



MARKETING PITCH FOR OCULUS ADRENALINE

ANTARIKSH KUDAL

Contents

INTRODUCTION	3
2.1 CRITICAL MARKET EVALUATION	3
2.2 NAME, LOGO, AND TAGLINE	4
2.3 CHARACTERISTICS/FEATURES	4
2.4 COMPETITOR ANALYSIS	5
2.5 PRICING STRATEGY	8
2.6 BOSTON CONSULTING MATRIX AND PRODUCT LIFECYCLE	9
2.6.1 BCG MATRIX	9
2.6.2 PROCDUCT LIFECYCLE	10
2.7 PRODUCT LAUNCH TIMING	12
2.8 PRESS RELEASE	13
CONCLUSION	15
References	16

INTRODUCTION

Maintaining fitness by regular exercise is difficult for a big portion of the population, the biggest reason being lack of motivation. Blending virtual reality with the fitness industry is one way to revolutionize working out and is the next generation of exercising. In this section of the report, the marketing of technology would be highlighted in context of Oculus (Parent company Meta LLC), which is the global market leader in VR headsets (Wirtz, 2021). The company is in the process of designing an immersive VR headset that can be used in the fitness industry. From the official capacity of the company's Lead Market Analyst, this report has been prepared evaluating the potential of Oculus' headset in the fitness industry and its sustenance in the competitive market alongside its features, customer segmentation, competitor analysis, pricing strategy, product lifecycle, launch timing, and a press release.

2.1 CRITICAL MARKET EVALUATION

Studies have revealed that VR has contributed to the development of physical fitness and is becoming an important factor in the growth of people's fitness. An 8-week study program conducted in the Republic of Korea concludes that the back, legs, flexibility, and core strength improved slightly in the given duration due to exercises carried out using virtual reality (Cho & Sohng, 2014). VR has the potential to give customers gym-like experiences in the location of their choice and improve their physique at the same time. With its captivating nature, VR is a great way to motivate people into working out more frequently as it creates an immersive experience for the users. With the temporary shutting down of gyms and other public places like parks, gardens, etc. due to the outbreak of COVID-19 global pandemic, people have started to rely on technology more than ever. Bringing fitness regimes to life using VR experiences is full of promises, and this is bound to be delightful to a wide range of users across the world irrespective of gender.

The Oculus fitness headset would have features like training routines, exercises, etc. based on the customer's age or fitness level or many other factors which will be discussed in the characteristics section of this report.

For customer segmentation, let's consider the UK as a geographic location as Oculus has a 48% market share in this region and there are over 300,000 high-end Oculus headset users (Allen, 2021). The study conducted by Limina Immersive estimated that younger men use the headsets (18-34 years) whereas the women owners are more evenly spread out across different age groups (Allen, 2021). It is highly likely that cutting-edge technology attracts youth the most and 44% of the people interested in buying VR devices are between 18-35 (Stevanovic, 2019). A report by IHRSA shows that 18-34-year-olds hold the majority of gym memberships (30.9%), closely followed by 35-54-year-olds (30.7%) but memberships held by 55+ are now the fastest growing demographic (Media, 2021). Considering the suitable age for being able to work out in the gym, economic status, and the age until a person's physical strength starts declining substantially, the major target audience for the Oculus fitness VR headsets would lie between 18-65 years.

2.2 NAME, LOGO, AND TAGLINE

Anything related to working out, exercising or fitness generates energy and excitement or more commonly known as the adrenaline rush. A person's body instantly becomes active as soon as there's this rush of blood into the brain and muscles ergo making all the laziness and lethargy present earlier vanish away into thin air. This word has great psychological impact on people because everything related to it is about energy, positivity, and strength. Thus, naming the headset **Oculus Adrenaline** would attract a lot of potential customers. As working out is a tedious task but gaming at home is just as easy, the tagline for this product is *"Fitness becomes Gaming."*



Figure 1: Name, Logo, and Tagline

2.3 CHARACTERISTICS/FEATURES

There are two types of VR headsets i.e., standalone wireless devices with inside-out tracking technology (Khundam & Nöel, 2021) and phone/computer-based and both have their benefits in VR exergames. Using the effective finger detection ability of controller-based headsets (Khundam & Nöel, 2021) and the wireless gesture-based technology, the new Oculus Adrenaline is set to have a virtual environment that has pre-installed exergames which can be played based on the amount of movement required. It becomes a user choice in whether they would like to use controllers or prefer free hand gestures. This is the basic feature that each model will have.

