

INTERACTIVE, INTIMATE, EXPERIENTIAL: The Impact of Immersive Design

**2019
Immersive Design Industry
Annual Report**

Prepared for
The 2019 Immersive Design Summit
San Francisco, California



INTERACTIVE, INTIMATE, EXPERIENTIAL:

The Impact of Immersive Design

The **Immersive Entertainment Industry** is valued in 2018 at more than **\$4.5 billion** – not even factoring in the \$45.2 billion theme park industry.

This first industry annual report focuses on the successes (and current shortcomings) of today's Immersive Entertainment Industry and the variety of disciplines therein. This paper is intended to begin the conversation of quantitatively and qualitatively measuring long-term, far-reaching impacts from works within this still-emerging industry.

While immersive works have been created for decades it is only in recent years that they have collectively become an industry unto themselves, sharing design methodologies across numerous disciplines that together have begun to revolutionize **entertainment, retail, education, and activism**.

Written with industry creators, sponsors, investors, and reporters in mind, this report begins to place a value on the industry as a whole while stressing the industry's unique abilities to offer audiences meaningful experiences that have the potential to engage and enrich them in bold new ways.

Questions Answered:

- What are the defining qualities of immersive works?
- What disciplines comprise the Immersive Entertainment Industry?
- What are industry trends in reach, revenue, and attendance?
- What are social impacts of the industry?
- What are the industry's recent success stories?

Key Takeaways:

- Indications of continued growth & commercial success
- Justification for importance of immersive work
- Measurement by-the-numbers of industry impact & growth trends
- 2018 industry analysis, including revenue and attendance trends
- Challenges shared across industry disciplines

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ABOUT

The **Immersive Design Summit** is the premiere gathering of immersive creators worldwide, bringing together some of the leading creators in the immersive arts to share thoughts and ideas, creating new friendships and inspiring new projects.

We extend our thanks to the numerous immersive industry creators who kindly and generously provided attendance and sales information that enabled this report to be as accurate as possible.

AUTHOR

Ricky Brigante is the founder of [Inside the Magic](#), a respected leading source of news and information in the themed entertainment industry, covering of theme parks and immersive attractions worldwide. After 13 years as Editor-in-Chief, Ricky sold Inside the Magic in 2018 to channel his passion for the industry into becoming a designer of immersive experiences.



As Vice President & Creative Technologist at [Pseudonym Productions](#), Ricky now helps create uniquely interactive entertainment, enticing audiences to push boundaries and question reality through physical and digital experiences. Ricky's journalistic and creative works have been featured in Entertainment Weekly, USA TODAY, Los Angeles Times, Fox News, Huffington Post, Yahoo!, AOL, MSN, Playboy, BoingBoing, Broadway World, NPR, Business Insider, Engadget, Gizmodo, io9, /Film, and the Orlando Sentinel.

www.pseudonymproductions.com

www.rickybrigante.com

EDITOR

Noah Nelson is the founder and publisher of [No Proscenium](#), the self-styled Guide to Everything Immersive. As a public media journalist he's covered the arts, technology and politics beats for two decades. Mr. Nelson holds a Theatre Arts degree from San Francisco State University, and is currently using it to help organize the emerging immersive theatre and experiential arts community in Los Angeles, co-producing the Immersive Design Summit, and helping to define the frontier where the immersive arts roam wild.



www.noproscenium.com

www.noahjnelson.com

ADDITIONAL CONTRIBUTORS

Kathryn Yu & Rachel Stoll (No Proscenium)

EXECUTIVE SUMMARY

*"There's a way in which immersion is a very primal concept, something that happens to us regardless, even if a good storyteller is just telling you a story with his mouth. If that story is well told, you're gone. You're in it."*¹

- Walt Disney Imagineer Joe Rohde

In recent years, the "immersive" buzzword has been used to describe everything from wildly imaginative live experiences to high-tech toilets². While the word's effectiveness in marketing has been dwindling from broad-reaching overuse, its importance as a principle of design both within and outside of the entertainment industry cannot be understated.

This initial report begins to assess the impact of the **Immersive Design Industry**, though the total domain which this industry encompasses is not one that is easily defined.

It's a convergence point of a number of related but significantly different industries and disciplines that share certain visceral qualities. When used in the context of entertainment "immersive" has an intrinsic value that is important for defining a feeling that is achieved through such artistic work.

For the purpose of beginning this industry impact assessment by analyzing areas that have an apparent broad reach, this report primarily focuses on works of the **Immersive Entertainment Industry**. Though since immersive works have such a strong ability to affect audiences on a personal and deep level, even classifying many of the experiences mentioned throughout this report solely as "entertainment" is often insufficient, as some of the most entertaining works also have the power to leave audiences profoundly affected. But focusing herein on entertainment works first offers us a platform from which we can build this conversation in the years ahead, opening the door to further exploration of all manners of immersive works from a variety of disciplines.

This convergence of artforms, experiential entertainment, marketing, education, socially conscious work, and mass media is rapidly approaching a tipping point in 2019.

From Disney soon putting guests at the center of their own Star Wars stories in coast-to-coast U.S. theme park expansions to Meow Wolf's aggressive expansion across the United States behind the mantra of subverting reality, never before has there been more attention fixated on entertainment that surrounds and envelopes its audiences, while giving them agency to become fully embodied in experiences.

Regardless of whether these experiences have been designed for deep emotional connection, heady intellectual messages, or pure fun, immersive experiences have shown to be powerful and impactful in remarkable ways – while remaining wildly entertaining.

First delivered to a group of designers and creators at the second annual Immersive Design Summit in San Francisco, California, this white paper provides an authoritative approach to identifying the common qualities that different forms of immersive entertainment share, cataloguing disciplines that fall under this domain, and most importantly measuring its impact, commercially, artistically, and socially.

This report is presented with its authors' combined background of **decades of experience** professionally covering arts, technology, and themed entertainment, closely following industry trends and statistics with knowledge obtained directly from industry leaders and creators.

To offer new insights into trends of the Immersive Entertainment Industry, we have also conducted our own research in the form of a **survey** made available to designers of immersive works worldwide via the Immersive Design Summit and No Proscenium social media accounts and newsletters as well as the “Everything Immersive” Facebook group. More than 100 immersive companies responded, providing us with data on their attendance, pricing, and gross revenue along with geographical data and other useful information in identifying trends over the past year.³⁶

~

“We’ve entered an era, and I think it may be because of gaming, where the expectation is no longer the expectation of a proscenium, but rather the expectation of a dome; the expectation that the story does surround me. If I turn my head, I’m still in the story.

*That, I think, is where we are now arriving, in a world of world creation where you can enter and you’re free to look wherever you please and we will sustain you and keep you inside of a story, because **it surrounds you**. ”¹*

~

PROBLEM & SOLUTION

“Immersive” is an elusive idea that many chase through product design. The foremost quality that reflects immersion is a sense of becoming lost within an experience or story. That is, a participant in an immersive experience becomes so fully engrossed that concerns and responsibilities of the real world often fade away, replaced with an immediate sense of importance and worth. This becomes coupled with an emotional connection to whatever content they are focused on. As a discipline, immersive techniques move beyond screens, pages, and stages into embodied experiences. No matter whether a passive or active participant, immersive entertainment offers audiences a chance to feel like they belong within the work and are truly part of whatever world it creates, rather than simply acting as an outside viewer.

The **2019 Immersive Design Summit** represents a microcosm of the Immersive Entertainment Industry as a whole. The 200+ designers and producers attending the IDS have created works falling under the categories of theatre, gaming, amusement, attractions, virtual reality, augmented reality, alternate reality, nightlife, museums, exhibitions, and marketing.

Regardless of the method of delivery, the types of experiences being created by those in attendance at the IDS are prime examples of different creative disciplines that together form the Immersive Entertainment Industry itself, simply by sharing those certain elusive qualities that enable audiences to feel engrossed by embodied works, each aiming to reach participants on a deep level, frequently tapping into emotional response systems. The value audiences receive for engaging in such entertainment is often a lasting impact – but one that has been a challenge to quantify.

Like any creative industry, the goals of the rapidly growing Immersive Entertainment Industry are to achieve both artistic and commercial success. So far, the number of companies and organizations who have consistently and sustainably achieved both are few, but there is great potential for widespread impact as the industry matures. The problem we are currently faced with is how to measure impact of an industry that is purely a domain that serves as the meeting point of so many different, but related disciplines. Communicating the importance of that impact to those who would serve to help strengthen and offer support is also a challenge. Some disciplines consist largely of small to medium sized companies that find great difficulty in sustaining their efforts.

This annual report aims to begin the groundwork for measuring the commercial and social impacts of the Immersive Entertainment Industry through quantitative methods, identifying the fields that fall under the industry’s domain, classifying those elusive qualities that define an entertainment work as “immersive,” and obtaining key statistics from creators for the purpose of summarizing trends and measuring direct impact while highlighting both artistic and commercial successes.

Moreover, this report intends to offer creators the data needed to justify continued efforts and growth within the industry, allowing the industry itself to command a further stronghold with clear indications of viable future commercial success. Reporters, marketing professionals, and sponsors may look to this report when justification is needed for showcasing the importance of the Immersive Entertainment Industry and the increasing importance immersive works have in making long-lasting impacts on consumers.

