



# (VRX)

## XR Industry State of the market infographic

XR is establishing itself quickly and strongly in supporting enterprise but still struggling to gain a major foothold for consumers – these are the findings from our major industry survey looking across the entire XR space.

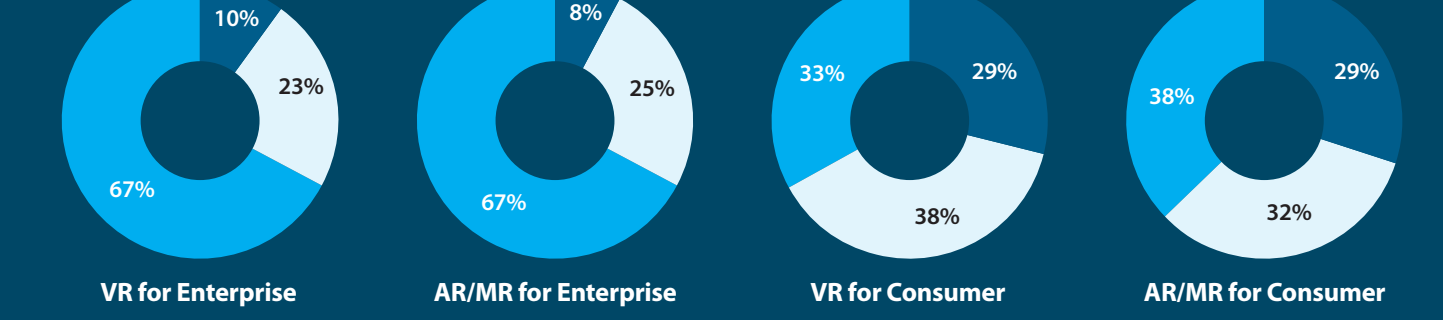
Consequently, the companies underpinning the immersive technology space are powering up their support and investment for enterprise, foremost through the deployment of VR technologies, followed by AR and MR, which are showing high growth rates. This is not to say that there is not a market for consumer XR but rather that the depth of interest, use cases and overall market value are currently greater in the enterprise environment, which will lead the way for the penetration of immersive technologies overall.

### How Would You Describe the Growth of Your Business in These Areas Over the Past 12 Months?

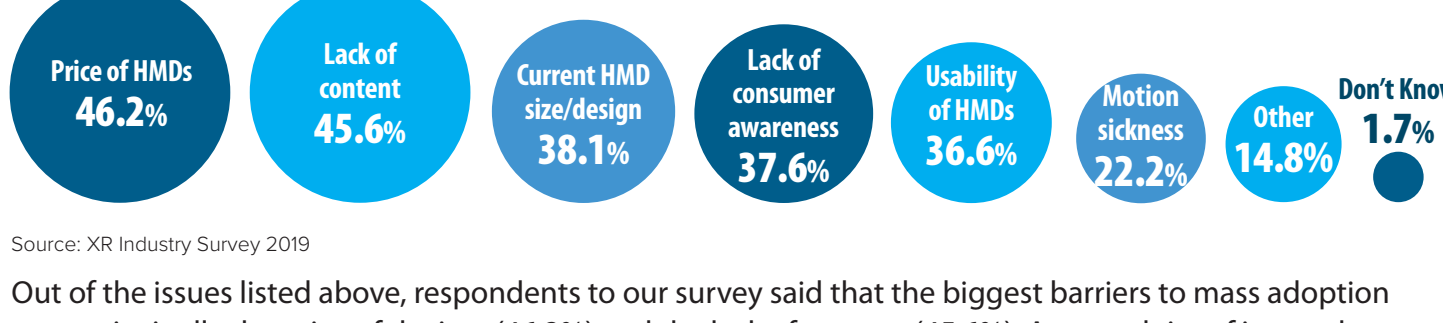


In 2018 38% said that they were seeing strong or very strong growth in VR for enterprise, compared to 46% in 2019's survey. Similarly, 47% had experienced strong growth in AR/MR for enterprise, compared to 42% in 2018. Both VR, AR and MR growth rates on the consumer side were broadly similar between 2018 and 2019 results, falling within the margin for error of a percentage point or less of difference, reflecting a lack of change in market conditions in this area.