Another feature is voice control, and this will play a crucial part in the standalone HMD's. This feature is important because it helps engage with their virtual surroundings and makes it easier to pause or play their fitness routines. Surveys have shown that 92% of the people at least sometimes listen to music while working out while roughly 45% of the people always listen to music (Coyier, 2012). This voice control feature not only allows users to pause or play songs but also allows them to change songs/radio channels during their workout.

The USP that distinguishes this headset from others would be the infusion of AR technology within the headset. Using AR and data analytics, the location of exercising would be analyzed using a small camera placed on the front of the headset. The fitness routines will be recommended based on the availability of area to the user. Then for exercises requiring precision and positioning, AR will make it possible for users to adjust their bodies in the correct ways, thus yielding maximum output from a workout session. The head and motion tracking sensors will be used to capture data and suggest improvements or alternate training routines based on previous performances. There will be points added to the user's profile for each set of exercise reps completed.

Regarding aesthetics, the Adrenaline will be compact, lightweight, and sweat absorbent. It's size and weight would be an important factor in attracting customers because it would allow users to move their heads freely during rigorous exergames, and it won't touch the ground while doing a casual push-up.

Lastly, the virtual environment inside the headset would be capable of providing people with real gym-like experiences at their own homes. Interaction with different people and AI trainers on the server would help make it a wholesome experience as mutual motivation would mean more enthusiastic people. The Adrenaline would come with **Snapdragon XR2** and be available with 6 GB RAM and in 128, 256, and 512 GB internal memory options.

30% more people are likely to join the gym if it has virtual reality (Holodia, 2019). Another point of attraction for customers would be that they would be given free 6-month memberships to gyms that use VR.

2.4 COMPETITOR ANALYSIS

Given that the Adrenaline is majorly designed for fitness and exergames, in terms of games designed for fitness Oculus is currently set to face competition by two companies:

- ICAROS
 - Uses the Samsung Gear VR Headset
 - VR exercise system for gyms as well as home
 - Workout in a pilate-like position through a reality that makes them feel like they are flying or deep-ocean diving
 - Have delivered their VR Gym (both VR hardware and software) to 200 gyms and entertainment centers in 40 countries (Kite-Powell, 2018).
- BLACK BOX VR
 - Uses the HTC Vive VR Headset
 - Created a dynamic resistance training machine that pairs with VR it plans to market to gyms
 - Each full body workout is designed to make the user feel as if they're playing a futuristic sport and getting a workout (Kite-Powell, 2018)
 - Patent-pending Dynamic Resistance Machine that provides over 220 lbs of resistance and also acts as a controller in the VR workout experience (Lewis, 2018).

In terms of VR headsets, as of 2021 Oculus has the following competitors:

- HTC Vive Cosmos Elite
 - Supports room-scale VR
 - Requires a PC
 - Comes with two controllers and two base stations
 - Offers high-end VR experience
 - Very expensive (GREY, 2021)
- HTC Vive Pro 2

- Designed for high-end VR experience
- Very expensive
- Must be connected to a high-end computer for optimum performance (Brewster, 2021)
- Meta (Oculus) Quest 2
 - Standalone wireless technology
 - Light body
 - Great resolution
 - Cheaper than previous model with better performance
 - Company discontinued Oculus Rift S and the original Oculus Quest in favor of Quest 2
 - Can also be connected to the PC using USB Type-C
 - Great for work (GREY, 2021)

Porter's five forces and SWOT analysis have been used to check the potential of Oculus Adrenaline in the market.

