



**The Reality about  
Virtual and Augmented Reality**  
An Immersive Customer Perspective  
Hannover, June 12<sup>th</sup> 2018

# Our agenda today



Preface and relevant research



Virtual Reality hardware status quo



Virtual Reality purchase intent and market perspectives



Virtual Reality content



Augmented Reality pre-taste

# Preface and relevant research

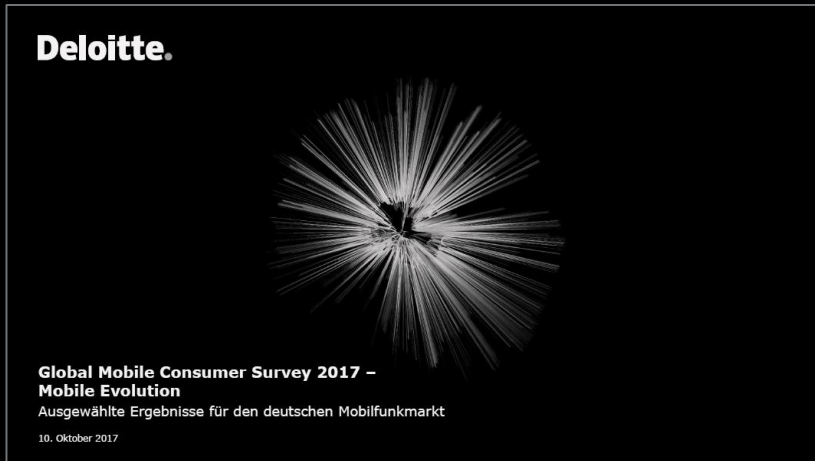
# Deloitte VR/AR-research

In the days of the biggest market hype, Deloitte has analyzed the prospects for virtual and augmented reality in Germany

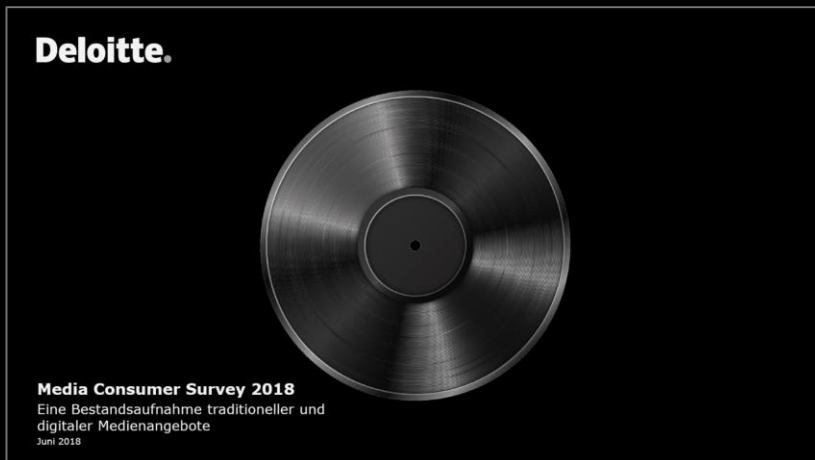


# Methodology

Today, our consumer surveys allow for a recent market reality check



- 2,000 respondents in Germany
- Representative results
- Online survey
- Survey period: Q3 2017
- International comparisons with 33 participating countries, >53,000 global respondents



- 2,000 respondents in Germany
- Representative results
- Online survey
- Survey period: May 2018
- Study to be released in summer

