

Microsoft works to save face after Xbox backlash

September 6 2013, by Derrik J. Lang



In this May 21, 2013 file photo, photographers crowd around Microsoft Corp.'s next-generation Xbox One entertainment and gaming console system after it was officially revealed, at an event in Redmond, Wash. When it comes to hyping the latest hardware, the video game industry doesn't typically opt for simplicity. However, during a presentation to promote the upcoming Xbox One video game console at GameStop Expo in Las Vegas last week, a no-frills approach is exactly what Microsoft employed when confronted with a convention room full of passionate gamers. It's the first stop on an apology tour for Microsoft, which has continued to experience a backlash over connectivity and privacy concerns since unveiling the next-generation device in May. (AP Photo/Ted S. Warren, File)

When it comes to hyping next-generation hardware, the video game industry doesn't typically opt for simplicity. However, during a presentation at the GameStop Expo in Las Vegas to promote the upcoming Xbox One console last week, a no-frills, old-school approach is exactly what Microsoft employed when confronted with a convention room full of passionate gamers.

There were no flashy videos, sensational demonstrations or celebrity appearances. Instead, Xbox Live programming director Larry "Major Nelson" Hryb candidly took questions on stage from the crowd for 30 uninterrupted minutes, a refreshing reprieve considering the backlash Microsoft has continued to endure since unveiling the Xbox One in May.

"Look, at Xbox, we really care about the community," Hryb replied when asked point-blank how Microsoft would win back consumers. "We're very focused on what is right for gamers. Everybody at Xbox is a gamer. It's not like we just show up, do our work and go home. We want to make this the best [game system](#) that you are going to own for the next 10 years."

The presentation was apparently the first stop of an apology tour for Microsoft, which originally said the successor to the Xbox 360 would be required to go online every 24 hours and limit how users could access previously purchased games. A month later, citing feedback from consumers, Microsoft Corp. announced it decided not to implement such restrictions.

Microsoft's atypical about-face continued last month when the Redmond, Wash., company declared that an updated version of its Kinect sensor, which detects motion and voice, would no longer be required to operate the Xbox One. That turnabout came after the company, at events like the Electronic Entertainment Expo, defended how integral Kinect was to the Xbox One.

Hryb said he'll embark on a cross-country tour this month, making stops in U.S. cities to similarly assuage concerns about the next-gen [console](#)—just like he did at last week's GameStop Expo. The 180-degree reversals and low-key repentance are unprecedented moves for a company like Microsoft, which once hired Cirque du Soleil to theatrically unmask the first Kinect.

Microsoft announced this week that the Xbox One will debut Nov. 22—a week after Sony Corp. unleashes its PlayStation 4 console on Nov. 14. The PS4 will cost \$399 and feature comparable computing power, high-definition graphics and online features to the Xbox One. Microsoft's console is pricier at \$499, but the system comes bundled with a Kinect sensor.



In this Aug. 28, 2013 file photo, attendees stop by the Microsoft Xbox booth at the GameStop Expo in Las Vegas. When it comes to hyping next-generation hardware, the video game industry doesn't typically opt for simplicity. However, during a presentation at the GameStop Expo to promote the upcoming Xbox One

console last week, a no-frills approach is exactly what Microsoft employed when confronted with a convention room full of passionate gamers. (Photo by Al Powers/Invision/AP, File)

"I've pretty much made up my mind that I'm getting a PS4 and not an Xbox," said Jeff Lane, a gamer from Reno, Nev., who paid \$100 for VIP access to the GameStop Expo. "I know Microsoft has changed course on a lot of their unfounded policies since they announced the Xbox One, but what's to stop them from just implementing them next year after the console is out?"

The worries come at an important time for the gaming industry, which has seen sales slide in recent years as Microsoft's 7-year-old Xbox 360 and Sony's 6-year-old PlayStation 3 have entered their golden years. The arrival of Nintendo's Wii U last year didn't invigorate game sales, which research firm NPD Group said have dropped 9 percent over last year.

"Education is job one," said GameStop CEO Paul Raines at last week's event, which primarily served as the training grounds for the retailer's 5,000 managers. "We have thousands of people in classrooms upstairs receiving training on the Xbox One and others on the PS4. We're trying to arm our staff on how these devices will be different and how they'll work."



In this Aug. 28, 2013 file photo, Microsoft's Larry "Major Nelson" Hryb speaks at the GameStop Expo in Las Vegas. During the presentation at the GameStop Expo in Las Vegas to promote the upcoming Xbox One console last week, a no-frills approach is exactly what Microsoft employed when confronted with a convention room full of passionate gamers. Xbox Live programming director "Major Nelson" candidly took questions on stage from the crowd for 30 uninterrupted minutes, a refreshing reprieve considering the backlash Microsoft has continued to endure since unveiling the Xbox One in May. (Photo by Al Powers/Invision/AP, File)

Raines said GameStop expects this fall's debut of the PS4 and Xbox One to make for the biggest console launch in history, while Microsoft announced that pre-orders for the third-generation Xbox have sold out

faster than both the original Xbox and Xbox 360, which was released in 2005 and has been the best-selling console for the past two years.

No doubt Microsoft could use a boost to its bottom line in the coming months. The company's stock fell this week after announcing it was spending \$7.2 billion to buy Finnish smartphone maker Nokia in an effort to better compete in the hot mobile market. And Microsoft absorbed a \$900 million charge in its last quarter to account for the flop of its Surface tablet, which runs a version of its Windows operating system.



This Aug. 28, 2013 file photo shows a Microsoft Xbox One console at GameStop Expo, in Las Vegas. During a presentation at the GameStop Expo to promote the upcoming Xbox One console last week, a no-frills approach is exactly what Microsoft employed when confronted with a convention room full of passionate gamers. There were no flashy videos, sensational demonstrations or celebrity appearances. (Photo by Al Powers/Invision/AP, File)

David Wesley, author of "Innovation and Marketing in the Video Game Industry," believes Microsoft is headed in the right direction with its refocused Xbox One strategy. Wesley and other analysts don't expect the fallout from this year's botched unveiling of the Xbox One to ultimately affect sales or the public's perception of the console this holiday season.

"The reality is these concerns likely won't affect Microsoft's marketing of the Xbox One," said Wesley. "The challenge for Microsoft is conveying the value of the console without overhyping aspects that don't really meet expectations. They don't want to create such high expectations that people are letdown when the console is actually launched."

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