

Media alert: Virtual reality headset shipments top 1 million for the first time

Palo Alto, Shanghai, Singapore and Reading (UK) – Monday, 27 November 2017

Virtual reality headset shipments are showing no signs of slowing, as the quarterly total exceeded 1 million units for the first time in Q3 2017. Sony took the lead, shipping more than 490,000 PlayStation VR (PS VR) sets in Q3. It was followed by Oculus, which shipped 210,000 of its Rift headsets. HTC took third place, shipping 160,000 Vive VR units. Collectively, Sony, Oculus and HTC made up 86% of the total market in Q3 2017.

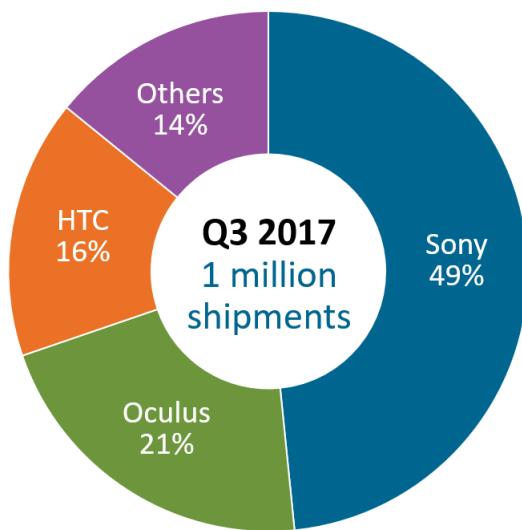


VR headset shipments topped 1 million units as Sony, Oculus and HTC took 86% of the worldwide market in Q3 2017.

Oculus increased shipments of its Rift headsets by cutting the price to US\$399 for a limited time, matching that of the PS VR. “VR adoption in the consumer segment is highly dependent on price, and Oculus’ strategy of lowering prices has

definitely helped drive adoption,” said Canalys Research Analyst Vincent Thielke. Incumbents and new players entering the market are targeting similar price points. “Hugo Barra is betting on his next product, the US\$199 Oculus Go standalone headset, to reach more users next year. The Go will excite first-time users, but driving adoption beyond social media will be a challenge.” The positive results of the Q3 summer sale prompted Oculus to permanently lower the price of the Rift to US\$399 in November.

Strong demand for VR headsets after price cuts



Global VR headset market ranking



Q4 2017 VR headsets: new pricing



Source: Canalys estimates, Virtual Reality and Augmented Reality Analysis, November 2017

*The US\$399 price now includes the PlayStation Camera, which was previously omitted



In Asia, Japan's unique gaming and entertainment culture has helped VR adoption. VR in Japan has benefited immensely from the emergence of VR experience zones across the country, such as in Shinjuku, Tokyo. Japanese consumers enjoy living their fantasies in virtual reality, a trait that stems from their anime and gaming culture. "Sony is well placed to take advantage of this increasing interest in VR," said Canalys Analyst Jason Low. "Sony has dominated the Japanese VR headset market since the release of the PS VR, taking more than an 80% share, and will continue to lead as it increases supply of the PS VR headset with bundles featuring new titles from popular franchises, including Doom, Skyrim and Gran Turismo."

The global VR headset market is expected to gain a sizeable boost in 2018 from new entrants supporting Microsoft's Windows Mixed Reality platform. "VR in business can be applied to many industries, such as manufacturing, healthcare and education," said Low. "As top-tier PC vendors, including HP, Lenovo, Acer, Asus and Dell, launch their own VR headsets, using their distribution channel efficiencies, one can expect a strong VR uptake in business."

VR headset shipment data is taken from Canalys' Virtual Reality and Augmented Reality Analysis service, which provides quarterly market tracking. Canalys defines a virtual reality headset as a device with a display designed to be worn on the face that immerses the viewer in a virtual world, and it excludes simple viewers, such as Samsung's Gear VR and Google's Daydream View. A smart VR headset is a standalone, multi-purpose device that is designed to be worn on the face and not

carried, runs an operating system, and can run third-party computing applications. A basic VR headset is a device serving a specific set of purposes that is designed to be worn on the face and not carried, cannot run third-party computing applications independently and is generally tethered by cable to a desktop PC.

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