BACKGROUND

Immersive Qualities

Immersive works aim to provide audiences a presence, often a meaningful one, within the story's setting. To be considered immersive, it is not essential that a work give an audience member an active role in the story, though such agency is often a defining factor of immersive entertainment. Immersive works surround audiences, either in a literal sense through captivating sets, music, lighting, performances, and/or technology, or in a figurative sense in that the audience is able to "lose" itself in the story being told.

What separates immersive works from those seen on a screen or stage is breaking the metaphorical "fourth wall." That is, in immersive works audiences become an essential part of the overall entertainment as the experience offers little to no separation between the audience and the work itself. But audience participation unto itself is not enough to classify a work as immersive.³ Whether the work is performed by actors or achieved through technology, sets, or other theatrics, it is necessary for immersive productions to integrate audiences, ensuring they feel as if they are part of the entertainment, rather than simply an observer.

Immersive entertainment spans genres and intent. Many immersive works are emotionally charged, designed to forge a simulacra of a relationship between audiences and the story's characters. Immersive works may aim to enrich, educate, or simply entertain.



Some of the most commonly-used words surveyed creators use to describe their immersive works.

Immersive entertainment has a demonstrated ability to fundamentally alter how audiences interact with content, using the full bandwidth of a participant's attention to create an unparalleled layer of engagement and connection. This “total engagement” often leads to memorable experiences that some participants find deeply significant.

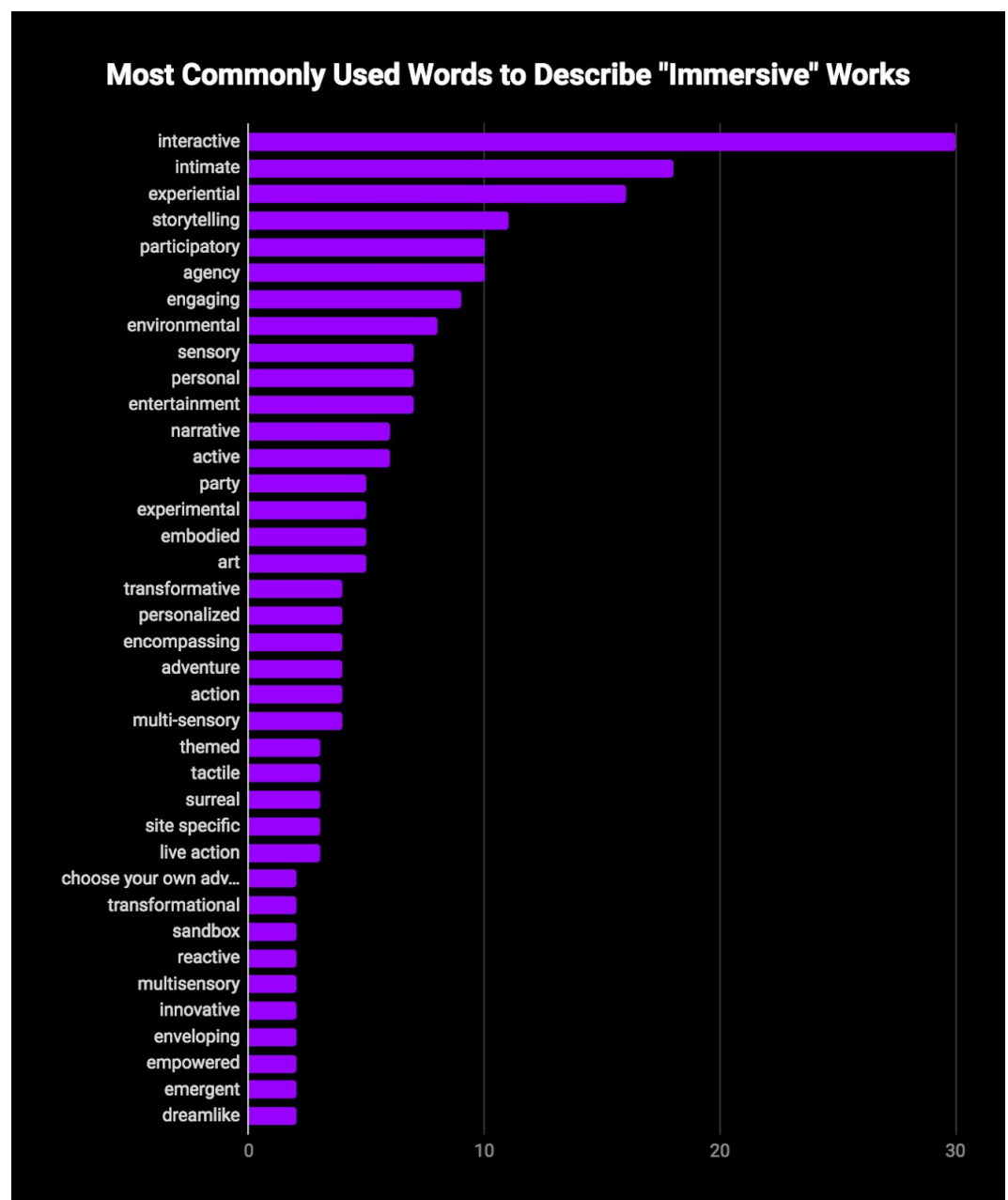
In the case of technological immersion, the physical world is generally emulated through digital means, whether through virtual reality headsets, an augmented reality layer seen on the real world through lenses and cameras, or altering how the physical appears and reacts through interactive technologies and projections.

Ultimately, whether achieved through technology or theatrics, immersion is used to enhance or otherwise change how the real world is perceived or interacted with, with the aim of allowing audiences to have the perception of being physically present in a world that somehow differs from the everyday.

When asked to offer words they use to describe their own immersive works, surveyed designers of immersive works across the globe made it clear that behind “immersive” itself, “**interactive**” is the most popular word of choice.

The frequency of these words’ use is an indication of what professionals that make up the industry feel are the qualities that most accurately reflect what defines immersive works.

Among the most popular descriptives: **intimate, experiential, storytelling, participatory, agency, embodied, environmental, and transformative.**



Some of the additional words submitted via our survey of creators offer a closer look at the rich diversity that this industry encompasses – as well as pointing out a few of its quirks.

Designers' descriptions of their own immersive works range from **psychedelic**, **mystical**, and **fantastical** to **gimmicky** and **underfunded**. To try to use these less commonly-used words in a sentence that summarizes the complexity of the Immersive Entertainment Industry, we piece together the following description:

The **emerging, unconventional** Immersive Entertainment Industry is filled with **resonant, impactful multidisciplinary** works that encourage **discovery** throughout **explorative atmospheric** worlds that are **dynamic, enrapturing**, and **enthralling**, giving audiences **fun, meaningful, inclusive, inspirational, visceral** and **memorable** experiences.

While quite a mouthful, it's a useful exercise to begin to describe immersive works in unexpected ways to capture the excitement of new audiences in an effort to continue to grow this industry in the years to come.



The “Immersive” Domain

The Immersive Entertainment Industry is comprised of many sub-industries but primarily encompasses works that allow audiences to feel as if they are part of the story being told. This ability to integrate audiences spans many forms of mass media as well as emerging new experiential forms that are rapidly growing beyond niches from which they were born.

Immersive entertainment overlaps with the traditional definition of the entertainment industry, including what are generally considered commercially popular entertainment forms including performing arts, theatre, film, music, and video games. Immersive technology has frequently been used to affect audiences on a more personal level in many fields, including art, video games, interactive storytelling, military, education, medicine, and the adult entertainment industry.⁴

Some of the earliest forms of immersive works in which entertainment moved beyond the stage or screen to draw audiences in as part of the experience date back to the 1950s and 1960s, as renaissance faires became popular, drawing thousands of attendees to engage in historical reenactments, arriving in costume and embodying characters.

In the same time period, Walt Disney achieved immersion through fantasy when **Disneyland** opened in 1955, offering themed experiences on a scale previously unseen. The term **"theme park"** was coined when "amusement park" failed to capture the level of detail that Disneyland provided in creating worlds in which visitors became completely immersed. Today, the word "immersive" is practically synonymous with themed entertainment, branching beyond theme parks into casinos, restaurants, bars, stores, and museums.

But in many ways Disneyland was also the world's first example of **experiential marketing** in which audiences were fully immersed in the product being sold. In this case, Disney's many movies were represented in real-life form at the theme park with the intent to get park goers excited about upcoming releases on the big screen. Experiential marketing has continued to grow in the decades since, often overlapping with exhibitions and conventions to create "living" versions of movies, TV shows, and video games with the aim to create deeper connections between consumers and the products.

