NEW ADVENTURES:
The Strength of the Immersive Entertainment Industry

The **Immersive Entertainment Industry** was valued in 2019 at **$61.8 billion**, prior to the onset of the COVID-19 pandemic. This market value reflects tremendous growth in this exciting and unique industry.

This second annual report of the Immersive Entertainment Industry has quadrupled in length over last year and still is just beginning to scratch the surface of the incredible variety, complexity, vastness, and impacts of the next generation of mass entertainment. This industry continues to **revolutionize entertainment** as we know it, offering audiences a deeper connection to innovative and creative work being produced around the world than ever before.

The following report aims to spotlight the **best of immersive entertainment in 2019** while continuing to offer observations, research, and guidance on where this industry is headed as a whole and how new creators can best learn from successes of the past on a quest for scaling, sustainability, and growth for years to come. This report is published for creators, journalists, investors, and sponsors to obtain a better understanding of the incredible potential and promise of the Immersive Entertainment Industry.

QUESTIONS ANSWERED
- How big is the industry? How fast has it been growing?
- What are industry trends in reach, revenue, attendance, and value?
- What are the industry's most recent success stories?
- What funding & investment opportunities are emerging?
- How can the public better understand the variety of immersive experiences?
- What impacts did immersive works in 2019 have on audiences and the industry?

KEY TAKEAWAYS
- Upward trend in the Immersive Entertainment Industry
- 2019 by-the-numbers industry impact and growth trends
- As the buzz word wears off, true "immersive" works begin to stand out
- At least 775 new immersive projects were created in 2019
- Audience & creator surveys results reveal pricing, expectation, and reaction data
- Opportunities for immersive sub-industries to connect through shared design methodologies and business practices
- New companies strive for a balance of innovation, risk, scale, and sustainability
- Proposal for industry-wide standardized categorization and nomenclature of immersive experiences defining experiences based on level of interaction, age-appropriateness, category, and size of team / nature of funding

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PUBLISHER'S PREFACE
Destiny Deferred

A funny thing happened to, well, all of us on the way to publishing this year's Industry Report.

If you're reading this at the time of publication you know all too well what I'm referring to: COVID-19. If you're reading this a couple of decades from now and aren't familiar with that term, congratulations: you really had to be there and you're glad you weren't.

The preparation of the report, and the launch of the publishing entity — the HERE Institute — were well underway when word came down that we would not be able to release the report at the first annual HERE Summit & Festival as intended.

We were left with a choice: scrap the research that had been done and kick the project down the road until the dust had settled or finish what we began. We chose the latter, in large part because the 2020 report is about where we were as much as it was about where we are going, collectively, as a field.

The accomplishments and the underlying issues have not been wiped away by the arrival of COVID-19. The same triumphs and trials will remain as the world finds its new normal, which as of this writing is still some unknown ways off.

What follows does not center on the Immersive Entertainment Industry as it stands at this moment, but it is not offered in ignorance. You will find that the authors have flagged questions related to the impact of COVID-19 throughout.

Nevertheless, to know where we are going we must know where we have been. The velocity of our industry has changed because of the current pandemic, but it is our firm conviction that the energy that fuels the immersive renaissance has not been destroyed. We already see that the inventive spirit of this industry's creators has not been stymied by these trying times, with new forms of experiential work being produced across multiple disciplines and around the world.

We also know that when it is safe again for patrons to gather that the kinds of experiences that the immersive field has to offer are exactly what so many will be so sorely missing. For this is not a time of rest, but restlessness, as we wait for the world to heal.

It is with that in mind that we offer up this snapshot of where we were, where we were going, and where our destiny still awaits us.

Noah Nelson
May 20, 2020

AUTHORS' PREFACE
LOOKING BEYOND THE CORONAVIRUS

With the HERE Summit & Festival planned for the weekend of March 27th, 2020, we were deep into researching and writing this report when the COVID-19 pandemic took hold of the world's attention. Suddenly, this report about the successes and future of the Immersive Entertainment Industry became far more valuable as a beacon of hope for the eventual return to normal life filled with laughs, social gatherings, and live entertainment of all kinds.

This report was roughly 65% complete when the coronavirus began to shut the world down. From early calls for social distancing to the increasingly narrow restrictions on gatherings and events of any kind, it became abundantly clear that much of our industry would be hurt.

There has been no choice but to close down the world's theme parks, escape rooms, and location-based entertainment of all kinds for months – an unprecedented move in the history of this industry.

But while this pandemic may have temporarily stunted the immediate growth of this industry, it will not stop us.

So while the world paused to focus on keeping humanity safe and healthy, we completed the report – not to register the current state of the industry, but as a record of how it was before the pandemic struck.

This report now presents a tremendously positive outlook for the future of immersive entertainment and design. As society emerges from a time of social distancing, people will no doubt be eager and excited to gather once again to enjoy all things immersive.

Further research and analysis of the overall impact of the coronavirus on the Immersive Entertainment Industry will need to be conducted in the weeks and months ahead. For now, we celebrate the victories of where we were before COVID-19 with excitement for the future of the Immersive Entertainment Industry.

**Ricky Brigante & Sarah A.S. Elger**
May 13, 2020

ABOUT

RICKY BRIGANTE, CO-AUTHOR – Ricky is best known as the founder and former editor of **Inside the Magic**, which under his 14-year leadership became a respected leading source of news, information, and expertise in the themed entertainment industry. His coverage of theme parks and immersive attractions worldwide has been seen by more than 1 billion viewers, listeners, and readers as a podcast pioneer and on YouTube.

Today he is the Creative Technologist and VP of **Pseudonym Productions**, where he has designed and implemented immersive technology systems, produced original scores, and led the company's efforts in video production, graphic design, photography, and software development. Ricky's work has been featured in Entertainment Weekly, USA Today, Los Angeles Times, Fox News, NPR, Playboy, Business Insider, and the Orlando Sentinel.

SARAH A.S. ELGER, CO-AUTHOR – Sarah's career spans work with wizards, volcanos, King Kong, Big Bird, fast cars, and secret R&D projects. She started her themed entertainment design career as a Disney Imagineer and went on to design blue sky efforts for Universal Creative, SeaWorld, NASA, and Chimelong. On Broadway, Sarah also worked with lead producers Kevin McCollum and Jeffrey Seller on the productions of *In the Heights*, *Avenue Q*, and *West Side Story*.
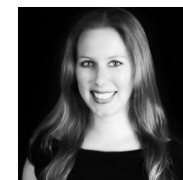
Sarah is the founder, Creative Director, and CEO of **Pseudonym Productions**, where she has co-written and directed seven original immersive experiences with an emphasis on open world gameplay, branching narratives, and meaningful interactions that connect people together in unexpected, memorable ways. She has led teams of actors, scenic artists, designers, and technicians to bring to life vibrant fantasy worlds, themed environments, and surprising stories.

NOAH NELSON, EDITOR – 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 its spiritual successor the **HERE Summit & Festival**, and helping to define the frontier where the immersive arts roam wild.

SPECIAL THANKS TO: George Walker (Universal Creative), Kathryn Yu (No Proscenium), Tommy Honton (Stash House), Philip Hernandez (Seasonal Entertainment Source), Carlyn Topkin (Lou Hammond Group)

EXECUTIVE SUMMARY

"While immersive experiences have always been around, it is the shift into today's experience economy that is driving growth in the Immersive Entertainment Industry.

It's a perfect fit – but recognize that experience creators now compete against the world for the time, attention, and money of individual experiencers. You must therefore innovate ever-greater immersions into the new and the wondrous."

- B. Joseph Pine II
co-author, *The Experience Economy*

In 2019, the Immersive Entertainment Industry has achieved a huge leap over the prior year. The industry has continued to be fueled by **tremendous growth in themed entertainment** – including theme parks and haunted attractions – as well as a growing excitement for virtual reality. But the innovations of immersive art experiences have really broken ground with new businesses models catching hold as new markets begin to form throughout the world, adopting these new types of experiences. Growth is occurring in all of these segments as experiences become more creative, more elaborate, and receive more funding.

The next standout success of the future may lie in the **mysteries of immersive theater**, which until recently did not show any signs of finding its financial footing any time soon. But as a handful of businesses begin to solidify their offerings into products that are not only driving huge revenue but also attention from major corporations and massive audiences alike, there is certainly something exciting to watch in this emerging field.

After the world emerges from the COVID-19 pandemic, people will be eager to once again attend events and attractions. The pace of returning to normal is unclear, but it is inevitable that **people will once again be craving new experiences outside of their own homes**.

Every industry has a lifecycle and newcomers to the Immersive Entertainment Industry are largely in the introductory phase figuring out products, innovating, and rightfully failing along the way. At least **775 new immersive projects were created in 2019**. The pandemic has created a sharp increase in digital / virtual experiences, which we can only expect to become

more interesting and inventive products. Creators who have formerly only worked in physical mediums are now looking toward digital products as an opportunity to scale.

While immersive digital experiences are still evolving, there is enough data to begin to draw consistent conclusions regarding how physical immersive experiences will continue to grow and evolve. Building off last year's first-ever immersive creator survey, this year's survey reached out to twice the number of creators as well as audience members to discover trends in the industry.

Theme parks, haunted attractions, and escape rooms have been testing and tweaking pricing models for many years. While theme parks today can command upwards of $100 per day to attend, independently run haunts and escape rooms are generally in the $15-30 range per head. But now **we are beginning to see new models emerging** for immersive theater and similar pop-up events, as well as learning more about audience expectations of such events based on pricing.

The average price paid for such experiences is around $50, which allows immersive experiences to cater to smaller audiences, as the value of those experiences increases with more personal attention. But survey data shows that with every $10 deviation from this average comes a dramatic change in expectations. For every $10 mark above, a new level of professionalism and polish is expected. And every $10 below, audiences are more forgiving. As new experiences are formed, creators are encouraged to form their business models not just around covering their own costs, but also **juggling audience sizes and expectations** properly. Only through careful consideration of these factors will mass audience adoption occur for even the most unique immersive experiences.

Equally important is how the industry is describing these new and innovative experiences. It took the past few years for audiences to begin to understand what immersive art experiences, like the offerings of Meow Wolf of the Museum of Ice Cream, are all about. But the variety of experiences under the "immersive" banner stretches far beyond those types of experiences into eclectic and fully interactive adventures. To try to avoid continued poor comparisons "like Sleep No More" for every immersive theater experience or "like an escape room" for every interactive experience, this report is proposing a **standardized system of categorization, rating, and nomenclature** to help set proper expectations to mass audiences. By clearly defining experience type with consistent language, along with required participation levels, age appropriateness, and the size of the creative and support teams behind new experiences, audiences will have a better understanding of what they are buying into and can form appropriate expectations on their own.

In the continued rise to mainstream popularity of immersive theater and self-defined art experiences like those of Meow Wolf, there has also been a critical push to try to decide

whether these are truly "art" or if they are merely "entertainment." What's incredible about the evolution of the Immersive Entertainment Industry is that the differentiation between those words is rapidly blurring. **Much of what was formerly considered mass entertainment is now thought of by many as art.** And even the most wild art is now finding forms to be entertaining for the masses. Through emerging business models, artists are discovering new opportunities to leave the "starving artist" cliche behind in favor of one that encourages them to actually be able to make a living off their art and not feel like a sell out.

Many newcomers to the Immersive Entertainment Industry seek creative success first and foremost, as the industry is drawing artists of all kinds. Yet as these artists find the value in transforming their art into a living, there still exist widespread struggles across the newer segments of the industry to establish scalable, sustainable business models. The costs to produce elaborate works are expensive and traditional grant and donation based theater models are not always sufficient, nor are admissions models for productions where audiences sizes are small. As these emerging parts of the industry continue to learn how to better market their immersive experiences, especially as wider audiences become familiar with them, these problems of **scaling and sustainability** become even more obvious. Over the past year, creators who once thrived off critical success and rave audience reviews are burning out over the struggle to translate those passion projects into viable long term businesses.

There are, after all, an increasing number of options for consumers' time, attention, and money. So where just a few years ago creators were inventing bold new ways of entertaining audiences, today they are iterating through models around which they can grow those creative visions, without losing the essence of what made them special to begin with.

Not every creator in the Immersive Entertainment Industry is up for the challenge of converting artistic ideals into a sound business model. But for those who make that leap, much of that growth work requires a support system. **Funding paths** for early stage creative immersive companies are needed to be established to fuel the growth of the best and most attention-grabbing groups who are determined to do whatever it takes to make their visions live on. Outside of the many immersive technology companies, only a very small number of immersive entertainment companies have found their way into receiving the funding they need to catapult them to success. But investors are starting to take note that there is something particularly "magical" happening in the immersive entertainment space.

This is the field on which Walt Disney built an empire, beginning with animated films that launched him into revolutionizing entertainment through his development of the original immersive entertainment: theme parks. Now we are on the verge of another entertainment revolution, one in which the **next generation of innovators** are pushing boundaries and dazzling audiences with spectacles unlike anything they've seen before.

PROBLEM & SOLUTION

In 2019, the first Immersive Entertainment Industry Annual Report was released as the beginning of the **yearly process of tracking innovation and growth** across this revolutionary and creative global industry. The report quickly spread, cited globally in articles on business[1], themed entertainment[2], theatre[3], experiential marketing[4], hospitality[5], XR[6], and translated for Chinese markets[7]. The buzz word "immersive" is becoming more prominent in 2020, and more focused on its most appropriate uses in the worlds of entertainment, design, and technology. The word is most important when used to define and categorize the **mesmerizing qualities** that creative and impactful works within this industry uniquely produce.