Exclusive  
preview of  
study results

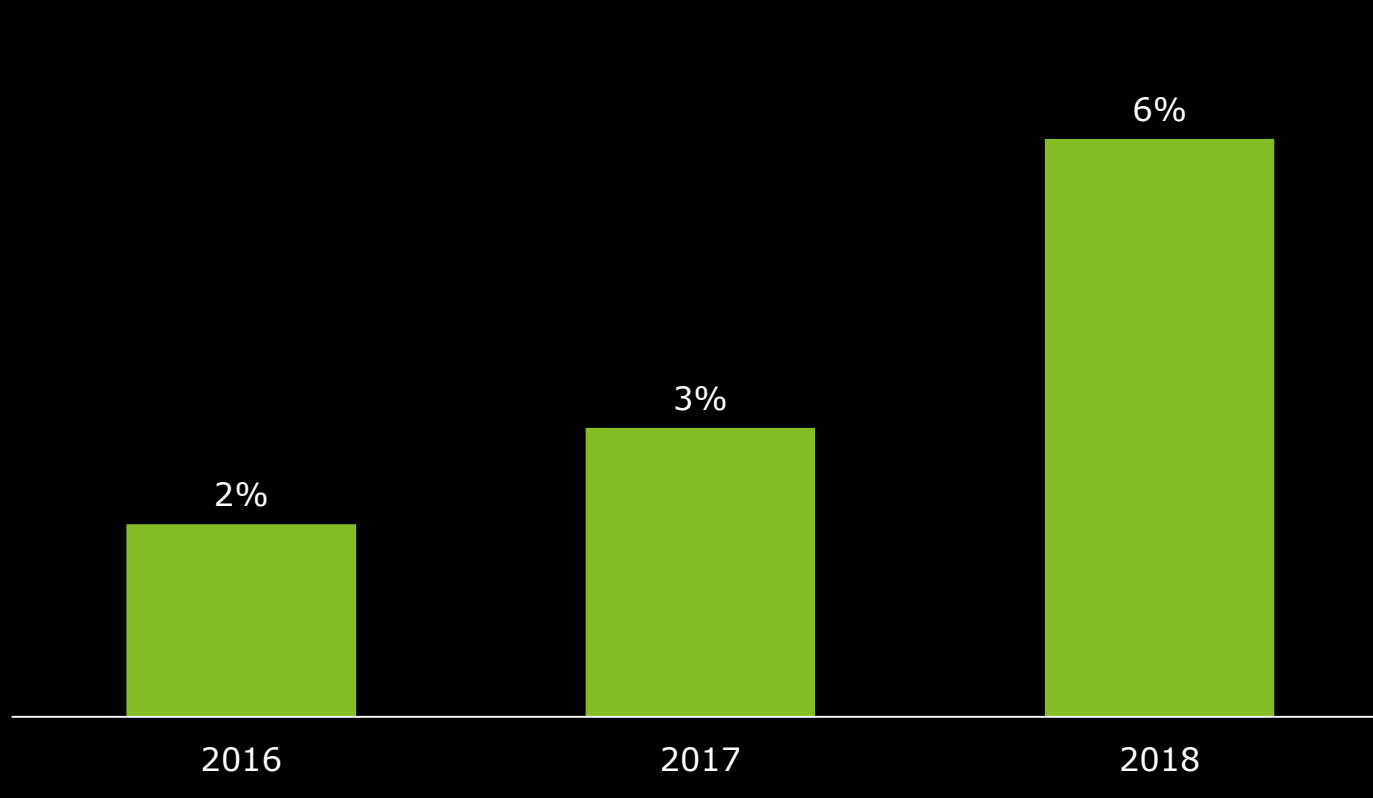
The actual spread of  
VR-hardware still does  
not reflect the hype

# VR-penetration

After disillusionment in 2017, penetration of VR hardware has slightly increased in the last months



## Germany: VR-hardware penetration\*



- In the past twelve months, spread of VR hardware has doubled in Germany
- However, Virtual Reality is still far away from being a mass phenomenon
- Highest spread in segment relating to age group 24-35 years (17%)

\*) Relevant VR-hardware segments: low end, mobile and full feature.

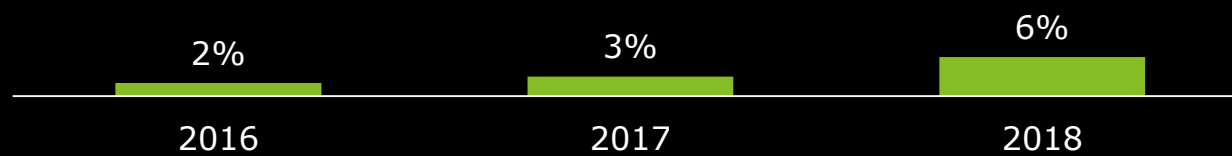
Source: Deloitte Global Mobile Consumer Survey 2017, Deloitte Media Consumer Survey 2018, Bitkom Research

# VR-penetration

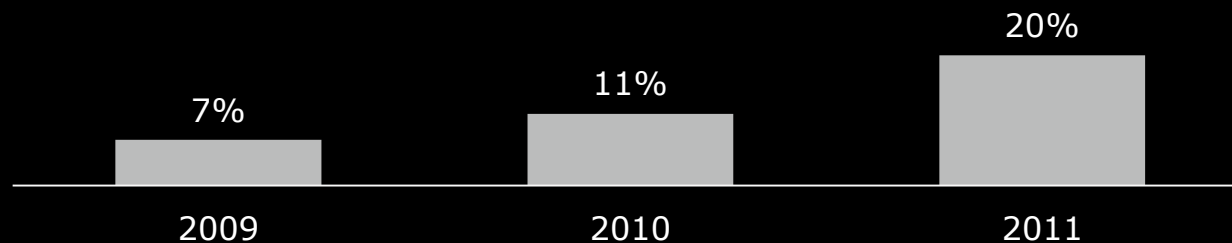
Albeit on a lower level, VR is following the same hype cycle as smartphones just a few years ago



## Germany: VR-hardware penetration\*



## Germany: smartphone penetration 2009-2011



- The VR market shows typical stages of tech development
- After quickly convincing early adopters, the market flattened before improving long-term
- In the same market phase, smartphone penetration showed substantial growth

\*) Relevant VR-hardware segments: low end, mobile and full feature.  
Source: Deloitte Global Mobile Consumer Survey 2017, Deloitte Media Consumer Survey 2018, Bitkom Research

