

# **INTERNATIONALIZATION OF A CHINESE "BORN GLOCAL" BRAND IN A FOREIGN SECTOR: THE CASE STUDY OF GOODBABY**

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## **ABSTRACT**

Chinese latecomer firms adopt internationalization strategies in order to gain the necessary resources and competences to compete in the local and global markets. In this process, different sectors are involved: not only in the electronic one (e.g. Haier and Huawei represent two successful cases), but also in other industries Chinese firms have achieved high competitiveness in the global scenario. In this paper, we analyze the case of Goodbaby, a Chinese baby strollers' manufacturer. This company has implemented its internationalization activities since the early 1990s, and it is now one of the main stroller manufacturers in the world and the leading brand in China. In order to analyze the brand awareness and purchase behavior in the local market, the empirical design used in this study encompasses the combination of the competitive analysis of strollers' brands in the Chinese market and a questionnaire to Chinese consumers. Our research shows that Goodbaby's history reflects the internationalization process of multinationals from emerging markets (EM-MNEs), while confirming Goodbaby's high competitiveness in a sector that was traditionally dominated by foreign brands. Some managerial implications will be discussed.

**Keywords:** China, Global, Glocal, Internationalization, Goodbaby

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## 1. INTRODUCTION

In the past decades Chinese economic growth contributed to accelerate globalization, defined in literature as the process of global integration of markets and convergence of consumer preferences (Douglas & Craig, 1989; Ohmae, 1989; Levitt, 1995).

One of the consequences of globalization is the emergence - in the mid-1980s - of a "second wave" of multinational enterprises (hereafter, MNEs) from emerging markets (EM-MNEs), such as China, in contrast with the "first wave" that originated predominantly from Latin America between 1960 and mid-1980s (Mathews, 2006; Bonaglia, *et al.*, 2007). Nowadays China not only represents a competitive and increasingly important market for international firms, but it can be also considered the "most active internationalizing economy among the developing countries" (Child & Rodrigues, 2005, p. 382) as it has undertaken a relevant outward economic expansion, organizationally engaging with foreign companies or directly investing in foreign markets.

Previous research has investigated the internationalization strategies adopted by Chinese multinationals especially in the electronic sector. For instance, several studies (Liu & Li, 2002; Bonaglia, *et al.*, 2007; Duysters, *et al.*, 2009) analyzed the successful strategy of Haier, which achieved the world's largest market share in white goods rankings for the fourth consecutive year in 2012<sup>1</sup>. So far, little attention has been paid to other sectors in which Chinese brands have achieved great success competing with foreign brands. This limits the generalizability of existing theoretical findings. In fact, whereas in very established sectors the involvement of State level institutions in support of local champions has been significant, we cannot assume this commitment to be systematically pursued also in more recent and less strategic industries.

In addition, existing literature has mainly focused on the growth strategies of EM-MNEs within international contexts. To the best of our knowledge, no study has analyzed the globalization effects caused by international brands on domestic markets, either in terms of the modification generated in local consumers' perception and in the national consumer brands' competitive approaches. Analyzing these aspects is relevant because it allows framing the phenomenon of EM-MNEs evolution also in the perspective of the domestic markets, a viewpoint that - to date - has been overlooked.

In order to fill these gaps and analyze the EM-MNEs' successful internationalization processes that start on the domestic market, we focus on the case of Goodbaby. Goodbaby is a Chinese firm in the baby stroller sector. We chose this company because along the years, it has become a leader of this industry and it has simultaneously implemented its brand internationalization strategy locally and abroad. Most importantly, this company operates in a very peculiar industry. In fact, the stroller sector is part of the wider baby and child-specific products that has continued to show growth in China, with a 17% current value increase in 2011 (Euromonitor, 2012). Thus, it represents an incredibly attractive market for foreign firms. As our data will highlight, Chinese products are relatively new in this sector that has been for long time dominated by foreign brands. In such a context, it is very difficult to be successful and outperform foreign firms. Yet, Goodbaby has been able to simultaneously become a domestic and global leader thanks to its ability to leverage its international standing in the local market.

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<sup>1</sup> <http://www.haier.com> (accessed 13 March 2013).

This paper is framed in the following manner. First, we review literature on EM-MNEs' internationalization theories, with a specific focus on Chinese companies. We examine the conditions that provide latecomers with advantages in the international market, and Chinese market's increased competitiveness due to the rise of the "good-enough" market segment.

Second, we analyze the case study of Goodbaby, a unique case in the strollers' sector that currently controls nearly 70% of the market in China and is the largest supplier of strollers in Europe and United States, where it sells its products under different labels (Lee, 2009). We interviewed a manager of Goodbaby company in order to have a wide view of its internationalization process and strategies. The empirical analysis was conducted through two main steps: 1) by elaborating a competitive analysis, in which Goodbaby's marketing strategy turns out to be clearly distinct from other local competitors, and 2) by analyzing the consumers' perception and behavior through a questionnaire administered to Chinese young mothers in order to understand the importance of the products' attributes and the role played by different kinds of information sources.

