

Virtual Reality (Vr) Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 120 pages | Mordor Intelligence

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Report description:

The number of virtual reality device shipments globally is expected to register a CAGR of 33.10% during the forecast period (2023 - 2028). Virtual reality includes using computer technology, essentially to create an artificial environment. Dissimilar to the traditional user interface, VR places the user inside an experience. Instead of viewing a screen in front of them, users are immersed and can interact with the 3D world. With the simulation of as many senses as possible, such as hearing, vision, touch, and even smell, technology has transformed worldwide.

Key Highlights

Across several educational fields, teachers have been increasingly switching to virtual reality technology to provide a superior standard of education. For example, on a primary level, the introduction of VR in the education sector enabled the students to be submerged in the VR tech world. The technology also gives students a more visual and interesting lesson, which can be provided at lower costs.

Virtual reality technology carved its space within the gaming industry in the past few years. VR has shaped a new gaming generation that gives the players immersive, first-person perspective experiences. In the past few years, developers such as Oculus and HTC worked toward making virtual reality more accessible and affordable. Previously, Oculus launched its Oculus Quest, a standalone wireless virtual reality headset.

Moreover, the growing pervasiveness of AI technology across VR applications also enhances virtual characters' intelligence, thereby delivering a rich, immersive environment. Google's machine learning tools add 6DoF controller-tracking capabilities to any standalone headset. At the same time, Facebook's DeepFocus framework uses AI to create focus effects in VR, and LG uses AI to minimize motion sickness among VR users. The Chinese tech leaders Baidu and Tencent are also working on integrating AI and VR into mobile solutions and video games.

Game developers across emerging economies continually strive to enhance gamers' experience by launching and rewriting codes

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for diverse console/platforms, such as PlayStation, Xbox, and Windows PC, incorporated into a standalone product and provided to gamers through a cloud platform.

To run a game with notably ultra-low latency, the platform requires a good internet speed, which is still lacking worldwide as per the current network infrastructure. 5G is in the testing phase. Such enhancements in the network coverage will enable streaming to become faster compared to the current situation, where emerging economies with colossal gamer deposition do not have access to the necessary speed or are priced at premiums.

A quick development of the collective virtual shared space, known as the metaverse, created by converging virtual reality, augmented reality, mixed reality, and brain-computer interface, will create an interactive and immersive experience for the users. Leading companies like Microsoft and Nvidia have already announced their new focus on the metaverse space.

The COVID-19 crisis impacted several VR tech companies. VR gaming centers were closed due to stay-at-home orders during the initial months of the pandemic. For instance, Sandbox was operating 10 VR centers in North America and Asia, allowing groups of customers to enter virtual worlds. Apart from Sandbox, several VR centers and arcade operators, including The Void, Zero Latency, Dreamscape, and Spaces, were forced to shut down their retail locations amid the pandemic and face significant financial and logistical challenges post the brunt of the pandemic.

Virtual Reality (VR) Market Trends

Gaming Segment Accounted for the Largest Market Share

There has been a rapid growth in VR and AR gamers worldwide, expanding the market horizon. According to NewGenApps, a provider of Machine Learning, Artificial Intelligence, Big Data Analytics, and AR/VR solutions, the global user base of VR and AR games is expected to increase to 216 million users and will be worth USD 11.6 billion by 2025.

Furthermore, the increased comfort levels of consumers in situational uses, such as VR calls and VR gaming, are among the factors which suggest a positive outlook for VR technology in gaming.

As per the figures released by the Entertainment Software Association, nearly 227 million American people play video games weekly, including two-thirds of adults and three-fourths of kids below 18 years of age. About 55% of males and 45% of females play video games, and the average age of players playing a video game is 31 years.

In Feb 2022, Sony came up with VR2 and VR2 Sense Controllers for the PlayStation 5 to give users a next-level virtual reality experience allowing players to escape into the gaming world with a high range of sensations. VR2 adds a high visual fidelity and enhanced trackers.

In July 2021, Virtex announced that it plans to launch a virtual reality stadium, "Virtex Stadium," which lets the fans watch the game with their friends from the center of the field. The launch is in line with the growing popularity of e-sports and the growing affordability and performance of VR consumer devices. According to VentureBeat, the eSports audience globally accounted for 474 million in 2021 and is expected to reach 577.2 million by 2024.

North America Holds Significant Market Share

North America is one of the prominent regions for the virtual reality market. It has also been a pioneer in adopting innovations, which provides North America with an edge over other regions.

Further, the region has the highest number of startups focusing on bringing innovative VR technologies for various industries. According to Tracxn Technologies, there are approximately 951 Virtual Reality startups in the United States. A few of them include Orbbec, JauntVR, Dreamscape, and Sandbox VR. Dreamscape is creating a location-based immersive virtual reality entertainment. Tracxn Technologies aims to open a VR multiplex in Los Angeles which will use untethered VR headsets, which means that

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participants will be wearing VR headsets powered by a computer carried around in a custom backpack, which will allow them to move freely through space and interact with real and virtual objects as well as with each other.

The investors in this region are actively looking to invest in diverse VR technology startups working in the region. For instance, the GFR Fund has invested in 17 North American startup companies based on VR technology. Such investments are expected to continue and are estimated to drive market growth in the forecast period.

Various research centers and academics in the region have also been working to explore the potential of virtual reality technology. For instance, Iowa State University's Virtual Reality Applications Center (VRAC) is an interdisciplinary research center focused on the intersection of humans and technology. The Medical Virtual Reality group at the University of Southern California Institute for Creative Technologies is dedicated to studying and advancing the uses of VR simulation technology for clinical purposes.

Virtual Reality (VR) Market Competitor Analysis

The global virtual reality market is witnessing a rise in competitiveness among companies. The market consists of major players, such as Oculus, Google, Samsung, Sony, HTC, and Lenovo. In terms of market share, these significant players currently dominate the market. However, with increasing technology innovations, many companies are increasing their market presence by securing new contracts and tapping new markets.

Mar 2022 - Liquid Avtar Technologies Inc, a fintech solutions company, has launched the first-ever loyalty program and payment card specially created for the metaverse. The card is a physical card powered by OptimizeFT's Engage360 payment card and digital banking solutions platform, available in the United States.

Oct 2021 - Capcom's critically-acclaimed Resident Evil 4 is launching for VR, exclusively on Oculus Quest 2. Capcom partnered with Oculus Studios and Armature Studio to launch an immersive first-person perspective only VR can deliver. Standing or seated, players will enjoy plenty of comfort options. Support for teleportation and room-scale movement means you can explore the game's world your way.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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