

# ARTILLY DATA BRIEFS

SURVEY: XR PROVIDERS ON INDUSTRY STATUS

08/13/18



Where do executives in the trenches of the AR and VR sectors believe that the industry is headed? At a high level it's best described as cautiously optimistic when looking at VRX's latest survey (n= 595) of XR insiders. The survey was fielded in anticipation for VRX 2018.

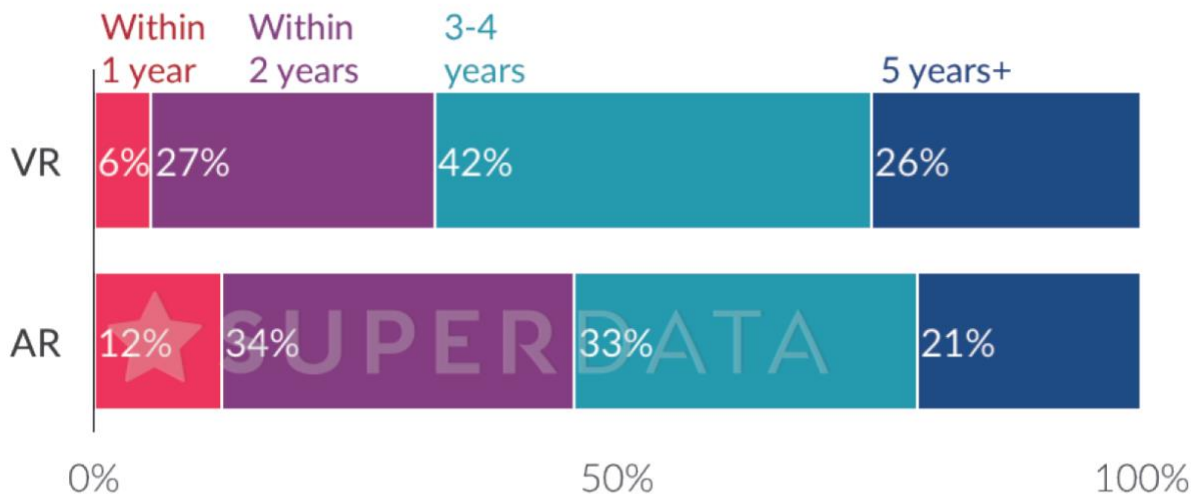
Before diving into the data, we should level set on the sample. Unlike the XRDC developer survey we examined last week or our own consumer surveys, this sample is XR providers of various stripes, who are indicating where their near term investments and priorities lie.

Overall, the cautious optimism comes in when looking at their viewpoint on XR's trailing 12-month growth per sub-sector. Consumer VR had the least amount of positive associations, while enterprise AR had the most. This aligns with the conclusions of our latest forecast.

As for where survey respondents are placing their chips, that unsurprisingly mapped to their sentiments on recent growth. Again, enterprise AR scored highest while consumer VR scored low on this measure. Consumer AR scored lowest, despite its near-term scalability.