Last, the discussion section follows, and some managerial implications are provided on the extent to which the experience of Goodbaby is useful for other Chinese or Western firms. Limitations and directions for future research conclude.

## 2. LITERATURE REVIEW

A vast literature in International Business has investigated the process activated by multinational enterprises in the extension of their operations in foreign countries (Buckley & Casson, 1976; Johanson & Vahlne, 1977, 1990; Dunning, 1988). However, in the past decades, the accelerated process undertaken by emerging markets such as China has provoked an animated debate among researchers regarding the applicability of the previous research. As a consequence, alternative approaches have been proposed (Mathews, 2002, 2006; Li, 2003; Child & Rodrigues, 2005; Collinson & Rugman, 2007).

One of the most applied theories of market internationalization is represented by the internalization theory of Buckley and Casson (1976), which conceives the firm as an internalized bundle of resources. These resources can be allocated between product groups, and between national markets, reducing transaction costs and maximizing profits.

On the contrary, the view proposed by Johanson and Vahlne (1977, 1990) belongs to the learning theory, based on which firm internationalization is a staged development characterized by an incremental, risk-averse and reluctant adjustment to changes in a firm or its environment.

Dunning (1988) identified three necessary conditions for firms to be willing to undertake investments abroad: the ownership advantage (derived from extending the existing proprietary assets abroad, such as brands and proprietary technologies), the location advantage (resulting from the foreign country's superior market or production opportunities in terms of costs), and the internalization advantage (maintaining the core competences of the firm within the firms' boundaries). These advantages constitute the "OLI framework" or "eclectic paradigm" of international production.

The previous internationalization theories do not seem to be applicable to EM-MNEs as they were mainly developed based on the experiences of large, mature Western

firms that already had the resources and capabilities to expand internationally. On the contrary, in the case of latecomer MNEs from emerging countries, the internationalization process does not follow a staged development. In fact, they have to internationalize in order to search the resources needed and build their business advantages (Peng, 2001; Bonaglia, *et al.*, 2007).

In accordance with the "resource-based view", Mathews (2002, 2006) explained EM-MNEs' international expansion developing the Linkage, Leverage and Learning (LLL) framework: EM-MNEs seek the access to resources through linkage with external firms, in that way entering circuits of exchange and sources of advantage. The links established with partners allow resources to be leveraged and repeated applications lead firms to perform their operations more effectively. The LLL framework fits the internationalization operated by "Dragon Multinationals" ("Dragon MNEs") defined by Mathews (2002, 2006) as firms from the "Periphery", historically a secondary area in the world economy in contrast with the "Center" (United States, Europe, and Japan), which became leading firms in the operating sectors in a few decades. The Dragon Multinationals from the Asia-Pacific region include the following countries: China, India, Korea, Singapore, Malaysia, Taiwan, and Mexico. Although Mexico is not located in Asia, it is considered a Dragon Multinational country as it borders the Pacific and is a member of Asia-Pacific Economic Cooperation (APEC).

Concerning the debate whether a new theory of the multinational enterprise is building on the experience of Asian firms or not, the findings of Collinson and Rugman (2007) showed that Asian firms mostly operate on an intra-regional basis rather than on a global basis. Nonetheless, some features are peculiar of emerging economies (Gammeltoft, *et al.*, 2010). First, government plays a larger and more active role in the economy, by defining priorities and preferences and providing support in different forms (preferential financing, subsidies, and other types of support). Second, EM-MNEs tend to be more horizontally and vertically integrated, organizing themselves in diversified business groups that result more efficient. Third, their international relations are often based ethnic, linguistic or cultural affinities, and last, EM-MNEs tend to operate in more mature rather than technologically advanced industries.

Cuervo-Cazurra and Genc (2008) analyzed the disadvantages of EM-MNEs in comparison with developed-country MNEs, but they also identified some advantages. As far as disadvantages concern, EM-MNEs have fewer ownership advantages than developed-country MNEs in several areas, including branding, advertising, technology and product-knowledge. On the contrary, advantages are related to a higher competitiveness of EM-MNEs in the home market as they have a better knowledge of the clients, the distribution channel and the institutional environment.

Regarding Chinese firms' internationalization, Peng (2005) pointed out that they do not necessarily require specific theories, different from mainstream. However, Child and Rodrigues (2005) suggested that China represents an opportunity to extend the existing theories in four areas: the latecomer perspective, institutional analysis and role of government, the relationship of entrepreneurs and institutions, and the liability of foreignness. In the EM-MNEs analysis, Chinese firms have demonstrated their capacity to overcome latecomers' disadvantages, also thanks to the financial support and protection provided by Chinese authorities, which have promoted enterprises' foreign expansion, raising them to the status of national exemplars. Nolan (2001) considered the State support as a weakness for Chinese firms that prevents them to compete with global firms, therefore Child and Rodrigues (2005) stressed the

importance for Chinese EM-MNEs to retain the freedom to pursue their own strategies, by strengthening their managerial autonomy from governmental interference. Lastly, in order to face a liability of foreignness and overcome the "psychic distance" due to their different social environment, Chinese firms prefer to invest abroad through acquisitions and organic growth rather than through joint ventures with non-Chinese MNEs.