### In Which of the Following Areas Does Your Business Work?



### To What Extent Will You Be Prioritising These Areas Over the Next 12 Months?



### What Do You See as the Biggest Barrier to Mass Consumer Adoption of VR?



Source: XR Industry Survey 2019

Out of the issues listed above, respondents to our survey said that the biggest barriers to mass adoption were principally the price of devices (46.2%) and the lack of content (45.6%). A second tier of issues that were noted by the survey population were issues around HMD designs, lack of consumer awareness and usability of HMDs. These rates are down on our 2018 survey, where 62% said lack of content was a barrier and 60% said that the cost of HMDs was holding back adoption.

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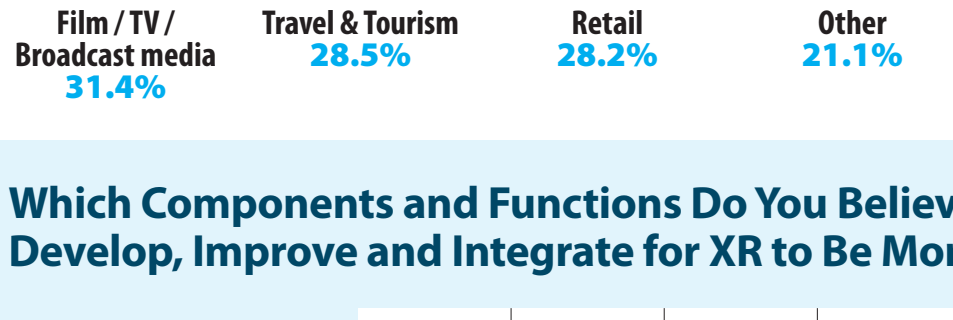
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**600+** Attendees **80+** Expert Speakers **70%** Decision Makers **50%** End Users **10+** Industry Verticals

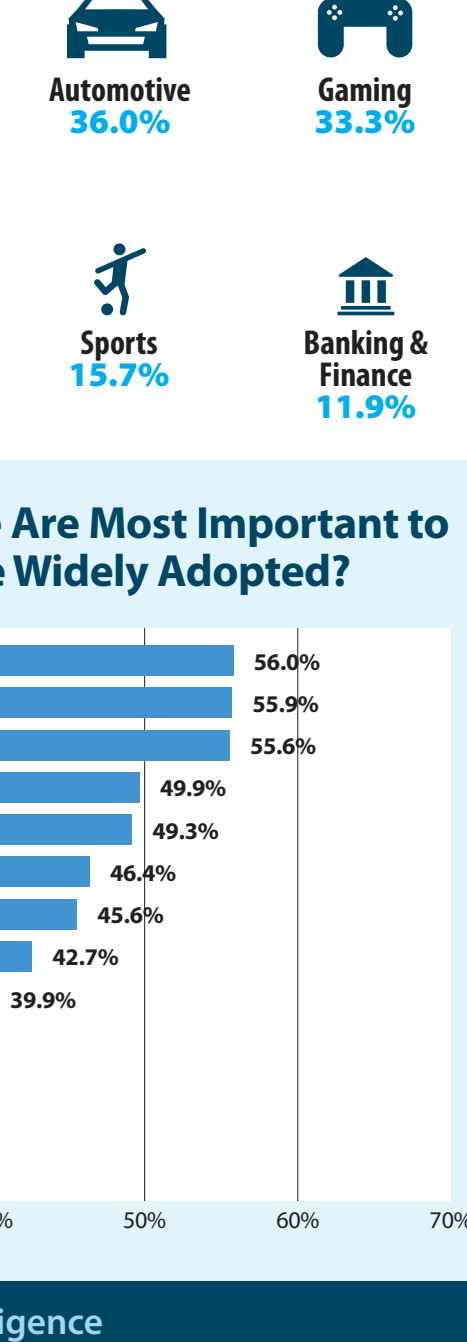
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### When Do You Think We'll See Widely Accepted Mainstream Consumer Adoption of VR & AR/MR?

