

ARTILLERY DATA BRIEFS

HAS SONY CAPTURED 30% OF VR HARDWARE REVENUE?

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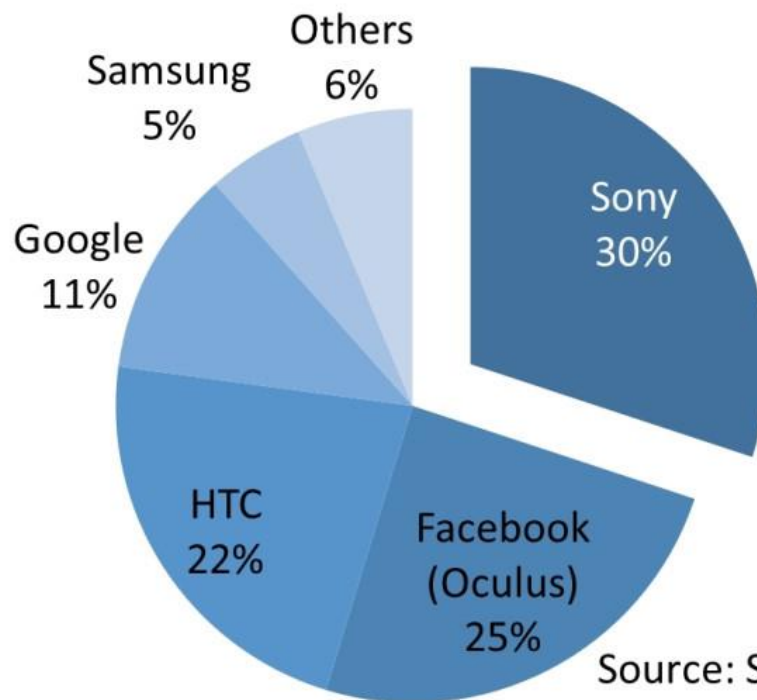


Sony is the market share leader for VR hardware revenues according to the latest report from Strategy Insights. Specifically, the firm pegs PSVR’s revenue share at 30 percent. That’s followed by Oculus (presumably all variants) at 25 percent and HTC (same) at 22 percent.

Collectively, the high end of the market accounts for 77 percent of revenues, compared with the receding class of mobile VR headsets. That includes Google (11 percent) Samsung (5 percent) and others (6 percent). Google saw the biggest YoY drop from 21 percent to 11 percent.

The downward trending among mobile VR isn’t surprising as Google is backpedaling its Daydream support and Samsung has long-discontinued its Gear VR giveaways with new Galaxy phone purchases. In fact, the new Galaxy Note 10 isn’t even compatible with Gear VR.

