

Cell Phone City

By John Nienstedt

The Rise of the Cell Phone

Cellular phones are touted as the fastest growing communications technology of all time. Nearly 2 billion people worldwide now subscribe to cellular service which is slightly less than half the world's adult population. Not only are they a seemingly ubiquitous communication tool, but, as local wireless firm Qualcomm pioneers the use and implementation of broadband applications, San Diego's high-tech economy relies on the growing digital wireless industry. The most recent installment of the KPBS/Competitive Edge Research Poll shows that 77% of adult San Diego County residents currently own a cell phone. That beats the national estimate by 6%, which reflects our status as a high tech community.

More and more folks are taking the plunge into a cell phone-only lifestyle. Estimates of the number of people who rely solely on a cellular phone in the United States range from 3% to 7%. While we do not have those statistics for San Diego, half of those with land-lines say they know someone who has become entirely dependent on their mobile phone. Among cell phone owners, more still say they use their land line more than their mobile but that seems destined to change. However the survey shows clear evidence that those who do not own a cell phone are dedicated land line lovers: only 17% say they intend to get a cell phone in the next couple of years. Finally, overwhelming numbers support new laws that would require cell phone-using drivers to use a hands-free device.

Market Penetration is High

Cell phones may seem omnipresent these days and, though the survey shows that not

everyone has one, cell phones are quite prevalent. The expense of a cell phone and a person's age are the two main reasons someone may not own one. Reflecting the fact that cell phones are still costly, far fewer than half those earning less than \$20,000 annually own a cell phone. Usage jumps from there up to 62% among those earning between \$20,000 and \$40,000 and never looks back. Seventy-two percent in the \$40,000 to \$60,000 income bracket own a cell phone and if you earn more than that you almost certainly have a cell phone. For wireless companies and cell phone makers, the untapped market is almost exclusively making less than \$60,000. Further market penetration, if it comes, will not be lucrative.

New technology is now usually first adopted by younger adults. In this case, 83% of those younger than 34 own a cell phone, making them a must-have accessory for younger adults. Indeed, lower income (earning less than \$40,000 annually) young people are just as likely to have a cell phone as anyone else. There is only a slight drop from that level among the 35 to 64 year-olds, but a substantial drop among those over 65. Only 59% of those seniors have a cell phone. Combining the two variables reveals that half those over the age of 34 and earning less than \$40,000 are not cell phone users. This represents the "last mile" for cell phone penetration.

Will Non-Users Ever Catch The Cell Phone Bug?

Generally no. While 17% of non-cell phone owners say they intend to get one sometime soon, 40% are indefinite about their plans and another 43% say they will never get one. That last mile seems to be a pretty bumpy road.

A person's age, again, somewhat determines their plans for acquiring a cell phone. While younger adults tend to believe they will get one (though even they are indefinite on the timeline), half those between 35 and 64 say they will never get one and 81% of those over 65 slam the door on the notion of cell phone.

Migration to Cell Phone-Only

Half of the County's residents know at least one person who is completely untethered to a land-line, and the average person knows 1.34 people who are going cell phone-only. One thing we expected to find was that cell phone users would know significantly more cell phone-only folks, as if a community of technologically advanced cell phone-dependent individuals exists. This turns out not to be the case. Those who do not own a mobile phone are just as likely as cell phone users to know a cell phone-only person. Instead, we find that younger adults and those with more extreme ideological views tend to know more people who have wholly migrated to cell phones. In fact, 18 to 24 year olds know nearly two people, and those 25 to 44 know about 1.5 people who are cell phone-reliant. As for the finding related to political ideology, this dovetails with other observations we have made via the KPBS/Competitive Edge Research Poll: non-ideological folks tend to be less connected with others. It is as if the vaunted "mainstream" actually tends to be a backwater when it comes to communal activity. In this case, those who have stronger political opinions are much more likely to leverage communications technology, but we also see that they are more attentive to news, participate in politics more often, follow major sports more closely and generally engage in other societal underpinnings more frequently.

Cell Phone vs. Land Line Usage

Of cell phone owners, 37% say they use their cell phones more than their land lines but 44% say just the opposite. Another 17% say they use them both about half and half. One percent claimed they only use their cell phone, which is interesting because the survey was done using a land line. In any event, though land line usage now holds the upper hand, it seems that the trend is surely headed to more cell phone usage since young people tend to opt for the cell phone. Sixty-four percent of cell phone-owning 18 to 24 year-olds use the cell phone more than their land line. But seniors are stubborn in

the face of new technology – even when they own it. Among those over 64, 75% use their land line more than their cell phone.

There is a significant geographic difference here as well. Residents along the north I-15 corridor (Escondido, San Marcos, Vista, Fallbrook, etc.) who own cell phones are far less likely to use them. Only 12% prefer their cell phone to a land line, and this may reflect a significant coverage issue or poor call quality in that region.

The survey shows an interesting gender divide whereby women are more likely to use their land line while men tend to side with their cell phones. Half of women prefer the old-fashioned phone while only 36% of men do. Whether this is due to men possibly being employed in more mobile workplaces (such as trucking) which demand the use of cell phones is unclear.

There Oughta Be A Law!

A final question dealt with mandating that a cell phone-using driver employ a hands-free device. Numerous studies have been conducted on the link between cell phone usage while driving and automobile accidents. While many show a statistical association and the weight of the scientific evidence suggests that the use of a cell phone creates safety risks, other studies have shown these risks to be relatively low in probability compared to other daily activities. In any event, San Diegans clearly come down on the side of regulating the use of cell phones in cars by adopting a new law that requires the use of a hands-free device. Seventy-nine percent support such a law and 63% do so strongly. Only 14% oppose the hands-free mandate.

What's more is that this is one of those rare times where it seems like every group agrees. Despite what conservatives perceive as a "nanny-state" approach to such problems, they *agree* with liberals on a hands-free device law. Also, though cell phone

owners may not be quite as strongly supportive of legislation as those who don't own cell phone, 79% think such a law is a good idea.

Conclusions

Cell phones are here to stay and are a growing part of our life. Based on the fact that 77% have purchased cell phones, this appears to be a welcome development for San Diegans. However, there is clearly something of a digital divide when it comes to mobile phones, as lower income folks tend to be left out of the mobile communications revolution. Does this create a vicious cycle whereby lower income individuals are less able to enter the workforce or progress within it due to the lack of a cellular phone?

Since lack of disposable income is clearly a barrier to cell phone ownership, it is clear that wireless communication companies will have to provide cheaper cell phone service if market penetration is to rise. While the young clearly tend to be early adopters of communications technology – especially cell phones – driving cell phone adoption via the simple aging of the population is a very slow process. The only way growth rates in adoption (at least locally) will not decline is if calling plans become more affordable.

San Diego is well-positioned to take advantage of the macro trend to more mobile communication. While Qualcomm's CDMA technology drives a fairly small portion of the worldwide market, the overall market for mobile communication promises to grow.

One additional interesting finding is that 6% of San Diegans own a cell phone but do not invest in healthcare insurance. The folks in this group are almost all younger individuals who may feel invincible, but one hopes they get their priorities in order soon. Basic health insurance can be as cheap as \$50 per month for those in their 20s, which can be substantially less than the cost of the cell phone and monthly charges.