

GOING GLOBAL

Keeping guitar market on a string

Zunyi Shenqu's brand-building proves music to Zheng'an's ears

By OUYANG SHIJIA in Beijing and YANG JUN in Guiyang

New York City's Times Square is home to one of the most happening public-space advertising hot spots. That's where Zheng'an International Guitar Industry Park, from Southwest China's Guizhou province, displayed its advertisement on a giant electronic billboard for a week in January. The ad highlighted the park's strong determination to expand its business overseas.

Zunyi Shenqu Instrument Manufacturing Co Ltd is among a growing number of companies based in Zheng'an county that helped create one of the largest guitar-making hubs in western China. It is now seeking to gain momentum in its global expansion.

Currently, the industry park is home to 19 guitar manufacturers and 10 enterprises that support the guitar-making industry.

Last year, 5.01 million guitars were produced in the park, generating an economic output of 5 billion yuan (\$792 million), according to official data. The park exported 2.25 million guitars in 2017, accounting for more than one-third of China's total guitar exports.

Today, Zheng'an-made guitars cover around 30 percent of the US market, 40 percent of the Brazil market and 20 percent of the Asian market, said the local government.

Betting big on a further boom in the guitar market worldwide, Zunyi Shenqu and other manufacturers are now gearing up to build a world-class brand for the park and gain the top spot in the global market. They aim to produce 10 million guitars and create an economic output of 10 billion yuan in the next few years.

After years of development, Zunyi Shenqu, a supplier of six of top ten global guitar brands, has now made a name and money for itself.

Zheng Chuanjiu, a former farmer and general manager of Zunyi Shenqu, claimed the company produced over 600,000 guitars last year and the revenue rose to more than 200 million yuan.

Of the total output, over 90 percent were made for overseas markets, including the United States, Brazil and Africa. The figure is expected to surge to around 700,000 this



Clients from Brazil try out Zunyi Shenqu's products at its factory in Zheng'an county of Guizhou province in October 2017. PROVIDED TO CHINA DAILY



Prospective customers from Russia visit the factory of Zunyi Shenqu in Guizhou province in June 2017. PROVIDED TO CHINA DAILY

year and the revenue is estimated to exceed 400 million yuan.

"In fact, we can't really produce enough guitars to meet the huge demand," Zheng said. "Recently, we added a new production line and hired 300 new employees."

Based in Zheng'an, one of the poorest regions in Southwest China, Zunyi's factory employs nearly 900 workers, and most of them were poor neighborhood farmers not so long ago.

"At first, people could hardly believe that those professional-grade brands were made by a group of farmers in such a mountainous rural area," Zheng said. "Actually, the labor-intensive guitar manufacturing needs hardy, spirited workers."

Zheng himself is perhaps the best example of unvar-

nished genius that abounds in the area. He has no idea how to play a guitar; but he is familiar with 186 procedures involved in the production of a guitar.

Back in 1995, Zheng, a junior high school graduate, left his hometown Zheng'an and went to Guangzhou, capital of southern Guangdong province, to work alongside his brother at a local guitar factory.

The two brothers gradually learnt the skills to produce guitars. Their exquisite craftsmanship earned them promotions to managerial positions.

In 2007, the brothers founded their own factory; and in 2008, they received an order for 2,000 guitars from Tagima, the top brand in Brazil, via an international guitar exhibition held in Shanghai. Since

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Zheng Chuanjiu, general manager of Zunyi Shenqu

then, their guitar business kept growing and became a runaway success.

Zheng said the key to their success was the spirit of workmanship, saying their production lives up to a high standard. And any defective goods are destroyed, and never allowed to enter even the discount-price sales stream.

Now he wants to take further steps to improve the quality, working toward meeting the highest international standards.

"To become an increasingly influential player globally, we aim to pursue high-quality development in the future," Zheng said. "We will gradually cut the low-priced guitars and attach greater focus to middle- to high-end guitars so as to better tap into the global market."

According to him, the low-

end products are set to account for less than 20 percent of the total output this year, compared to 30 percent last year.

