

Exploring Interactivity of ABS-CBN

Interview by Almond Pilar N. Aguila

ABS-CBN Interactive, the youngest subsidiary of media giant ABS-CBN, was one of the first Philippine companies to ride on the wave of the Internet boom in 2000. Although this growing industry experienced a traumatic blow with a universal dotcom bust in the early years of the new millennium, the World Wide Web is slowly but surely becoming a lucrative enterprise.

Managing Director Paolo Pineda shares his insights on the successes, failures, and challenges of this exciting field of communication. The Interactive Group has capitalized on the technology's potential to bring together traditional and new media. Its services include interactive TV and movie promotions, news, celebrity information, value-added services for mobile phones (ringtones, ringback tones, logos, picture messages, etc.), and online games. This interview offers a different view of how new media is enhancing the use of traditional media in the Philippines.

Question (Q) : *What were the key factors in the creation of ABS-CBN Interactive? Was the primary factor the boom of the Internet?*

Paolo Pineda (PP) : Yes. My boss, Carlo Katigbak, who is now with SkyCable, and Mr. Lopez decided that it was time for ABS-CBN to look into new media. The Internet is now considered the fourth media, right? (They planned to) get the advertisers to come in as well and spend more on the station. That was the whole setup.

Q : *How did ABS-CBN Interactive begin?*

PP : We started out as a pure online group. We put up abs-cbn.com, abs-cbnnews.com and pinoycentral.com. The latter, we eventually closed down in 2004.

Q : *What were the changes in ABS-CBN Interactive after that?*

PP : We moved 90% of our business into mobile to serve the needs of the public. We put all of our content on the phone – promos on TV, ring tones, etc. For the Web, it was abscbn.com and everything else was focused on mobile.

Q : *What was your position when you joined ABS-CBN Interactive?*

PP : I was in business development. I was in charge of establishing partnerships because the whole concept was that we're the portal and let's get partners. The same way that Yahoo! partnered with Macy's for shopping. We also bought pinoyauctions.com. We worked with jobsDB for our job website. We worked with localvibe then for gimiks, movies, restaurants, etc. The buzz word that time was "coopetition" – cooperation but, at the same time, competition.

Q : *What was ABS-CBN Interactive's role in the entire network?*

PP : Our job was to extend the experience from TV to the Internet. If you miss one program episode, you go to the Web and you read the episode guide. You can give reviews of the films we produce. You can talk about our stars. We put all the information about our stars on the website. Then, for the talk shows, we put the Top 10 showbiz news. It's really post-programming content. But that's the basic idea. We just extend the life of the program.

Q : *What are the contributions of ABS-CBN Interactive to the revenues of the network?*

PP : Our contributions are still small. But someday, we hope to contribute more. Advertising has picked up. But it's still small compared to the total advertising revenue of the network.

Q : *Are there particular advertisers who prefer the Internet?*

PP : Service companies like cargo and foreign exchange prefer the Internet. The websites are really designed for Filipinos abroad.

Q : *Do you have tie-ups with TV in terms of advertising?*

PP : We always have packages. However, we always make sure that the advertisers know that they're paying for it. That's exactly what we want to avoid – for people to think that the Internet is a bundle. It's not. It has its own value and it has its own market. So, if you want to tap that market, you have to pay for it.

Q : *What kind of human resources does ABS-CBN Interactive have? From what fields are your employees?*

PP : We're very diverse. My background is in business development and finance. I used to be with a private equity company. But overall, we have people from consumer marketing. We're very intense with technical programming. I think that should be the focus. Schools should really provide the kind of skills training we need in our future employees. When students graduate, they're really not prepared for such a young field like information technology (IT).

Q : *What kind of preparation would someone need to get hired by your company?*

PP : They should just spend more time on systems architecture, on new languages like Java. I think Linux is not being propagated yet in the schools. There is a need for technical skills. When they come in, we really have to train them for this kind of work.

