

MANUFACTURING



A workshop of Goodbaby Group in Kunshan, Jiangsu province. GAO ERQIANG / CHINA DAILY

Goodbaby eyes Japan for expansion

By LYU CHANG
lyuchang@chinadaily.com.cn

“We have been trying for years to make inroads into Japan...”

He Xinjun,
senior vice-president of
Goodbaby Group

Goodbaby Group, China's largest manufacturer and retailer of baby-care products like buggies and safety seats for cars, is looking at potential acquisitions in Japan to increase its market share in Asia.

The Jiangsu-based company has already acquired some production assets in Europe and North Africa in the past couple of years.

“We have been trying for years to make inroads into Japan, but customers (there) are very loyal to some well-established local brands. So, we're considering market entry through acquisitions,” said He Xinjun, senior vice-president of Goodbaby.

“Besides, an acquisition is the fastest way to increase

exposure and expand distribution network in a foreign market,” he told China Daily at a forum against air pollution in Beijing.

He, however, did not disclose the names of Goodbaby's potential targets or the size of its planned investment in Japan.

Japan has many profitable baby-care companies. For instance, Japan's Pigeon Corp, whose baby products are popular in China, has been making profits for four straight years. It was projected to post a 10 percent year-on-year rise in operating profit for the year to Jan 31 to 14 billion yen (\$117 million) on sales of 93 billion yen.

Goodbaby recently launched a new model of baby stroller with an air purifier that can be installed in even other brands of carriages.

“The product is only for the Chinese market at the moment,” he said. “Though it is new, it has sold very well in some major cities such as Beijing and Shanghai where there is heavy air pollution.”

About 70 percent of Goodbaby's business is in overseas

markets such as Japan, North America and Europe, with the rest in China.

Though the Chinese child care market is expected to see a big boost in the next decade in the wake of the policy allowing couples to have two children, the company faces sharp competition from overseas companies whose products find favor with Chinese parents.

Experts said compared with international baby-care producers, Chinese brands lag in marketing and branding. Yet, they can build their brands in developed countries by acquiring local brands.

Goodbaby is already the largest supplier of strollers in North America, Europe and China. But it wants to master design and manufacturing as well so it could stamp its name on baby-care products.

INDUSTRY

Boeing converts its 737s into freighters

US aviation giant has orders, commitments for up to 55 aircraft

By WANG YING in Shanghai
wang_ying@chinadaily.com.cn

Demand for express air-delivery services is accelerating fast across China, according to officials at US aviation giant The Boeing Company, as they launched its 737-800 converted freighter program in Shanghai, with orders and commitments for up to 55 aircraft.

Rick Anderson, vice-president of sales and marketing at Boeing Commercial Aviation Services, said it already had seven confirmed customers, including five from China.

The new operation will be converting 737-800 passenger airplanes into freight carriers, which will extend their economic life by about 20 years.

The first Boeing Converted Freighter, or BCF, is expected to be delivered in the fourth quarter of 2017.

After conversion, the 737s will be capable of carrying up to 23.9 metric tons of cargo, on domestic routes less than 3,700 kilometers.

“The Next-Generation 737 provides exceptional value to express freight carriers through its superior payload, range, reliability and efficiency,” said Stan Deal, senior vice-president of commercial aviation services at Boeing Commercial Airplanes.

Deal said the global cargo market is still in the midst of a slow recovery, but demand for

“It is only a matter of time before demand will rise for longer-distance deliveries.”

Chen Zhuo, industry analyst at
China Merchants Securities Co

1,000

expected demand for converted freighters the size of the 737 over the next 20 years

freighters remains bullish.

“Over the next 20 years, Boeing forecasts customers will need more than 1,000 converted freighters the size of the 737, with China's domestic air-freight carriers accounting for nearly one-third of the market,” he said.

So far, Boeing has won 30 firm orders and 25 commitments for the 737-800 converted freighters.

Hangzhou-based YTO Cargo Airlines Co Ltd has ordered 10 conversions with commitments for 10 more. A further 10 conversions have been ordered by Beijing-based China Postal Airlines, and five from GE Capital Aviation.

Chen Zhuo, an industry analyst with China Merchants

Securities Co, said Boeing's decision to launch the new conversion operation in Shanghai shows the increased importance of the city as a global and domestic logistics hub, which is being driven by an ever-growing e-commerce market.

The most recent official statistics show China's express-delivery volumes overtook those in the US for the first time in 2014, after moving 14 billion packages which generated revenue of 204 billion yuan (\$31.2 billion).

“Up to 80 percent of existing packages are delivered by road at the moment, but considering the size of China, it is only a matter of time before demand will rise for longer-distance deliveries,” said Chen, which is likely to mean a surge in air-service demand.

Yu Weijiao, chairman of Shanghai YTO Express (Logistics) Co Ltd, the parent company of YTO Airlines, earlier told China Daily that having its own aircraft guarantees speed of delivery, and gives it a competitive edge over rivals.

Yu revealed the company plans to increase YTO's own cargo fleet to 50 aircraft by 2020, and 100 plus by 2025.

Li Hongxiang, YTO Airlines' president and CEO, added that as well as narrow-bodied aircraft, it will also need larger planes to satisfy growing cross-border e-commerce demand.

According to Boeing, initially the 737-800s will take 120 days to convert, but that will shrink to 90 days once the operation is fully up and running.

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