The original equipment manufacturer or OEM business has kept growing at a high rate. Zheng is determined to build an own brand called Benssica and develop original high value-added products.

In recent years, China has been stepping up efforts in the manufacturing sector to boost productivity and economic growth. Lei Jun, founder and CEO of Chinese tech heavy-

weight Xiaomi Corp, recently said that while quality represents hard power, product design and user experiences generate soft power — and both are key to success in manufacturing.

To cope with potential challenges, Zheng plans to organize a team of 20 senior specialists to build the company's own brand. The company will also recruit skilled college graduates to use big data to improve the operating efficiency of the systems, in terms of the supply chain, pricing and the clients' demand.

"I believe one day we will build a national guitar brand that is able to rival the top international brands," Zheng said.

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Canon sharpens focus on AI in medical imaging

By JING SHUIYU jingshuiyu@chinadaily.com.cn

Canon Medical Systems (China) Co, the medical equipment arm of Canon Inc, has set up a research center in China with over 100 laboratory technicians, and has plans to establish one more such facility.

Canon Medical executives said they are driven by optimism that the Chinese market will offer many opportunities to further explore applications of artificial intelligence or AI in medical imaging solutions.

They said demand for quality healthcare is rising among China's growing middle-income earners and a section of the population that is aging.

Matsuoka Shin, president and CEO of Canon Medical, said the company, formerly known as Toshiba Medical Systems Corp, is seeking steady and sustainable growth in the world's second-largest economy.

Camera producer Canon Inc recently announced in Beijing the official corporate name change of its medical devices unit, which was acquired from Toshiba Corp for 665.5 billion yen (\$5.9 billion) in 2016.

The Beijing-based company has the ability to enter China's medical market at a fast pace, by maximizing the combination of both its rich management resources in the local market and cutting-edge technologies like sensors and inkjet printing techniques, Shin said at a recent news conference.

Since its establishment in 1930, Canon Medical Systems has introduced a number of leading medical

systems in partnership with its customers worldwide.

With its global sales and service network, it conducts business around the world, mainly providing diagnostic imaging systems to about 140 countries and regions.

In China, Canon Medical has been enhancing efforts to stay at the forefront of applying AI in medical imaging solutions, said Yue Changhai, its senior vice-president.

According to Yue, Canon Medical started to give priority to research and development as early as four years ago, and has set up in China a R&D team dedicated to AI.

"We are planning to establish another R&D and training center in China, with reach to Asian areas, in order to meet the research and clinical needs," Yue told China Daily on the sidelines of the news conference.

The annual output of China's medical devices segment rose 13 percent year-on-year to 276.5 billion yuan (\$43.98 billion) in 2016, according to data compiled by the China Association for the Medical Devices Industry.

The growth rate of China's medical devices output was much higher than that of the global market, said Zhao Changshan, chairman of Zhongguancun Development Group. He made the remarks at the Design of Medical Devices Conference in Beijing last November.

China has become the world's second-largest medical equipment market, followed by the United States, Zhao was quoted as saying by Stdaily.com, an affiliate of Science and Technology Daily.



Passengers enter the Beijing South Railway Station after passing through gates that use facial recognition technology on Feb 2, 2018. LIU GUANGUAN / CHINA NEWS SERVICE

Giants: Tech firms see bright future

From page 13

into, for the market demand is huge, and clients in the two sectors are willing to write big checks for good technology as the data involved is humongous, experts and senior executives said.

SenseTime, for instance, is using facial recognition and crowd analysis to help public security bureaus to analyze and understand the mountain of incoming video evidence, to track suspects and spot suspicious behaviors.

The Beijing-based company, valued around \$3 billion, will also deploy its technology at a new airport in Beijing, which is under construction, to simplify security checks.

"To leverage AI is like building a car. Advanced technologies function as an engine while their applications are the four wheels. It is the engine that drives industrial revolution. But at the same time, wheels are needed to push the car to run faster," said Xu Li, CEO of SenseTime.

Claiming its facial recognition error rate is 1 in 100 million, the 3-year-old company said its clients include China Mobile, Union Pay, and Huawei Technologies.