Among our survey respondents, the general feeling is that there is still quite some time before all of these barriers are overcome and consumers fully adopt XR tech, with the vast majority of our survey respondents seeing them as only becoming mainstream out past 2020. For VR, 94.2% of respondents think that it will take at least two years for consumers to make it a regular part of their technology diet, and a slightly lower 91.1% think the same for AR/MR. The majority in both cases believe that it will take at least three years to enter mainstream adoption, with 62.9% believing so for VR and 59.2% saying the same for AR/MR.



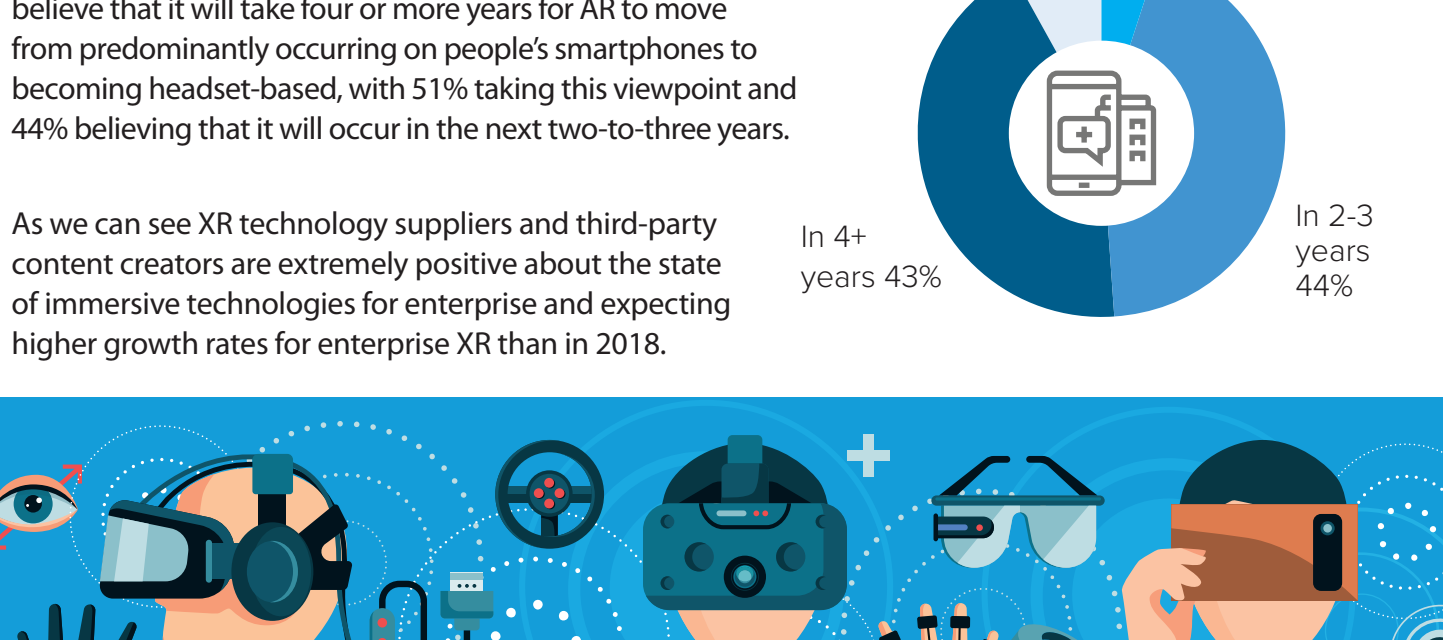
Source: XR Industry Survey 2019



### In Which of These Industries Do You Intend to Work in Over the Next 12 Months?



### Which Components and Functions Do You Believe Are Most Important to Develop, Improve and Integrate for XR to Be More Widely Adopted?



