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T-Mobile

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STUDY OF NON-INTERNET USERS BELOW POVERTY LINE

T-Mobile Puerto Rico: 10-631

Project Id: 10

ETC Id: 631

Objectives

- Determine the incidence of homes without internet service in Puerto Rico
- Determine the level of awareness of and familiarity with smart phones, routers, iPad or tablets
- Evaluate interest in a one year subscription contract with a cellular phone company for mobile Internet service – to connect to the Internet using a smart phone, iPad or Table, or a router
- Evaluate amount they are willing to pay for the different devices

Objectives

- The following households were excluded from the study:
 - Those that already have internet access services or had one during the 60 days prior to the interview, be it by dial-up service, or broadband service
 - Those that do not comply with Federal Poverty Guidelines as defined by the Federal Telecommunications Commission (FCC)
 - A member of the family works for any Internet company, or provider, or telephone, or related business

Methodology

- Telephone interviews were conducted from February 21 to April 2, 2013 by Research & Research (*R&R CATI Division*)
- Sample design. Two samples were used for data collection, a random digit landline sample and RDD cell phone
- For the landline sample, interviewers asked to speak with the adult in the household. If the selected adult was not at home or could not complete the interview at the time of contact, interviewers arranged to call back the selected person at a later time
- For the cellular sample, interviews were conducted with the person who answered the phone. Interviewers verified that the person was the householder

Methodology

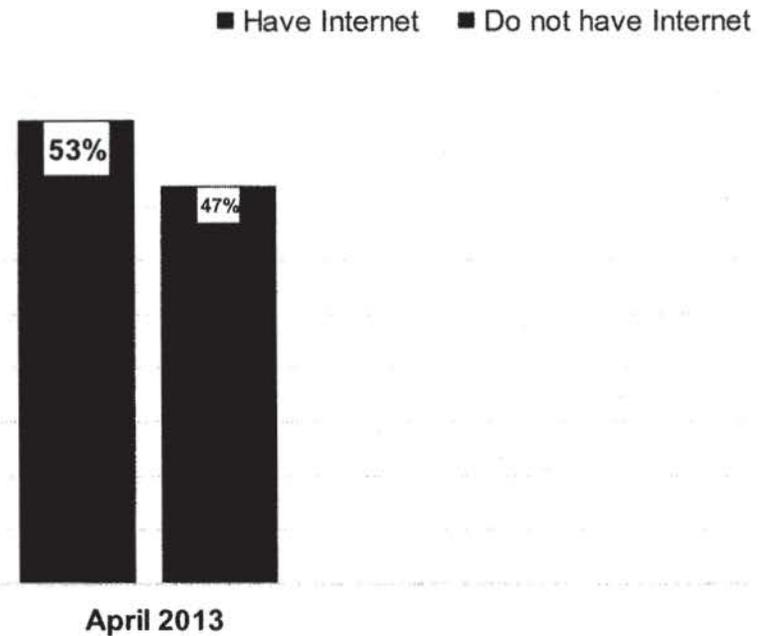
- Total sample: 1,467 adults heads of households
 - 778 households internet users
 - 689 households non-internet users
- Sample margin of error:
 - Total sample $\pm 2.47\%$ with 95% confidence level
 - Internet users $\pm 3.51\%$ with 95% confidence level
 - Non- internet users $\pm 3.73\%$ with 95% confidence level
- The data was weighted to correct for elements that could potentially bias survey estimates

