

# **INTERNATIONALIZATION OF A CHINESE 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 market. In this process, different sectors are involved: not only in the electronic one (eg. 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 the leading brand in the local market. In order to analyze the brand awareness and purchase behavior in the focal 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, Internationalization, Latecomers, 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 (Levitt, 1983; Douglas & Craig, 1989; Ohmae, 1989).

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”, which 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 analyse the EM-MNEs' successful internationalization processes that start on the domestic market we focus on the case of “Goodbaby”, a Chinese leading company in the baby stroller sector, whose brand internationalization strategy was simultaneously implemented locally and abroad, in a relatively new sector for Chinese products, dominated by foreign brands.

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 the 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, which 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). The empirical analysis was conducted through two main steps: 1)

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

by elaborating a competitive analysis, in which Goodbaby's marketing strategy turns out to be clearly distinct from that of 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, which 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, and 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 also Mexico, as although it is not in Asia, 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 support). Second, EM-MNEs tend to be more horizontally and vertically integrated, organizing themselves in diversified business groups which 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. Regarding the disadvantages, EM-MNEs have less 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 the 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 which 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 for 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, which 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. METHODOLOGY

In order to analyze how a 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.

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

**RQ1:** Chinese firms' marketing and branding strategies are strongly influenced by the ones of international or global firms operating in the Chinese market as they represent a benchmark.

**RQ2:** In order to compete with international brands in the local market, Chinese brands "go global" by gaining the features of global brands.

To answer these questions the research followed three phases:

1. we analyzed Goodbaby company's profile, history, and internationalization activities by using secondary data: articles from printed magazines and online websites
2. we made a competitive analysis of the strollers' brands in the Chinese market;
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.

In order to understand competitors' marketing strategies, some information concerning their history in China, their products, price and presence in offline and

online stores were collected. To create our competitors' sample, we have been used a threefold approach. First, brands that appeared in a sample of 24 stores in China and by searching online for strollers were listed. Second, the most famous stroller brands in Western countries that distribute their products in China were listed too. Last, we looked at brands that appeared in advertisings or were photographed inside the articles in some specialized magazines. 23 brands have been identified to be analyzed, but only 21 had a Chinese website and have been 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 strollers (color versions were not included); average price of strollers (official price); presence of the products in five e-commerce leader websites (Tmall, Taobao, Amazon, Dangdang, 360Buy); number of stores (using the official website information); presence in the most famous Chinese social media (Weibo, QQ, Qzone).

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 areas' high-levels parks, shopping malls, and hospitals, and through interviewers' connections. A total of 261 questionnaires were gathered. The questionnaire was composed of four sections, which 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.

## 4. RESEARCH

### 4.1 Goodbaby: history, brands, 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. Later an employee mistook the rocking chair for a stroller, providing Song with the inspiration to add wheels, thus beginning to build the world's largest stroller making company, Goodbaby Group.

Song didn't have any relevant business experience, but he was able to identify a shift in the children products' market. He had majored in mathematics and worked as math teacher at Lujia Middle School in Kunshan City from 1973 to 1984 before becoming vice principal from 1984 to 1993. Since the Open Door policy in the 1970s local governments encouraged schools to manage businesses to fund themselves, therefore Lujia Middle School started a company that assembled metal products and chose Song to lead the factory between 1989 and 1993.

In 1989 Song decided to change the name of the company from “the Factory Invested by the Lujia Middle School” to “好孩子 Goodbaby”. The following year 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 sales in 1993 according to China Toys Association.

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, in fact in 1994 a dedicated R&D team opened in North America (as of the end of 2010 Goodbaby owned five R&D centers with more than 330 professional R&D and design engineering staff).

In mid-1990s the company also started its international expansion: first, in 1996 Goodbaby entered the market of United States, establishing a relationship with Dorel, a leading international brand owner, second, since 2002 it built relationships with some European brands (Dorel, Play and Silver Cross).

In the same years Goodbaby implemented differentiation and diversification strategies the local market: in 1999 the “小小恐龙 Happy Dinosaur” brand (later renamed “小龙哈彼 Little Dino” in 2006) was launched, whereas 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.

In addition, Goodbaby established strategic contracts with world leader’s brands Quinny, Maxi-Cosi, and Silver Cross to sell their products in the Chinese market. It also partnered with Mothercare, UK high-end retail brand, opening a co-owned store in Huaihai Middle Road (Shanghai). Although Goodbaby makes most of the strollers sold in this store, they are not Goodbaby branded.

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, whereas 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 and in 2012 Goodbaby Group announced an online retail partnership with Nike to have the exclusive right to sell its children's wear through Goodbaby website. It has to be noted that the collaboration with Nike had already been initiated in the past decade<sup>2</sup>.

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 remained the chairman and owns the remainder with other managers. In November 2010 Goodbaby International Holdings Ltd, a subsidiary of Goodbaby Group, went public on the Hong Kong stock exchange to gain a slice of the international market.

