ARTILLRY INTELLIGENCE BRIEFING

VR USAGE & CONSUMER ATTITUDES

JULY 2018

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Executive Summary

How do consumers feel about VR? Who's using it? What devices and apps do they prefer? And what do they want to see next? Perhaps more important, what are non-users' reasons for disinterest? And how can VR software developers and hardware players optimize product strategies accordingly?

These are key questions at VR's early stages that we set out to answer. Working closely with Thrive Analytics, *ARtillry Intelligence* wrote questions to be presented to more than 1,900 U.S. adults in Thrive's established consumer survey engine. And we've analyzed the results in a narrative report.

This follows last August's ARtillry Intelligence Briefing, which examined the same survey questions. Wave II of the research now emboldens our understanding and brings new insights and trend data to light. There are also notable parallels in these results to our sister report on AR, published in April.

So what did we find out? At a high level, eleven percent of consumers surveyed have bought or used a VR headset, up from eight percent in 2017. More importantly, VR users indicate high levels of satisfaction with the experience: 65 percent of respondents report moderate or extreme satisfaction.

However, it's not all good news: Non-VR users report relatively low likelihood of VR adoption – 31 percent, down from 41 percent in 2017 – and explicit lack of interest. This downward trend in interest is concerning for VR but isn't surprising given the dip in excitement we've anecdotally observed.

Moreover, the disparity between current-user satisfaction and non-user disinterest underscores a key challenge for VR: you have to "see it to believe it." In order to reach high satisfaction levels, VR has to first be tried. This presents marketing and logistical challenges for the industry to push that first taste.

Put another way, VR's highly visual and immersive format is a double-edged sword. It can create strong affinities and high engagement levels. But the visceral nature of its experience can't be communicated to prospective users with traditional marketing such as ad copy or even video.

The same challenge was evident in our corresponding AR report, but mobile AR's barriers to adoption are lower. This is nonetheless a common challenge for immersive technologies. It will take time, acclimation and price reductions before they reach a more meaningful share of the consumer public.

Meanwhile, there are strategies to accelerate that process, and to market VR more effectively. We'll examine those strategies in the coming pages, through the lens of consumers' explicit sentiments, actions and desires. This is meant to empower readers with a greater knowledge position.
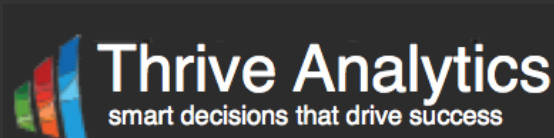
Introduction: A Snapshot

In VR's early stages it's important to understand consumer behavior and desires in order to optimize product strategies. We kicked off this process last Summer with a first wave of VR survey research. Now, a second wave of data buttresses our knowledge position, and brings new trend data to light.

Working closely with our data partner Thrive Analytics, ARtillry Intelligence wrote questions to present to a sample of more than 1,900 U.S. adult consumers. This represents the second wave of Thrive's Virtual Reality Monitor.[i] Now that the results are in, we'll dive into the implications and takeaways.

These survey results are a telling snapshot of VR adoption, which we'll detail in the coming pages. That will include charts and a narrative story arc that unpacks strategic takeaways, and our outlook for consumer VR. But before we take that deeper dive, here's a highlight reel of survey findings.

- 11% of respondents own or have tried VR, up from 8% last year.
- *% of users own or use Samsung Gear VR, followed by PSVR (*%) and Oculus Rift (*%).
- *% of users are extremely satisfied with VR, *% are moderately satisfied.
- *% of users are extremely dissatisfied with VR, *% are moderately dissatisfied.
- *% of Vive users show strong satisfaction, *% for Rift and *% for PSVR.
- *% of users want more content, *% want better content and *% want better functionality.
- *% of non-VR users are interested in owning or trying VR, down from *% last year.
- *% of disinterested non-VR users cited "just not interested" as the reason.
- *% of all respondents wouldn't pay more than $200 for a VR headset.

Subscribe below to see the full data set

Survey Audience: The "Who?"

To first add context to survey findings throughout this report, who's answering the questions? It includes more than 1,900 U.S. adults. Going deeper into demographics and psychographics, the respondents break down as shown below. More detail and segmentation are available on request.[ii]

As the data show, the survey sample spans a wide range of U.S. adult consumers. Gender breaks down fairly evenly, while age and income levels skew towards more attractive demographic groups. That includes active and buying-empowered age groups (25-34), and high-income homes ($75K+).

