Apple yet to tune in locally
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The Australian

AS the third major entrant to the legitimate online music industry, speculation has grown about the impact the world's No.1 online music store, Apple's iTunes, will make when it eventually launches in Australia.

Apple will not discuss an Australian iTunes, but music industry observers had expected it to be here in the first quarter of 2004. With no sign of iTunes in any markets outside the US, an Australian launch is now tipped to follow Europe and Japan late this year.

Telstra's BigPond Music and Destra's online music service, which is sold via retailers HMV, Sanity and JB HiFi, have been launched over the past four months but sales figures have been closely guarded.

Ninemsn, which launched its service last night, will sell songs for $1.45 to $1.89 - similar to prices offered by Telstra and Destra.

Apple's iTunes is by far the world's most successful online music service, with more than 50 million songs sold.

Despite this, it is a volume business that has been virtually unprofitable for Apple and is largely seen as a way to improve sales of its popular iPod digital music device, which has been a huge financial success for the company.

IPods are relatively expensive - costing from $449 to $799 - but their storage capacity is huge at up to 10,000 songs.

Apple has sold 2.8 million of the devices worldwide, including 807,000 in the March quarter alone, earning $US264 million ($352 million), compared with $US31 million for the same period last year. Apple attributed half of its overall revenue growth for the quarter - from $US1.48 billion to $US1.91 billion - to iPod sales.

Apple does not release local sales figures for iPod, but Apple Australia spokeswoman Martha Raupp said they sold out at one point during December.

Market analyst AMR Interactive's research from late last year found 7 per cent of households in Australia had an MP3-type digital music device, and 4 per cent of Australians over 15 used them. Another 3 per cent of Australians who are 15 or over said they were likely or very likely to buy one.

AMR principal analyst Jason Juma-Ross said the time Apple was taking to get to market would affect both its music and iPod sales.

"There's a lot of consumer interest in downloads now," Mr Juma-Ross said.
"As long as there's interest and there aren't solutions, then people will always find other solutions, be those legal or illegal, and be those iTunes, or Telstra or Destra. So they're missing opportunities by not providing a solution."

However, one of Apple's advantages is that non-iTunes services cannot provide songs in the format that works on iPod, causing some to speculate the delay will not harm its prospects with the growing number of iPod users.

For technical reasons, all three of the existing Australian services cannot sell songs to Apple Macintosh computer users, further shoring up a small but safe market segment for iTunes.

Music industry sources said Apple's progress towards launching iTunes in Australia was "rapidly accelerating".