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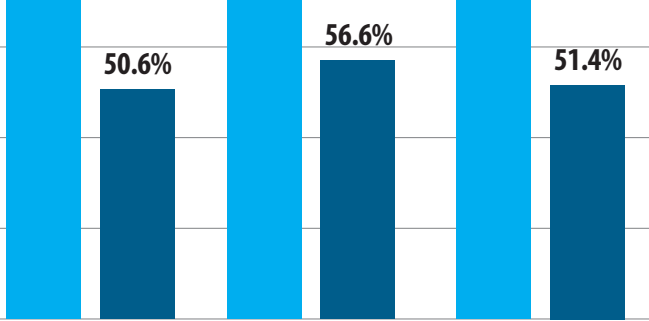
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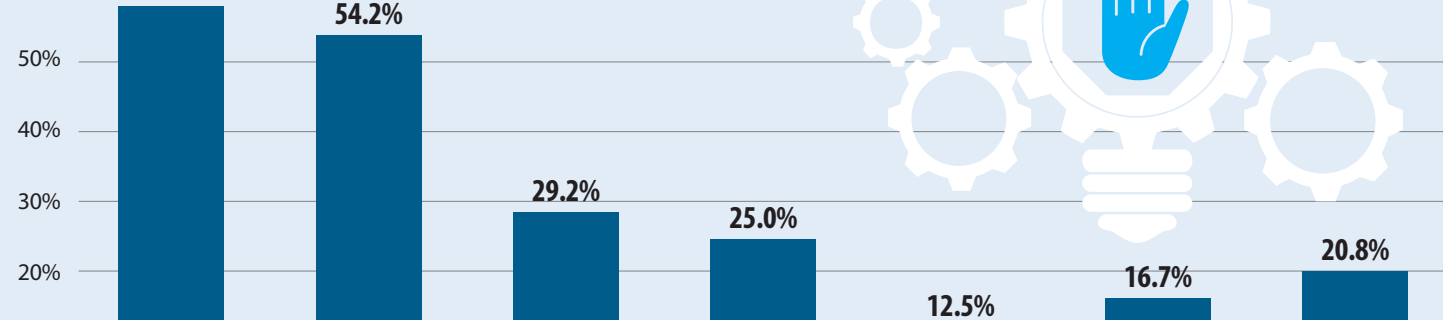
### When Do You Think That the Predominant Use of AR Will Move from Phone-based to Headset-based?

These issues in developing comfortable, functional and affordable headsets are pushing their usage out further into the future. The majority of our survey population believe that it will take four or more years for AR to move from predominantly occurring on people's smartphones to becoming headset-based, with 51% taking this viewpoint and 44% believing that it will occur in the next two-to-three years.

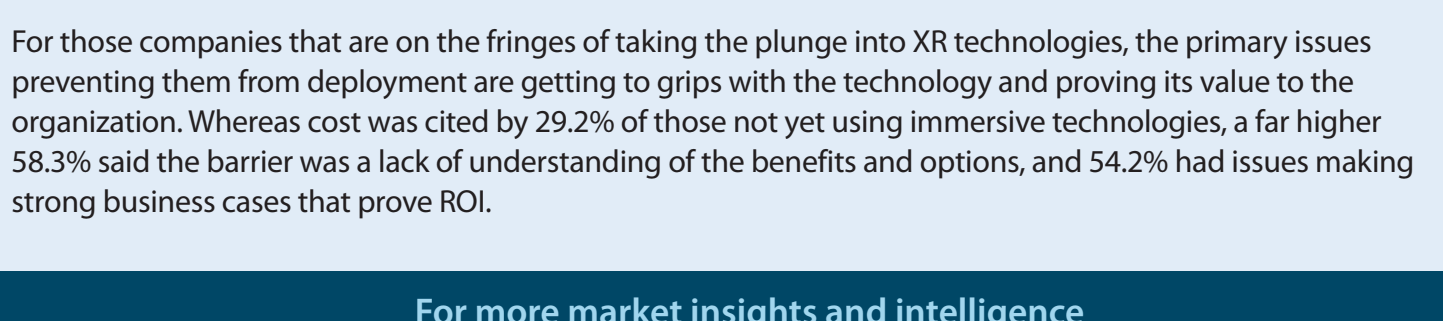
As we can see XR technology suppliers and third-party content creators are extremely positive about the state of immersive technologies for enterprise and expecting higher growth rates for enterprise XR than in 2018.