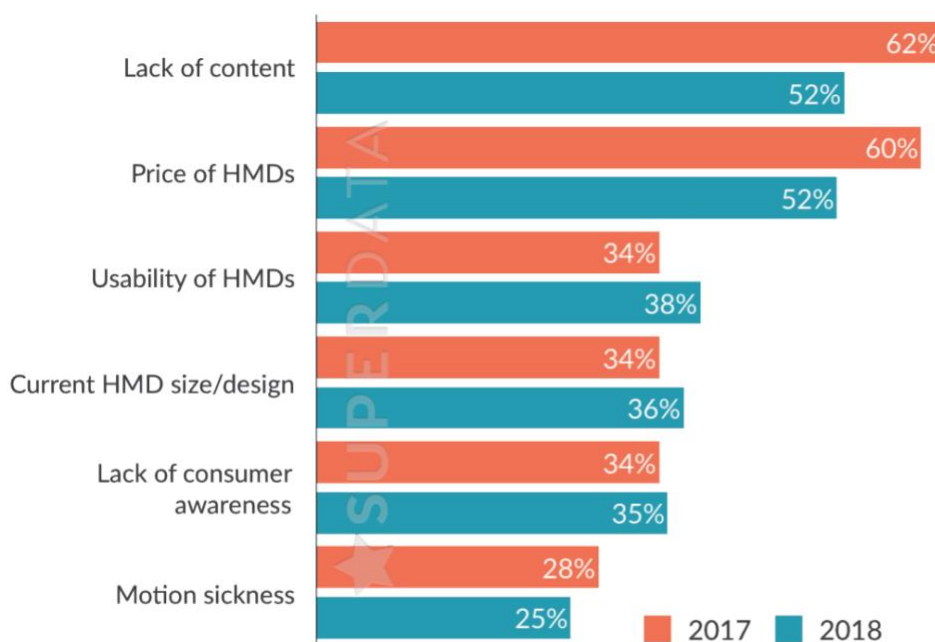


In terms of timeline to mainstream adoption, 46 percent believe AR's window is within two years. That compares with 33 percent who believe VR's window is within that same period. 26 percent believe VR is 5 or more years away compared with AR's 21 percent.



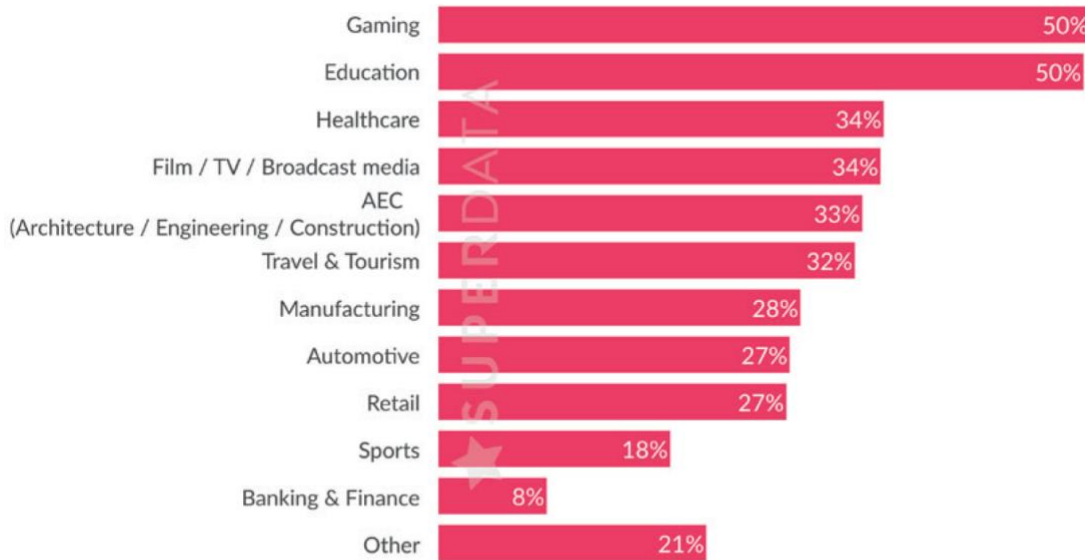
Graph: Expected timeframe for mainstream adoption

More importantly, the reasons for lack of adoption are telling of where product improvements are needed. And there we see similar sentiments from this “supply-side” survey as our “buy-side” consumer survey. Specifically, price and content are the biggest gating factors.