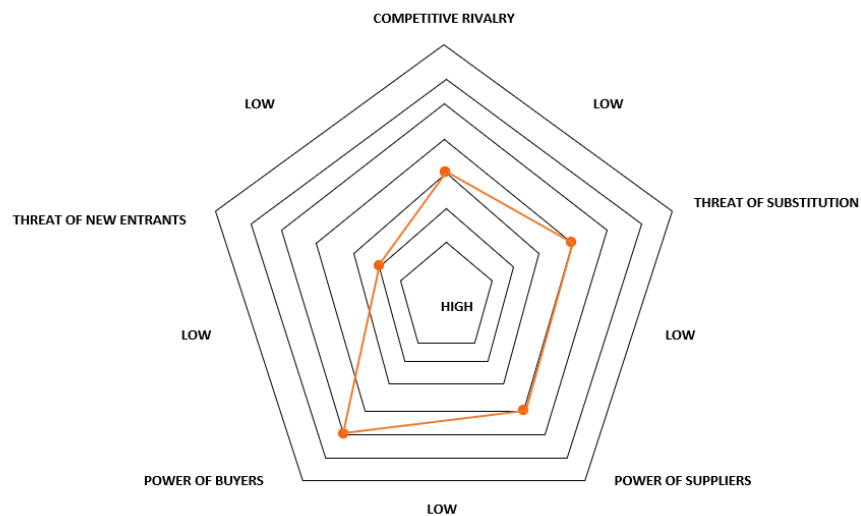


Figure 2: Porter's Five Forces

<p>STRENGTHS</p> <ul style="list-style-type: none"> ▪ Brand value (Meta and Oculus) ▪ Standalone wireless technology ▪ Free hand gesture as well as controller-based option ▪ Great resolution ▪ AR induced ▪ Lightweight and compact ▪ Cheap ▪ Neither smartphone nor high-end computer required for optimum experience ▪ Voice-controlled ▪ Remote gym-like experience from home ▪ Sweat absorbent. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> ▪ Discomfort after long usage ▪ Increased eye strain ▪ Viewed as niche product ▪ Reduced battery life due to size ▪ Workout packages must be purchased as subscription.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ▪ Growth potential in VR fitness industry ▪ Continuous improvement using continuous user feedback through data analytics ▪ Introduction of more focused workout routines ▪ Growing VR market ▪ Improved business due to COVID-19 restrictions and lockdown ▪ People's laziness, addiction to gaming, and zeal for trying out new technology. 	<p>THREATS</p> <ul style="list-style-type: none"> ▪ Big players in the market ▪ Product from the same company is the current best seller in VR headsets (Oculus Quest 2) ▪ Availability of number of free exergames is less ▪ Preference of traditional workout in gyms over virtual reality ▪ Connection to high-end computers yield much better graphics.

