ARTILLRY DATA BRIEFS

VR ENTERTAINMENT CATCHING UP TO GAMING

12/03/18

There's evidence that entertainment is catching up to gaming as a VR use case. Activities like watching 2D movies in 3D space are increasingly popular. Though this flies in the face of advice to "think native," there's logic in meeting consumers halfway with the media they're accustomed to.

"I chuckle whenever we have promotional stuff where you have athletic people swinging around wildly and ducking and bending with VR," said Oculus CTO John Carmack at OC5. "That's not gonna be the reality of the way people are using this product most of the time."

(CLICK LINK TO LAUNCH VIDEO)
https://youtu.be/VW6tgBcN_fA

Carmack revealed during the same keynote (video above) that the split of movies to gaming among Oculus Go users is 70/30. That's not surprising as Oculus Go is tuned for "lean back" experiences. But entertainment sees the majority of action across all Oculus headsets.

"Don't be surprised when people wind up watching a lot of movies and TV shows," he said. "At the very start of Oculus, I had bet someone else that it's gonna be more than 50 percent of the time not in games, and I've been smug about winning that bet pretty decisively for a while."

More evidence comes from recent Oculus data that only 20 percent of users have full room scale setups. That doesn't preclude gaming because it can be played from a stationary position, such as cockpit games. But it's telling about somewhat tepid interest in VR's full-octane experiences.
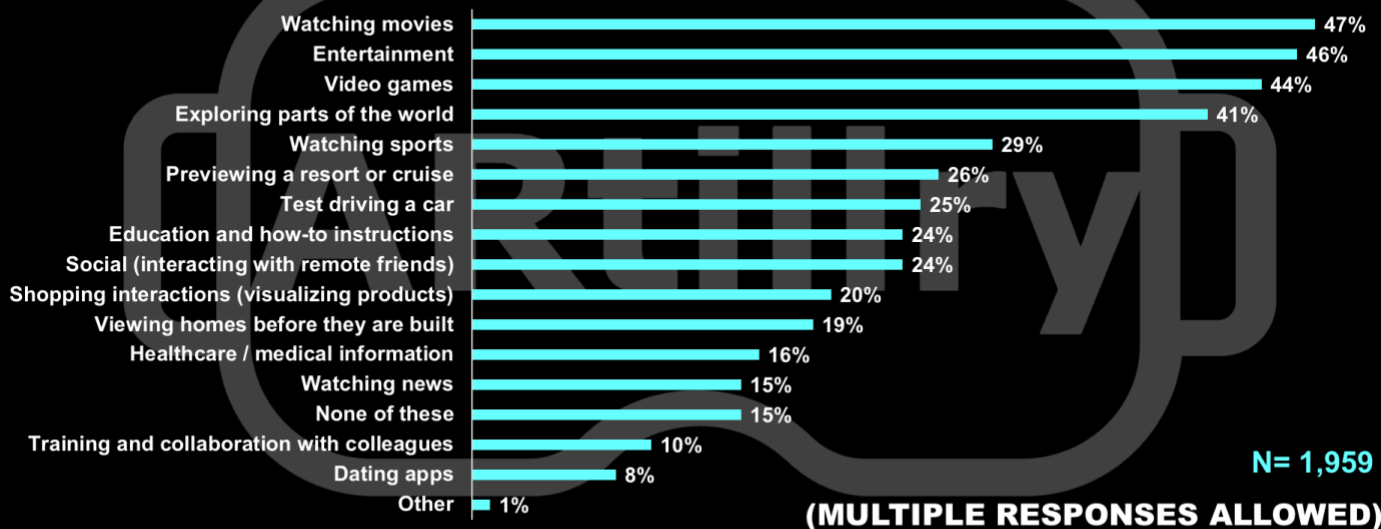
In our consumer survey data with Thrive Analytics, the most demanded VR activity was watching movies (see above). This could be skewed based on headset ownership, which is led by GearVR, but several Tier-1 HMD owners were also represented in the survey (breakdown here).

As for how this translates to revenue, Superdata projects gaming's dominance to shift to a fragmented set of formats including video and social media. Specifically, games held 65 percent of VR software revenue in 2017, which is projected to shrink to 27 percent by 2020.

Lastly, Unity's Timoni West presented data at L.E.A.P. showing the breakdown of content built on Unity (see video below). Entertainment took the top spot at 33 percent, while games was 13 percent. This is a meaningful indicator, given Unity's market share of VR content creation.
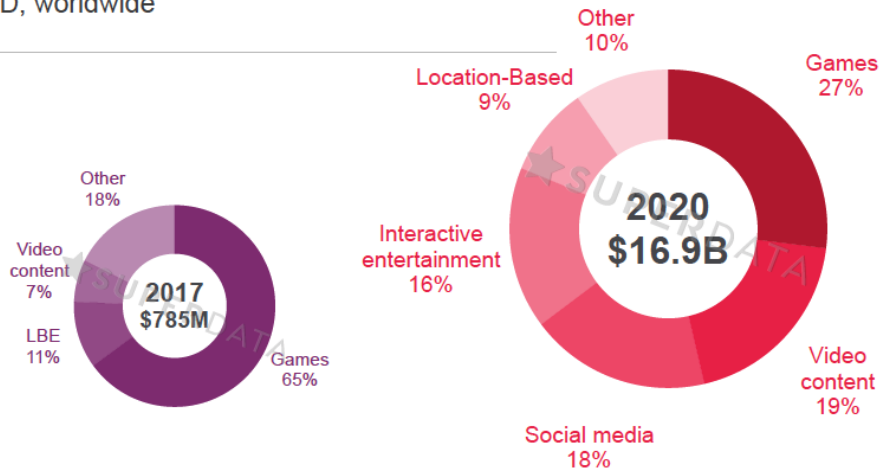
Collectively, the above is admittedly a smattering of apples-to-oranges data points, but there are telling indicators nonetheless. We'll continue tracking these signals and integrate them with our own market sizing. We'll also have the next wave of Thrive Analytics VR survey data soon.

The Virtual Market

Consumer software revenue: 2016-2020
Billions of USD, worldwide

Gaming has become the primary use for VR, but Location-based experiences are gaining traction.

Video content will become the second highest-grossing software segment by 2020, earning $3.3B.

2017
$785M

- Other 18%
- Video content 7%
- LBE 11%
- Games 65%

2020
$16.9B

- Other 10%
- Location-Based 9%
- Games 27%
- Interactive entertainment 16%
- Video content 19%
- Social media 18%

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ENTERTAINMENT	33%
ENTERPRISE	16%
GAMES	13%
HEALTH/WELLNESS	10%
COMMERCE	10%
SOCIAL/COMMUNICATION	8%
PRODUCTIVITY	5%
LOCATION-BASED EXPERIENCES	5%

About ARtillry Intelligence

ARtillry Intelligence chronicles the evolution of augmented reality (AR) and virtual reality (VR). Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies. It's about insights, not cheerleading.

Run by analysts and former journalists, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though there are lots of fun and games in AR & VR, long-term cultural, technological and financial implications are primary.

Products include the *AR Insider* publication and the ARtillry PRO research subscription., which together engender a circular flow of knowledge. Research includes monthly Intelligence Briefings, market-sizing forecasts and consumer survey data, all housed in a robust intelligence vault.

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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* and Editor-in-Chief of *AR Insider.*

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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