

Sony launches subscription music streaming service

December 22 2010, By TOMOKO A. HOSAKA , Associated Press

(AP) -- Sony Corp. on Wednesday launched a music streaming service in a bid to boost sales of its consumer electronics and break Apple's dominance of the online music business.

The Japanese company's "Music Unlimited powered by Qriocity" is a digital music service based on cloud technology that does not involve downloading tracks like Apple's iTunes, which started in 2001.

Instead, a subscription gives users access to a catalog of about 6 million songs, which can be streamed across Sony's Internet-connected devices like the PlayStation 3, personal computers and Bravia TVs. The service can be synchronized with a user's existing music files, including iTunes, Sony said.

The service debuted in the U.K. and Ireland on Wednesday and will be rolled out in Australia, Canada, France, Germany, Italy, Spain and New Zealand and the U.S. next year. "Music Unlimited" follows the launch this year of an on-demand video service that is now available in the U.S. and several European countries.

For Sony, the two services represent an effort to better integrate the company's consumer electronics with content like music, movies and games in a fiercely competitive market. Sony is banking on Qriocity - its new online entertainment platform announced earlier this year- to help make that happen.

While it remains to be seen whether consumers will embrace the new services, Sony is starting off with a substantial user base through the PlayStation 3. The video game console has more than 60 million users worldwide, and about 80 percent of PS3s are connected to the Web.

In developing its new music service, Sony decided to shift away from downloadable songs, said Kazuo Hirai, executive vice president and head of the company's Networked Products and Services division.

"We realized that if we were playing catch up with the same (iTunes) model, it would be difficult to appeal to users," Hirai told reporters in Tokyo.

Initially, the service is intended to mainly enhance the appeal of its products against competitors like Microsoft Corp. and Samsung Electronics Co.

"But over time, it needs to stand on its own," Hirai said.

The service cannot yet be used on portable devices such as the Walkman or cell phones, though Sony says it plans to eventually integrate those as well.

Since taking over in 2005, Sony's Chief Executive Howard Stringer has been trying to unite the company's sprawling businesses, cut costs and improve efficiency. He promoted Hirai in 2009 in a management shuffle that looks to be paying off.

The company returned to profitability in the July-September quarter and raised its earnings forecast in part due to brisk sales of the PS3. Its stock has risen about 11 percent this year, outpacing a 2 percent fall in the benchmark Nikkei 225 stock average.

Hirai said his company is on pace to meet its goal of selling 15 million PS3 consoles this fiscal year through March, and expects the games division to finish in the black.

Launched in September, the PlayStation Move motion-sensing game controller has been a big holiday hit so far, exceeding Sony's own expectations. The company said in late November that it had shipped 4.1 million Move units to retailers worldwide.

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