

MOBILE PHONES: BRIDGING THE DIVIDES IN PHILIPPINE SOCIETY

Several divides keep the poor from the mainstream economy – political, digital, and economic. Although the poor comprise a large and growing market base and have the desire to buy, they are not considered an attractive market due to their lack of resources and access to facilities. Thus, the poor are hardly dealt with as customers to sell to; instead, they are always treated as beneficiaries or victims to be helped. This mindset, coupled with unfriendly policy environment, limited resources, and lack of understanding of the behavior of the marginalized, results in unsuccessful development initiatives. However, changing the mindset about the poor – that is, treating them as customers to be served and sold to – would change not only the way development is pursued but also the way business is conducted¹.

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In 2004, foreign investors were keeping an eye on Philippine Long Distance Telephone (PLDT) as it registered a subscriber growth rate of 30 percent over the previous year in its mobile phone service. The company attributed this increase to the growing number of subscribers from the low-end market. The introduction of smaller-denominated prepaid cards, coupled with a continued drop in the prices of handsets and a

¹ In his lecture entitled “Revolutionary Marketing Concepts Revolutionizing Development Management”

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burgeoning used handset industry, made the wireless service accessible and affordable to low-end consumers who comprised two-thirds of the population. Further, demand for mobile services was high in provinces where fixed line telephone penetration was low.

This prospect, however, did not extend to PLDT's main competitor, Globe Telecoms, for while PLDT had gained experience in serving this segment over the years through its two brands, namely, Smart and Talk 'N Text,² Globe played catch-up in this market when it decided to focus on the middle- to high-income segments during the early stages of the market's development. The total wireless market continued to post strong and steady growth projected between 36 and 41 percent in 2005.

The Industry Players

The state of the country's telecommunications industry in the early 1990s was far different from the scenario described above. Before the industry was deregulated in 1992, the fixed line telephone sector had long operated as a natural monopoly because of huge capital requirements necessitating economies of scale to keep the business profitable. The industry was also kept under government regulation to safeguard public interest and avoid entangled telephone wires. Due to the existence of the monopoly the following resulted:

- Just 1.37 million fixed lines serving 62 million Filipinos nationwide as of December 1993 (over a million of these lines were in Metro Manila)
- waiting time of two to six months for a phone line to be installed
- a backlog of almost 800,000 lines by the end of 1992.

With the emergence of wireless technology in the country, however, the industry managed to leapfrog the huge investment requirement of fixed line technology. The low telephone density particularly in the countryside boosted the demand for mobile phones such that by 1994, mobile phone subscribers numbered 100,000 and was projected to reach 1.5 million in 2010 by the Department of Transportation and Communication.

The price of a cellular phone unit was also expected to decline as the subscriber base continued to grow. To illustrate, while in 1990, the cost of a cellular phone was around Php50,000, three years later, the price of a similar unit was down to Php10,000 per unit.

The wireless industry was born in the early 1990s with the launching of Mobiline, Pilipino Telephone Corporation's (Piltel) analogue-based cellular phone service. Eventually, four other players entered the market such that by the end of 1992, the industry had a subscriber base of less than 60,000. (See Table 1)

² Talk 'N Text was a brand under Piltel which was a virtual network operator using Smart's GSM network. Smart owned 92 percent of shares in Piltel's equity.

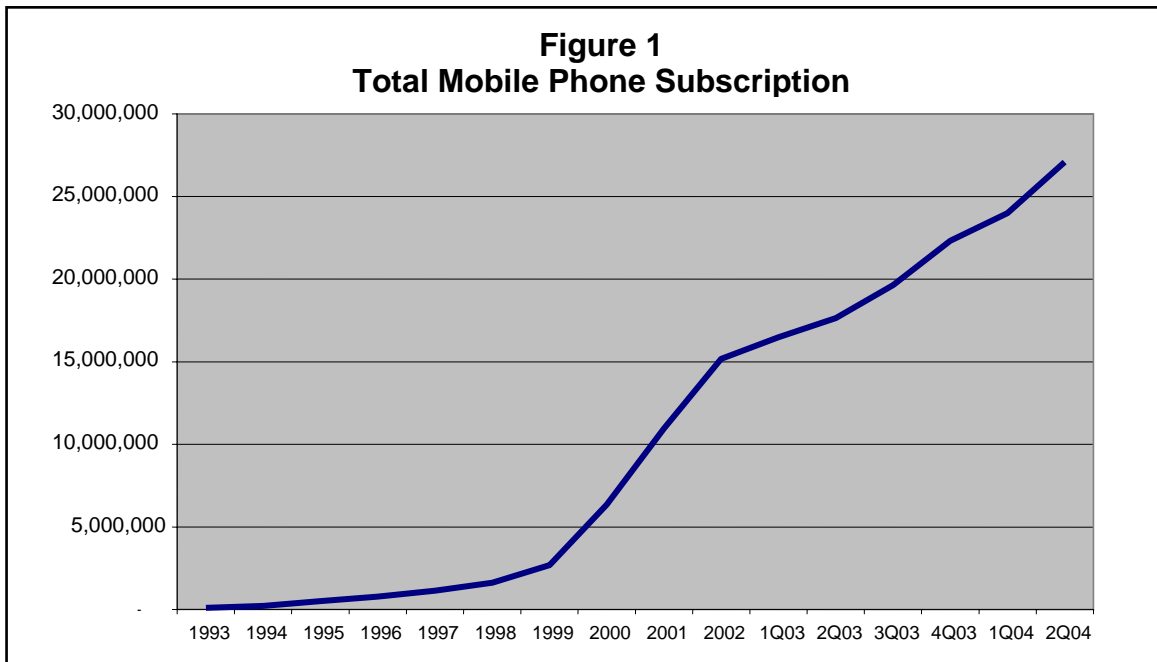
In 2000, the introduction of digital technology that enabled the short message system (SMS) or texting³ changed the landscape of the wireless industry. Priced 83 percent lower than the lowest intra-network voice call rate or Php1 per text message versus Php6 per minute of voice call, the SMS attracted new subscribers to cellular service, contributing 35 percent to the wireless sector revenue by 2004. Players who could not offer such service lost their markets to the PLDT and Globe brands, as the Filipinos made their country the “texting capital of the world.”

