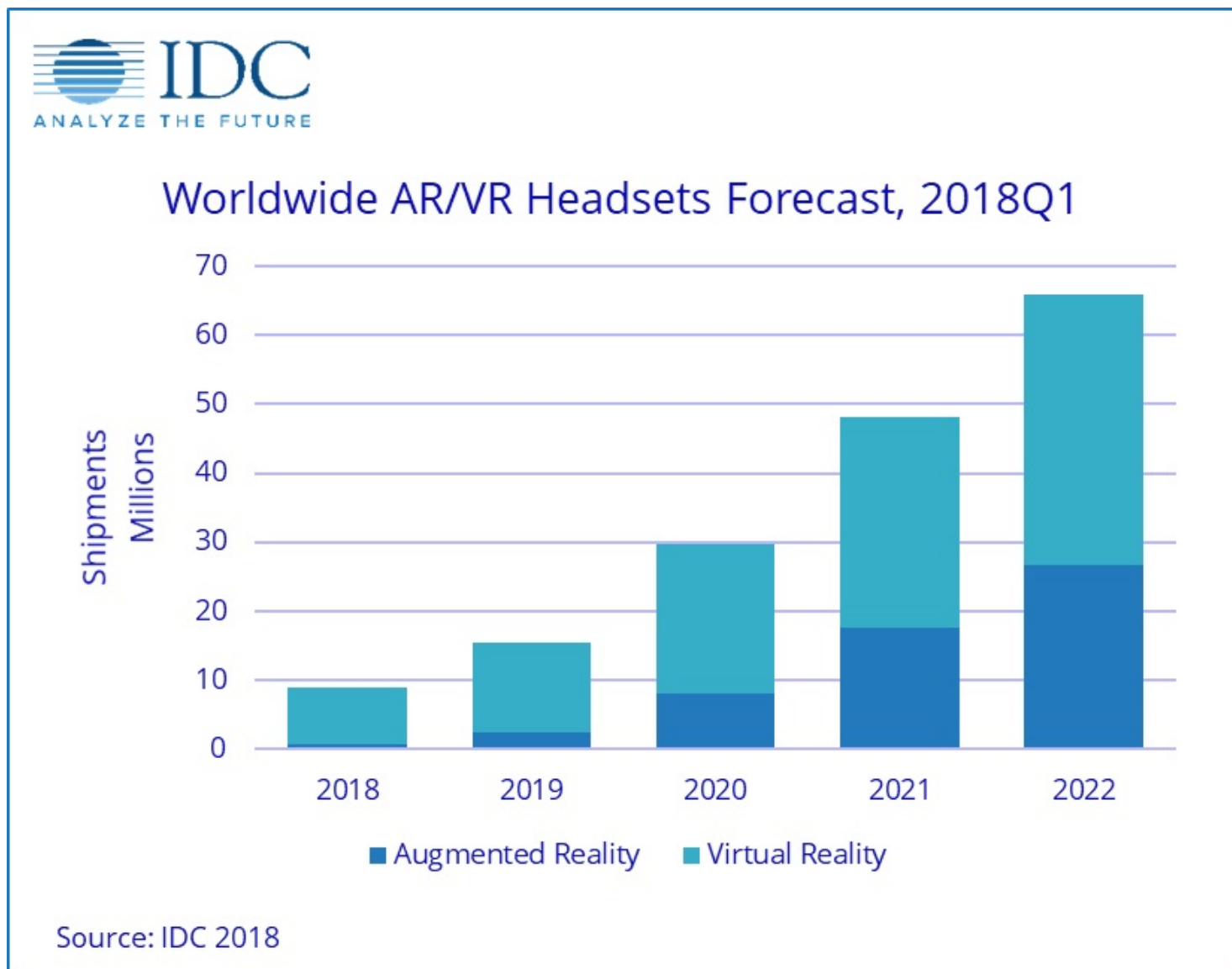


According to IDC, Q1 2018 global shipments of AR and VR headsets are down by -30.5% Y-o-Y-- but despite such a poor start the analyst believes the market will see a return to growth during the rest of the year.

The Q1 2018 decline was brought about by the unbundling of screenless VR headsets. During most of 2017, vendor bundled such headsets for free with the purchase of a high-end smartphone, but the practice essentially came to an end by early 2018. However IDC insists the headset market still has potential for growth, since more vendors will target the commercial market.



In the meantime more low-cost standalone VR headsets, such as the Oculus Go, should start hitting shelves this year. As such, IDC forecasts the overall AR and VR headset market will total 8.9 million units in 2018, a 6% increase over 2017, before reaching 65.9m units by 2022.

"On the VR front, devices such as the Oculus Go seem promising not because Facebook has solved all the issues surrounding VR, but rather because they are helping to set customer expectations for VR headsets in the future," IDC says. "Looking ahead, consumers can expect easier-to-use devices at lower price points. Combine that with a growing lineup of content from game makers, Hollywood studios, and even vocational training institutions, and we see a brighter future for the adoption of virtual reality."

Many customers have already had a taste of AR through screenless viewers such as Lenovo's Star Wars: Jedi Challenges viewer. IDC predicts such headsets will lead the market in shipments volumes in the near term, before non-smartphone-based AR headsets start seeing greater market availability in 2019. This is due to a combination of commercial adoption and the launch of next-generation products (such as the Microsoft HoloLens and Magic Leap One) leading to triple-digit growth in the 2019-2021 period.

Meanwhile VR headsets should grow from 8.1m in 2018 to 39.2m by end 2022, making a CAGR of 48.1%. The analyst believes the commercial market will be as important to VR as the consumer segment, growing from 24% of VR headset shipments in 2018 to 44.6% in 2022. Oculus currently dominates the market thanks to initial volumes around the Samsung Gear VR, something that should continue in the near term as the Go brings VR to more consumers.

However Oculus faces pressure in the near future from the likes of the HTC Vive and Windows Mixed Reality platform. The Microsoft platform should see "strong opportunities" in the commercial market, since brands including HP, Dell and Lenovo bring years of experience to enterprise buyers.

Go [IDC WW Quarterly AR and VR Headset Tracker June 2018](#)