As defined in last year's report, the Immersive Entertainment Industry includes a variety of sub-industries, with intents that include entertainment, social impact, art, and innovative new companies. **This year's report aims to further define the industry and its components by offering success metrics and identifying the industry's life cycle status, while continuing to spotlight standout achievements from the past year.**

In addition, as the industry grows and more artists and organizations of all sizes emerge, consumers are often left confused, unable to set proper expectations and differentiate between scales of the works being created thanks to clever, well-executed marketing efforts. Where the stage theater world has Broadway and off-Broadway distinctions and cinema has studio-backed and independent designations, much of the immersive world does not currently have a way to distinguish between experiences that have large backing and those that are smaller in budget and scale. It is a goal of this report to propose a nomenclature for the industry to adopt to help audiences understand what level of immersive experience they are getting into. Setting proper consumer expectations is paramount to this industry's continued growth, understanding, and widespread adoption.

By further defining the industry together with charting its recent growths and successes, this report continues to offer audiences, creators, journalists, marketing professionals, investors, and sponsors a window into the incredible forward-looking importance of the Immersive Entertainment Industry – a powerhouse that is making great strides toward revolutionizing the way consumers interact with entertainment and commerce, shaping the future of the experience economy.

[1] https://qz.com/1721357/how-shows-like-sleep-no-more-get-you-to-accept-new-realities/

[2] http://seasonalentertainmentsource.com/immersive-design/

[3] https://www.contemporarytheatrereview.org/2019/safety-risk-and-speculation-in-the-immersive-industry

[4] https://medium.com/@toddstreetnyc/awe-art-wonder-and-experiential-88f5a157f8e1

[5] https://www.hospitalitynet.org/opinion/4095031.html

[6] https://xrmust.com/report-immersive-design-summit/

[7] https://mp.weixin.qq.com/s/7Ml2nnrwl6Jy6_na5G8Tfg

IMMERSIVE SUCCESSES OF 2019

2019 was the year the "experience economy" truly took hold. We have entered an era in which goods and services have become overtaken by experiences. Consumers are valuing the experiences they receive for their dollars more than ever.

The experience economy has long been foreseen, first predicted in a 1998 article by B. Joseph Pine II and James H. Gilmore in a Harvard Business Review article[8]. This 22-year-old article documented the transition from an economy based on services to an emerging one of experiences that extends far beyond entertainment. Then mentioning the yet-to-become-buzz word "immersive" just once in the piece, Pine and Gilmore emphasized the importance of experiences to the world's economy as a response to a growing emphasis on technology. And they couldn't have been more right.

Today we are seeing a strong reaction to being connected to technology 24/7. Whether fueled by millennials' growing obsession with their cell phones[9] or the staggering statistic that 80% of online conversations taking place on social media platforms are people talking about themselves[10], people are actively seeking out more and better experiences in the real world at a rapid pace, particularly ones which allow people to connect together. That bond is becoming equally valuable as a photo opportunity and a chance to simply disconnect from tech.

Theme parks continue to lead everything immersive with tremendous continued growth in attendance across 2019. Major themed attractions have exceeded a collective half billion visits for the first time in history – nearly 7% of the world's population[11].

At the forefront of attention in 2019 was Disney's debut of the Star Wars: Galaxy's Edge in its California and Florida theme parks. Though the new land's phased rollout initially produced a surprising slump in summertime attendance, alongside a high level of disappointment among fans balking at a general failure to follow through on previously-announced interactive and character-driven elements, the end-of-year debut of the land's innovative "Rise of the Resistance" attraction ultimately turned Galaxy's Edge into one of the year's standout immersive wonders.

Outside theme parks, the industry has begun to see the solidification of new business models and ongoing growth and innovation of immersive experiences.

As online commerce continues to command the landscape of basic transactions, new experiences such as New York City's House of Showfields have seized the opportunity to transform the traditional brick-and-mortar store into – as their marketing puts it – "the most interesting store in the world." With timed entries and multiple floors of Instagram-worthy moments inspired by a curated set of products that were formerly sold only online, this shop embodies the essence of the experience economy.

"Can an Art Collective Become the Disney of the Experience Economy?" asked The New York Times[12] in a feature piece on Meow Wolf in May 2019. The company, alongside Museum of Ice Cream, Color Factory, and a small handful of others producing similar exploratory permanent art installations, are leading one iteration of the experience economy by way of massive dollar signs. By finding a new way to monetize art and shared experiences on a mass scale, these companies attracted more than $200 million in private and venture capital investments in 2019. Coupled with Area 15, the world's first "immersive bazaar" – a new spin on the old mall concept with a planned opening soon in Las Vegas that blends a traditional mall layout with unique immersive experiences – the experience economy has been on a path toward booming success.

It's not just dollar signs that are soaring in the immersive museum space. An immersive museum in Tokyo from art collective teamLab announced in 2019 that they received more visitors than the Van Gogh Museum in Amsterdam last year, becoming the world's most visited single-artist museum[13], drawing 2.3 million visitors in its first year of operation in addition to 1.2 million visitors to the collective's temporary light experience.

Throughout 2019, it was more than art museums commanding attention to the experience economy. Home unit sales of VR continued to grow steadily, largely thanks to the ongoing success of the Oculus Quest selling 49% of VR headset sales in 2019 with hundreds of thousands of units sold[14]. Despite this, saturation of VR in the household has remained low, with just 8% of broadband households owning a VR Headset[15] in 2019.

VR has continued to expand outside the home via evolutions of the traditional arcade and family entertainment center (FEC) concepts. Location-based experiences (LBE) now comprise a market that is expected to grow to a $12 billion value by 2023[16]. Backed by Steven Spielberg, film composer Hans Zimmer, and multiple Hollywood studios, Dreamscape Immersive quickly emerged in 2019 as a leader in VR LBE while The Void and a number of similar businesses continue to expand VR LBE offerings around the world.

Immersive theatre innovation in 2019 often stalled in the face of business trial-and-error as some of the most popular small organizations sought out new ways of scaling and monetizing

[8] https://hbr.org/1998/07/welcome-to-the-experience-economy

[9] https://qz.com/1737079/the-experience-economy-will-be-worth-12-billion-by-2023

[10] https://www.scientificamerican.com/article/the-neuroscience-of-everybody-favorite-topic-themselves/

[11] https://behindthethrills.com/2019/05/tea-attendance-report-shows-huge-gains-for-disney-and-theme-parks-world-wide/

[12] https://www.nytimes.com/interactive/2019/05/01/magazine/meow-wolf-art-experience-economy.html

[13] https://news.artnet.com/exhibitions/teamlab-museum-attendance-1618834

[14] https://www.androidcentral.com/nearly-half-all-vr-headsets-sold-2019-were-oculus-quest

[15] https://www.emarketer.com/content/virtual-and-augmented-reality-users-2019

[16] https://www.pcbc.com/PCBC/CUSTOM/Exhibits/StoryTechTrendsSample.pdf

their creatively successful productions. While there were no noteworthy positive industry movements in immersive theatre in the United States in 2019, select overseas groups in more mature parts of the industry have found unprecedented successes.

Bringing in box office revenue of more than $10 million from each large-scale event, London-based **Secret Cinema** has announced a multi-title agreement with Disney to adapt blockbuster Hollywood movies into immersive theatrical experiences, including expanding into the United States market.[17] Meanwhile London's longest-running immersive theatre production, **"Immersive Gatsby"** expanded the experience to a temporary version in Brussels, Belgium and debuted its newest incarnation in Seoul, South Korea.

Not every experience relies on revenue or attendance figures for success. Several impactful experiences in 2019 offered glimpses into new innovations and important works of education.

A small number of immersive creators have begun bridging the gap between physical and digital, allowing live interactions to scale across the Internet. Art and games studio Tender Claws debuted an innovative blend of VR and immersive theatre with **"The Under Presents"** on Oculus Quest, bringing together elements of single-player gaming and multi-player puzzle-based ARGs while offering interactions with live actors portraying non-player characters (NPCs) after launch. *(This experience has reached the national spotlight during the COVID-19 pandemic as a standout among virtual theatrical gaming experiences.)*

Other immersive industry creators who experimented with remote experiences in 2019 include **Candle House Collective** and immersive artist **Keight Leighn**, offering immersive theatre-style performances via webcams and phone calls. *(This trend accelerated in 2020 as theaters and other venues are unable to open at the time of publication due to the pandemic.)*

Making the leap from podcast to VR, host of "Hardcore History" Dan Carlin drew attention to mixed-reality as a mechanism for "immersive memories" with the debut of **"War Remains,"** a virtual experience that powerfully transports participants to a realistic battle in World War I. At SXSW 2019, Giant Spoon created a **Game of Thrones** immersive experience in partnership with the American Red Cross that led to more than 20,000 pints of blood being donated. And NY arts organization Creative Time granted artist Risa Puno an opportunity to create an escape room like no other. Called **"Privilege of Escape,"** this art installation turned the immersive experience genre on its head to deliver attendees with a social impact statement about societal structures of privilege and inequity.

Across all sub-industries of the Immersive Entertainment Industry, there are thousands of individual creators, companies, and other organizations. But no matter the intent – whether for profit, innovation, or impact – **only a small fraction of those creating immersive works experienced remarkable growth in 2019.**

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[17] https://www.hollywoodreporter.com/heat-vision/secret-cinema-tackle-disney-movies-immersive-experiences-1272343

BY THE NUMBERS

After a tremendously successful, growth-oriented year in 2019, **the Immersive Entertainment Industry is valued at $61.8 billion**, including a large jump in theme park market value to $52 billion[18].

The size of the industry, minus theme parks, is valued at $9.7 billion.

Last year's annual report featured a first attempt at placing a value on the Immersive Entertainment Industry, at $49.7 billion. The 19% increase in market value from the 2019 report to this report can largely be attributed to phenomenal growth in the themed entertainment and VR sub-industries.

The substantial increase is also reflective of the timing of the release of this report. The 2019 report was finalized before the annual International Association of Amusement Parks and Attractions (IAAPA) report was released, thus relying on the 2017 market value of the Immersive Entertainment Industry's largest sub-industry.

The themed entertainment industry is growing at an incredible average rate of 7% per year, so the large jump between last year's Immersive Entertainment Industry market value and this year's can partially be attributed to two years of themed entertainment growth being factored in.

(Reminder: The full and lasting impacts the COVID-19 pandemic has had on the market value and predicted growth of the Immersive Entertainment Industry has yet to be fully researched or documented and is beyond the scope of this report.)

The **$52 billion themed entertainment industry** continues to be led by The Walt Disney Co. In 2019, Disney opened the highly-anticipated theme park land Star Wars: Galaxy's Edge both at Disneyland in California and Walt Disney World in Florida. While this land initially suffered from smaller than expected attendance due to overhype leading to fears of overcrowding, the land and its innovative attractions have ultimately set new gold standards for immersive entertainment, particularly with the "Rise of the Resistance" ride. In late 2019, the "Smuggler's Run" attraction was reported to have carried **more than 5 million people** combined across both coasts.[19]

Behind themed entertainment, **Virtual Reality and Augmented Reality** have been by far the secondary leaders of the Immersive Entertainment Industry in terms of market value. The introduction of the Oculus Quest offered record-breaking sales of home VR headsets and, in

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[18] https://ttra.com/wp-content/uploads/2019/10/IAAPA_Amusement-Park-Outlook_2019-2023.pdf

[19] https://www.cnbc.com/2019/11/07/disney-guests-are-deferring-visits-until-galaxys-edge-is-complete.html

turn, more than $300M in sales of home VR content. With companies like Dreamscape Immersive, Hologate, and Sandbox VR attracting increasing attention to VR LBE, the total market value of VR in 2019 was approximated at **$5.97 billion**.[20] Augmented Reality (AR) and Mixed Reality (MR) together were valued in 2019 at **$2.06 billion**[21].

Haunted attractions continue to be a powerhouse of the Immersive Entertainment Industry, not only fueled by consumer purchases but also through healthy commerce between vendors continuing to push the entertainment form forward. More than 37 million haunted attraction customers visited an average of 2 haunted houses in 2019 with an average ticket price of $15, yielding a market size exceeding **$1.1 billion**, according to the Haunted Attraction Association.

Escape rooms have continued to boom, though are showing signs of slowing growth. In the United States, 2,350 escape room venues / locations were catalogued in 2019, versus 2018's count of 2,300. The count remained largely the same due to almost as many escape rooms closing as new ones opened in 2019[22]. Globally in 2019, there were at least 3,300 escape room venues / locations in operation. With an average admission price of $26.50 and an average of 147 players per week[23] per location, this sets a rough market value estimate of escape rooms at **$656 million**.

Immersive theatre is the sub-industry that is still the most challenging to calculate an accurate market value, due to so many companies, organizations, and creators who keep their financial information private. Nevertheless, immersive theatre continues to grow in popularity, particularly in London. While it's still very much in an introductory phase in the United States, the UK is experiencing rapid growth and expansion in immersive theatre. Last year's industry report included only US estimates for immersive theatre ticket sales, so this year's market value has increased significantly factoring in several tremendously successful global productions. Secret Cinema has publicly released its box office numbers for many of its events, posting impressive revenue of more than $10 million for its biggest productions. Combined with estimated gross from immersive theatre's biggest companies including Sleep No More's two global locations, Then She Fell in NY, Immersive Gatsby in multiple countries in Europe, as well as results from our own creator survey, this report sets the 2019 global immersive theatre market value at **$28.1 million**.

Experiential art museums continue to arrive in cities primarily across the United States. Financials show that they are indeed big business adding to the Immersive Entertainment Industry. Meow Wolf in Santa Fe has seen an increase in attendance, drawing $18 million[24] in revenue, while the remainder of similar experiences (Museum of Ice Cream, Color Factory,

Wonder Spaces, and more) total an estimated $10 million, bringing the total market value of experiential art museums to **$28 million** – and growing.