Table 1. Wireless Players

Operator	Year of launch	System deployed	Technology deployed	2003 operations
Piltel	1991	Analogue/Digital	AMPS, CDMA	Smart/Piltel
Globe Telecom	1994	Digital	GSM	Globe/Isiacom
Isiacom	1993	Digital	GSM	
Extelcom	1991	Analogue	AMPS	
Smart	1994	Analogue	ETACS	
Digitel	2003			Digitel

Source: National Telecommunications Commission

By the end of 2003, the subscriber base of around 60,000 grew to 22 million. (see Figure 1)



Source: Globe Telecom, 2004

³ Texting is an abbreviated form of writing messages using mobile phones with their tiny screens and keyboards. It is done by pressing the alphanumeric keys and sent by typing the intended recipient’s mobile phone number and pressing the “send” key.

As of the third quarter of 2004, Smart and Talk 'N Text had a total subscription of 17.5 million, representing a combined market share of 58 percent. The previous year, these brands accounted for 52 percent of PLDT's total revenue. Smart pioneered the wireless prepaid service and eventually established an edge in this market by offering products responsive to the needs of the low-end market

While Smart had a stronghold in the prepaid service, Globe took a lead in the high-end, post-paid market. In 2001, Globe acquired Islacom and re-launched its brand under a new brand name, Touch Mobile, which was positioned against Talk 'N Text. Touch Mobile was designed to cater to the D and E markets, but according to market analysts, Globe failed to convey the message to its target market as its advertising theme did not jibe with the image it desired for the brand. As of October 2004, Globe and Touch Mobile had a combined subscriber base of 11.7 million.

Although it was the second largest fixed line operator in the country, Digital Telecommunications Philippines (Digitel), entered the cellular market only in 2003 under the brand name SUN Cellular. Its launch generated public interest and sign-ups were reported to reach between 3,000 and 4,000 per day. However, because of its limited coverage and poor network quality, the enthusiasm died down. Still, the company hoped to increase its current cell sites from around 800 in the first quarter of 2004 to 1,200 by the third quarter of the year. These figures remained a far cry from Globe's 2,600 and Smart's 4,229 cell sites⁴ so that Digitel was hardly considered a serious threat to either of these companies. Further, since SUN cellular competed in terms of price, offering much lower voice and International Direct Dial rates than the competition,⁵ it would require a higher breakeven of at least 2 to 2.5 million subscribers compared to the competitors' one million.

The Robust Growth in the Number of Mobile Phone Subscribers

The growth in the number of wireless subscribers from 60,000 to 22 million over the past decade was attributed to three factors: (1) the 'calling party pays' system; (2) prepaid service; and (3) text messages.

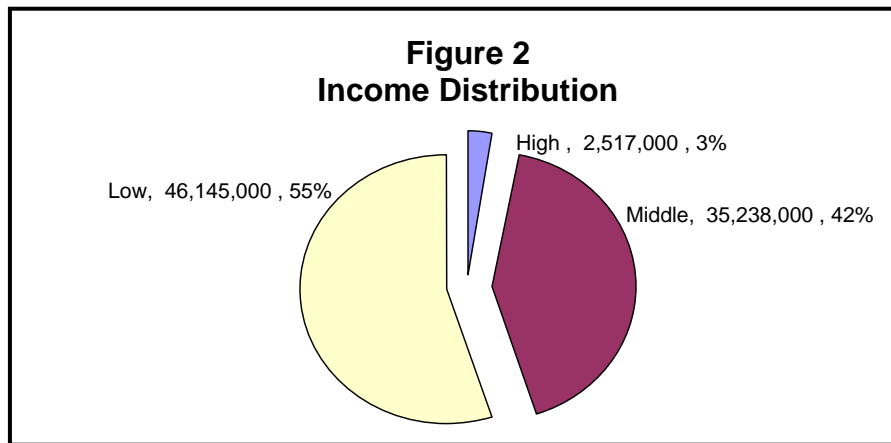
Under the 'calling party pays' system, the originator of the telephone call paid for the call, thus encouraging the subscribers to always turn on their phones and give out their numbers.

⁴ The November 2004 PLDT Presentation to Investors and Analysts, however, indicated that Smart had already built 5,000 base stations covering 95 percent of the country's total population. Thus for 2005, its capital expenditure was expected to decline, as the company achieved its geographic coverage target and maximized the cost-effectiveness of network build-out.