Meanwhile in the 1950s and 1960s, immersive technology began to move beyond science-fiction movies as "virtual reality" was born. Though the term was not coined until many years later by filmmaker Morton Heilig, who strived toward what he called "Experience Theatre," ultimately inventing the Sensorama and Telesphere Mask, devices that were strikingly similar to what we know today as VR. There were goggles in which the "spectator is given a complete sensation of reality, i.e. moving three dimensional images which may be in colour, with 100% peripheral vision, binaural sound, scents and air breezes."⁶ While technology has advanced significantly in the past 50 years, today's virtual reality (and augmented reality) devices have finally begun to believably achieve the same type of immersion Heilig aimed for, now allowing audiences to free-roam and interact with real environments and sometimes even live actors while still maintaining an immersive visual and aural link to virtual worlds.

Disney can also be credited with the beginnings of the modern-day haunted attraction industry, which features immersive environments designed to elicit fear from audiences who walk through their darkened halls. While haunted houses have been around in some form since the 1800s, it wasn't until

Disney's **Haunted Mansion** attraction opened in 1969 that the haunted attraction industry was truly born, bringing such attractions into popular culture as tens of thousands of attendees passed through each day.⁵ But while Disneyland offered a haunted house filled with illusions and Audio-Animatronic spooks, it wasn't until the 1970s that Knott's Berry Farm solidified the haunted attraction industry with its **Knott's Scary Farm** events that fully immersed guests amidst darkened environments with live actors that brought their undead stories to life.

In the 1980s, a processional play called "**Tamara**" helped **immersive theater** emerge, bringing traditional live shows off the stage and into real environments, offering audiences an opportunity to leave their seats behind in favor of exploring a show by following actors through scenes across many spaces. Different scenes played out simultaneously, as if the events of the play were happening in real life, in real-time, allowing audiences to become fully immersed in whichever portions of the story they chose. In the decades since, particularly in the last 10 years, immersive theater has increasingly commanded the spotlight, led by the unmatched success of Punchdrunk's "**Sleep No More**" in New York.

Immersive entertainment truly began to blur the lines between fiction and reality in the early 2000s with the popularity of the **alternate reality game** (ARG). These immersive ARGs grew popular as Internet usage became widespread. Appropriately promoting the Steven Spielberg movie "A.I. Artificial Intelligence," more than three million active participants engaged in experience colloquially known as "the Beast."⁷ Its success was the beginning of a new form of immersive entertainment that traditional mass media corporations saw as a new viable marketing strategy.

Digital puzzle-solving games made their way into immersive, real-life adventures with the advent of the **escape room**. What began in Japan in 2007 made its way to the United States in 2012 and has since exploded into an industry of **more than 2,000 individual companies** forming a new industry unto themselves.⁸

Most recently, the **art museum** world has been disrupted by a new category of immersive entertainment surrounding audiences in wild installations. A collective of artists has transformed an old bowling alley in Santa Fe into the multi-million dollar company the world now knows as **Meow Wolf**. Fueled by the passion of more than 1 billion Instagram users, selfie-friendly museums have also begun to pop up nationwide, sparking a whole new industry of vibrant photo opportunities that incorporate pop-art, optical illusions, and whimsical flights of imagination into playground like experiences for all ages.

A crossover between disciplines has begun as elements of immersive theater find their way into theme parks, haunted attractions and even virtual reality. **Video games** no longer reside solely on gaming consoles and handheld devices as their rich, controllable worlds have begun to engage players through immersive new real-life experiences, such as "**Pokemon Go**," that bring people physically together.

Sub-industries of the Immersive Entertainment Industry domain:

- Themed Entertainment
- Theatre
- Escape Rooms
- Haunted Attractions
- Themed Bars & Restaurants
- Exhibitions
- Virtual Reality & Augmented Reality (XR)
- Alternate Reality Games (ARG)
- Experiential Marketing
- Interactive Art Museums

The Immersive Entertainment Industry of today is a combination of all of the above experiences and disciplines. It spans works that offer the simple joy of taking a selfie to those that make impactful political and social statements.

The banner of the Immersive Entertainment Industry is the necessary overarching structure under which the future of entertainment falls. No matter whether it is live or pre-recorded, performed by actors or artificially intelligent robots, brought to life physically or digitally, or with the intent to amuse or affect, immersive entertainment has demonstrated the opportunity to reach audiences in bold new ways that truly connect and resonate with them on a deep level.

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IMMERSIVE IMPACT

The Immersive Entertainment Industry is growing rapidly. With such a broad reach across a variety of disciplines, it is a significant challenge to quantify the direct and indirect impacts of the industry.

For this report, the impact of the Immersive Entertainment Industry has been broken down into both **quantitative and qualitative summaries**. It is important to look at both with equal value, as these summaries not only point to continued significant commercial success and growth, but also to how this industry continues to innovate new methods for forming deep connections with audiences, many of which cannot necessarily be directly linked to monetization of artistic works.

As we consider businesses like escape rooms and haunted attractions to be equally a part of the Immersive Entertainment Industry as non-profit interactive art museums and experiential marketing activations, for this first annual report we have approached the quantitative and qualitative analysis of the industry with **broad strokes**.

It is beyond the scope of this report to offer a specific deep analysis of the impact of each individual discipline that comprises the overall Immersive Entertainment Industry domain. Likewise, many of the sub-industries discussed herein already have their own industry reports that offer such deep analysis into those areas.

The goal of this report is to showcase the overall impact of the Immersive Entertainment Industry by looking at all of these sub-industries as parts of a whole, in an effort to emphasize the sweeping importance of immersive entertainment as its own category.

Beyond the numbers, this report also offers examples of noteworthy companies and productions which individually have made significant impact on the growth of the Immersive Entertainment Industry, whether through direct commercial success, popularity and notoriety, or technological advancements.

By the Numbers

In 2018, more than 700 new or updated immersive experiences were catalogued in North America alone.⁹ These experiences spanned across all disciplines, with each sub-industry offering its own unique contribution to the Immersive Entertainment Industry as a whole.

While the **Themed Entertainment Industry** has included varying levels of immersive experiences for decades from theme parks worldwide, it was not until the past decade that today's definition of immersive began to influence design within these parks. There has been a gradual but noticeable shift in design methodologies within the themed entertainment industry focusing increasingly on viewing audiences as active participants rather passive observers, offering them a more embodied role in the entertainment. In addition, environments have become increasingly complex in detail and design, fully enveloping and engrossing visitors into popular mass market franchises and original stories in ways never before seen.

This new era of themed entertainment began with the introduction of the **Wizarding World of Harry Potter** to Universal Orlando Resort's Islands of Adventure theme park in 2010, which immediately saw significant increases in attendance and revenue, turning around a 13.8% drop in attendance in 2009 to **growth of 30.2%** the following year.¹⁰ While some of this success can be attributed to the "Harry Potter" property, the continued impact of its success has prompted the industry to continue to create increasingly immersive experiences.

The **Virtual Reality (VR) and Augmented Reality (AR)** industry (together **XR**) is a global industry, divided into location-based entertainment (LBE) and home device markets. This technology-driven industry saw more than \$1 billion of investments in 2017.¹¹

The VR LBE market was valued at \$1.2 billion in 2018¹² while the XR home device market was valued at \$1.8 billion in 2018¹³, a combined **\$3 billion market**. The XR market includes significant contributions from video games, movies, television, live events, and marketing, all of which fall under the Immersive Entertainment Industry domain.

The **Haunted Attraction Industry** continues to grow at an impressive rate, valued in 2013 at \$300 million and since then growing to an industry valued at **more than \$1 billion dollars** from ticket sales alone¹⁴. Attractions within this industry continue to become increasingly immersive as experiences branch out beyond traditional walk-through haunted houses to more interactive and personalized content focusing on audiences as integral parts of the experience.

Escape Rooms continue to drive growth in the Immersive Entertainment Industry with more than 2,000 individual businesses across the United States. Every state in the US now has an escape room, ranging from just 2 in Vermont to 252 in California.¹⁵ With the average escape room business generating \$256,860 in revenue per location each year¹⁶, U.S. escape rooms form a **\$513.7 million industry**.

One of the most rapidly growing segments of the Immersive Entertainment Industry is that of the **interactive art museum**. Two companies in particular in the last four years have led this category with new business concepts and models that have skyrocketed to instant success. Following its debut in early 2016 of Santa Fe's House of Eternal Return immersive museum, Meow Wolf has earned an estimated **\$24 million in revenue** from more than 1.5 million visitors. In the same timeframe, the Museum of Ice

Cream has earned an estimated **\$20 million** across its New York, Los Angeles, San Francisco, and Miami Beach locations, with more than 500,000 visitors.

No thorough industry report exists yet for the budding **Immersive Theater** industry. Aside from a small number of long-running shows, this type of intimate, personal entertainment has struggled in recent years to find a strong business model that would allow sustainable commercial growth without diminishing the experience for each individual attendee. Punchdrunk's "Sleep No More" continues to be the longest continuously-running immersive theater production in the United States. Its home, the McKittrick Hotel performance space, earned **\$4.9 million** in revenue in 2017 from ticket sales along with a variety of food, beverage, and merchandise sales.¹⁷ Third Rail Projects' "Then She Fell" has been running almost as long with regular extensions, currently bringing in an estimated revenue of more than **\$1.3 million** per year, as our own research suggests.

