

# Apple discontinues 99-cent rentals of TV shows

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Apple Inc. has pulled the plug on its 99-cent rentals of television show episodes after making a push last year to persuade TV networks to sign on to the plan.

Consumers, the company ultimately discovered, were just as willing to pay \$1 or \$2 more to purchase an episode - even when presented with a discounted option.

"iTunes customers have shown they overwhelmingly prefer buying TV shows," Apple said in a statement Friday. The company said the introduction of the iCloud service will enable customers to store content they've purchased online, then watch it whenever they want on any Apple device.

The 99-cent download program faced too many hurdles, said Mike Vorhaus, president of Magid Advisors. It required people to have an [Apple TV](#) device to view the episodes on their living room TVs, or be forced to watch the programs on a much smaller screen.

"It's very simple. People want to watch shows on their TVs - not on their computers," Vorhaus said. "Besides that, the competition is intense and much of the competition is free."

From the beginning, the 99-cent rental struggled for traction. Major television studios, including Warner Bros., NBCUniversal and CBS, refused to offer popular shows through Apple at such a discount. They

didn't want to undermine the still-nascent market for digital purchases.

Former Apple Chief Executive [Steve Jobs](#) lobbied aggressively a year ago to get the television industry on board, but only [Walt Disney Co.](#)'s ABC and News Corp.'s Fox signed up. Jobs stepped down as CEO this week to serve in a more limited capacity as the company's chairman.

ABC had an incentive to participate because Jobs is Disney's largest shareholder. News Corp. Chief Executive [Rupert Murdoch](#) agreed to experiment with the 99-cent downloads because he was interested in launching his company's [digital news](#) magazine, "The Daily," which runs on Apple's [iPad](#).

"After carefully considering the results of the rental trial, it became clear that content ownership is a more attractive long-term value proposition both for iTunes customers and for our business," a Fox spokesman said in a statement.

[News Corp.](#) Chief Operating Officer Chase Carey was more blunt earlier this month during an earnings call with analysts.

"We want to make sure we are vigilant about attacking practices that undervalue our product, like \$1 rentals," Carey said. "Our priority (is) just to make sure we're thoughtful and do not allow a quick buck to jeopardize the longer-term value of our product."

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