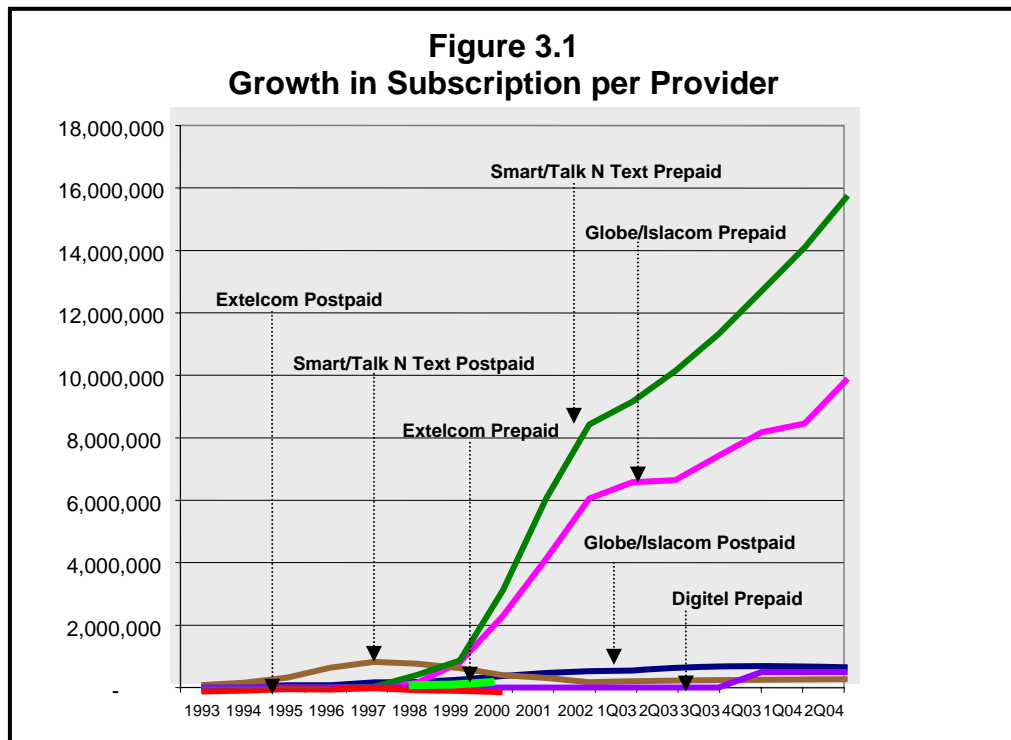
⁵ In October 2004, when it had only 700,000 cellular subscribers, Sun Cellular offered call and text services on an unlimited basis for Php250 a month. As of February 2005, its client base more than doubled to over 1.5 million subscribers.

Prepaid services, on the other hand, allowed prospective subscribers, who could not meet the credit standards imposed by the post-paid operators, to avail of cellular service. A large proportion of these prepaid subscribers came from the low- to middle-income brackets (See Figure 2). Based on the country's population of 83.9 million, the total market penetration rate was expected to reach between 36 and 41 percent or between 30 million and 34 million subscribers by 2005. (See Figures 3.1 and 3.2)

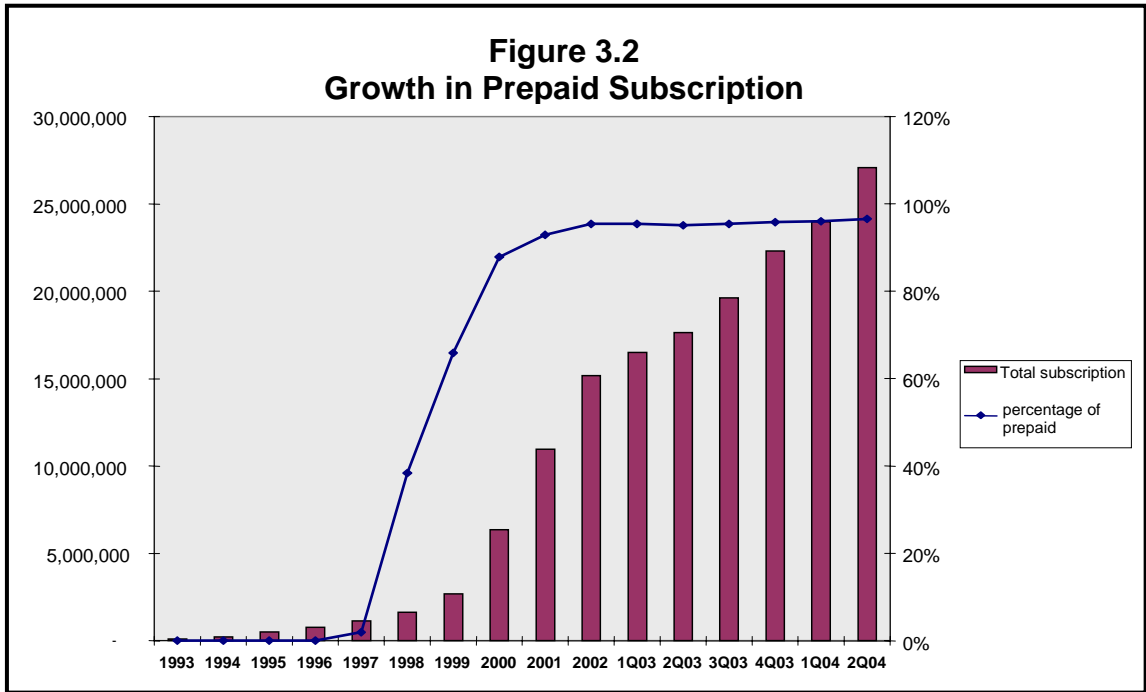
The Central Luzon, Southern Luzon, and Cebu provinces, which had low telephone densities but enjoyed the highest per capita incomes outside Metro Manila, were expected to spur high growth in mobile phone subscription.



