

ARTILLRY DATA BRIEFS

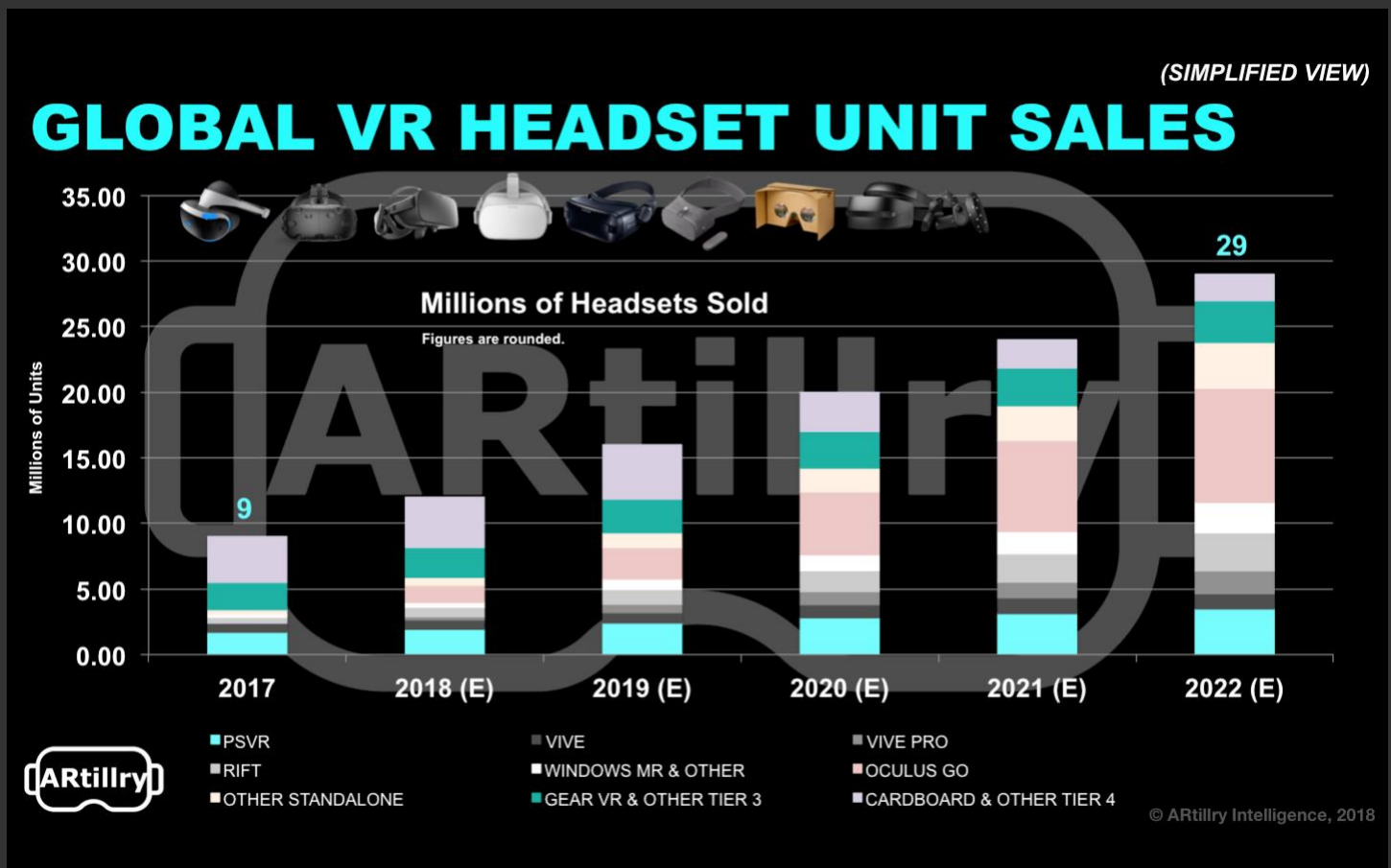
PSVR INSTALLED BASE REACHES 3 MILLION

08/20/18

Last week, we got a data point that represents a rare nugget in the VR world: a unit sales disclosure from a major hardware player. Sony announced that it has sold three million PSVRs to date. It also announced it has sold 80 million PSVRs — a key enabler and growth driver for PSVR.

This makes PSVR the leading headset among tier-1 VR (Vive, Rift & PSVR) and second leading headset overall, behind Gear VR. As we noted last week, Gear VR sales growth has slowed over the past year as the promos and giveaways that previously drove its lead have receded.

Meanwhile, PSVR’s three million units aligns with our market projections which pegs the headset’s installed base at 3.6 million units at the end of 2018 (see below). We project it to continue to lead tier-1 through 2022, but Rift will start to gain share in later years (more on that in a bit).

