

MetroPCS starts unlimited music plan with Rhapsody

August 18 2011, By RYAN NAKASHIMA, AP Business Writer

(AP) -- MetroPCS Communications Inc., the nation's fifth-largest wireless phone carrier, is jumping into the unlimited music business behind its smaller competitor, Cricket.

The company said Wednesday it is now offering unlimited on-the-go access to 12 million tracks through subscription music provider Rhapsody. The plan is bundled with unlimited voice, text and Web access on Android-powered smartphones for \$60 a month.

The entry into the subscription music field follows the huge success of Muve Music, a \$55-a-month plan offered by prepaid wireless phone provider Cricket, the seventh-largest carrier and a division of Leap Wireless International Inc.

Muve added 100,000 subscribers within months of launching in January and found its users downloaded hundreds of songs each month and listened for two to three hours a day. Muve Music is now available only on a Samsung Suede feature phone with stripped-down capabilities, but it plans to roll out on Android devices in the fall.

MetroPCS said its customers who use Android phones were already listening to other <u>streaming music</u> offerings such as the free <u>Internet radio service</u>, Pandora. Internal surveys also suggested high interest in a subscription music plan, said Gavin Throckmorton, staff vice president of product management at MetroPCS.



"Providing our customers with a high value, <u>mobile entertainment</u> experience is exactly what they're looking for," he said.

Rhapsody has about 800,000 subscribers. Its stand-alone plan costs \$10 a month.

The plan is available immediately to the approximately 20 percent of MetroPCS's 9.1 million customers who have Android-powered smartphones and some customers have already downloaded the app and changed their rate plans to sign up for the service, Throckmorton said.

It will also be available on all new Android phones sold by the carrier.

A significant hold-out in the plan is <u>Warner Music Group</u> Corp., the nation's third-largest recording company. That means Warner Music artists such as Linkin Park and B.o.B. won't be accessible for now. Rhapsody spokeswoman Jaimee Steele said the company is working to reach a deal. Warner Music spokeswoman Amanda Collins declined to comment.

Rhapsody President Jon Irwin said the popularity of Muve was encouraging, as was early uptake by MetroPCS customers.

"It's the value of bundled service - music as a service with something else," Irwin said. "I think their success is understandable and it gives us great optimism about what we see MetroPCS doing out of the gate."

<u>Music</u> companies have been embracing digital subscription plans and other new business models as CD sales continue to fall and gains in song downloads haven't made up the difference.

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