

Free Music Service to Compete with iTunes

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Universal Music will attempt to bring down Apple's iTunes monopoly with a free online music service.

Universal Music plans to launch a new mobile music service where all songs will be free, according to a recent article in BusinessWeek. To be called "Total Music," the concept would include iPod alternatives that come with free subscriptions to the online service, and would be free of ads.

Reportedly, two other major record companies, Sony BMG and Warner Music, are already on board, and Microsoft—with its Zune player—is another potential partner. Together, Sony, Warner and Universal, which control about 75% of the music released in the U.S., could have a huge impact on the industry. With that kind of support, Universal chief Doug Morris hopes to drastically change Apple's iPod-iTunes monopoly on the online music market, which currently accounts for about 70% of all

music downloads.

Total Music would be paid for by carriers and some hardware manufacturers, which would pay about \$5 per customer per month for the service. In exchange, the thinking goes that these companies would receive a competitive advantage in securing long-term customers. According to BusinessWeek, Universal estimates that an average customer would remain with the same device or carrier for about 18 months, and then upgrade with the same company to continue getting free music.

Besides assuming that customers will regularly upgrade, one of the other big questions in the experiment is whether the initial cost of the hardware or carrier would be significantly higher than similar devices, in order for the companies to cover part of the subscription fee.

Last July, Morris decided not to renew a multi-year contract to release Universal music through iTunes (although Universal artists are currently still on iTunes), and recently, Universal has been trying to offer alternatives to Apple services. These trials include offering downloads of music videos by Universal artists through AT&T, and, on a trial basis, through Best Buy, Google, and Wal-Mart, which can be used with any music player.

A large part of Universal's motivation is to counter what the music industry sees as Apple's overly stringent restrictions on the way they market music. For example, Apple insists on selling all tracks at a uniform price, while many labels would prefer to charge different prices for new vs. older music. Further, Apple keeps \$0.29 from every \$0.99 track that it sells, which Vivendi CEO Jean-Bernard Levy calls "indecent."

Conversely, according to ex-MCA Records Chairman Irving Azoff,

owner of Azoff Music Management Group, "The artists are behind [Morris]."

Additional details about the service, such as how the companies would split profits, rights management, and playability on various devices, have not yet been reported.

Via: [BusinessWeek](#)

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