

Virtual Reality: The \$4bn Opportunity

Written by Marco Attard
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Virtual reality might bring about a very real business opportunity, CSS Insight reports, as the analyst predicts augmented and virtual reality devices are set to become a \$4 billion market by 2018.



The forecast adds VR/AR hardware sales will reach 2.5 million in 2015 before growing to over 24m by 2018-- with virtual reality headset sales reaching 12m in 2017 while augmented reality smart glasses sales will be worth \$1.2bn in the same year.

CSS Insight insists augmented and virtual reality are different technologies (VR involves immersive experiences, AR enhances the "real" world), but each has potential for "transformative" experiences. VR has the most near-future potential, since it has the weight several industry giants, including Facebook, Google, Sony and HTC, pushing gaming and general entertainment applications. However AR arguably has the most long-term potential, since it involves lower overall costs.

"For only a few dollars, consumers can dip their toe in the water with an inexpensive cardboard holder for a compatible smartphone," the analyst says. "We expect this democratisation of the technology to deliver growth not just in affluent mature markets but also in emerging markets where smartphone penetration is stronger than ever."

Europe is the largest "test-bed" for AR, as numerous blue-chip technologies across all sectors are testing out the technology. These include DHL, who uses AR to help with warehousing and fulfillment.

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"Despite the reputational damage done to the consumer smart glasses segment by Google Glass, companies have realised augmented reality can be used to increase productivity and cut costs," CSS Insight concludes. "Over the next two years we're going to see the technology move out of trials into full-scale deployments. Companies that embrace augmented reality will gain a competitive advantage."

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