



THE MARKET

OBI (China) is growing into more than just a home improvement store. It is delivering the latest in retailing techniques, quality products and the do-it-yourself philosophy. OBI assures its customers a large selection of products with reliable quality, reasonable prices and the convenience of one-stop shopping.

All of OBI's products must pass a stringent inspection to demonstrate that they promote these values.

ACHIEVEMENTS

OBI is one of the largest home improvement retailers in the world. It has over 490 home improvement stores, 30,000 employees and an annual turnover of €6 billion. In 2003, the National Retail Report ranked OBI number one in Germany, number two in Europe and number four in the world in sales turnover.

In the past six years, OBI has come to lead the development of the home improvement industry in China and made great contributions

to China's economic reform and development. OBI has popularised the concept of a home being more than just four walls and has given birth to the new era of home improvement – the idea that taking an active role in creating a home can be easy and satisfying and that a home should be more than just a utilitarian space. This concept has caught on and driven eleven OBI stores in China as of the end of 2004 and has laid the foundation for rapid growth in the future – within ten years, OBI plans to have 80 stores in China.





Starting at home, OBI has focused on internal growth. Through internal development and the OBI College, OBI has ensured itself a stable, well-trained and motivated workforce for further growth. Rolling out a modern management system based on ISO 9000 standards, OBI is a dynamic, pro-active retail operation.

OBI has identified Chinese suppliers who share its values. Through long-term cooperation, OBI has provided tremendous opportunities for domestic suppliers to compete in the international market. OBI now sources products in China for its stores worldwide – over US\$150 million in purchases annually.

Likewise, OBI has become a platform for foreign suppliers to invest in China. The “OBI China Alliance” in Germany has helped spur China investment by over 20 well-known German manufacturers.

OBI has established relationships with key strategic partners. Investment and infrastructure partners and partner suppliers are in place and committed to win-win strategies for the long-term.

OBI’s successful model of supply chain cooperation has drawn the attention and support of government leaders and built strong friendships.

HISTORY

The OBI story started when OBI Heimwerkermaerkte AG was established in 1970. It was the first international franchise group in the home improvement industry. Today, there are more than 490 OBI stores all over the world including Austria, Switzerland, Italy, the Czech Republic, Slovenia, Poland, Hungary, Russia and China.

OBI is more than just a renowned international brand. It is a company with sound business principles, which continue to benefit its investors. The majority shareholder of OBI is the Tengemann Group, a global retail giant and the second-largest private company in the world. Tengemann has more than 7,000 retail outlets globally, including a US Fortune 500 company as a subsidiary.

OBI entered China’s home improvement market in 1998. Focusing on a unique style of cooperation with Chinese enterprises in management, technology, capital and operation, OBI set up OBI (China) Management System Co Ltd in Pudong, Shanghai. Within 15 months, four stores were opened: OBI Home Centre Store in Wuxi, Jiangsu Province followed by the Putuo and Jinqiao stores in Shanghai and OBI Nanjing.

By the end of 2004, there were eleven stores around China.

THE PRODUCT

OBI carries more than 50,000 items including building materials, living accessories, kitchen and bath appliances, hardware, home appliances and gardening products. It introduced an advanced supermarket and home centre model that upgraded China’s retail business management to global standards. OBI operates with world-class store management systems and information technology, which gives customers the feeling that shopping is effortless. So many products, so much friendly advice and so much after-sales support means that OBI is more than just a one-stop shop.

Customers can rely on OBI for other services such as interior and outdoor decoration, design, professional supervision, quality control of the process and decoration consultancy. OBI also offers free regular home decoration seminars, a toll free hotline and free home improvement advice at www.obi.com.cn.

RECENT DEVELOPMENTS

In August 2002, OBI (China) formed a strategic partnership with Haier Group, the famous whitegoods manufacturer based in Qingdao. The two companies formed China Home World Co., Ltd as a joint venture with the idea of providing “one-stop shopping and one-bill service”. The venture’s first OBI store opened in Qingdao on May 1, 2003. The cooperation has increased the available investment capital and accelerated OBI’s increase in market share.

Besides further expansion in the Yangtze Delta area with Shanghai as its focal point, OBI is working to expand in the south and north of China. OBI’s regional development strategy is to concentrate on the Bohai Bay Zone with Beijing and Tianjin as the centre, and the Pearl River Delta with Shenzhen and Guangzhou as the centre. In the next ten years, it is planned to expand throughout China and to become the largest and best-known home improvement retailer with 40 stores by 2006 and 80 stores by 2010. This will help more Chinese suppliers enter the international market, create more jobs and spur China’s economy.

PROMOTION

OBI uses multi-channel communications to build its brand. The company believes in maintaining the widest possible channel selection including television commercials, radio advertisements, newspapers, magazines, on-line and Web

advertising, direct mailing, in-store decoration and catalogues.

All communication seeks to educate consumers on how home improvement can help create a healthier home. OBI’s reliable German quality, low prices and one-stop service are highlighted to reassure customers that their projects will be hassle-free and successful.

BRAND VALUES

OBI is more than just a brand with German quality. Products are rigorously evaluated and tested to be qualified and environmentally friendly. Growth really is driven internally. OBI is committed to long-term cooperation and long-term value.

This is the secret to OBI’s successes in China. OBI is committed to China, both in understanding its customers and by applying local management. OBI is committed to providing personalised service that exceeds customers’ expectations. OBI uses systematic management and fact-based decision-making.

THINGS YOU DIDN'T KNOW ABOUT OBI

- Since the opening of the first OBI store in 1970 in Hamburg, the area of a single store has risen from 870 square metres to 20,000 square metres
- As part of its environmental commitment, OBI refuses to sell wood products that come from protected forest areas
- At OBI, if the price of a product is higher than in another store in the same city, OBI will pay customers the difference with an additional ten percent reward
- OBI offers an unconditional 30-day return policy on everything except custom-made or speciality goods
- The beaver – nature’s top builder and team player – is OBI’s mascot. The beaver’s spirit inspires OBI’s methods and corporate culture
- The name OBI was derived from the French word “HOBBY”. In the French language the letter “H” is not pronounced, thus the name became “OBI”