

Expect more requests to subscribe from Apple on iPhones and iPads

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Don't look now, but expect a lot more messages from Apple this year to try out new services, analysts say.

The company, which "hit a wall" in 2018 with falling iPhone sales, realizes selling new services to its base of 1.3 billion iPhone users is the best way to pick up the financial slack, says Gene Munster, an analyst with Loup Ventures.

Apple caused a stir in December when it announced that iPhone sales were lower than expected, putting much of the blame on a weaker market in China. Apple reports earnings for the holiday quarter Tuesday.

Munster says two new services will join the roster this year, which already includes Apple Music, the iCloud online storage [service](#), AppleCare repair help and the iTunes movie and TV show rentals.

—Texture. A magazine subscription service, which currently exists, will join the Apple News app in the spring, Munster says. The app was purchased by Apple in 2018, and charges \$9.99 for unlimited

reading of new magazines like GQ, People and National Geographic. Texture and others have tried similar offerings (like Readly and Zinio) and haven't caught fire with the public. Munster says with Apple's push and its distribution potential to 1.3 billion iPhone devices, that could make a huge difference. (The blog 9to5Mac found mentions of the new Texture service in Apple News as part of the iOS 12.1.3 operating system update that was released Monday.)

—Entertainment. Apple has quietly been funding new productions from the likes of uber directors Steven Spielberg and Damien Chazelle, actresses Jennifer Anniston and Reese Witherspoon and entertainment industry icon Oprah Winfrey.

Munster predicts the service will launch in September, alongside a revamped Apple TV set-top box and sell for a skinny price of \$3.99. This is way cheaper than the \$11.99 average price of a Netflix subscription, but then, "the service will have a lot fewer titles," he says. (Apple will have lots of company: Disney, Warner Media and NBC/Universal have also announced new entertainment subscription services that will launch in 2019 and 2020.)

Additionally, the news channel Cheddar reported Monday that Apple is developing a subscription service for video games. Gaming is the most popular category in the paid apps division of the iOS app store for iPhone and iPads. Over the holiday season, Apple reported sales of over \$1.22 billion on iOS games and apps.

Beyond these categories, Munster says Apple is working on a healthcare subscription to offer to [insurance companies](#) in 2020 that would help them monitor patients via the Apple Watch.

In September, Apple introduced two new phones, the iPhone XS and XS Max and later a third model, the XR, that didn't get consumers as excited about

new models as they had in the past, forcing Apple to admit earlier this year of poorer than expected sales. At the same time, it talked up the fast-growing Services division.

The iPhone represents two-thirds of Apple's revenues.

Apple currently has 56 million subscribers for Apple Music, its answer to Spotify, which has nearly 90 million subscribers. The company reported revenues of \$10 billion for Services in the most recent quarter, which was its highest ever, and analysts look to it to make up the declining iPhone slack. Analyst Daniel Ives from Wedbush Securities predicts yearly Service revenue growing to \$50 million by 2020.

Angelo Zino, an analyst with CFRA Research, sees Services growing to 19 percent of sales and one-third of profits.

In Apple's last earnings call, the company said it would no longer report sales of iPhones. Apple has historically sold over 200 million yearly. Even with the lower sales of the iPhones, Ives still sees Apple selling from 190 million to 200 million units of new models over the next two years.

Business Insider commissioned a SurveyMonkey Audience poll asking consumers about upgrades, and one out of every three iPhone owners told the publication it didn't choose to buy new models because they were either too expensive or didn't care about the new features.

Meanwhile, more Services will be coming to your living room this year with greater intensity via the iTunes store, for renting movies and TV shows. After years of only being able to purchase them via an Apple device, the company has opened up the platform.

At the recent CES trade show in Las Vegas, Apple said iTunes would be available on new TVs from Samsung, LG and Vizio via Apple's AirPlay 2 streaming technology.

AirPlay 2 tech was previously largely limited to Apple's own Apple TV streaming boxes and

speakers from Sonos, Beats, and Bose, among others. By bringing the tech to TVs, viewers who own Apple devices will soon be able to wirelessly stream what is on their iPhone, iPad or Mac screens to their big screens. This is similar to Google's Chromecast gadget and should enable Apple to sell more movies and TV shows.

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