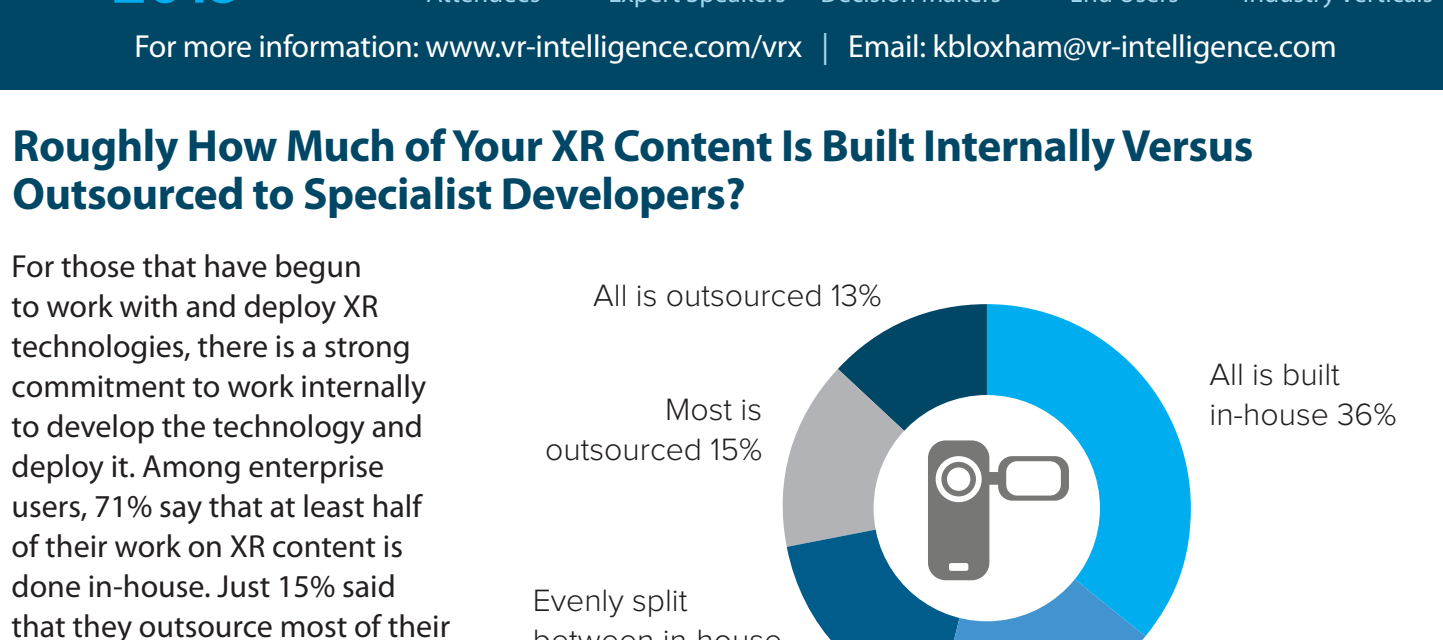
### How Would You Describe the Impact of XR on Your Business?