Q : *What about mass communication students?*

PP : We have a ton of mass comm students because we're a content company.

Q : *In the college, we provide degrees in Journalism, Broadcasting, Communication Research and Film. What kinds of jobs can our students apply for?*

PP : We need a lot of writers. Journalism graduates can help us with the news. We spend a lot of time composing SMS messages since these should be well thought out because that's your interface with your consumer. In effect, that's your script. If this were a film or a *teleserye*, that's the scriptwriting part. You have to be able to deliver the message using a certain number of characters. You have to write well but concisely. One needs to have a lot of creativity to develop such messages. Film graduates can also find careers in IT since we are looking at a time when we can watch digital films on our cellular phones. It's not yet happening here but it's happening in Japan and other places. It might take some time for us. But I guess that's where everything is leading.

Q : *What other skills would you look for in a potential employee? What would give a mass comm graduate an edge in this industry?*

PP : Aside from writing well, I think creativity would be the edge. They should know the medium. There are people here who are writers but they don't really use the medium.

Q : *As a global network, which region are you strongest in?*

A : We are strongest in the major territories like the United States (US), Canada, and the United Kingdom. That's where most of the Filipinos are and where the Internet is easily accessible. But you'll be surprised that the Philippine base is growing. In fact, when we were starting, our audience was biased towards Filipinos abroad. But now we are in the 50-50 or even 60-40 which means majority of our audiences are based in the Philippines. The change only became obvious to us last year. You'll be surprised how many Filipinos here know how to use the Internet. Because it is already so cheap. Broadband connection is also becoming cheap at P900 a month. So, if you belong to a middle-income family, you can more or less afford to have such. I heard that in places like Davao and Iloilo, Internet cafes charge as low as P4.00 an hour. The landscape is really changing. Mobile did very well last year. Aside from the increase in local traffic, there was also an increase in advertising on the Internet. We're spending a lot of resources on the Web.

Q : *What about demographics? Which groups are you strongest in?*

PP : It's still consistent with TV. That's because the branding is the same. So the experience is the same and so is the content we provide. It's still the 30-40 age bracket with a median of 35. In the US, the immigrants are really in that age range. So they go to the Web to feel connected. But, with new programs like *Pinoy Dream Academy* and *Pinoy Big Brother*, we've attracted a very young crowd from teenagers to young adults, from 18 to about 25 years old. And these people are mostly based in the Philippines. Our audience is very vocal about their opinions.

Q : *What about audience segmentation in terms of sex?*

PP : There's a female bias. But for *Pinoy Big Brother*, it's been equal between male and female.

Q : *Which demographic groups are you weakest in?*

PP : I'll still say the teenagers are our weakest portion. That's because they would come in for *Pinoy Big Brother*, but that's it. They know what they want. They come in and they go.

Q : *Does the middle-aged group prefers many shows?*

PP : They check out *Pinoy Big Brother*. But they mostly go to ABS-CBN for the news. But the news has a male bias.

Q : *What is your role in the development of audiences for online and other new media?*

PP : I guess our role, as a subsidiary of ABS-CBN, is to reflect the same values as the network we represent. I think we should propagate the right values in new media. I'm sure other companies like GMA and *Philippine Daily Inquirer* have their own. Our mission and vision are different from the broadcasting arm of the network. But the values are consistent throughout the entire group. Still, we have our own interpretations especially when it comes to our group because our employees are very young. For many of them, this is their first job.

Q : *What is the age range of your staff?*

PP : Before, our mean age was 23. Now, our ages range from 22 to 27.

Q : *What values do you emphasize in ABS-CBN Interactive?*

PP : Of course the integrity is there especially for the news side. Actually, to the consumers what should really transcend are the morals and the integrity. I think that should be gleaned from our products. And, hopefully, that should be the same for other new media companies since we all deal with very young people. Our market is very young and very vulnerable. This means you have to provide them with the right kind of information.