However, the Immersive Theater industry has a predominance of small productions and organizations that are often seen by a relative handful of people, frequently running for limited-time engagements. A small number of companies have had standout commercial success in this industry driving its attendance and revenue numbers, while there continue to exist a bevy of productions that have been deemed artistic successes that have yet to find a profitable or sustainable business model.

The Immersive Entertainment Industry discipline that is arguably the most difficult to quantify is that of **experiential marketing activations**. Ranging from pop-up moments designed to reach a small audience or go viral online to large-scale experiences staged at events attended by hundreds of thousands people, experiential marketing activations generally do not charge admission nor have a direct monetization strategy. The impact of just a few key attendees can spread rapidly online making such experiences equally valuable to those who entertain and spread marketing messages to thousands of people in person. Research has shown that customers who have a great experience spend 140% more than customers who have a poor experience.¹⁸

But the success of an immersive experience that is designed to market a product entirely depends on the metrics the company values and the goals for that particular experience. But related research continues to emphasize the value of immersing customers in brand-activated experiences as an effective way to drive long term sales. According to recent studies, 87% of executives value live events as important marketing strategy with the intent to invest more in them. Likewise, **74% of consumers are more likely to buy a product after engaging in a meaningful experience with the brand**.¹⁹

The **bar and restaurant** industry has exploded with limited-run immersive pop-ups that have included experiences that have officially licensed pop culture movies and TV shows and those that have simply been inspired by such franchises. As millennials continue to drive the market with their desire for experiences that can't be duplicated at home²⁰, bars have transformed into immersive experiences over the past three years. Notably, a pop-up inspired by the TV show "Breaking Bad" help kick off this sub-industry in London that has since expanded worldwide with popular themed pop-ups spanning properties from "Saved by the Bell" to Tim Burton. These experiences tend to go viral online and sell out quickly, with the most popular drawing **more than 1,200 people per night**.²¹

Survey Results

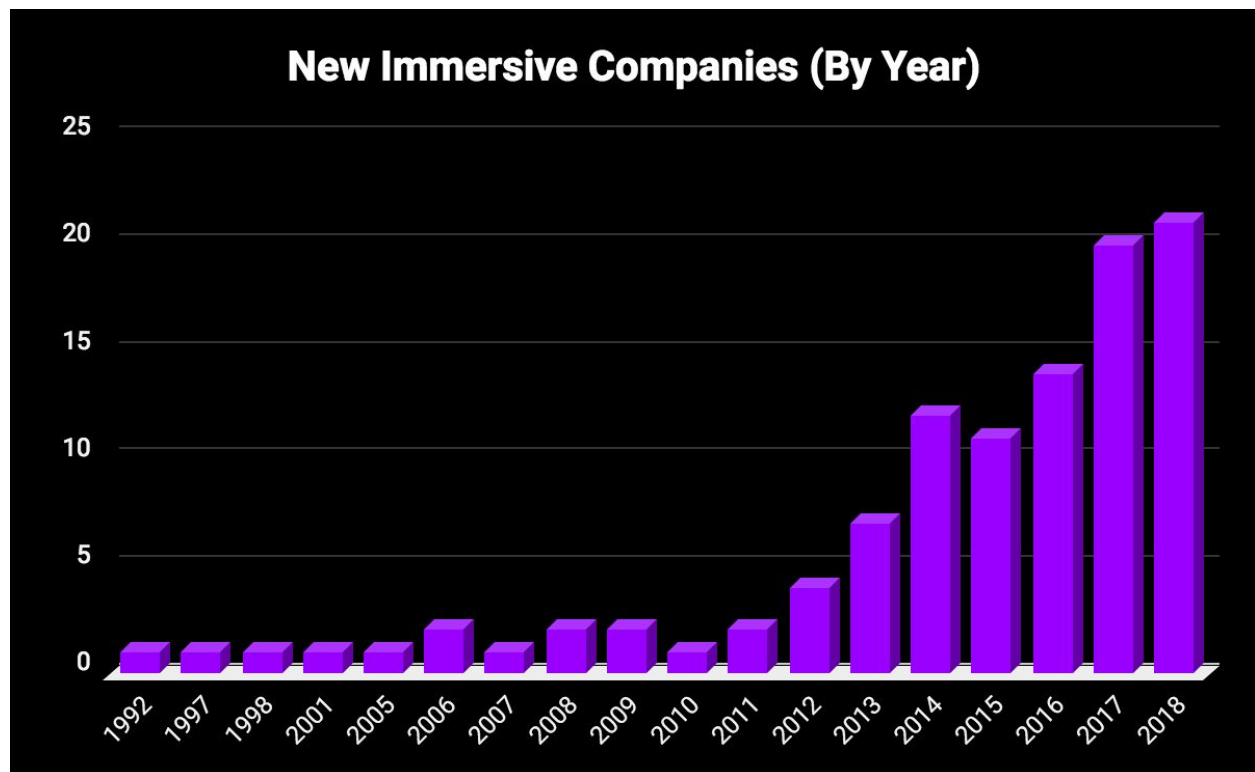
In early 2019, we sent out a survey of questions designed to help quantify the impact the Immersive Entertainment Industry and to begin to catalog its growth. We received responses from more than 100 representatives from companies producing immersive works in recent years.

While there are certainly more companies producing similar works worldwide, the data we gathered from these responses is sufficient to begin to identify certain trends within this industry. Rather than focusing on specific statistics such as total numbers of attendance or which companies brought in the most revenue, the intent of analyzing the results of this survey is instead to provide an overview of industry trends and averages, identifying patterns, and obtaining a general snapshot of where the industry is at the beginning of 2019.

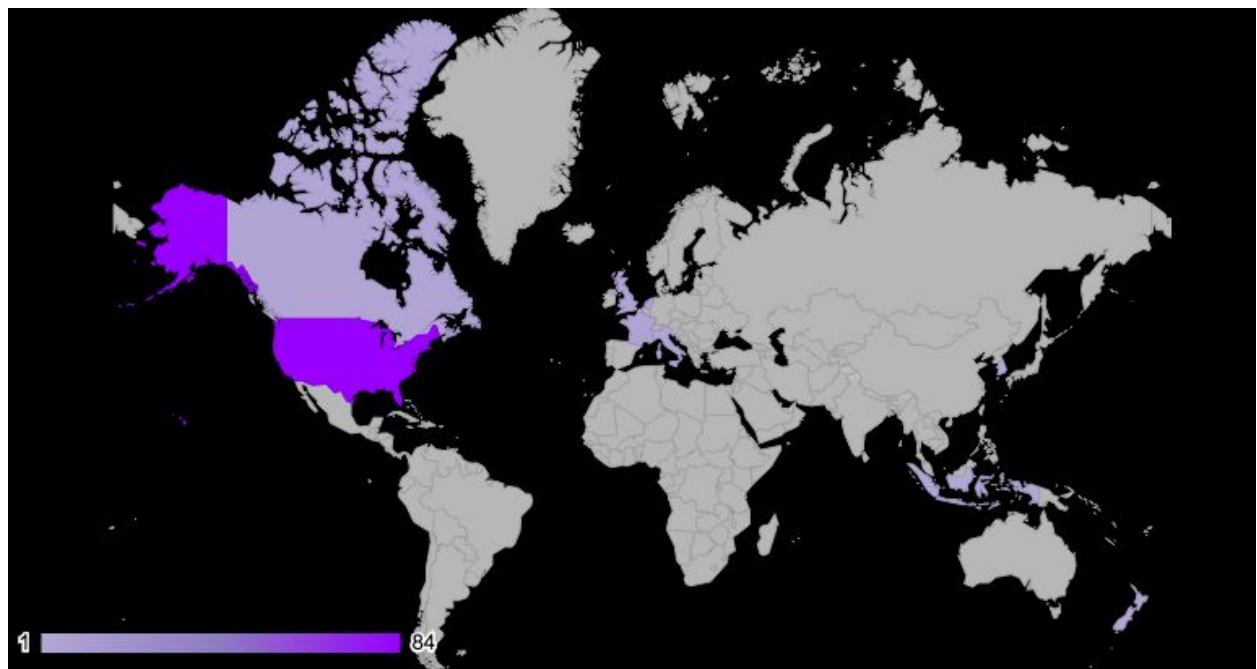
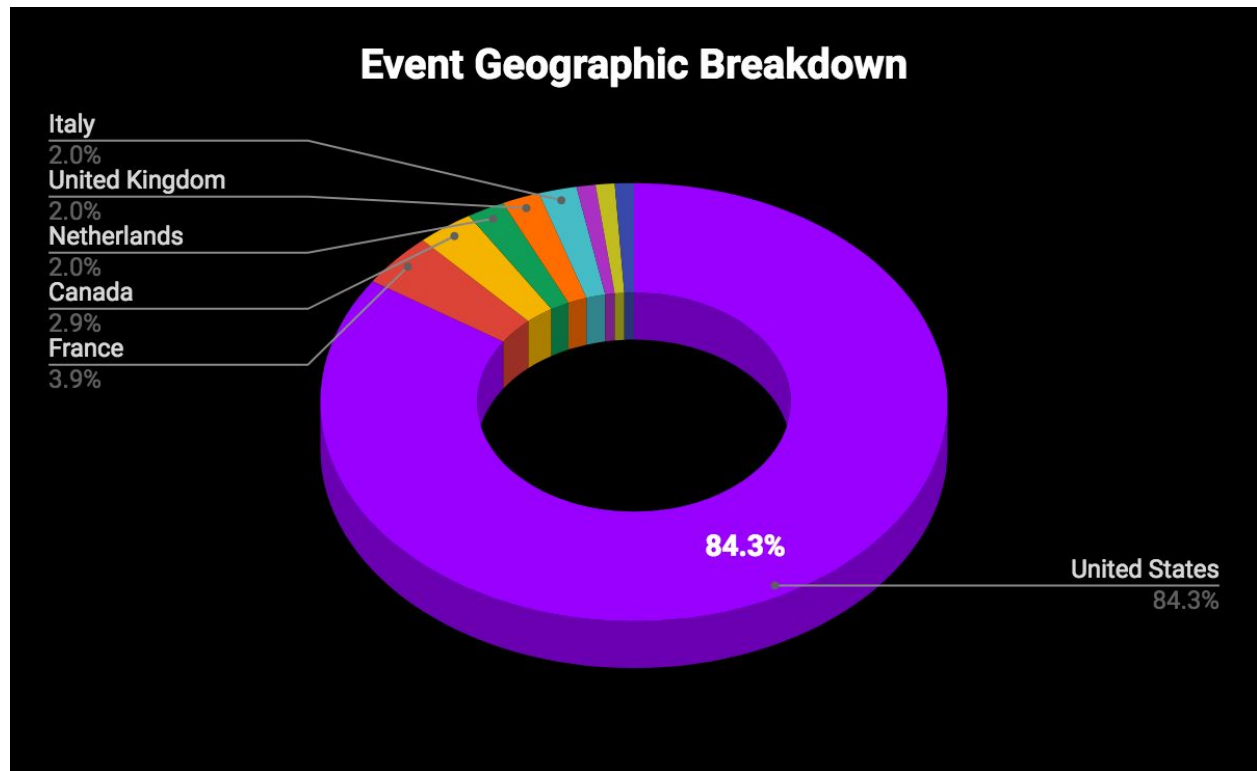
This baseline data set provides a starting point with the goal of offering more in-depth analysis of the industry in future years.