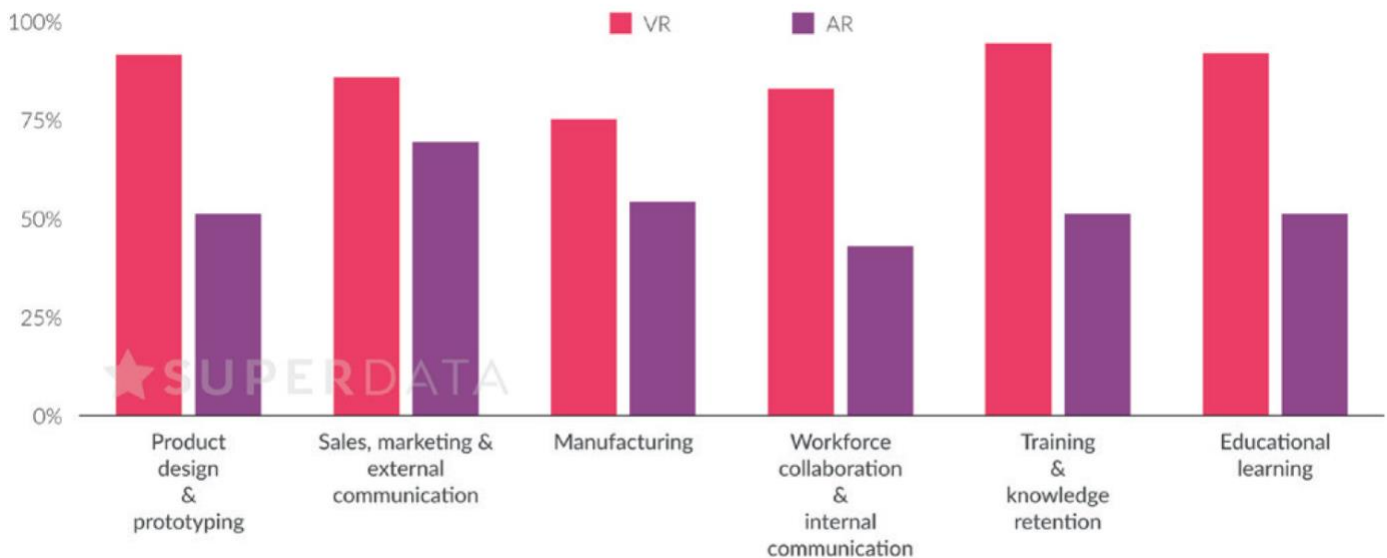
Graph: Major barriers to mass consumer adoption:

As for target markets, survey respondents are aiming for a mix of consumer and enterprise verticals. Gaming unsurprisingly scored highest (50%) tied with education. The latter is a double-edged sword, having a large addressable market but questionable spending power.



Graph: Priority by industry over next 12 months

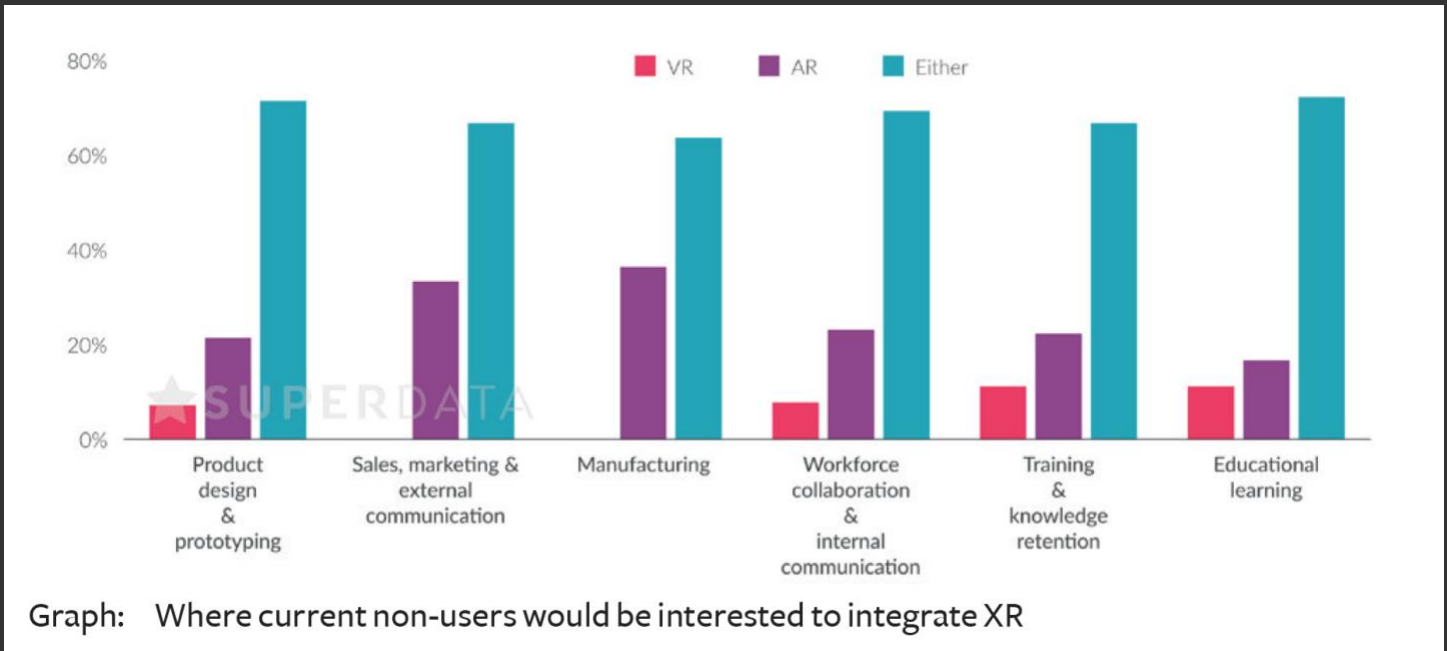
Drilling down from industry to business function, the most current usage for AR is in manufacturing and sales & marketing. VR is not-surprisingly most prevalent in educational learning, training and product design — functions conducive to VR’s full immersion.