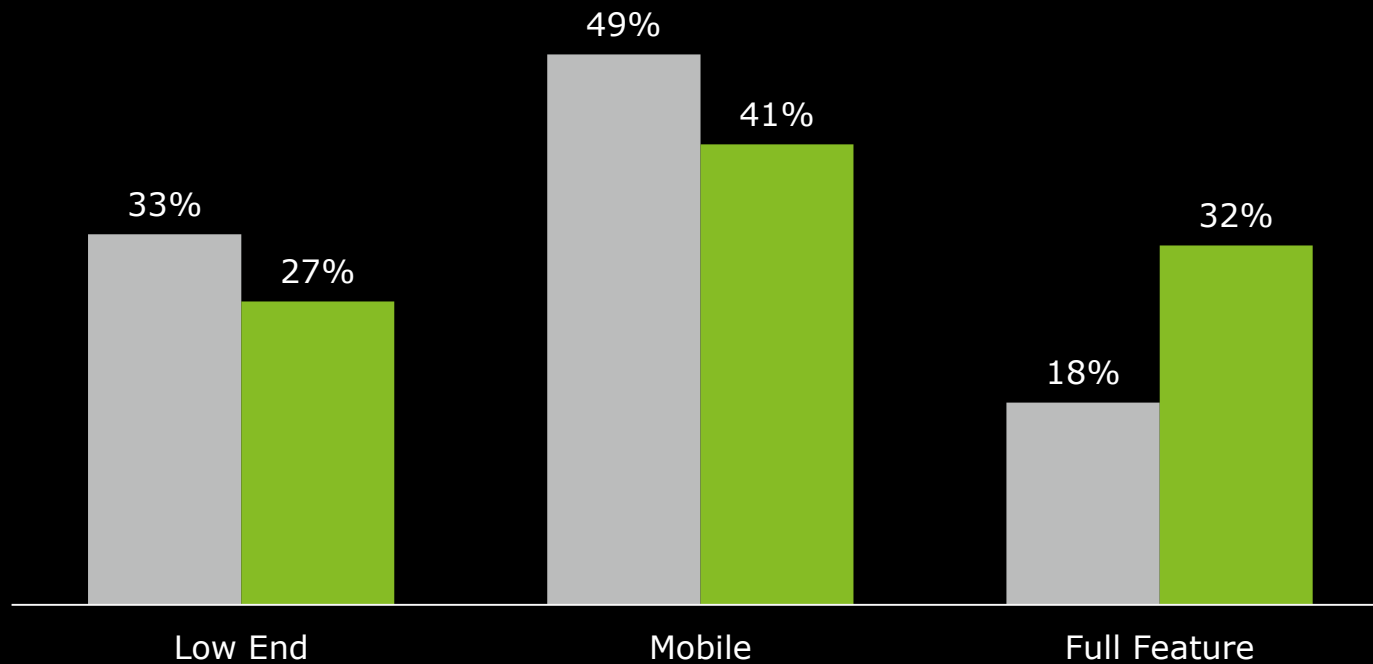


# Hardware types

Other than in the early days of VR, consumers today are using higher quality hardware



## Germany: VR headset-types in use



- PlayStation VR drives success of the full-feature-segment
- Cardboards are not designed for long-time use
- Often insufficient resolution of smartphone screens limit the success of mobile VR hardware

Source: Deloitte Global Mobile Consumer Survey 2017

■ 2016 ■ 2017

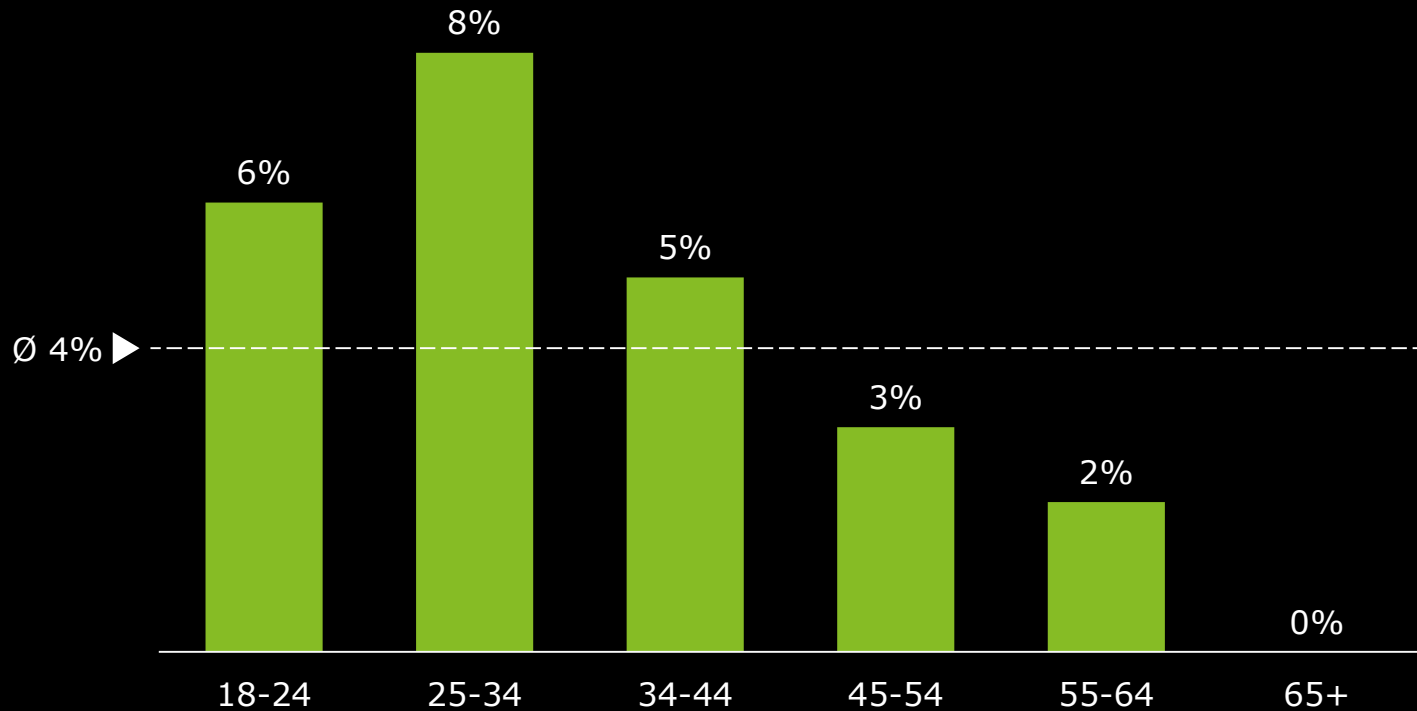
Purchase intent for VR is limited. There is no evidence for rapid market growth