Reach & Growth

It is apparent from the graph below that in the last few years there has been significant growth in the number of companies creating immersive works. More than 40% of companies surveyed were founded within the last 2 years, most of which reported producing live ticketed theatrical events.

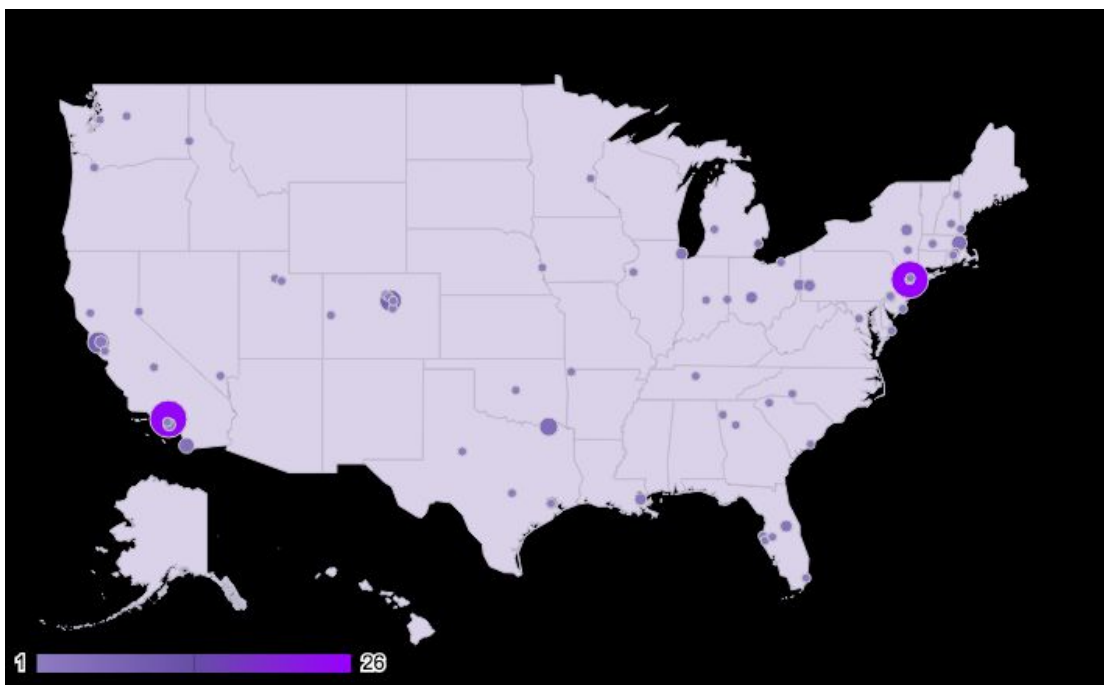
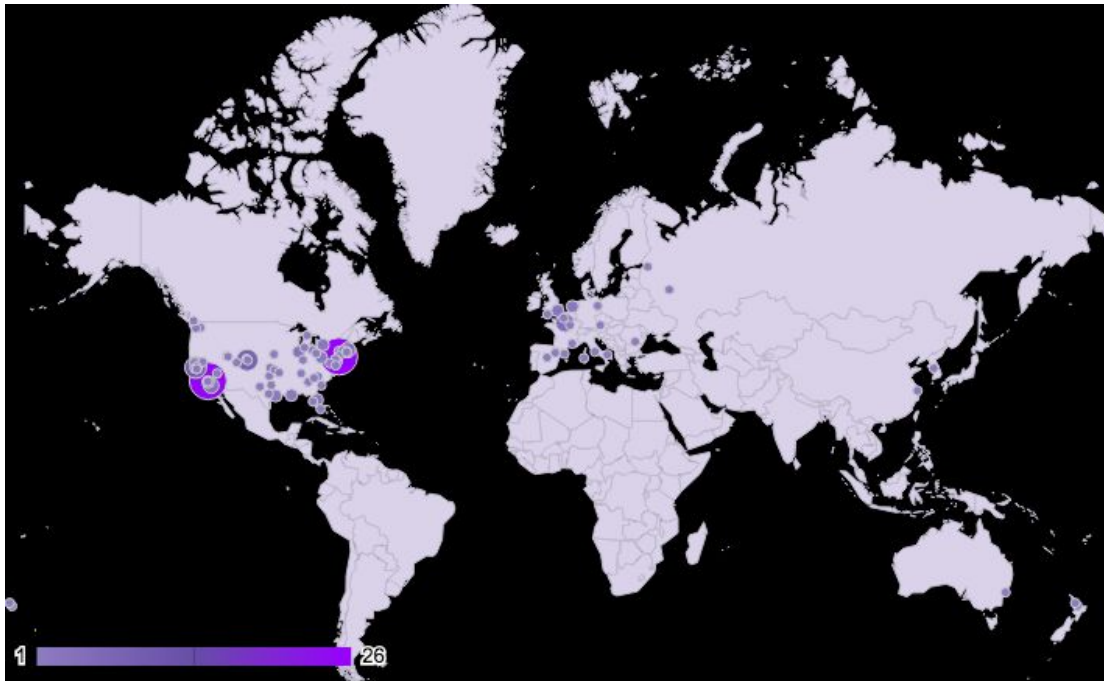


Of the companies surveyed, the vast majority were founded or are located within the United States. This is not necessarily an accurate breakdown of the total number of companies producing immersive works worldwide. It is merely to suggest that the survey data presented in this report reflects primarily information obtained from U.S.-based companies.



Though the majority of companies producing immersive works that responded to our survey are based in the United States, such works were reported as being located across **more than 85 cities worldwide**.

Nearly 1/3 of reported immersive works took place in **New York City (15.1%) and Los Angeles (14.5%)**, trailed in descending order by San Francisco (4.6%), Denver (4.6%), Paris (2.9%), San Diego (2.3%), Boston (2.3%), Orlando (1.7%) and Chicago (1.7%).