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HOUSEHOLD INTERNET ADOPTION

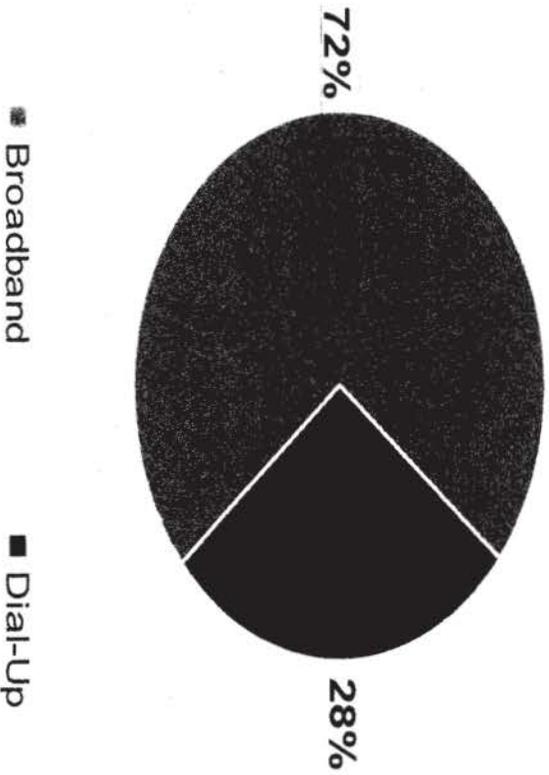
Household Internet Adoption

53% of households have internet access services or had one during the 60 days prior to the interview

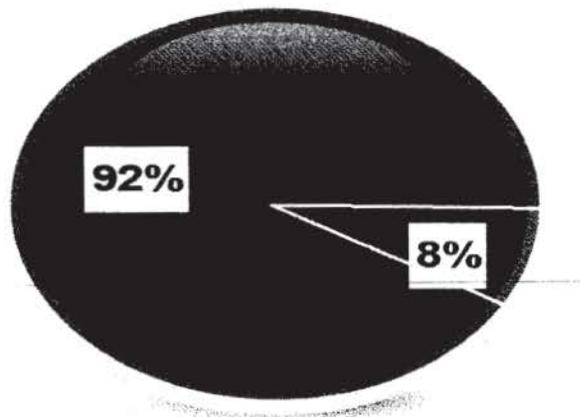


Internet adoption at home

72 percent of households contain a broadband user who access the service at home



9 out of 10 Households without Internet Qualify for Benefits of the Proposed Program

