Market Research: HEEM

Trends

- According to Statista, US furniture stores represent a $113 billion market. The industry is still growing, but the pace is slowing with anticipated growth of only 2.4% in 2020.
- According to consumer research from Home Furnishings Business, a majority of the industry's revenue (60.11%) is still being captured by traditional furniture stores.
- Moving and remodeling remain strong motivators for home furnishings purchases; a positive given a solid housing market and historically low mortgage rates heading into 2020.
- The largest home furnishings retailers are gaining market share, with the Top 100 holding steady at 40%.
- Bed-in-a-box eTailers continue to thrive and leading brands are opening brick and mortar stores, further shaking up the expected norms of the industry.
- **[Home furnishings eCommerce](#)** is the 6th fastest growing online market. While traditional home furnishings retailers feel the competitive threat of pure-play eCommerce, opportunity is within their grasp supported by an established physical presence. Yet, many furniture retailers are dragging their feet. The eCommerce market for home furnishings is ripe with opportunity. The game is not over. It is accelerating. According to HFB, online furniture sales are estimated at $23B; around 20% of total industry revenue. Consider the possibilities. If you asked anyone ten years ago if bed-in-a-box would be mainstream, it would have been hard to imagine. The next wave of reality is coming as consumers are more apt to place orders online, backed by convenient return policies that, in reality, have limited use.
- Only 5% of online buyers returned an online furniture purchase in the past year (Statista).
- The good news for store traffic is that 62% of customers want to interact with tactile attributes of a product before buying. For big tickets purchases, touch is a key sensory experience. Each product page should clearly tell the customer where they can find the item on display, backed by reliable inventory data to ensure accuracy.
- 90 cents of every retail dollar in the U.S. is spent at a physical location (DigitalCommerce360).
- Home furnishings sales don't always occur when a customer needs a specific product. Style and personal expression are increasingly important motivators. In these cases, the reason to visit a store is inspiration.
- Rising investments in residential buildings supported by material and technological advancements, offering durability and innovative storage solutions are propelling the furniture market growth.
- Consumers expect consistent and relevant experiences, offer management, personalized recommendations, and marketing actions that rely on an accurate customer view (TotalRetail).

- To entice the online shopper to buy and motivate the in-store shopper to visit your store, impeccable product photography is no longer an option. Perhaps one of the most critical digital marketing investments you can make in 2020 is in outstanding product photography. The reasons why are endless. Customers take only milliseconds to decide whether to stay on your site. In a visual industry like home furnishings, first impressions count and a picture might actually be worth a thousand dollars. Ensure you have crisp, detailed images on white backdrops from multi-angles, as well as vignettes to show the product in a lifestyle setting. Take the time to both size images consistently and to optimize the image files for site speed. Further, retailers are getting creative with their use of product imagery. 3D modeling is more cost-effective and widely used in the market including in AR and Room Planning Applications. Quality photography has the power to convert more buyers and reduce returns.
- The U.S., China, Japan, India, and Brazil are among the potential countries for market growth. As per Furniture Today report published in 2017, the U.S. is the largest furniture importer globally, registered over USD 24.5 billion imports. Residential construction is the fastest growing segment in the North American construction market. Substantially lower lending rates coupled with higher consumer spending are among the major factors which makes the region most lucrative for furniture manufacturers.
- Companies in the Furniture Stores industry sell a range of furniture, including sofas, chairs, desks and tables. These goods are relatively expensive and are primarily purchased by homeowners. Subsequently, the industry is heavily impacted by changes in disposable income and the homeownership rate. The more disposable income consumers earn, the more likely a consumer will be to purchase new furniture.
- Also, a high homeownership rate broadens the industry's customer base. Homeowners tend to spend more on household goods than renters do because their residence is more permanent; therefore, a greater number of homeowners results in increased demand for new furniture.
- During the economic recession, the furniture retail industry was negatively impacted as consumers cut back on non-essential spending, but now there is an uptick in demand. In fact, the U.S. furniture industry has outpaced the U.S. economy in recent years. While the housing market improves and discretionary spending increases, we will see this growth continue. By 2019, the global market for furniture and floor coverings is forecast to reach $695 billion.
- The rise of telecommuting is driving the demand for home office furniture. The need for home offices increased during the financial crisis in 2008-2009 and the European debt crisis in 2011-2012, driving increased demand for computers, desks, office chairs, and filing cabinets. Consumers quickly found that their home offices had multiple uses, and they often preferred to buy versatile furniture that could cover up office equipment when not in use. As a whole, the market for global home office furniture is

forecast to grow at a compound annual growth rate (CAGR) of 5.58 percent between 2014-2019.

