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Press Release

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PHOENIX CENTER FINDS LOW INTEREST STILL PRIMARY REASON FOR LACK OF BROADBAND ADOPTION

National Digital Inclusion Alliance Report Finding "Price" is Dominant Cause of Non-Adoption is Fatally Flawed

WASHINGTON, D.C. — Recently, the National Digital Inclusion Alliance released a report in which the author, John Horrigan, concludes survey evidence shows that price “is the principal reason people do not subscribe to broadband.” But as Phoenix Center Chief Economist Dr. George S. Ford demonstrates in a new paper released today entitled “*Relevance and Price as Determinants of Internet Non-Adoption: A Review of the Evidence*,” the conclusions of the NDIA Report are untenable.

First, Dr. Ford demonstrates that the use of a single question asking respondents why they do not have Internet service cannot alone distinguish between “relevance” and “price” as the cause of non-adoption. Exploiting multiple questions from the Computer and Internet Use Supplement of the Current Population Survey (“CPS”), Dr. Ford demonstrates that responses appearing to speak to relevance *or* price always speak to relevance *and* price. Dr. Ford’s augmented analysis confirms that price is not the primary reason for non-adoption.

Second, Dr. Ford reveals how the surveys relied upon by the National Digital Inclusion Alliance cannot be used to support their *Report’s* conclusion. Unlike past surveys that show “relevance” is more important than “price,” the surveys cited in the NDIA Report do not permit respondents to offer a “relevance” response. As such, it is impossible for the surveys used by NDIA to indicate whether “relevance” or “price” is the most important factor for determining non-adoption of the Internet at home. In fact, a deeper analysis involving additional questions and past surveys from the same organizations cited by NDIA indicates that “price” is not the dominant factor for non-adoption.

Finally, Dr. Ford encourages modifications to broadband surveys so that the effects of price on adoption can be quantified.

“Historically, the surveys relied upon in the National Digital Inclusion Alliance Report found low interest to be the dominant factor for non-adoption, but now these surveys inexplicably do not permit respondents to say they have low interest. The consequence of the change is predictable,” explains Phoenix Center Chief Economist and study author Dr. George S. Ford. “With ‘relevance’ no longer an option, the surveys are incapable of ranking ‘relevance’ and ‘price’ as factors affecting adoption, but the change nearly ensures ‘price’ becomes a more frequent response.”

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A full copy of PHOENIX CENTER POLICY BULLETIN NO. 48, *“Relevance” and “Price” as Determinants of Internet Non-Adoption: A Review of the Evidence*, may be downloaded free from the Phoenix Center’s web page at: <https://www.phoenix-center.org/PolicyBulletin/PCPB48Final.pdf>.

The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.