# Purchase intent

The revealed consumer interest indicates a rather moderate further VR growth



## Germany: VR-hardware purchase intent (by age segments)



- No apparent evidence for rapid VR market growth
- Highest interest exists among young and middle-aged consumers
- Exorbitant expectations into VR are inappropriate

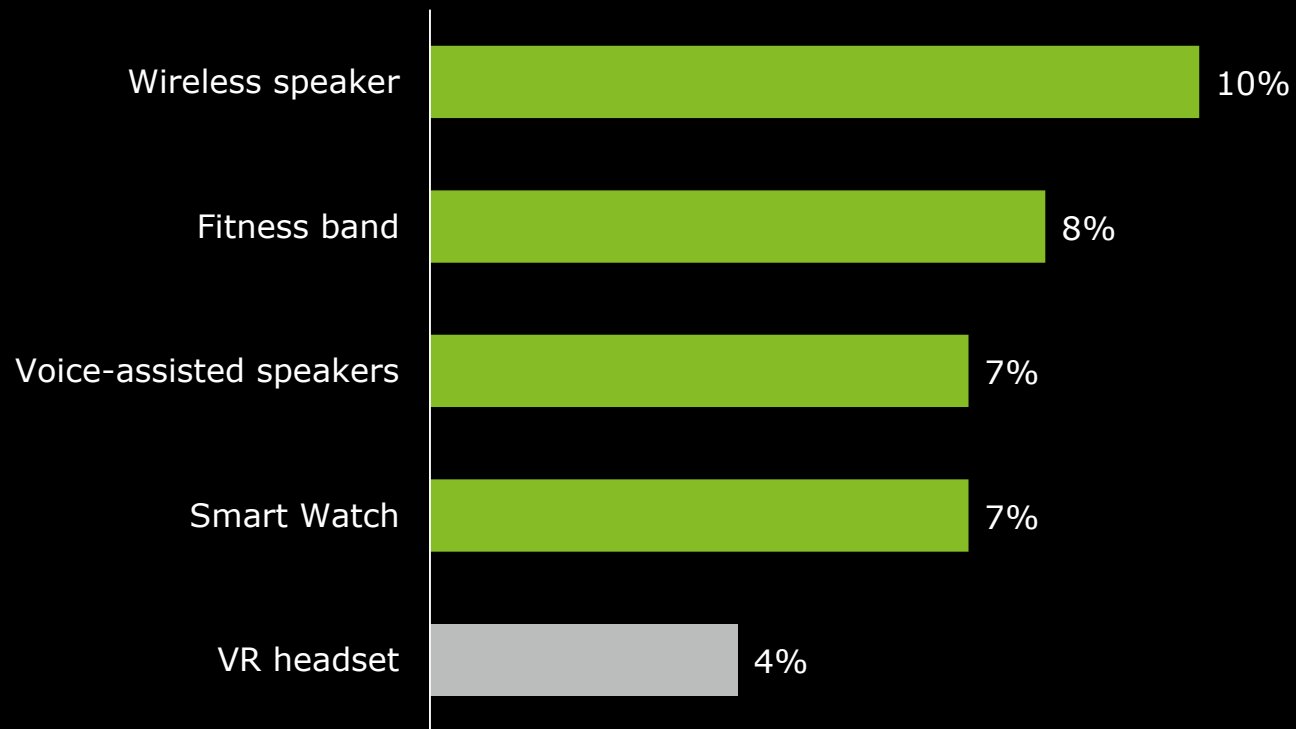
Source: Deloitte Global Mobile Consumer Survey 2017

# Purchase intent

Purchase intent for VR headsets is even lagging behind other innovative gadgets



## Germany: Purchase intent for innovative gadgets



- Virtual Reality competes with other new consumer technologies
- VR headsets are obviously not the “hottest” gadgets on the market
- Purchase intent for smart watches is almost twice as high