No new data was available for calculating the value of immersive **experiential marketing** activations, **ARGs**, **LARPs**, or **themed bars and restaurants**, all of which remain important parts of the Immersive Entertainment Industry. Immersive pop-ups command headlines, with pop culture nostalgia driving themed bars and restaurants and Hollywood driving much of the elaborate work done in experiential marketing. Backed by large studios, experiential marketing has also continued to set the bar for what big budget immersive events look like. The financials of such activations – while entirely private – are said to be in the millions of dollars per large-scale activation to promote a large TV show or movie. These events are not designed for profit, instead a marketing tool generally accessible to a relatively small crowd with a goal of maximum reach online.

[20] https://www.globenewswire.com/news-release/2019/11/27/1953103/0/en/Virtual-Reality-in-Gaming-and-Entertainment-Market

[21] https://www.globenewswire.com/news-release/2020/02/20/1987732/0/en/The-augmented-reality-mixed-reality-market

[22] https://roomescapeartist.com/2019/08/08/5-year-us-escape-room-industry-report-august-2019/

[23] https://seoorb.com/state-of-escape-room-industry-survey/

[24] https://www.bizjournals.com/albuquerque/news/2019/09/24/meow-wolf-ceo-touts-record-visitors-revenue.html

CREATOR & AUDIENCE SURVEYS

In the first months of 2020, we issued two surveys to groups within the Immersive Entertainment Industry to obtain quantitative and qualitative data to continue to catalog and analyze the industry's current state and growth trajectories. This data was compiled prior to the onset of the COVID-19 pandemic.

More than 300 creators, professionals, independent artists, and immersive fans responded across both surveys, which offers us an overview of industry trends from throughout 2019.

This response offers more than twice the data obtained for last year's Immersive Entertainment Industry report, furthering our efforts to accurately portray the industry's future and potential.

In 2019, a total of 755 new immersive experiences and shows were catalogued by the industry-leading news and information website No Proscenium. The survey results below provide a snapshot and analysis of the data offered by creators and audiences alike.

The majority of respondents to our surveys were based in the United States, so the information below is a reflection of creators and companies in the US, primarily.

CREATOR SURVEY RESULTS

For this year's report, we asked creators to categorize themselves so we may more accurately track not only the path of the overall industry, but also those within strong growth segments.

The overall market size of the Immersive Entertainment Industry is largely dependent upon a few key segments. The Immersive Entertainment Industry does include massive companies, such as The Walt Disney Company. However, the results below do not aim to chart such companies, as there is ample analysis available for companies already in the public eye, particularly those who report to shareholders.

It is most useful for the scope of this report to track the growth of the size and number of the smaller organizations who are producing innovative work at a smaller scale as an indicator of the future of the industry, as it begins to break out beyond the biggest companies.

CREATOR SURVEY – QUANTITATIVE RESULTS

Categorization Breakdown

Small and independent organizations comprised 81% of respondents. As such, the survey results below most closely represent the long tail of the Immersive Entertainment Industry.

Four responses were received from medium businesses (between 101 and 1,000 employees) and zero responses were received from large businesses (more than 1,000 employees).
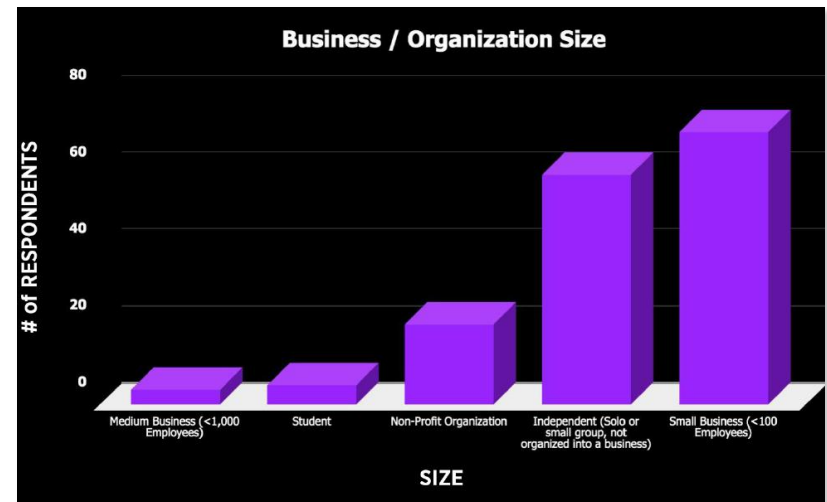

Other mass media industries have widely known categorization methods that help the general public understand the scope of the work created. In the film industry, for example, the difference is widely known between films that are studio-backed versus independent films.

Beginning with this survey, we asked creators to classify their works within the Immersive Entertainment Industry under the following categories:

- Student
    - Immersive work created by students for or with the assistance of schools or universities
- Independent
    - Immersive work produced by individual or groups of creators, not as part of a business
- Festival / Convention
    - Immersive work created as part of a larger event, festival, or convention
- Professional
    - Immersive work produced by small or medium businesses, not for or in conjunction with any large businesses
- Large Scale Professional
    - Immersive work created for or by large businesses

This is not a hierarchy, but rather the first pass at a simple nomenclature system to allow audiences to properly set expectations when making buying decisions and in critiquing work.
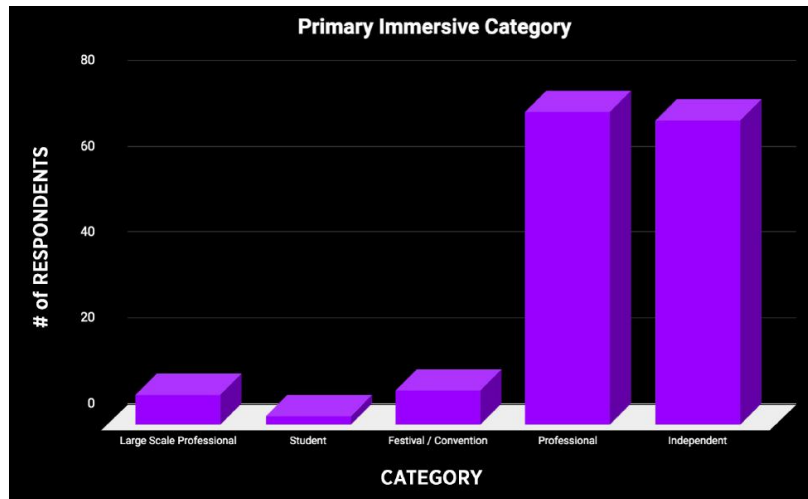
After reviewing the survey data, we evolved this proposed naming system, with further details and recommendations for widespread adoption of an Immersive Entertainment Rating System included later in this report.

89% of respondents to our creator survey have self-classified as either independent creators or professional companies and organizations. As this number continues to increase in the years ahead, it is of vital importance that we emphasize the need for such a categorization to be widely adopted.

Starting with the release of this report, the website No Proscenium will be adopting a category and classification system with every immersive experience or show listing, offering greater transparency for readers to allow them to approach new works with appropriate expectations.

While financial success is generally the best metric for quantifying the growth of an industry, the Immersive Entertainment Industry is largely rooted in creativity and artistry.

The following four success metrics were measured in our survey on an importance scale from 1-4:
- Creative / Artistic Achievement
- Financial Gain / Profit
- Social Impact
- Customer / Audience Satisfaction

Averaging creator survey ranking results revealed that the margin between the importance of each of these metrics is nearly negligible, placing value on all four almost equally with Social Impact and Financial Gain / Profit edging out slightly, on average.

However, when specifically focusing on the highest ranked as most important of these metrics, **Creative / Artistic Achievement tops what respondents most strive for with 43.5% ranking it as their leading metric of success.**

Highest Ranked Success Metric
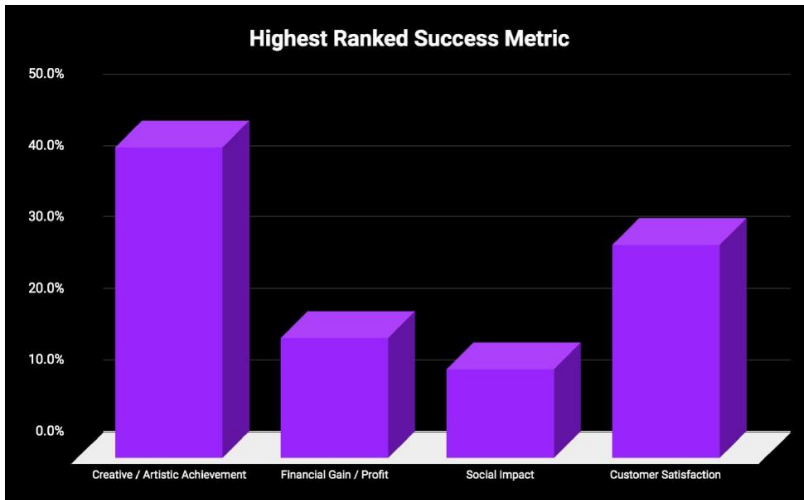
While the average result and the focus on the highest rank may seem contradictory, the takeaway is that while a significant concentration of creators in the Immersive Entertainment Industry are primarily focused producing artistically significant work, **the industry as a whole is well balanced in terms of striving toward all of these success metrics evenly**. Any single entity within this industry would thus be wise to pursue all of these metrics equally.

Beyond the core four metrics above, other noteworthy success metrics identified by creator survey respondents include:
- Artist support
- Community engagement
- Safety
- Awareness of the medium / creating new audiences
- Education
- Emotional impact
- Recognition
- Innovation
- Fun

These all represent signs of a healthy, growing industry.

Experiential Products

Of respondents to our creator survey, 46% represented the artist-driven immersive theatre segment. While still comparatively small in market value, this segment is one of the fastest growing. Immersive theatre presents a low barrier to entry, allowing even individual artists to experiment and stage creative theatrical experiences that continue to push boundaries of what theatre has traditionally offered.

With leader Secret Cinema leading the charge toward reaching mainstream audiences, this explosive segment is one to watch carefully in the years ahead as innovative new approaches emerge.
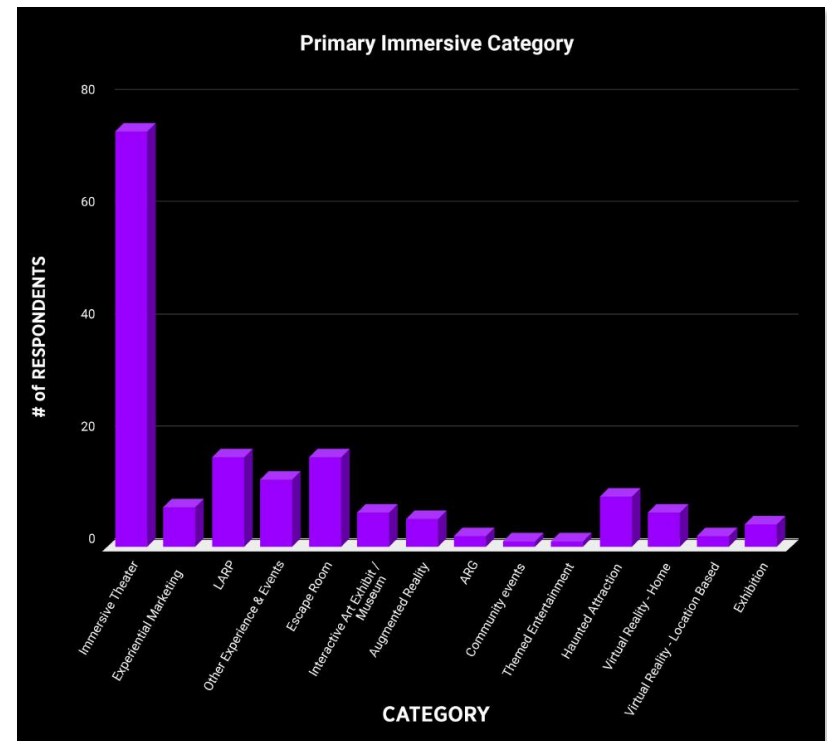
Remote / Digital Experiences

Physical experiences are far more easily categorized than that of the emerging fields of remote, digital, or online experiences.

22% of creator survey respondents have created immersive works that reach beyond traditional physical spaces into virtual worlds. But those virtual worlds vary far beyond any simple categorization.

Common platforms used in 2019 to create remote or digital experiences included:
- Virtual Reality (Oculus Rift, Oculus Quest, Oculus Go, HTC Vive)
- Augmented Reality (Magic Leap, HoloLens, ARkit, Instagram filter)
- Telephone
- Email
- Text messages
- Custom app / platform
- Web-based
- 360 Video
- Social media
- Webcam / streaming video
- Audio headsets

But there are seemingly limitless boundaries for remote experiences, with immersion being created by survey respondents through innovative uses of sensors, projectors, robots, cassette tapes, 35mm film, and even repurposed musical instruments.

(Since the emergence of COVID-19, video streaming platforms like **Zoom** *have rapidly become popular tools for creators, particularly actors and other performers, to offer online immersive experiences.)*

Reach & Growth

While specific industry-wide data cannot be determined from charting the relatively small sample size of new companies and organizations that participated in our creator survey, we can continue to track overall growth trends.