This is all a function of Thrive Analytics' longstanding position and strategy development in consumer surveys. Its time-tested methodology and survey network comply with industry standards and best practices. ARtillry will continue working with Thrive for annual AR and VR consumer surveys.

 "AR and VR are in the initial stages of adoption," said Thrive Analytics managing partner Jason Peaslee. "There are still many technology challenges, but we think AR & VR have the ability to significantly change the way people work, connect, and learn. We are excited about the prospects."
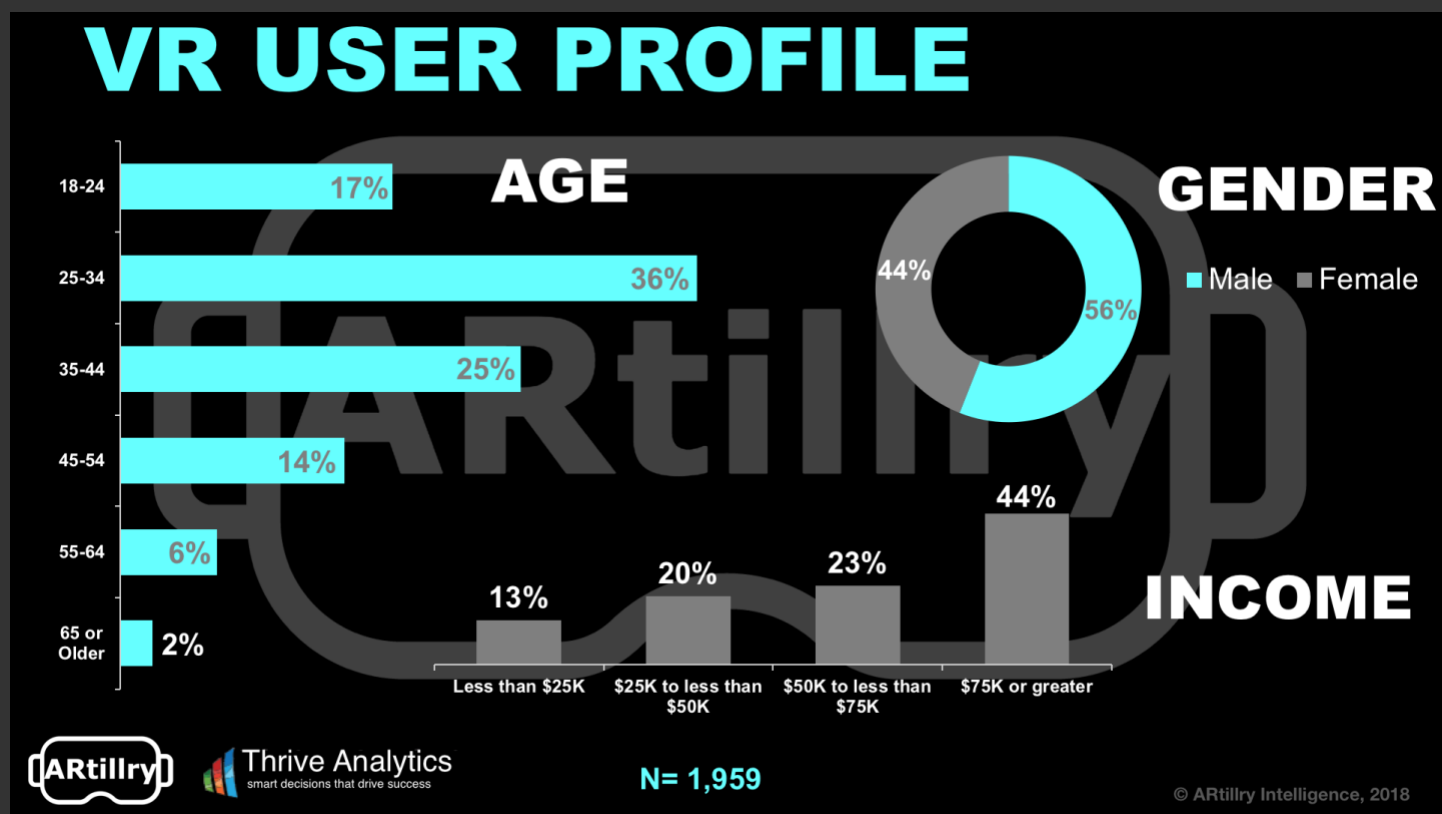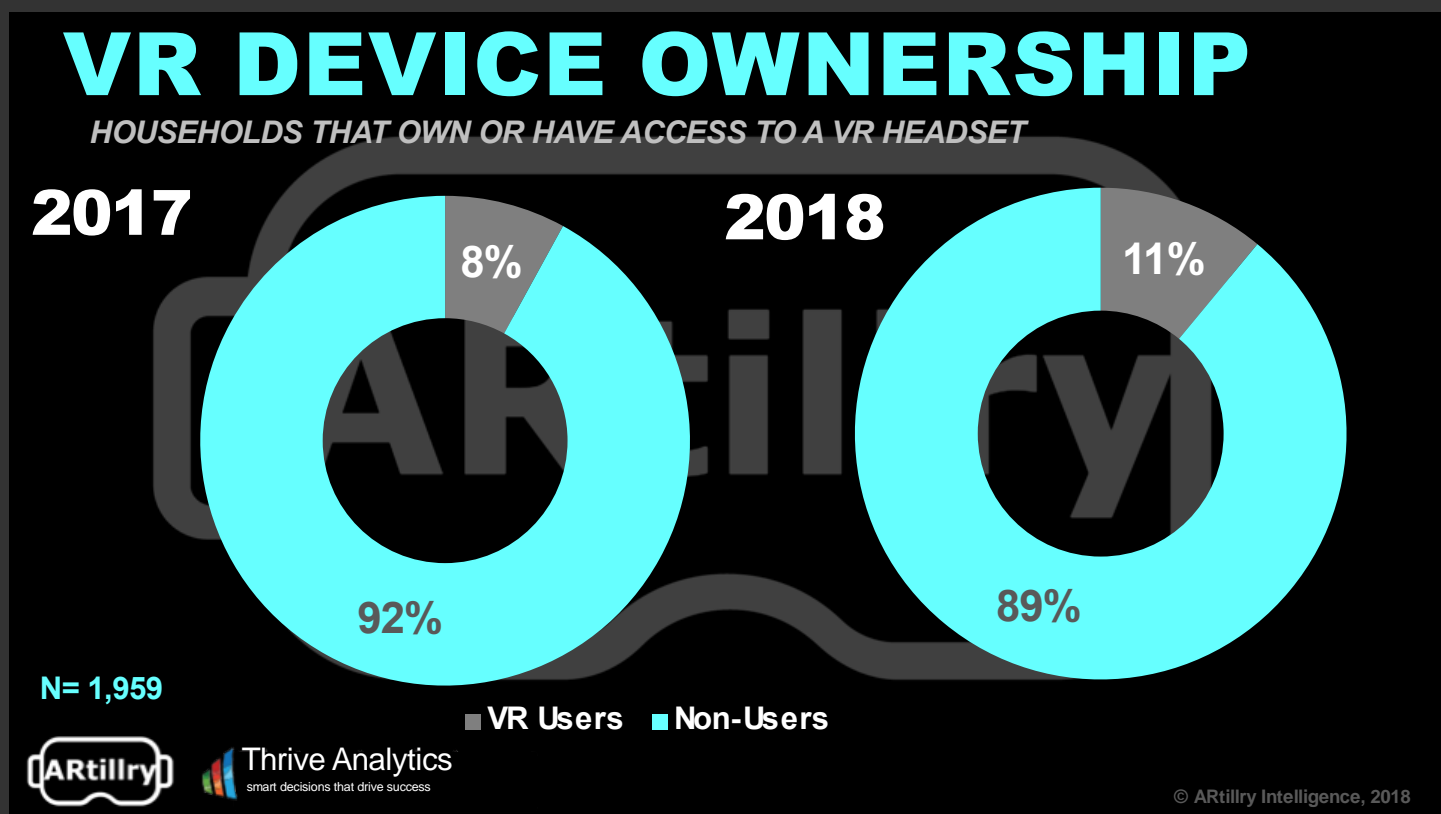
Part I: VR User Sentiments

To organize strategic takeaways in this report, we've delineated the sentiments of *current users* and *non-users*. Both can provide telling signals for VR product development and strategy refinement. Starting with current users, what are they saying and thinking? The following sections dive in.

