Google Looks To Expand With Subscription Music Service

BY DAWN C. CHMIELEWSKI **AND JESSICA GUYNN**

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LOS ANGELES — Google Inc. upended the Internet with its search en-

It launched its own email service, made roads and highways easier to navigate, developed the world's most popular operating system for mobile devices and took a shot at Apple Inc.'s iTunes with its own Google Play store.

Now the technology giant is cranking up the volume with the debut of a subscription music service that provides access to millions of songs for a monthly fee, taking on the likes of Spotify and Pandora and going after the next big wave in digital music: streaming on mobile devices

Analysts said Google All Access, which was unveiled Wednesday, was a preemptive launch ahead of Apple, which is expected to announce its own service next month.

Google has stepped up its efforts to ensure that it is on every screen and on every device so online advertisers can reach those consumers wherever they are and regardless of what they are

With music on mobile devices exploding, it was crucial for Google to have its own streaming service to keep users tethered to Google services and Android mobile devices.

That gave the Mountain View, Calif., company the motivation to clinch deals with all the major record labels as well as independents, signaling a sea change in its sometimes troubled relationship with an entertainment industry that in the past had accused Google of not doing enough to combat Internet piracy.

"It makes a huge statement that they've recognized the value of content," said music industry veteran Ted Cohen. "They're recognizing the value of what people create, and they're asking people to pay for it.'

Google introduced the new music subscription service at its annual developers conference Wednesday, while unveiling a host of other product upgrades such as a new version of Google Maps.

All Access builds upon Google's other music offerings, which include a download store and a cloud-based "locker" for keeping personal music collections.

The new feature lets users search for songs, albums or artists or different genres and subgenres. It will offer recommendations based on the user's listening

habits and personal library of songs. Subscribers also can listen to music in a "radio" format like Pandora, picking and choosing the playing order, or sample

playlists created by music curators. Chris Yerga, engineering director for Android, described the new service as "radio without rules."

interactive as you want," he said. For the music industry, subscription services represent a much-needed new

This is as lean-back as you want or as

source of revenue. For the moment, they are a small but fast-growing part of the music industry, contributing about 15 percent of total revenue in the U.S. last year, according to

the Recording Industry Assn. of America. It's an idea that has been a long time coming: The pioneering Bay Area start-up Listen.com launched the Rhapsody music

subscription service in 2001. The idea began gaining traction with consumers with the advent of smartphones and high-speed mobile networks.

The Swedish company Spotify brought its service to the U.S. two years ago, and has more than 24 million users in 28 countries — 6 million of them paying subscribers. Some industry observers say adoption will be gradual because it re-

quires a shift in consumer behavior. "Despite all the conversation around

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TED COHEN

Spotify and Rhapsody and other services ... it's going to take some time for consumers to catch up with the idea of leasing music," said the NPD Group's Russ Crupnick.

Rob Wells, president of global digital business at Universal Music Group, said Google's entry into the subscription

music business underscores its potential.
"As user adoption of the model continues to grow substantially, we're seeing increasing investment in these types of services — which is contributing to the music business' return to health," Wells said in an email interview.

"Further, in the growing digital music space, there will be a variety of consumer offerings — not a 'one-size-fits-all' model – catering to the distinctive consumer habits and tastes in each of various markets around the world."

Google's entry into the new but growing market for streaming subscription services ramps up competition for established players like Spotify.

Google, which was slow to enter the digital music market, seeks to leverage its enormous reach on mobile devices. About 52 percent of smartphone users in the U.S., or 71.1 million people, are Android users, according to research firm ComScore. Google said about 900 million Android devices have been activated worldwide.

'Music is one of the most powerful tools for engaging digital customers because they use it every day," said James McQuivey, principal analyst at Forrester Research.

"If Google failed to make a play for the music business, it would later regret it because its customers would remain forever tied to another digital service even if they maintain their interest in Google Android and Chrome devices. This fear of ceding this vulnerability to others explains why Google Play is adding All Ac-

Networks

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selections for more than a dozen shows for next season. With few exceptions, the dramas and comedies were set on familiar territory — cops, lawyers and families. NBC will post the crime drama "The Blacklist" with James Spader at 10 p.m. EDT Mondays, while a remake of the 1970s detective show "Ironside" will run on Wednesdays. NBC's Thursdays will be oriented around family-themed comedies with sitcom veterans Michael J. Fox and Sean Hayes.

"They don't have the tolerance for risk," said Kevin Aratari, managing director of the Los Angeles-based ad firm Mocean. They can't put a million dollars or more an episode (on the line) and have a show flop.

TV bosses also hope their existing series will last long enough to catch on — much as "The Big Bang Theory" did for CBS. Once the sitcom about Cal Tech nerds found its way to syndicated reruns, the audience for fresh episodes exploded. As home of the hits "The Big Bang Theory' and "NCIS," CBS looks poised to win this season in both total viewers and adults ages 18 to 49, according to Nielsen.

But even with a victory, CBS' ratings will probably remain flat among viewers in that all-important demographic. Meanwhile, the other three major networks all saw their audiences shrink among 18- to 49-year-olds.

'This is an incredibly tough environment we're in right now, and even getting people to sample shows is much harder than even just two or three years ago," said Joe Earley, chief operating officer at Fox Broadcasting.

Although the broadcast networks may no longer have the benefit of being the first place viewers go to check out new shows, the sheer volume of programming they create compared to cable outlets continues to give them an edge, according to ana-

"Broadcast networks have a deeper bench. AMC can have big numbers for 'The Walking Dead,' but it's just one show," Adgate said. "CBS has like 10 shows that do that number."

To attract viewers who might otherwise flee to FX, HBO or AMC, the networks may need to break some old habits. One way may be to abbreviate seasons for some shows, from as many as 24 episodes, as is customary now, to 13 or fewer, where it's easier to sustain a compelling narrative. Fox took a step in that direction midseason with 13 episodes of "The Following," an edgy serial-killer drama starring Kevin Bacon that was a modest hit.

After retiring the model years ago, the networks also seem ready to re-embrace the miniseries format. CBS this summer has an adaptation of Stephen King's novel "Under the Dome." ABC and Fox have already announced their own miniseries projects, and NBC will soon hire an executive to find and oversee new long-form shows, according to a person familiar with the matter who spoke on condition of anonymity to avoid damaging relationships.

Still, even if these new strategies make inroads in the new season, it's unclear whether that would be enough to restore broadcast's place as the dominant entertainment platform – instead of merely a dominant

That's the kind of thought that could sober up any upfront

"Ĭt's like the Wild West a bit right now," Aratari said. "And no one has it nailed down."

Collins reported from Los Angeles and Blake reported from New York.

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