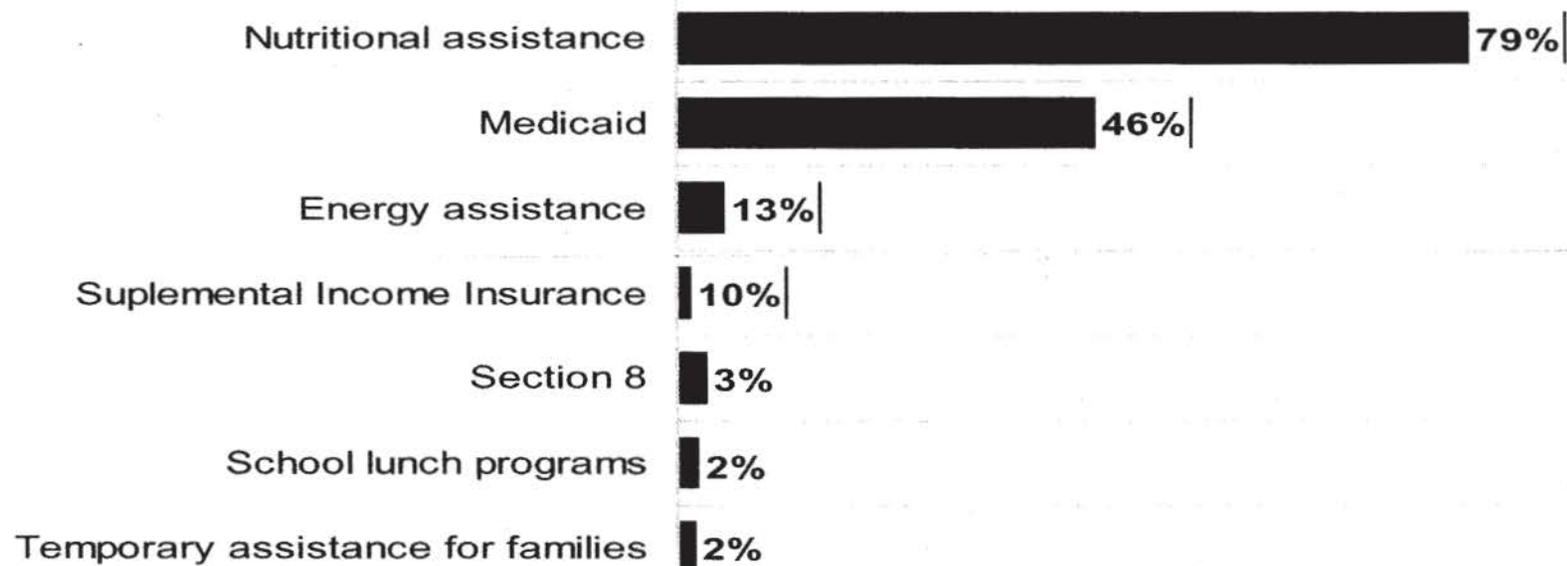


■ Below poverty line ■ Do not qualify

- 92% of households that do not have Internet fall below poverty lines
 - 78% are current beneficiaries of government welfare programs
 - In 22% of the cases, the household economic unit has an income of 135% or less of Federal Poverty Guidelines
- 8% do not qualify for benefits

Current Beneficiaries of Welfare Programs

Base: 78% of households without Internet



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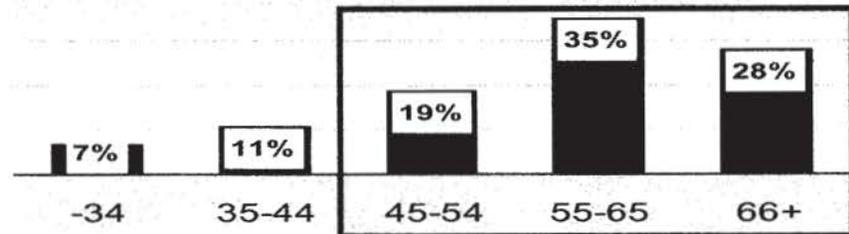
DEMOGRAPHICS NON-INTERNET USERS BELOW POVERTY LINE

Demographics

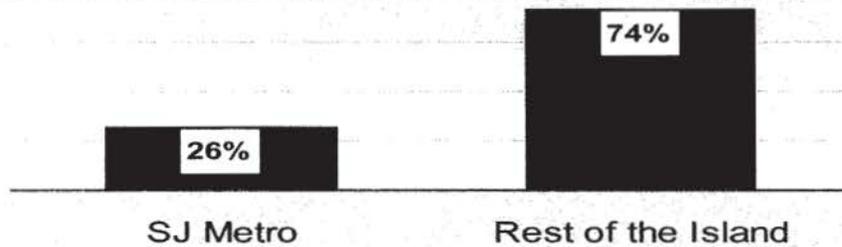
Householder Gender



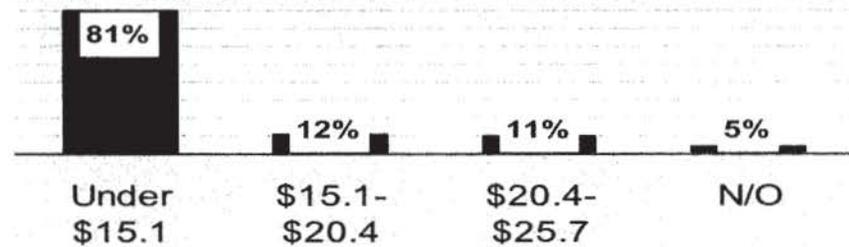
Householder Age



Geographical Region

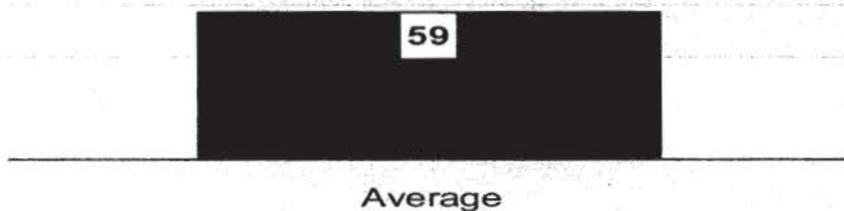


Household Income (000)

