

Title:

Zune Hits The Streets

Word Count:

616

Summary:

Zune is upon us, and if you weren't aware of it you are among the few that the Microsoft marketing machine has missed. Run a Google search on the name, and the first six results listed are all websites - or more accurately, domain names - produced by Microsoft and containing their promotional material.

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Keywords:

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Article Body:

Zune is upon us, and if you weren't aware of it you are among the few that the Microsoft marketing machine has missed. Run a Google search on the name, and the first six results listed are all websites - or more accurately, domain names - produced by Microsoft and containing their promotional material.

Zune is the Microsoft MP3 player, available on the market for just a few weeks now. It has a thirty gigabyte hard drive, a three inch square video LCD and costs two hundred and fifty bucks. There are a couple of features that the iPod doesn't have: the Zune has some "preloaded" music on it from contemporary artists; it also has wireless transfer capability so that one Zune can ship music or photos to another Zune over a short distance. Overall, however, it's fair to say that, in its current format, the Zune does not represent a significant improvement over the iPod, or a compelling reason to pick it up if you already have an iPod.

Microsoft would have you see it a little differently. They are casting the Zune player as the first in a series of products to be released under its Zune brand. "Designed around the principles of sharing, discovery and community, Zune will create new ways for consumers to connect and share entertainment experience...With Zune, we are not simply delivering a portable device, we are

introducing a new platform that helps bring artists closer to their audiences and helps people find new music and develop new social connections."

Along with the media player the Microsoft Zune music store has sprung to life and at the same price as the iPod music mart - ninety nine cents per. Currently, they have two million tunes available compared to Apple's 3.2 million. Early Microsoft press releases hype song sales from labels "DTS, EMI Music's Astralwerks Records and Virgin Records, Ninja Tune, Playlounderecordings, Quango Music Group, Sub Pop Records, and V2/Artemis Records." Presumably some of that preloaded music comes from artists on these labels.

Much has been written about the recent deal signed by Microsoft and Universal Music Group. That agreement has Microsoft paying Universal \$1 per Zune sold - and it is a landmark deal because it gives the music company a share in the sale of the hardware. Apparently Microsoft felt compelled to develop an inside arrangement with a major music company because of its late start in the business. For its part, Universal's CEO says, "We felt that any business that's built on the bedrock of music we should share in..."

Apple has no such arrangement in its contracts with recording companies; those are straight revenue sharing deals. There is a good deal of concern that this deal will presage a new degree of control by the music companies over hardware manufacturers, not to mention a fee structure.

According to Universal CEO Doug Morris: "We were very early in working with Steve (Jobs) on the launch of the iPod and he's been a very good partner and done a lot for the industry...We have a current contract with him and at the end of that I'm sure we'll negotiate." Morris' company accounts for nearly one in three CDs sold in the United States.

The notion behind this agreement is that music companies lose a lot of sales to digital piracy - through peer-to-peer sharing on the Internet and through simple transfer of music from one iPod to another. Indeed, one of the features on the Zune player is that any song transferred to it from another Zune will "expire" after three plays. That should pump up business for the Zune music store; however it also gives the Zune wireless feature a mercenary look.