

Microsoft stakes Xbox video game sales on long-awaited space adventure Starfield

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Sarah Bond, from left, CVP Game Creator Ecosystem, Phil Spencer, Head of Xbox, and Matt Booty, CVP Xbox Game Studios, pose during the 2023 Xbox FanFest on Sunday, June 11, 2023 in Los Angeles. Credit: Casey Rodgers/AP Images for Xbox

One small step for an intrepid crew of 24th century space explorers could be a giant leap—or flop—for Microsoft when the Xbox-maker launches its long-awaited video game Starfield.

Players must fend off pirates, navigate strange moons, build outposts and fix their own starships in a space epic that is due out on Xbox in September after years of development and delay. Microsoft gave its most detailed glimpse of the upcoming game at a Los Angeles event Sunday.

The release could be one of the most important in Xbox's history as it looks to attract gamers with a headliner on par with Nintendo's latest Zelda game and PlayStation's upcoming Spider-Man 2, said Mat Piscatella, a game industry analyst for market researcher Circana.

After months of watching Nintendo's Switch console and Sony's PlayStation steal the momentum in a lagging market—with boosts from Hollywood adaptations of Nintendo's Super Mario and the PlayStation exclusive Last of Us—Microsoft could use a blockbuster to drive sales of its Xbox consoles and its monthly game subscription service.

"Starfield may have the potential to be as big or bigger than" popular games on rival platforms, especially thanks to the strong track record of the studio that made it, Piscatella said. "But the 'may' there is a big one."



Phil Spencer, Head of Xbox, welcomes fans as the countdown to the 2023 Xbox Games Showcase and Starfield Direct begins on Sunday, June 11, 2023 in Los Angeles. Credit: Casey Rodgers/AP Images for Xbox

Much of the anticipation centers on the past commercial successes of Microsoft-owned Bethesda Softworks, the studio behind long-running series such as Doom, Elder Scrolls and Fallout. Bethesda describes Starfield as its "first new universe in over 25 years."

Bethesda was already well on its way toward developing it when Microsoft acquired its parent company ZeniMax Media for \$7.5 billion in 2021. In fact, Bethesda first sought to trademark the Starfield name a decade ago, and teased the game in a brief trailer five years later in 2018.

Now Starfield is caught up in Microsoft's planned takeover [of Call of Duty maker Activision Blizzard](#). Sony has raised antitrust objections to the \$69 billion deal over concerns that Microsoft could make some of Activision's best games exclusive to Xbox.

On Monday, the Federal Trade Commission sued to block Microsoft and Activision from completing their merger in the U.S.

PlayStation has its own exclusives—including top-sellers Last of Us, the Marvel Spider-Man games and some Final Fantasy games. But Sony has argued to antitrust regulators around the world that Microsoft's decision to make ZeniMax games like Starfield and Redfall exclusive to Xbox shows that Microsoft has the ability and incentive to foreclose rivals to games it acquires through big mergers.



Phil Spencer, right, Head of Xbox, interacts with fans during a meet and greet at the 2023 Xbox FanFest on Sunday, June 11, 2023 in Los Angeles. Credit: Casey Rodgers/AP Images for Xbox

British regulators have also moved to block the deal, though other countries have approved it, including regulators representing the 27-nation European Union.

Microsoft's ongoing battle to close the Activision deal and build enthusiasm for its existing stock of games comes at a slow period for game sales after interest soared at the height of the COVID-19 pandemic.

Consumer spending on video games and hardware in the U.S. was \$4.1 billion in April, a 5% drop from a year ago, according to Circana.

A 6% decline in game revenue was partly offset by 7% growth in hardware sales, particularly for the PlayStation 5 and Switch. It marked the best April for console sales since the pandemic caused a sales spike in 2020.

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