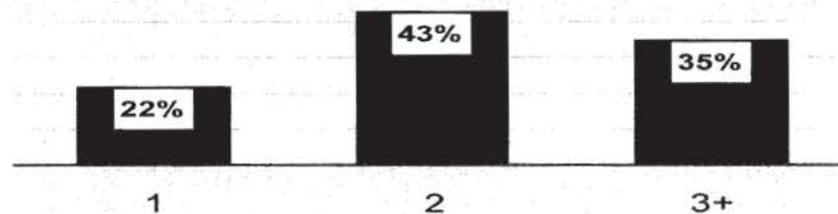


Demographics

Householder Median Age



Population in Household (Persons)

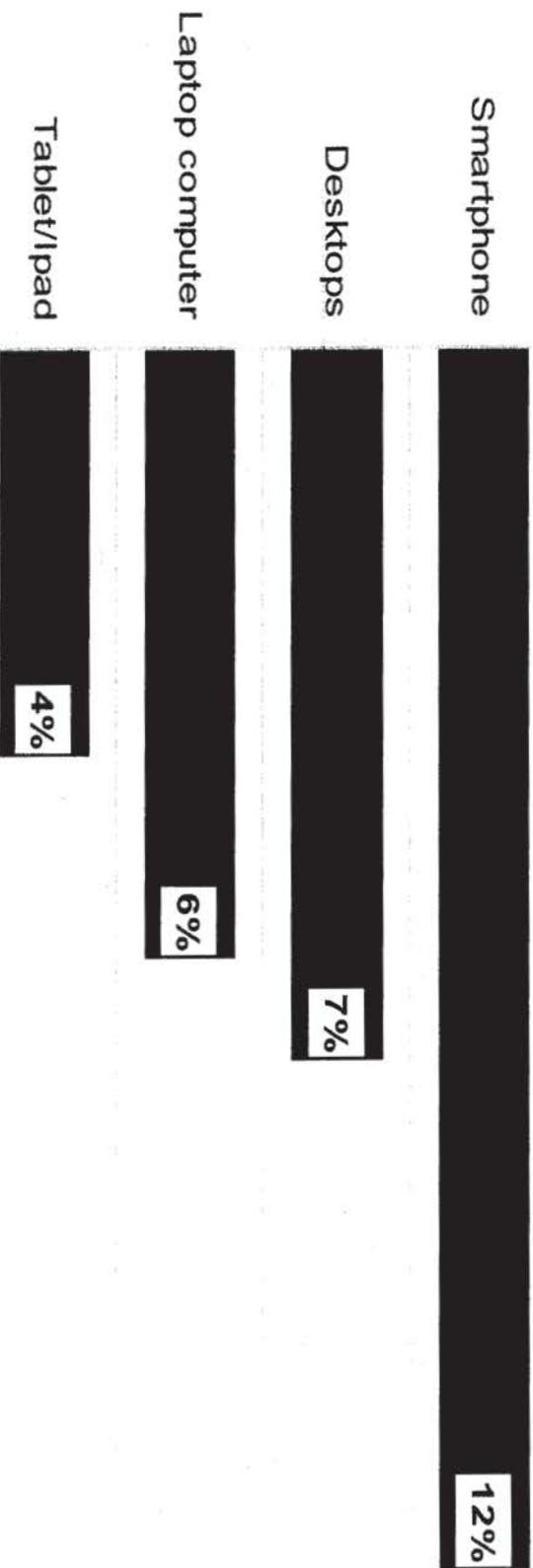


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DEVICE OWNERSHIP NON-INTERNET USERS BELOW POVERTY LINE

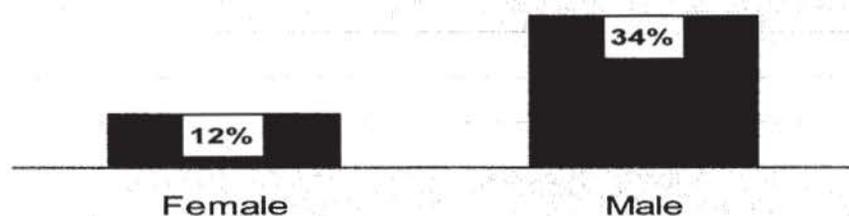