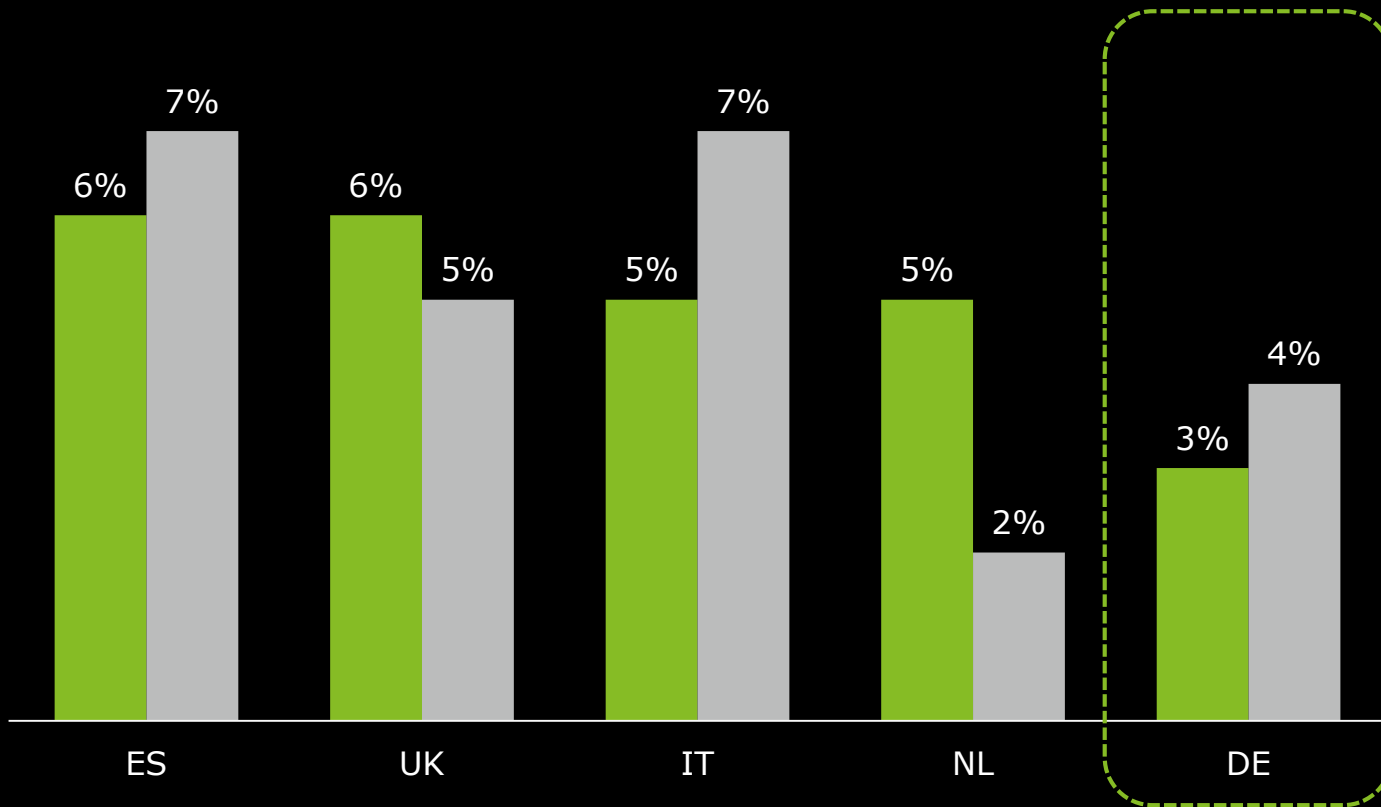
Source: Deloitte Global Mobile Consumer Survey 2017

# Purchase intent

Compared to other countries, German consumers are less interested in VR



## International comparisons: VR-hardware penetration and purchase intent



- In other countries the initial hype has been better used for actual hardware sales
- German consumers are traditionally reserved about tech innovations
- However, there is no VR-boom in any of the peer markets

