

Cricket's music plan showing promise

July 7 2011, By RYAN NAKASHIMA , AP Business Writer

(AP) -- If you think people who pre-pay their cellphone bills aren't the type to shell out for music these days, think again.

Pre-paid wireless carrier Cricket said Thursday that its Muve [Music service](#) has quickly become one of the top unlimited mobile [music](#) plans in the United States with 100,000 subscribers, just months after launching in January.

The quick uptake by Cricket consumers - many of whom do not have credit cards - is a rare success for the music industry, still reeling from a piracy-induced decline in [CD sales](#) and struggling to boost [music sales](#) via digital means.

Part of Muve's attraction is that access to unlimited song downloads is bundled with a \$55-a-month plan that includes unlimited voice, data and [texting](#). Although such services have become popular in European countries such as France and Norway, Muve represents the first music plan bundled with cellphone service in the U.S.

Jeff Toig, general manager of Muve Music, said another reason for the plan's popularity is that it's simple and targets Cricket's value-focused customers.

"One phone, one plan," Toig said. "And you get all your music essentially free as part of your wireless service. It's really simple for people to get that."

The service is now available only on a Samsung Suede feature phone with stripped-down capabilities that operates on the Brew platform, a mobile phone operating system developed by [Qualcomm](#) Inc. that has been around since 2001.

Songs downloaded to the phone can't be transferred to other devices, although it has a headphone jack and can send signals wirelessly to outlets such as car stereos using the Bluetooth standard. Muve gives users access to about 2 million tracks, including new releases by major labels. It aims to boost that to over 5 million by the end of the year.

Cricket, the mobile brand of [Leap Wireless International](#) Inc. and the seventh largest carrier covering just a third of the nation, also plans to roll out Muve on smartphones that run on [Google](#) Inc.'s Android operating system before the winter holidays.

The market leader in the mobile music subscription space is Rhapsody, which has an estimated 750,000 subscribers on its \$10 per month plan. A service from Napster is estimated to have about the same number of subscribers as Muve.

Revenue generated by subscription plans offered by new entrants such as MOG, Rdio and Thumbplay has been disappointing so far.

Last year, paid subscription plans saw revenue shrink 5 percent to \$201 million, even though the number of subscribers grew to 1.5 million from 1.2 million, according to the Recording Industry Association of America. Including CD sales, downloads and other forms of music, the value of U.S. music shipments fell 11 percent to \$6.85 billion from \$7.68 billion a year ago, the RIAA said.

Music companies, which get a cut of the monthly bill from each subscriber, hope the success of a music plan that is bundled together

with cellphone service can be repeated.

"Cricket has a big hit on their hands here in the U.S. market," said Michael Nash, executive vice president of digital strategy and business development at Warner Music Group Corp. "We think that's indicative of what the formula for success is in the U.S. and in markets around the world."

The companies wouldn't say how much of the \$55 was allocated to the music plan but Warner Music's Nash said the recording company's cut was the same as the amount it got from \$10-a-month plans such as offered by Rhapsody, MOG and others.

Muve is exciting music companies partly because it is gaining a foothold among people without credit cards, who therefore weren't already buyers of songs on Apple Inc.'s iTunes digital music store.

"This is giving customers a pre-paid phone service and perhaps their first introduction to legitimate digital music consumption," said David Ring, Universal Music Group's executive vice president of business development.

Cricket says its customers are devouring music on the devices, downloading more than 400 songs per month and listening for two to three hours per day.

That's a good indication they'll pay their bills on time and decide not to drop their plans at the end of the month, which would help both Cricket and the music industry.

"Fans are loving it," Ring said. "If Cricket and the music industry can delight fans, everything else will fall into place."

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