

Changes to Apple's iTunes prices take effect

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FILE - In this Sept. 11, 2008 file photo, Lenny Kravitz songs play on new Apple Nano media players at an Apple store in Palo Alto, Calif. The era of one-price-fits-all-songs on iTunes came to an end Tuesday, April 7, 2009 as Apple Inc., the Internet's dominant digital music store, ended its practice of selling all songs for 99 cents each and began offering three tiers: 69 cents, 99 cents and \$1.29. (AP Photo/Paul Sakuma, file)

(AP) -- The era of one-price-fits-all-songs on iTunes came to an end Tuesday as Apple Inc., the Internet's dominant digital music retailer, began selling some of its most-downloaded songs for \$1.29 apiece.

Apple said in January that it would end its practice of selling all individual songs for 99 cents each and begin offering three tiers: 69 cents, 99 cents and \$1.29.

Recording companies pick the prices, much as they did for CDs sold in

stores and online. On day one, songs including "Jai Ho" from the "Slumdog Millionaire" soundtrack, "Single Ladies" by Beyonce and "Chicken Fried" by the Zac Brown Band were bumped up to \$1.29. The main [iTunes](#) page advertised collections of 69-cent songs that included "London Calling" by The Clash and "Monkey" by George Michael.

Other songs from the same albums and artists remained at 99 cents.

[Apple](#) also did away with copy-protection technology known as digital-rights management, or DRM, allowing customers to play more songs on devices other than Apple's own iPods.

Without DRM, the songs can be copied to any number of CDs, computers and music players, as long as those devices support the AAC encoding format Apple uses.

AAC, like the more widely used MP3 format, is a method of compressing large audio files while trying to preserve sound quality. Besides iPods, several media players can play back unprotected AAC files purchased on iTunes, including Microsoft Corp.'s Zune and certain models from SanDisk Corp. and Creative Technology Ltd.

Susan Kevorkian, an analyst for the technology research group IDC, said music retailers have historically set higher prices for hit songs and lowered prices to stimulate interest in new artists and reinvigorate sales of older albums.

"iTunes was very much a market maker for digital music services," Kevorkian said. "It made sense for Apple and other retailers to charge 99 cents a [song](#), \$9.99 an album. It was a new way of buying music for many consumers, and the less complexity and the better perceived value, the better for all involved - Apple and the music labels."

As people got used to buying music online, Apple had trouble arguing that it was simplest if all songs were 99 cents; when it became clear DRM was on its way out, Apple let go of control over pricing in order to keep its service in line with competitors like Amazon.com Inc.

Shoppers looking for the lowest price have several iTunes alternatives, including Amazon, which sells songs for 79 and 89 cents and most albums for \$5.99 to \$9.99, and Wal-Mart Stores Inc., which sets prices at 64 cents, 94 cents and \$1.24.

While music labels pushed for this ability to vary pricing, it isn't clear music shoppers are swayed by a difference of a few cents if it means having to change their iPod/iTunes habit in any way. Apple continued to outsell Amazon for more than a year after the Web retailer launched its MP3 store, even though the music could be transferred automatically to iTunes after a simple software download.

Shares of Cupertino, Calif.-based Apple fell \$3.45, or 2.9 percent, to close Tuesday at \$115 amid a broader market sell-off.

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