Source: Deloitte Global Mobile Consumer Survey 2017

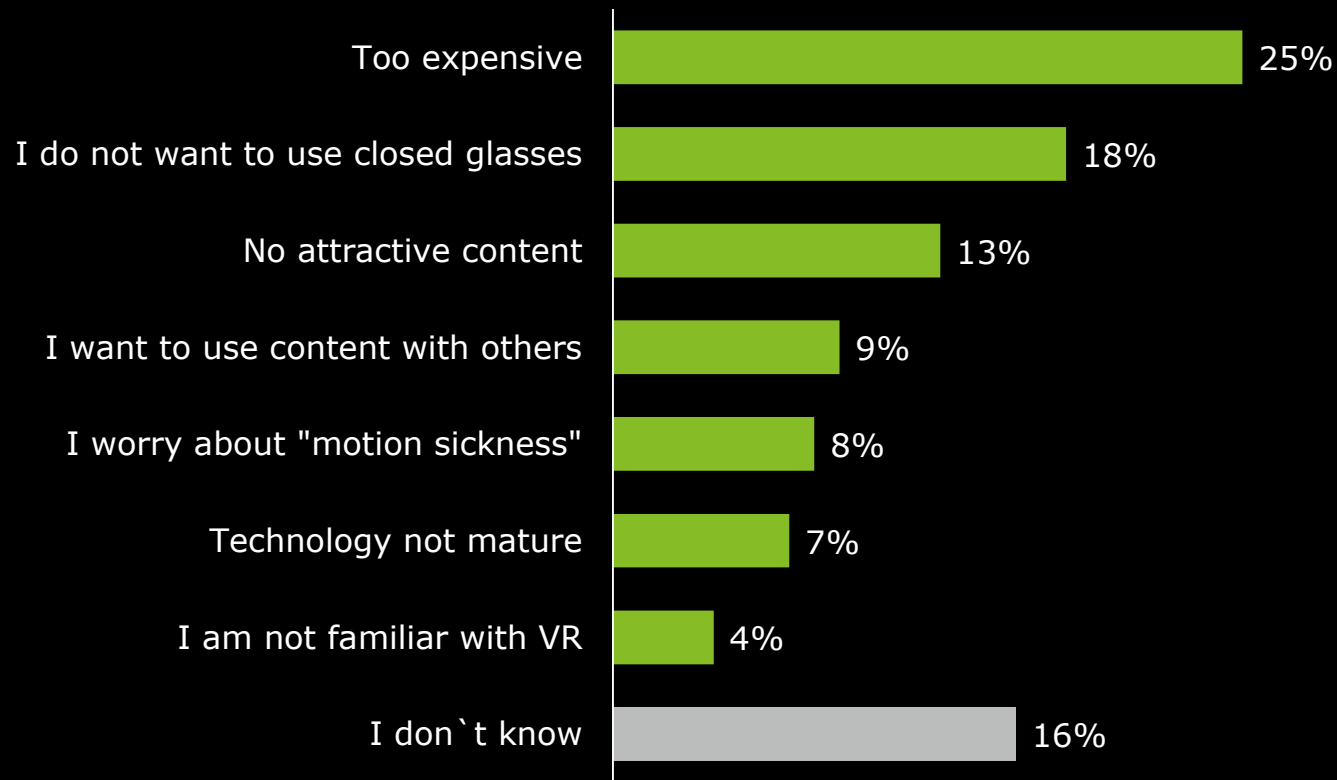
■ Penetration ■ Purchase intent

# VR inhibitors

Additional costs and the closed character of VR-headsets limits the success of Virtual Reality



## Germany: Reasons for not buying VR-hardware



- The perception of too high costs prevents consumers from buying VR hardware
- Also the closed character of VR headsets is a major inhibitor
- In comparison, the limited content range is a minor factor

Source: Deloitte Media Consumer Survey 2018

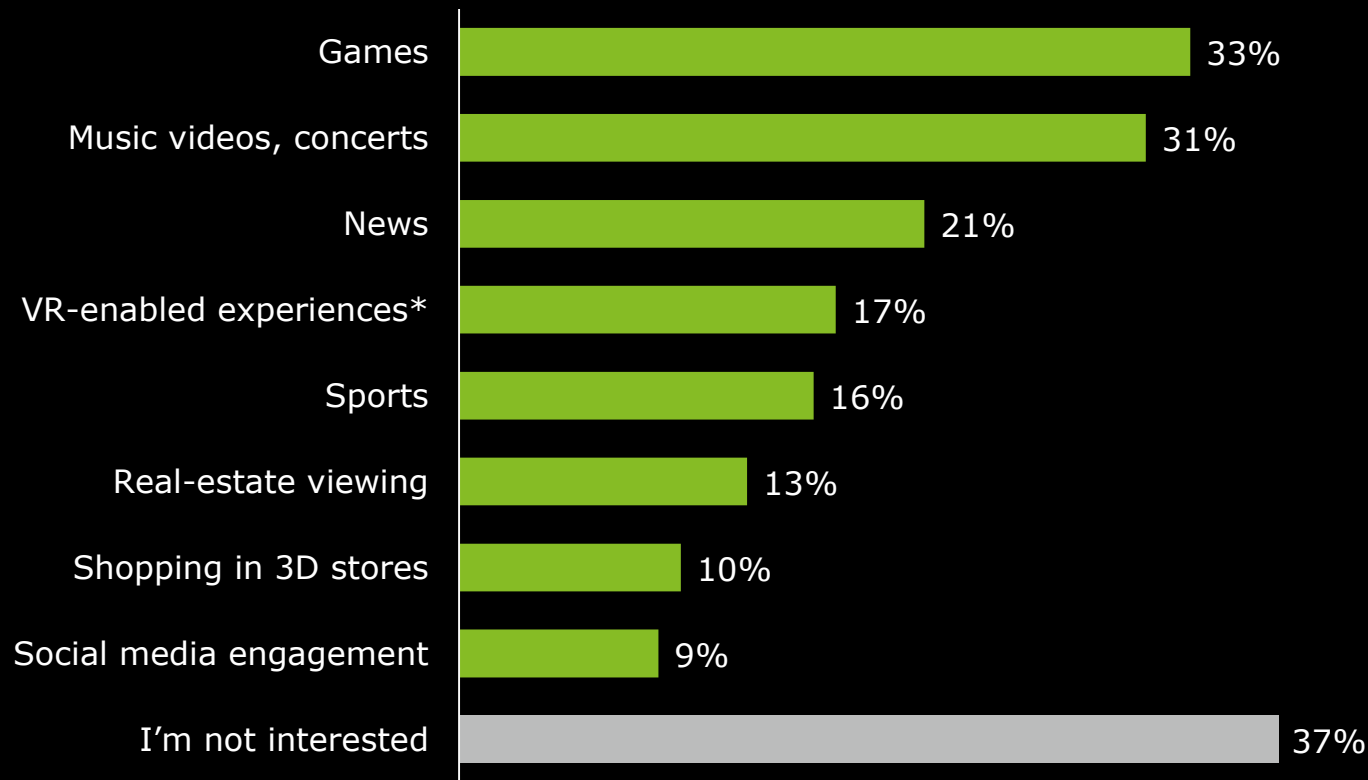
Consumers also value VR  
content beyond games