According to Liu and Li (2002), Chinese firms' internationalization initiatives are driven by both internal and external factors. Internal factors consist of management aspiration, resources, and informational and technological advantage, whereas external factors include trade barriers, the saturation of domestic markets, international opportunities, and responses to international competitors. In fact, the rise of Chinese firms not only has relevant influences in foreign markets' competition, but also consequences for internationalization strategies of foreign brands present in the Chinese market, which have to face a more competitive field.

Brandt and Thun (2010) assumed that the intense competition between both domestic and foreign firms in China is driving and stimulating the upgrading efforts of domestic firms to improve their products' quality. On the other hand, recent research has pointed out that Chinese consumers seem to be less influenced by the symbolic value of foreign products (Zhou & Hui, 2002), showing instead more preference for products of reasonable quality produced locally that belong to the so-called "good-enough" market segment (Gadiesh, Leung & Vestring, 2007).

In spite of the huge amount of research that has been conducted on EM-MNEs in the last decade, most of the conceptual and empirical understanding we have gained refers to firms operating in highly established and strategic sectors, characterized by substantial R&D intensity and a strong commitment on the part of State authorities in supporting the competitiveness of local champions. Much less is known about EM-MNEs' competitive conditions in less strategic, newer industries, where the State commitment to boost local players can be expected to be more limited and where, accordingly, EM-MNEs are more likely to operate without this important strategic lever on their side. The following empirical analysis explores this specific case, by focusing on strollers' industry. In addition, in a departure from existing literature, we focus our attention on the consequences of EM-MNEs' internationalization on the domestic market. This perspective is relevant, as we still do not know enough about the outcomes that the well-known EM-MNEs' accelerated internationalization processes generate within the local markets, either on consumers' perceptions and on local brands' competitive approaches.

### 3. RESEARCH

In order to analyze how an EM-MNE copes with other firms in a new market, i.e. a market where products are not typical for Chinese traditions, we analyzed the Goodbaby case study. The "baby care" is the sector chosen for the analysis and in particular, we analyze the stroller business since it is quite new for Chinese consumers, so there are no traditions regarding the product use and purchase process. As consequence, firms and brands operating in China are all new from the consumer's point of view. Moreover, this sector is chosen because of the importance of the baby in China, due to the one-child policy. Among firms specialized in strollers, Goodbaby was chosen since it is the leader of the market and it is one of the main stroller manufacturers of the world.

Based on the analyzed literature and our research aim, the research questions we try to answer are the following:

**RQ1:** Are Chinese firms' marketing and branding strategies influenced by the ones of international or global firms operating in the Chinese market?

**RQ2:** In order to compete with international brands in the local market, do the features of global brands affect Chinese brands' "going global" strategies?

### 3.2 Methodology

To answer these questions the research followed three phases:

1. we analyzed Goodbaby company's profile, history, and internationalization activities by using first and secondary data. First data were collected in an interview with a manager from Goodbaby, who holds the role of assistant to the company's president, whereas secondary data are based on articles from printed magazines, the company's official website, and other online sources;
2. we made a competitive analysis of the strollers' brands in the Chinese market in order to have an overview of the sector, demonstrate the internationalization characters of the brand, and define its positioning;
3. we prepared and administered a multiple choice questionnaire for consumers to analyze Goodbaby's brand awareness and purchase rate, as well as the product variables and influencers' role in the stroller's purchase.

Understanding both the competitors' strategies and the consumers' purchase process allowed us to obtain a comprehensive analysis of the strollers' sector. After that, comparing this information with the Goodbaby history and international activities allowed us to answer our research questions.

In the analysis of the competitors' marketing strategies, we collected information concerning their entry year in the Chinese market, their products, price, and presence in off-line and on-line stores. To create our competitors' sample, we used a threefold approach. First, we considered brands that were present in a sample of 24 stores in China or were the first results listed on search engines when looking for "stroller" as keyword. Second, we included the most famous stroller brands in Western countries that also distribute their products in China. Last, we took into consideration the brands that appeared in advertisements or were photographed inside articles of some specialized magazines. 23 brands were identified for the analysis, but only 21 had a Chinese website and were retained.

For each brand, we collected the following information: entry year in the Chinese market (in case of foreign brand); number of product categories in which the brand was present; number of stroller models (different color versions were not included); average price of strollers (official price); presence of products in five leading e-commerce websites (Tmall, Taobao, Amazon, Dangdang, 360Buy); number of stores (using official website information); presence in the most famous Chinese social media (Weibo, QQ, Qzone). Other communication elements (i.e. advertising on the magazines, TV, or other traditional media) were not collected since it was not possible to have all the information required and because they are not that used to advertise this type of products. A test on three magazines was done and only three advertisements were found.