Table 1: SWOT Analysis of Oculus Adrenaline

2.5 PRICING STRATEGY

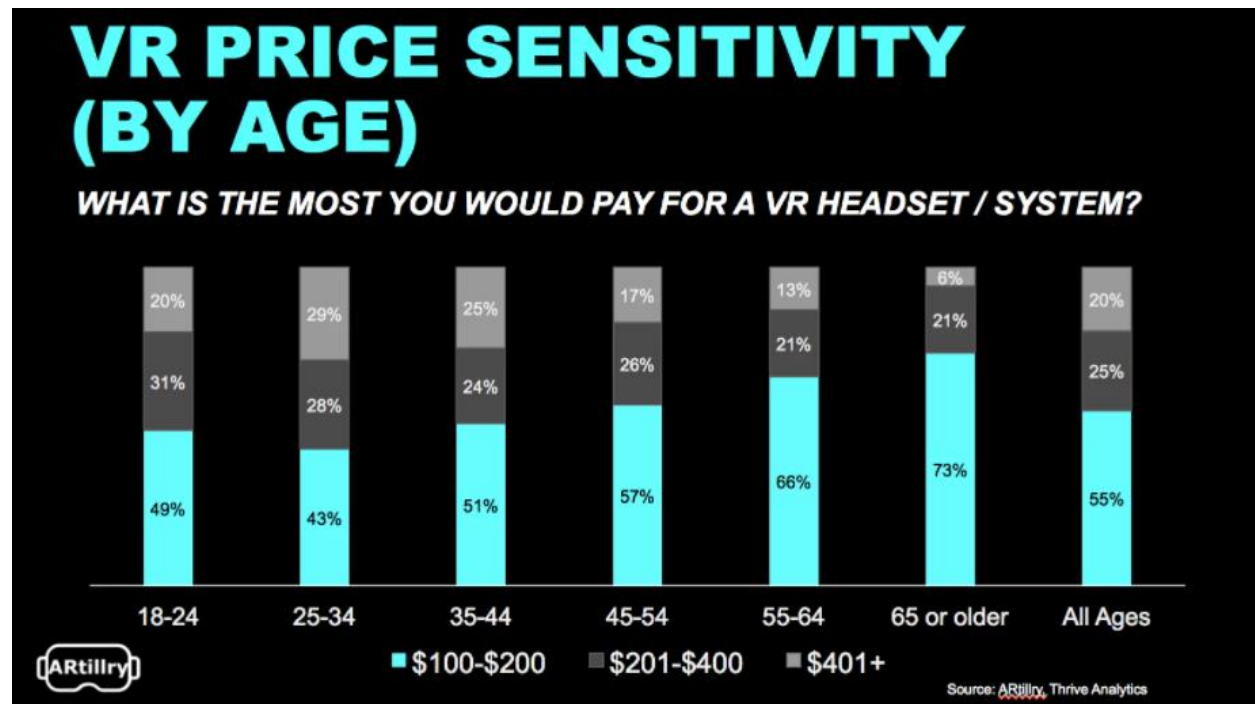


Figure 3: VR Price Sensitivity as per Age (Boland, 2017)

From the above graph, it is evident that most users from all age groups prefer if their VR headsets are under \$200. Since Oculus has great features, cutting-edge technology, strong brand name and people's trust in its products, it would be safe to assume that customers would be willing to pay for Oculus' products over \$200. The Oculus Quest 2 starts at £299 in the UK and is the current best-selling VR headset.

Thus, Oculus should be going for Premium pricing strategy (also known as Skimming) because:

- Maximum profitability
- Expensive components used
- Strong brand
- Lesser competitive rivalry with respect to the fitness aspect
- Less headset options particularly for VR fitness in the market

Considering the above factors and the fact that the Adrenaline is due to launch in 2023, the headset pricing should as per models should be as follows:

- 128 GB - £319
- 256 GB - £359
- 512 GB - £399

Subscriptions to intense fitness routines will cost users additionally. The basic workout pack would cost £14.99 per month and the premium subscription would go up to £59.99 per month.

2.6 BOSTON CONSULTING MATRIX AND PRODUCT LIFECYCLE

2.6.1 BCG MATRIX

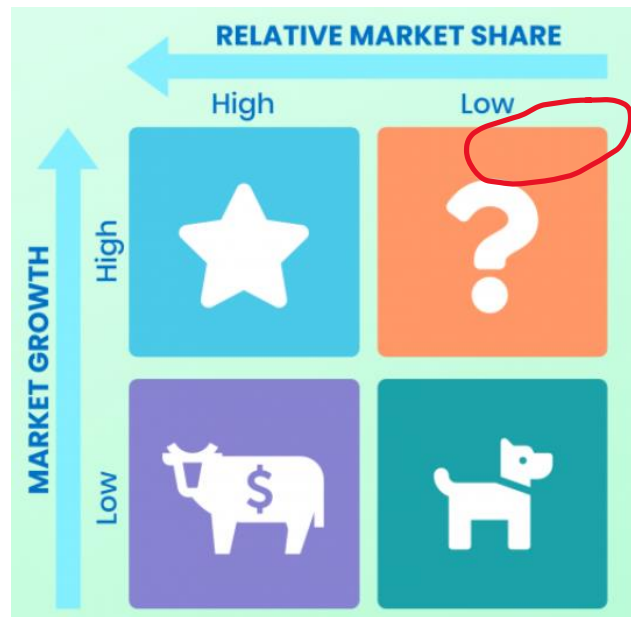


Figure 4: BCG Matrix (Hart, 2021)

