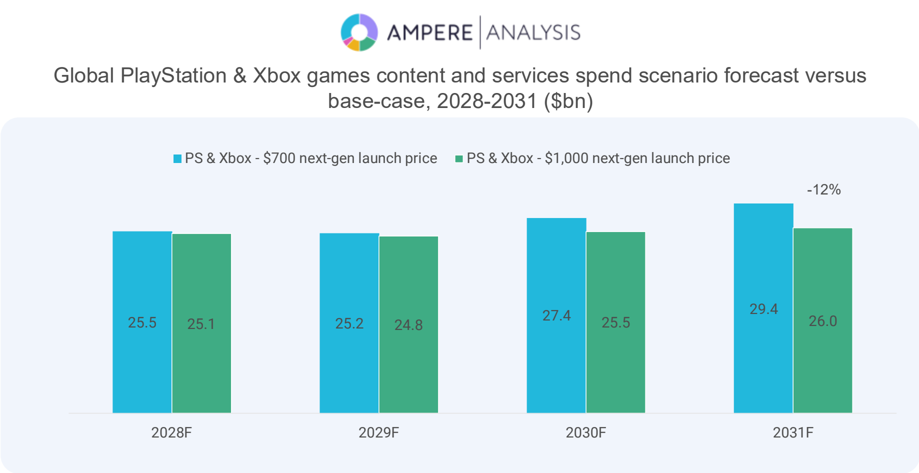
Can innovation help Sony and Microsoft avoid the $1,000 console?

Both companies will be fully focused on avoiding a major jump in console prices for the next-generation

London, 18th August 2026: Rising production and hardware costs could force Sony and Microsoft to rethink their traditional approach to console launches, ushering in a new era of product and commercial innovation for the console industry, according to a new report from Ampere Analysis.

Ampere's scenario forecast warns that, if Sony and Microsoft launch conventionally designed, incrementally improved next-generation consoles at $1,000, combined adoption over the first five years could be 38% lower than the current PlayStation 5 and Xbox Series generation of consoles.

Progressively, this would have an impact on consumer spending on console games and services. Under the $1,000 price point scenario, Ampere predicts that the console games and services market across PlayStation and Xbox would be $3.4 billion or 12% smaller in 2031 compared to a base case $700 console launch price point.



Source: Ampere Games Markets

The console market’s pricing challenge

The console games market is facing a margin crunch as rising development budgets and higher memory and storage costs, driven partly by AI and data centre demand, put pressure on the traditional hardware subsidy model. With Sony and Microsoft expected to move to next-generation consoles at the end of 2028, higher launch prices could limit adoption, increase reliance on premium users and narrow the audience for console content over time.

Under the most extreme pricing scenario of $1,000 Ampere predicts that this could lead to 39 million fewer consoles being sold over the first five years versus the current generation. Even so, the impact on games content and services spending would build progressively as the current cycle is extended and would become more significant from year three, which gives platform holders additional time to adapt their strategies.

Piers Harding-Rolls, Senior Research Director, Games at Ampere Analysis, says: “The economics of console gaming have changed significantly. If Sony and Microsoft take conventionally designed, incrementally improved consoles to market at substantially higher prices, our forecasts suggest they risk reducing the addressable audience for the next generation.

But challenging market conditions can be a catalyst for innovation. The industry has time to rethink what the next generation should look like, from hardware design and pricing to advertising, subscriptions and new ways of accessing games. The next console cycle could therefore be as much about strategic imagination as technological progress. The winners of the next generation may not be those that deliver the status quo, but those that find the most compelling way to make high-end gaming accessible, desirable and economically sustainable.”

The response to the pricing threat: Innovation and investment

The industry is pursuing new ways to offset higher costs and broaden monetisation, from advertising, subscriptions and bundles to hardware financing and more digital distribution. Sony’s move away from physical media from 2028 is one example of this shift*.

Sony and Microsoft may also need to weigh deeper hardware subsidies, stronger first-party line-ups and cloud gaming as ways to support adoption, although each option carries significant cost, investment or infrastructure challenges.

Next generation could demand a different kind of console

Ampere believes the scale of the pricing challenge could provide an opportunity for Sony and Microsoft to draw on their long track records of innovation and rethink what a next-generation console should deliver.

Ampere identifies three potential strategic routes for Sony and Microsoft as they prepare for the next generation and aim to keep pricing as low as possible:

1. Keep a consistent product strategy, but delay the launch of the next generation beyond the end of 2028, extending the lifecycle of current consoles while waiting for component costs to ease
2. Maintain the expected 2028 launch window, but use heavier hardware subsidies, new monetisation models, more aggressive digital content strategies and optimised sales channels to support lower pricing
3. Substantially innovate on hardware form factor and use cases, placing less emphasis on graphical improvement. Offer a clearly differentiated next-generation experience but aim to keep launch prices markedly below $1,000

Rather than focusing primarily on incremental improvements in processing and graphical performance, the next console cycle could see greater emphasis on new form factors, use cases and commercial models that give consumers a compelling reason to upgrade.

Ends

Notes to Editors

- The $1,000 scenario is a risk scenario, not a prediction that either Sony or Microsoft has fixed or announced pricing for future hardware
- The scenarios assume next-generation consoles offer an incremental technological improvement on current consoles, with no major form-factor innovation

*Sony to drop support for physical media confirming post-disc gaming world

For more information, contact Greenfields Communications or Ampere Analysis:

Corinna Staedel: corinna@greenfieldscommunications.com +1 912 506 5674
Lucy Green lgreen@greenfieldscommunications.com T: 07817 698366
Roya Sanei T: 020 3848 6400 roya.sanei@ampereanalysis.com
Dan Stevenson T: 020 3848 6400/07973 157317 dan.stevenson@ampereanalysis.com

About Ampere Analysis

Founded in January 2015, Ampere Analysis is a new breed of media analyst firm. The company's experienced team of sector-leading industry analysts specialises in sport, games, pay and multiscreen TV and next-generation content distribution. Our founders have more than 60 years combined experience of providing data, forecasts and consulting to games publishers, the major film studios, telecoms and pay TV operators, technology companies, TV channel groups and investment banks.
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