- Multi-functional, versatile furniture is gaining popularity. The number of single- and two-person households has been increasing, resulting in the demand for small and portable furniture. Consumers have also been looking for furniture that is multi-purpose, foldable, and technology-driven, especially when it comes to living in smaller spaces.

- Online is the fastest-growing channel in developing markets. The U.S. home furnishings store industry includes about 15,000 stores with combined annual revenue of about $27 billion. The industry is extremely concentrated, with 50 of the largest U.S. stores accounting for 75 percent of the industry revenue. But, the competition is rising. Online stores are becoming the fastest-growing channel at a CAGR of 16.6 percent. Many companies are putting more efforts towards their online retail stores, by adding benefits for consumers who shop online such as free delivery and installation and even same-day pick up.

- The demand for luxury furniture is increasing. As the economy has grown, more consumers are willing to buy luxury items for their living and work environments. The global luxury furniture market is expected to grow at a CAGR of over 4 percent between 2015-2019.

- More furniture vendors are choosing to go green. With luxury comes the expanding trend to go green. Many vendors are developing eco-friendly furniture. This trend is driven by environmental concerns, such as the problem of deforestation. Although eco-friendly furniture is more expensive, the demand is on the rise, making it worthwhile for manufacturers and companies to offer these products.

- With the growth of millennial consumers buying furniture, U.S. furniture manufacturers are moderately optimistic about the steady increase of new furniture sales in the coming years. The National Association of Realtors forecasts existing-home sales growth of 4% for the residential property market in 2018, which could, in turn, have a positive impact on the moderate furniture industry performance.

- Overall, the U.S. furniture market is expected to experience growth. The market registered a 4.5% increase in growth in 2016, placing its overall value at $114 billion. Although the first six months of 2017 saw a softened increase of 2.5% in consumer spending year over year, the U.S. furniture market is anticipated to grow at a "compound annual growth rate of 2.9% through 2019."

- Furniture manufacturers in California and abroad need to be abreast of emerging trends that are shaping a new furniture industry landscape. The trends focus mainly on the fundamental shifts in U.S. consumers' buying preferences due to changing lifestyles. They can either pose some challenges or open doors to new opportunities.

- More people are renting. According to a new Pew Research Center report, 36.6% of household heads rented their home in 2016, the highest since 1965. Rising home prices, apprehension from the burst housing bubble, rising student debts, and the delay of millennials to get married or start their own families are some of the reasons

owning a home is not a priority, as yet, for some Americans. Additionally, the U.S. consumer goods rent-to-own market, which includes businesses like Rent-A-Center and Aaron's Inc., is increasingly growing and is expected to continue that upward trend through 2020.

- The challenge and opportunity: Renters are likely to look for more affordable furniture options in the same manner as landlords will opt for more cost-effective furnishings for their home rentals, with a growing number renting their furnishings rather than outright buying them. A growing trend also is leading toward consumers shopping for smaller furniture to fit their rental homes or apartments where space may be at a premium. To turn this challenge into an opportunity, furniture manufacturers may want to add more items to their inventory of inexpensive, streamlined or multipurpose furniture to suit these smaller living spaces, as multifunctional furniture is rapidly gaining popularity.

- Single-person households are increasing. 24% of households in California are single-person households, according to 2016 Statista data. Single-person households are expected to increase over the next 15 years, according to a 2015 article by Deloitte Insights. And smaller households are opting to live in apartments or smaller homes. This calls for the demand of smaller homes, an increase in availability of more modular, space-saving and multifunctional furniture, and furniture for storage.

- The challenge and opportunity: Furniture manufacturers should take this as both a challenge and opportunity to create new designs as an addition to their portfolio of offerings, further promoting their brand.

- Online retailing has been around for some time but it will continue to be a preferred buying channel for millennials in particular. With instant access to catalogs and price lists, customers have a clearer idea of what they want.

