



Apple Gets Aggressive With Apple TV+ Pricing

Description

It was becoming increasingly clear that [\\$10 per month](#) wasn't going to cut it for Apple TV+, and **Apple** ([NASDAQ: AAPL](#)) has apparently come to that same realization. The Cupertino tech giant is entering a crowded market for over-the-top (OTT) video streaming services, and investors are already excited for **Disney** ([NYSE: DIS](#)) to launch Disney+. At \$7 per month, that service's value proposition looks [incredibly strong](#), and a promotional offer that brought that price down to under \$4 per month [crashed Disney's site](#) last month.

Apple has decided to undercut Disney+'s base pricing, launching Apple TV+ in November at just \$5 per month.

Giving TV+ away

It takes many years and many billions of dollars to build up an original content portfolio. Apple has already been at it for about four years, and its budget has reportedly swelled to \$6 billion. Services chief Eddy Cue has already stated that Apple is going for [quality over quantity](#), and the initial slate of shows that will be available at launch is fairly limited. Pricing the service at \$10 per month would have been a hard sell, especially when compared side by side to Disney+, which is also set to launch in November. Disney+ will include decades worth of content.

Furthermore, Apple announced another surprise: Anyone who buys a new iPhone, iPad, Apple TV, iPod Touch, or Mac gets a free year of Apple TV+. That's a lot of TV+ subscriptions that the company will be handing out — Apple sells tens of millions of devices per quarter — although only one promotional offer can be claimed and shared per household. It's unclear for how long the promotion will run.

The pricing and launch promotion are incredibly aggressive. Apple *really* wants people to try out the new service and is effectively giving itself another year to prove that its content is good enough for subscribers to renew; the company will be continuously adding new shows and movies each month.

Marching toward 500 million

Apple TV+ was always going to be a core part of Apple's growing portfolio of services, and the service represents one of its most significant cross-platform plays, since Apple TV+ will also be available on competing [tech platforms](#) such as **Amazon** Fire TV and **Roku**, as well as through third-party smart TVs made by prominent manufacturers like **Samsung**.

The Mac maker set a target earlier this year of hitting 500 million paid subscriptions at some point in 2020. At the end of the second quarter, it had already reached 420 million paid subscriptions and has consistently added 30 million per quarter over the past seven quarters. With Apple TV+ and Apple Arcade launching, both at an affordable \$5 per month, the company should have no problem hitting that goal early next year.

CATEGORY

1. Investing
2. Tech Stocks

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1. Syndicated

TICKERS GLOBAL

1. NASDAQ:AAPL (Apple Inc.)
2. NASDAQ:AMZN (Amazon.com Inc.)
3. NASDAQ:ROKU (Roku)
4. NYSE:DIS (The Walt Disney Company)

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