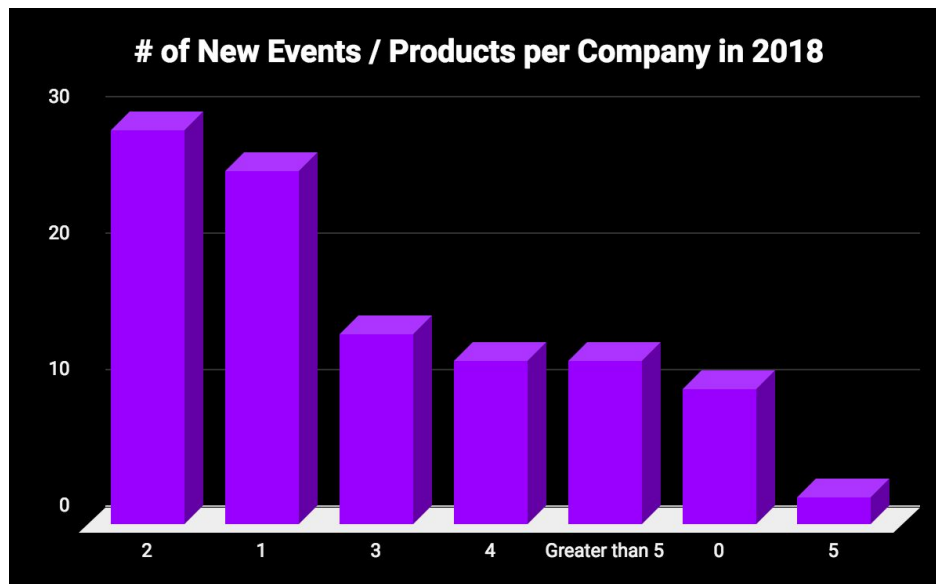


Pricing, Attendance & Revenue

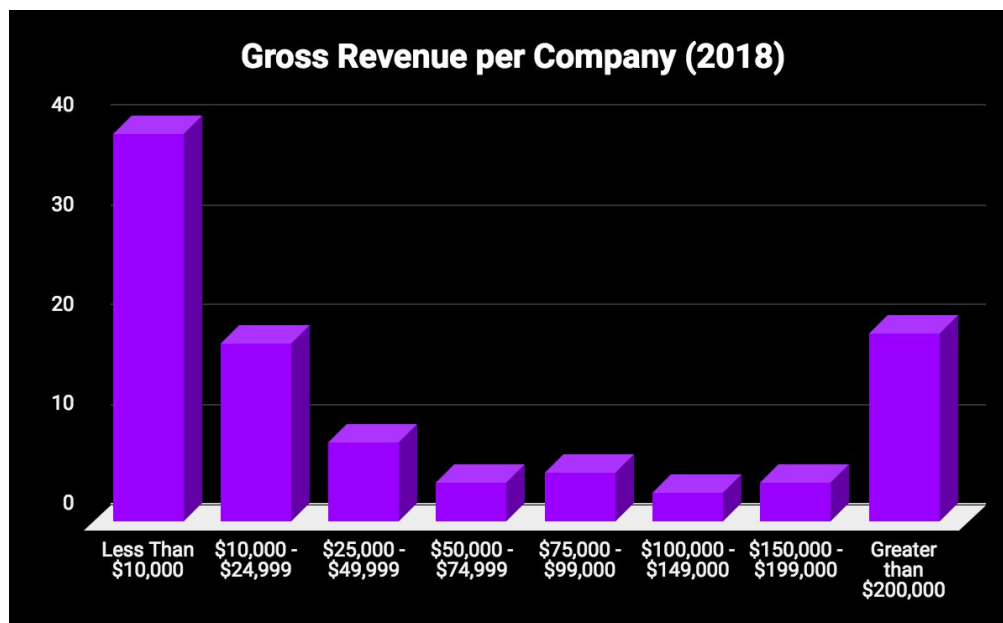
The Immersive Entertainment Industry is a global industry valued in 2018 at more than \$4.5 billion – not even factoring in the \$45.2 billion theme park industry.

The graphs below represents a general percentage breakdown of the industry's distribution of revenue.

More than half of companies reporting produced either 1 or 2 new immersive events or products in 2018.

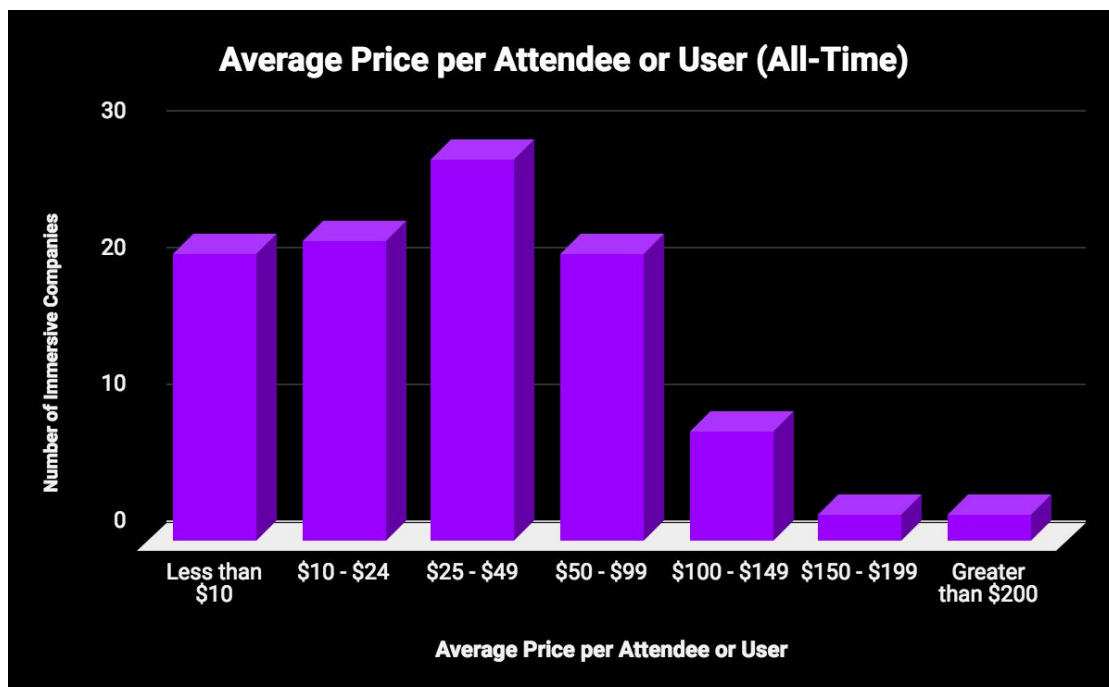
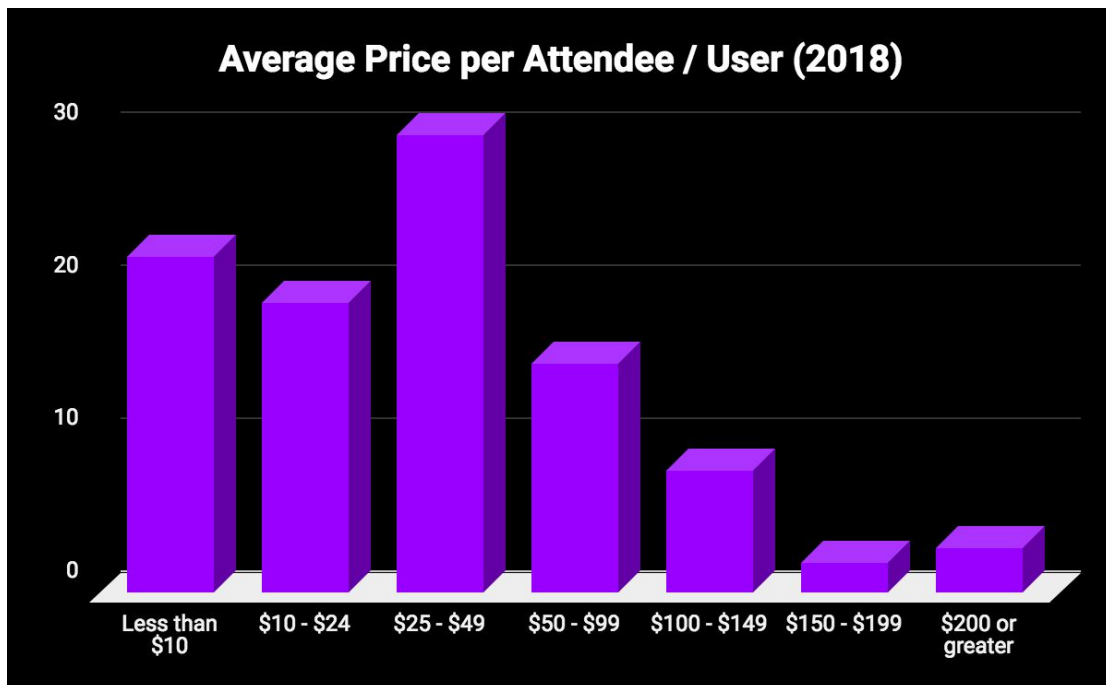


From new and ongoing productions or products, reported gross revenue generated by companies producing immersive works in 2018 reflects a significant divide between those generating little-to-no revenue for the year and those generating significant amounts. 36.4% of reporting companies earned between \$0 and \$10,000 in 2018. 40.1% of reporting companies earned more than \$25,000 in 2018.