- The challenge and opportunity: Online retailers have taken away a good portion of the market share of brick-and mortar retailers. Not all is lost for store owners if they start embracing online and mobile technology and deploy them in their physical stores. For manufacturers, the increase in online shopping means an opportunity to sell to online retailers that are not limited to a physical geographic area. Innovation is critical to the future of furniture manufacturing. The steady growth prospects of U.S. furniture manufacturing have attracted a host of companies to introduce innovative furniture creations. A quick search on YouTube can result in videos that show furniture that can be assembled in minutes without tools or multifunctional furniture that converts or includes hidden storage. And a furniture manufacturer has designed smart furniture that is able to monitor and record health-related data, such blood pressure, breathing, heart rate and body temperature.

- The **global furniture market** is projected to grow at the rate of 5.2% during the forecast period 2018 to 2023. Growing brand consciousness and increasing expenditure for furniture goods among millennials is supporting the market growth from last few years. Additionally, easy availability of furniture in various regions

through the online platform is influencing the sales of **domestic furniture products** from last few years. Due to significant demand from the younger generation, key players have now come up with various offers on their products along with **DIY furniture products**. This strategy makes the products quite affordable and supporting the market growth. Rising trend among consumers to buy furniture products for home décor is further influencing the **sales of furniture market** across the globe.

- The growing **demand for multi-functional furniture** with various features such as the maximum storage facility, stylish design, and innovative space saving designs are driving the furniture market growth from last few years. The key players in the market are providing various products according to the preference and taste of the consumers, which is likely to influence the **sales of domestic and office furniture** during the forecast period. Increasing real estate industry and rising urban population in the developing economies is supporting the **global furniture market growth**. Moreover, increasing expenditure on domestic furniture products has influenced the demand of luxury furniture products, this is likely to provide opportunity for the growth of global furniture market during the forecast period.

- Furniture made from wood holds significant market share in **furniture market** across the globe. Growing popularity of indoor furniture made by hardwood, Pine, Oak etc. is further supporting the **market growth of furniture market**. Increasing application of hardwood for the manufacturing of high-quality luxury furniture products expected to drive **demand of wood furniture** in upcoming years. Key manufacturers are focusing on development of wood furniture as they are more popular due their natural look, durability, easy-to-use, resilience, and maintain features. Combination of glass and wood furniture is also experiencing huge demand for office furniture whereas, introduction of powder coated, chromed, and anodized furniture is expected play important role in the **furniture market growth** during the forecast period.

- In Asia-Pacific, many **key players in furniture market** are launching their own online platform and also entering into partnerships with the e-commerce retail stores in order to strengthen their distribution network which is likely to drive the furniture market growth in the regional. In North America, leading furniture brands are focusing on personalization in product offering which is gaining popularity among the various consumer groups. Popularity of **DIY furniture** among millennial and availability of products in attracting design is expected to boost the **sales of furniture though online retail stores**.

- The global furniture market size was valued at USD 480.7 billion in 2017 and is expected to grow at a CAGR of 5.1% from 2018 to 2025. The market is driven by various factors such as rising disposable incomes, growth of real estate and hospitality industries, and demand for luxury and premium furniture from certain consumer sections. Additionally, increasing government investments in infrastructural development is contributing towards demand of residential and commercial sector can propel product demand in near future.

