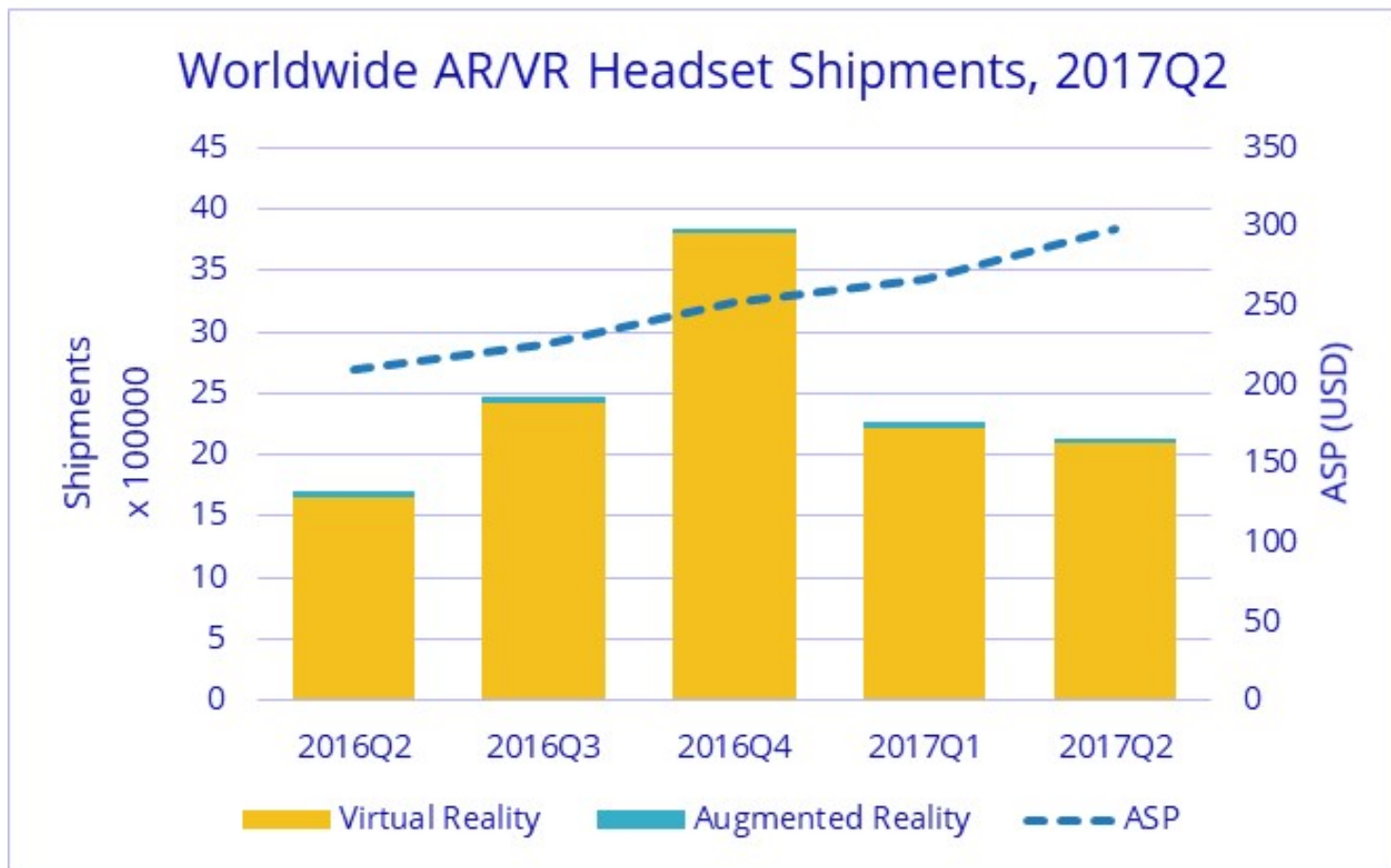


According to IDC the global market for augmented reality (AR) and virtual reality (VR) headsets is up by 25.5% Y-o-Y on Q2 2017, as shipments total 2.1 million.

Volumes are "slightly" down on a Q-o-Q basis, but recent price cuts on existing products and new product announcements should build the groundwork for a successful holiday season.



Source: IDC 2017

"Growth in the VR market has been rather sluggish compared to other recently introduced technologies as the amount of investment and, more importantly, the need for end user

education is extremely high for VR," the analyst remarks. "Though the recent price cuts across all major platforms will help alleviate one of the barriers to adoption, providing consumers the opportunity to learn about products and try before they buy is still a significant hurdle faced by most companies."

VR products make over 98% of combined AR/VR shipments, with screenless viewers making over 50% of Q2 2017 headset shipments. Tethered VR headsets capture 43%, up from 34% in Q1 2017, thanks to the PlayStation VR and Oculus. Meanwhile the very small AR headset shipment actually faces Y-o-Y declines, as several consumer-focused devices launched last year failed to sustain volumes.

So far AR headsets are mainly popular in the enterprise segment, and IDC predicts the trend will continue at least in the near term. Currently most people experience AR through smartphones, and 2018 should see a "flood" of new AR smartphone apps through Apple and Google pushing the technology through ARKit (iOS) and ARCore (Android). Such developments will eventually lead to consumer-centric AR glasses, but only later on.

In the vendor rankings, Samsung dominates as the Galaxy S8/S8+ launch drives Gear VR shipments despite "significant" Y-o-Y declines. Sony follows as the king of tethered headsets, with games such as Farpoint and Resident Evil 7 helping the volumes. The company is also working with Hollywood creators to bring other experiences to its VR platform, and a modest PSVR price cut should further sustain growth through the end of the year.

Facebook reduced the price of the Oculus on Q2 2017, allowing it to beat HTC in the rankings. Facebook was among the first major tethered players to cut prices, and IDC says such a strategy is paying off. TCL comes 4th with the Alcatel VR headset, even if a relatively weak platform and content ecosystem cast doubts on its long-term VR prospects.

In last place is HTC, whose Vive headset sees flat growth and Q2 2017 market share of 4.4%. The company is the only major player to successfully target the commercial VR market, but its product remains more expensive compared to rivals.

Go [IDC WW Quarterly AR/VR Headset Tracker September 2017](#)