Device ownership

20% report technology equipment at home

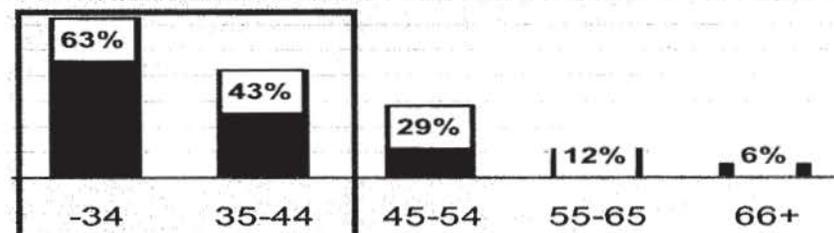


Demographic – device owners

Householder Gender



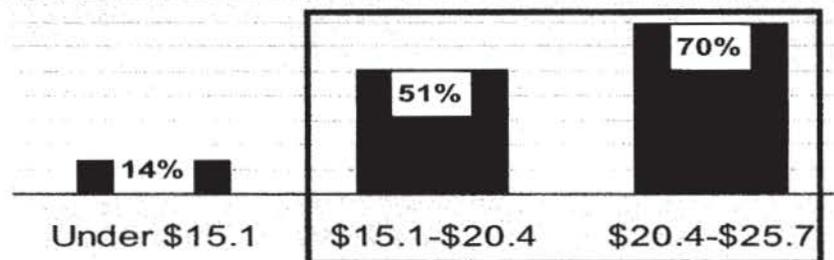
Householder Age



Geographical Region

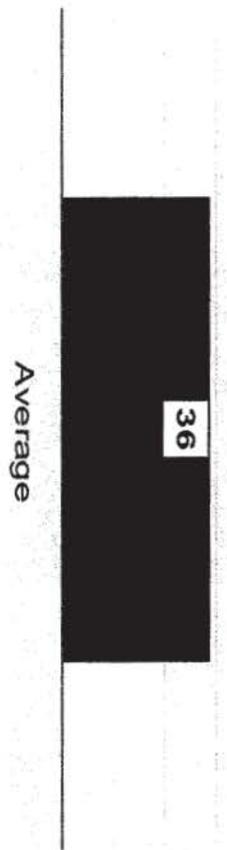


Household Income (000)