- Furniture not only supports and enables basic everyday functions such as sleeping and eating but has also been considered as an essential element for home décor. Furthermore, purchasing furniture has become easier due to the availability of online platforms.
- Demand for versatile and multi-functional products that offers portability and can easily be accommodated in small spaces is also driving the market. Rising number of nuclear families is increasing resulting in demand for portable and space-saving products. This factor is anticipated to drive the demand the market growth in the forthcoming years.
- Residential and infrastructural development, for instance the establishment of churches or community centers, hospitals, and government institutes also impels product demand. Furthermore, government regulations with regards to furniture, especially the products used in hospitals, require manufacturers to specially design and manufacture furniture that complies with the government regulations.
- The material segment is further segmented into metal, wood, plastic, glass, and others. The others segment includes leather, rubber, and hardware components. The wood segment held the largest market share in 2017 and is expected to expand at the highest CAGR over the forecast period. This growth is expected to accelerate as wood is one of the raw materials naturally available in abundance and can be used in production of almost all types of furniture products. Wooden furniture is primarily produced by processing raw timber. The three main categories of wooden panels are plywood, fiberboard, and particleboard.
- Nowadays, theme-based home decor and conducting regular renovation of homes is an on-going trend followed by consumers belonging to middle and upper-middle class populations of the urban economy. These classes of urban population tend to look beyond the basic functionality of furniture and thus, may look for additional attributes such as style and comfort. Glass is one of the materials expected to witness significant growth over the forecast period owing to its rising adoption in luxury furniture which adds elegance and sophistication to the decor.
- The end-use segment is categorized into residential and commercial. Residential segment is further categorized into kitchen and dining, living room and bedroom, outdoor, and others. The others segment includes furniture used in bathroom and lighting such as lamps. The residential segment is anticipated to proliferate over the forecast period owing to growing demand for furniture in living room and bedroom coupled with rise in real estate construction projects initiated by governments especially in urban areas.
- The commercial segment is expected to expand at the second-highest CAGR exceeding 4.0% over the forecast period. High demand from offices and hotels is projected to bode well for the expansion. Rising demand for office space and expanding hospitality sector can further fuel the demand. For instance, by 2025, the global hospitality industry is expected to exceed 120.0 billion.
- Furthermore, increasing awareness and importance of environment protection measures among consumers is encouraging various companies to introduce

- low-cost environment-friendly products while reducing or possibly avoiding the use of toxic chemicals in the manufacturing or design process.
- Improvenet's Furniture Shopping Survey looked at spending habits across 20 major cities to see where people spend the most on household furnishings. The study found 84% of Americans buy their furniture new, and 74% purchase furnishings in-person as opposed to buying online. For inspiration, 38% got it from in-store, and 30% from social media.
- On retail purchases, the Valassis Awareness-to-Activation Study found offers, deals and promotions drive the selection of a furniture or mattress retailer for 91% of consumers; this is even higher for millennial parents and millennials (96% and 95%, respectively). Sixty-one percent said an advertisement both in print and digital can motivate them to shop at a new store or website. Additionally, one-third said they intend to purchase furniture within the year.
- Casegoods accounted for 42% of the $111.4 billion U.S. furniture and bedding sales in 2018. Upholstered furniture was 34%, and bedding was 16%, with the remaining 8% made up of infant furniture, curios, bar carts, drink tables, etageres, poufs, ottomans not sold with chairs, accent chests, pedestals, and benches. Information sourced: PBM Strategic Insights, 2018 Furniture Today Planning Guide (Furniture Today 2019 Fall Economic Roundup).
- Outdoors is the new indoors, with the growing popularity of these spaces helping to spur sales of chairs, tables and other casual furniture suitable to the environment. A recent survey conducted on behalf of the International Casual Furnishings Assn. and American Home Furnishings Alliance by Wakefield Research found 56% of U.S. households planned to purchase furnishings for their outdoor space this year. Top on the list: dining sets, lounge chairs, lighting and fire pits.
- According to a recent Houzz study, more than half of residential renovation and design companies cite a positive outlook for 2019. The majority of companies among six of the seven industry groups expect profits to increase in 2019 (63 to 70%) and revenue growth in the upper single digits (8 to 9%).
- While the demand for furniture in California and the U.S. have remained strong overall, California's household furniture manufacturing industry — which has an estimated revenue of $3 billion — has stagnated over the past five years. This is due, in part, to an increasing import penetration and high in-state operating costs.
- The U.S. demand for furniture is expected to reach $68.8 billion in 2022, rising at an annual growth rate of 2.6% from $60.5 billion in 2017, according to the report *Furniture: United States* by Freedonia Focus Reports, a division of MarketResearch.com.
- Perhaps the most notable and disruptive shift is the rise of e-commerce in the furniture industry. Projections cited in the report *E-Commerce: United States* expect furniture and furnishings to be the fastest-growing segment of e-commerce sales through 2022.
- According to statista.com, online furniture and homeware sales will see an average yearly growth of 10% worldwide. This means that the growth driven by eCommerce outperforms the overall market growth nearly three times! Considering the UK

counts as the world's 5th largest market in online-bought furniture, these numbers will possibly be even higher.