# VR content

63% of respondents are interested in VR content – not only in games



## Germany: Interest in VR content and applications



- VR content must not focus exclusively on games
- 360-degree music and concert videos promise similar potential
- Broad interest in various VR content categories existent

\*) flying, travel destinations, etc.  
Source: Deloitte Media Consumer Survey 2018

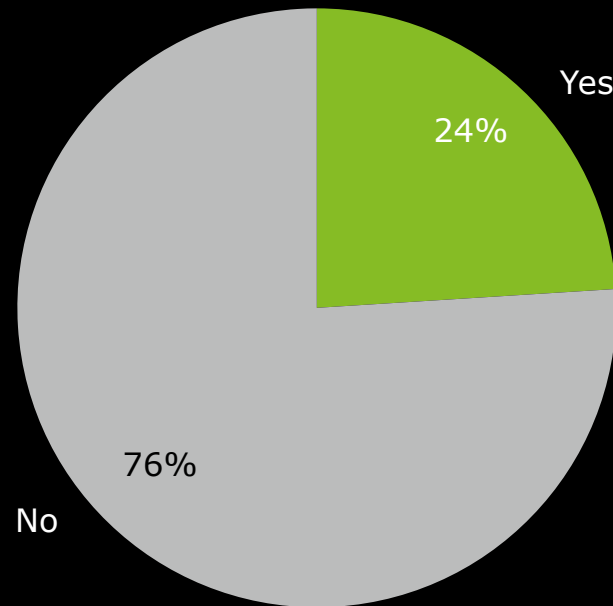


## VR content

Looking at the media industry as a whole,  
VR is no huge driver for paid content



**Germany: Would VR or 360-degree experience motivate you to purchase more paid content?**



- Less than a quarter of respondents would buy more paid content based on VR
- Survey results illustrate that VR is rather targeting an attractive niche

Source: Deloitte Media Consumer Survey 2018

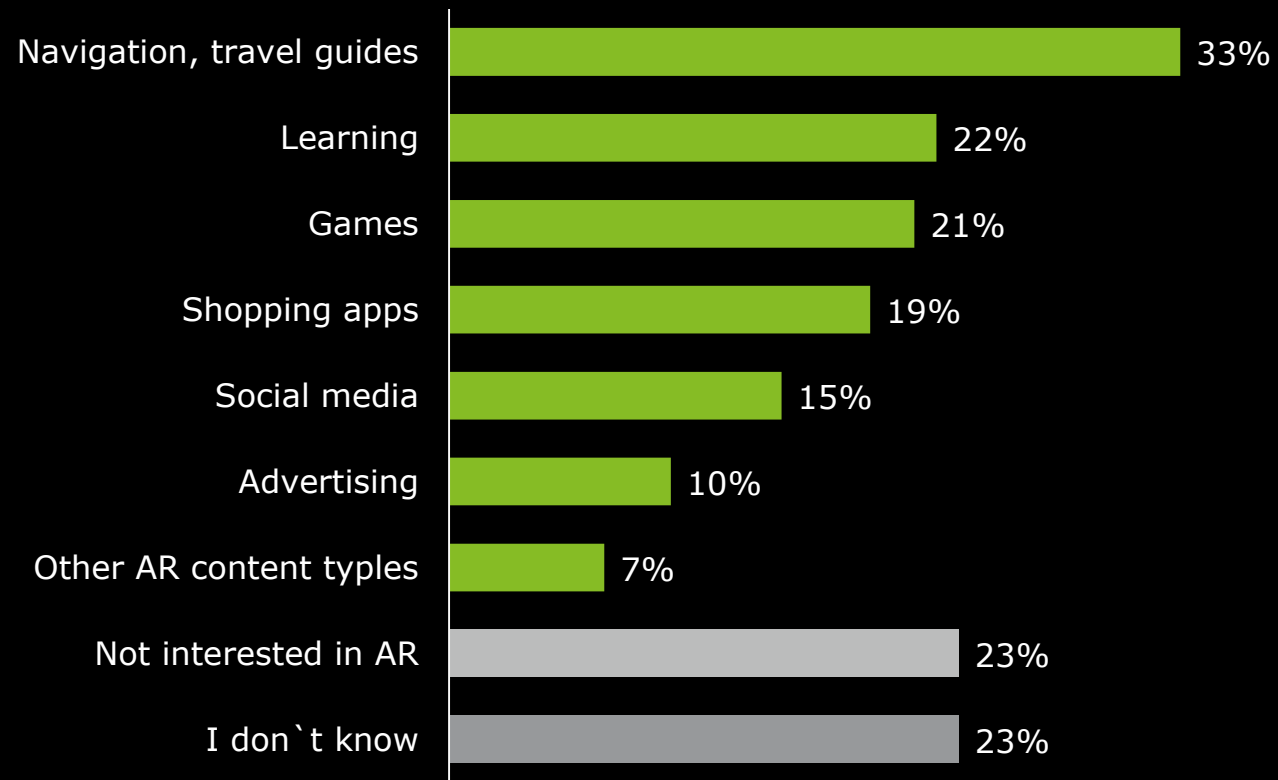
Looking at Augmented  
Reality, consumer interest  
definitely exists