Source: National Statistics Office, 2000



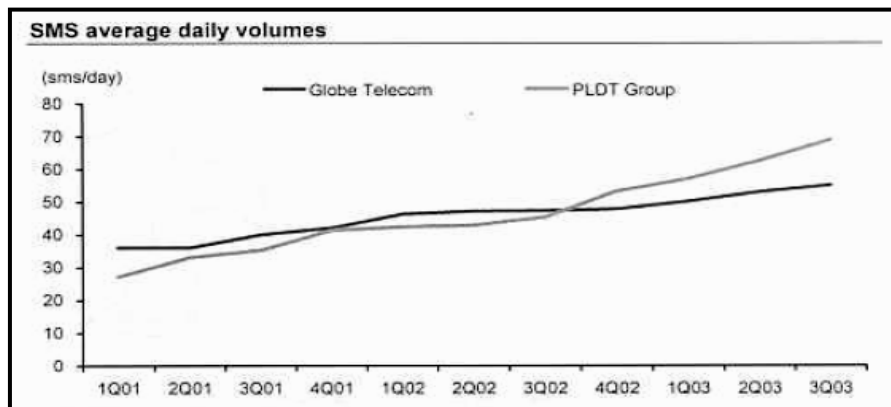
Source: Globe Telecom



Source: Globe Telecom

Text messaging was the crux of the strong demand for cellular services in the country. Its main attraction was its low-price, which ranged between Php0.50 (US\$ 0.0089) and Php1 (US\$ 0.018) per message.⁶ As of the second quarter of 2004, both Globe and the PLDT group each handled an average of 60 million outbound messages per day. This figure translated to an average of eight messages sent per subscriber per day. Although the market was generally price-sensitive, the volume of text messages was expected to increase by 11 percent annually in the next three years. (See Figure 3.3)

Figure 3.3
Growth in SMS Volume



Source: BNP Paribas Peregrine Securities, May 2004

⁶ Approximately Php 56 = US\$ in 2004.

Globe and Smart segmented the market into two major groups: the middle-to-high and the low-end markets, each served by a brand differentiated by the handsets and rates offered.

Table 2. Comparative Brands and Tariff Rates

Brands	Globe Telecom		Smart / Talk 'N Text		
	Globe Handyphone	Touch Mobile	Infinity	Smart Buddy/Gold / Addict	Talk 'N Text
Target market	Middle to high	Low	High	Middle to high	Low
Rates (in Php)					
Voice	3.50 – 6.50	6.50	3.50 – 4.50	3.50 – 6.50	5.50
US\$	0.0625 – 0.116	0.116	0.0625 – 0.08	0.0625 – 0.116	0.098
Text*	1.00	1.00	1.00	1.00	1.00
US\$	0.018	0.018	0.018	0.018	0.018
Handset prices (Php)	38,000 – 6,500	3,600	38,000	38,000 – 4,600	3,400
US\$	679.00-116.00	64.29	679.00	679.00 – 82.14	60.71
* in excess of free text					
Source: Globe Telecom; PLDT					

Smart segmented and served its markets well. Smart Infinity, positioned to serve the high-end market, provided each subscriber a dedicated account manager available 24 hours a day, seven days a week and automatic roaming capabilities. With every Smart Infinity subscription, free top-of-the-line handsets were updated regularly besides.

Smart further segmented its middle-to-high income target market to serve particular interests. For the heavy users of Multimedia Message Services (MMS) and Wireless Application Protocol (WAP), Smart launched Addict Mobile. Plans under this brand had fewer free voice calls than normal, in lieu of larger data service allocations. They were particularly designed for the 18- to 35-year-olds coming from the A, B, and upper C income groups. On the other hand, Smart Gold was a post-paid service offering subscribers the widest selection of monthly plans with free calls and free text messaging, plus the latest handsets and several value-added services.

Smart Buddy GSM provided the same variety of value-added service in the prepaid mode, while Talk 'N Text offered services at a rate 15 percent cheaper than Smart Buddy. Talk 'N Text, however, positioned itself so well that it did not cannibalize the latter's share of the market.

The falling handset and SIM pack prices further improved the affordability of cellular services. Prices of entry-level handsets fell as much as 50 percent from 2003 to 2004, thereby reducing the companies' subsidies for handsets. The newly developed "used handset market" lowered the entry cost of subscription even further.

Table 3. Comparative Prices of Brand New and Used Handsets

Brand / Model	Brand New (Php)	Used (Php)	Difference (%)
Nokia 7650	22,000	16,000 – 18,000	27-18
US\$	392.86	285.71 – 321.43	
Nokia 3650	16,000	11,000 – 13,000	31-19
US\$	285.71	196.43 – 232.14	
Nokia 2100	9,000	4,500 – 5,000	50-45
US\$	160.71	80.36 – 89.29	
Nokia 3210	5,000	1,500 – 2,500	70-50
US\$	89.29	26.79 – 44.64	
Sony Ericsson T68I	14,000	6,000 – 8,000	57-43
US\$	250	107.14 – 142.86	

Source: Buy and Sell Philippines; BNP Paribas Peregrine

All these factors—prepaid services, text messaging, and lower costs of handsets and SIMpacks—helped the industry players tap the lower-end market.