- While the digital buyer penetration is expected to hit 11.5% in 2020, it is projected to reach nearly 18% over the next couple of years. Changing buying habits are mostly at fault here as online and mobile shopping has become millennials' second nature. Product content such as high quality imagery and social proof in the form of customer reviews now serve as enough touchpoints for the consumer to make their purchase decision.
- Indeed, the majority of consumers still say they prefer to shop for their furniture in stores, but the opposite trend is quickly turning the tide. It has been noticed by large retailers such as the Swedish giant IKEA or the American marketplace Wayfair, who have been investing heavily into their online presence and are securing ever larger market share in household eCommerce. IKEA reported a whopping 27% YoY(2019) online sales growth in the United Kingdom alone.

Pain Points
(https://www.huffpost.com/entry/cbre-furniture-forum-seeks-to-solve-client-pain-points_b_59e4e0cde4b02e99c58358a9)

- **Pricing is confusing.** Perhaps the biggest pain point is the idea that clients cannot compare apples to apples when it comes to pricing. Instead, they have to rely on 'industry experts' to know if they are getting a fair price. One client quipped, "Because of the volume of furniture and the amount of line items each piece entailed, there's no way I could verify our pricing was correct! I was at the hope and mercy of the dealer." Bob Fox with FOX Architects added, "If you go to a car dealership you go to look at the options, fully built. You don't get an invoice for four wheels, a frame, power this, power that, only to have to check each line item to be sure it's what you ordered. You just buy a model you like." While everyone recognizes the deep roots and history of the pricing model, it clearly is at the root of prevalent and extensive mistrust.
- **The furniture process can be frustrating, confusing, or simply too time consuming.** One client explained very simply, "I have a big job, of which furniture is only one part." While furniture may, by some measures, average out to be the second largest spend on a project, the data tells us it's proportionally much more time consuming than other elements of projects (at least today). Another client elaborated, "From what I have seen, furniture manufacturers often are brought in late in the process. They can't bring their best to the table when all they are doing is getting beat on price." The initial CBRE Chicago 2.0 discussions suggest that by partnering early, reconsidering the process for selecting our partners, and better defining team roles, we can make the buying process MUCH easier on our clients (and ourselves).
- **There seems to be a lack of communication between those involved in the furniture process.** Hearing that our clients see where breakdowns happen in our

process has been a wake up call to many participating in the discussion. It leads us to the conclusion that we need to understand much more about one another. One client expressed his view as, "I have been asking myself where the process went wrong. The frustration is that no one can pinpoint an answer. There was a lack of communication between A&D, dealer, and the project manager. When I talk to others that [do this] regularly, it sounds like this is normal. It's not for me." Jud Buchanan, Principal at Washington Group Solutions, an aligned Teknion dealer said, "I, as a dealer/principal, am really impressed with the high-level discussions that this forum has produced. It was like a slap in the face when I learned how much we really didn't know about each other's disciplines. As a result, we have recommitted ourselves to our own internal processes and how they must be adapted to help provide the ultimate client experience."

- **The options can be overwhelming.** As one client put it, "There is an infinite number of products and selections in contract furniture. In automotive, it stops somewhere. In furniture, it goes on forever." The challenge from a furniture standpoint is sharing those options, while not overwhelming our clients. Sybil Freedman, Project Manager at CBRE said, "People are very good at explaining what they have today, but not necessarily what they might really need. With so many options, how do we ask more questions to help our clients get the right solutions?" MUCH discussion in both groups centered around the furniture mock-up process and if, when, and how to leverage mock-ups to HELP the client select options, without confusing.

- **I do not feel well educated.** Many comments around this point seemed to stem from a compilation of issues related to the above-mentioned pain points. Many clients expressed their frustration with the feeling that they must have a certain level of industry knowledge and experience to understand furniture. With time for many projects seeming to get faster and faster, it is difficult to find the right balance of educating the client without (PAIN POINT 4) overwhelming them. Add to that (PAIN POINT 1) combined with mistrust around our industry-unique pricing model, and it has left many clients wondering what they may have done differently if they could do it all over again. David Corsones, Regional Sales Director with Herman Miller explains, "In my view, the industry is going to go one of two ways: Parts of it may continue to be further commoditized, but other clients will recognize that the interior environment plays a big role in the success of their business. It's our job to add value to their process and help them see the latter."

