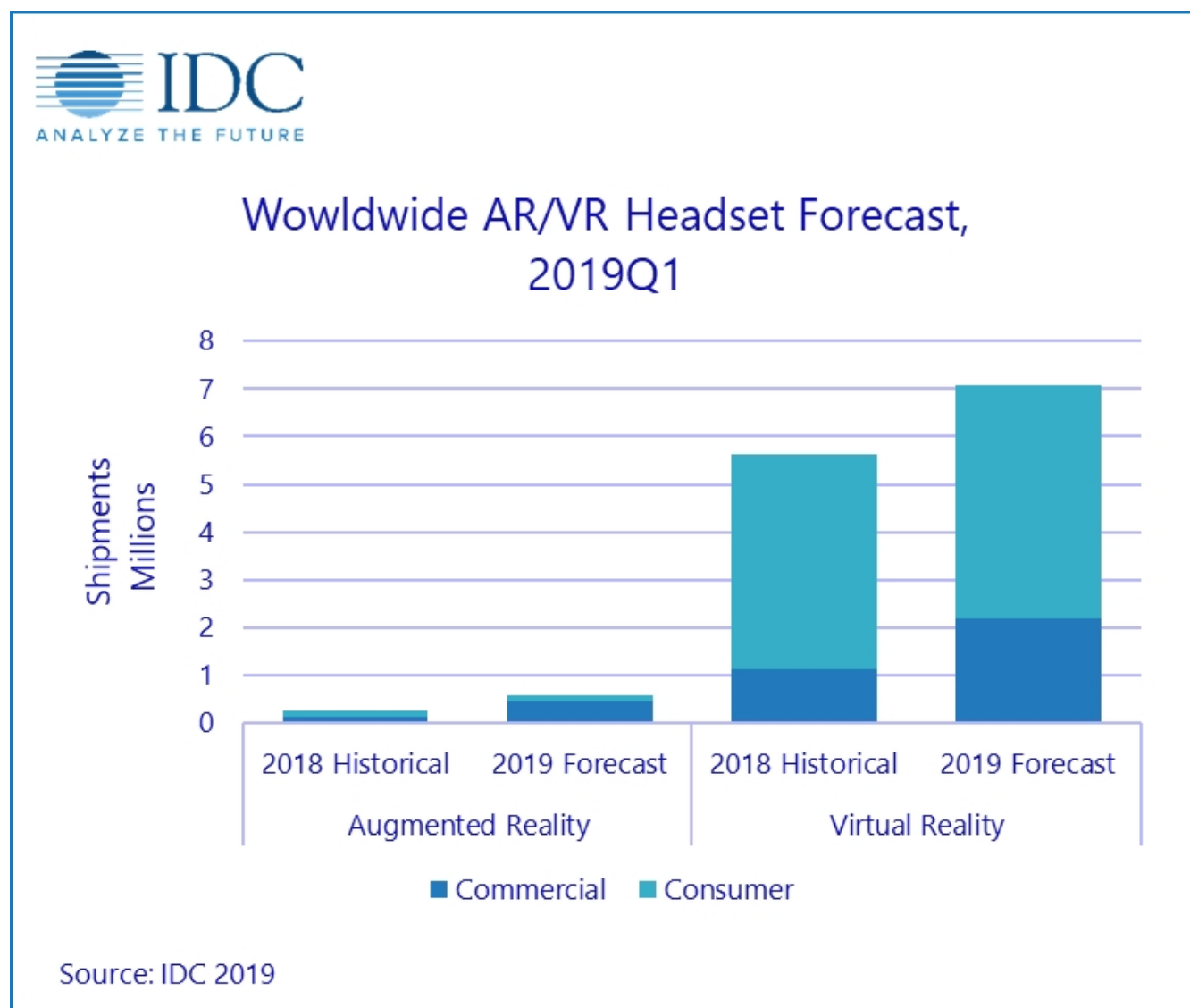


IDC: AR/VR Headsets Return to Growth in Q1

Written by Alice Marshall
03 July 2019

Global shipments of augmented reality (AR) and virtual reality (VR) reach 1.3 million in Q1 2019-- a 27.2% Y-o-Y increase, marking a return to growth for the market brought about by a surge of standalone and tethered head mounted displays (HMDs).

VR headsets make 96.6% of the combined Q1 2019 AR/VR market, with strong volumes from top vendors such as Sony, Facebook, HTC, Pico and 3Glasses. The top 5 vendors hold 65.1% of the total VR headset market.



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"Facebook has promised to bring VR to the masses and it took its latest steps toward realising this vision with new standalone and tethered headset releases during the quarter," the analyst says. "The company's new \$399 standalone Oculus Quest began shipping this quarter and has enjoyed positive reviews, and its new Rift S offers an updated take on its pioneering tethered headset. These products, along with other new offerings from companies such as HTC and Valve, should position the VR market for solid growth through the rest of the year."

AR volumes, on the other hand, remain low but the segment still shows momentum. Enterprise AR is on the rise, and many companies are looking into hardware solutions to improve existing business processes and drive new ones. Vendors such as Epson, Lenovo, Vuzix, Google and RealWear are seeing increased traction with robust ready-to-use products, and shipments should increase "notably" through the rest of 2019. New product launches should further drive momentum as shipments start by end 2019.

IDC predicts AR/VR headset shipments will reach 7.6m in 2019, up from 5.9m in 2018. Much of such growth comes through a commercial segment consuming around 1 out of every 3 headsets shipped in 2019. The analyst expects standalone and tethered headsets to drive the VR market, with standalone VR headsets making 38.2% of the VR market in 2019, up from 26.6% in 2018. Tethered VR headsets hold 46.1% share (versus 44.1% in 2018), and screenless viewers will decline to 15.7%, down from 29.3% in 2018.

Standalone plays an even greater role in AR for 2019, since it is set to capture 53.9% of the 2019 market, up from 47.8% in 2018. Tethered and screenless viewers will respectively capture 27% and 19.1% in 2019. While the tethered segment is small, IDC expects it to play a larger role in the future, since the first truly consumer-oriented products will the form factor down the road.

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