developers, manufacturers, research institutions and other partners can become part of how the enterprise creates and delivers value. The advantage comes from making the ecosystem operate with greater coordination while participants retain their independence.

4 The Economy Inside the Platform

Turn attention into an economy

Some platforms bring activities once spread across separate channels into a continuous experience. People discover products, develop intent, interact with merchants, transact and access services without leaving the environment. Media, marketplace and services begin to operate as one economy.

The Eight Edges of China

5 A Nation of Early Adopters

Where the new finds its first believers

China's large and engaged consumer and workforce populations can provide unusually rich environments for testing unfamiliar products, services and business models. Early adoption generates real-world feedback quickly, helping innovators understand what works, refine what does not and accelerate promising ideas toward wider adoption.

6 Innovation Density

Where everything innovation needs is within reach

Across parts of China, talent, research institutions, specialist suppliers, capital, manufacturing and commercialization capabilities concentrate around particular technologies and problems. That proximity shortens the distance between disciplines and between discovery and application, allowing knowledge and capabilities to reinforce one another.

7 Regulation in Beta

Where the rules learn from the real world

In emerging fields, definitive rules can be difficult to design before technologies encounter the real world. Pilot zones, controlled experiments and public-private testing environments can allow innovation and governance to evolve together, using evidence from deployment to inform standards, safeguards and future rules.

8 The Industrial Advantage

Where the foundations for scale run deep

China's industrial advantage extends beyond factories or low-cost production. Dense supplier networks, manufacturing capabilities, infrastructure, logistics, skills and domestic demand connect multiple stages of an industrial system, shortening the journey from prototype to production and helping successful ideas scale through capabilities already in place.

Exploring the Edges of China

The Edges of China cards bring each Edge to life through examples drawn from companies and ecosystems operating in China. Together, they offer different ways to examine how organizations compete, how China accelerates innovation and scale, and which underlying practices may be relevant in other industries and markets.

Use the cards individually or in combination to explore the cases, compare how the same Edge operates in different contexts, and consider what the patterns could mean for your organization.

We hope these cards not only inspire you to envision new opportunities but also actively pursue them wherever you may be.

Strategy at Market Speed



Haier



Moonshot



SHEIN



Xiaomi

The Indispensable Link



BYD



Mixue



Zhongji InnoLight

The Company Beyond the Company



HarmonyOS



Siemens

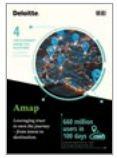


Toyota



Volkswagen

The Economy Inside the Platform



Amap



WeChat



Douyin

A Nation of Early Adopters



Chi Forest



L'Oréal



Ping An



Yum China

Innovation Density



DeepSeek

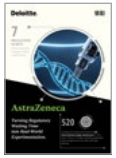


DJI



XtalPi

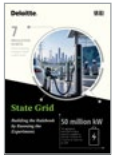
Regulation in Beta



AstraZeneca



Baidu Apollo Go



State Grid



Unitree

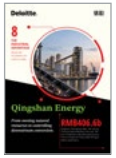
The Industrial Advantage



Envision



Luxshare



Qingshan Energy

How to use the cards

Explore the Edges of China card pack to examine how different organizations apply the eight Edges in practice, compare their approaches and consider which ideas may be relevant to your own organization.

Here are three ways of exploring the Edges:

#1: CASE STUDY

Read the case study on an individual card. What is distinctive about the organization's approach? How does the case illustrate its assigned Edge? Use the Edges of China Quiz or Fitness Test to explore the implications further.



#2: MIX IT UP

Choose three or four cards, each from a different Edge. How did each organization apply its Edge? Why did the approach make sense in its particular context? Given the challenges facing your sector, which Edge may be most relevant?



#3: DEEP DIVE

Choose two or three cards from the same Edge. How did the organizations apply that Edge? How did the applications differ across industries and contexts?











Innovation Hubs in China

From factory floor to innovation engine

China's role in the global economy is changing as innovation becomes an increasingly important part of its growth story.

For decades, China's economic rise was associated primarily with manufacturing: enormous production capacity, integrated supply chains, infrastructure and a workforce capable of producing for the world.

That industrial strength remains. But another system has grown around it.

China now combines investment in research with large-scale engineering talent, technology companies, universities, entrepreneurs, manufacturers and increasingly sophisticated domestic demand. Innovation is no longer concentrated in a handful of technology companies or coastal cities. It is distributed across a national network of specialized ecosystems.

