

Title:

No Discount For Xbox 360

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Summary:

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Article Body:

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Quite understandably, since Xbox 360 is already selling at half the value of the new Sony console. The cheaper Nintendo Wii targets a different gaming audience so Microsoft does not consider it as a threat. Also, perhaps, there is some truth in what the UBS analysts predicted last year. According to UBS analysts, Microsoft subsidizes the cost of their new console by \$75. This is the reason they are able to sell for a lower price. Some rumors even persist that other than the subsidized \$75, Microsoft is losing as much as \$100 per console. This is due to Microsoft's inability to produce their own core manufacturing systems. They get the parts of their core hardware still from Intel and NVIDIA which require them to pay royalties.

To add insult to injury, the company is reported to be still suffering from losses incurred from Xbox sales. They reportedly used the same subsidy system for the older Microsoft console. The math goes pretty bad for Microsoft since

the consoles have high production costs but are only sold at a meager price. Microsoft neither confirm nor deny these reports but they report that they have hit their mark for the year.

It is not a mystery how Microsoft was able to survive the losses. The company sells different console accessories and do effective marketing. Statistics reveal that most Microsoft console users have at least one accessory for enhancement of the game experience. Let's not even talk about the games. Most analysts suggest that the bulk of the gains Microsoft received this year was from the sales of game titles. With a new title release almost every month and DRM protection, games are mostly bought and owned individually. The games do not cost much when taken individually; the cost only becomes staggering when you think about the accumulated price. Microsoft gains from all these.

Regarding Xbox 360 price slash, I think that consumers can still hope. The holiday market is a big one. It is also the time when people are more generous to themselves and others. Microsoft and their new Xbox would have trouble resisting an opportunity such as this. Sony is pushing for a close to \$600 price, and though expensive, there is somebody out there who would buy it. The holidays are times of giving and sharing, isn't it? But if the consumer is faced with a more difficult choice, say, three Xbox 360s for one PS3, the balance usually tips to the more economical side. Same quality, cheaper price, more people can enjoy it. That is what you call spreading holiday cheer.