Q : *What things have you done to reach out to a wider audience?*

PP : We've added more content. In 2004, we launched ABS-CBNnow! wherein for a fee of US\$8 a month, you can watch all programs available on ABS-CBN via the Web. That opened a whole new range of opportunities. It was a way for us to also monetize the website by making money not only from advertisers but also from consumers.

Q : *How are you addressing your weakness among the younger members of the audience?*

PP : We're launching online games. We're also putting up a music and gaming portal so we can get the younger crowd. But this won't be branded ABS-CBN anymore. We're getting our games from Korea. We launched Tantra in 2005. We should have more games this year.

Q : *Is that income generating for you?*

A : Consumers play the game for free but if they want to acquire items, they have to pay. They can still play without these items. But, if they want to win, they'll need these items.

Q : *How do you receive feedback from your consumers?*

PP : Most of our websites have community boards. People write their comments and feedback there. Someone usually manages these community boards. The guys running that are all kids. They're all gamers.

Q : *Some of them act as game masters? How does one prepare for that kind of job?*

PP : Yes, but it's not as easy as it sounds. The job entails more than just playing the game all day. You have a responsibility to the community. You're like the legislator. It's kind of scary. Actually, you have to be a people person. You have to be firm. People will try to get away with things and you have to be able to say no. And you shouldn't have a gamer mentality. Otherwise, you'll exhibit favoritism. You should really be a lawmaker.

Q : *What kind of college degree would prepare someone to be a game master? Does it matter what degree one has?*

PP : College degree doesn't matter. You have to know and love the industry first. There is no prescribed college degree that we look for in a game master. But you have to be, at the very least, technology-oriented. That's because you're dealing with a lot of technology. It's nice that you're a computer science person who did want to pursue programming or making computers. So, at least you're comfortable with computers. But, you know, we have female game masters who are well-loved by the community.

Q : *Where is that industry leading to? Is there career growth for game masters?*

PP : You could eventually go into the marketing side of it since you know what the kids like. You can elevate yourself to a marketing position.

Q : *So it's not a dead-end job?*

PP : No. Or, if you want to go back to programming, you become the systems administrator which you can pursue all the way to network management.

Q : *How does your audience define your content?*

PP : We have been business opportunistic. That was a good market and we felt we had to be there. But we're very responsive to what our market wants. The online gaming is a good example of that. When we started out, you had to pay a monthly fee to play the game. Eventually, at a certain point, it became free. All you need is Internet access to play. Of course, you need to pay for items. When it comes to news content, feedback from our consumers are read on air. This is done through our react service on our mobile service.

Q : *Have you done any research on your audience?*

PP : We haven't done a lot of research. We've done surveys on music preference to find out why they buy ringtones or ringback tones. We found out that they do so to conform. If everyone has that kind of ringtone or ringback tone, they also want to have it.

Q : *Did you conduct the study before or after you launched your mobile service?*

PP : After. A lot of the stuff we've done here is get up and go because no one has ever done it before. Every Thursday, we go out drinking and someone says this sounds like a good idea and the next day we try to do it. That's the kind of culture we've had for the past six years. Some work,

some don't. But now that the medium has become more established, we have to be more deliberate in the things we do.

Q : *How would you compare your audience to the audience of more traditional media?*

PP : I think we have our own market. TV has its own market. Print has its own market. It really depends on what you offer them. Introduce something they like, they'll look for it. The best example, which is still the worse example, is piracy. When they really want a song and they can't find it in stores or from bootleg vendors, they'll really look for it at all cost. That's why piracy is in place. The point that I'm trying to make is, you give them what they want (and) they'll use your product. If in TV we have this and if we can deliver the right content on the Web, they'll move from TV to the Web. In the US, we have TFC (The Filipino Channel). You can watch Channel 2 on air. Now, close to half of those people are also signed up to ABS-CBNnow!. Why? Because, you watch it on air but if you miss an episode, you can watch it on the Internet when you want. This is important most especially for people in the medical field in the US. Their shifts are three days straight. They miss three days' worth of *Maging Sino Ka Man*. ABS-CBNnow! allows them to catch up on their viewing. That's what I'm saying. You give them a product they want and they'll use the service. We have a very small Philippine audience. But, in the end, they'll learn. Life is getting more hectic, right? There's no other option but to use the Internet to get video on demand service.