In the third part of our research, a multiple choice questionnaire directed to Chinese young mothers was prepared and collected in anonymous form in three Chinese cities (Beijing, Shanghai, and Harbin). The main channels used to administer questionnaires consisted of face-to-face interviews in city parks, shopping malls, hospitals, and

through interviewers' contacts. A total of 261 questionnaires were gathered. The questionnaire was composed of four sections that included three phases of the product purchase process (pre-purchase, purchase, and after-purchase), in addition to the consumers' socio-demographic profile. The questions regarding the pre-purchase phase considered: which information sources were used to gather product information and their attributed importance; the attributes considered for the product purchase; the preferred brand considered before purchase. The purchase phase part analyzed the role of the influencers and their attributed importance, while the post-purchase part considered the level of product's satisfaction and reasons of dissatisfaction. A 5 point Likert scale was used.

## 4. RESULTS

### 4.1 Goodbaby: history, brands, and main achievements

The Goodbaby company's history starts back in 1989, when founder and chairman Song Zhenghuan designed a children's "push and rock" stroller and launched "好孩子 Goodbaby" ("好孩子", pronounced "hao haizi", literally means "good baby") brand in Kunshan, Jiangsu Province.

Song worked as math teacher at Lujia Middle School in Kunshan City before becoming vice principal. Since the Open Door policy in the late 1970s, local governments encouraged schools to manage businesses to fund themselves, therefore Lujia Middle School started a company that assembled metal products, including parts for strollers.

Although Song did not have any relevant business experience, he was able to identify a shift in the children products' market. Therefore, he thought that the factory should make finished products and decided to design a stroller himself. The product he invented was not only a stroller, in fact its wheels could be folded in to become a rocking chair and dining chair. In 1990 the company was granted a 10-year patent in China for the "push and rock" stroller and soon after, Goodbaby established its leadership in the local market, ranking number one in strollers' sales in 1993<sup>2</sup>.

In mid-1990s the company started its international expansion: first, in 1995 during a trade fair in Dallas they established contact with Cosco, an American company part of Dorel Group. Dorel is a leading Canadian player in the juvenile sector, which is proprietary of global stroller brands such as Quinny, Maxi-Cosi, and Safety First. The active collaboration with Dorel started in 1996: since that year Goodbaby has produced strollers for the American market under local brand names, as "Goodbaby" was not perceived as effective enough in the American culture ("Geoby" brand was used as alternative, but it was soon replaced). Thanks to the collaboration with Dorel, Goodbaby also entered the Canadian market and later the European one in 2002. In Europe Goodbaby has also built relationships with Play and Silver Cross, respectively for the Spanish and English markets.

The collaboration with the international partners is also at a domestic level, in fact Goodbaby distributes their products (Quinny, Maxi-Cosi, and Silver Cross) in its wide retail system. Goodbaby also partnered with Mothercare, UK high-end retail brand, creating a joint venture of which Goodbaby owns 70% in order to open flagship stores in China's most important cities. Although Goodbaby produces most of the strollers

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<sup>2</sup> <http://www.gbinternational.com.hk/> (accessed 14 March 2013)

sold in Mothercare stores, they are not Goodbaby branded, as they are positioned in a higher market segment.

Another differentiation strategy implemented in the local market consisted of the establishment in 1999 of the "小小恐龙 Happy Dinosaur" brand (later renamed "小龙哈彼 Little Dino" in 2006) for low-priced strollers.

In 2000 the product line was extended to children's bicycles, tricycles, cribs, and other durable products, in addition to baby clothes and toys. In 2005 car safety seats were included in the product line, too, even if a car seat law was not enacted yet. Nowadays Goodbaby produces more than 5,000 different products for kids between 0 and 8 years old.

Since the establishment of the company, Goodbaby Group invested on R&D centers in China and abroad, aiming to build a comprehensive global R&D system, composed by five R&D centers with more than 330 professional R&D and design engineering staff located in Kunshan, Hong Kong (toy division), Boston, Amsterdam, and Tokyo. Throughout the years, Goodbaby Group has received many recognitions and awards by Chinese institutions. For instance, in 1999 Goodbaby was recognized by the State Administration for Industry & Commerce (SAIC) and other ministries as a "China famous brand" and in 2010 it received the "China Quality Award" according to the China Excellent Performance Evaluation Standard. At an international level, in 2007 Song was granted "Entrepreneur of the Year Award" for the greater China region sponsored by Ernst & Young, and in 2008 Goodbaby was named as one of the "50 local dynamos" from fast growing economies by The Boston Consulting Group.

In order to increase brand recognition, Goodbaby implemented several marketing activities. In 2010 Goodbaby was the exclusive stroller sponsor of Expo 2010 Shanghai; in 2012 Goodbaby Group extended its collaboration with Nike that started the past decade with an on-line retail partnership to have the exclusive right to sell Nike children's wear through Goodbaby website<sup>3</sup>.

In addition, since its establishment Goodbaby has put emphasis on the importance of social role of the company, by giving contributions to national causes, for instance during natural calamities such as the 2013 earthquake in Sichuan province.

In 2006 67% of Goodbaby stakes were sold to a foreign private equity company from Hong Kong, Pacific Alliance Group, for \$122.5 million. Song has maintained his position as chairman and owns the stakes' remainder with other managers. In November 2010 Goodbaby International Holdings Ltd, a subsidiary of Goodbaby Group, went public on the Hong Kong stock exchange.