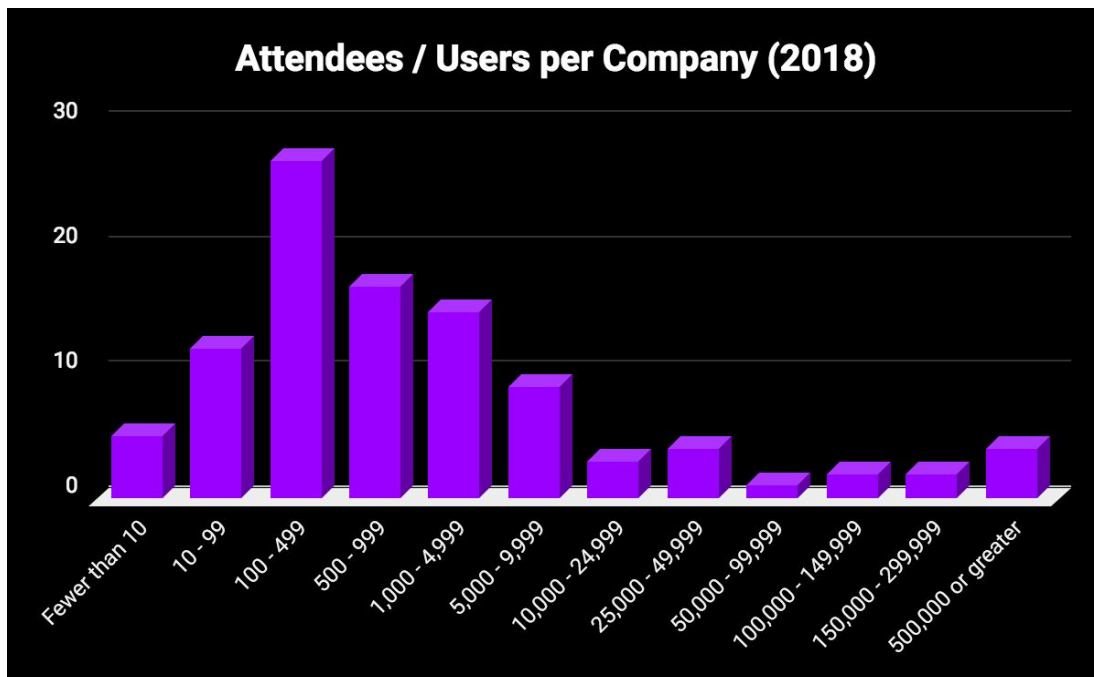
Prices for immersive events and products vary widely with a fairly close distribution under the \$100 price point, which accounts for 80% of total reported pricing for 2018. By contrast, just 2.8% of companies reported pricing above \$200.

Comparing data reported by companies for 2018 against their all-time numbers shows a negligible difference over time, suggesting the “sweet spot” is in the **\$25 - \$49 range**, comprising 28% of the reported pricing information.



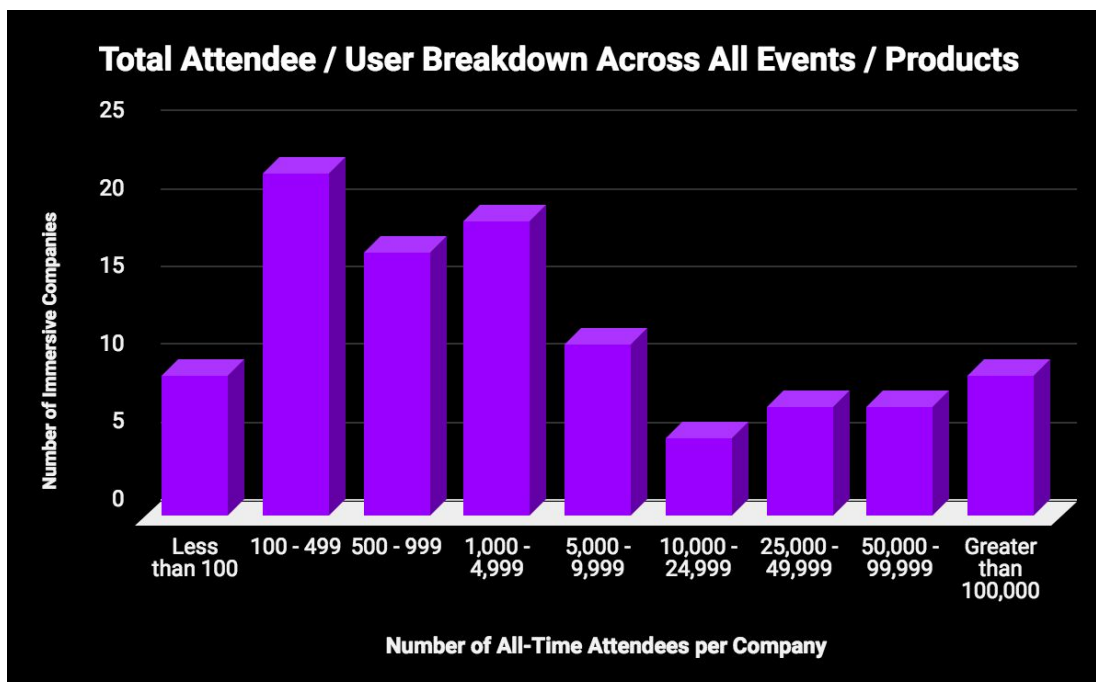
In 2018, three-quarters (76%) of companies reported attendance or user base at less than 10,000. This statistic supports the notion that immersive works are frequently aimed at smaller audiences seeking personal, intimate experiences.

7.4% of companies reported an attendance or user base of more than 100,000 in 2018.



Likewise in all-time statistics, roughly three-quarters (78%) of companies reported total attendance or user base of less than 10,000.

8% of companies reported an all-time attendance or user base of more than 100,000.



RECENT SUCCESS STORIES

Determining the success of an industry requires a look at more than pure commercial success or profitability. The Immersive Entertainment Industry is defined by the sum of its commercial and artistic successes, technological advancements, and social and cultural impacts.

Looking first at significant commercial successes, the above "By the Numbers" breakdown singles out many of the standout financially success stories from the Immersive Entertainment Industry.

The **Themed Entertainment / theme park industry** was created and has been consistently led by Disney since the 1950s. In its fiscal 2017, the **Walt Disney Parks and Resorts** division rose 8% year-on-year bringing in a commanding **\$18.4 billion in revenue**. In recent years, Disney has seen increasing competition from **Universal Parks & Resorts** which saw **\$5.4 billion in revenue** in 2017. The Themed entertainment industry as a whole continues to expand and thrive worldwide with **8.6% overall growth** and no signs of slowing down²² while it cites "**immersive theater**" as one of the **biggest upcoming trends** throughout hundreds of theme parks worldwide.²³

Other previously-noted commercial successes in the immersive space that are projected to continue to grow include **Punchdrunk's McKittrick Hotel**, **Third Rail Projects'** vastly expanding repertoire of productions, **Museum of Ice Cream's** goal of opening a themed hotel, and **Meow Wolf's** announced plans to open new locations in Las Vegas, Denver, and Washington DC.

Meow Wolf has pledged continued support of emerging artists, partnering with the **Creative Startups** accelerator program that helped jumpstart their success in 2014. They now offer their learned industry expertise to growing companies through this accelerator program, which recently accepted immersive experience company **Pseudonym Productions** into the program to help further develop their own unique limited-run works into more expansive year-round adventures.³⁷

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The **Virtual Reality and Augmented Reality (XR)** markets are less clear, with recent industry projections for VR Location-Based Entertainment widely ranging from becoming an \$800 million market in 2022²⁴ (which by some estimates it already surpassed) to a massive \$12 billion market in 2023²⁵. Either way, growth is in its future. Regardless, it's a certainty that XR continues to be a hot offering for new experience seekers, particularly those who are intrigued by new technologies. As **Oculus** and **HTC** refine their groundbreaking headsets to be lighter and easier to use, Sony has made great strides in bringing **Playstation VR** into homes with more than 4 million units sold to date.²⁶ Augmented Reality has been a hot topic with smartphones, but it remains to be seen if innovation-leaders **Magic Leap** can back up the

\$2.3 billion they've received in investments, especially following Microsoft's lackluster launch of their **HoloLens** device with a mere 50,000 units sold to date.²⁷

Turning away from strict commercial success, the past year was full of **buzz-worthy immersive events** and moments that helped push this industry into mainstream conversations. Beyond the first annual **Immersive Design Summit** held in early 2018, the release of **Steven Spielberg's "Ready Player One"** film brought a glimpse into the possible VR future to the masses.

Meanwhile, experiential marketing agency **Giant Spoon** and design firm **mycotoo** (amongst others) brought the fictional town of Sweetwater to life straight out of **HBO's** hit show **"Westworld."** The experience involved multiple storylines with more than 60 live actors performing in a multi-day run. The ever-popular **Secret Cinema** in London continued its ambitious undertakings, celebrating its 10th anniversary by bringing to life the world of Ridley Scott's **"Blade Runner"** in London for 16 weeks.²⁸ Showcasing a combination of technology and live immersive experiences, the recently-opened **Two Bit Circus** in Los Angeles is another new company for 2018 that's attracted their share of buzz as they carve their own path in the industry through homebrew games and experiences, leading a modern-day evolution of the carnival midway.

Outside the mainstream, many immersive events have reached cult followings as fans flock to their favorite creators year after year to see what surprises are in store for them next. The godfather of extreme Halloween events **Blackout** thrilled audiences at the **Overlook Film Festival** in New Orleans with a preview of an upcoming show, alongside a number of other immersive happenings at the event. The minds behind **CreepLA** have continued to broaden their offerings with recurring remounts of the highly successful show **The Willows** and even a noteworthy 2017 partnership with Amazon to bring the world of "Lore" to life.