Q : *Does the name ABS-CBN help you? Does your audience appreciate the reputation of ABS-CBN?*

PP : In the Philippines, we have the older market. I think GMA has the younger market because of the types of programs they have. But globally, the first brand Filipinos think of is ABS-CBN when they need something or when they're in trouble. You'll be surprised at the kind of people who go to ABS-CBN offices abroad. They think it's the Philippine embassy.

Q : *How does that help ABS-CBN Interactive in terms of attracting consumers?*

PP : If they're savvy on the Net, the first website they'd go to for information is our website or the ABS-CBN global site. They could check out our offices and look at the services we provide. I guess the challenge for us, really, is to be in the service of the Filipino.

Q : *What are the interactive modes of communication that you use?*

PP : We have community boards, mobile phones, and e-mail. The community boards used to be like chatrooms in the beginning. We had to switch to a billboard instead because of the advances in instant messaging like Yahoo! Messenger and Skype. You don't really need to go to a chatroom anymore. Now, all you need is your buddy list. So now, our boards allow people to go there whenever convenient to read and post messages. Chatting now happens via instant messaging.

Q : *How do these modes of communication differ in terms of consumer preference?*

PP : E-mail is still the number one reason people go on the Internet, and rightly so. I think in terms of audiences, there really isn't much of a difference. I think the e-mail is now ubiquitous across age groups. But boards would have younger consumers.

Q : *What is the interplay between traditional and new media at ABS-CBN?*

PP : I guess the line between them is already blurring. All the major programs have a website of their own. I think we're getting to the point where traditional and new media are already interlocked.

Q : *Whenever new shows are conceptualized, do production teams now consider the interactive possibilities?*

PP : Yes. Everyone now appreciates the power of the Internet. *Crazy for You* debuted simultaneously on TV and on the Internet through ABS-CBNnow!. After the theatrical release of a Star Cinema movie, it's already on ABS-CBNnow! after a month or two. So it's fast. We've been doing it for about a year only... The video release is (usually) timed along with the Internet release. The difference between the Internet release and the video release is that ours is faster. Overnight, people get to watch the movie abroad. The video release, on the other hand, has to be shipped.

Q : *What are the social, economic, and political implications of increasing your audiences?*

PP : I guess you have Filipinos congregating virtually, if not physically. For online games, we have communities composed of people of various ages, economic strata, and geographic locations. There are even respectable elders like lawyers or doctors who play against the younger set. They have “eyeballs” every now and then. A lot of the older guys even host these “eyeballs.” We also attend these to monitor what’s happening. But they organize it themselves. We go to get to know the community. It’s a very healthy community.

Q : *How often do they get together?*

PP : Once or twice a month. And then, people are somewhat congregating regardless of age and economic strata and they do so because of one common interest. I don’t think that’s unique to us. It’s prevalent across the Web.

Q : *What are the economic implications of your increasing audiences?*

PP : For us, it’s a good investment. Our audience is given the power of greater access to information and services. It hasn’t arrived at that level yet here. In India, they found a way to deliver information on prices of vegetables to the farmers so they know if they’re being squeezed by the middleman. In China, it’s the same. On the technology side, people get access at a lower price. As consumers, they can also compare prices of goods and services. It just gives them more power in terms of choices.

Q : *What about political implications?*

PP : People feel connected since they can read what columnists write about politics. That would help them since they have absentee voting. At least, even if they're not here, they have access to information.

Q : *What can you say about smart mobs?*

PP : That's when people congregate online for certain causes. That's popular abroad. I don't think we're there yet, not for political or social reasons. But for community reasons, it's happening. Aside from online gamers, we have *Pinoy Big Brother* fans coming together.

