

# Apple unveils digital media subscription service

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Apple, in a move long awaited by publishers seeking new sources of revenue, unveiled a subscription service on Tuesday for digital newspapers and magazines purchased through its online App Store.

Subscriptions to music and video services such as Rhapsody or Netflix will also be available through the App Store and will be subject to the same terms as newspaper and magazine applications for the iPhone, iPod Touch and iPad.

Owners of the popular Apple devices previously had to purchase each edition of a magazine, for example, individually.

Apple said publishers will set the price and length of subscriptions -- weekly, monthly, bi-monthly, quarterly, bi-yearly or yearly -- and customers will be automatically billed through their iTunes account.

While struggling newspapers and magazines have been searching for new ways to charge for digital content and seeking to increase revenue from mobile devices, Apple's terms are not likely to sit well with all publishers.

Apple will take a 30 percent cut of the revenue for subscriptions sold through applications featured in its App Store.

There will be no revenue sharing for digital subscriptions sold through a publisher's own website.

But the Cupertino, California-based company said "that same subscription offer must be made available, at the same price or less" to customers who wish to subscribe from within an application.

Apple also said publishers will no longer be allowed to provide links in their applications to outside websites which allow a customer to purchase content or subscriptions outside of the application.

"Our philosophy is simple," Apple chief executive Steve Jobs said in a statement.

"When Apple brings a new subscriber to the app, Apple earns a 30 percent share; when the publisher brings an existing or new subscriber to the app, the publisher keeps 100 percent and Apple earns nothing," Jobs said.

"All we require is that, if a publisher is making a subscription offer outside of the app, the same (or better) offer be made inside the app, so

that customers can easily subscribe with one click right in the app," he said.

Jobs, who has been on medical leave since last month, said the subscription service "will provide publishers with a brand new opportunity to expand digital access to their content onto the iPad, iPod Touch and iPhone."

Apple also addressed the thorny issue of how much data on subscribers would be shared with publishers -- information important to publications because it helps them identify their readership and craft advertising strategies.

Apple said customers who purchase a subscription through the App Store will be given the option of providing publishers with their name, email address and zip code when they subscribe.

"Publishers may seek additional information from App Store customers provided those customers are given a clear choice, and are informed that any additional information will be handled under the publisher's privacy policy rather than Apple's," Apple said.

Apple's subscription service was first offered with The Daily, a digital newspaper for the iPad tablet computer launched earlier this month by Rupert Murdoch's News Corp.

With print advertising revenue and circulation declining, Murdoch and other newspaper and magazine publishers have been looking to the iPad and the Web to boost revenue.

Most major US newspapers and magazines have already created paid or free versions of their publications for the iPad and The New York Times plans to begin charging readers soon for full access to NYTimes.com.

Allan Mutter, a veteran media executive, said Apple's subscription service "contains some significant drawbacks for publishers."

"While Apple will let publishers keep 100 percent of revenues if customers buy subscriptions on the publisher's website, the reality is that most people will continue buying subscriptions through the app," Mutter said.

"This means Apple will continue in most cases to get a 30 percent cut of most subscription revenues," he said in a post on his blog, Reflections of a Newsosaur.

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