Demographics

- According to the trade publication Furniture Today, from 2012 to 2014 Americans over 70 stopped buying furniture almost altogether, their total expenditures in the

category dropping to $3 billion from $17.7 billion. But millennials more than made up the slack, with their outlay jumping 142 percent — to $27 billion from $11.1 billion. A new generation is starting to furnish homes, and Burrow thinks that demographic is there for the taking.

- Gen Z will account for one-third of the population by 2020 and is a critical reason to prioritize digital initiatives. They have the potential to send the eCommerce growth rate into an upswing as they were born with technology in their hands. There wasn't a learning curve for mobile navigation and app usage. Gen Z is hyper-informed and digests information quickly, leading to shorter attention spans. Interestingly, surveys indicate that Gen Z is less influenced by price, promotion, and ads. What they do value is uniqueness, experience, and innovation. While they have the potential to account for $29-$143 billion in direct spending by 2020, the oldest "Gen-Zer" is only 21. (Forbes)
- Today Gen Z's role is influencing their household as the in-house tech experts (Huffpost).
- While Gen Z is up and coming, the group that is currently leading buying power remains the Millennials. They account for $600 billion in purchasing power according to Money Inc. The good news is that efforts around mobilization and brand experiences that will become important for Gen Z are winning over Millennials now, so retailers can resonate with both generations. Millennials also care about their identity. Being seen as individuals and having brands deliver personalized service goes far with this generation.
- Digital experience has the utmost effect on Millennials' engagement compared to other generations, they're the most influenced by technology.
- As part of the "Amazon effect," the retail market is shifting increasingly online through popular sites like Wayfair, Overstock.com, and Joss & Maine. Younger consumers, such as millennials, are more willing to buy items online because of the convenience, even if they can't see and feel the products ahead of time.
- Different generations have different lifestyles. The bulk of the furniture market is composed of millennials, generation X, baby boomers, and seniors. With lower disposable income and higher levels of debt, millennials tend to delay the decision to start a household — which poses a potential problem because they represented 37% of the furniture and bedding market in 2014. They also have different shopping habits (more online-centric) than other generations and tend to prioritize more sustainable product purchases. The GenX group, which tends to be more affluent and represented 30% of the market, have different tastes or needs when it comes to furniture and buying preferences. The baby boomers and seniors are the settled consumers and they represented 29% and 4% of the market, respectively.
  - The challenge and opportunity: The generational demographic of consumers calls for furniture manufacturers to diversify their products to cater to the specific needs of each group. While this may mean additional investment on new design and innovation, it also creates new possibilities for additional

revenue sources and a motivation to embrace more sustainable processes and resources.

Augmented and Virtual (XR) Reality Trends

- Most people's first experiences of VR and AR today are likely to be in gaming and entertainment. That's likely to change, as research shows that the development of enterprise XR solutions is overtaking that on consumer solutions. The 2020 XR Industry Insight report collated by VR Intelligence states that 65% of the AR companies surveyed said they are working on industrial applications, while just 37% working on consumer products and software.
- This shouldn't be surprising – although games made the headlines in recent years thanks to Pokemon Go and Facebook's Oculus Rift, the potential to boost productivity and safety using XR makes it an attractive proposition for industry. VR can be used to simulate working in dangerous environments or with expensive, easily damaged tools and equipment, without any of the risks. AR, on the other hand, can be used to relay essential information directly to the user about whatever happens to be in front of them – reducing the time spent by engineers, technicians, or maintenance staff referring to manuals and looking up information online while on the job.
- **XR takes off in healthcare**. The potential uses for these technologies in healthcare are obvious, and over 2020 we can expect to see many of these use cases transition from trials and pilots and gradually into general use. Virtual reality has already been adopted in therapy, where it is used to treat patients with phobias and anxiety disorders. Combined with biosensors that monitor physiological reactions like heart rate and perspiration, therapists can get a better understanding of how patients react to stressful situations in a safe, virtual environment. VR is also used to help people with autism develop social and communication skills, as well as to diagnose patients with visual or cognitive impairments, by tracking their eye movement. The adoption of AR in healthcare is forecast to grow even more quickly – with the value of the market increasing by 38% annually until 2025. AR can be used by surgeons – both in the theater and in training – to alert them to risks or hazards while they are working. One app which has been developed uses AR to guide users towards defibrillator devices, should they need one when they are out in public. Another one helps nurses to find patients' veins and avoid accidentally sticking needles where they aren't wanted. As these innovations and others like them lead to improved patient outcomes and reduced cost of treatment, they are likely to become increasingly widespread throughout 2020.
- Educational experiences in VR and AR will continue to become increasingly common throughout 2020. The immersive nature of VR means that pupils can engage with learning in fun new ways, and AR brings new flexibility to on-the-job training.

