

COMMIT TO QUALITY SERVICES

Improve brand image

China Unicom establishes a full-service brand framework system under its corporate brand. "WO" is a full-service brand of China Unicom, and also a core brand for communication with users that is endorsed by the corporate brand of China Unicom. In 2016, China Unicom made intensive efforts to build its 4G brand image by creating "quality network", "quality products" and "quality services". NPS survey in the fourth quarter showed that the Company experienced a substantial improvement in terms of brand recognition and word-of-mouth awareness.

Brand Framework of China Unicom



Improve service capability

In 2016, China Unicom had 20,700 self-operated stores, in which 15,000 were operated in form of chained operation of terminals covering 436 cities, prefectures and districts in 30 provinces, which is the largest terminal retail chain channel with the most extensive coverage in China. By improving in-store digitalisation in terms of hardware and software and optimising the business process, the store efficiency and foot traffic improved significantly. The business volume increased by 10%, foot traffic increased by 30% and the number of in-store brands increased by 50%.

Improve store service capability

The Company intensively promoted "joint construction and joint operation" mode between stores and terminal suppliers, improved terminal outlet atmosphere and sales capacity by making use of the resources of the terminal suppliers in order to create an "information terminal retail experience" outlet store with "good quality and best price". Special zones and special counters for terminal brands were set up in stores to enable users to enjoy an immersive experience through the scenario-based marketing services of the salesmen.

The Company successively marked its nationwide self-owned stores on Baidu map so as to provide LBS services based on the locations of users and at the same time offer mainstream products to users through a third-party Internet platform and also guide users to make their ways to outlets accurately.

(Note: Location Based Service is a location-based value added service provided to users by obtaining information relating to the position of mobile terminal users through the radio communication network of operators or external positioning mode to offer the related services to the users with the support of geological information system platform.)

Build digital stores

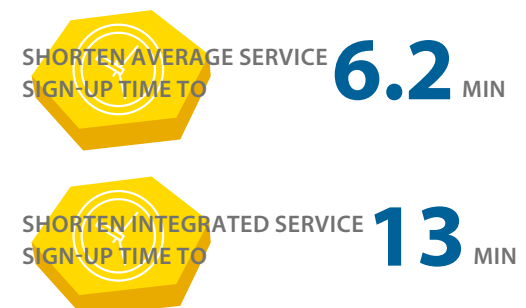
In order to create a marketing mode of "regulated management, standardised layout, modernised equipment, digital operation and paperless sign-up", China Unicom set up a special project to build "digital stores" under the themes of intelligent stores and modernisation of sales tools.

- Integrated various hardware devices in stores to form an integrated tool in order to reduce maintenance costs;
- Provided "APP light touchpoint + slim device" professional sales devices to sales personnel, which is convenient to operate without the need to use any paper;
- Adopted digital means such as paperless sign-up and payment via scanning to save costs and improve efficiency.

Shorten the in-store servicing time

In order to effectively save the waiting time of customers, the Company carried out a special action to "shorten the servicing time at store counters".

- Promoted connected queuing machines, and let customers check real-time queuing status and make reservations on mobile APP and online store;
- Reduced the customers' queuing time by means of giving consultants' commendation, setting up express window for handling issues relating to bill payment/invoice, on site ad hoc staff arrangement and setting pre-acceptance/bill counter;
- Promoted the commitment of "hundred times of credits reward for overtime queuing" in which pilot operations had been carried out in certain self-owned stores;
- Launched the WO sign-up platform nationwide to simplify the operation of the front desk operation.



Promote open channel transformation

Intensively promoted the transformation and development of open channels to improve service capabilities of the open channels.

- Focused on cooperation with channels with capacity to sell terminals, and achieved mutual development with Gionee, OPPO and VIVO.
- Centring at strategic channels of Gome, Suning, D-phone, and FunTalk, adopted different cooperative strategies aiming at different entities, and as a result 21,000 community channels were set up during the year;
- Established an end-to-end evaluation system, "one form for one channel", and carry out efficiency evaluation on store-by-store basis;
- Improved the operating ability and support ability of the two major platforms, Woego and WO Retail, and built a differentiated "one body with two wings" platform serving to expand channels; innovated on a "first-come-first-served" online order model. Over 20,000 channels have participated in pre-order activities.

