

Beats headphone maker buys MOG music service

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(AP) — Upscale headphone maker Beats Electronics is buying music subscription service MOG in an attempt to improve what goes into playback devices as much as what comes out of them.

Beats, founded by rapper Dr. Dre and recording executive Jimmy Iovine, has devoted its brand to high-quality sound. But headphones and speakers are limited in their ability to improve the sound of songs whose data is compressed to squeeze through narrow pipes like older cellular phone networks.

MOG attracted Beats partly because it encodes song files at 320 kilobits per second, slightly more than Apple Inc.'s iTunes songs, which are encoded at 256 kbps. MOG serves up songs at higher bit rates when more bandwidth is available, and at lower rates when it isn't.

Beats hopes to use MOG to provide an end-to-end music experience that will help it compete against bigger subscription music rivals like Rhapsody and Spotify.

MOG's paying subscribers are estimated to be in the tens of thousands compared to more than a million for Rhapsody in the U.S. and 3 million for Spotify worldwide.

"It's too early I think, based on the scale of any of these services, to declare winners and losers," Beats president Luke Wood said in an interview. "I think the future of the marketplace is going to be defined

by the greatest product and the best user experience."

Wood wouldn't limit plans for MOG to a race for higher fidelity. The company is looking at how to improve music discovery, curation, consumption and sharing.

"We're committed to the best possible audio playback, and we'll continue to invest in that area. But additionally, we recognize the importance of the product experience," Wood said. "They both have to be considerably better than what is available today for subscription to ultimately win at scale."

Taiwanese cellphone maker HTC said in August that it was buying a 51 percent stake in Beats for \$300 million. Wood said MOG would continue to be available on multiple platforms and devices.

Terms of the deal, which closed on Monday, weren't disclosed. The MOG Music Network, a network of blogs about music, was not part of the sale.

MOG charges \$10 a month for the ability to choose and play back tracks on mobile devices from a catalog of more than 15 million songs. Ad-free listening is available on computers for \$5 a month. If you don't mind the occasional ad, you can use MOG to pick and listen to songs on computers for free.

MOG was founded in 2005 by former Gracenote CEO David Hyman and is based in Berkeley, California. Universal Music Group, Sony Music and Menlo Ventures are among its original investors. Wood declined to specify if any original investors were still involved.

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