The scale

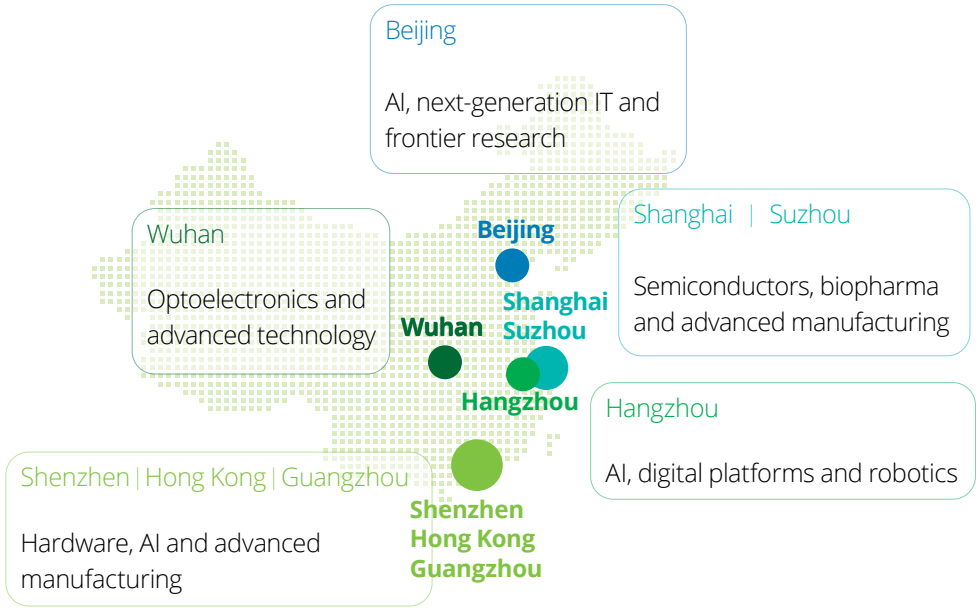
179
National high-tech zones

USD 587 billion
National R&D expenditure in 2025, equivalent to 2.8% of GDP

USD 3 trillion
Combined 2025 output of national high-tech zones, equivalent to 14.5% of China's GDP

6.1%
R&D intensity among firms in the zones, more than twice China's national level

The anchors



The shift is bigger than any one hub.

Across multiple regions and industries, China's innovation system increasingly connects the capabilities required to move from research to commercialization and from prototype to production.

Manufacturing remains an advantage. Increasingly, it is also part of the infrastructure for innovation.

A closer look: specialization at extraordinary depth

The headline hubs show the scale.
Within and beyond them, specialized ecosystems have formed around specific problems.

01 HEFEI
Quantum
~1/3 of China's quantum firms

Research institutions, specialists and suppliers of lasers, vacuum systems, cryogenics, machining, electronics and chips have accumulated around the city's quantum ecosystem.

02 WUHAN
Optoelectronics
16,000+ specialist firms

Optics Valley concentrates fibre, lasers, optics and adjacent technologies, alongside talent, entrepreneurial projects and investment.

03 WUXI
Integrated circuits
340 IC companies

Capabilities span R&D, design, manufacturing, equipment, packaging and testing across a tightly connected semiconductor ecosystem.

04 HANGZHOU
AI + Robotics
500+ AI companies

DeepSeek and Unitree sit alongside hundreds of companies, university research and environments connecting research, pilot production and application.

05 SHANGHAI ZHANGJIANG
Biopharma
400+ innovation-led companies

Basic research, drug discovery, clinical development and industrialization sit in close proximity within one specialized ecosystem.

06 SHENZHEN
Drones + hardware
2,000+ drone companies

DJI sits within an ecosystem of engineering talent, specialist components, tooling and advanced manufacturing built around commercial hardware innovation.

DENSITY COLLAPSES DISTANCE

Research → Commercialisation

Company → Suppliers

Technology → Deployment

Resources → Production

These are six examples within a system of 179 national high-tech zones.

The advantage comes from having more of what innovation needs within reach.

When talent, knowledge, specialist suppliers, capital, manufacturing and real-world applications accumulate around the same problem, ideas gain more pathways to develop, combine and reach scale.

Are you ready?

Discover something unexpected, then consider what it could mean for your business.

DISCOVER

How well do you know China?



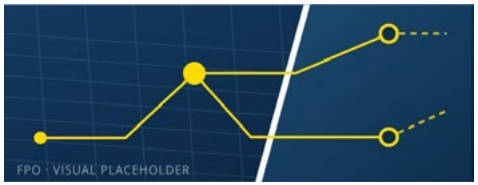
A gift inside a chat? A parked car with a second job?

Eight questions. Unexpected stories. Take a guess and discover the edges behind everyday innovations. No specialist knowledge needed.

Scan to take the Quiz

REFLECT

Think you can match China's best? Find out.



What could China's competitive edges reveal about your own?

Choose eight or sixteen questions inspired by the Edges of China, spanning strategy, ecosystems, innovation and customer adoption.

Scan to take the Fitness Test

Acknowledgements

We acknowledge the following individuals and teams from Deloitte China, Deloitte Asia Pacific and Deloitte Center for the Edge for their insights and contributions to the Edges of China:

Vivian Jiang, Dora Liu, Lawrence Jin, Marco Hecker, Jia Ming Li, Thierry Delmarcelle, Duleesha Kulasooriya, Johnny Zhang, Michelle Khoo, Tak Chi Lin, Gigi To, Yu Qian Chen, Taylor Lam, Lydia Chen, Ellie Xu, Ivy Chen, Pam Pang, June Hung, Jason Zhao, Carl Wang, Vincent Li, Riko Loke, Benjamin Bocsan, the Deloitte China Research team, and the Deloitte China Growth team

THE CHINA GLOBAL OFFICE

Deloitte China established the China Global Office in 2025 to serve Chinese and multinational enterprises with two complementary portfolios of services: "China for China" and "China for Global". The China Global Office integrates the best of Deloitte's global capabilities and resources with Deloitte China's in-depth local expertise and access. Its purpose is to deliver tangible value by combining global capabilities with local expertise for a new era of opportunity and competition.

CONTACT US

China Global Office: chinaglobaloffice@deloittecn.com.cn



Marco Hecker
Partner
Deloitte China Global Officer
mhecker@deloitte.com.hk



Jiaming Li
Partner
Deloitte China MNC Services Lead Partner
jiamli@deloittecn.com.cn

Note: All US dollar figures in this publication use an exchange rate of RMB6.7 to US$1.

