

ARTILLRY DATA BRIEFS

55 MILLION VR HEADSETS IN THE U.S. BY 2022?

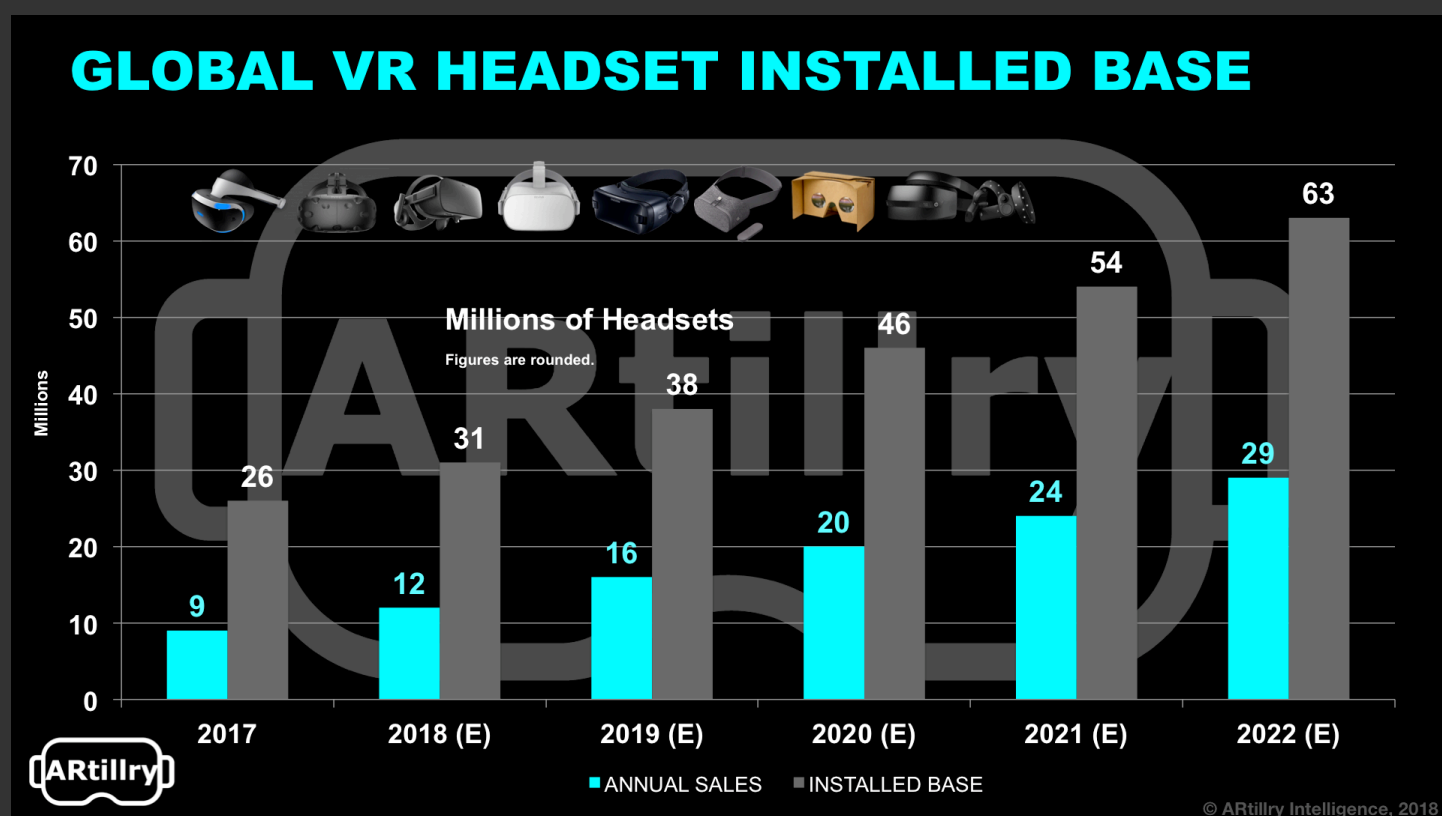
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It's clear that consumer VR headset sales have been lower than the 2016 hype cycle indicated. The XR industry is reigning back expectations for this key leading indicator (hardware base), while keeping a cautiously optimistic view of eventual growth. VR isn't dead... it's just early.

With that backdrop, PwC has released its outlook on headset penetration, projecting 55 million active units (installed base) by 2022. Interestingly, this would make VR exceed Netflix, at least in terms of user count — notwithstanding more nuanced behavioral patterns like usage frequency.

This figure is just shy of ARTillery Intelligence's projected 63 million installed base by 2022, but that's a global figure (PwC is measuring U.S. only). So in the end, PwC is a bit more optimistic, which is okay. Also note the difference between annual unit sales and cumulative installed base.



