

The consumer VR market is gearing up for a new period of competitiveness

Article

The trend: Consumer VR headsets are poised to enter a new phase of competitiveness with an increasing emphasis on supplemental metaverse platforms.

- This week, executives from consumer VR industry leader **Facebook** recently teased images of what appear to be two VR headset prototypes.
- In one photo, CEO Mark Zuckerberg **showed** off what looks like a next-generation Oculus headset experimenting with “retina resolution,” which in theory would offer a resolution so high it’s indiscernible from reality.
- The other photo features soon-to-be CTO **Andrew Bosworth** **wearing** a smaller, seemingly standalone headset that looks strikingly similar to an early **illustration** of **Apple’s** rumored XR device.

Any new headsets from Facebook are worth watching because it stands tall as the undisputed industry leader. Oculus headsets **captured** almost **two-thirds of global VR headset shipments** during Q1 2021.

How we got here: Facebook’s artificially low Oculus prices forced most VR makers to **pivot** to enterprise customers in recent years, but there are early signs of a blossoming consumer market around the corner.

- **HTC** just **announced** its own portable, sunglasses-like VR headset meant mainly for immersive, 360-degree media consumption and light gaming. The headset, which will launch with 100 apps this November, doesn’t have a controller and instead uses a smartphone for a remote. **Images** of the device show it easily fitting in a small backpack.
- On the gaming front, **Valve** is **reportedly** working on its own standalone headset, and **Sony** may be gearing up to **release** its own **Playstation VR** headset by late 2022.
- Then there’s Apple, which, according to **numerous reports**, may release its first headset as soon as 2022.

The bigger picture: Though price and functionality have traditionally been top considerations for VR consumers, digital ecosystems (or metaverses) may become increasingly important complements.

- Both **Facebook** and HTC are developing their own consumer metaverse platforms. And while Sony doesn’t offer a metaverse per se, it does have **millions of Playstation users** who could interact in a de facto gaming metaverse.

The sleeping giant: The growing focus on VR metaverses will likely stand to benefit Apple when it enters the market thanks to its deep history of locking users into its frictionless

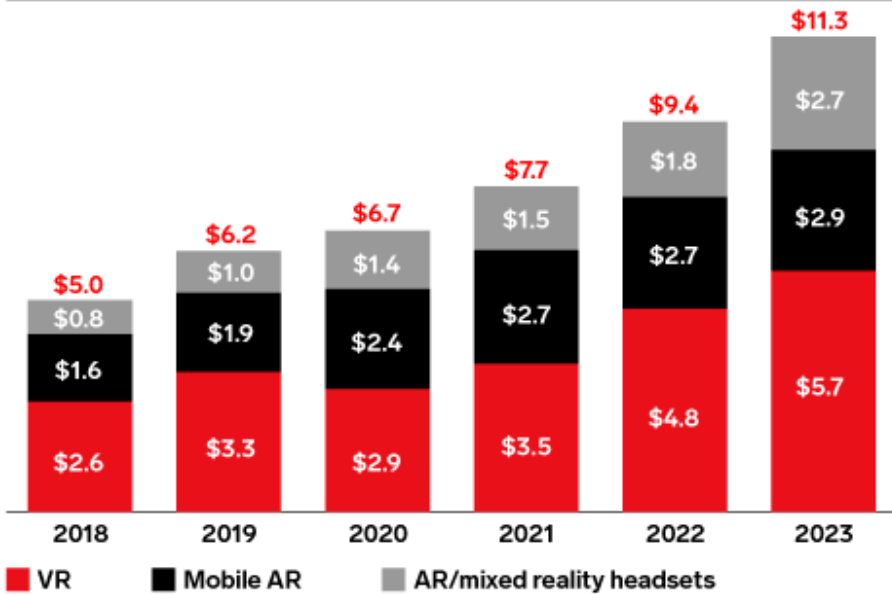
ecosystem.

- Facebook's Zuckerberg **acknowledged** the Apple threat in a Q4 earnings call—he predicted the two companies would become direct competitors in VR and AR.

The bottom line: The burgeoning competition is expected to lead to an industry-wide boom —**according to** our forecasts, consumer VR revenues worldwide are expected to increase from **\$3.5 billion this year to \$5.7 billion by 2023.**

Consumer AR/VR Revenues Worldwide, by Category, 2018-2023

billions



Note: sales revenues only; excludes ad revenues
Source: SuperData Research as cited in company blog, Oct 28, 2020

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