# ARTILLERY DATA BRIEFS

VR GROWS 30% IN 2018

02/04/19

VR hardware sales are a moving target, especially in early-stage oscillations of excitement and doubt. We recently went through the exercise of pinpointing Oculus Go's 2018 sales, a key barometer for VR's momentum. And of course, tracking and market sizing are ongoing.

Adding to the discussion are the latest hardware figures from the venerable Superdata (now owned by Nielsen). And it's good news for VR proponents. After lots of industry rhetoric about negative VR sales growth in '18, the firm reports 30 percent year-over-year revenue growth.

Included in the announcement were also telling Q4 unit sales figures. PSVR led the pack (similar to IDC's figures) with 700,000 units, followed by Oculus Go with 550,000 units, HTC Vive with 160,000 units and Oculus Rift with 130,000 units. Keep in mind this was the holiday quarter.
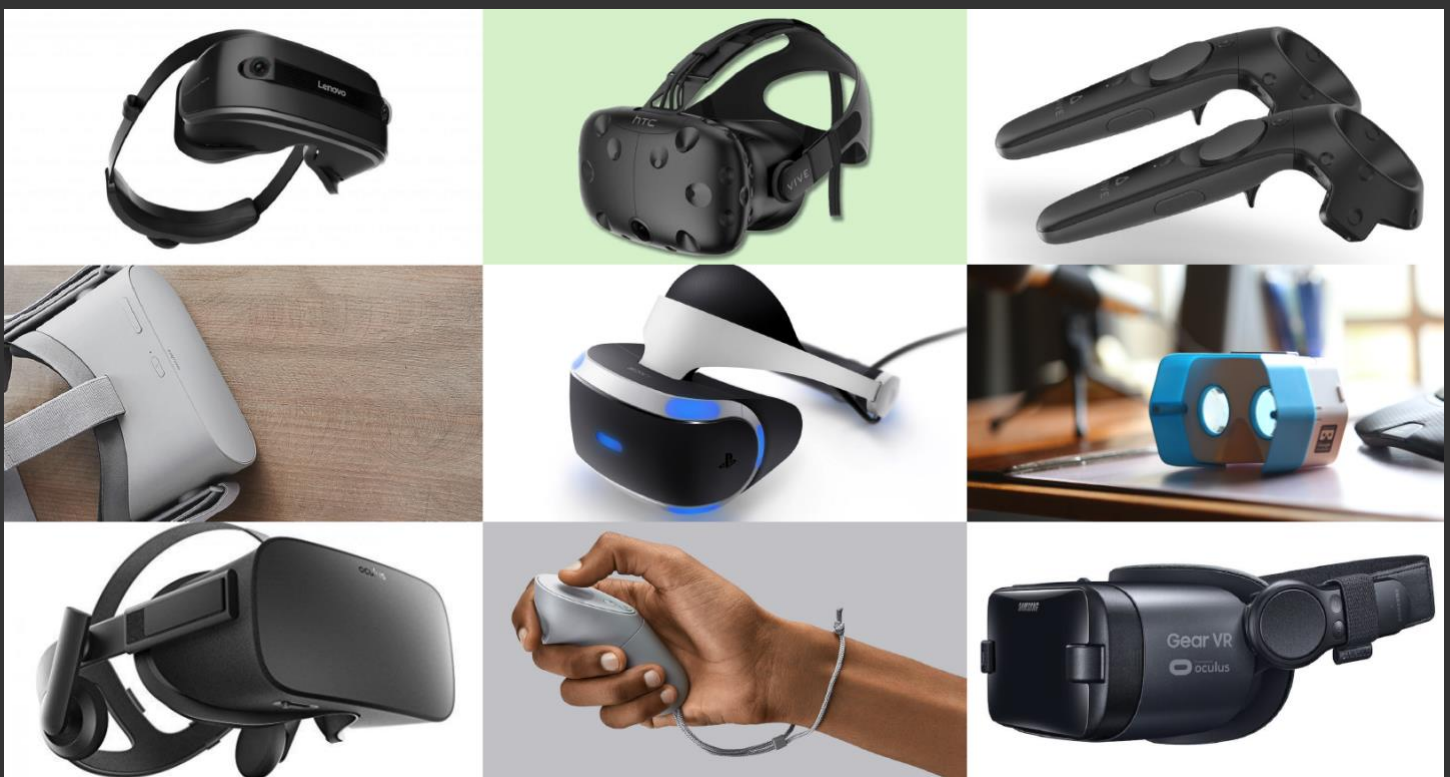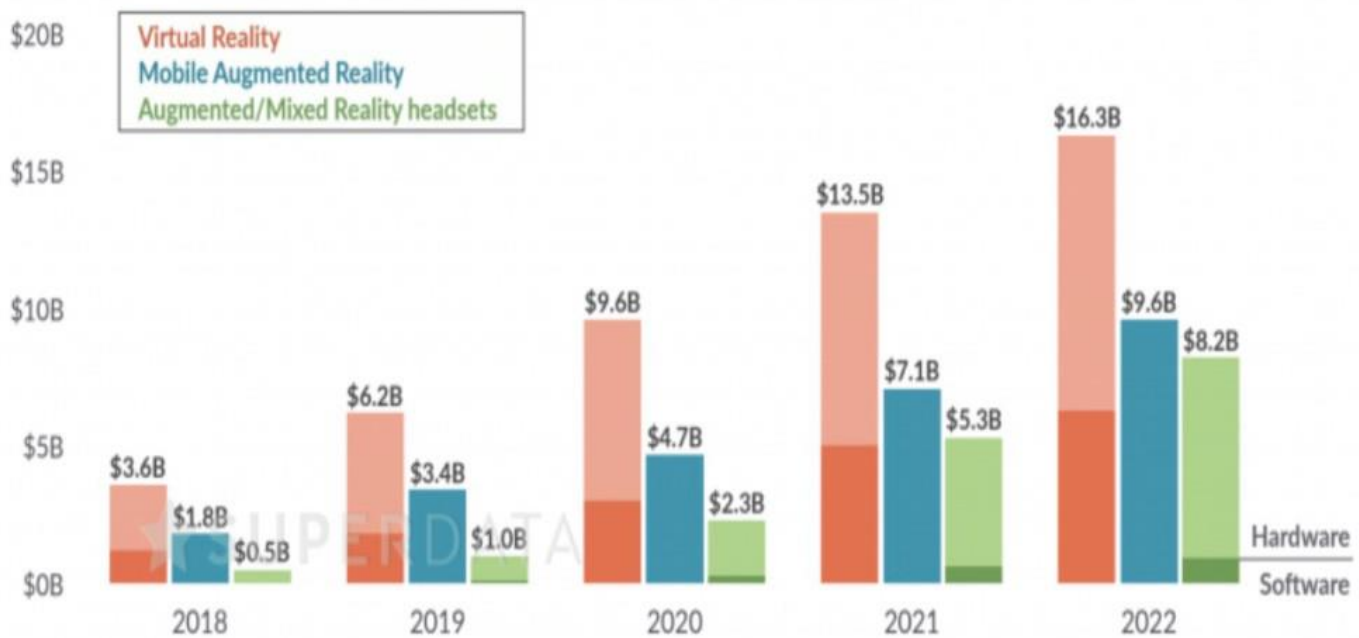