Q : *Don't you think it's possible for the EDSA revolution to take this new form?*

PP : That happened in 2001 with the mobile phone.

Q : *Do you think the Internet has the same potential?*

PP : I don't think so. It's still far off.

Q : *Does the increased number of migrants affect your prospects for a bigger market even if your local market is now more substantial?*

PP : If we can own them here, they would still patronize us when they go abroad.

Q : *What other services do you provide?*

PP : Mostly, we do public service. ABS-CBN Foundation has a website which we manage. People can go there if they

want to donate or if they want more information. We also provide a means for people to report smoke belchers via their mobile phone. They can text in the plate number of the bus and where they saw it. When two people text the same plate number, we investigate already. And authorities really impound these vehicles.

Q : What can you say about media conglomeration?

PP : This refers to us. (Laughs.) I don't see anything wrong with it. It's a healthy thing if you know your vision. For us, it's in the service of the global Filipino. We are not here to monopolize. We are here to provide people with the information they need. We tell stories; we make films; we give them something to look forward to at the end of the day. We give them the Internet to allow them to connect to other Filipinos worldwide. I think, as long as the vision is clear, there's nothing wrong with it.

Q : What can you say about the digital divide?

PP : It's a decision of the person if he or she wants to be connected. At P4.00 an hour, I think anybody can have access.

Q : How does the Philippines rank in terms of access to new media?

PP : We're still far off in terms of penetration. Malaysia and Thailand have 80% to 100% penetration in terms of the mobile phone. We only have 40 percent. There is big growth potential. Internet access is even lower. From the info we're gathering, it's 7 million to 10 million users of the Internet.

Q : *How is the competition like in the interactive industry?*

PP : It's tough. For online games, there used to be only four of us. Now, there are 30. There is no barrier to entry on the Net. On the mobile phone, you just need an interesting but licensed product and the mobile operators will entertain you. It's very competitive. That's what's very stressful about the work.

Q : *Will the industry eventually kill itself?*

PP : Not really. There's always consolidation. In 2003 and 2004, we saw a lot of consolidation, partnering, buying out, and closing down. For online games, it's happening already with Level Up and PLDT. There's even a new player, ITVG. Mobius is moving towards business process outsourcing. It's part of the normal business cycle. But it's very, very competitive.

Q : *What do you do to keep yourself competitive?*

PP : Continuous innovation. You just have to keep coming up with new ideas and getting the right content into the market. One big step we took was partnering with an Italian company called Buongiorno which is the biggest mobile service provider in the world. Now, we have a wide range of content. What works in countries abroad and which have not be introduced here, we can now provide. There's a lot of global sharing of information.

Q : *What are the prospects of interactive media in the Philippines?*

PP : The Internet is growing. Mobile has reached a plateau. All the people who can have cellphones have cellphones at

this point. But we haven't reached the saturation point. It's just that we won't grow fast as we used to. People have yet to adapt the technology of watching videos on their cellular phones. The mobile phone market is bigger. But it's just a more mature market than that of the Internet. The Internet market developed at a slower pace. Now, it's picking up. I think we'll see a lot of growth there. We're doing a lot more things on the Internet. We're putting a lot more content. And we'll be converging the Internet and the mobile phone in about two years. Hopefully, the programs you can watch on the Internet, you can also watch on your mobile phone.

Q : *Do you see new media playing a more dominant than supporting role in the Philippines?*

A : I think traditional media would still dominate.

Q : *So it's not like new media are phasing out TV or the other traditional media.*

A : In fact, there was an article in the recent issue of *Fortune Magazine* that says that the more technology we're releasing, the more people want TV. It's interesting. In fact, the big technology companies are trying to find a way to get to your TV. Like Apple released i-TV which is an i-pod for your TV. People are, ironically, seeking traditional media amid all the technological advancements. For the Philippines in general, I think TV is still the predominant medium. We're not yet in that stage where every household has a TV and a computer.

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