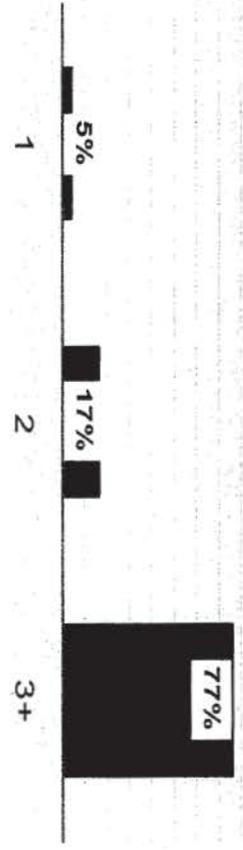


Demographics – device owners

Householder Median Age

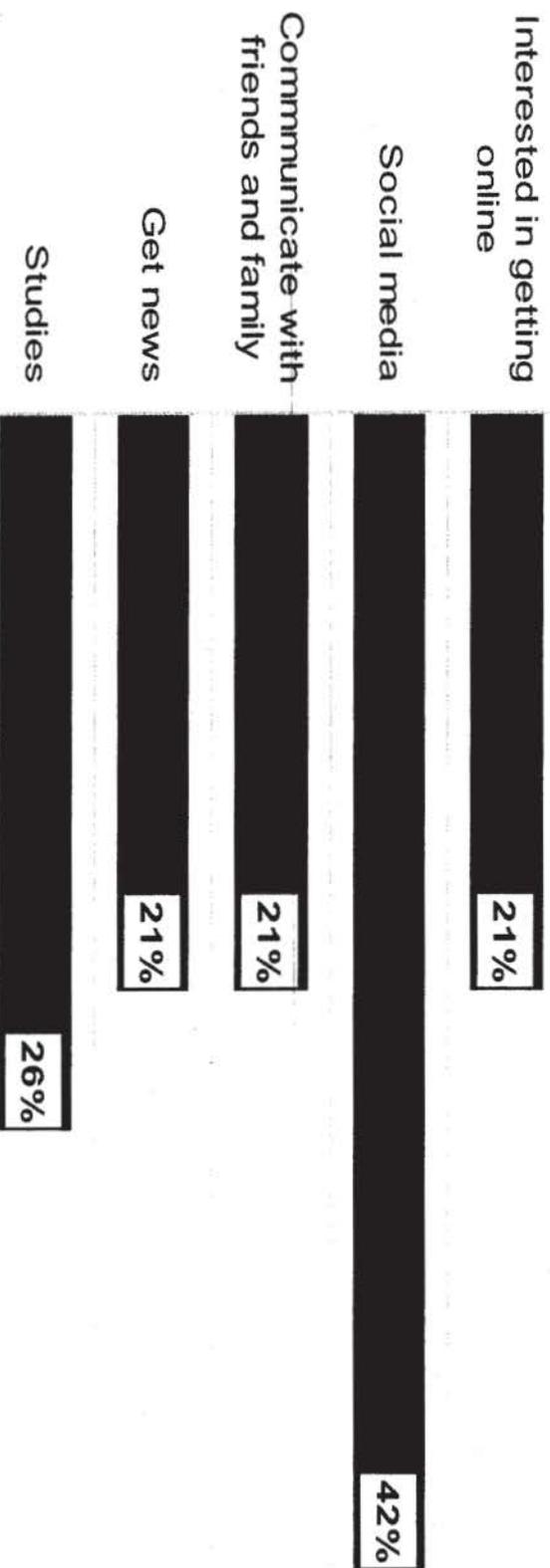


Population in Household (Persons)



Mobile usage

Caution: Small sample



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BARRIERS TO ADOPTION OF SMARTPHONE, TABLET AND ROUTER

Barriers to adoption of smartphone, tablet and router

Open-Ended Question

Reasons		% *
<u>Economic reasons</u>	<i>(others priorities, credit problems, unemployed, does not want ties to a contract)</i>	30
<u>Price</u>	<i>(too expensive, price must fall)</i>	29
<u>Usability</u>	<i>(too old, difficult)</i>	12
<u>Digital literacy</u>	<i>(they are not comfortable using computer and sophisticated cell phones)</i>	10
<u>Relevance</u>	<i>(not interested in getting online, happy with current basic cell phone)</i>	10
<u>Lack of availability</u>	<i>(poor internet or it's not available where they live)</i>	3
<u>Digital hopefuls</u>	<i>(have a pc, lack the resources for access)</i>	2

* Percentages do not add to 100% because participants could give multiple responses

Smart Phone, Tablet and Router Open-Ended Question

Reasons	Total %	Router %	Tablet %	Smart Phone %
Economic reasons	30	39	32	30
Price	29	16	25	29
Usability	12	16	12	12
Digital literacy	10	6	10	10
Relevance	10	3	10	10
Lack availability	3	10	6	3
Digital hopefuls	2	-	2	2

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DEVICE AWARENESS AND FAMILIARITY

Smart Phone, Tablet and Router Awareness and Familiarity*

Smartphone familiarity level reached 28%, Tablet 14% and Router 9%.

	Router %	Tablet %	Smart Phone %
Very familiar	2	2	12
Somewhat familiar	7	12	16
Only the name	40	43	37
Never heard the device	45	37	29
No opinion	6	6	6
Product Familiarity*	9	14	28

* The number of experience that have been accumulated by the consumer that relate to products from particular origin

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DEVICE PRICE ELASTICITY

The fact that there is no credit check to subscribe to the services offered, would you Say Motivates Much, Little or Nothing to acquire these?