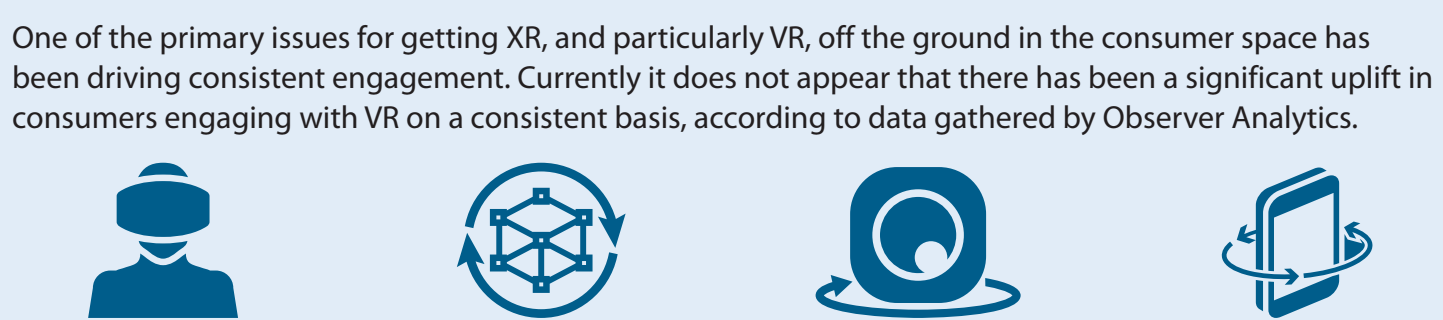
### Expected Investment Stance into XR in the Medium Term by Enterprise End Users



### In Which of These Areas Do You Use XR in Your Business?



### What's Stopping You from Integrating VR or AR/MR into Your Business?



Source: XR Industry Survey 2019

For those companies that are on the fringes of taking the plunge into XR technologies, the primary issues preventing them from deployment are getting to grips with the technology and proving its value to the organization. Whereas cost was cited by 29.2% of those not yet using immersive technologies, a far higher 58.3% said the barrier was a lack of understanding of the benefits and options, and 54.2% had issues making strong business cases that prove ROI.

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### Roughly How Much of Your XR Content Is Built Internally Versus Outsourced to Specialist Developers?

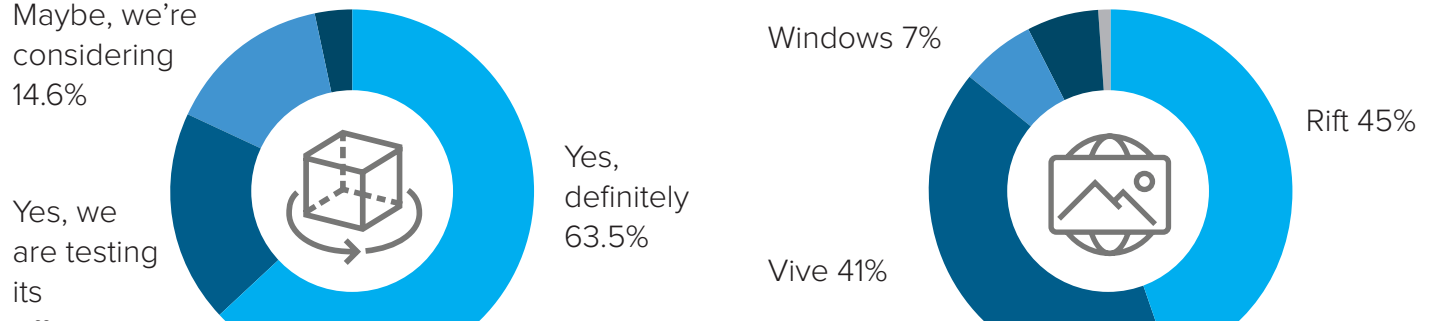
For those that have begun to work with and deploy XR technologies, there is a strong commitment to work internally to develop the technology and deploy it. Among enterprise users, 71% say that at least half of their work on XR content is done in-house. Just 15% said that they outsource most of their XR development to a third party and 13% say they outsource all of their immersive content.