2018 VR Headset Revenue Vendor Global Market Share



Source: Strategy Analytics

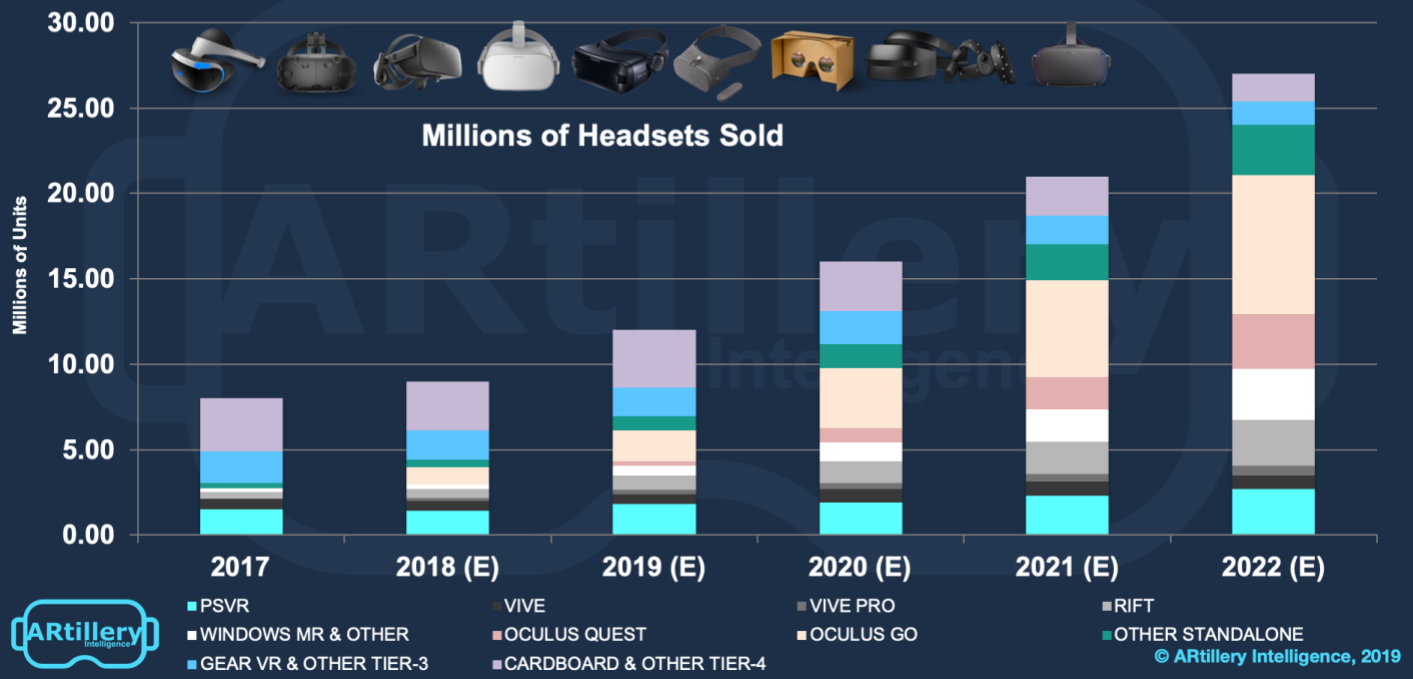
Mobile VR’s retraction also comes at a time when Oculus aggressive pricing brings the far superior Oculus Go within the same price range. The same pricing strategy applies at the higher end to Oculus Quest, which is already showing strong sales according to our estimates.

Speaking of Oculus Quest, as we examined this week, its strategy is a departure from the specs-driven approach of high-end VR. It’s instead building the product and its marketing around an “experience sell,” for an overall fun product — despite spec compromises — that’s affordable.

And that brings us back to the market-leading PSVR. The affordability and “experience-sell” have comprised its strategy all along, and it’s consistently been in the lead with about 5 million cumulative units sold as of June. The installed base of 100 million PS4s has also helped.

(SIMPLIFIED VIEW)