The vast majority of work represented by the results of our creator survey was staged or otherwise took place within the United States, with 29% in California and 16% in New York.
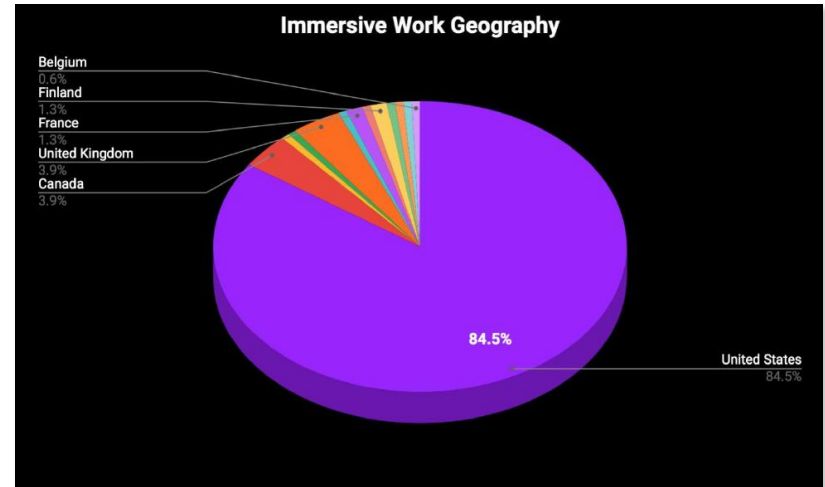
Both this year's report and the 2019 report show an initial explosion of new companies and organizations within the Immersive Entertainment Industry beginning 6 years ago.

Since then, the pace at which new companies and organizations are formed within the industry has slowed down, but continues on an upward trend.
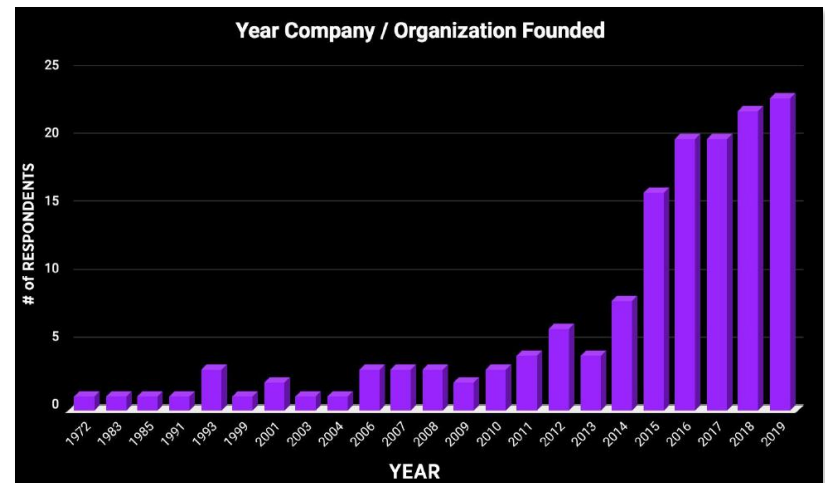
In an industry with such a high percentage of individual creators and startups, it's not surprising to see that **63% of respondents have bootstrapped their efforts**, relying on founders and past revenue to continue to produce work. **27% of respondents have brought in additional capital via outside sources** including grants, crowdfunding, sponsorship, donations, and private investments.
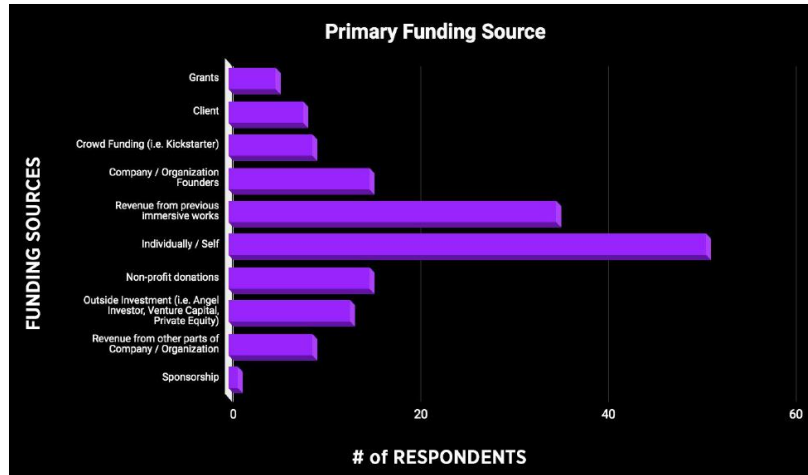
Equally unsurprising is to see the predominance of volunteer and contract-level financial relationship between startups and young organizations to their staff, cast, and crew.
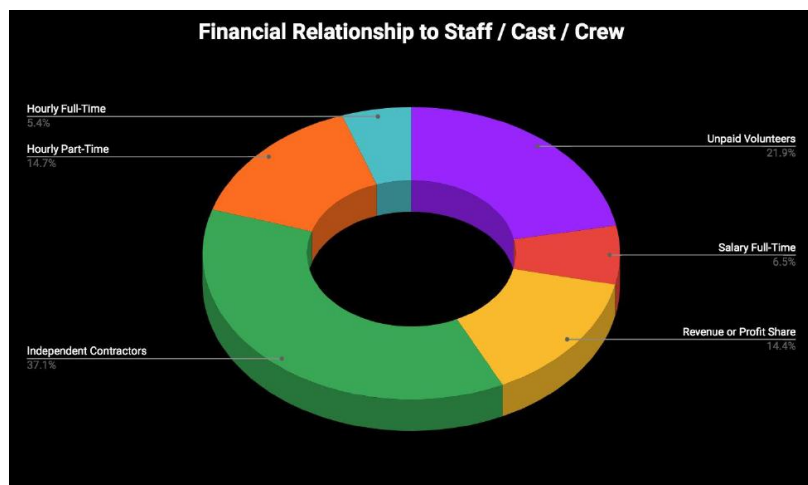

Nearly ¼ of those working for survey respondents are unpaid volunteers, with only 12% working on full-time roles.

But this pay structure (or lack thereof) corresponds to how the vast majority of respondents classify themselves in the life cycle of their segments of the Immersive Entertainment Industry.

**The industry life cycle stages are defined as:**
1. Introduction (Still developing work, not yet proven business model, high expenses, low revenue, limited customers, low competition)
2. Growth (Product is developed and driving consistent revenue, strong growing customer base, competition is strong, and marketing required to differentiate)
3. Mature (Growth and innovation slow, products across industry are defined, focus on efficiency, profitability is primary goal, competition peaked)
4. Decline (Revenue declining, no growth, product becoming obsolete, businesses leaving industry)

Half of respondents are still in the introductory stage, with another 40% working their way through growth – an accurate representation of the overall state of the Immersive Entertainment Industry, which is still finding its footing in many areas.
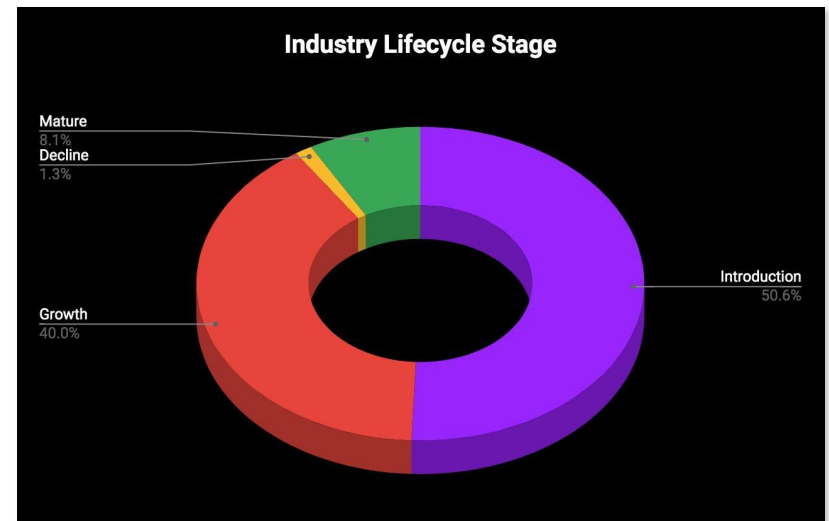
Creators within this industry are actively developing new temporary and permanent works, contributing to the growth of the industry.

**The majority of respondents have created 1-5 temporary immersive works over their lifetime**, but the long tail of this data represents more than 1,000 temporary works.
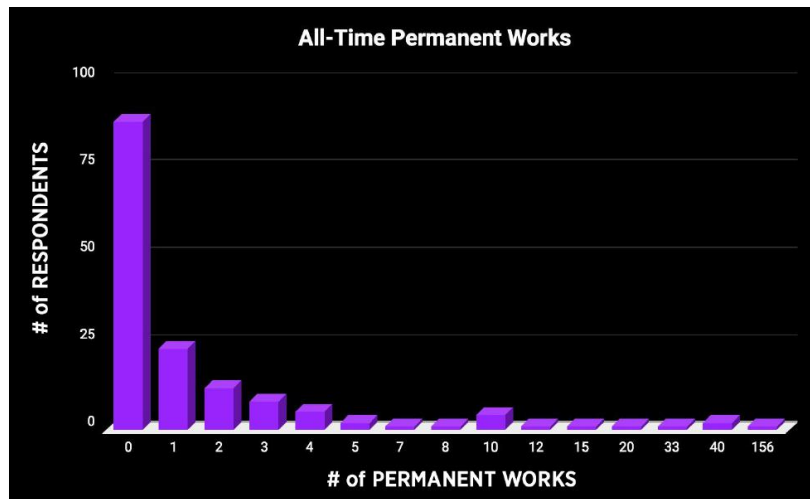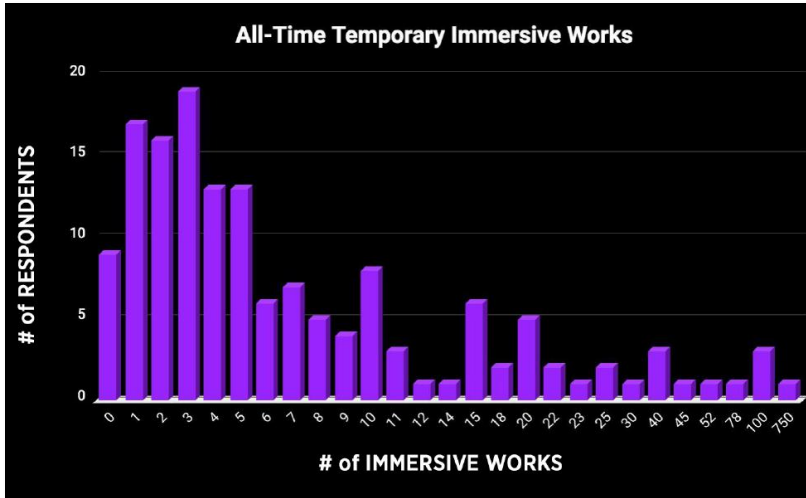
The majority of respondents (55%) have never created any permanent works, though this does align with the large percentage of respondents who are creators of immersive theatre – which by nature is often temporary or limited run by design.

The definition of permanent works ranges from an art installation to a fully functional immersive experiential business, so the specific quantities of works charted below matter less than the distribution of how many groups have created lasting immersive work.

89% of respondents created at least one new immersive work in 2019, with 51% having created more than one.
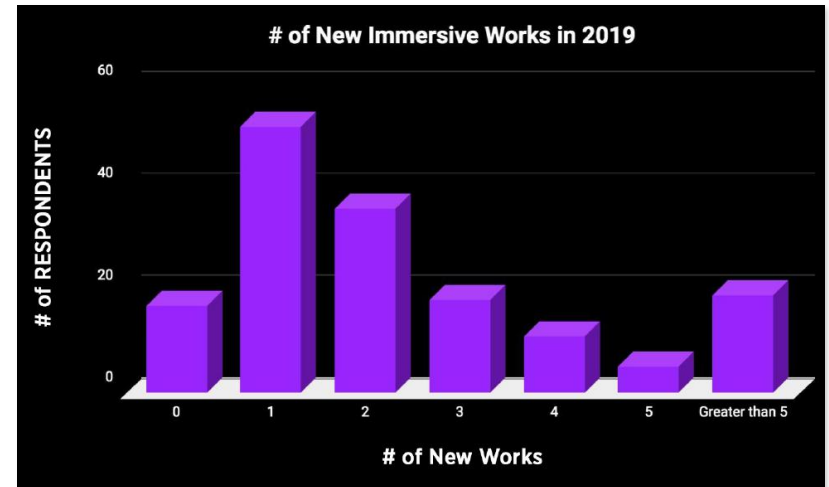
46.5% of respondents had an immersive work that was still open or active from year to year over the last 2 years. This percentage directly matches with the number of respondents who have created permanent works, indicating the ongoing lasting effect of immersive works that are designed to stick around.

# of Permanent Works Carried Over from 2018
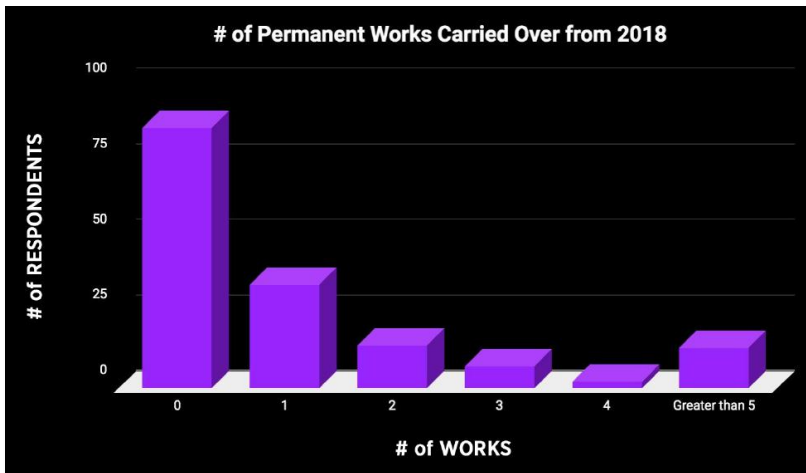
Pricing, Attendance, and Revenue

The **admissions business model** is by far the most commonly used by companies and organizations in the Immersive Entertainment Industry, with 74% of respondents listing it has their primary source of revenue. 13% rely on work for clients / other businesses as their primary revenue stream.