Profits from Prepaid

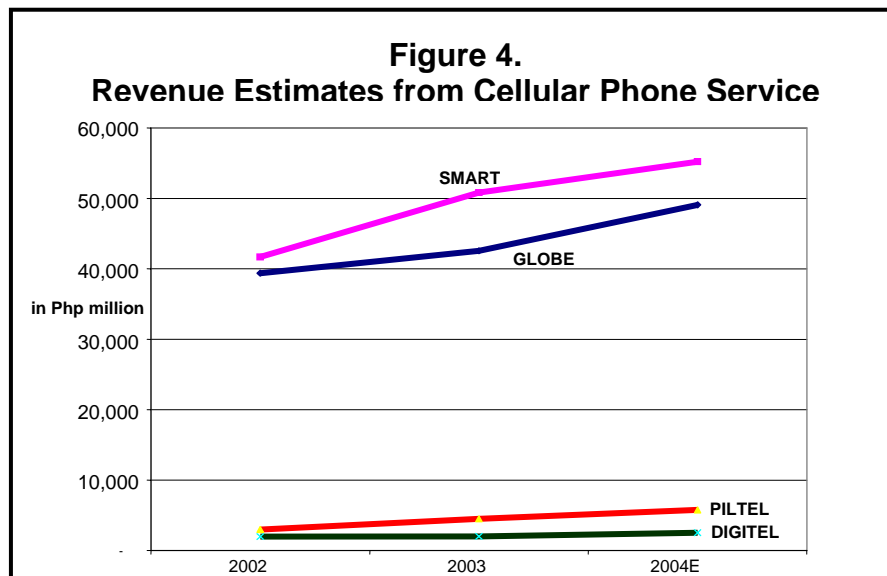
As of the second quarter of 2004, around 97 percent of mobile phone subscribers were prepaid users. Although the average revenue per user in this segment was generally lower, the cost of maintenance was also lower as the companies did not have to maintain a database of the “sign-up-and-forget” prepaid subscribers.⁷ Further, the companies saved on printing and mailing costs as prepaid services did not require billing. Over-the-air loading also had shorter expiration dates and their voice call rates were 15 percent higher than the regular loads.

The prepaid market proved profitable. Globe, with 93 percent of its subscriptions falling under the prepaid segment, registered service revenues of Php39.1 billion in the first nine months of 2004. This amount was 12 percent higher than its 2003 earnings during the same period, while its operating costs and expenses grew by only 4 percent. As a result, earning before interest, taxes, depreciation, and amortization (EBITDA) rose to Php24.9 billion, while the EBITDA margin increased from 59 percent the previous year to 64 percent.

As for Smart, prepaid services accounted for 98 percent of its subscriptions. Its total revenue as of the third quarter of 2004 was Php50.2 billion, higher by 35 percent over last year’s performance during the same period. Its non-cash operating expense, however, grew by only 6 percent so that its EBITDA margin rose from 56 percent in 2003 to 66 percent in 2004.

⁷ Smart’s churn rate, which measured the number of people dropping out of the service as a percentage of the total subscriber base per month, was three percent in 2004.

Figure 4 shows the players' estimated revenues from their cellular phone operations.



Source: BNP Paribas Peregrine Securities, May 2004

Smart Moves

Mr. Ramon Isberto, Head of Public Affairs of Smart Communications, elaborated:

We are the third company to get into the business and tapping the low-end market is the only way to go. Thus, our movement is from top to bottom (of the pyramid).

How did we penetrate the new market? We answered the basic questions: What is our product? Who is our customer? We asked ourselves: are we selling phone services? We are selling voice and SMS. Then, we defined our market. We used to serve the elitist market through our post-paid services. Now, with the SMS technology, we cater to the low-income group and the young and fast-growing population and have changed the rules of the game. We have expanded the economic class and geographic location of our market. And finally, we are developing products that suit the lifestyle of our market, especially the daily wage earners, and educate them by introducing innovations step by step.⁸

⁸ From his presentation at the "Eradicating Poverty through Profits" conference, San Francisco California, December 13, 2004.

Anastacio Martirez, Head of Mobile Services of Smart Communications, added:


The service must be revolutionary, which means the service must be life-changing and innovative. Research helps but it can go so far. It does not provide consumer insights. (So) we made a grid of the entire Philippines so we can come up with a specific service that consumers in that particular grid can afford. It is important to know who your clients are and who you want to serve.

We are not discouraged when (the market) is small and does not have the volume. Instead, we concentrate on bringing down the cost through innovation so we can make a profit on the service. It's ironic that the lower the market (in terms of income) you go, the better it is for you as long as you have a sales and distribution network in place.⁹

Thus came the micro loads and the over-the-air prepaid loading that suited the spending capacity and/or habits of the low-end market. Prior to these product launches, prepaid users bought cards denominated at Php300 (US\$ 5.35) or Php500 (US\$ 8.92) for Smart, and Php250 (US\$ 4.46) or Php500 for Globe subscribers to load airtime to their prepaid accounts.

