

Introducing Apple Music

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Apple announced last week the launch of their new app, Apple Music. In their words “a single, intuitive app that combines the best ways to enjoy music – all in one place”

This streaming offering will be ready from the end of this month in over 100 countries, initially available on iOS, Mac and Windows, with an Android version following in Autumn.

It will essentially incorporate 3 strands;

- 1) A catalogue of millions of songs and music videos to stream on-demand
- 2) A 24-hour radio station headed up by former BBC Radio 1 DJ Zane Lowe, called Beats 1, which will broadcast round-the-clock from Los Angeles, New York and London, as well as a wide variety of programmed playlists created by its in-house team of editors, and by

musicians

3) The third strand is called Connect, a cross between Facebook and SoundCloud, where artists will be able to post music, videos and photos for fans that follow them. They will also be able to post from Connect to Facebook, Twitter and their own websites.

After a three-month trial, it will cost \$9.99 a month (as per Spotify), or \$14.99 for a family plan for up to six people – UK prices are yet to be confirmed but we anticipate this to be £9.99 and £14.99 respectively. The radio product is effectively their “ad model” to rival other competing ad-funded streaming services.

Apple’s dramatic change of direction within the space of a few weeks clearly illustrates that they are ready to embrace the challenges they face in the audio streaming market. Surprisingly for such an innovative business, their reaction to an immensely fast changing industry has been pedestrian, to say the least. Their acquisition of the Beats brand had many people believing that an entry to the audio streaming world was imminent, yet further delays occurred.

Once seen as the pioneers of the digital music explosion with the iPod range, they have sat back and watched brands such as Spotify, Pandora grab market share throughout the US and elsewhere while they comforted themselves with the knowledge of having 800m+ iTunes accounts.

However consumers have moved on, and at a serious pace, from wanting to own music (and other content) to simply being able to access it (stream). They will aggressively go after the Spotify subscriber base, and undoubtedly use all of their iTunes leverage with record labels to create a spikier marketplace, but this in turn may play into Spotify’s hands too as an increase in PR & coverage could generate heightened consumer interest to the market which Spotify might benefit from equally.

As with all PPV (pay-per-view) markets, the eventual winner of this one will probably come down to exclusivity of content, and the payment point, as platforms become more agnostic.

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