

Apple's 99-cent TV show idea is no game changer

August 26 2010, By RYAN NAKASHIMA , AP Business Writer

(AP) -- Apple Inc.'s iTunes store may have revolutionized the music business, but its recent push to let people rent TV shows for 99 cents won't amount to a game changer for how people watch TV.

The idea to offer episodes of hit shows for rental a day after their broadcast may be great for people with busy lifestyles, and it could help [Apple](#) sell more iPhones and iPads, but only a few of the major media companies support the plan.

That's because they already make money from TV shows in a number of ways, and compared with those, the planned price of 99 cents is seen as a big cut, according to some people familiar with Apple's proposal.

Media companies already sell episodes on [iTunes](#), but currently for \$1.99 or \$2.99, and sometimes more than a day after the broadcast. Because most people watch such shows just once, the cheaper rental model might end up cutting into revenue, rather than boosting it.

Also, media companies sell advertising, and coming out of the recession, prices have been going up for those 30-second commercial spots on TV. Allowing people to avoid those ads by paying 99 cents the next day doesn't make sense if it means a smaller audience and smaller [advertising revenue](#) on the day of the broadcast.

Still, The Walt Disney Co.'s ABC and [News Corp.](#)'s Fox network are nearing a deal on such a rental plan, according to several people familiar

with Apple's proposal. That means shows such as "Modern Family" or "Glee" could soon be available the day after they air for less than the cost of buying a permanent download. Rentals would typically be available for 48 hours after the purchase.

The people familiar with the discussions spoke on condition of anonymity because no deal had been finalized. If a deal is cut soon, Apple could announce it at a media event next Wednesday, though music appears to be the focus of that.

Offering a rental model would expand options for viewers. It's now possible to watch many of the shows for free - with ads - on Hulu and the sites of broadcasters. But those shows are streamed and require an Internet connection while viewing. A rental model would give people the ability to download files to take with them on planes or other places; the files would automatically expire after the 48 hours.

Those who buy shows for children, or who tend to watch shows multiple times, would likely continue to buy them in various ways.

Media companies are experimenting with new ways of selling their content over the Internet but want to avoid jeopardizing existing business models. Those include the billions of dollars that cable TV providers, satellite TV companies and telecommunications firms pay to media companies to carry their channels.

Those so-called affiliate fees are a huge and growing source of revenue and have helped media companies withstand the ad downturn during the [recession](#). Media companies are not about to turn their backs on Comcast Corp. or DirecTV Inc. by making content available elsewhere for less than it would cost for a monthly subscription.

Time Warner Inc. is even trying to make it more worthwhile to continue

paying your monthly cable bill by offering its TV shows for free online - as long as you're a paying subscriber. Its "HBO Go" service also allows online viewing of HBO programming for free with a subscription.

While talks continue between Apple and all the major content companies, CBS Corp. and Time Warner are definitely not taking part in the rental plan as it is currently structured, according to the people familiar with the talks.

NBC Universal and Viacom Inc. are also unlikely to reach any agreement before the start of the fall TV season. That means shows such as NBC's "30 Rock," CBS' "NCIS: Los Angeles" and TNT's "The Closer" are not going to be available to rent for 99 cents on iTunes any time soon.

There are still plenty of ways to catch shows, though. You can check the channel's websites or simply record them on digital video recorders. Or, like the old days, you can just sit on your couch and watch the shows when they come on.

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