Smart then introduced Smart Load, an electronic prepaid loading service that allowed prepaid subscribers to load up their accounts with smaller denominated loads ranging from Php200 (US\$ 3.57) to as low as Php30 (US\$ 0.54) through authorized Smart dealers. By “retailing” the airtime load, Smart Load made prepaid service more affordable to the lower-income group. (see advertisement on next page)

The purchase of goods in small amounts or “tingi-tingi” was characteristic of most Filipinos, as it suited the cash flow situation of most. It was estimated that around 51 percent of the population earned Php110 (or US\$2) a day, if not less, and they averaged four trips a week to the corner store to buy sachets of shampoo, small plastic packs of cooking oil, sugar, and other items. In a way, therefore, Smart Load was like “telecommunications in a sachet” as it made loads affordable to those with limited cash.



New! SMART Load is the world's first & only electronic prepaid loading service that makes use of a Smart GSM cellphone to load airtime into your Smart GSM prepaid account. Smart Load packages are affordable & easy on the pocket. Now, you can text and even call, for as low as P 30 only!

⁹ Jao-Grey, Margaret. *Wonder Boy*, The Philippine Star, February 28, 2005

There are three SMART Load Packages to Choose From:

LOAD	PRICE	CONTENT	LOAD EXPIRY	SIM VALIDITY
Economy	P30	30 text messages 3 mins voice calls	3 days	30 days
Regular	P60	60 text messages 6 mins voice calls	6 days	30 days
Extra	P115	115 text messages 13 mins voice calls	12 days	60 days
NEW!	P200	200 text messages 25 mins voice calls	30 days	120 days

Smart Load became a hit also because of the convenience it offered. In the past, when a subscriber ran out of load, she/he had to go to a store to buy top-up cards, scratch off the coated portion of the card, key in the numbers and then send it via SMS to a designated number. With Smart Load, however, the retailer transferred load via SMS to the subscriber. Because the process was electronic, transactions could be done remotely, 24/7.

Smart eventually noted how “relationship selling” at the *sari-sari*¹⁰ store level also proved key to making Smart Load a success. Storeowners often extended credit to buyers who did not have enough cash (yet) to buy goods—the same informal credit line they extended to subscribers who could not afford as yet to buy load. Further, Mr. Isberto said, “It is technology combined with the human touch, which is key to several other successful business models like McDonald’s.”

Globe followed Smart’s lead by introducing small-denominated cards priced at Php100 (US\$ 1.78) and Php50 (US\$ 0.89) for Touch Mobile. In early 2004, the company launched its own over-the-air loading service, the Globe Autoload Max.

Smart later introduced Smart Pasaload, a load transfer service that allowed Smart-to-Smart transfers of Php15 (US\$ 0.27), Php10 (US\$ 0.18), Php5 (US\$ 0.089), and Php2 (US\$ 0.035) in load amount. “We got the idea for Pasa Load from the habit of Filipinos to bum a stick of cigarette worth Php2.50 (US\$0.44) from their friends,” Mr. Martinez said. Globe again followed suit by launching its Share-A-Load that allowed Globe-to-Globe loading of prepaid accounts at a minimum of Php10 (US\$ 0.18) and increments of Php1 (US\$ 0.018) thereof.

¹⁰ *Sari-sari* stores were small storefronts that sold foodstuff and sachet- packaged products to villages or communities. They normally catered to the low-income group that could not afford bulk purchases in supermarkets. An AC Nielsen survey (2004) showed that sari-sari stores accounted for 89.9 percent of the total retail-outlet pie in the Philippines, with the rest being shared by market stalls (7.3 percent) and supermarkets (2.8 percent). Sari-sari stores posted an 11.2-percent growth to reach 566,260 outlets after exhibiting a 14-percent increase in 2002.

These innovations—Smart Load and Pasaload—expanded the cellular market in two ways. First, the original addressable market, which was composed of families that earned at least Php80,000 (US\$1,428), expanded to include families with annual incomes of Php20,000(US\$ 357) (see Figure 5). This move translated to an additional eight million subscribers. As shown in the Globe ads (see portion of the advertisement below), the micro loads simply fit the subscribers’ budget (at Php285 for the daily wage earners).

Ngayon, MAX sulit na sa bawat PISO, sakto pa sa balsa mo! You can now reload any of these amounts in your phone:

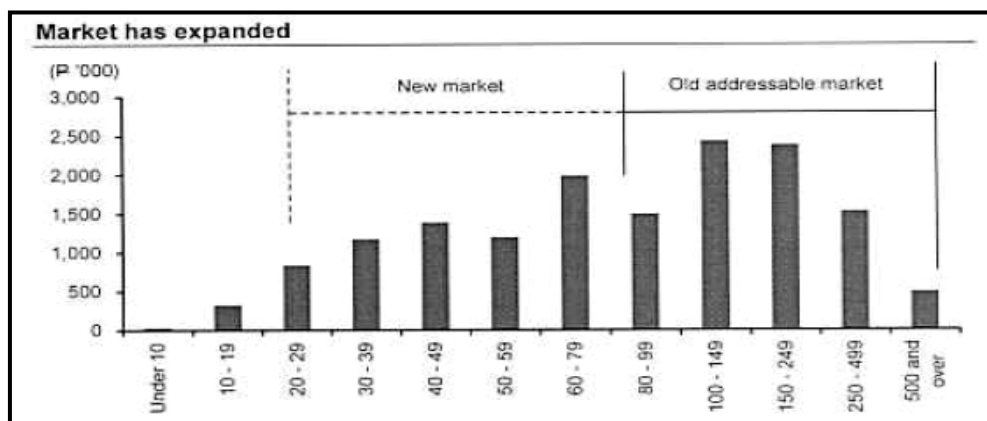
Load Amount	Load Expiry	Account Expiry
P25 to P29	2 days	30 days
P30 to P39	3 days	30 days
P40 to P49	4 days	30 days
P50 to P59	5 days	30 days
P60 to P69	7 days	30 days
P70 to P79	8 days	30 days
P80 to P89	9 days	30 days
P90 to P99	12 days	60 days
P100 to P119	15 days	60 days
P120 to P150	18 days	60 days

