

Smartphone VR to Claim Over Half of VR Device Shipments by 2021, But Only 7% of Hardware Revenues

Submitted by: Juniper Research

Tuesday, 8 November 2016

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Smartphones will bring VR to the mainstream, but engagement and margin will remain a challenge

Hampshire, UK – 8th November 2016: A new Juniper Research

(https://www.juniperresearch.com/home?utm_campaign=virtual_reality_16_pr2&utm_source=sourcewirepr&utm_medium=em) study has forecast that there will be nearly 60 million smartphone VR headsets shipped in 2021, an increase of around 240% on an expected 16.8 million this year.

However, the lower price of these devices means they will only account for 7% of hardware revenue.

While millions of consumers are already using VR on smartphone-based devices like Google Cardboard and Samsung Gear VR, developers need to go beyond the simple experience-based apps currently available and offer compelling content to keep users engaged.

Freemium Keeps Revenues Low

The new research, Virtual Reality Markets: Hardware, Content & Accessories 2016-2021

(https://www.juniperresearch.com/researchstore/enabling-technologies/virtual-reality?utm_campaign=virtual_reality_16_pr2&utm_source=sourcewirepr&utm_medium=em), also found that the current freemium and lower-priced content will impact price expectations going forward. Thanks to the amount of demo and sub-\$30 games and experiences on PC, consoles will be the only platform where cheaper prices are not already the norm.

Smartphone VR will have particular problems here; less than 5% of apps downloaded for smartphone VR are charged for at the point of purchase. In-app purchases are much more common for this platform, providing extended experiences or expanded content for a fee.

Ultimately, smartphone VR games will follow a similar pattern to other mobile apps, where the market is dependent on a small number of high-spending users for most of its revenue. This is in marked contrast to PC and console VR, where the market remains mostly pay-at-transaction.

However, the research cautioned that a largely freemium market will impact the quality of smartphone VR games. “Many consumers are likely to try the platform because the hardware is relatively cheap, and then turn away because of low-quality free content”, remarked report author James Moar. “The best opportunity for smartphone VR is in providing subscription media, from film and series streaming to news broadcasts, to supplement existing online services.”

The whitepaper, Virtual Reality: Virtually Here

(https://www.juniperresearch.com/document-library/white-papers/virtual-reality-virtually-here?utm_campaign=virtual_reality_16_pr2&utm_source=sourcewirepr&utm_medium=em) is available to download from the Juniper website together with further details of the complete research.

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