In 2010 due to a more competitive market caused by an increasing presence of international competitors, Goodbaby decided to update its brand image, by changing its logo (Figure 1) and creating a new brand framework<sup>4</sup>. The new design was developed by a Dutch studio, Beginstudio, which changed the logo by making it more modern. The name was shortened into the initials "gb", therefore it can be used to indicate other names different than "good baby". The font was changed, too, but Chinese characters remained unvaried, as the brand is nationally known with it. Logo texts are kept in white color, but the color's background turned from blue to red color.

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<sup>3</sup> <http://www.china.org.cn/> (accessed 14 March 2013).

<sup>4</sup> <http://www.coroflot.com/> (accessed 14 March 2013).





**Figure 1.** Comparison between Goodbaby's previous logo and updated one

Four brand values were defined (safety, durable quality, modern fashion, and love), and with accordance to the logo and brand values, the payoff unified Chinese and English texts: "让爱拥抱你 with love from gb" ("让爱拥抱你" translation is "Let love embrace you").

During our interview with the assistant to president, he declared that for Goodbaby China represents the most competitive market due to two main reasons:

- it is not a unique market, but an international one, in fact different products need to be developed depending on their geographic area (the Southern part is more similar to Japan, where there is a higher demand for light strollers, whereas the Northern part is similar to Russia, in fact heavy and thicker strollers are more common);
- the Chinese distribution system is very complex, in fact contracts need to be negotiated with distributors for different areas. Therefore, Goodbaby has established 35 sales branches in China and developed a wide distribution network that covers more than 5,000 points of sale, including 1,000 mono-brand stores.

In addition, new consumers from the '80-'90s generations are more demanding and tend to spend more time comparing products before purchase, especially by using the internet channel.

In overseas markets, Goodbaby has established cooperative relationships with 32 international distributors and 82 brand owners. It sells its products under the "gb" brand in Japan and Russia, whereas in the United States and Europe local brands are used. Its products occupy 41.2%, 34.1%, and 16.4% of the market share respectively in China, United States, and Europe.

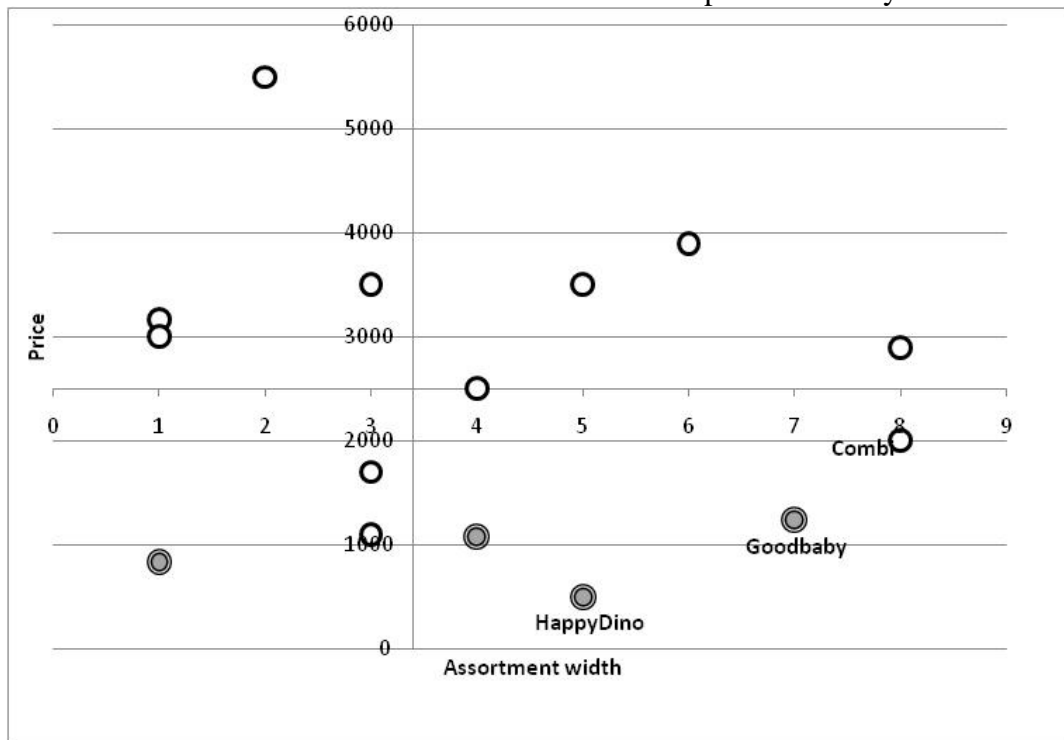
Throughout the years, the company has maintained the same philosophy: "selling a good, easy-to-use, and multifunctional product at an affordable price". With more than 16,000 employees, currently Goodbaby represents one of the most well-known local brands in China and it aims to increase its positioning even further. In fact, on 18 April 2013 Goodbaby International held a press conference to celebrate the production of the 100 millionth stroller since the Group's establishment in 1989. A new starting point for the company was also defined in order to reach a revenue target of 10 billion yuan (\$1.6 billion) in the domestic market by 2015.