Currently, SenseTime has a training database of 10 billion faces images and videos. In March, the company

joined an initiative launched by the Massachusetts Institute of Technology to advance research into computer vision, human intelligence-inspired algorithms, and medical imaging.

"AI is essentially to provide an end-to-end solution, which requires algorithms, software, hardware, and technology supporting each other to form a complete chain, in order to provide sufficient value. This kind of long-chain competition is the greatest challenge for us," said Yin Qi, CEO of Megvii.

The company succeeded in raising \$460 million from select investors in October 2017. It is best known for offering facial recognition technology to Alipay, the country's largest mobile payment app and an affiliate of Alibaba Group Holding Ltd.

Megvii is also expanding its presence in the smartphone sector. Selfie app developer Meitu uses it to track facial features.

"The most important aspect of AI is to combine technology with application scenarios. AI's exploration period will end this year. The next five years will see an explosion of commercial applications. It's possible new tech giants will spring from that explosion," Yin said.

Facial recognition bolsters retail, banks

By MA SI and CHENG YU

Chinese consumers of beauty products like masks and skin care creams and lotions may find in artificial intelligence or AI technology a new justification for indulgent spending.

A consumer's face is becoming central to wider applications of the facial recognition technology in sectors like retail and finance.

A pretty face and a lovely smile could make payments quicker and easier at restaurants and other points of sale. For, the facial recognition technology works better when a face has distinct features.

Take the KFC restaurant in Hangzhou, Zhejiang province, for example. Here, consumers can process their payment simply by smiling after placing their order at one of the self-service screens.

The service was launched in cooperation with Ant Financial, the finance affiliate of Alibaba Group Holding Ltd, and Megvii Technology, a startup specializing in facial recogni-

tion technology.

KFC's self-service screens are equipped with 3-D cameras that can scan a customer's face to verify identity. Consumers can also input their phone numbers to ensure security.

Luo Na, a college student in Hangzhou, said: "It's really cool. I often forget my wallet at home. Occasionally, with a beautiful smile, I can even get a discount."

That is the latest example of how quickly consumers and companies are embracing new technologies in China.

The technology is finding uses in financial services as well. Cloudwalk Technology Co Ltd, a startup incubated by the Chinese Academy of Sciences, is helping banks to boost efficiency by upgrading their facial recognition technology with machine learning.

"Artificial intelligence offers us a good opportunity to boost the accuracy of facial recognition, which can help banks simplify procedures and improve efficiency," said Zhou Xi, CEO of Cloudwalk.

When a customer walks into



A self-service machine incorporates facial recognition technology and enables restaurant customers to order food in Hangzhou, Zhejiang province, on Sept 1, 2017. LONG WEI / FOR CHINA DAILY

a bank branch, the company's facial recognition technology can help bank employees know whether he or she is a VIP client, and what expressions are on his or her face as well as what meanings they are suggesting.

Call it artificial emotional intelligence, if you will. Based on such information, bank employees can optimize their communication skills to recommend appropriate products to the customer.

Zhou said bank customers can also withdraw money

from ATMs using the system. Consumers don't have to bring debit cards though phone numbers or identity card numbers are needed to ensure security.

The company's clients now include big State-owned financial institutions such as Industrial and Commercial Bank of China and Bank of China.

In October, CloudWalk inked a strategic deal with Agriculture Bank of China, which will deploy the former's facial recognition technology at its about

20,000 branches and outlets in China.

Facial recognition technology is also used in online banking. HSBC Holdings PLC, a British multinational banking and financial services holding company, for instance, allows customers to transfer up to 50,000 yuan (\$7,515) per day to new payees by combining facial recognition with passwords on the bank's mobile app.

The app can perform an instant scan of the current user's facial features, and the user will be asked to make some facial movements or impressions, such as blinking, eyeball rolling or a swing of the head, chosen at random.

This ensures the identity is that of a real person not a picture in front of the camera, which makes it safer than fingerprint recognition. According to the data from HSBC's laboratory, the error rate in facial recognition would be around 1 out of a million, while that for fingerprints is around 1 out of 50,000.

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