China Unicom Fuzhou Branch launched "small but quality" community WO stores which were located in the centre areas jointly built with agency contractors and each served an area within a 1 kilometre radius with a 15-minute walk according to the principle of "approaching the community and users". Each community WO store covers about 10,000 broadband ports. The community WO stores integrate the functions of installation, maintenance, service and sales, and are dedicated to provide fast sales, fast service and fast response. The completed community WO stores cover 418 communities.

Distribution of community WO stores



Under the principle of "approaching the community and users", stores of approximately 30 square meters each were selected and an evaluation model would then be built.

Expand online channels

China Unicom strives to provide better online services and also better enhance its value, continuously improves e-commerce service ability, strengthens online channel development and social e-commerce cooperation, accelerates expanding service touchpoints and boosts online and offline integrated operation.

- Comprehensively coordinated internal and external online touchpoints, and set up an Internet touchpoint marketing system which comprise its own stores (including online stores and mobile stores), JD flagship store, Tmall flagship store, WeChat public account, WeChat store together with other external contacts; sustainably promoted O2O business platforms such as online WO store, Buy by Code, and OTA sign-up, and provide online/offline integrated marketing ability in the offline stores;
- Explored centralised order verification mode, and offered 7x24h uninterrupted order verification services;
- Take advantage of physical stores to carry out the "salesperson+ users" bilateral incentive initiative, resulting in a significant increase in the number of new APP users.

By rolling out mega online marketing activities such as "Purchases for Spring Festival", "517 Online Shopping Festival" and "Singles' Day Carnival", and through cooperation with JD, Tmall and Tencent, the Company achieved a remarkable result in e-commerce development and its e-commerce turnover during the year reached RMB84.77 billion.

China Unicom Guangzhou Branch held an e-commerce festival under the theme of "Top of Internet, Cloud Time of Guangdong". Guangzhou Branch WO TV cooperated with well-known e-commerce corporations to start new mode of "WO Purchase", and strived to create online shopping environment with fast purchase and good quality for users. During the Singles' Day, Guangzhou Branch developed a total number of 24,280 customers across all Internet products and generated RMB7.5 million in IDC revenue. When all citizens were enjoying the nationwide shopping event, Guangzhou Branch provided a series of cloud safety solutions to protect network security of e-commerce corporations and Internet financial enterprises.

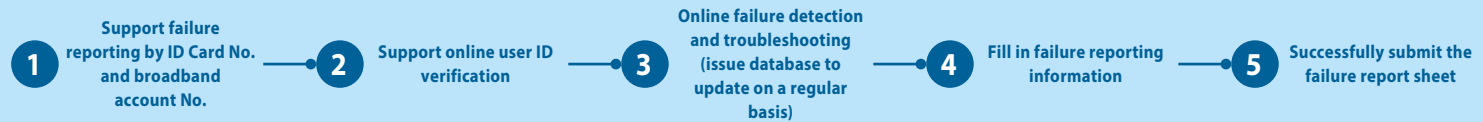
Strengthen Internet e-services

- Promoted the sharing of the Internet service capability, and expanded the Internet services portal. Online customer service touchpoints amounted to 116, and primary touchpoints included online store, mobile store, WeChat store, WO Window, WO mailbox, WO music, WO TV, and WO Fortune etc.;
- Integrated the Internet knowledge base which has the capability to conduct unified distribution integrating the online channel, robot and hotline channel. We preliminarily realised "a single compilation available for all channels" to offer support to various service channels;
- Expanded the new media publicity matrix of customer service on a continuous basis; by positioning a new media matrix centring at "China Unicom Customer Service" account, managed 129 WeChat and Weibo accounts, gathered 207 members of the Post Bar Alliance such as Xiaomi, CITIC Octopus Card and Meitu, and developed Internet new media resources with 25 partners from different industries, such as UC, 360, LeTV and Huawei;
- Strengthened the opening and operation of service capacity such as online customer service and Baidu Zhidao, explored big data, and scenario-based knowledge marketing, and enhanced the centralised operation of online customer service.



Online Store of China Unicom

China Unicom Shanghai Branch strives to build up omni-channel Internet service ability to “serve the customers wherever they are in the world”, and provides new functions in online stores, mobile stores and local WeChat account, including broadband self-service troubleshooting, reporting of failure and making enquiry on the quality of mobile networks, and complaint resolution progress inquiry.