## 4.2 A competitive analysis of the baby strollers' sector in China

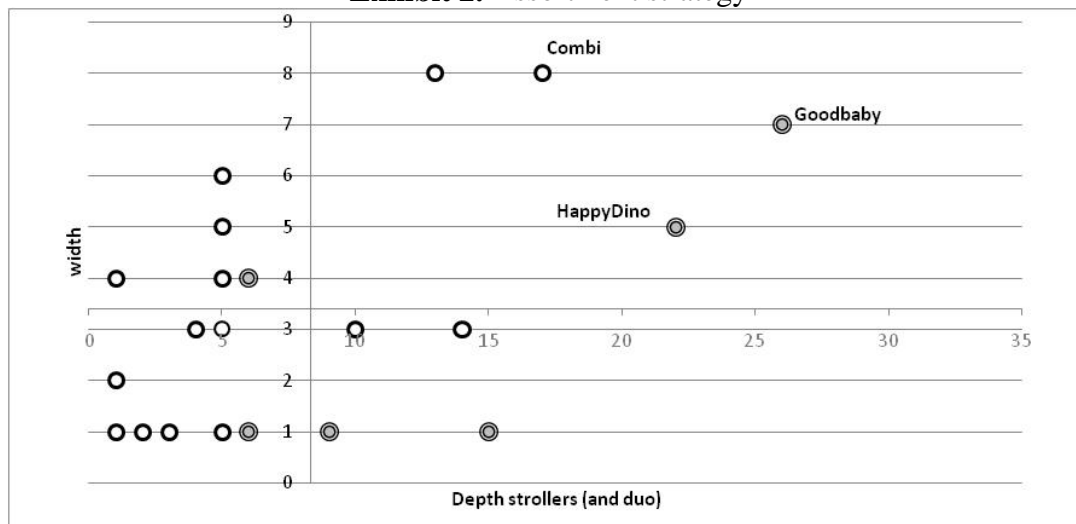
Analyzing the price of strollers of our sample, with an average price of 1,241.74 RMB Goodbaby is positioned low (below the mean, which is 2,422.89 RMB) like the other Chinese brands. But comparing the price only with Chinese brands, its price is the highest one (Exhibit 1). Moreover, Goodbaby has a wide variety of products (i.e. number of categories), satisfying the majority of the needs in baby carrying. The only competitor with a similar strategy is Combi, a Japan-based company with subsidiaries

in many countries. This is also confirmed by the data gathered during the interview with Goodbaby's manager.

**Exhibit 1.** Price and assortment width of product variety<sup>5</sup>



**Exhibit 2.** Assortment strategy



To go deeper with the assortment strategies' analysis, we compared the width and the depth (number of different strollers each brand offers) of the product variety. Goodbaby occupies a distinctive position (Exhibit 2) as it is present in most of the baby products' categories and has the deepest variety of products. It is followed by Happy Dino, which is a brand of the same group. It has to be noted that the way in

<sup>5</sup> Data related to 8 brands are missing as the official price was not available on-line. The gray points are related to Chinese brands.

which Goodbaby classifies its products can overestimate the number of strollers. Once again, Combi is the main competitor.

Concerning distribution, we collected some information from the brands' official websites. The most distributed brand is Goodbaby, whose products are sold in more than 5,000 points of sale (including 1,000 mono-brand stores), followed by Stokke with 173 stores (no information related to their format), Chicco (105 mono-brand stores), and Zooper (105 specialized stores). The main competitor Combi declares to have 53 mono-brand stores.

10 brands are present in all the main Chinese e-commerce websites, among them there is also Goodbaby (Table 1). Chinese brands do not seem to follow the same strategies, in fact Ailia products are present only in two websites, whereas Fatone and Seebaby in four. The only Chinese brand with a full presence is Happy Dino, a Goodbaby brand.

Regarding social media strategy, 12 of the 21 analyzed brands have a Weibo account, 2 have a QQ account, and only one (Aprica) has a Qzone account. Goodbaby is present on Weibo and QQ, the only competitor with this kind of presence is Seebaby.

**Table 1.** Brands' presence in Top 5 e-commerce websites

Brands	Presence in the Top 5 E-commerce websites
Britax – Romer, Chicco, Combi, Concord, Easywalker , Goodbaby, Graco, Happy Dino, Kiddy, Quinny	5
Aprica, Fatone, Joie, Seebaby, Zooper	4
Inglesina, 4moms	3
Aillia, Stokke, UPPAbaby	2
Bugaboo	1

### 4.3 Interviews with consumers

Of the 261 collected questionnaires only 204 contain information related to the purchased stroller's brand (stand-alone strollers or versions combined with car seat or pram). Two questionnaires were deleted because the interviewees bought a Goodbaby but also another branded stroller, thus we cannot define them as unique Goodbaby customers. The final sample is represented by 202 questionnaires.

Regarding the consumers' profile (Table 2), we considered average age, level of education, and declared job. There are not any relevant differences between Goodbaby buyers and non-Goodbaby buyers in terms of age and average monthly expense for child-specific products, neither for the job position. Significant differences between the two groups are only related to the level of education (Chi Squared p-value is 0.008). In particular, Goodbaby customers seem to have a lower level of education: more than 68% of non-Goodbaby buyers hold a bachelor's degree or a Master/PhD compared to 58% of Goodbaby customers.