# Augmented Reality

Various Augmented Reality application and content categories meet the consumers' interest



## Germany: Interest in AR content and applications



- Majority of respondents is interested in Augmented Reality
- Consumers value AR applications with a practical focus
- Compared to VR, games are less important

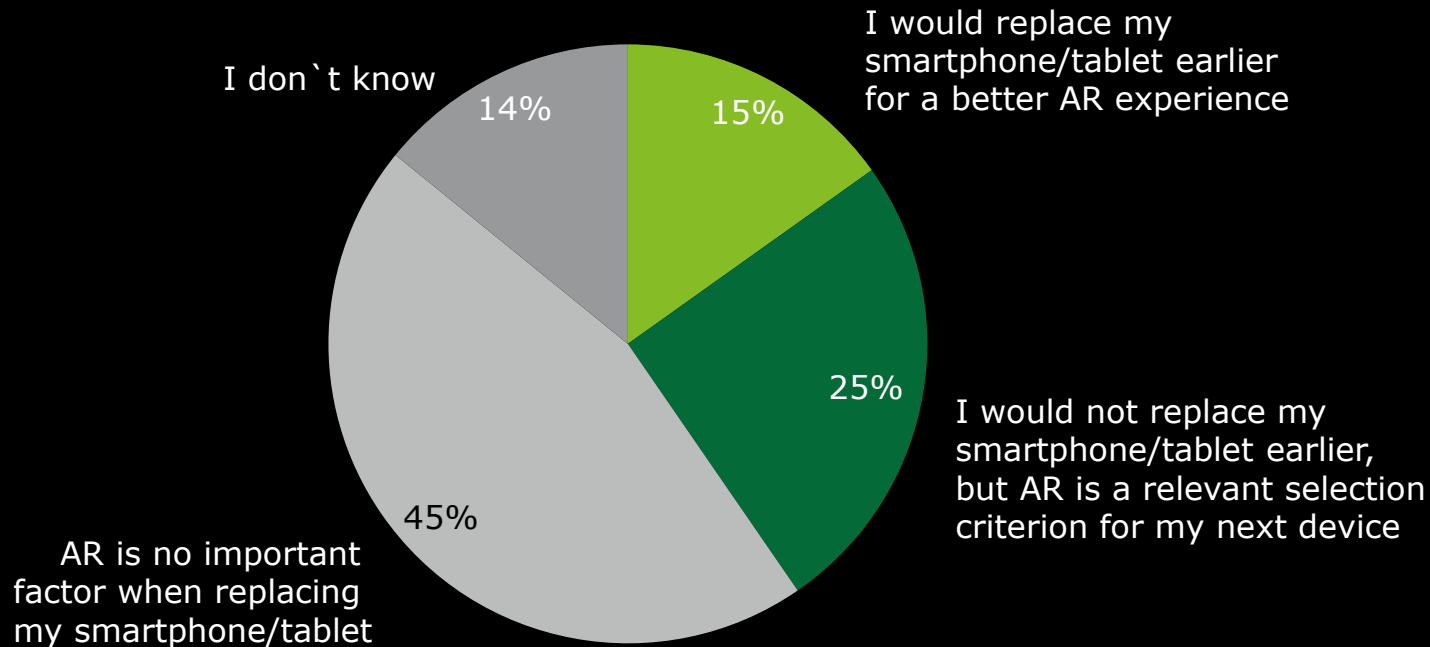
Source: Deloitte Media Consumer Survey 2018

# Augmented Reality

However, only few consumers would consider an early replacement of their smartphone or tablet for a better AR-experience



**Germany: Are you willing to replace your smartphone/tablet earlier for a perfect AR user experience?**



- As yet, consumer interest in AR has only little impact on hardware sales
- AR will foreseeably still become a differentiating feature for smartphones
- Market players must learn from VR and avoid exaggerated expectations in Augmented Reality

Source: Deloitte Media Consumer Survey 2018

# Contact details

# Contact

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