

## Apple Music may soon become the most popular music streaming service in US

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In the race for global music streaming supremacy, the gap between Spotify and Apple Music is getting smaller.

Apple Music is growing its American subscriber base at a faster rate than Sweden-based Spotify and may usurp Spotify as the most popular music streaming <u>service</u> as soon as this summer, the Wall Street Journal reports.

But globally, Apple Music still has a long way to go. Spotify has more than 70 million global subscribers, whereas Apple Music told the Wall Street Journal it now has 36 million subscribers—up from 30 million in September.

Apple Music—which comes preloaded on all Apple devices—has been growing at 5 percent in subscribers in the United States every month. Spotify, in contrast, has a 2 percent monthly subscriber growth rate, according to the Wall Street Journal.

When accounting for users who listen to either service for free during a trial period, Apple Music already has a slight lead over Spotify, reports the Journal. Both Apple Music and Spotify offer a trial period before their regular individual subscription models, priced at \$9.99 a month. Apple Music's trial period lasts three months, while Spotify's is 30 days.

Apple Music has three to four times more users in the trial period than Spotify, boosting its overall listenership numbers in the United States



past Spotify.

Music streaming services have soared in the past five years as the largest revenue generator for the music industry, as CD sales and album and song downloads declined. In 2011, music streaming services accounted for \$650 million in revenue; five years later, music streaming generated \$3.93 billion, larger than CD sales and downloads combined.

However, music streaming services have struggled to turn the popularity into profit. Spotify, which is expected to have its long-waited IPO this spring, has never reported a profit. Pandora, an Oakland-based service that predates Spotify, has severely struggled; its founder and CEO Tim Westergren stepped down from the company last June but a new regime has yet to overturn its depressing share prices. Last month, Pandora announced a "broad restructuring" that involves layoffs and expanding in Atlanta as a way to "add instrumental talent in a region with lower costs than the company's headquarters in Oakland."

It is unclear if Apple is making a profit from Apple Music, but the Cupertino tech giant regularly touts its "services—an umbrella term to describe all Apple-owned software platforms such as iCloud, App Store, Apple Pay and Apple Music—and their consistently high growth year over year. In its last earnings report released recently, Apple reported its services sector grew 18 percent from a year ago to \$8.47 billion.

Apple Music also will have a hardware companion to help boost its numbers: the HomePod. Apple's new smart home speaker, has been advertised as the home speaker with superior sound quality than its competitors, which include Amazon Echo and Google Home.

With the \$349 HomePod, Apple Music can be played directly through the device by voice command. Spotify and other streaming services, however, can be played via HomePod by controlling the <u>music</u> from an



iPhone or iPad using the AirPlay feature.

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