



Supporting the definition of an action plan for China

**Battaglia
Advisory
Services**

Project example - web edition

Shanghai, 2013

Opportunity identification

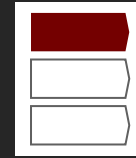
- ↻ Market segment analysis
- ↻ Market dynamics
- ↻ Sizing different segments

Opportunity prioritization

- ↻ Competitive landscape analysis
- ↻ Distribution analysis
- ↻ Key buying factors

Strategy definition and action plan

- ↻ Scenario development and evaluation
- ↻ Definition of strategy
- ↻ Evaluation of resources needed to develop



Deliverable example:

Segmentation of High end villas

We identified 3 target segments of private villas for very wealthy individuals

Segment	Description	Examples
High end villas	- Single family villa - Price: 50 ~ 100 million RMB /set	- No.1 Eastern Suburb - Area: 789 ~ 1080 sqm - Price: Min 75 million Rmb /set - Located in Shanghai
Very high end villas	- Single family villa - Price: 50 ~ 100 million RMB /set	- No.1 Eastern Suburb - Area: 789 ~ 1080 sqm - Price: Min 75 million Rmb /set - Located in Shanghai
Private estate	- Single family villa - Owned by billionaire	- Large estate with several thousand m2 park belong to a Billionaire - Located in Beijing area

Source: SoFun Inc.

2012/01/12

Segmentation of competitors

Fierce competition in the low end of the market

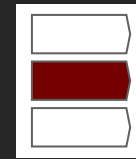
- > MRC is the leader in the case of very large projects from point of view of the technical design
- > Oritech declares a close cooperation with major foreign players for MRC in the market
- > Oritech, Kingpeng are key local players
- > Kingpeng is realized and several projects are completed
- > Hundreds of completed G+ agricultural projects
- > Some even have private villas

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Definition of opportunities

	Emerging opportunity	Size (project/year and sqm)	Market maturity	Potential
Agri-restaurant	- It is clearly the largest segment	- 2/3 projects - 30,000 sqm	- Projects will more likely be located in 2nd and 3rd Tier cities	A steady market that could accelerate
Combined park	- Another large segment	- 2/3 projects - 45,000 sqm	- The concept is already well accepted, government's policies could further develop the demand	A steady market that could accelerate
Hotel	- Few projects of real GH but dozens of hotels with swimming pool covered with glass/steel structure - GHs well matches the concepts adopted for leisure resorts - GH for swimming pool could be a good starting point	- 1 project - ~10,000 sqm	- 5-star hotels are expanding aggressively in China - Together with the domestic tourism industry, leisure resorts are developing rapidly in China - If well stimulated the market could offer huge opportunities	Very high but the demand needs to be "educated"
Villa	- Projects in Private Estates and Very High end villas are at an infancy stage, there is a large N. of potential buyers but they are very little aware of the offer - GH as club houses is another possibility	- 1 project - ~100 sqm	- The market is not there yet - The demand shall be stimulated, at this stage it is the awareness of the offer that shall be built	Unlimited if the market starts appreciating the offer

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Competition by sector

Whether or not to introduce GH with simple control shall be discussed; MRC will also face competition from non-GH sector

Competitors	Comments	Implication for MRC
Agri-restaurant	<ul style="list-style-type: none"> Since Agri-restaurant require low technology, fierce competition from the lower end of the market 	<ul style="list-style-type: none"> Only focus on selected high end cases MRC shall demonstrate that the running cost can be offset by the initial investment
Combined park	<ul style="list-style-type: none"> Demand on technical and design are not high and thus the project could be realized with lower cost than MRC's 	
Hotel	<ul style="list-style-type: none"> General contractors often realize the project as a mere steel and glass structure; normally the cost is lower than that of MRC 	
Villa	<ul style="list-style-type: none"> Small projects Zero technical knowledge of the potential buyers 	

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Key decision makers and influencers

In combined parks the government plays a key role in the process

	Key decision maker	How	Influencers	Level of influence
Agri-restaurant	Entrepreneur	<ul style="list-style-type: none"> The investment decision is taken based on ROI perspective 	- Architect / Landscape Designers	Low
Combined park	Government (first) Developer (second)	<ul style="list-style-type: none"> The government decision allocation Most of the projects are "please" the government In some cases, the government releases some subsidies 		
Hotel	Developer	<ul style="list-style-type: none"> For large/organized development investment is made on a commercial perspective For non professional decision is taken on a personal perspective 		
Villa	Owner	<ul style="list-style-type: none"> Clearly a personal decision based on personal taste 		