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

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<sup>2</sup> <http://www.china.org.cn/> (accessed 14 March 2013).

its logo (Figure 1) and creating a new brand framework<sup>3</sup>. The new design was developed by a Dutch studio, Beginstudio, which changed the logo by making it more modern and fresh: the name was shortened into the initial “gb” and its font was also change, but the 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.



**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").

As of 31 December 2010, in China Goodbaby sells its products through a distribution network which covers 498 distributors, 1,687 department stores and supermarkets, and 5,785 maternity and childcare specialty stores. In the overseas markets, Goodbaby has established cooperative relationships with 32 international distributors and 82 brand owners.

Currently Goodbaby represents one of the most well-known local brands in China and it aims to increase its positioning even further. Song declared that the revenue target in the domestic market by 2015 is of 10 billion yuan (\$1.6 billion).

#### 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, that is 2,422.89 RMB) like the other Chinese brands. But comparing the price only with Chinese brands, its price is the highest (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.

#### **Exhibit 1.** Price and width of the product variety<sup>4</sup>

<sup>3</sup> <http://www.coroflot.com/> (accessed 14 March 2013).

<sup>4</sup> Some data are missing as the official price was not available.



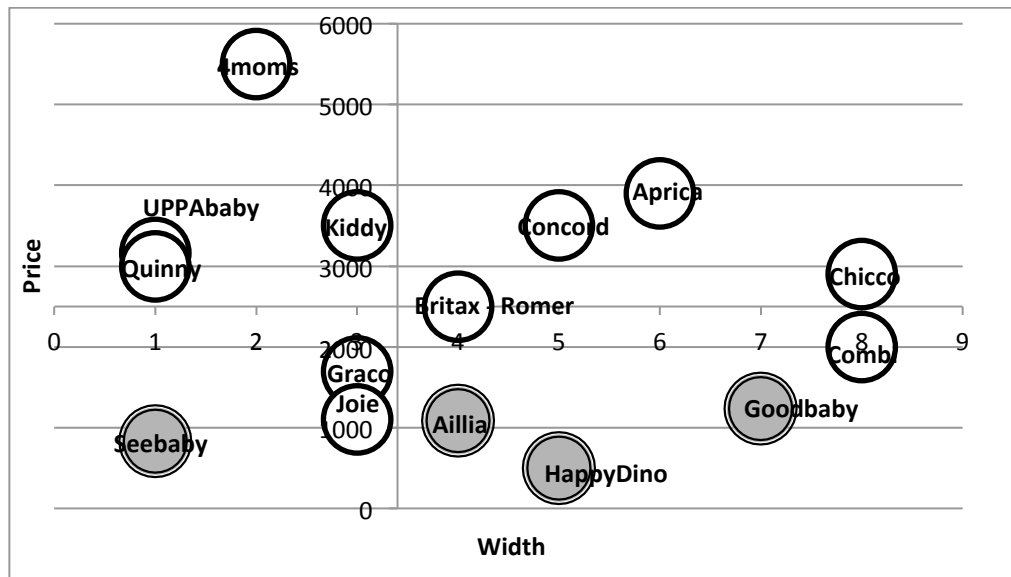
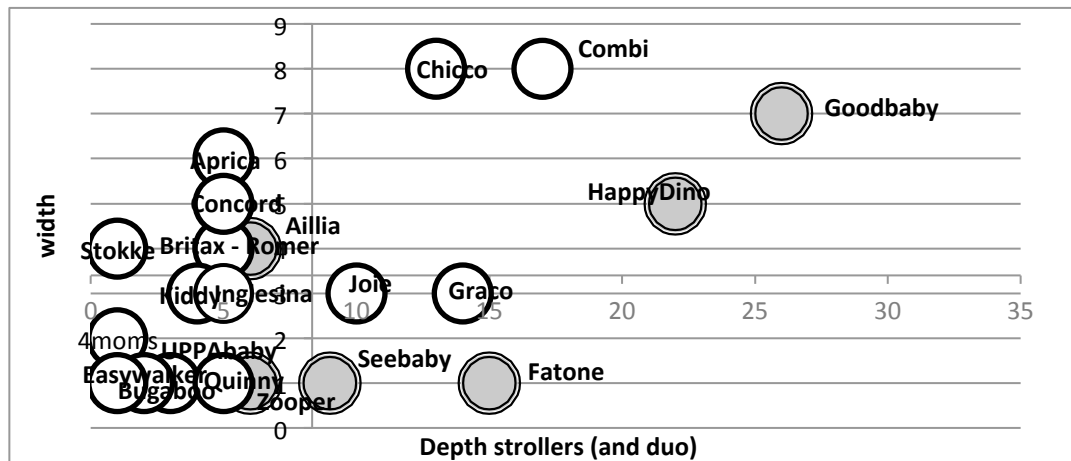


Exhibit 2. Assortment strategy



To go deeper with the assortment strategies' analysis, we compared the width and the depth (number of different strollers each brand offers) of the products variety. Goodbaby occupies a distinctive position (Exhibit 2) as it is present in most of the baby products' categories and has the most depth variety of products, followed by Happy Dino, that is a brand of the same group. It has to be noted that the way in 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 website declares that they have more than 2200 point of sales, followed by Stokke with 173 stores (no information related 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). The Chinese brands do not seem to follow the same strategies, in fact Aillia products are present only in two of them, Fatone and Seebaby in four. The only Chinese brand with a whole presence is Happy Dino, a Goodbaby brand.