Source: XR Industry Survey 2019

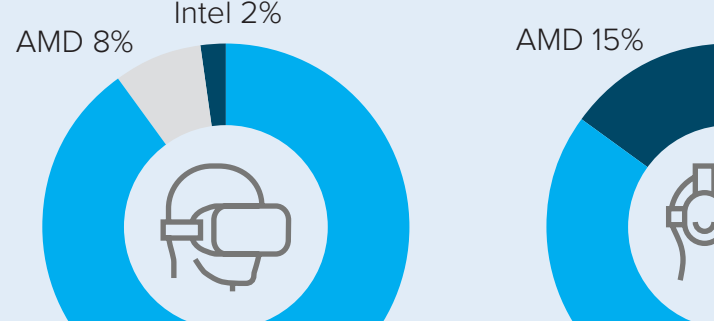
### Weekly Retention Rates for Consumer VR Apps

One of the primary issues for getting XR, and particularly VR, off the ground in the consumer space has been driving consistent engagement. Currently it does not appear that there has been a significant uplift in consumers engaging with VR on a consistent basis, according to data gathered by Observer Analytics.



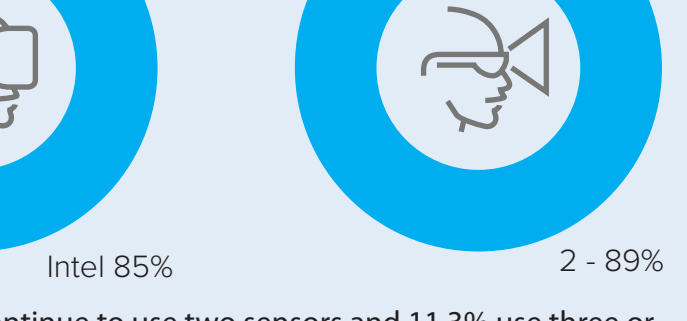
Source: Observer Analytics, 2019

### Does Your Business Create VR or AR/MR Content?



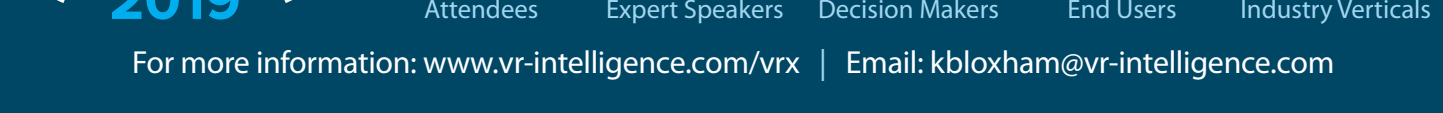
Source: XR Industry Survey 2019

### Do You Think VR or AR/MR Has More Potential to Disrupt the Entertainment Sector Over the Next Five Years?



Currently, the industry continues to have a bias towards the creation of VR content, where traction continues to be problematic. When we asked consumer entertainment content creators in the XR space where they were currently working, 38% said that they created content only for the VR space, 7% for only AR/MR content and 55% for both types.

### How Would You Describe the Impact of XR on the Growth of Your Business?



This is leading them to push further into the consumer XR business rather than retreat. We found that 82.3% of content creators were planning to increase their output of XR content in the medium term. Of these 63.5% were sure of their plans to expand XR production and 18.8% said that they were likely to do so after further testing. On top of this a further 14.6% said that they were considering doing so, leaving just 3.1% who reported that they were not intending to increase production.

### Do You Intend to Increase Your Production of XR Content Over the Coming Years?



### Consumer VR PC-Tethered Headset Market Share



Source: Observer Analytics, 2019

### Consumer VR Headset Graphics Card Market Share



### Consumer VR Headset Processor Market Share



### Consumer VR Headset External Sensors



When it comes to external sensors, 88.8% of headsets continue to use two sensors and 11.3% use three or more (Observer Analytics, 2019). Interestingly, this could be about to trend downwards as Oculus has taken a different direction with the Oculus Quest and the new Oculus Rift S doing away with external sensors altogether. The brand's relative dominance at the moment could mean that we see a different direction for consumer headsets and how they track the user in the future.

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