Oculus is Meta's (Facebook) "Question Mark" (Pitchspot, 2020). Large investments would be required in the R&D, yet the success of releasing a VR headset for fitness will be uncertain (Pitchspot, 2020). From figure 6, it can be concluded that the greatest share of respondents disagree that they would rather have a personal training session at my own home through VR than have personal training sessions in person at the gym with 27% indicating that they strongly disagree while only 12% of the people strongly agree (Survey, 2019). It would initially be difficult to convince and shift majority of the population to VR fitness as the traditional ways of exercising and working out are still preferred globally. The Oculus Adrenaline would lie in the "Question Mark" category of the BCG matrix due to these factors.

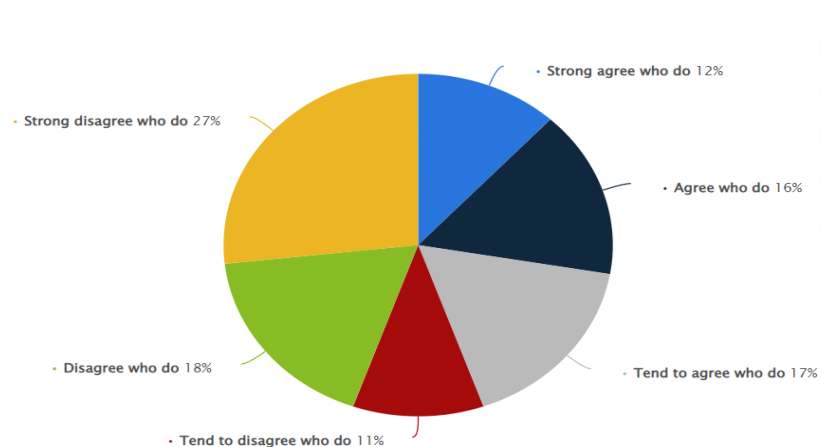


Figure 5: Share of Opinions on the Preferred Use of VR for Personal Fitness Training (Survey, 2019)

2.6.2 PRODUCT LIFECYCLE



Figure 6: Product Life Cycle (Hart, 2021)

Each product goes through different stages in the lifecycle:

- Introduction
 - The Adrenaline will have slow growth in sales initially because the market for VR fitness is a concept that still needs time to be adapted to.
 - According to a study conducted by Limina Immersive, out of 3544 people surveyed only 1.7% of the people own high-end VR headsets (Allen, 2021).
 - The release of a product is often a high-stakes time in the product's life cycle (Sraders, 2021).
 - Heavy marketing and promotion of the Oculus Adrenaline will be required to boost sales. Oculus will have to invest a lot of effort and capital into promoting the Adrenaline and then getting it into the hands of consumers (Sraders, 2021).
 - The initial rollout will educate the company on how consumers respond to the product and predict how much potential it has in the future.
 - Since there is little competition in this market currently, the Oculus Adrenaline will gain popularity as it grows into the market, and once it becomes popular, sales will increase and there will be positive cash flow.
 - Customer feedback will be an important aspect in this stage because this will help in improving functionality and features of the headset.
- Growth
 - Product popularity is directly proportional to sales.
 - After gaining high popularity, competitors will try to exploit the open market space.
 - Since there is less competition for VR fitness headsets, Oculus would not have to constantly invest heavily in marketing and promotion as there will not be many competitors to beat.