- [Augmented reality](#) saw its record growth in 2019. Commercial support for AR is positioned to be strong, with big tech names like Microsoft, Amazon, Apple, Facebook and Google making serious commitments. As of May 2019, the installed user base for AR-supporting mobile devices reached 1.5 billion. Industry players in the augmented reality world expect 2020 to be a year marked by an uptick in the pace of industry growth.
- MOBILE AR: APPLE ANNOUNCED ARKIT 3.0, GOOGLE'S ARCORE IS RAPIDLY GROWING ITS INSTALLED BASE: The 2017 introduction of Apple's [ARKit](#) and Google's [ARCore](#) software development kits (SDKs) has standardized the development tools and democratized mobile AR app creation which has brought about more than double the amount of mobile AR-enabled devices and tripled the number of active users during 1.5 years.
- AUGMENTED REALITY AS A NOVEL WAY OF SHOPPING : Based on a report from Gartner, at least 100 million users were expected to utilize AR-enabled shopping technologies by 2020, which is one of the hottest [retail trends](#) of this year. The boom in mobile devices that employ AR means the sector is now occupied by robust and mature technologies. Developers, retailers and customers are now comfortably using them as part of their daily experience. A [BRP report](#) indicated that 48% of consumers said that they'd be more likely to buy from a retailer that provided AR experiences. Unfortunately, only 15% of retailers currently put AR to use. Only a further 32% of retailers stated they plan to deploy virtual or augmented reality applications over the next three years.
- Several companies have gotten out in front of consumer demand for AR shopping. American Apparel, Uniqlo and Lacoste have deployed showrooms and fitting rooms that provide try-before-you-buy options in augmented reality spaces. Smart mirror technologies that scan RFID tags also offer the ability to bring recommendations to the brick-and-mortar shopping experience. IKEA customers have access to an app that permits them to point their phones at spaces and see what different products would look like in their own homes.
- Makeup, fashion and lifestyle brands all stand to gain significant appeal with customers by using technologies that handle facial recognition, adapt to local lighting conditions and provide personalized advice. Virtual assistants will also significantly change the shopping experience.
- AR FOR NAVIGATION SOLUTIONS: One of the most obvious use cases for [AR technologies is indoor navigation](#), and 2020 is expected to be the year that the average consumer gets their first real taste of its potential. People already lean heavily on maps services from both Google and Apple to get around outside, but indoor navigation stands to be the use case that blows the public away.
- AR-POWERED SOLUTIONS FOR THE ENTERPRISE: Smart glasses are currently at a stage where consumer solutions are likely a few years off. Military, medical and enterprise solutions, however, are beginning to prove the value of combining AR with headsets and smart glasses.

- AUGMENTED REALITY ENHANCED BY ARTIFICIAL INTELLIGENCE: Artificial intelligence and machine learning are fast-growing sectors in tech. Bringing them together with Augmented and Mixed Reality systems is a natural extension of many of the things that are best suited to AI and ML, particularly computer vision. Likewise, the ability to create human-machine processes that handle problems like disease diagnosis has immense potential to improve outcomes.
- REMOTE ASSISTANCE VIA SHARED AUGMENTED REALITY: Collaborative efforts, such as conference calls, are often undermined by the lack of a direct personal presence. AR, however, can create mixed-reality settings where everyone on a conference call can see each other in a more socially conducive environment.
- AR IN THE AUTOMOTIVE INDUSTRY: During 2019, a number of car manufacturers were showing off on-the-road AR solutions, too. For example, Genesis G80 utilizes a number of features to ensure accuracy, including tracking the driver's line of sight to ensure that holographic overlays are always in the right spot. Instead of having to look down at a GPS panel in the dashboard, the driver will see arrows on a heads-up display providing live directions.
- Experts predict the AR/VR industry to reach more than $25B by 2025—and the growth will continue steadily.

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