

Apple plans a Prime-like subscription bundle, but that has News+ publishers worried

Enlarge / Tim Cook announces Apple TV+ at an event on March 25, 2019.

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According to a report in Bloomberg, Apple may be planning to launch a bundled subscription service that would include services like Apple News+, Apple TV+, and Apple Music as soon as 2020. This strategy would be similar to that of Amazon Prime, though not as far-reaching—at least at first.

The report says that, at a minimum, Apple has left the door open for this in its contracts with Apple News+ content providers. Its sources say that there is “a provision that Apple included in deals with publishers that lets the iPhone maker bundle the News+ subscription service with other paid digital offerings.”

While this would likely be appealing to consumers and could bolster Apple’s services revenue, not all stakeholders in the decision are likely to be happy about it. Bloomberg’s sources said they believed that publishers could see reduced revenues from Apple News+ because they’d likely be sharing a smaller piece of the subscription pie than they do under the \$10/month Apple News+ service. Currently, Apple pockets 50% of the money that comes in to Apple News+, while the other 50% is split

between publishers based on how much their content is read and engaged with.

Publishers have already been concerned about the money they've been getting from News+. A CNBC story published today reported that the service's subscriber base has not grown substantially since it first launched. Apple hasn't put a lot of weight into marketing Apple News+ since its launch—nowhere near as much as Apple Music and Apple TV+. Additionally, some magazine and newspaper publishers Ars has spoken with are pessimistic about Apple News+ as a revenue source adequate to the industry's serious financial challenges because Apple's privacy policies preclude some sophisticated advertising techniques that involve targeting specific readers based on collected data.

Apple is looking to services like these to bolster its revenue as iPhone sales slow due to market saturation, longer-lasting devices, and the company's difficulty entering developing markets where its products are too expensive for many consumers.

Despite News+'s apparent struggles, Apple Music is growing its user base and generating substantial revenues. We don't want to prematurely make proclamations about Apple TV+'s health or growth one way or the other, and it faces a very different set of challenges and opportunities than Music or News+ because its content is produced in-house at Apple, not licensed from other content creators. The Bloomberg sources' story did not indicate whether Apple Arcade, the company's games subscription service, would also be included in this bundle. Some game development studios that Ars has spoken with have indicated that Arcade has been a success for them so far.

In any case, this would not be Apple's first attempt at bundling subscriptions; it has already bundled Apple TV+ with Apple Music for students.

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