

Virtual Reality: Inc Impact of COVID-19 - UK - January 2021

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“Converting interest into purchases remains a key challenge for the virtual reality market. A potential audience to look at to resolve this is Older Millennials as they have shown greater interest than others in buying headsets since COVID-19.”

- **Zach Emmanuel, Consumer Technology Analyst,**
18 December, 2020

This report looks at the following areas:

- The short-, medium- and long-term impact of COVID-19 on buying and using virtual reality headsets.
- Which type of VR headset consumers own and which factors are most important to them when deciding on a new headset.
- The growth in using VR headsets to watch films and how the major streaming platforms can enhance their apps to take advantage of this trend.
- The interest in VR for people who do not currently have headsets and some of the barriers to using technology.

Some 33% of people who own and use a VR headset use the device to watch films, rising from 22% in 2019. Apps like Amaze VR, which feature interactive short films which place the user into the narrative of the story, highlight the direction that the major streaming platforms could move in with their VR apps to take advantage of the growing trend of watching films on a headset. Netflix, for example, has already experimented with interactive films and offering them in VR would take that to the next level.

In terms of how the usage of VR headsets has changed since COVID-19, some 40% of people who own and use a headset have used it more since the pandemic. With the UK returning to a full national lockdown in January 2021, it is likely that consumers have maintained this higher usage of VR headsets. However, due to the individualistic nature of the technology, usage is expected to drop after whatever point consumers can resume face-to-face interaction. A third of people interested in buying VR headsets say that COVID-19 has made them more likely to consider buying one, indicating that the pandemic could – or at least should – provide a platform for growth.

The biggest challenge for the VR industry is converting general interest into sales. Interest in the technology has been there for several years and our latest data shows that 30% of consumers are interested in buying a VR headset. However, overall ownership has stayed at a similar level, with 7% of people owning a headset now, the same level as in 2018.

One of the key audiences that could help to turn interest into sales is Older Millennials. Some 40% of them who are interested in buying a VR headset are now more likely to consider buying as a result of COVID-19. Our upcoming *In vs Out-of-Home Leisure - UK, May 2021* Report has also found that 39% of Older Millennials say that more artistic content in VR would make it worth buying a headset, compared to the 24% average. Therefore, retailers demonstrating concert apps like Melody VR in stores could have success in engaging Older Millennials to buy headsets.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Table of Contents

Overview

- What you need to know
- Key issues covered in this Report
- COVID-19: market context
- Impact of the January lockdown and the vaccination rollout
- Economic and other assumptions
- Products covered in this Report

Executive Summary

- Impact of COVID-19 on virtual reality
 - Figure 1: Short-, medium- and long-term impact of COVID-19 on virtual reality, 15 December 2020
- The market
 - Higher average price of a headset keeps market growing despite lower shipments
 - Figure 2: Market size for virtual reality, 2016-20
 - Fewer mid-range headsets available to consumers
 - Virtual work meetings could give people first experience of VR
- Companies and brands
 - HTC announces new products for Cosmos range
 - XRSpace launches Manova headset with social VR platform
 - Oculus announces Quest 2 at cheaper price than the original
- The consumer
 - Two in ten headset owners use VR daily
 - Figure 3: Frequency of usage for VR headsets, September 2020
 - Converting interest into purchasing is the biggest challenge for VR
 - Figure 4: Previous usage and interest in VR headsets, September 2020
 - Weight and graphics of VR headsets are currently problems for consumers
 - Figure 5: Previous VR users' attitudes towards VR, September 2020
 - Ownership of Oculus Quest already matches Rift
 - Figure 6: Type of VR headset owned, September 2020
 - Significant growth in using VR headsets to watch films
 - Figure 7: Activities performed on a VR headset, September 2019 - September 2020
 - Four in ten VR owners have used the device more since COVID-19
 - Figure 8: Changes in usage of VR headset since COVID-19, September 2020
 - Balance between battery life and performance is key for VR headsets
 - Figure 9: Most important factors when purchasing a VR headset, September 2020
 - Retailers can appeal to Older Millennials with demos of VR concerts
 - Figure 10: Attitudes towards trialling and buying VR headsets since COVID-19, September 2020

Issues and Insights

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How COVID-19 is shaping the virtual reality market
 Watching films with VR headsets
 Using VR concert demos in-store to engage Older Millennials

The Market – Key Takeaways

VR market grows in value despite drop in shipments for 2020
 Decreasing number of mid-range headsets makes attracting new buyers difficult

Market Size

Impact of COVID-19 on virtual reality
 Figure 11: Short-, medium- and long-term impact of COVID-19 on virtual reality, 15 December 2020

Higher average price of a headset keeps market growing despite lower shipments
 Figure 12: Market size for virtual reality, 2016-20
 Figure 13: Volume, average price and value of virtual reality market, 2016-20
 Figure 14: Market forecast for virtual reality, 2016-26

Market Drivers

Fewer mid-range headsets available to consumers
 Discontinued VR headsets
 Impact on the growth of the market
 Companies also reducing focus on tethered headsets
 Virtual work meetings could give people first experience of VR
 MeetinVR
 Spatial
 Advantages of these platforms
 Consumers could get first experience of VR through these use cases
 Apple entering mixed reality market, but pricing expected to be an issue
 Impact on the VR market

Companies and Brands – Key Takeaways

Social VR could come into greater focus due to COVID-19
 Oculus develops Quest series whilst decreasing price

Launch Activity and Innovation

HTC announces new products for Cosmos range
 Cosmos Elite
 Cosmos XR
 Cosmos Play
 XRSpace launches Manova headset with social VR platform
 Impact of social VR platforms
 Oculus announces Quest 2 at cheaper price than the original
 HP Reverb G2 adds cameras and improves audio quality

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The Consumer – Key Takeaways

- Stable ownership of VR headsets continues
- Older Millennials could buy headsets after concert demos in-store
- Oculus Quest series in a strong position to gain market share on PSVR
- Major streaming platforms should offer interactive VR films or TV

Impact of COVID-19 on Consumer Behaviour

- Four in ten VR owners have used the device more since COVID-19
Figure 15: Changes in usage of VR headset since COVID-19, September 2020
- Retailers can appeal to Older Millennials with demos of VR concerts
Figure 16: Attitudes towards trialling and buying VR headsets since COVID-19, September 2020

VR Headset Ownership, Usage and Barriers to Use

- Two in ten VR owners use it daily
Figure 17: Ownership of VR headsets, September 2018 - September 2020
- Figure 18: Frequency of usage for VR headsets, September 2020
- Converting interest into purchasing is the biggest challenge for VR
- Older Millennials most likely to be interested in VR after previous usage
Figure 19: Previous usage and interest in VR headsets, September 2020
- Weight and graphics of VR headsets are currently problems for consumers
Figure 20: Previous VR users' attitudes towards VR, September 2020

Type of VR Headset Owned

- PSVR successor still a long way off, meaning opportunities exist for rivals
- Ownership of Oculus Quest already matches Rift
Figure 21: Type of VR headset owned, September 2020

Apps Used on VR Headset

- Significant growth in using VR headsets to watch films
- Opportunity for major streaming platforms to offer interactive VR content
- Mindfulness and VR
Figure 22: Activities performed on a VR headset, September 2019 - September 2020

Factors in VR Purchase Decisions

- Balance between battery life and performance is key for VR headsets
- Impact of consumer priorities on the market
Figure 23: Most important factors when purchasing a VR headset, September 2020

Appendix – Data Sources, Abbreviations and Supporting Information

- Abbreviations
- Consumer research methodology

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