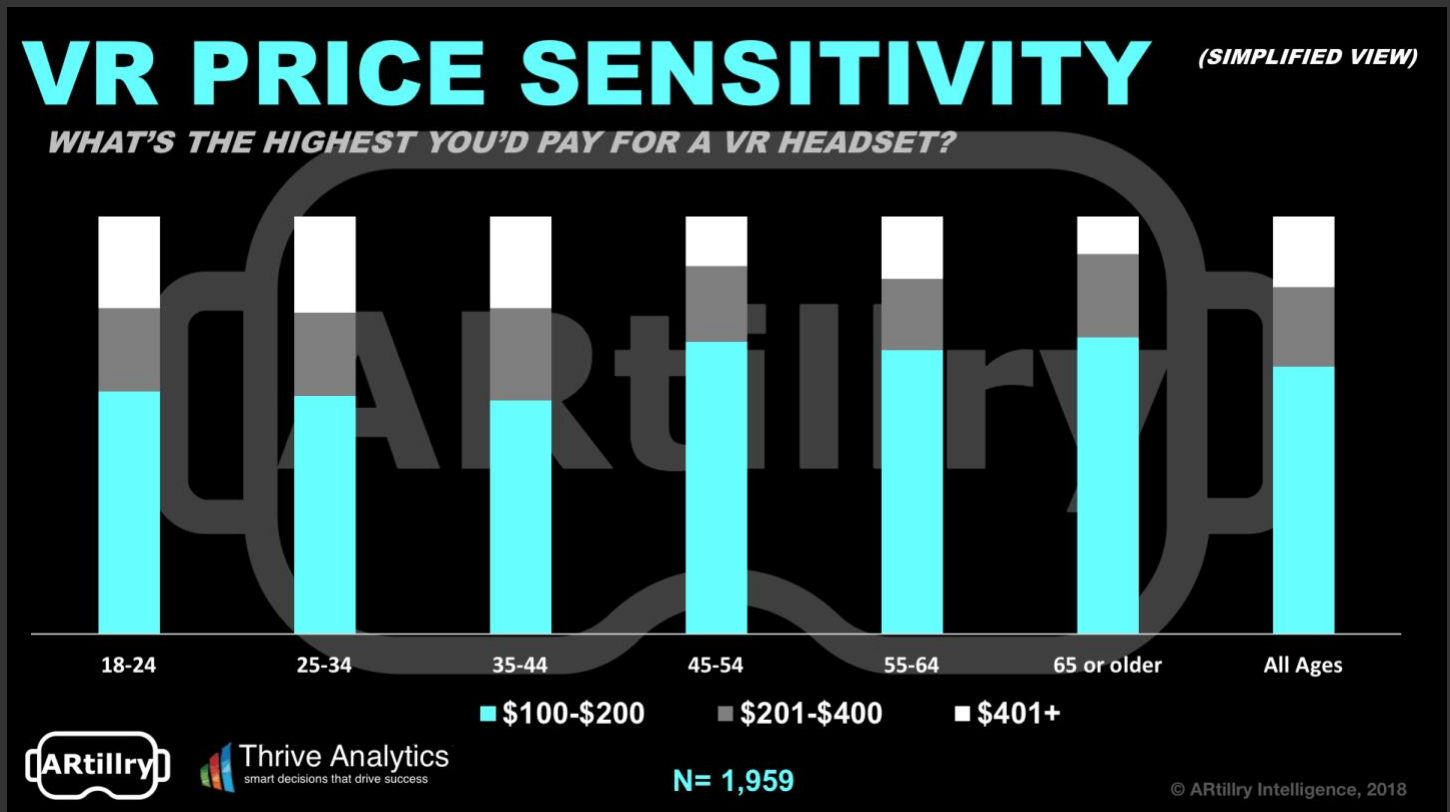


As noted, PSVR’s growth has been primarily driven by all those compatible PS4 units in market. This gives it an addressable market that its tier-1 counterparts don’t enjoy. So the all-in cost for a PSVR owner is around \$299 if she already owns a PS4. Rift and Vive “all-in” price is greater than \$1K.



Price elasticity is a major gating factor to VR adoption at this early stage, as it often is for products that are new, non-essential and pricey. There are very few ubiquitous products that are greater than \$400: Car, fridge, TV, smartphone, etc. VR isn't on that list and probably will never be.

Instead, VR's scale will come when the price dips below a certain threshold — or a price point that is “giftable,” as we like to say. And that magic price is \$200 according to our consumer survey research. That price is also validated by Oculus Go's (OG) strategic pricing.



We expect big things of OG due to that loss-leader price point that Oculus (read: Facebook) has the luxury of offering as it trades “margins for market share” to seed a market. And it's no slouch: with solid specs and a built-in content library (another key adoption factor), it tells a good story.

Back to PSVR, we're bullish on its continued lead in the tier-1 market, however it needs to be careful of Rift's continued market share growth. With the same loss-leader pricing that drives OG, Rift could aggressively compete on price in the tier-1 space. It's already begun doing so.

Meanwhile, we'll continue to aggregate market signals to pinpoint unit sales, market shares, pricing trends and all of the other ingredients of market-sizing and forecasting. Companies disclosing unit sales is a welcome gift. The holidays came early for the XR analyst corps.



Video Companion

(click link to open)

https://youtu.be/_kMvK1ETjf4





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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