Primary Revenue Stream
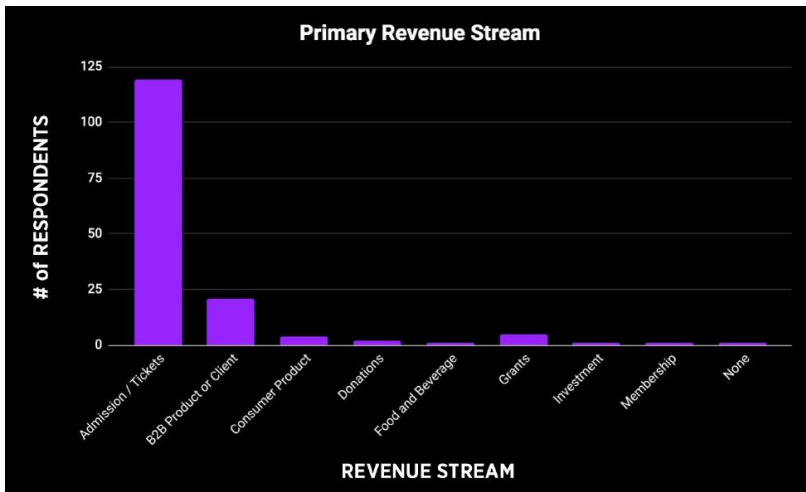
59.9% of respondents reported revenue in excess of $10,000, which is a 23.5% increase from last year's survey. 44.8% of respondents brought in revenue exceeding $25,000, which is a 3.7% increase over last year. **Nearly ¼ of respondents reported revenue of more than $100,000 in 2019.**

Gross Revenue in 2019
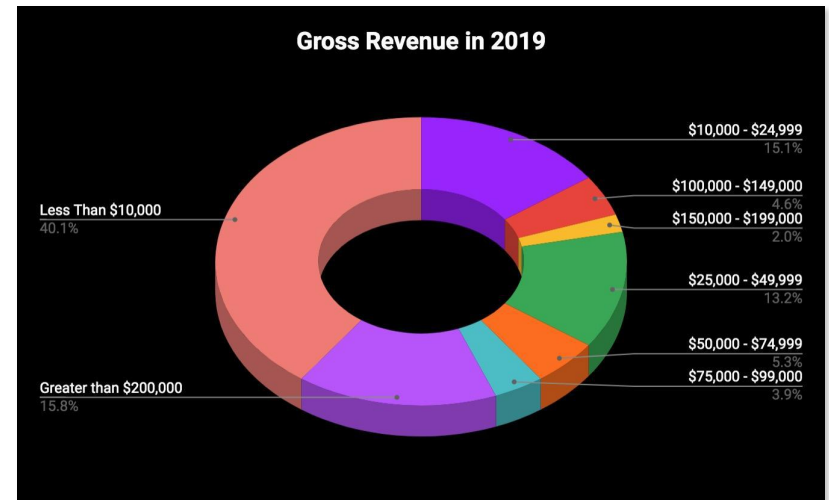
Looking closer at sub-industries within the Immersive Entertainment Industry reveals a clear revenue disparity:

Gross Revenue for Escape Rooms in 2019

Gross Revenue of Haunted Attractions in 2019

- $10,000 - $24,999 — 11.1%
- Less Than $10,000 — 22.2%
- Greater than $200,000 — 11.1%
- $75,000 - $99,000 — 11.1%
- $100,000 - $149,000 — 33.3%
- $25,000 - $49,999 — 11.1%

Gross Revenue for Immersive Theatre in 2019

- $10,000 - $24,999 — 22.9%
- Less Than $10,000 — 47.1%
- $100,000 - $149,000 — 1.4%
- $150,000 - $199,000 — 1.4%
- $25,000 - $49,999 — 18.6%
- $75,000 - $99,000 — 1.4%
- Greater than $200,000 — 7.1%

Gross Revenue for VR in 2019

- $25,000 - $49,999 — 12.5%
- Less Than $10,000 — 25.0%
- Greater than $200,000 — 62.5%

Gross Revenue for LARPs in 2019

- $10,000 - $24,999 — 20.0%
- $50,000 - $74,999 — 6.7%
- Less Than $10,000 — 73.3%

Of the five above, immersive theatre stands out as the sub-industry that is poised to become the next to enter the growth phase. (We did not receive a sufficient number of responses to quantify revenue trends for ARG, AR, exhibitions, experiential marketing, interactive art museums, or themed entertainment, so we have not included charts for them.)

Roughly ⅓ of new immersive experiences created in 2019 were designed for simultaneous audiences of 10-49 patrons.
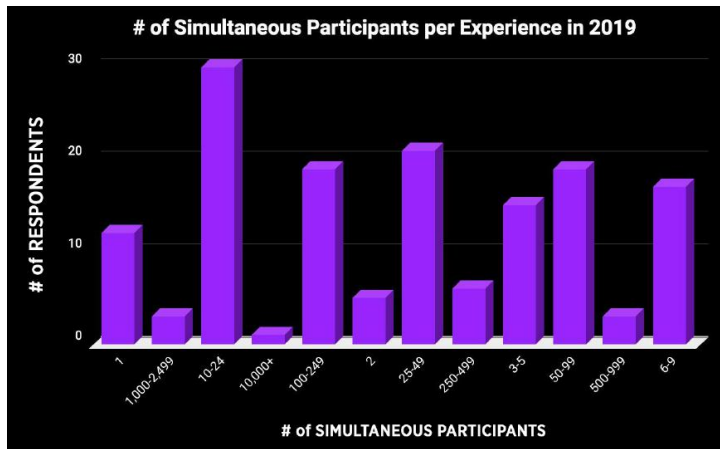
Following the trends from last year, the majority of survey respondents reported total attendance of 100-499.
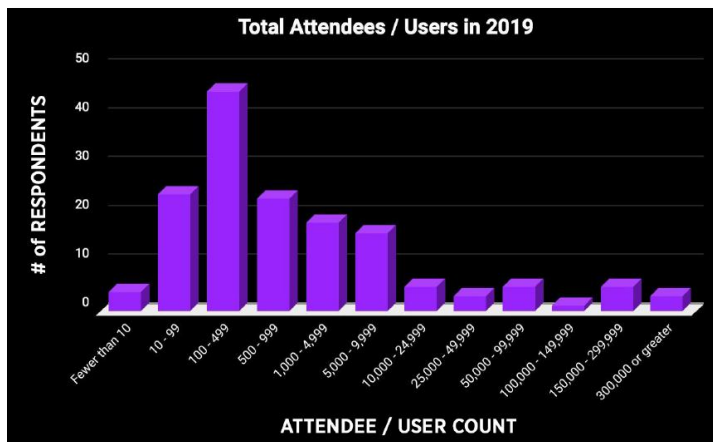
Charting the total attendance for individual immersive experiences throughout 2019 reveals significant spikes at around 40, 90, 150, 250, and 1,000 attendees

There are also attendance concentrations in the areas of 40-100, 150-600, 1,000 - 2,000, and 15,000+ attendees.
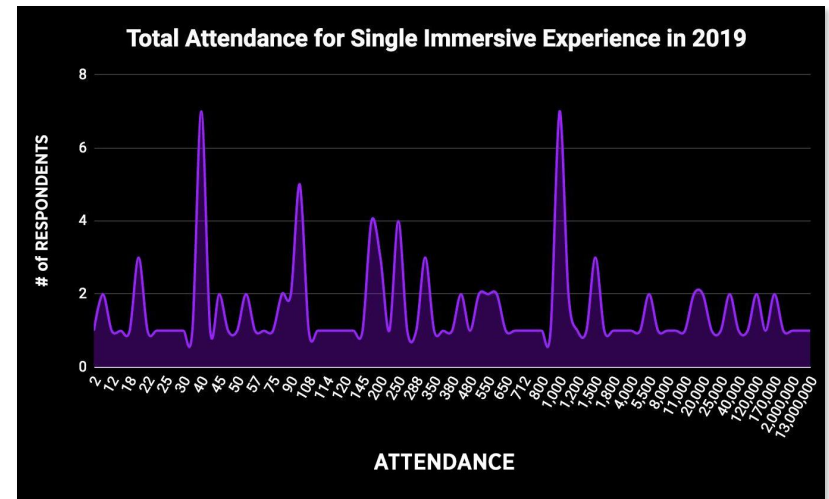
We can infer from this data that there are opportunities for creators to design new experiences for these specific ranges of attendees.

Designing for specific attendance goals within these concentrations allows creators to properly scale and control production costs and marketing efforts.

Spending trends mirror last year's report as well, with 30.6% of customers spending $25-$49 on each immersive experience.

Spending per Customer in 2019
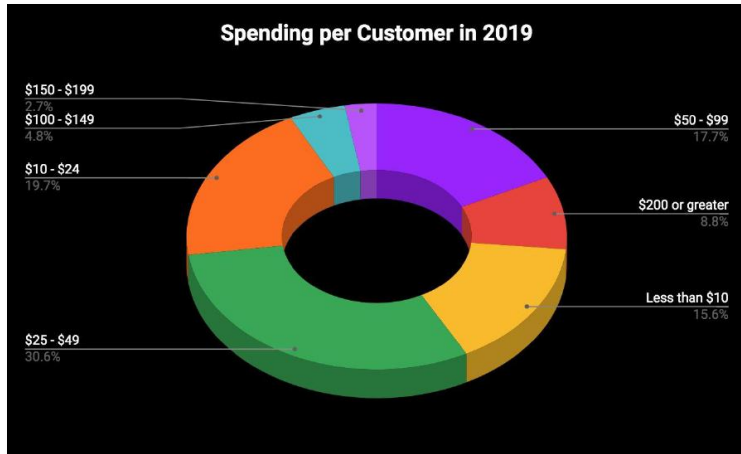
Rent

One of the biggest expenses identified by last year's report for creating live / physical immersive experiences is space rental. The goal of charting rental rates here is not to show real estate trends based on location or square footage, but rather to identify trends in what rent ranges creators are paying for space.
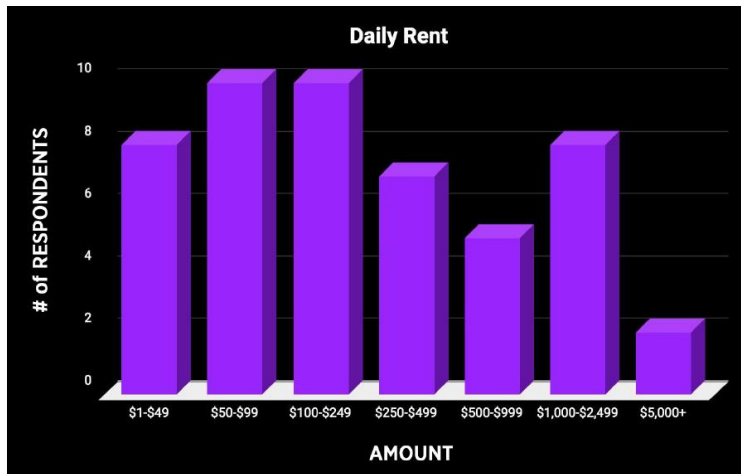
Daily Rent

Daily rental prices are reasonably balanced from inexpensive locations at less than $50 / day upwards to $2,500 per day, so no clear conclusions may be drawn from this data.

Charting monthly rent shows that the majority of respondents who do rent space monthly are paying rent in the range of $1,000 - $3,000 per month:

Monthly Rent

Beyond paying for space, 20% of respondents borrow space for their immersive experiences, while 5% own their spaces and thus do not pay rent.

CREATOR SURVEY – QUALITATIVE RESULTS

It's equally important to monitor qualitative trends of the Immersive Entertainment Industry to understand how the evolution of work within the industry is perceived and described, both by creators as well as audiences.

Like last year, the words **Interactive**, **Experiential**, and **Intimate** continue to be the most commonly used. **Narrative** has replaced **Storytelling** as the 4th most commonly used.

Newcomers to the top 10 terms are **live**, **adventure**, **fun**, **game**, and **creative**, replacing last year's **participatory**, **agency**, **engaging**, **environmental**, and **sensory**, suggesting creators have begun choosing to use descriptive language more accessible to the average consumer.
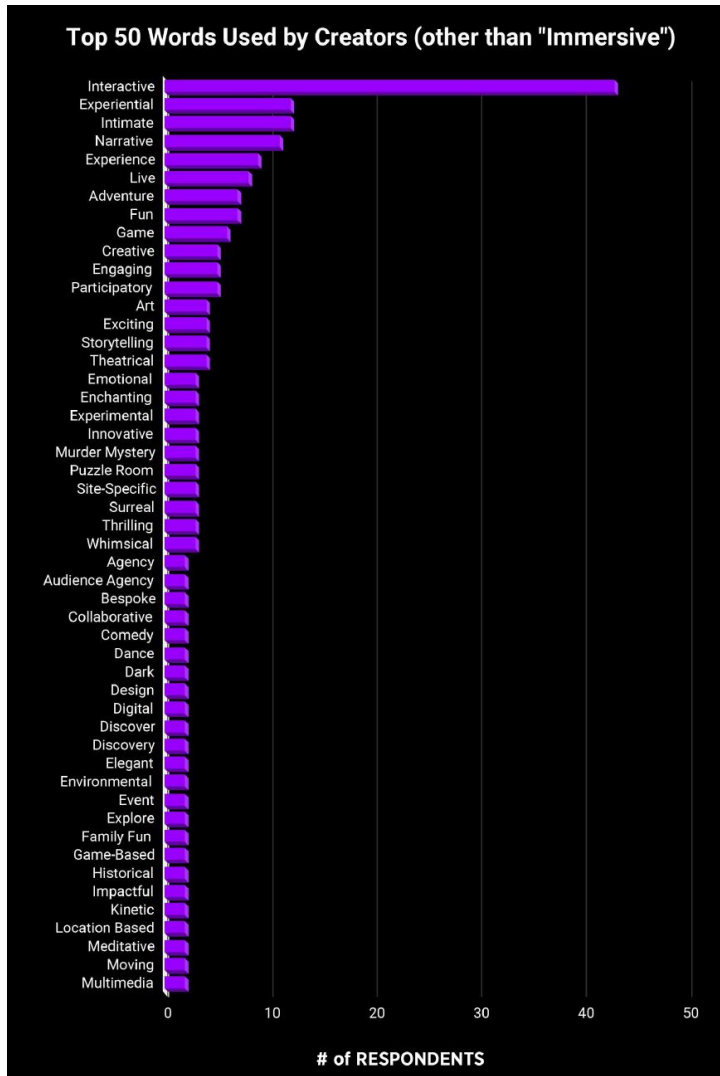
Creator survey respondents identified their most effective marketing words to attract consumers to their work. By far Immersive and Interactive lead the group, unsurprisingly.