VR Users: The "How Many?"

Starting our analysis at the very top, what's the overall penetration and adoption of VR among consumers? Survey results indicate that it currently stands at about one in ten (11 percent). This aligns with headset penetration figures reported in our Global XR Forecast[iii] last month.

Thought adoption is up slightly from 2017, the three-point increase is just outside the +/- 2.25 percent margin of error and 95 percent confidence interval. Therefore, year-over-year adoption should be viewed as essentially flat. The good news is that there is still ample head room for VR to grow.

VR DEVICE OWNERSHIP

HOUSEHOLDS THAT OWN OR HAVE ACCESS TO A VR HEADSET

2017 — 8% / 92%

2018 — 11% / 89%

N= 1,959

VR Users ■ Non-Users

Thrive Analytics
smart decisions that drive success

About ARtillry

ARtillry 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://artillry.co/about**

About Thrive Analytics

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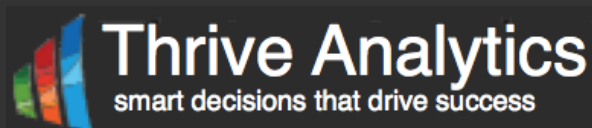
Thrive Analytics is a leading digital marketing research and customer engagement consulting firm. With clients spanning leading national brands as well as publishers and agencies serving the small business community, it pairs proprietary market research services and data analytical tools with time-tested business insights and methodologies to help organizations measurably improve customer experience, loyalty and sales results. Its mission is to provide superior research and support services that inspire clients to make smarter decisions. For more information or to contact, visit:

http://www.thriveanalytics.com

About Virtual Reality Monitor

Virtual Reality Monitor™ is Thrive Analytics' proprietary survey of virtual reality/augmented reality technology users. These surveys, conducted semiannually, track the adoption rates, usage, satisfaction levels, profiles and many other areas related to VR/AR users. Each wave has a customizable section for client specific inquiries. Results & key insights are communicated in advisory reports & presentations, charts & infographics, newsletters & articles and custom data views. Information from these studies are used by marketers, product managers, consultants and other people working in the technology space.

About Intelligence Briefings

ARtillry Intelligence Briefings are monthly installments of VR/AR data and analysis. They synthesize original and third-party data to reveal opportunities and dynamics of VR and AR sectors. In addition to data, a layer of insights is applied to translate market events and raw figures into prescriptive advice.

More information, past reports and editorial calendar can be seen at:
https://artillry.co/artillry-intelligence/

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 *ARtillry Intelligence*, covering emerging tech.

Mike is a frequent speaker at industry conferences such as AWE, VRLA 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/

Methodology

ARtillry Intelligence has partnered with *Thrive Analytics* by writing the questions for the *Virtual Reality Monitor* consumer survey. These questions were fielded to 1,959 U.S. Adults. Additionally, *ARtillry Intelligence* wrote this report, which contains its own insights and viewpoints on the survey results.

For market sizing and analysis, *ARtillry Intelligence* follows disciplined best practices, developed and reinforced through its principles' 15 years in research and intelligence in the tech sector. This includes the past 2.5 years covering AR & VR exclusively, as seen in research reports and daily reporting.

Thrive Analytics likewise follows best practices in consumer research, developed over its long tenure as a consumer research firm. More information and background on each firm can be seen in the preceding "about us," sections, or through the website links included with those descriptions.

More details about the survey sample (demographics, etc.) can be seen in this report's introduction.

Disclosure and Ethics Policy

ARtillry has no financial stake in the companies mentioned in this report, nor was it commissioned to produce it. With respect to market sizing, ARtillry remains independent of players and practitioners in the sectors it covers, thus mitigating bias in industry revenue calculations and projections..

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

https://artillry.co/about/disclosure-and-ethics-policy/

Contact

Questions and requests for deeper analysis can be submitted at:

https://artillry.co/contact/

References

[i] **http://www.thriveanalytics.com/Virtual%20Reality%20Monitor.html**
[ii] **https://artillry.co/contact/**
[iii] **http://artillry.co/artillry-intelligence/forecasts/xr-global-revenue-forecast-2017-2022/**