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Summary of KBF

MRC's current offer well matches the requirement of the hotel and combined park segment

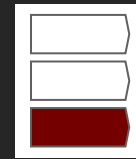
1: Least Important → 5: Most Important

KBFs	Amusement park		Hotel	Villa
	Agri-restaurant	Combined park		
Tech. features	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Design	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Brand	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Price	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Delivery	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Payment condition	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
Total distance from mkt	17	7	7	5

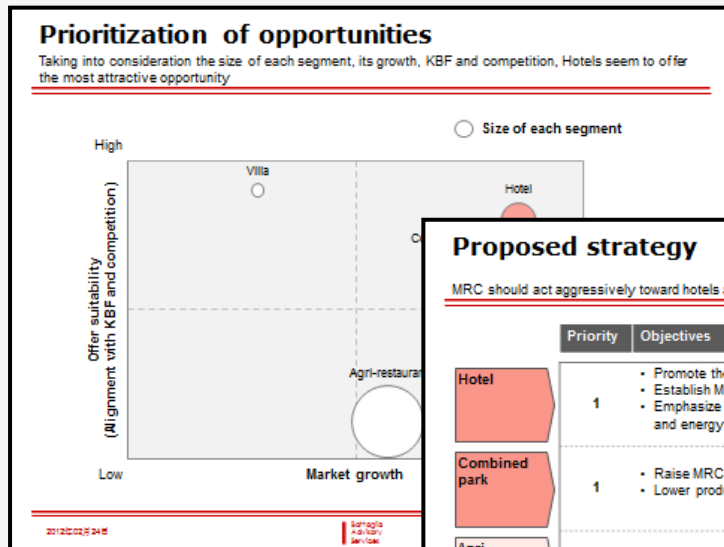
● Market require
● MRC rate

- Very price sensitive
- Commercial terms matter a lot
- Government background, could be very "good" project
- Besides design, high tech. helps reducing running cost
- Once the demand stimulated, a fancy design shall be important

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Deliverable example:



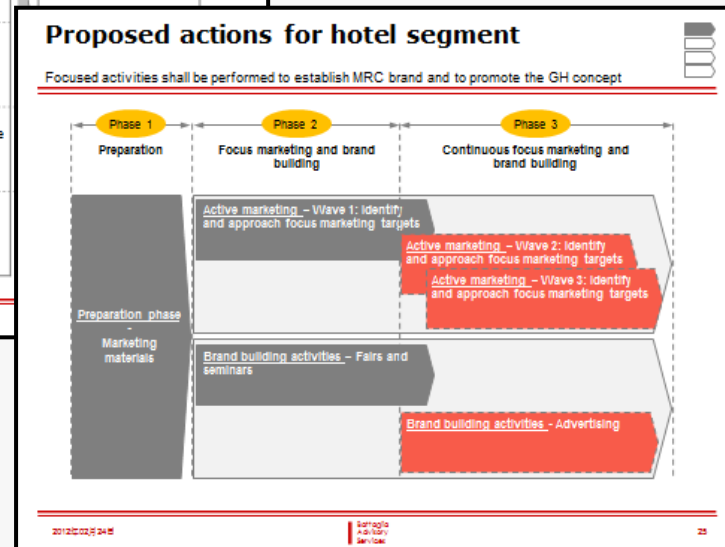
Proposed strategy

MRC should act aggressively toward hotels and combined park with a very proactive approach

	Priority	Objectives	Strategy
Hotel	1	<ul style="list-style-type: none"> Promote the GH concept Establish MRC brand Emphasize technical advantages and energy saving potential 	
Combined park	1	<ul style="list-style-type: none"> Raise MRC's profile in the market Lower product cost 	
Agri-restaurant	2	<ul style="list-style-type: none"> To secure at least one success case in the sector Lower product cost 	
Villa	3	<ul style="list-style-type: none"> Link MRC and GH to a lifestyle Make MRC known and lead the clients to find MRC 	

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Battaglia Advisory Services



Battaglia Advisory Services

Fortune Gate
Unit 3007, N.1701 Beijing West Road
200040 Shanghai

Tel: +86 21 31265735

Fax: +86 21 6137 8596

info@battaglia-as.net

www.battaglia-as.net