Compiling the words not specific to any category or genre, we can form a description that summarizes the current state of how creators are best summarizing their work:

> The Immersive Entertainment Industry offers **unique**, **intimate**, and **bespoke experiences** that are like a **live choose-your-own-adventure**, in which guests are invited to have **fun** on a **secret journey** to **discover**, **explore**, and **interact**.
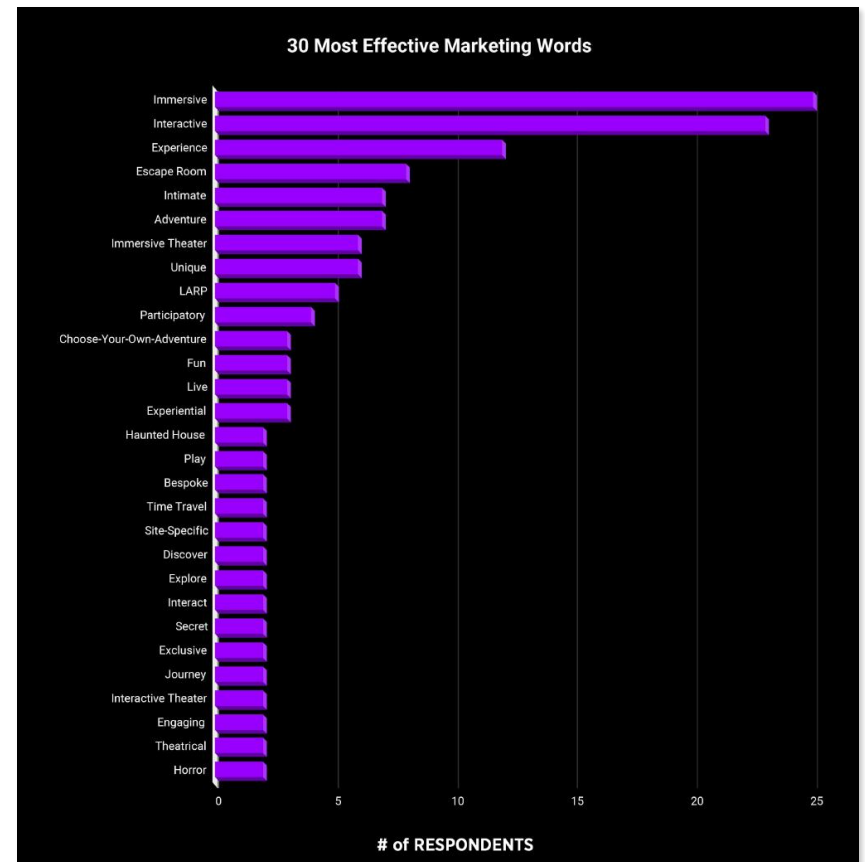
Many of the same words that were deemed *most* effective for marketing by some respondents were also identified as the *least* effective. Specifically, general words like **Immersive** and **Interactive** are good for some audiences while confusing for others. Likewise, using words that categorize the industry such as **Escape Room**, **Immersive Theatre**, **VR**, **AR**, and **XR** excites fans of these types of experiences but potentially confuses audiences who are not familiar with the terms.

What is clear from these two lists is that there are no right or wrong ways to conduct marketing. It all depends on the product and who the target audience is for each message.

30 Least Effective Marketing Words
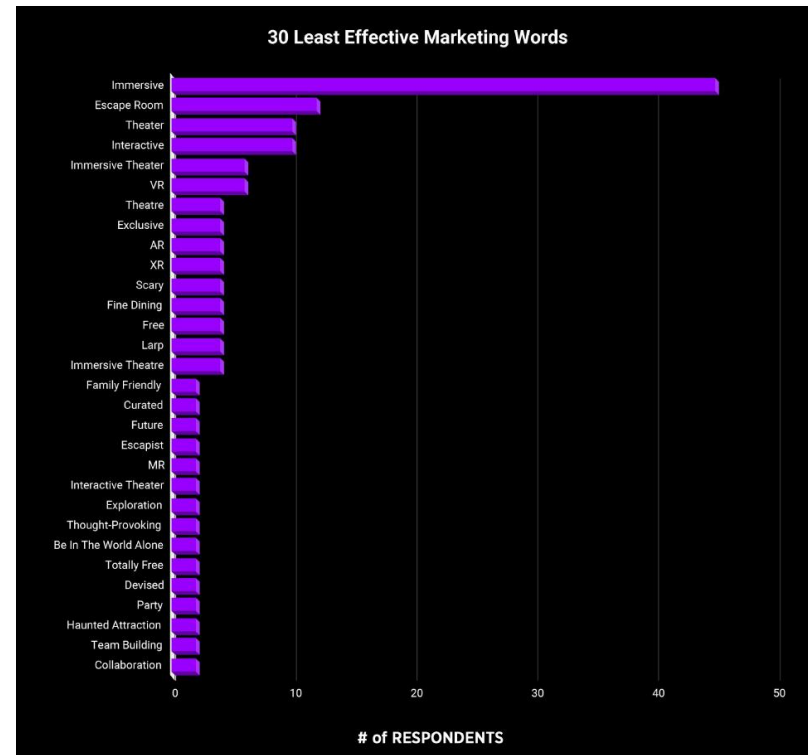
It may seem obvious, but the most common desire for audiences seeking out immersive experiences is summed up by one simple word: fun.

The word chart below is a compilation of the most commonly used words by customers who have praised immersive works. Allowing one to simply drift across this graphic offers a sense of the emotional reactions customers have when they enjoy an immersive experience. Words like **Magical**, **Engaging**, **Transformative**, and **Meaningful** combined with phrases like **Unlike Anything I've Seen** and **Mind Blown** are exactly the types of reactions creators strive for when working within the Immersive Entertainment Industry.

According to its customers, this is an industry that brings **strangers** together to become a **community** across **beautiful** and **emotional dream**-like experiences that come to life through **worlds**, **characters**, and **sets**.

To try to evolve how immersive experiences are described to the public in marketing, it's enlightening to read some of the interesting comparisons offered by customers:

- "It was like being in a video game."
- "Excuse for adults to play and be openly vulnerable."
- "It's like a horror movie come to life."
- "This was like a haunted house but not scary, and really fun!"

- "I've never so fully walked in another person's shoes."

But for every piece of praise from a customer comes a flurry of **common complaints** that still plague many works within the Immersive Entertainment Industry. Expectations are everything when it comes to customer satisfaction and it is clear from the word chart below that customers expect more.

"**Not Enough**" and "**Want More**" are two of the most commonly used phrases by customers, according to creator survey respondents. This could be spun to describe the insatiable appetite fans have for this kind of work – but it could also simply mean that many of the works being created don't quite hit the mark, or don't live up to expectations set by marketing.

The biggest concrete complaints can be found in the areas of **headsets**, **interactive** elements, **locations**, and **pricing**. Customers who haven't enjoyed respondents' immersive experiences have found them too **confusing**, **boring**, games are too **easy** or too **hard**, problems **hearing**, and that they are **too short**. In short, some experiences have simply been described as **soup**.
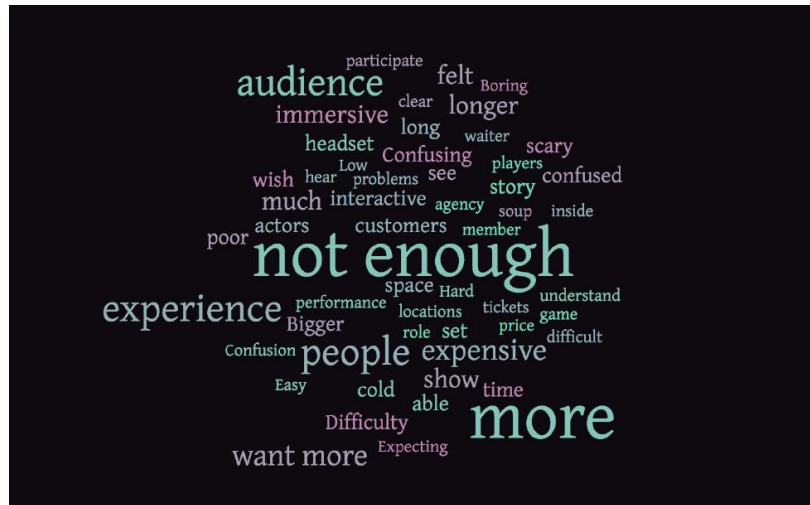
Challenges

Since last year's report, there have been significant changes in the balance of challenges faced by artists, companies, and organizations in the Immersive Entertainment Industry.

Last year, high production costs were by far the most problematic as creators tried to find ways of bringing their visions to life – while scaling issues were noticed by ⅓ as many creators.

In 2019, scaling is on the forefront as attitudes shift toward growth and sustainability among creators. Expensive resources continue to be problematic, but less so than keeping experiences running and moving forward. This is a sign of a healthy industry that is rapidly shifting from the introductory phase into a growth-oriented phase.

Customer satisfaction continues to be an insignificant challenge in this industry led by creative artists and professionals.

But finding solid business footing proves to be the challenge at hand across much of the industry.
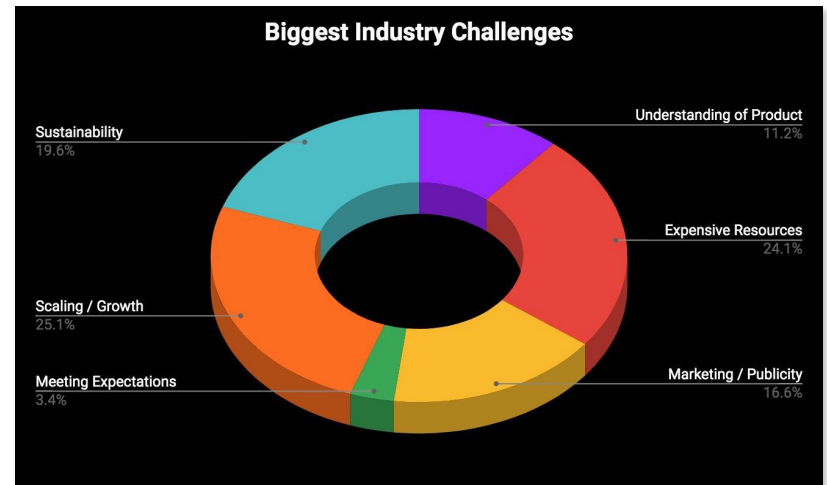
AUDIENCE SURVEY

In addition to the creator-focused survey that gathered the data above, a separate survey was offered by **No Proscenium** to self-identified audiences and fans of the Immersive Entertainment Industry. With more than 150 responses, this effort allows us to add important data from the customer's perspective, identifying trends, likes, dislikes, and overall spending habits.

Since this industry's value relies on its ability to both satisfy customers and bring in revenue directly from customers, then the following data serves as a guideline to new perspectives that differ from creators' motivations, instead focusing on the market's reaction to immersive works that have been created.

Note: The vast majority of respondents to our survey were based in the United States, so the following survey results do not include global audience data.

AUDIENCE SURVEY - QUANTITATIVE RESULTS

Within the United States, **Los Angeles** continues to have the highest concentration of self-identified fans of the Immersive Entertainment Industry amongst respondents, followed closely by **New York City**. Trailing cities beyond those two include **Denver**, **San Francisco**, **Salt Lake City**, **Philadelphia**, and **Chicago**.

21 states are represented in the results of this survey by at least one respondent.
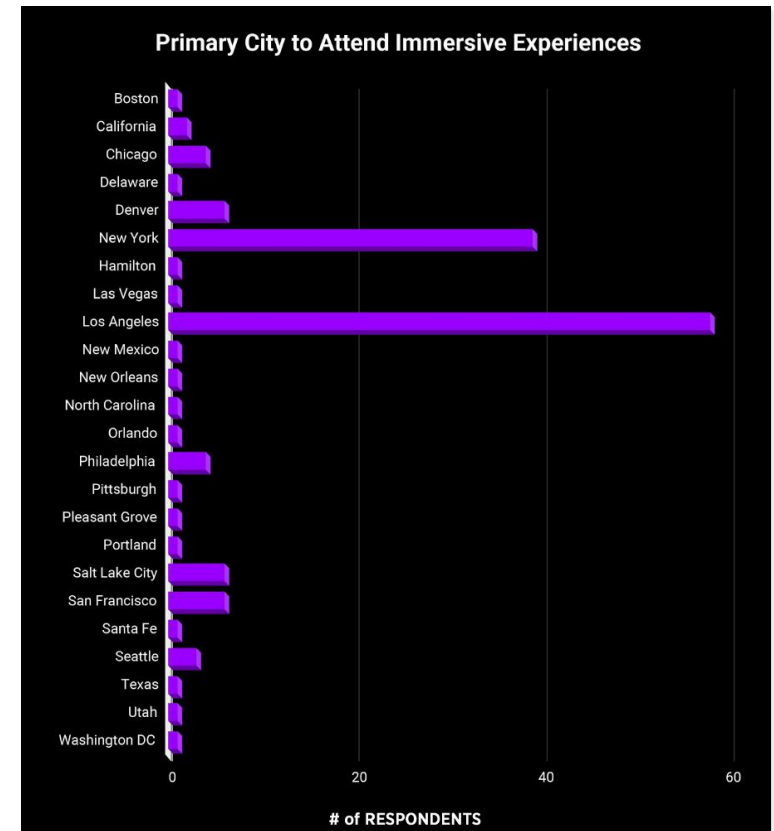
86.3% of self-identified fans of the Immersive Entertainment Industry travel occasionally or frequently to attend immersive experiences.

