

Sony's PS5 Pro is a pricey test of next-gen consoles

The PS5 Pro's announcement yesterday wasn't a surprise. What was a surprise was the price: at \$699.99, it debuts as Sony's most expensive console ever. It brought back memories of the PS3's controversial price tag, a console that when adjusted for inflation is the same \$779 price point of a PS5 Pro with the additional disc drive. It's a very expensive PlayStation, and I fear it's a test of what's to come for next-gen console pricing.

For years, console gamers have been used to purchasing hardware at a significantly reduced price compared to what you could build yourself in the PC gaming space. Yes, you can find components that match the PS5 or Xbox Series X on paper, but it's still difficult to hit the price points that consoles sell for, especially when they're discounted during promotions. Besides, the easy plug-and-play model, simplified UI, and hassle-free warranty process are all big benefits over having to build or find a good prebuilt PC and then deal with Windows and driver updates. Consoles sell in their millions because they're far more consumer-friendly than PCs.

It increasingly feels like that gap between console and PC is blurring, though. Microsoft and Sony both pushed this current generation in the direction of having the type of CPU, storage, and GPU power that you'd find inside a gaming PC. The PS5 and Xbox Series X / S have far more capable CPUs for gaming instead of underpowered laptop-like ones and improve the performance of your existing library of games just like a GPU upgrade would on the PC side. That's why I called the Xbox Series X a next-gen PC when I reviewed it in 2020.

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The PS5 Pro demonstrates that trend even more clearly. Sony's entire selling point is a \$700 upgrade for existing and new games to hit better frame rates while maintaining visual quality. That's been the selling point of GPUs for decades, and now Sony is about to test if console gamers are willing to upgrade their hardware in the same way PC gamers build entire new rigs.

The big difference this time is that Sony wants you to pay out for that upgrade in the same way that PC gamers have begrudgingly gotten used to GPU prices skyrocketing in recent years. Both Sony and Microsoft typically sell consoles at a loss initially to subsidize the hardware and grow the market for next-gen systems. These initial hardware losses are usually covered by digital game revenues and in-game purchases.

The PS5 Pro is all about digital sales, shipping without a disc drive. Sure, you can buy one separately (\$79.99), but if you don't bother, Sony will benefit from this digital sales push and the 30 percent cut it gets on most purchases. Microsoft and Sony are both pushing toward a discless future for consoles, and it seems likely that next-gen systems won't ship with disc drives as standard. Hopefully you'll still be able to purchase one separately, though.

It also seems likely that next-gen consoles will be a lot more expensive than we're used to. Component costs aren't coming down, the console market isn't growing, and Microsoft's Xbox chief Phil Spencer admitted earlier this year that subsidizing hardware is now challenging because the price of components isn't dropping fast enough.

Last year, a Microsoft document revealed that the company had

planned to subsidize the Xbox Series X and S to the tune of \$1.5 billion in 2021 to hit its price targets of \$499 and \$299, respectively. “That’s our largest hardware subsidy ever” in Microsoft’s profit and loss for its gaming division, the document revealed. With Xbox Series S / X sales still lagging behind the PS5, it’s unlikely that Microsoft is going to gamble again on highly subsidized Xbox hardware for its next-gen consoles.

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Sony already appears to be at the point of not heavily subsidizing its PlayStation consoles. The lack of a disc drive helps drive console costs down for Sony on both the PS5 Slim and Pro models. The pricing of the PS5 Pro also looks like it’s designed to be profitable from day one, instead of months or years later. It took Sony nearly a year to no longer sell the \$499 PS5 at a loss, and the company then hiked PS5 prices outside the US a year later to cover inflation and component costs. In 2022, PS5 prices jumped by 10 percent in Europe, 12.5 percent in Japan, and by around 6 percent in the UK. Sony has hiked PS5 prices in Japan three times since the console’s launch in 2020.

Crucially, Sony hasn’t ever increased the price of the PS5 in the US, the one market where it still faces competition from Xbox sales. Microsoft admitted last year that it has a 20 percent market share in Europe, compared to Sony’s 80 percent share. When there’s no competition in Europe, Sony can adjust prices by 10 percent or sell a new PS5 Pro for €799.99 (about \$884).

Pricing is even worse in the UK for the PS5 Pro. The PS5 originally launched at £449 in the UK and \$499 in the US – a currency gap given the weaker value of the British pound over the past decade. After the price hike to £479 in 2022, the UK

is now facing £699 pricing for the PS5 Pro compared to the \$699 launch price in the US. If you want to purchase a PS5 Pro and the separate disc drive in the UK, it works out to a steep \$1,045. In the US, it's as little as \$818 with sales tax in many states for the same console and disc drive, nearly a \$230 difference.

Sony faces little competition in Europe and the UK from Xbox console sales, and Microsoft's plans for an Xbox Series X redesign have been put on hold. It seems to be skipping a mid-generation spec bump in favor of an all-digital white version of the Xbox Series X and a 2TB limited-edition model. Neither of these offers the improved GPU that the PS5 Pro includes, and it leaves a gap for Sony to set the PS5 Pro pricing around the world accordingly.

While I'm hopeful that the price of next-gen consoles won't push close to \$999, I can't help but think that a \$699 price tag wouldn't be all that surprising by the time next-gen hardware arrives. Maybe we'll all need to work more hours to afford one. We're heading into uncharted territory for console generations, and Sony's PS5 Pro pricing is about to test the waters for the decisions that Sony and Microsoft are making right now for their next-gen hardware choices. Hold on to your disc drives and wallets, because consoles are about to get expensive.

<https://www.theverge.com/2024/9/11/24241706/sony-ps5-pro-price-next-gen-consoles>