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Rocky Mountain Poll

NEWS RELEASE
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"CELL PHONE ONLY" USAGE DOUBLES

Phoenix, Arizona, March 5, 2004. The number of Phoenix metropolitan area consumers who have dropped their land line and switched to cell phone only for their personal phones doubled between 2002 and 2003 and doubled again between 2003 and 2004. While overall cell phone only use is still small, four percent, the growth rate is impressive and seems to suggest that future growth in the future could be very impressive. Indeed, conventional wisdom has it that land-line telephones may be headed for extinction, ultimately to be replaced by consumer preference for wireless phone technology. Maybe so, but in the short run, if an upscale area like Phoenix is any indication, trends may be running in a somewhat different direction.

Between 2002 and today, the proportion making personal use of *any* cell phone service rose to 71 percent from 65 percent. Yet, with seven in ten consumers already familiar with and using personal cell phones, but only four percent relying exclusively on them, an obvious question is whether there will be a massive switch away from land lines any time soon.

The answer may be "no." Even looking five years ahead, seven of ten consumers say they have no plans to drop their land line in favor of only a cell phone for personal uses. What seems more likely, at least in the short run, is that cell phone usage will continue to rise and that more people, not fewer, will have dual service.

In this region, the proportion who have dual phone service – both hard-wire to their homes and cell phone – increased over the past three years and is now at 67 percent, compared to 65 percent last year and 64 percent the year before. What is more, 96 percent of consumers say they still have land lines to their home service and seven of ten say they have no plans to discontinue that service anytime soon.

More specifically, as consumers look to the future, only about ten percent say they are seriously considering dropping their land-line in favor of only a cell phone in the next five years. And the number planning to make such a switch is shrinking, not expanding. Last year 14 percent said they might be switching, compared to 10 percent today. And even if all of them did make such a switch, it would still leave 86 percent of consumer households connected via hard wire to the telephone system.

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Various factors may be contributing to consumer loyalty or preference for land-lines to their homes: connectivity to the Internet, perceived lower costs for basic service, technology preference, a range of system dependability issues, voice quality and perhaps even to the age or income of consumers (older and lower income consumers appear to be somewhat more resistant to making a switch). A recent decision by the Washington, D.C. Circuit Court of Appeals, which rejected FCC rules forcing major phone network companies to lease their wire and switching facilities to competitors at low rates, may ultimately force a wider gap in rates between basic wireless service and land line service that could further impact consumer preferences.

So it appears that while land-line phones for personal service may lose significant market share in the years to come, they may do so at a slower rate than some observers believe.

The findings outlined in this report are based on a survey of 600 heads of household throughout Maricopa County conducted between February 14 and February 18, 2004, by the Behavior Research Center of Arizona as part of the Center’s independent and non-partisan Rocky Mountain Poll series. The public is welcome to visit www.brcpolls.com to read this and other recent polls.

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EDITOR'S NOTE: This Rocky Mountain Poll Arizona (2004-I-10) is based on 600 telephone interviews conducted from February 14 through February 18, 2004, with adult heads of household throughout Maricopa County. In a sample of this size, one may say with 95 percent certainty that the results have a statistical precision of plus or minus 4.1 percent of what they would have been had the entire adult population been surveyed. The Rocky Mountain Poll is conducted by the Behavior Research Center of Arizona and is an independent and non-partisan research program.

This statement conforms to the principles of disclosure of the National Council on Public Polls.

BELOW: Statistical data

For this and other polls, see www.brcpolls.com/results

STATISTICAL DATA

Behavior Research Center
Rocky Mountain Poll - Arizona

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“As regards personal phone service, which of the following best describes you today?” (RECORD ONLY ONE)

	<u>METRO PHOENIX AREA</u>		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
<u>PERSONAL PHONE SERVICE IS:</u>			
Only a hard-wired home phone number	35%	33%	29%
Only a personal cell phone number	1	2	4
Both kinds of phone service	64	65	67
Any hard-wire service	99	98	96
Any cell service	65	67	71

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*“Looking ahead five years, how likely is it you will drop your hard-wired phone service at home and rely completely on cell phone service – very likely, somewhat likely, somewhat unlikely or very unlikely?”*

|                               | <u>METRO PHOENIX AREA</u> |             |             |
|-------------------------------|---------------------------|-------------|-------------|
|                               | <u>2002</u>               | <u>2003</u> | <u>2004</u> |
| Already use only a cell phone | 1%                        | 2%          | 4%          |
| Very likely                   | 12                        | 14          | 10          |
| Somewhat likely               | 14                        | 18          | 15          |
| Somewhat unlikely             | 17                        | 16          | 19          |
| Very unlikely                 | <u>56</u>                 | <u>50</u>   | <u>52</u>   |
|                               | 100%                      | 100%        | 100%        |

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