This data suggests that creators of immersive works should not focus on targeting local audiences, but design for and reach out to tourist markets as part of a growth strategy.
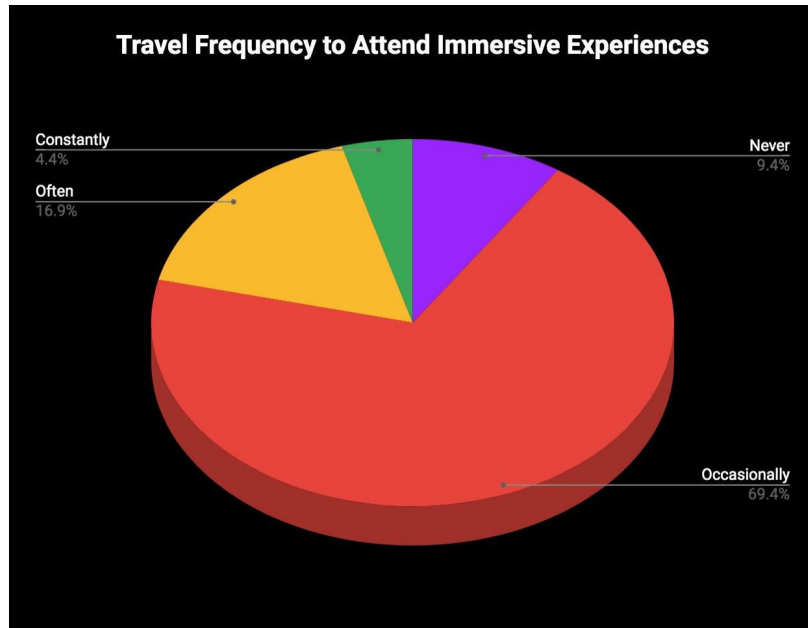
There is no denying that immersive experiences capture an audience's attention and leave them wanting to experience more:

- 89% of respondents attended 3 or more experiences in 2019
- 48% of respondents attended 10 or more experiences in 2019
- 3.7% of respondents attended 50 or more experiences in 2019

This data reflects that it's not only the "hardcore" fan who is attending multiple immersive experiences in a year, but actually the norm.

Moreover, 43% of respondents attended more immersive experiences in 2019 than 2018, while only 15% attended fewer in 2019.
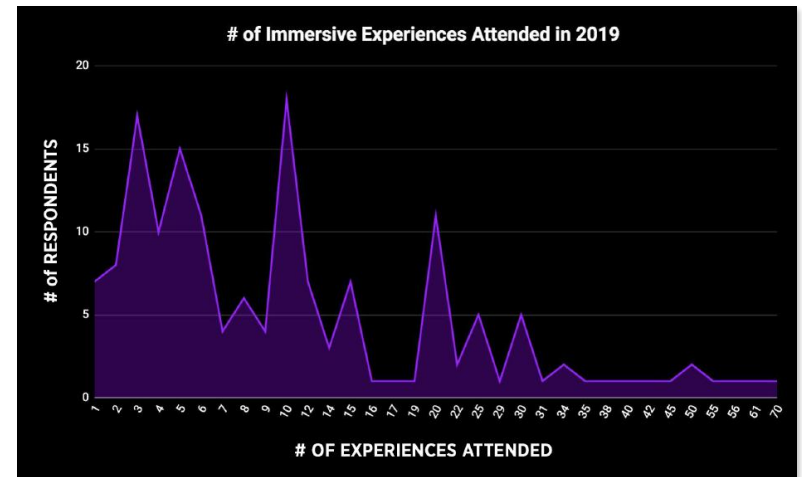
Summer and Fall are the most popular seasons for immersive experiences with a combined 75% of the overall annual attendance, largely thanks to the increase in experiences offered during Halloween time.
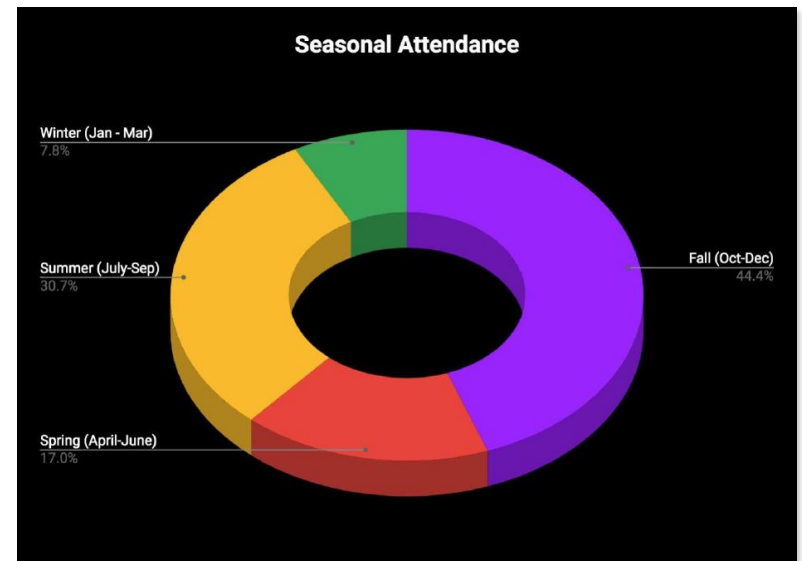
Virtual Reality

While VR continues to grow strongly in the location-based entertainment (LBE) space, its home adoption is still slow, as only 28.8% of respondents currently own the necessary hardware to take part in VR experiences.

Own Virtual Reality (VR) Hardware

Yes
28.8%

No
71.2%
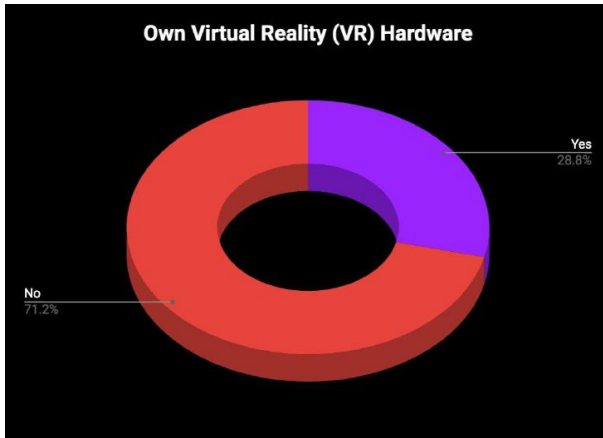
Likewise, the vast majority (81.7%) of respondents have no plans to purchase VR hardware within the next year.

Plan to Buy VR Hardware in 2020

Yes
18.3%

No
81.7%
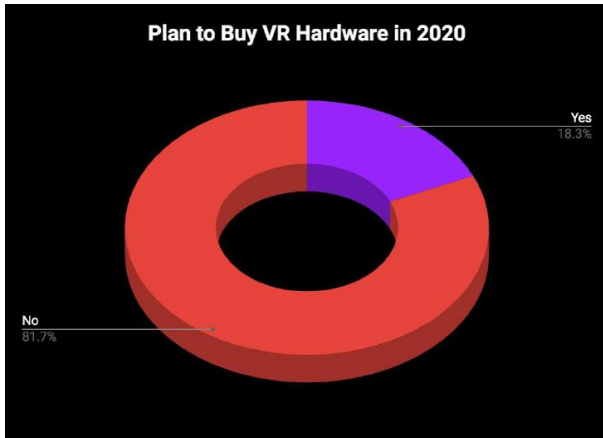
Prices

Prices across the Immersive Entertainment Industry vary as much as the products offered. But based on survey data, **a price ceiling for "expensive" immersive experiences is rather clearly defined at $150**. 60% of respondents have never paid more than $150 for admission to a single experience. Prices above $150 risk limiting the number of interested customers.

Highest Price Ever Paid for Immersive Experience

# of RESPONDENTS

PRICE ($)

Mirroring data gathered from the creators survey, the most common price consumers have become used to paying for attendance to immersive experience is around $50. This reflects the upper end of average customer spending reported by creators.

Average Price Paid for Immersive Experiences

# of RESPONDENTS

PRICE ($)

However, this does not mean every experience should be priced at $50, as that ultimately does depend on what is being offered. It is a useful metric by which creators can decide whether their products are worth more or less than the average.

Consumer feelings about the average price ($50) and ceiling price ($150) for immersive experiences are largely positive. **71% of respondents feel that these prices are right – if not low – for the value received.**
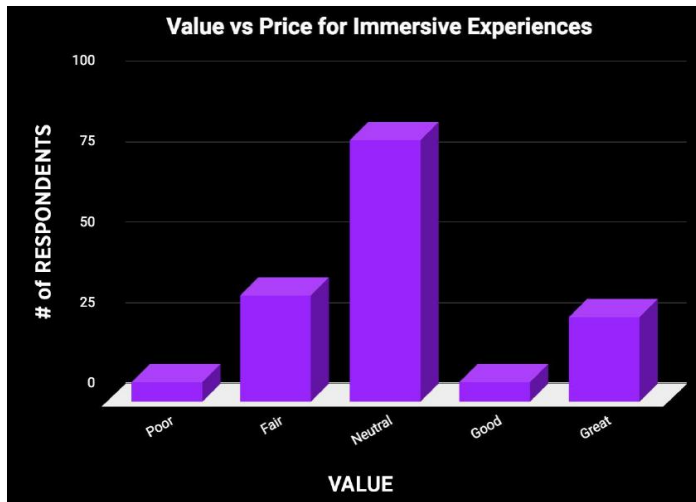
To determine pricing, creators must gauge how well their product stacks up against customers' expectation of a certain degree of polish.

At the average price point of $50, audience expectations spike, with expectations further elevated at $75 and $100. Below $50, every $10 increase to prices results in an additional layer of expectations, though they remain tempered until that $50 mark is reached.

This is especially valuable data for experiences that have variable pricing that occasionally exceeds $50, suggesting that experiences designed for lower price points will have diminishing returns in customer satisfaction above $50.

Immersive Qualities

No single quality within the Immersive Entertainment Industry attracts customers more than others, according to respondents. In fact, **it is the very combination of entertainment, emotion, intelligence, theme, and subject or story that makes immersive experiences so compelling and attractive to audiences.**
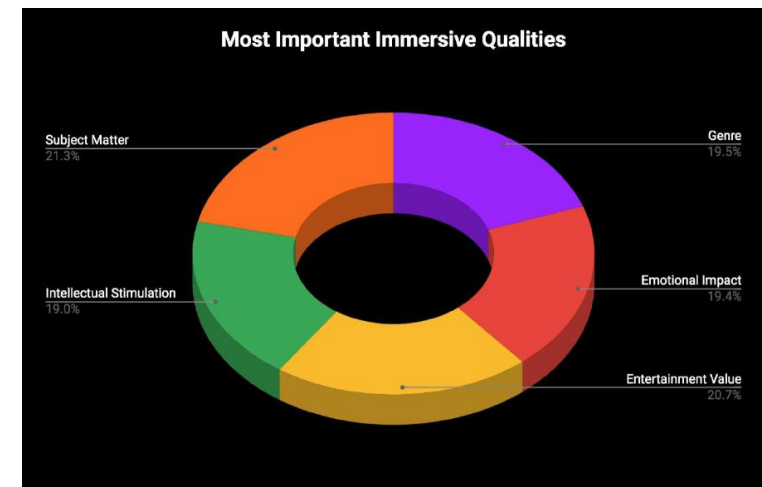
Other noteworthy qualities of interest to some respondents include **physical contact**, **intimacy**, **innovation**, and **originality**.

The concept of participant agency is nearly absent from survey respondents' top interests. This aligns with its drop since last year in reported usefulness for creators in both describing their work and in marketing it.

Agency was at the forefront of much of the innovative work being produced in recent years. But now, **there has been a noteworthy shift in immersive experiential work away from the concept of agency and more focused on the creation of entertainment that is viscerally and psychologically rewarding** – but above all is fun, regardless of the level of participation from audiences.

Immersive Favorites

More than half of respondents selected Immersive Theatre as their favorite type of immersive experience, with Themed Entertainment, Extreme Haunts, and Escape Rooms next in popularity.

