

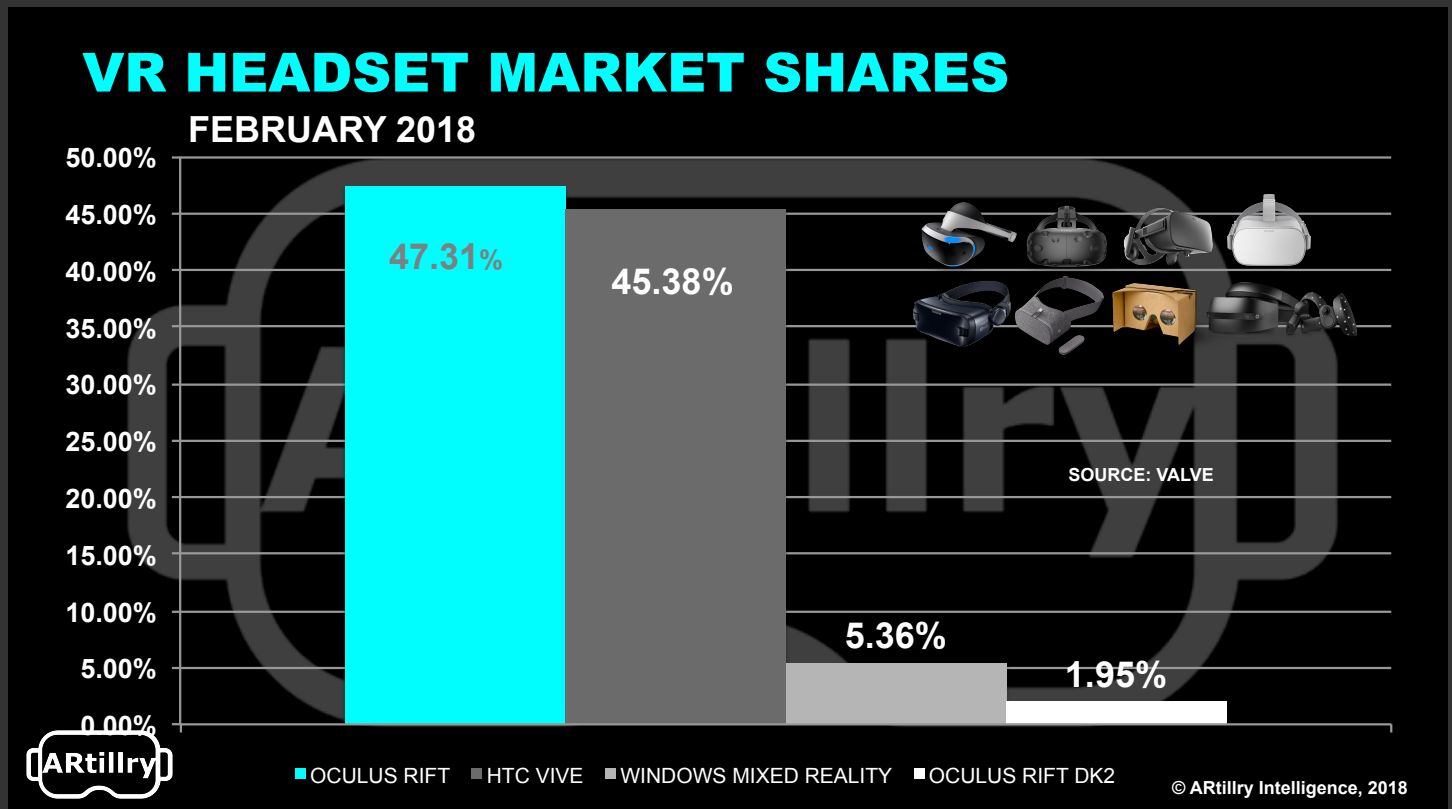
ARTILLY DATA BRIEFS

VR MARKET SHARE: OCULUS PULLS AHEAD

2/26/18

The Oculus Rift has pulled ahead of HTC Vive for the first time ever in the monthly Steam hardware survey. It now has 47 percent of hardware usage versus Vive's 45 percent. This isn't absolute market share but it's a telling sample.

What this really tells us is that Oculus pricing strategy could be working. As we've examined, Oculus has the luxury (read: Facebook) to apply loss-leader pricing. This is essentially to sacrifice margins for market share in order to to execute a longer-term platform strategy.