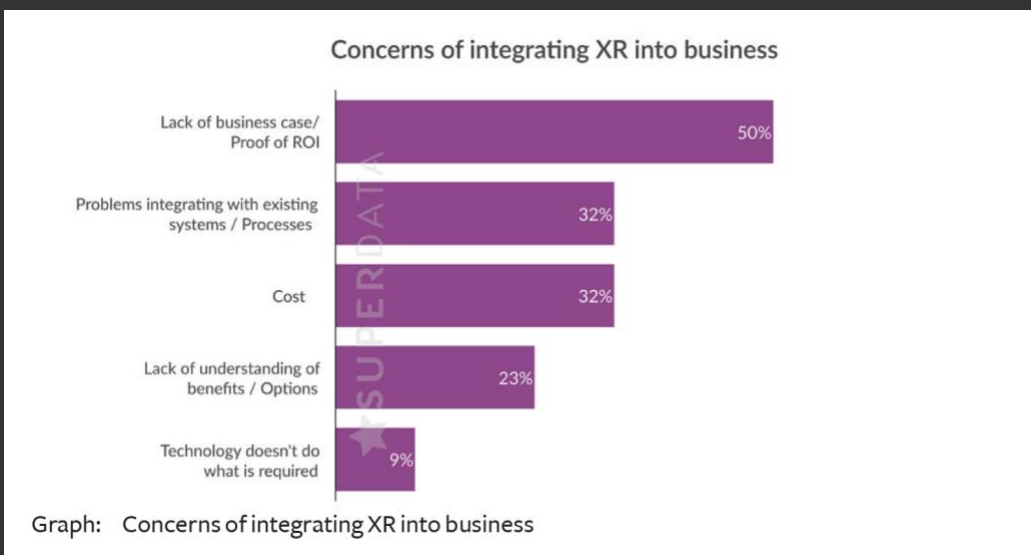
Graph: Current XR integration by use case

But just like we do in our consumer surveys, sometimes more strategically valuable signals come from non-users. In XR's early days, non-users outnumber users so it's a key target market to appeal to. And that requires knowing what they want (and don't want).

For those non-users, the view is that they're interested in AR for manufacturing and sales & marketing. Like current users (above), they're interested in VR for training & knowledge retention and educational learning. One surprise was VR's absence from sales & marketing.



Lastly, speaking of non-users, what are the reasons they aren't adopting? The biggest reason by far (50 percent) was lack of clear ROI. This signals us that education is needed because that ROI has been validated... enterprise buyers just aren't seeing that yet.





# Video Companion

(click link to open)

[https://youtu.be/\\_kMvK1ETjf4](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*.

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/>



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