Table 4. Comparative Denomination of Over-the-Air Services

	Smart/Talk ‘N Text	Globe	Touch Mobile
Denomination (Php)	30,60,115,200	25-150	10-150
Free SMS	None	None	None
Expiration (days)	3,6,12,30	2-60	2-60
Voice call rate (Php/min)	7.50	7.50	7.50
SMS rate (Php/msg)	1.00	1.00	1.00

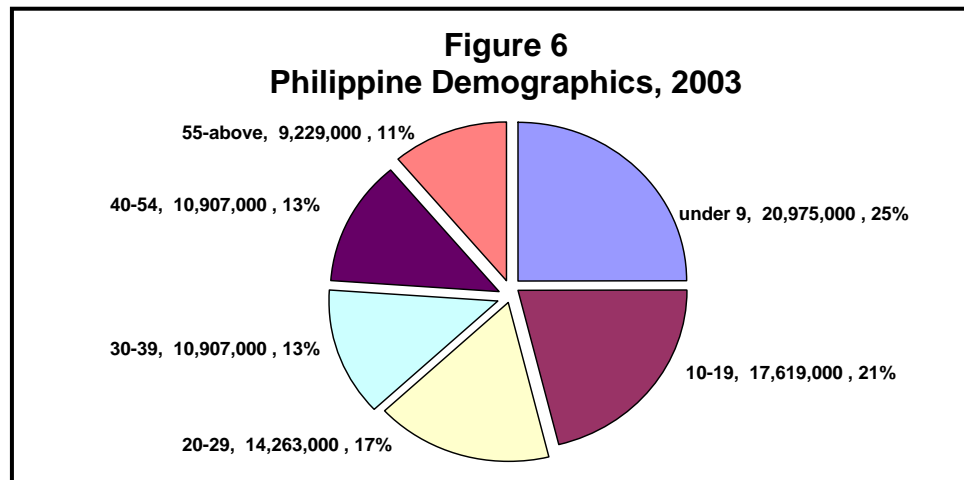
*subscribers can load values at Php1 increments
 Source: PLDT; Globe Telecom

**Figure 5
 New Market Created by the Low-Income Households**



Source: BNP Paribas Peregrine Securities, May 2004

Second, with the advent of micro loads, even teenagers could afford to use mobile services. While this segment had relatively lower average revenue per user, the numbers should increase once they reach working age. The segment was a potential source of long-term growth (see Figure 6).



Source: Philippine Statistical Yearbook, 2003

The Beginning of M-Commerce

As the cellular service providers increased traffic by expanding their sales and distribution capabilities, several low-income groups became techno-preneurs. Around 90 percent of the low-income group was composed of micro-business people, usually running *sari-sari* or corner stores that served as traditional phone card sales outlets, and/or individual agents.

Globe alone hit its half a million target of Globe Autoload retailers for 2004, as early as October that year. On the other hand, over 600,000 of Smart Load retailers earned 15 percent of revenues as commission from their reloading transactions. Initial investment for the Smart Load retailers' SIMpack was Php100 (US\$ 1.79) and a load of Php300 (US\$5.37). Over three million Smart Load transactions were processed daily, as around two-thirds of the pre-paid users preferred reloading electronically to buying load cards.

According to a retailer, what she earned from selling a whole case of soda was equivalent to what she earned from selling a Php30- load, less the shelf space and refrigerator requirements. Smart Load thus offered the retailers a fast-moving product, acquired at low investment and with no storage cost, affordable to a large market besides. On the other hand, Smart earned around 63 percent of its top-up revenue of more than US\$2.5 million per day from this business less the printing and physical distribution costs of loads.

In 2004, Smart introduced Smart Padala, an international cash remittance service through text that enabled cash transfers directly to the cellular phones of beneficiaries in the Philippines. With its triple encryption, this product offered a quicker and cheaper (at half the cost), yet secure, alternative to the traditional door-to-door services that catered to the six million Overseas Filipino Workers (OFWs) in nine countries who sent some US\$8 billion in remittances. Two months into its launch in August 2004, Smart Padala generated 45,000 transactions through over 10,000 encashment centers, with average transaction values ranging between Php5,000 and Php10,000. “Smart Padala has low average revenue per unit but is one of our most profitable services,”¹¹ said Mr. Martinez.

Globe also introduced G-Cash, its answer to Smart Padala but with more features. Its concept was that of a “mobile wallet” which enabled Globe and Touch Mobile subscribers to engage in mobile commerce: the purchase of goods and services in accredited outlets; the sending of money person-to-person or exchanging G-Cash for cash in accredited outlets; and the sending and receiving of remittances. The G-Cash account could store amounts ranging from a minimum of Php1 to a maximum of Php10,000. Maximum transactions per day was Php40,000.