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

<b>Brands</b>	<b>Presence in the Top 5 E-commerce websites</b>
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

Concerning social media strategy, 12 of the 21 analyzed brands have a Weibo account, 2 have a QQ account and only 1 (Aprica) has a Qzone account. Goodbaby is present in Weibo and QQ, the only other competitors with this kind of presence is Seebaby.

### 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 prams). As 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, or declared job. There are not any relevant differences between Goodbaby buyers and non-Goodbaby buyers, in fact even if the rate of the former ones who hold a technical degree is higher than the latter ones (28.58% vs. 8.63%), the majority of both groups hold a bachelor's degree (48.20% vs. 41.27%), therefore the average consumer's profile is the same: she's a Chinese mother around 30 years old, holds a bachelor's degree, and works in a company as employee. The kids' average monthly expense is 3,775 yuan for non-Goodbaby consumers, while for Goodbaby consumers is slightly lower, 3,272.41 yuan.

**Table 2.** Consumer profile

	No Goodbaby	Goodbaby
Average age	30.35 y.o.	29.72 y.o.
Level of education		
Elementary school	5.76%	0.00%
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		
Employee	30.94%	36.51%
Manager	5.04%	3.17%
Self-employed	25.18%	22.22%
Owner	2.88%	0.00%
Average monthly expenses for kids	3,775.00 yuan	3,272.41 yuan

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) and 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	No Goodbaby			Goodbaby		
	Mean	St. Deviation	Valid N	Mean	St. Deviation	Valid N
Friends	2.76	1.23	139	3.25	1.28	63
Mother_MotherInLaw	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
web_Company	2.56	1.23	139	2.56	1.20	63
Web_Stores	2.79	1.21	139	2.94	1.15	63
Blog_Social	2.40	1.33	138	2.51	1.23	63

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

	W	p-value
Friends	3336.5	0.005
Mother_MotherInLaw	4037	0.405
Relatives	4090.5	0.488
Nanny	4407.5	0.854
Stores	4310	0.921
Magazines	4326.5	0.889
web Company	4348.5	0.936
Web Stores	4061.5	0.396
Blog Social	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), but they are not the distinctive attributes of Goodbaby products. It means that consumers decided to purchase Goodbaby not for their products' features, therefore reasons should be found elsewhere.

**Table 6.** Product attributes' importance

Attributes importance	No 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
ChineseBrand	2.42	1.15	139	2.66	1.28	62
ForeignBrand	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
EasyControl	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
ChineseBrand	3873	0.239

ForeignBrand	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
EasyControl	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 differences as Goodbaby customers are as satisfied (mean for each group: 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 confirms 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 the product's attributes, the brand country of origin does not result an influencing factor, in fact foreign brands is considered as important as Chinese brands, the general perception seems to be that there is a set of brands considered as global by the Chinese consumers. The sets 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 (whose mothers did not use them when they were a kid), social connections are more important than familial influence.

From our analysis, the competitor which 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 the other international brand 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, that 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 from the company's foundation in order to gain the resources and know-how it did not have the adequate access before. The partnerships and strategic alliances with international brands 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 the Chinese customers than the competitors. It has to be noted that the company's development was supported by the 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, when local companies become global and create an international image that increases the value of their offer in the perception of the customers.

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

- crating an Chinese-international brand image in the mind of the consumers;
- establishing strategic contracts with foreign world leader's brands;
- establishing cooperative relationships with 32 international distributors and 82 brand owners in the overseas markets.

Actually Goodbaby acts as a global brand in a wide national market, a way to become global that can be added as example to how China can goes global, considering also the internal market. Goodbaby is now one of the five top brands, the group of the global brands, being the other four foreign companies, whereas all the other Chinese brands belong to low cost-low quality competitive groups with absolutely marginal market shares.

Obviously this situation can be read as a robust preparation phase in order to enter the international markets.

Answering to RQ1, we can say that international and global companies influence the Chinese one as a benchmark, but only the excellent ones that aim to compete assuming a global attitude, being ready to compete in a global market. Answering to RQ2, the local market together with the international competition have characteristics pushing the Chinese companies, that want to emerge from a marginal role, to "go global" by gaining the features of global brands.

The main managerial implications are therefore that the Chinese companies, moreover in new markets for the Chinese consumer, should become global to be competitive against the best in class and not against the last in class, so they should born global, without passing all the life cycle phases from local to global as many western companies did through the time.

## 6. LIMITATIONS AND FUTURE DIRECTIONS

This study suffers from the limitation of lacking primary data in the company's analysis, which is partly due to the characteristics of the strollers' sector, which is relatively new in the Chinese market.

Future research could incorporate analysis of the internationalization strategies and the foreign direct investments data of Goodbaby abroad and also consider the implications of different Chinese industry settings.

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