**Table 2.** Consumer profile

	Non-Goodbaby	Goodbaby	Test (p-value)
Average age	30.35 y.o.	29.72 y.o.	Welch = 0.996 (0.322)
Level of education			Chi square = 17.322

Elementary school	5.76%	0.00%	(0.008)
High School	3.60%	6.35%	
Technical degree	8.63%	28.58%	
Bachelor's Degree	48.20%	41.27%	
Master's Degree or PhD	20.16%	17.46%	
Job			Chi square = 2.782
Employee	30.94%	36.51%	(0.734)
Manager	5.04%	3.17%	
Self-employed	25.18%	22.22%	
Owner	2.88%	0.00%	
Student	2.88%	3.17%	
Housewife	23.74%	28.57%	
Average monthly expense for child-specific products	3,775.00 yuan	3,272.41 yuan	Welch= 1.487 (0.139)

Goodbaby is the most purchased brand with 31.19% of preferences, followed by Combi with a rate of 16.83%, Graco (7.43%), and Aprica (4.95%) (Table 3). It has to be noted that the top five brands, with the exception of Goodbaby, are all foreign, whereas all Chinese brands' purchase rates are very low.

**Table 3.** Brands of purchased strollers (top five)

	N. of purchased strollers	% of purchased strollers
Goodbaby	63	31.19%
Combi	34	16.83%
Graco	15	7.43%
Aprica	10	4.95%
Quinny	8	3.96%

In addition, Goodbaby is also the preferred brand in the pre-purchase phase: 28.74% of our sample planned to buy a Goodbaby stroller, again it is followed by Combi with 13.79% of preferences, and Graco (8.05%).

To understand the reasons of Goodbaby's success, we compared two groups of consumers: the ones who purchased Goodbaby strollers and the ones who purchased other brands.

In particular, concerning the pre-purchase step, we analyzed the role of the source of information (Tables 4 and 5). We can posit that only friends assume a significant different weight for Goodbaby customers, as the information they provide to the buyer is more important than the one for non-Goodbaby customers.

**Table 4.** Information source's importance

Information importance	Non-Goodbaby			Goodbaby		
	Mean	St. Deviation	Valid N	Mean	St. Deviation	Valid N
Friends	2.76	1.23	139	3.25	1.28	63
Mother, Mother in law	2.70	1.19	138	2.87	1.30	63
Relatives	2.89	1.09	138	3.00	1.14	63

Nanny	1.63	0.94	138	1.65	1.06	63
Stores	2.68	1.16	138	2.71	1.18	63
Magazines	2.48	1.14	139	2.49	1.01	63
Company's website	2.56	1.23	139	2.56	1.20	63
E-commerce websites	2.79	1.21	139	2.94	1.15	63
Blogs, social platforms	2.40	1.33	138	2.51	1.23	63

**Table 5.** Wilcoxon rank sum test for information source's importance

	W	p-value
Friends	3336.5	0.005
Mother, Mother in law	4037	0.405
Relatives	4090.5	0.488
Nanny	4407.5	0.854
Stores	4310	0.921
Magazines	4326.5	0.889
Company's website	4348.5	0.936
E-commerce websites	4061.5	0.396
Blogs, social platforms	4091	0.489

Comparing the attributes that consumers consider important between our two groups (Table 6), we can notice that differences are few, in fact only differences (between the two groups' median) related to "easy to control" and "comfort" are significant (Table 7). As declared in the interview with the company manager, "easy to use" is considered one of the distinctive attributes of Goodbaby products.

**Table 6.** Product attributes' importance

Attributes' importance	Non-Goodbaby			Goodbaby		
	Mean	St. Deviation	Valid N	Mean	St. Deviation	Valid N
Design	3.15	1.25	139	3.32	1.16	63
Colors, Material	2.97	1.15	139	3.02	1.20	63
Chinese Brand	2.42	1.15	139	2.66	1.28	62
Foreign Brand	2.69	1.24	139	2.49	1.20	63
Popularity	2.37	1.12	139	2.54	1.18	63
Accessories	2.29	1.09	139	2.05	0.94	63
Price	3.37	1.12	139	3.19	1.11	63
Safety	4.19	0.95	139	4.33	0.90	63
Functions	3.58	1.22	139	3.83	1.06	63
Durable	3.28	1.07	139	3.35	1.05	63
Dimensions	3.50	1.08	139	3.37	0.97	63
Weight	3.60	1.12	139	3.70	0.98	63
Easy to Control	3.44	1.23	139	3.94	0.95	63
Comfort	3.55	1.26	139	4.06	1.01	63

**Table 7.** Wilcoxon rank sum test for attributes' importance

	W	p-value
Design	4066	0.401
Colors, Material	4301	0.835

Chinese Brand	3873	0.239
Foreign Brand	4782.5	0.281
Popularity	4064	0.397
Accessories	4894	0.161
Price	4701.5	0.384
Safety	3999.5	0.284
Functions	3939	0.236
Durable	4209.5	0.647
Dimensions	4810	0.240
Weight	4202.5	0.632
Easy to Control	3412	0.009
Comfort	3364.5	0.006

Concerning the purchase phase, we ran a Wilcoxon test to analyze the influencers' role, but the results show that differences are not significant ( $p > 0.05$  for all the influencers) between the two groups.