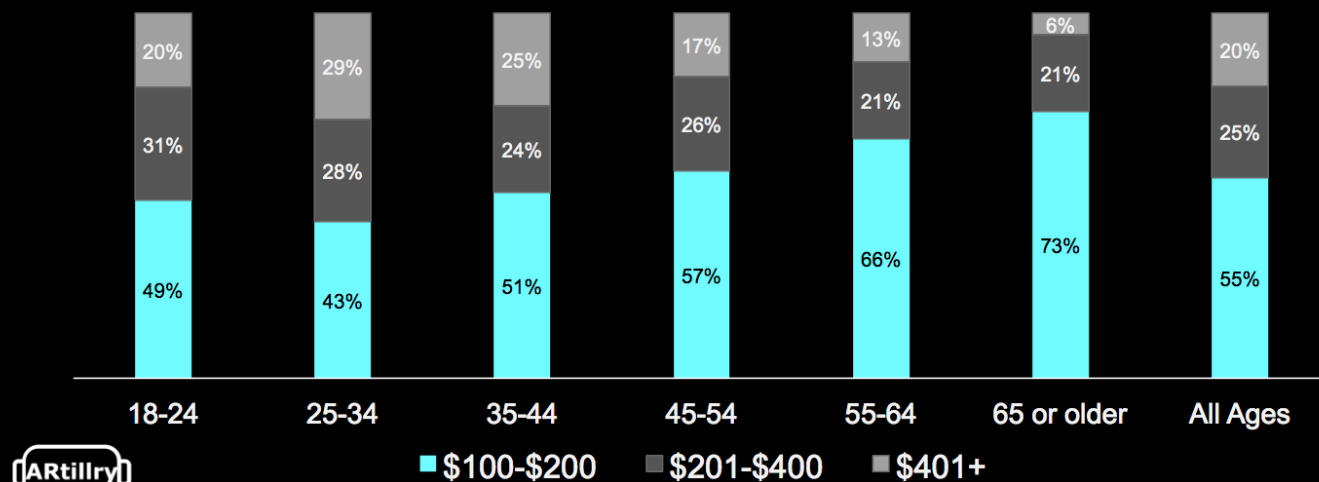
As platforms go, the name of the game is gaining early consumer market share. That in turn attracts developers to build content for the platform, which then attracts more users: A virtuous cycle. It's also a play for network effect — something that Facebook knows well.

HTC conversely doesn't have the same pricing leeway, as its business model is based on hardware margins. This is essentially why the Rift is \$399 and HTC Vive is \$599. And Oculus Go will be here any day with a \$199 price tag, which could really give VR the boost it needs.

That \$199 is right in the sweet spot of consumer demand, according to our survey data. And Oculus Go will be purpose-built for VR, as opposed to mobile VR rigs like Gear VR who's main component (smartphone) is tuned and optimized for phone functions rather than VR.

VR PRICE SENSITIVITY (BY AGE)

WHAT IS THE MOST YOU WOULD PAY FOR A VR HEADSET / SYSTEM?



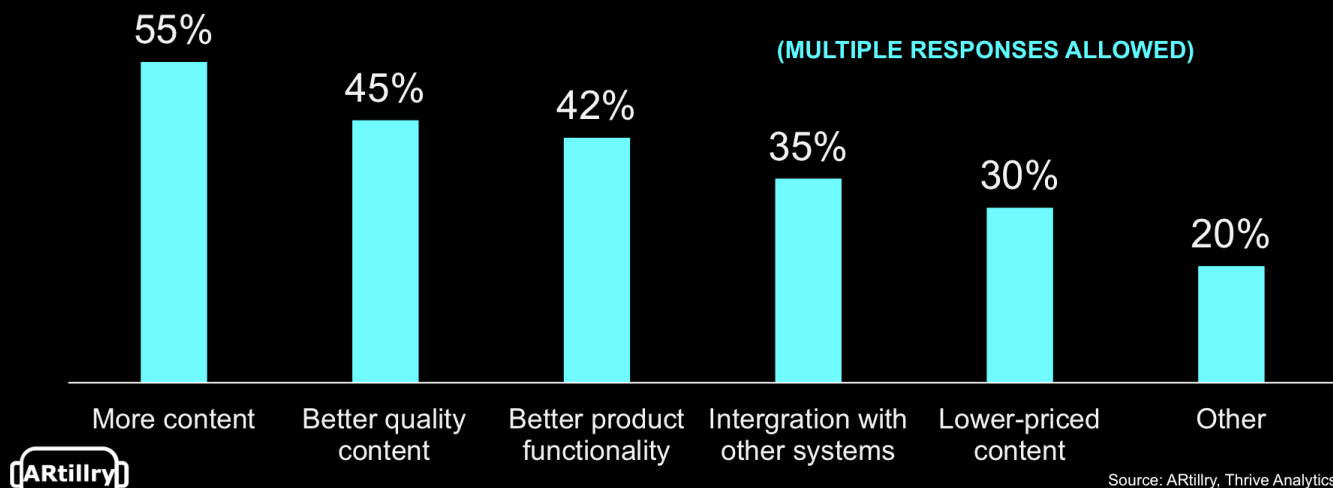
Source: ARtillery, Thrive Analytics

There will also be lots of content available for Oculus Go — basically most of the Oculus Home content and games that are available for Gear VR. This will be a big factor in driving it's growth. Back to our VR survey data, price and content are the two biggest adoption drivers.