China Unicom Beijing Branch comprehensively promoted smart customer service, introduced the technologies of intelligent voice navigation, pre-set customers labels, and big data analysis, enriched Weibo and WeChat channels, and improved service efficiency. Customer service at Weibo and WeChat public accounts of Beijing Branch won the honour of “2016 Most Influential Second-tier New Media Account of Enterprises under the Central Government”.

Improve hotline service level

- Pushed forward special rectification of irregular service, and achieved zero complaints on the irregularity of hotline service;
- Carried out international roaming customer perception improvement programme to improve ability to accept online international roaming service sign-up;
- Provided convenient smart service, and activated intelligent voice navigation service in seven provinces;
- Pushed forward the integration of services, sales and relationship maintenance, and served customers online;
- Strengthened the basic operation and management of hotlines, and improved the hotline service capability and level.

Pay attention to the maintenance of customer relationship

China Unicom continuously enhances customers’ value and pays attention to customer feedback, and this makes the value of the usage history of the customers become more apparent so that the longer the usage history, the more privileges a customer would be entitled to. The user retention rate of mobile users in 2016 increased by 3.7 percentage points compared to 2015.

- Launched deposit-free and 50%-deposit tariff rebate/free service contracts for existing users. Users with a usage history of over two years are entitled to tariff rebate/free service contracts on a deposit-free basis and users with a subscription length of more than one year are entitled to tariff rebate/free service contracts with a 50% discount on deposit;
- Launched special handset contracts with discounted deposit for existing users. Users with a usage history of over 5 years are entitled to handset contracts on a deposit-free basis, users with a usage history of over 2 years are entitled to handset contracts with a 70% discount on deposit and users with a usage history of over 1 year are entitled to handset contracts with a 40% discount on deposit;
- Launched a promotional contract of RMB99 deposit for iPhone6 and iPhone6S particularly for exiting users with a usage history length of over 2 years.

Since China Unicom formed a strategic partnership with the Chinese Table Tennis Association in 2005, it carried out plentiful customer relationship activities by utilising such table tennis resources. In 2016, China Unicom held the “Linking the World, Sharing Glories” event in head office building for its fans and customers and table tennis stars such as Liu Guoliang, Zhang Jike and Ma Long attended this event. The event was live broadcast by many Internet media, and was warmly responded by fans on site and online. By this activity, China Unicom effectively showed its gratitude towards the long-term trust and support of its customers.



China Unicom Held a Social Event with Chinese Table Tennis Team

China Unicom Hainan Branch set up a synergic maintenance system centring at customers’ big data around touchpoints and the consumption behaviours of customers, and provided “clear, comfortable and assured services” to customers. Care upon service sign-up and clear tariffs: established call-back team to introduce tariff package and voice and data inquiry methods for new customers; care for use and comfortable services: set up a communication system for customers to understand their demands and solve their difficulties at any time; business response and assured experience: identified the characteristics of existing customers and segment them into groups, provide recommendation on service products by call-back whenever the customers are in need. In 2016, the customer hotline made contacts for 500,000 person-times each month on average, with satisfaction of 98% and approximately 58,000 online contract sign-ups.

Optimise service perception

China Unicom strives to improve customer service level aiming at enhancing customer satisfaction. It streamlines the after-sales service channels by means of perfecting store and e-service to facilitate communication with the customers. In 2016, the Company focused on dealing with customers' concerns around key services, key channels and key dispute issues, conducted monthly analysis on customer service, sets up a key issue listing/delisting mechanism, and compelled internal departments to effectively resolve those issues. In 2016, 36 issues were listed, and 13 of them were rectified and delisted tracing back to the source of such issues systematically, facilitating the thorough solution of similar issues.

China Unicom Shandong Branch, based on the principle of "diligent service and sincere operation", dealt with customers sincerely with true dedication and diligent work and gained the confidence of customers through its quality services. It made three commitments, namely "free and unconditional speed upgrade, genuine speed and 480 service time limits", in connection with its broadband services to the public. In order to assure the fulfilment of such commitments, Shandong Branch deployed service outlets and professional maintenance service teams covering different parts of the urban and rural areas, and set up 7×24h broadband expert hotline, WeChat customer service account and other comprehensive service sign-up system to achieve the goal of "rapid reaction, fast solution and responsive to every issue".