Smart, however, claimed to have pioneered the mobile wallet concept, having launched its Smart Money in December 2000. Smart Money was a cash card linked to and controlled by the mobile phone. It enabled the subscriber to self-load his/her mobile unit, perform ATM-bank transactions, and receive remittances, among others. Its tie-up with MasterCard Electronic also allowed subscribers to have access to over 20,000 retail outlets locally and 20 million outlets globally. In 2004, the company estimated its active cards at one million, with an average trade volume of Php2.5 billion per month. In 2004, Smart introduced a “virtual card” through which transactions could be done by just using a Smart money number. One just had to be either a Smart mobile subscriber or a Smart Money holder, not necessarily both, to engage in virtual card transactions.

In terms of infrastructure, Smart successfully lowered its cost by using new, more efficient network facilities that enabled the company to expand its services to smaller, less affluent municipalities that were previously uneconomical to serve. Thus, mobile technology facilitated certain village activities such as farming and the distribution of goods to the market, as well as the collection of illegal bets.¹²

Mobile technology also supported the lifestyle of telecommuters, among them a freelance editor who normally received projects via text messages.¹³

With these latest digital innovations, velocity of money increased and so did the participation of the low-income groups in economic activities, either as recipients/consumers or senders/producers of money.

¹¹ Jao-Grey, Margaret. *Wonder Boy*, The Philippine Star, February 28, 2005

¹² Raul Pertierra et al. 2002. *TXT-ING Selves, Cellphones and Philippine Modernity*. De La Salle University Press Inc., Manila, 86.

¹³ *Ibid.*

Changing the Lives of Filipinos

Mobile technology changed not only the way Filipinos conducted financial transactions, but also the way they related with one another. Several cases in the study (De La Salle University, 2002) showed how people, especially the young, met other people and built friendships. Some cases, on the other hand, illustrated how texting led to courtship, an expression of sexual identities, and illicit affairs.

There were also instances when mobile communications sustained family relationships—especially of OFWs and those living in the rural areas where trips to telephone booths were long, difficult, and expensive—despite long periods of separation.

Mobile technology also helped changed the political landscape in the Philippines. When asked what caused his downfall after the EDSA (Epifanio Delos Santos Avenue) People Power 2, former President Joseph “Erap” Estrada acknowledged: “I was ousted by a coup d’text.”¹⁴ Indeed, various groups—civil society organizations, business, students, and professionals—attested that mobile technology facilitated manpower mobilization that led to the staging of protest rallies at the EDSA shrine on the eve of January 16, 2001. SMS allowed the rapid dissemination of information, what with its group message sending and message forwarding features. Given mobile technology’s great utility as a communication device, mobile phones could have been used in a similar manner during EDSA 3.¹⁵

Pictures taken during EDSA 2 showed people, the young in particular, with their cellphones: speaking into them, punching out messages, and/or holding them up to the camera. More specifically, because of cellphones, Governor Luis Singson, primary witness in the impeachment case, was able to call for assistance from his bullet-proof car; General Angelo Reyes and the field commanders of military units scattered across the archipelago were directly accessible to each other; a Jesuit priest and a key adviser to the Philippine Democratic Socialist Party, Fr. Romeo Intengan was able to receive Senator Teofisto Guingona’s cryptic communication while giving a talk in a gathering; and a social leader/activist Teddy Casino was able to text his colleagues the result of the Senate vote as soon as he got out of the gallery. All these examples attested to the fact that text messages originated from and were passed on by activists associated with the anti-Estrada coalition to their colleagues and finally rippled out to the wider community.¹⁶

The mobile phone proved its value in connecting people who disapproved of President Estrada through news updates and “Erap” jokes, among other means. While

¹⁴ A bloodless revolution that immediately followed the former President’s impeachment trial conducted by the Senate on January 16, 2001.

¹⁵ Another political mobilization held on May 1, 2002, which was seen as “the movement of the poor.” While EDSA 2 was perceived as the “rich man’s revolution” as it was facilitated by mobile technology, EDSA 3 was organized supposedly among the disadvantaged members of society using the traditional communication technology such as radio and community announcements.

¹⁶ Pertierra et al. op. cit. 112–124.

research (De La Salle University, 2002) showed that text messages were ineffectual in influencing the political views of the citizens—people went to rallies not because they were influenced by the text messages, but because of their in personal conviction against corruption and their perception of incompetence in the Estrada administration. Still, these text messages possibly reinforced the anti-Estrada groups' opinions and provided them with a sense of solidarity, not to mention amusement.¹⁷

When Gloria Macapagal-Arroyo took over as President after EDSA 2, the TXT GMA Project was launched to “instill greater transparency and accountability in government and to ensure continuous consultation with the people.” Smart and Globe provided three mobile numbers each for this project and messages were accessed by the Special Information Technology Team of the Presidential Management Staff through computers linked to the designated mobile phones. On the day the project was launched, messages poured that were mostly congratulatory or adulatory in nature, although there were also expressions of political and economic concerns.¹⁸

Eventually, government turned the SMS as a tool less geared for politics than for making government's presence felt more strongly by the people. It realized that texting was the most cost-effective and the most efficacious way of getting people involved. By 2004, several government agencies offered services and accessibility via SMS: the Bureau of Internal Revenue, the Department of Foreign Affairs, and the Social Security System. The OFWs especially those based in countries such as Brunei, Hong Kong and Taiwan, tended to benefit the most from this service because they did not enjoy social security benefits for migrants from where they were and had to continue paying their contribution to the SSS while working abroad. They could and they did this through SMS directed at the government agency concerned.

¹⁷ Ibid.

¹⁸ Donna S. Cueto, “Text Gloria but Don’t Wait for Reply,” *Philippine Daily Inquirer* April 3, 2001, 1.

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