GLOBAL VR HEADSET UNIT SALES



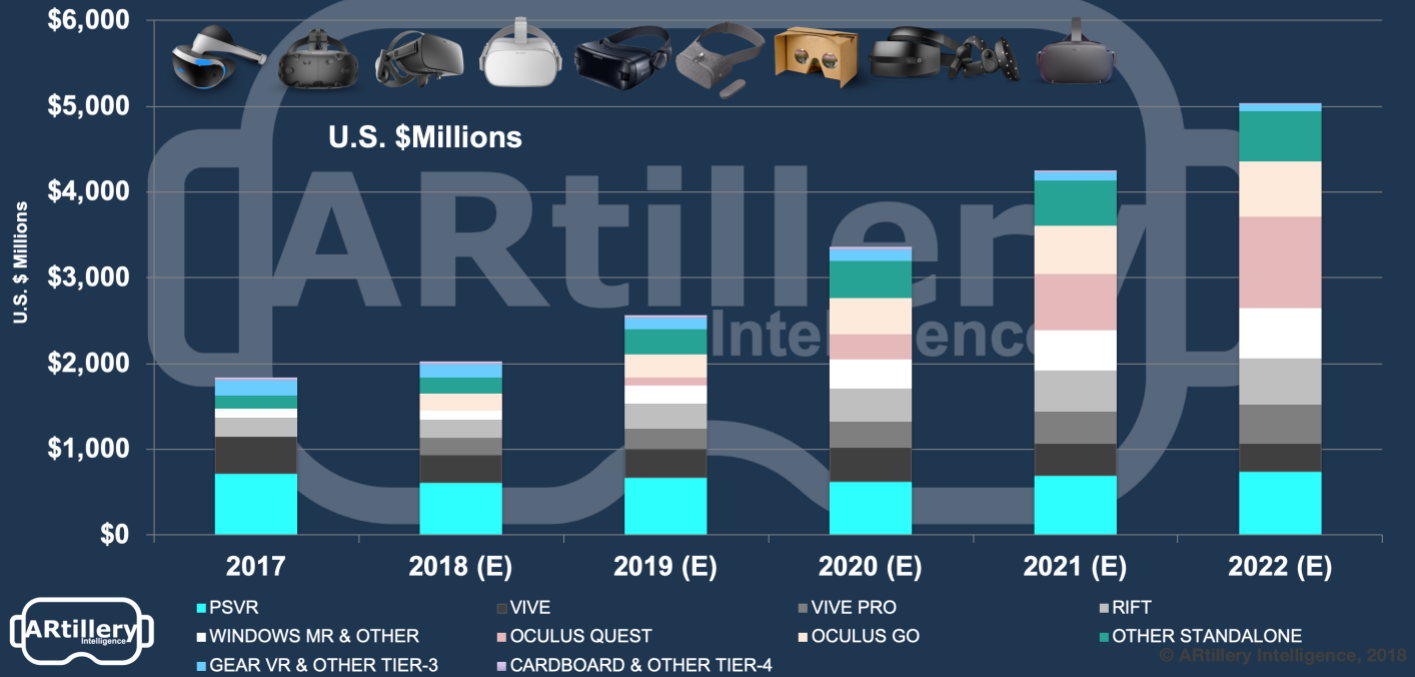
But this is where Quest can do some damage. With the cheaper experience-sell strategy that rivals PSVR, it’s likewise an “all-in” purchase. Just like PSVR owners don’t have to buy a PC to run PSVR, Oculus Quest’s standalone orientation is the same, not to mention greater portability.

So Quest and PSVR are essentially the betting favorites for the next year of VR’s market-share horse race. PSVR has better specs but less portability. Game libraries and switching cost favor PSVR, but Quest is catching up with 50 games out of the gate and 100 by year-end.

“Oculus seems to be betting that people will be happy with a convenient, lower-powered headset that plays a smaller number of games,” said the Verge’s Adi Robertson. “Sony [PSVR] is making the same play... Oculus could tap into that market with something that’s even more convenient.”

(SIMPLIFIED VIEW)

GLOBAL VR HEADSET REVENUES



Meanwhile, Strategy Analytics' figures are consistent with the projections of our research arm ARtillery Intelligence. Its PSVR revenue share figure is likewise 30 percent. And its projected \$2.02 billion (see above) VR hardware revenues are close to Strategy Analytics' \$2.02 billion.

But the proof will be in the next 12 months of sales, including the 2019 holiday period. Just like we said last year for Oculus Go, that could be a moment of truth for Quest, given its semi-giftable price point. Either way, we're bullish on the device if its initial sales are any indication.

We'll be watching closely for clues of market share gains across the board and, more importantly, their strategic implications.

Video Companion

(Click Video to Play)



About ARtillery Intelligence



ARtillery Intelligence chronicles the evolution of spatial computing. Through writings and multimedia, it provides deep and analytical views into the industry's biggest players, opportunities and strategies.

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 spatial computing such as AR & VR, cultural, technological and financial implications are the primary focus.

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

Learn more [here](#).



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 AWE, VRLA and LeadsCon. He has authored more than 120 reports and market-sizing forecasts on the tech & media landscape. He contributes regularly to 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 read [here](#).



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Questions and requests for deeper analysis can be submitted [here](#).



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