(Note: 480 service time limit: repair and maintenance within 4 hours, installation/removal within 8 hours and 0 service sign-up blind spots in the event of any breakdown occurring in an urban area or county within the province; and repair and maintenance within 8 hours and installation/removal within 8 hours the event of any breakdown occurring in the rural (towns and lower) area of the province).



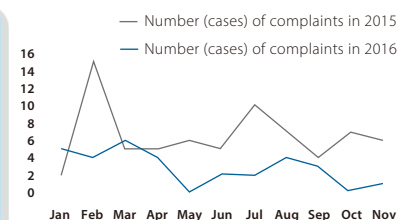
Improve complaint solution ability

The Company is committed to properly handling user complaints well and duly solving service disputes. It built a nationwide first tier service support platform, and formed a large service operation and management system with a three-tier Group-Province-City organisational structure covering eight major segments. It intensively promoted complaint classification and grading management, continuously traced and handled unsolved complaints and problems by making use of work orders, and carried out strict evaluation and certification of the outcomes to guarantee the quality and results in resolving problems, so as to compel on an end-to-end basis back office departments to resolve issues encountered by the customers.

The Company set up a complaint early warning model which relies on its big data platform, developed user characteristic profiles in six dimensions, including user's loyalty, character traits, user's social circle, natural property, complaint process and complaint business scenario, identified the groups that are prone to grievance so as to help customer service representatives to provide differential services and in turn to improve customer satisfaction.

In 2016, the nationwide 10010 customer service hotline handled in aggregate 17.86 million complaints, with a complaint solution rate of 95.6%, and the monthly average complaint rate during the year was 3.61 person-times/million users, representing a decrease of 1.6% on a year-on-year basis.

China Unicom Shanxi Changzhi Branch constantly strengthens its complaint management and control, and perfects closed-loop treatment. Firstly, it clearly specified the time limit and requirements on handling a complaint in each stage, streamlined the handling process and assigned the relevant responsibilities. Secondly, it formulated solutions and contingency plans aiming at addressing common problems, hotspot issues and difficult service problems of complaints, and urged the implementation of such solutions and plans. Thirdly, it focused on analysing the cause of a complaint and defects of a service, and proposed solutions and rectification requirements. Fourthly, it traced and handled unsolved and unsatisfactory work orders, analysed the underlying reasons and formulated the relevant measures. In 2016, the number of complaints dropped by 57% on a year-on-year basis, and the number of complaints at the provincial level dropped by 8% year-on-year.



Carry out customer's word-of-mouth evaluation (NPS)

On the basis of the customers' demands and perception, the Company persistently carries out NPS evaluation and pushes forward the self-improvement of business, network and services. In 2016, the Company successively carried out a comprehensive group-wide customer word-of-mouth NPS evaluation on its mobile and broadband operations. Samples covered cities and counties, and the performance indicators were delineated to different specialised teams to monitor dynamically the self-improvement of customer word-of-mouth and the change in the gap with industry peers, and pushed forward the internal management improvement work of each specialised team

centring on the word-of-mouth of the customers. The overall NPS for 4G users improved by 5.5 points and that for broadband access improved by 4.5 points.

Customer Satisfaction in 2016

Evaluation subject	2014	2015	2016
Overall satisfaction (Score)	76.4	76.5	77.5

In order to effectively understand the perception of customers, China Unicom Heilongjiang Qiqihar Branch documented, recorded, analysed the service sign-up process and customers' perception covering from the point a user arrived at the store until he left. Through such comprehensive experience, Qiqihar Branch formulated targeted improvement measures, including setting counters for "simple services" to handle simple services such as invoice printing, card reissuance, suspension/resumption of service. Ushers in a store actively guided users to use self-service payment terminals to reduce lining up. Smart WO Family experience special zones and counters were set up to handle Smart WO Family service specifically. Qiqihar Branch also revised the code of conduct of store service personnel and strengthened the salesperson training.

	Before improvement	After improvement	Average waiting time shortened
Queuing time	There were altogether 10 customers and the average waiting time was 10 minutes	There were altogether 10 customers and the average waiting time was 8 minutes	2 minutes
Counter service time	There were altogether 10 customers and the average waiting time was 12.7 minutes	There were altogether 10 customers and the average waiting time was 10 minutes	2.7 minutes