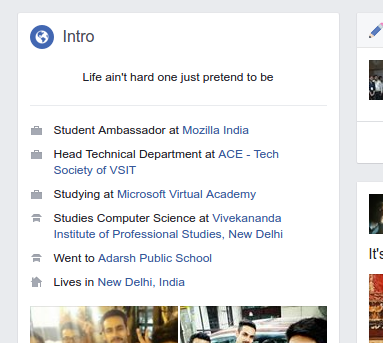
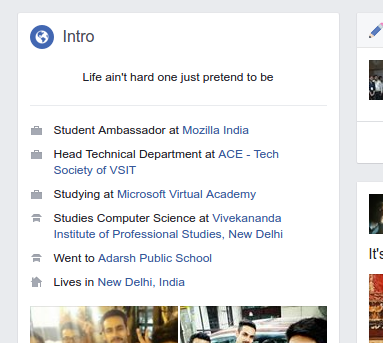
**The Cell Phone Market**

Today, there are 4.6 billion people with a cell phone. That number is only expected to grow over time. The cell phone market has done nothing but grow since the first cell phone was made in 1946. There is a lot of competition in the cell phone market and there are many different companies that customers can go through to purchase a cell phone.

The cell phone market is not a monopoly because there is more than one seller and there are many other close substitutes for the companies. Some examples of these companies include Verizon, AT&T, Sprint, and T-Mobile. Cell phone companies are not monopolistic competition because there are many different sellers. The cell phone market is an oligopoly because the 4 largest firms produce at least 70-80% of the output of cell phones.

The items being exchanged is money for a cell phone. A lot of cell phone companies have two year contracts where you have to pay the same amount for two years for a defined service. Many cell phone companies offer calling, texting, internet, and instant messaging in exchange for money.

The exchange process for cell phones is pretty simple. Usually people just choose the cell phone company they like best. They usually do this by reading and researching about the companies and then they pick which company suites them best. After they have chosen the cell phone company they want they have two options. They can go into their companies store and choose the phone they want. Then they can either make a contract of pay as they go. If they don’t want to go into a store they can go online and choose the phone they want and then order online and wait for the phone to come in the mail.



The price of cell phones differs from company to company. Some companies my have a cheaper monthly rate but they might have lower quality phones and service. The price will also depend on the luxuries that you have with your phone. Customers will have to pay more for texting, internet, games, and any other extra services. Also, the price of the phone will depend on if you have a contract with the company or if you are paying as you go.

There are many participants in this market. Over 4.6 billion people all over the world have cell phones. There are many companies that participant in this market. The top 4 for the United States are Verizon, AT&T, Sprint, and T-Mobile.

An externality is a economic side effect of a good or service that generates benefits or costs to someone other than the person deciding how much to produce or consume. An example of a positive externality for a cell phone would someone using their cell phone to call 911 when someone is injured. Another externailty would be someone using there cell phone to call and remind someone of an important date. A negative externality is opposite of a positive externality. A few negative externalities for cell phones would be a cell phone ringing and waking someone up or disturbing someone. Another negative externality would be all of the pollution that cell phones cause to the air, and to the environment when they are thrown away.

All cell phone companies are regulated by the Federal Communications Commission or FCC. The FCC is basically in charge of controlling all types of communication, except face to face communication. The FCC can give companies licenses to have a cell phone market.

