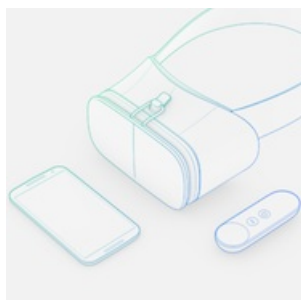


CONSUMER ELECTRONICS

Google bets big on smartphones to drive VR opportunities

May 20, 2016



Google's smartphone VR headset will launch later this year

By STAFF REPORTS

□

With Google's announcement yesterday of an Android virtual reality platform called Daydream, a new headset for smartphones and applications in the works from a number of big brands, the company hopes to unlock consumer adoption and new marketing opportunities for virtual reality.

During the keynote address at Google's annual developer conference yesterday, the company unveiled a number of new offerings, such as Android Instant Apps, a chat app called Allo and the new smartphone-driven VR platform, whose initial partners include USA Today, HBO and Major League Baseball. The news around Daydream is the latest example of how the VR space is coalescing around smartphones as it looks for broader adoption and responds to interest from media companies.

"An affordable add-on that leverages powerful new smartphones has a great chance of driving market penetration," said JP Gownder, vice president and principal analyst at [Forrester Research](#), in a blog post about the news.

"Recently, Facebook announced that more than one million people used the Oculus-affiliated Samsung Gear VR in April, 2016," he said. "Broader offerings from more handset makers will offer both consumers and enterprises opportunities to leverage VR.

"Six Flags is deploying Gear VR devices on its rollercoasters, and real estate agents are experimenting with showing properties on the smartphone-based VR platform."

Interest from brands grows

While Google and others initially focused on standalone virtual reality headsets, broad adoption has been slow due to high price tags and a strong focus on the gaming audience.

As smartphones improve, their ability to enable VR experience when paired with an appropriate headset is growing, exposing interest from non-gamer consumers and the potential to attract marketers.

In 2016, the number of brand efforts involving VR has picked up significantly, including from USA Today, Toms, Huffington Post and McDonald's.

□

Google's Daydream controller in action

Driving adoption

To date, there have been several factors holding back the smartphone VR experience, which Google attempted to address yesterday.

First, there has been a lack of smartphones high-powered enough to deliver rich, immersive experiences. This is set to change as Google reported that Samsung, HTC, LG, Xiaomi, Huawei, ZTE, Asus and Alcatel are all making VR-compatible phones.

There has also been a lack of headsets and accessories that work with smartphones. Google Cardboard is a low-cost attempt to address this need but has limitations in terms of delivering a good experience. Google will address this by introducing a headset and controller for smartphones in the fall.

□

Google's new Allo messaging app

The Daydream platform for Android N, the latest edition of the Android operating system that will launch later this summer, will also enable marketers to develop VR apps for smartphones.

The partners already signed on include The Wall Street Journal, CNN, USA Today, Netflix, Hulu, HBO and MLB.

Google also said it has rebuilt YouTube for VR.

Instant Apps

Other big mobile news out of the developer conference include Android Instant Apps, which enables marketers to split apps into modules so that consumers can access only the part of the app they need and have a native app experience without downloading the entire app. For example, a visitor to a city could use the payments portions of a parking app.

Instant Apps is the latest example of how Google is working towards more blended mobile experiences across Web and apps.

□

Google Home

Google also introduced Allo, a smart messaging app complete with stickers and emojis, which includes smart replies that suggest a response.

Allo can find a restaurant and book a table from within the app. OpenTable is a launch partner.

As expected, Google introduced its response to Amazon Alexa and Echo called Google Assistant and Google Home. The capabilities are similar, enabling users to speak to the device to manage everyday tasks with to-do lists or play music and entertainment content. Users can also book a car or reserve a table at a restaurant.

Launch partners for Google Home include Spotify, OpenTable and NPR.

"Though inexpensive – the New York Times distributed over 1.3 million units to its subscribers – Cardboard is a double-edged sword," Forrester's Mr. Gownder said. "While it's therefore quite accessible, it's not particularly immersive or performative.

"Some users will say, what's the big idea, I don't see VR as powerful' because of its performance limits," he said.