Yahoo Doubling Price of Music Service

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SAN FRANCISCO - Yahoo Inc. (Nasdaq:YHOO - news) is doubling the price of its online music subscription service for portable MP3 players, ending a short-lived promotion that sought to lure consumers from Apple Computer Inc.'s market-leading iTunes store.

Effective Nov. 1, Yahoo will charge about $120 annually for access via download to more than 1 million songs that can then be transferred to portable players. The Internet powerhouse has been charging just under $60 annually — a price most industry observers predicted wouldn't last when Yahoo entered the market in early May.

Subscribing to the service on a monthly basis will cost $11.99, up from $6.99 under the initial pricing plan. That's closer to but still below services from Napster Inc. and RealNetworks Inc., which each charge just under $15 per month.

With its service, Sunnyvale, Calif.-based Yahoo joined Napster and RealNetworks in trying to sell the concept of renting an unlimited amount of tunes for a set fee instead of buying copies individually.

The rental approach is supposed to encourage customers to sample different genres and discover new artists. But if the subscription expires, the previously downloaded music becomes unplayable. Customers at Apple's iTunes store, by contrast, keep the songs they buy.

Piper Jaffray analyst Gene Munster said Yahoo's low rental prices didn't impress most consumers because the service isn't compatible with Apple's iPod — which boasts about 75 percent of the market for portable players.

"About 90 percent of the (iTunes) music store's success has to do with the devices that it works with," Munster said.

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