It's worth underscoring that the above figures are unit sales, not revenue. The difference is important in this case due to the price competition that's currently driving growth — especially for Oculus. Early/unproven tech like VR, at least to mainstream consumers, tends to be price-elastic.

This comes through in the 30 percent industry revenue jump. In other words, demand is being stimulated by price competition as intended. Though lower-priced headset unit growth (Oculus Go) has disproportionately-lower revenue growth, strong unit sales of the $299 PSVR offsets that.

Superdata also projects significant VR revenue growth in 2019 to $6.2 billion (including software). This will be driven by continued PSVR sales, given an installed base of 90 million PS4s, and notably the $399 Oculus Quest. The firm projects the latter to ship an aggressive 1.3 million units.

The Immersive Market

Hardware and consumer software revenue: 2018-2022
Billions of USD, worldwide

Legend:
- Virtual Reality
- Mobile Augmented Reality
- Augmented/Mixed Reality headsets

2018: $3.6B, $1.8B, $0.5B
2019: $6.2B, $3.4B, $1.0B
2020: $9.6B, $4.7B, $2.3B
2021: $13.5B, $7.1B, $5.3B
2022: $16.3B, $9.6B, $8.2B

Hardware / Software

January 2019

Oculus Quest will launch in Q2, meaning it really only has two full quarters to reach these figures in 2019. Then again, the timing is right in terms of the refresh cycle for lots of Rift owners. We're at the cusp of a refresh cycle for 2016 and 2017-purchased tier-1 headsets. Many will opt for Quest.

Meanwhile, VR software revenue continues to be dominated by games — not surprising given the gaming-oriented PSVR's market share. But this also extends to mobile AR, where the prevailing business model continues to be gaming, such as in-app purchases in Pokemon Go.

The latter derived $2 billion to date, and is going strong despite receding from the collective consciousness. Niantic continues to engage core users with ongoing releases. And new features are coming, due to Niantic's IP acquisition spree… not to mention Harry Potter, Wizards Unite.

We'll be tracking developments closely.

Video Companion

(click URL to view)

https://youtu.be/_kMvK1ETjf4

About ARtillery Intelligence

ARtillery 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 *ARtillery 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.

Learn more at **https://artillry.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* 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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