

Optimism Around Immersive Technology Rising Post Pandemic, Perkins Coie's XR Industry Insider Survey Finds

SEATTLE (July 14, 2021)—Disruption caused by COVID-19 has strengthened immersive technology's prospects, which could get even stronger as the world emerges from the pandemic, according to the fifth annual XR Industry Insider Survey (previously the Augmented and Virtual Reality Survey) released today by Perkins Coie and leading industry group the [XR Association](#).

The survey of 164 industry stakeholders involved in XR, which encompasses virtual, augmented, and mixed reality, shows the pandemic may have actually supercharged the industry's momentum of the past half-decade. In light of COVID-19's effects—namely, social distancing guidelines that forced a global shift toward remote connectivity and increased comfort and familiarity with online and virtual experiences—more than eight in 10 respondents say investment in immersive technology will increase in 2021 compared with 2020.

"It's clear that the initial economic disruptions related to COVID-19 didn't hurt the XR industry's prospects—and the pandemic's long-term effects seem to have increased bullish sentiment related to immersive technology," said Kirk Soderquist, co-chair of the Digital Media & Entertainment, Gaming, and Sports industry group and partner in the Technology Transactions & Privacy practice at Perkins Coie. "These survey results reflect what we're hearing from XR dealmakers—that five-to-seven-year timelines are being accelerated to one to four years."

"Our survey results reflect two broad categories for how COVID-19 has changed the landscape for immersive technology," said Elizabeth Hyman, chief executive officer of XRA. "The first category relates what consumers are expected to do as and after the pandemic draws to a close. The second is about behaviors established during the pandemic that will remain. Put together, and the pandemic will have a lasting legacy in immersive technology's continued evolution and growth."

The survey, conducted in April 2021, was preceded and informed by group interviews with experts in the field. Overall, the results show that immersive technologies continue to expand beyond gaming and entertainment, with sectors like healthcare, education, retail, and workforce development and training seen as areas of potential growth.

Strong Optimism, but Hurdles Remain

Eighty-three percent of respondents expect immersive technology investment in 2021 to be higher than in 2020, compared with 68% in our previous survey, who said 2020 investment would be higher than in 2019. Additionally, 37% said investment would be significantly higher in this year's survey, compared with 26% last year. Notably, optimism is higher for some industries; after the reliance on remote work over the past year, 95% of respondents say their organizations plan to increase spending on immersive technology for better remote collaborations and trainings.

Jason Schneiderman, co-lead of the Immersive Technology (AR/VR/XR) vertical and Emerging Company Venture Capital attorney at Perkins Coie said that, "Although, as the survey indicates, we definitely saw investments grow due to the pandemic, we were already experiencing a bull market leading into 2020, especially in education and workforce training, as well as the automotive and retail sectors."

The biggest barrier to mass adoption revolves around access to software. Half of respondents said development of more accessible software (not specifically regarding open-source software or software built for persons with disabilities) to meet the needs of all users will be the biggest driver of enterprise adoption. For consumer adoption, respondents said the top driver was availability of and access to open-source software and communities (61%).

Other challenges are consistent with results from past year's surveys. User experiences was cited by 65% of respondents as the top barrier to greater adoption of immersive technology, while content offerings (53%) and costs to consumers (27%) were other hurdles.

Voice of Minority- and Female-Owned Companies

Validating some anecdotal evidence that the industry is becoming more diverse, six in 10 survey respondents identified as working for a minority-owned or a female-owned company. Outside of giving us a snapshot into the diverse industry landscape, the most notable finding was that these respondents are even more convinced than the overall survey pool that developers do not understand what makes content compelling for consumers, especially for minorities and females.

Findings showed that minority-owned companies were more likely to strongly agree, while respondents from women-owned businesses were more likely to agree or strongly agree on the lack of compelling content. For respondents from minority-owned companies, existing content is especially lacking when it comes to being interactive and immersive. In addition, respondents from female-owned companies were more likely to think educational content is lacking even though they think the pandemic has affected the use of immersive technology in education more than any other sector except marketing and advertising (the full survey pool chose healthcare).

Immersive Technology's Use in Healthcare, Education, and Fashion is Changing

Respondents to last year's survey, conducted in January 2020, said healthcare was the sector most primed for disruption by immersive technology. COVID-19 proved them right and the sector was also the one (outside of gaming and entertainment) that this year's respondents think will be most affected by the pandemic. Marketing and advertising were next, even though in last year's survey it was not an area many respondents said was primed for disruption from immersive technology.

The pandemic also appears to have greatly affected immersive technology's prospects in two other sectors—education and fashion. Immersive technology was seen by 97% as a major contributor to significant advancement in education through 2026, with 63% strongly agreeing. Immersive experiences in retail, specifically in fashion, are already increasing as a result of COVID-19's effects—with 89% of respondents agreeing that fashion and retail presented great opportunities for immersive technology.

About XR Association

The XR Association promotes the dynamic global growth of the XR industry, which includes virtual reality, augmented reality, mixed-reality, and future immersive technology. XRA is leading the way for the responsible development and adoption of XR by convening stakeholders, developing best practices and research, and advocating on behalf of our members and the greater XR industry.

The XR Association represents the broad ecosystem of the XR industry including headset manufacturers, technology platforms, component and peripheral companies, internet infrastructure companies, enterprise solution providers, and corporate end users. The founders of XRA are Google, HTC Vive, Microsoft, Oculus from Facebook, and Sony Interactive Entertainment. To learn more about XRA membership, visit xra.org/joinus.

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