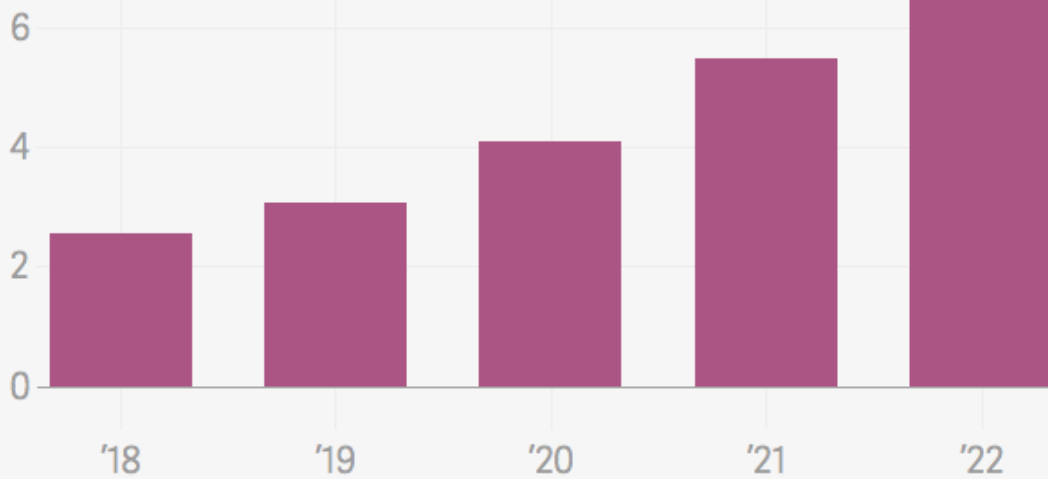
Going one level deeper, PwC projects VR revenues of \$7.2 billion by 2022, up from \$414 million last year, a 40 percent CAGR (again, U.S. only). It's unclear how this breaks down by hardware versus software revenue, but there is revenue segmentation for games, video and apps.

Not surprisingly, games are in the lead today but will be eclipsed by video by 2022. We would surmise that this is due to the rise in standalone VR headsets, which are more conducive to lean-back video. This trend could sustain but gaming capability will also evolve for standalone VR.

See the data below and stay tuned for lots more market sizing and forecasting data, including ARTillery Intelligence's spring XR revenue forecast, which we'll release tomorrow.

Outlook for virtual reality revenue in the US

\$8 billion

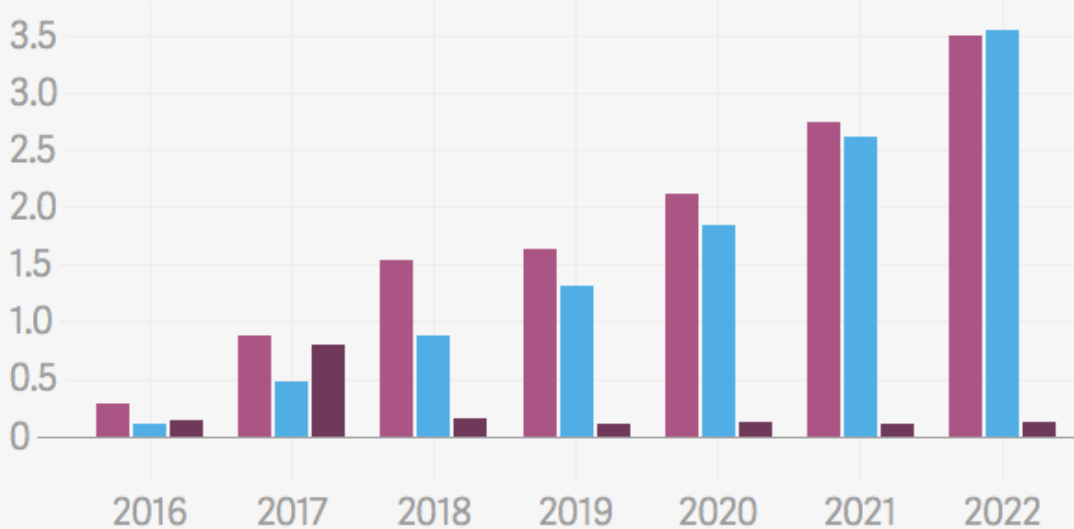


△ T L △ S | Data: PwC's "Global Entertainment and Media Outlook 2018-2022"

Outlook for virtual reality revenue in the US

■ Gaming ■ Video ■ App

\$4.0 billion



△ T L △ S | Data: PwC's "Global Entertainment and Media Outlook 2018-2022"

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*.

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Contact

Questions and requests for deeper analysis can be submitted at:

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