- Based on feedback received, the product could be modified and adjusted as per new requirements where there would be software updates and improved functionality.
- As competition increases, prices will have to decrease in order to sustain in the market. Since sales will increase in volume, the Adrenaline will constantly generate revenue for the company.
- The main aim would be to increase market share of the product.
- The availability of the Adrenaline will be a big factor for growth and Oculus should adopt Intensive Distribution strategy.
- **Maturity**
 - By this time other competitors will have entered the market.
 - This would cause slower sales growth.
 - All competitors would look for the leading place in market share. Since Oculus would already have a high market share at this point, it would mean higher profits as well.
 - Weak competition will fall out of the market thus increasing Oculus' chances of market monopoly.
 - To maintain the dominance in sales, Oculus would now have to adopt to selling the Adrenaline at lower prices. Otherwise, the lower pricing of competitors would attract majority of the customers.
 - Product modifications is one of the best strategies to avoid entering into the Decline Stage.
- **Decline**

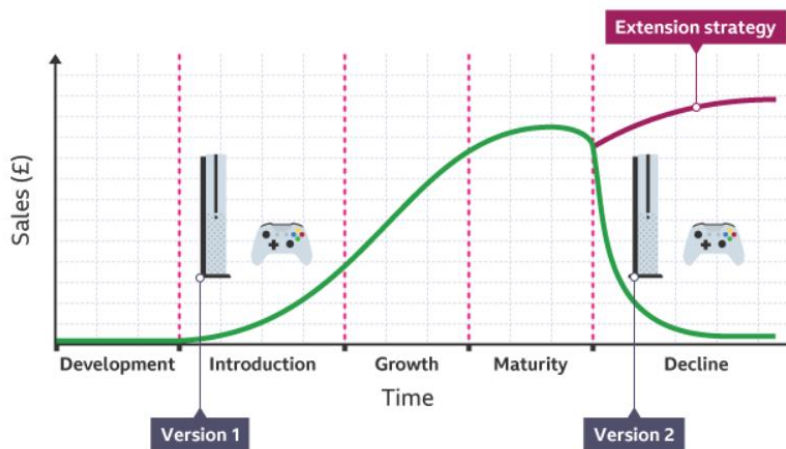


Figure 7: Product Life Cycle Extension (BBC, n.d.)

- Change is the only constant and newness fades away (Gartenstein, 2018).
- At this stage when sales and profit start declining, Oculus should look to adopt extension strategies to increase the lifecycle of Adrenaline.
- The decline of a product is often tied to familiarity and the need for customers to feel as if something old has become new again (Quain, 2019). Thus, Oculus will have to look to add completely new features to the software which other competitors don't have.
- Research has found that clever product packaging can help your target audience feel more loyal to your brand (Quain, 2019). In fact, one study found that 33% of buyer decision-making is based on product packaging (Quain, 2019). Another study found that

40% of buyers would share pictures of an attractive product package on social media (Quain, 2019). The 1981 color study of psychologists Harry Wohlforth and Catharine Sam posited that color affects blood pressure and aggressive behavior (Williams, 2019). Changing the product packaging by selecting the right colors would be a great way to slow down the decline.

- Identification of new markets for the product could be another extension strategy. The primary use of this headset would still be fitness, but additional features could be included which would not make the experience seem like a fitness routine. An example would be to enable the location, find the closest supermarket and be immersed in a VR and AR experience that makes users walk/jog till the supermarket.
- If the Adrenaline is unable to sustain the market, Oculus can significantly reduce the pricing of the product and clear out the inventory (Invest Northern Ireland, n.d.).

2.7 PRODUCT LAUNCH TIMING

The pre-launch buzz for the Oculus Adrenaline, which includes maximizing the technology accessible to your business and creating relevant online posts, ads, and promotions that can engage your customers and prospects on various social media platforms (Dickmann, 2021) will begin by the third quarter of 2022.

Research shows that 95% of New Year's Resolutions are fitness related, but after just 3 months, only 10% of people think their resolution will last (Parren, 2021). This makes January a great time to launch the headset. Another study shows that Tuesdays are the best days for launching a product (Dickmann, 2021). Thus, the pilot launch of Adrenaline will be on the third Tuesday of January, 2023. This would be a great launch timing because Oculus would release the Adrenaline to the world when most people start giving up on their fitness resolutions.

