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## Rupert Murdoch's Daily: Who needs paper?

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EIGHT years ago Apple launched iTunes, a digital store selling music singles for 99 cents apiece. For record companies ravaged by piracy, it seemed like a good deal. Only later did many come to regret allowing another company to set retail prices and to get between them and their customers. On February 2nd Apple and Rupert Murdoch's News Corporation [launched the Daily](#), an iPad newspaper that will cost 99 cents a week. It will not dominate the digital news market the way iTunes came to rule the digital music market. But it sets a worrying precedent or two.

The *Daily* is a mixture of the newfangled and the old-fashioned. It has whizzy graphics, including video and "360-degree" pictures. Sport fans can receive the twitterings of their favourite players. Unlike most websites, though, the *Daily* is only available in America. It features outmoded things such as editorials and paid reporters. Although it can be updated to take in breaking news, it is primarily a daily, not an hourly.

In one sense it is a trailblazer. The *Daily* is the first product to offer recurring subscriptions through Apple's store. So far most publishers have been obliged to sell single issues of newspapers and magazines on the iPad. As a result, sales are erratic: *Wired*, a technology magazine with a beautiful app, sold 100,000 digital copies last June but just 24,400 in December. The *Daily*'s sales model is better than that. But not much better.

There is the price, for one thing. Ken Doctor, the author of "[Newsonomics](#)", reckons many people will be willing to pay 99 cents a week for news. That "what-the-hell price" could become a benchmark. The *Daily* is thinly-staffed and will cost less than half a million dollars a week to put out. Many established newspapers and magazines, including some owned by News Corporation, want to charge considerably more than 99 cents a week. They believe the experience of reading a newspaper or magazine on the iPad is a good substitute for the real thing, and fear undercutting their paper products.

They have a bigger worry. In the absence of a means to sell subscriptions through the app store, publications from *People* magazine to *The Economist* to News Corporation's *Wall Street Journal* have deployed their own systems for controlling access. Some sell single issues while allowing free access to people who already pay for the paper or web product ("existing print subscribers click here"). In effect, they are using the iPad as a delivery system for content paid for outside Apple's ecosystem. That means Apple does not take a 30% cut of sales. More important, particularly for ad-dependent American publications, it means they can keep tabs on subscribers.

This opportunity may be closing. In the past month Apple has advised at least two European publishers to stop bypassing its payment system. It is unclear whether, having set up a subscription system for the *Daily*, Apple will try to force publishers to use it. As Mr Murdoch acknowledged this week, Apple rules the tablet market. Publishers have come to wish it were not so.

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