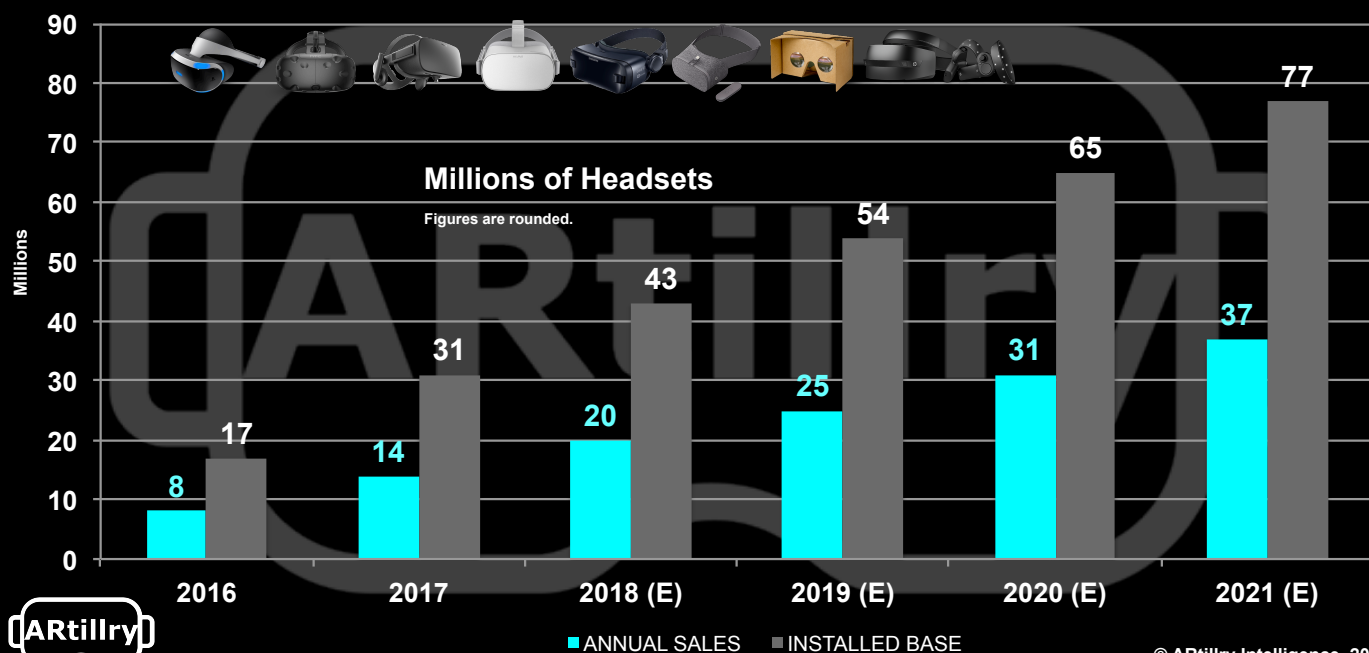
Expect more aggressive price competition and market share gains from Oculus. That will be a good thing to not only grow it's platform, but grow the overall VR industry and drive toward's Mark Zuckerberg's goal of \$1 billion global VR users. We're far from that goal but inching closer.

VR AREAS OF IMPROVEMENT

IN WHAT AREAS WOULD YOU LIKE TO SEE IMPROVEMENTS FOR YOUR CURRENT DEVICE?



GLOBAL VR HEADSET INSTALLED BASE



© ARtillery Intelligence, 2017

About ARtillery Intelligence

ARtillery is a publication and intelligence firm that examines augmented reality and virtual reality, collectively known as XR. Through writings, data and multimedia, it provides deep and analytical views into the industry's biggest players and opportunities. It's about insights, not cheerleading.

Run by career analyst and journalist Mike Boland, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though fun and games permeate VR and AR (especially the former) long-term cultural, technological and financial implications are primary.

Learn more at <https://artillery.co/about>



About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillery Intelligence*, covering emerging tech.

Mike is a frequent speaker at industry conferences such as VRLA, ad:tech and LeadsCon. He has authored in-depth reports and market-sizing forecasts on the changing tech & media landscape. He contributes regularly to highly read online news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post*.

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times*.

Further background, history and credentials can be found at:

<http://www.mikebo.land/>





Contact

Questions and requests for deeper analysis can be submitted at:

<https://artillery.co/contact/>



Disclosure and Ethics Policy

ARtillery has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, ARtillery remains independent of players and practitioners in the sectors it covers. It doesn't perform paid services or consulting for such companies, thus mitigating bias — real or perceived — in market sizing and industry revenue projections.

ARtillery's disclosure and ethics policy can be seen in full at:

<https://artillery.co/about/disclosure-and-ethics-policy/>