2.8 PRESS RELEASE



OCULUS ADRENALINE: WORKOUT WITHOUT GOING OUT

London, The United Kingdom – Oculus (Meta) will launch the new Oculus Adrenaline on 17 January, 2023. A headset specially designed to encourage fitness while staying comfortable at home. Its great display, light weight, sweat absorbent material, voice control and other cutting-edge technology is set to provide customers with an immersive virtual reality fitness experience.

USER EXPERIENCE

With the Adrenaline, users can take advantage of the preinstalled exergames and unlock their potential. Continuous data tracking and point-based rewards make working out an intense session of fun. It combines essential sensors to analyze the heart rate, calories burnt and workout time to give users the complete data of their workout and improvement tips.



The all-new Oculus Adrenaline is a one-stop fitness solution at an affordable price.

FEATURES

It is enabled with a built-in compass that helps users adjust their posture at the right angle while precision-based exercises. The Oculus Adrenaline features the latest microphones and speakers which are optimized for the best sound quality, along with Bluetooth 5.0. It also comes with advanced safety features like alerting users on over straining themselves.

PRICING AND AVAILABILITY

- All models come with the Snapdragon XR2, 6 GB RAM and a set of preinstalled exergames. There are 3 models:
 - The base model starts at **£319** with 128 GB of internal memory
 - The second model is priced at **£359** with 256 GB of internal memory
 - The flagship model is priced at **£399** with 512 GB of internal memory
- The Oculus Adrenaline will be available on the official Oculus website, oculus.com/?locale=en_GB and third-party websites like Amazon and eBay.
- Six months of free gym membership will be provided to customers irrespective of the model they purchase.
- Customers that buy directly from the official site get a 1-year warranty on their headset and a personal session with the Oculus specialist who can help users discover all features of the headset.

WHAT'S NEW?

The Oculus Adrenaline is more than just a virtual reality headset. It has a small camera on the front. This camera uses AR to analyze the available space which helps the Adrenaline software to recommend exercises even if the area is limited. No excuse for working out at home now!



CONCLUSION

It can be concluded that the fitness industry is gradually revolutionizing by moving towards VR and that VR will become an integral part of working out in the coming years. It is crucial that marketing of such advanced technology is carried out properly to reach the right target audience.

References

Allen, C., 2021. *UNDERSTANDING THE VR MARKET IN 2021: OCULUS QUEST AND OCULUS QUEST 2 FOCUS*. [Online]

Available at: <https://www.immersivepromotion.com/understanding-the-vr-market-in-2021>
[Accessed 28 December 2021].

BBC, n.d.. *Product life cycle – extension strategies*. [Online]

Available at: <https://www.bbc.co.uk/bitesize/guides/z76ggwx/revision/3>
[Accessed 2 January 2022].

Boland, M., 2017. *The Dynamics of Aggressive VR Pricing*. [Online]

Available at: <https://arinsider.co/2017/11/15/th-dynamics-of-aggressive-vr-pricing/>
[Accessed 30 December 2021].

Brewster, S., 2021. *The Best VR Headset*. [Online]

Available at: <https://www.nytimes.com/wirecutter/reviews/best-standalone-vr-headset/>
[Accessed 30 December 2021].

Cho, H. & Sohng, K.-Y., 2014. The Effect of a Virtual Reality Exercise Program on. *Journal of Physical Therapy Science*, 26(10), pp. 3-4.

Coyier, C., 2012. *Poll Results: Do you listen to music while you work?*. [Online]

Available at: <https://css-tricks.com/poll-results-do-you-listen-to-music-while-you-work/>
[Accessed 2021 December 2021].

Dickmann, E., 2021. *Determining the Right Timing for a Product Launch*. [Online]

Available at: <https://fiveechelon.com/determining-the-right-timing-for-a-product-launch/>
[Accessed 2 January 2022].

Gartenstein, D., 2018. *Advantages and Disadvantages of Pricing Strategies*. [Online]

Available at: <https://smallbusiness.chron.com/advantages-disadvantages-pricing-strategies-22271.html>
[Accessed 2 January 2022].