After an absence in 2017, immersive mainstay **Delusion** returned last year with **"The Blue Blade"** as their the first-ever attempt to grow their offering outside the Halloween season into a year-round attraction. While stories surrounding literal cult followings and secret societies have spanned the immersive spectrum, they more recently helped launch a partnership between the team behind the obsessively popular **Tension Experience** and the **Russo brothers** (directors of "Avengers" films for Disney) to create new immersive experiences in Las Vegas.

With more than 700 new immersive experiences catalogued in 2018 in North America, there are no doubt hundreds more successes far beyond those mentioned above.

These are a mere sampling of some of the many immersive experiences that spanned the globe as each discipline within the Immersive Entertainment Industry continues to find its own path toward both commercial and artistic success.

SOCIAL IMPACT

Beyond quantitatively observing the successes of companies, it's equally important to look at the capability the Immersive Entertainment Industry has to form **deep emotional connections** and capacity to **create social change**.

Industry thought leader Mikhael Tara Garver notes that immersive experiences contain the unique ability to transform audiences from mere consumers to participants and even co-creators. This level of connection with fans of immersive works offers opportunities for designers to craft experiences that are linked to specific values and beliefs, opening the door to inspire participants to engage in social action.²⁸ More than simple entertainment, immersive works possess the **power to develop an audience's understanding of social issues** so they may become better equipped to solicit change for the betterment of society.

In recent years, even century-old companies like National Geographic have emphasized the importance of creating immersive works to enhance their messages. Through shared entertainment experiences they aim to **"inspire people to make a difference."**³⁰ **Empathy and reflection** are often the result of immersive works designed with social impact in mind, such as last year's Sk!n in Australia brought participants face-to-face with the dehumanising facts of human trafficking.³¹ The VR movie and experience "Carne y Arena" received a special Academy Award in 2017, with the Academy president crediting how, through its technologically creative approach, it "viscerally connects" participants to today's prominent **political and social issues** surrounding the U.S.-Mexico border.³²

The British Academy of Film and Television Arts (BAFTA) last year formed their own Immersive Entertainment Advisory Group consisting of industry experts from the US and UK with the goal of assessing the impact of immersive entertainment with an eye toward creating **better learning experiences**. The group is largely focused on VR experiences, including experts from Disney, Magic Leap, Google, Microsoft, Sony, HTC, Paramount, Oculus, and ILMxLAB.

Marketing research has shown that while audiences increasingly wish for more direct engagement in their entertainment with more more active participation and immersion, this opens the door to the possibilities of impacting audiences more deeply, offering **new points of view and inspiration to live better lives**.³³ Just as immersive entertainment has the power to create meaningful relationships with brands through experiential marketing activations, it has equal power to **create lasting impressions** with social messages.³⁴

But just as there is a desire for positive social change through immersive entertainment, there are potential negative effects in audiences who increasingly distance themselves from the real world. Research shows non-screen activities generally create happier experiences than screen-based ones, while today's online social networks frequently create a state of unhappiness amongst frequent users. Digging the hole deeper, the more users are engaged with screen-based immersive applications, the more companies are able to harvest personal information on users to further personalize entertainment to keep them further addicted.³⁵ It's a potentially endless downward spiral that requires creators of XR experiences to take great care when crafting just how connected they intend for their audiences to become.

CONCLUSION

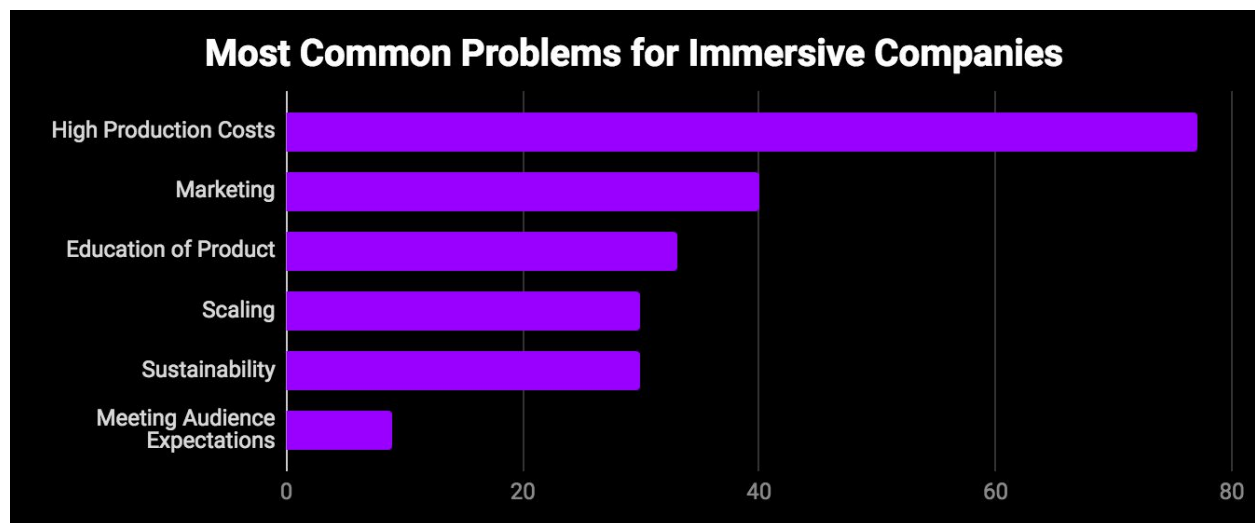
This first annual report of the Immersive Entertainment Industry has aimed to summarize the recent and present state of this growing industry formed by many sub-industries and disciplines, some well established and others only recently beginning their growth.

The importance here is to place value on the whole of the industry, with each discipline striving for the goal of creating meaningful connections that impact actively participating audiences with profound results. This approach to entertainment vastly differs from many forms in the past, offering an opportunity for audiences to remain tethered to experiences that resonate and **continue to impact them far beyond the "fourth wall."**

The Immersive Entertainment Industry is in a period of growth, one where its various sub-industries face similar challenges no matter the stage of development or scale of operation. Massive theme parks and small immersive theater productions both share similar **difficulties in creating sustainable experiences** that deeply affect every person that passes through.

Among surveyed companies aiming to produce immersive works with regularity, **high production costs** and **spreading the word** about their products rank atop the list of most common difficulties they are facing. As the Immersive Entertainment Industry grows, consumers in general will increasingly become aware of the different types of entertainment and disciplines that fall under the "immersive" banner. With this familiarity, we believe, will come an increasing interest in participating in immersive events.

But as the desire for intimate experiences increases, so too will the challenges of crafting detailed, engrossing work for audiences who will expect increasing levels of personal attention. Such attention makes **scaling** among the top challenges for creators of immersive works. The marriage of high production costs with the desire to keep audience counts low to maintain intimacy makes **sustainability** a significant ongoing challenge as well.



Ultimately the intent of this annual report is to **offer creators within the Immersive Entertainment Industry a joint starting place to begin to tackle some of the above-mentioned problems** by arming them with empirical data from each sub-industry. This report aims to form an overall cohesive look at how the industry can continue to grow and thrive as a whole that is indeed greater than the sum of its parts.

This is a floor from which the industry can begin discussions. This first year's report is not a map, but a compass aimed at the future of the Immersive Entertainment Industry and overall Immersive Design Industry. Because of how this industry is comprised of so many different sub-industries, mapping this will only get more complicated as designers continue to innovate, stepping between entertainment, retail, education, and activism.

For this industry, **crossing these disciplines is not uncommon**. Whether creating an activation to market an upcoming Hollywood film or a standalone experience designed to connect emotionally with individuals, the tools and ideologies to create immersive works are shared across the spectrum.

As we bring more people in from other industries and disciplines and awaken them to the commonalities they already share, we will continue to form a better understanding of the breadth and depth of the work that is already happening – and that which is yet to come.

Community building is an active process that involves not just the core organizers and entities like those who have attended the Immersive Design Summit, but involves every member of the community. By working together to form a **healthy “immersive” community** to share techniques and insights from each discipline, only then will these discussions help stimulate change and further growth.

It is clear from recent growth patterns reflected in this report that the Immersive Design Industry is still very much in its infancy, with new forms of immersive entertainment and other works being created, innovated, and iterated upon with each new year.

In those years ahead, we must find new ways to measure impact of the industry beyond the financial. To take one example metric: it is unknown how many people have been inspired to create their own works after attending an immersive event or engaging with an immersive product, but from recent years' growth in the number of companies producing such work, it's clear that inspiration is abound.

So how do we do a better job at measuring impact? How do we bring in more people from different disciplines? How do we value the qualitative as much as the quantitative to offer not just a big picture look at the industry but begin to analyze its smallest details? There is no simple solution.

As experiential works continue to draw audiences further into stories more than ever before, the potential of the Immersive Design Industry is tremendous – and obvious. The paths to reach that potential, however, are rather unclear. What is clear is that we must continue to spotlight those who have made significant strides toward ensuring designers have the ability to fulfill their potential of creating unforgettable experiences for audiences worldwide.

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