Household Demand for Wireless Telephony

Paul Rappoport, Temple University
James Alleman, University of Colorado

Outline
• Objectives
• Sample: Data Source
• Wireless Internet: Household Profiles
• Wireless Internet: Substitution
• Discussion
• Future Research

Objectives
• Track Demand for Wireless Internet Services
• Measure Impact of Wireless Internet on other Services
• Identify “Drivers” of Wireless Internet Demand

Sample
• 4200 survey responses for January, 2003
• Based on CENTRIS\textsuperscript{SM} Omnibus survey
  - National RDD sampling
  - Over 75 communications, entertainment & technology areas

Centris\textsuperscript{SM} Coverage
• Internet Access
• Telephony
• Wireless
• DVD, Cable
• Games and Entertainment
• Switching Behavior

Wireless Internet
• Size
• Household Profiles
<table>
<thead>
<tr>
<th>Wireless Numbers</th>
<th>Wireless Numbers</th>
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</thead>
<tbody>
<tr>
<td>• Households with Cell Phones: 69 Million</td>
<td>• HH with Cell Phones: 69 Million</td>
</tr>
<tr>
<td>• Households with Wireless Internet Ready Phones: 11 Million</td>
<td>• Internet Ready Phones: 11 M</td>
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<tr>
<td>• Households Subscribing to Wireless Internet Services: &lt; 1 Million</td>
<td>• Subscribing to Wireless Internet Services: &lt; 1 Million</td>
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</tbody>
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**Wireless Numbers?**
- ComScore (8/02) estimates that 10 million people access the Internet via PDA or mobile phone
- International Data Corp predicts 62 million users of wireless Internet services by 2003
Wireless Numbers?
- ComScore: 10 million people access the Internet via PDA or mobile phone
- IDC: 62 million users by 2003
- Yankee Group (10/02) reported that 82% of mobile phone owners do not use wireless Internet services now nor do they plan to in the near future.

Wireless Internet Profiles
- By Level of Income
- By Age
- By Level of Education
- By Type of Internet Access
- By Number of Cell Phones
- By Provider

Wireless Indexed by Income

Wireless Indexed by Age

Wireless Indexed by Education
Internet Penetration

Household Access to the Internet

Wireless Users Access Type

Dial-up
Cable Modem
ADSL

9%
73%
18%

Share by Wireless Internet Provider

25%
20%
15%
10%
5%
0%

Sprint
Verizon
Cingular
T-Mobile

Wireless Internet Impacts

• Impact on Second Lines?
• Impact on Type of Internet Access
• Impact on Number of Cell Phones
• Impact on Number of ISPs

Wireless Internet Penetration

Number of Cell Phones

Wireless Internet Penetration

Length of time household has had Internet access
8.5% of households with second lines dropped a second line recently.

8.1% of households with second lines state they expect to drop a second line in the near future.

Households with advanced services are more likely to subscribe to wireless internet services.

HHs that expressed a strong interest in Voice over IP, Video-on-Demand, and Digital Cable are more likely to have a Wireless Internet ready phone (69%) and subscribe to a Wireless Internet Plan (71%).

Discussion
- Wireless Internet Modest
Discussion

• Wireless Internet Modest
• Evidence of Substitution for Second Lines (any Cell)

Future Research

• Elasticities
  - Pricing Elasticity
  - Cross-price Elasticity
    - Main line
    - Second line
    - Other Internet access
  - Income Elasticity
• Competitive Impacts

Contact Information

Dr. Paul Rappoport
Temple University
Broad Street
Philadelphia, PA 19075
phone: 215 884-4155
mobile: 215 519-1214
e-mail: prapp4@comcast.net

Dr. James Alleman
University of Colorado
Engineering Center OT 431
P.O. Box 530
Boulder, CO 80309-0530
phone: 303 735-6008
mobile: 917-294-1688
fax: 303 482-1112
e-mail: james.alleman@colorado.edu