

BUSINESS OVERVIEW

In 2015, the Company's focus shifted towards 4G service development, accelerated the network construction and upgrade of fibre broadband network and the development of "Smart WO Family" service, and commenced specialised and market-oriented operation in innovative service. New progress was made in various aspects.

LU YIMIN
Executive Director and President





MOBILE SERVICE

In 2015, the Company's mobile service faced sheer challenges from "Speed Upgrade and Tariff Reduction", "One-month Mobile Data Carry-over", "VAT Reform" and intensifying competition, etc. Mobile billing subscribers decreased by 14.26 million to 252.32 million during the year. Mobile billing subscriber average revenue per user (ARPU) was RMB46.3. The Company's competitive edge in 3G service had been quickly dissipating as competitors stepped up 4G promotion during the year. The Company has accelerated 4G+ service deployment, launched a carrier aggregation pilot programme, optimised 4G product offerings and fully opened up its 4G network. By continuing to optimise its cBSS-based mobile pricing and promotion system and accelerating development of various market sub-segments such as families, town and villages, campuses, etc., the Company strengthened business development in grouped context and integrated operations. Leveraging its industry-leading Woego platform to support integrated channel and terminal operations, the Company has gained differentiated edges in terminal supply and channel service support. The Company's customer experience-oriented customer relationship management system was enhanced. Through targeted initiatives integrating terminal, network and business development, the Company promoted subscribers to upgrade their terminals and packages, driving subscriber migration towards 4G as well as enhancing customer value and accelerating customer development. Based on operator capabilities on network, data and information service platforms and so on, the Company continued to develop its WO+ open system. According to the characteristics of customer groups in different businesses, it developed online marketing eco-system for different groups. Targeted products for different customer groups were launched with partners from various verticals such as travel, music & videos, etc. Total mobile handset data traffic reached 695.83 billion MB, up by 60.1% year-on-year. Nearly 2,200 partner companies joined WO+ open platform, with a total of 790 million connection times during the year.

FIXED-LINE SERVICE

In 2015, the Company accelerated fibre network marketing and fixed-line broadband access speed upgrade, and continued to push forward the building of specialised maintenance and service systems. The Company launched "Smart WO Family" products, gradually bundling various value-added services such as TV, cloud storage, etc., to enrich family Internet applications. It drove shift of product-based marketing into experience-based and scenario-based marketing, realised innovative transformation from products sale to creating customer value under full-service operation, and achieved stable growth of fixed-line service. Net addition of broadband subscribers was 3.54 million, bringing the total number of broadband subscribers to 72.33 million. Broadband ARPU was RMB63.6. FTTH broadband subscriber was 53.1% of broadband subscribers, up by 23.6 percentage points year-on-year. With the advancement in Internet related new technology and intensifying mobile substitution, local access subscribers decreased by 8.20 million to 73.86 million.

NETWORK CAPABILITY

In 2015, the Company focused on 4G and fixed-line broadband development, and steadily expanded 4G network coverage. During the year, 306,000 4G base stations were built, bringing the total to 399,000. The Company undertook large-scale fibre broadband network deployment and all-fibre network upgrade, with the total number of fixed-line broadband ports reaching 165 million, of which 93% were FTTX ports.

The Company continued to expand international network capacity, and optimised international network deployment. As at the end of 2015, its international outbound Internet bandwidth reached 1,278G, international submarine cable capacity reached 5,511G and international terrestrial cable capacity reached 2,802G. The Company had 83 overseas network nodes, with international roaming covering 593 operators in 251 countries and regions.

SALES AND MARKETING

Branding

In 2015, the Company fully leveraged on its own resources, value chain resources and major presentation and exhibition opportunities to continue to promote its core businesses with a clear focus and at an appropriate momentum. Leveraging on its brand name, the Company actively advocated marketing initiatives focusing on network, business, and services experience improvement to shape a differentiated image of its WO 4G+ service, being not only faster, but more pleasant experience, more relieved consumption and better service. The Company started new cooperation with "Smart WO Family" value chain partners, employed creative "crowd-purchase" marketing, and advertised the business edges of the Company in an interactive and easy-to-understand way with the help of the mobile Internet tactics, so as to deliver the "Wonderful WO" brand concept in an all-round manner and to further enhance the brand influence of "WO".



Marketing strategies

In 2015, in face of the profound changes in the market environment, the Company built up differentiated competitive advantages through business transformation. Leveraging its 4G services, the Company saw effective development with an emphasis on both new and existing customers. The Company accelerated fibre network upgrade and seized the leading position in full-service family customers with "Smart WO Family". The Company also achieved integrated operations of terminals, channels and business development with its Woego platform.

Eying on the mobile Internet, the Company developed an Internet partnership model featuring mutual channels, cooperation in data traffic and joint operations with open capabilities as the foundation. It achieved in-depth cooperation in the areas of risk control, market intelligence, and credit assessment with leading companies in automobile, financial, and fast-moving consumer goods industries, which effectively facilitated development of innovative service.

The Company started specialised operations in IDC and cloud computing, ICT and Internet of Things, etc. It actively participated in and undertook nationwide "Internet+" projects and informatisation deployment in related areas, focusing on key areas such as manufacturing, education and healthcare, etc. It also developed the ecosystem in key industries and explored business opportunities in related application products markets. As a result, revenue from corporate customers maintained continuous growth.

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Distribution channels

In 2015, the Company integrated channel and terminal operations by leveraging its Woego platform, capturing synergy between the two. The Company fully embraced the “Internet+” trend, and further expanded e-commerce into various areas such as operations and development, customer services, and corporate management, with an aim to drive customer value. The Company’s self-owned chain stores exceeded 5,000 in the year, with the annual e-commerce gross merchandise value exceeding RMB92 billion.

Customer Care

In 2015, the Company dedicated itself to building a customer-oriented system which was integrating customer services, sales and marketing, and maintenance operation, fully realised the value of service channels, continued to improve customer service in key areas, and promoted important customer service operations based on work orders. The Company further accelerated the development of its Internet services, and engaged in customers’ word-of-mouth and customer experience management to proactively rectify service weakness and improve customer perception. During the year, the Company continued to record the least number of customer complaints in the industry.



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