GREY, J., 2021. *The Best VR Headsets*. [Online]

Available at: <https://www.wired.com/gallery/best-vr-headsets-in-this-reality/>
[Accessed 30 December 2021].

Hart, D., 2021. *The BCG Matrix: How to Strategically Improve Your Product Portfolio*. [Online]

Available at: <https://www.thepowermba.com/en/blog/bcg-matrix>
[Accessed 31 December 2021].

Holodia, 2019. *VR Fitness The Key to Attracting New Customer Segments for Fitness Centers*. [Online]

Available at: <https://www.holodia.com/vr-fitness-blog/vr-fitness-the-key-to-attracting-new-customer-segments-for-fitness-centers/>
[Accessed 30 December 2021].

Invest Northern Ireland, n.d.. *Product life cycle*. [Online]

Available at: <https://www.nibusinessinfo.co.uk/content/product-life-cycle-strategies>
[Accessed 2 January 2022].

Khundam, C. & Nöel, F., 2021. A Study of Physical Fitness and Enjoyment on Virtual Running for Exergames. *Internation Journal of Computer Games and Technology*, 30 April, 2021(6668280), pp. 5-14.

Kite-Powell, J., 2018. *See These Companies Use Virtual Reality To Make Fitness Addictive*. [Online] Available at: <https://www.forbes.com/sites/jenniferhicks/2018/01/24/see-these-companies-use-virtual-reality-to-make-fitness-addictive/?sh=1d55e5c7dd43> [Accessed 29 December 2021].

Lewis, P., 2018. *Interview: Preston Lewis, Black Box VR* [Interview] (30 January 2018).

Media, I., 2021. *Changing Demographics of Gym Members*. [Online] Available at: <https://www.idsmmedia.co.uk/news/demographics-of-gym-members> [Accessed 28 December 2021].

Parren, A., 2021. *Research Shows 43% Of People Expect To Give Up Their New Year's Resolutions By February*. [Online] Available at: <https://www.sundried.com/blogs/training/research-shows-43-of-people-expect-to-give-up-their-new-year-s-resolutions-by-february> [Accessed 2 January 2022].

Pitchspot, T., 2020. *An in-depth analysis of the BCG Growth Share Matrix with examples*. [Online] Available at: <https://medium.com/pitchspot/an-in-depth-analysis-of-the-bcg-growth-share-matrix-with-examples-82d17b092b8> [Accessed 31 December 2021].

PresentationGo, 2021. *The Four Ps of Marketing for PowerPoint*. [Online] Available at: <https://www.presentationgo.com/presentation/the-four-ps-of-marketing-for-powerpoint/> [Accessed 28 December 2021].

Quain, S., 2019. *Product Life Cycle Extension Strategies*. [Online] Available at: <https://smallbusiness.chron.com/product-life-cycle-extension-strategies-3280.html> [Accessed 2 January 2022].

Sraders, A., 2021. *What Is the Product Life Cycle? Stages and Examples*. [Online] Available at: <https://www.thestreet.com/markets/commodities/product-life-cycle-14882534> [Accessed 2 January 2022].

Stevanovic, I., 2019. *30 Virtual Reality Statistics for 2020*. [Online] Available at: <https://kommandotech.com/statistics/virtual-reality-statistics/> [Accessed 28 December 2021].

Survey, D., 2019. *Distribution of opinions of adults on the preferred use of virtual reality (VR) for personal fitness training in Great Britain (GB) in 2019*. [Online] Available at: <https://www.statista.com/statistics/1137335/distribution-of-opinions-on-the-preferred-use-of-vr-for-personal-fitness-training/#statisticContainer> [Accessed 31 December 2021].

Williams, J., 2019. *The Psychology of Color in the Marketing Field*. [Online]
Available at: <https://smallbusiness.chron.com/product-life-cycle-extension-strategies-3280.html>
[Accessed 2 January 2022].

Wirtz, B., 2021. *The Worlds Largest Virtual Reality Companies: Meet The Studios Dominating The Industry*. [Online]
Available at: <https://www.gamedesigning.org/gaming/virtual-reality-companies/>
[Accessed 25 December 2021].