Also in the post-purchase step there are no relevant differences, in fact Goodbaby customers are as satisfied (mean for each group is 3.71) as the other brands' customers (Wilcoxon rank sum test p-value is 0.913).

## 5. DISCUSSION AND MANAGERIAL IMPLICATIONS

The results of our consumer survey confirm the leadership of Goodbaby, showing that it represents the first brand for both purchase rate and brand awareness. However, for Goodbaby customers the purchase process does not seem to be different from the process of customers that bought other foreign brands.

First of all, regarding product attributes, the country of origin of the brand does not result an influencing factor, in fact foreign brands are considered as important as Chinese brands. Therefore, the general perception seems to be that there is a set of brands considered as global by Chinese consumers that includes foreign and national brands. Second, with reference to the information source's role, for Goodbaby consumers only friends play a different role as they are considered more important. This is due to the fact that, as strollers represent a new product for Chinese young mothers (their mothers did not use strollers when they were a kid), social connections are more important than the familial influence.

From our analysis, the competitor that results closer to Goodbaby in terms of competitive positioning as well as consumers' purchase rate and awareness is Combi, a Japanese brand with average prices (lower than other international brands) and a wide product range. Combi is also present in the same e-commerce websites and on Weibo like Goodbaby. Goodbaby also has a QQ account, but this seems not to be very important in the whole strategy since Seebaby, which uses the same social media, does not have the same results.

Goodbaby's history reflects the steps undertaken by other Chinese firms and EM-MNEs: its internationalization process was necessary since the company's foundation in order to gain the resources and know-how it did not have the adequate access before. Therefore, the internationalization expansion was initiated in a big market such as the United States, where they established partnerships and strategic alliances that provided Goodbaby with the conditions to become the first strollers' brand in China and a leading stroller manufacturer in the world.

We assume that like Haier (Liu & Li, 2002), Goodbaby's success is built on its competitive advantage of being more flexible, faster, and closer to Chinese customers than the competitors. It has to be noted that the company's development was supported by Chinese institutions, which confirms the importance of State's role in the internationalization of Dragon Multinationals.

Goodbaby's success also confirms the high competitiveness of local products belonging to the "good-enough" segment in the Chinese market. Moreover, the value of their offer in the perception of the customers is enhanced when local companies become global and create an international image.

Becoming a global brand in the Chinese context seems a paradox for Goodbaby, but it has been solved by mean of three pillars:

- creating a Chinese international brand image in the mind of consumers;
- establishing strategic contracts with foreign world leading brands;
- establishing cooperative relationships with 32 international distributors and 82 brand owners in overseas markets.

Goodbaby acts as an international brand in a wide national market, a new way to become global that could be an example of internationalization process operated by Chinese brands. In our sample, Goodbaby is the first of the five most purchased brands and it is the only Chinese one, whereas all the other local brands belong to low cost-low quality competitive groups with absolutely marginal market shares. Obviously, this situation can be read as a strong preparation phase in order to massively enter international markets.

Answering to RQ1, we can say that international and global companies influence Chinese ones as a benchmark, however this is true only for the excellent ones that aim to compete with a global attitude within the global market. Answering to RQ2, the local market together with the international competition create an environment where Chinese companies that want to emerge from a marginal role are pushed to "go global", by gaining the features of global brands: quality (at least "good-enough"), a brand with an international sounding name and logo, marketing alliances with foreign partners, and large investments in R&D. In addition, we have found that to be a leader, a link with its own country is important, too. First, Goodbaby has gained social recognition thanks to its many awards received by Chinese institutions. Then, only in a second phase of its success, it updated its logo in order to be perceived as more modern, changing the brand framework but maintaining the original ideograms.

Therefore, the main managerial implications are that Chinese companies, especially in new markets for Chinese consumers, should become global in order to be competitive against the best-in-class companies and not against the last-in-class ones. They should be "born global", without passing all the life cycle phases from local to global as many Western companies did through the time. But this is not enough: the Goodbaby case study suggests that the glocal strategy seems to be the correct choice for a new internal market, and that is important to "born glocal" to compete locally.

## 6. LIMITATIONS AND FUTURE DIRECTIONS

This study suffers from the limitation that many information used to conduct our competitive analysis are drawn from social media and on-line sources, lacking of official data regarding this sector. Yet, this limitation is partly moderated by the fact that consumers nowadays gather information on the internet, especially in China. As a

consequence, consumers' perceptions of companies operating in a given industry are developed based on the information available on the web.

Future research could incorporate an analysis of the internationalization strategies and the foreign direct investments data of Goodbaby abroad. In addition, the implications of different Chinese industry settings could be considered in order to increase the generalizability of our findings. Yet, case studies do not have generalization as their main objective, being rather aimed at describing specific phenomena that extant literature has not completely explained yet.

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