LOS ANGELES -- Is music something you own or something you rent?

How music fans answer that question in coming months will help determine the viability of a new slate of online music services that offer to fill portable music players with an unlimited number of songs for a monthly fee.

While the music subscription approach has grown in recent years, far more music fans have opted to buy songs by the track, a business model popularized by Apple Computer Inc.'s iTunes Music Store and its hugely successful iPod portable player.

But the release late last year of new copy-protection software from Microsoft Corp. may begin to change that. The software frees subscribers to move their rented tracks from their computers to certain portable music players.

The system works by essentially putting a timer on the tracks loaded on the player. Every time the user connects the player to the PC and the music service, the player automatically checks whether the user's subscription is still in effect. Songs stop playing if the subscription has lapsed. If the user doesn't regularly sync up the player with the service, the songs go dead as well.

"This is potentially the first serious challenge that the iPod is going to face," said Phil Leigh, president of Tampa, Fla.-based Inside Digital Media. "What these devices are going to be able to do is attack iPod where it's weak."

Several online music purveyors see portability as selling point that can lure consumers to their subscription services. Forrester Research projects music subscription revenues will more than double this year to $240 million, largely because of portability.

RealNetworks, MusicNow and MusicNet, which distributes its service through brands like America Online and Cdigix, all have plans to launch portable subscription services this year or early 2006 at the latest.

Napster LLC and F.Y.E., another MusicNet distributor, began offering portable subscriptions late last year through the Windows Media Player software, code named Janus.

Napster plans to turn up the heat on Apple with a $30 million advertising campaign debuting during Sunday's Super Bowl to promote a relaunch of its portable subscription service, dubbed Napster To Go.

"This is really the first subscription service supporting Janus that's going out in a big way," said Josh Bernoff, an analyst with Forrester Research. "Napster is charging a lot harder than the rest of them."

Napster's service is $14.95 a month - about $5 more than a non-portable subscription. F.Y.E's service is also $14.95.

Chris Gorog, Napster's chairman and chief executive, said the new service should boost its subscriber...
numbers, which stood at 270,000 as of December.

Marketing will be crucial to persuading consumers accustomed to buying CDs or owning digital music tracks purchased online to switch to paying a monthly fee for music, like they might do for cable television programming.

"There's going to have to be some education in the marketplace," said Michael Gartenberg, vice president and research director for Jupiter Research in New York. "There's some stuff that consumers watch over the air and on cable but don't actually own and some DVDs consumers actually go out and buy. There's going to be some coexistence here as well."

Alan McGlade, president and chief executive of MusicNet, said consumers will see the value in being able to rent music.

"When you think about it, you can log on Tuesday when the new records are in the stores and download whatever new albums are out," McGlade said. "If you have to pay a la carte, then you have to make a buying decision."

Not everyone is convinced.

Apple has said it has no plans to offer a music subscription service. The iPod players don't support the Janus format.

Microsoft's own music service, MSN Music, has yet to offer any services beyond pay-per-track downloads.

Doubts also linger over whether consumers will be happy with the crop of portable music players that can support portable subscription services.

So far only a handful of players - including ones from Creative, Dell and iRiver - are on the market, although analysts say their number should increase this year.

And then there's the iPod factor.

"The problem is that in the current state of the market, vendors at best have been offering technical equivalents of the iPod, and the iPod itself has transcended from a consumer electronics item to cultural icon," Gartenberg said.

Portable music subscriptions may be a milestone, Gartenberg said, "but it's not something that is likely to displace Apple in the short-term."

© 2005 The Associated Press