This data is backed by the novelty and explosive growth of immersive theatre, the most exciting part of the Immersive Entertainment Industry for early adopters. **It is also the sub-industry that is having the most struggles with scaling and sustainability**, except in the standout unicorns – the handful of large-scale companies who have created a formula for long-term success on the back of years of show and business development together with a bit of luck.
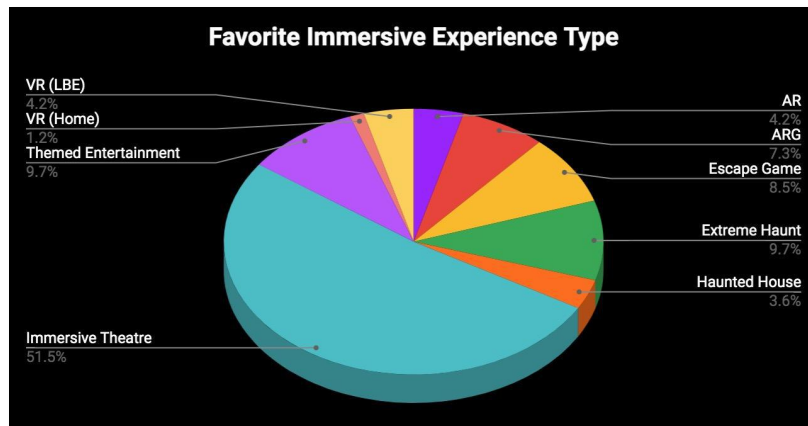
Three production formats have emerged across the Immersive Entertainment Industry:
- Sandbox / Open World (*Like a free-roaming video game*)
- Tracked (*Linear flow, like a theme park dark ride – but with or without vehicles*)
- One-on-One (*Intimate experiences designed for the smallest of audiences*)

41% of respondents prefer the Open World format, but the margins are small so overall that **one format is not necessarily preferred over** another in the consumer's eyes.
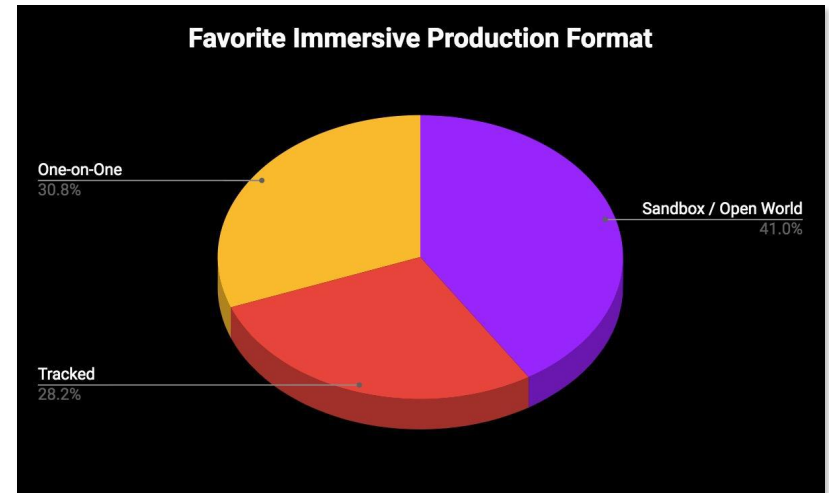
Five types of participant agency are used throughout the Immersive Entertainment Industry:
- Narrative (Power to change story)
- Investigative (Power to reveal, but not change story)
- Emotional (Power to influence performance, but not change story)
- Traversal (Freedom to move through space)
- Co-Creation (Active Improvisation)

While just over ⅓ of audiences prefer the choose-your-own adventure feeling of Narrative agency, the preference is not overwhelmingly high compared to other types. In general, while agency can be an important tool to bring value to an immersive experience, **a specific type of agency is not necessarily preferred over another across all audiences.**

Preferred Agency Type

Co-Creation 15.3%
Investigative 14.6%
Emotional 21.7%
Narrative 34.4%
Traversal 14.0%
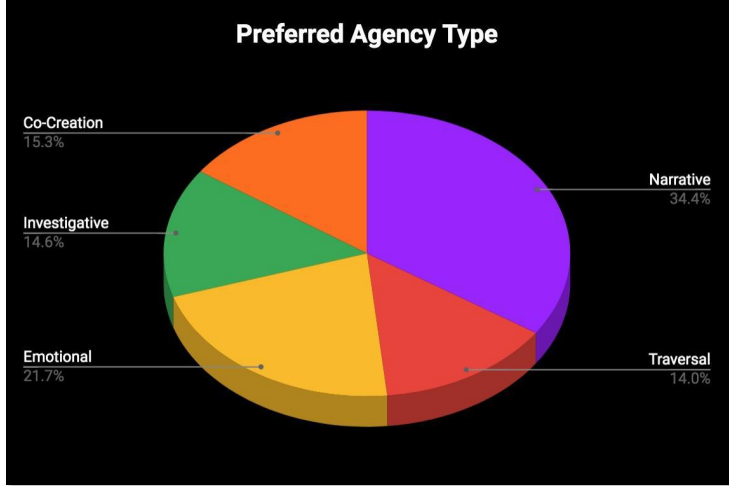
It's not surprising that since respondents of this audience survey are predominantly fans of immersive theatre, they are drawn toward interaction with performers. 76.1% of respondents desire modern to heavy interaction with performers within an experience.

Preferred Level of Performer Interaction

None 12.6%
Light 11.3%
Moderate 39.0%
Heavy 37.1%
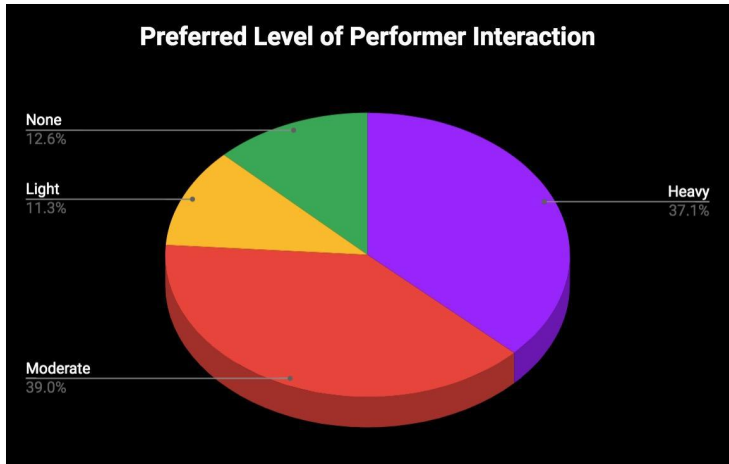
92% of respondents also reported they have no problem with experiences that involve physical touch. *(Note: This survey was conducted several weeks before the coronavirus emerged.)*

When it comes to genre work in the Immersive Entertainment Industry, the favorites are **Mystery, Adventure, Drama, Fantasy, and Horror**, according to survey respondents. Anyone who has visited a theme park would easily recognize all of these genres as being popular for decades. The addition to the list that continues to make waves through the industry is **Dreamlike / Spiritual**, as many audiences of immersive work seek out transcendent / transformative experiences.

The least popular genres are Social Realism and Crime, both of which are contrary to the escapist entertainment draw of the Immersive Entertainment Industry.

Of course, there is always an opportunity for subverting expectations. While Musical, Historical, and Conspiracy are among the least favorite genres for these entertainment experiences, those are exactly the three elements that make up the smash Broadway hit "Hamilton."

Favorite Genres for Immersive Experiences

Therapeutic 3.0%
Social Realism 0.2%
Science Fiction 7.7%
Mystery 14.5%
Musical 2.3%
Horror 11.2%
Historical 4.7%
Fantasy 11.4%
Adventure 12.4%
Comedy 6.3%
Conspiracy 2.6%
Crime 0.9%
Drama 12.1%
Dreamlike/Spiritual 10.7%
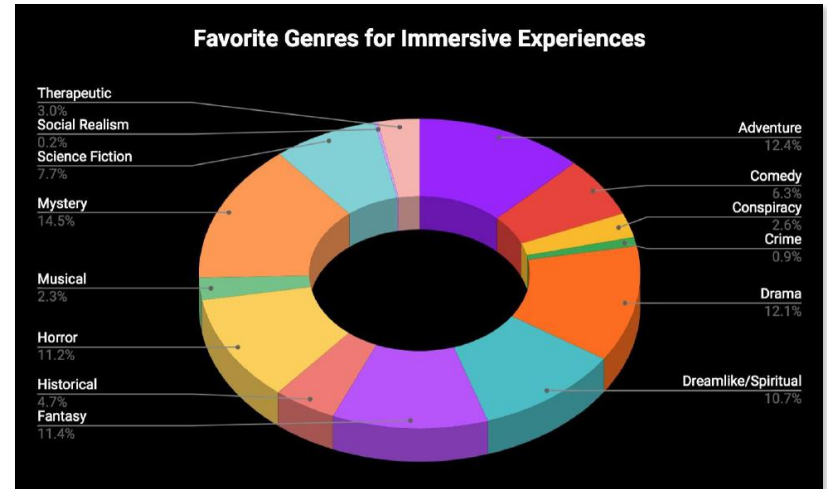
Market & Marketing

18.2% of respondents feel that experiences are too frequently over-marketed, but 33.4% feel that most experiences are accurately marketed.

With nearly half of respondents feeling indifferent about the state of marketing, so far marketing of experiences has not negatively impacted the perception or satisfaction from the majority of audiences.
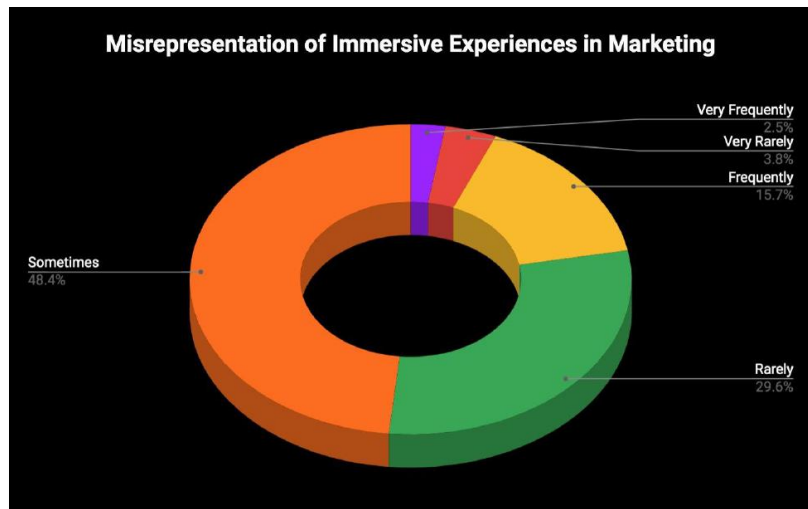
While the Immersive Entertainment Industry continues to grow, it has a broad reach through so many sub-industries with a wide variety of products and experiences offered.

40.5% of survey respondents feel there is sufficient immersive work in their area and that the market is saturated. However, 59% of audience survey respondents are from Los Angeles and New York City, which are the most saturated areas of the United States for immersive experiences.
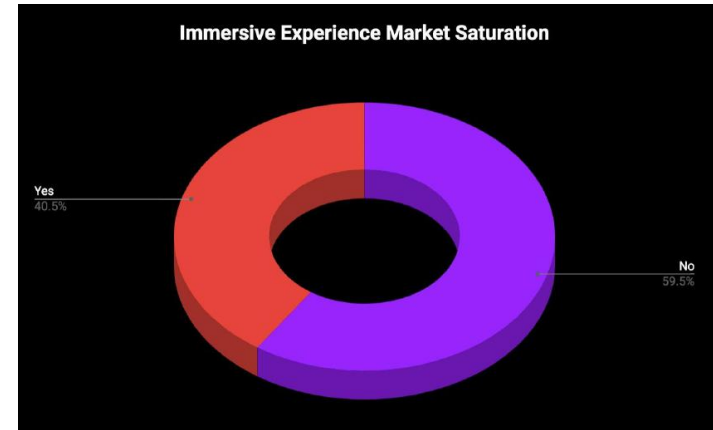
Removing Los Angeles and New York City from the survey responses results in 83.9% of respondents reporting that they feel there are not enough immersive experiences in their area.

This suggests this industry still has a lot of room for growth. Even in Los Angeles and New York, audiences are not satiated as 59.5% feel there is not enough there either.
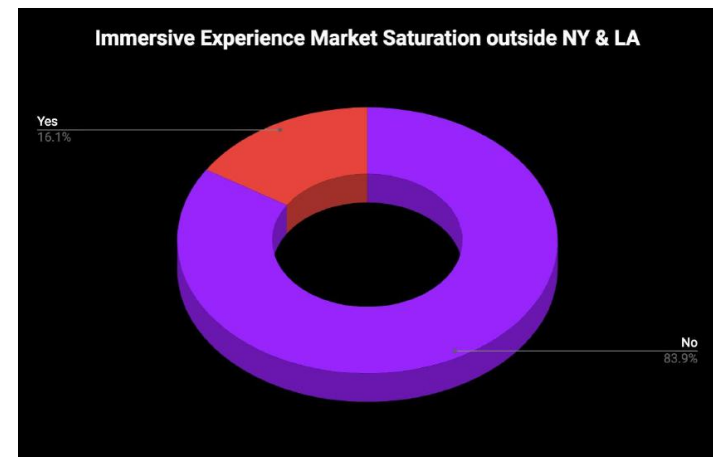
AUDIENCE SURVEY - QUALITATIVE RESULTS

Audience survey respondents throughout the United States offered what they feel are the **best aspects of immersive works** in their region of the country:

- Room for innovation
- Scrappiness of creators
- Growing communities
- Small, but dedicated groups
- Unique offerings / little overlap or repetition
- Experimentation

Respondents identified the following **worst aspects of immersive experiences** in their regions of the country:

- Not enough experiences
- Immersive is used only as a buzzword
- Low quality of creativity
- Poor puzzle designs
- Low production values
- Lack of audience familiarity
- Lack of competition
- Lack of overall knowledge in the community
- Cliquey community
- Need for less pop-ups, more long-running experiences
- Overly ambitious experiences
- More work needed outside of Fringe festivals

FURTHER DEFINING THE IMMERSIVE ENTERTAINMENT INDUSTRY

Last year's report offered an overview of the history of immersive experiences, dating back to the earliest days of Disneyland. The Immersive Entertainment Industry has become an ever-expanding collection of varied experiential works that aim to entertain, educate, and provide artful context for the world around us all.

> **This industry includes themed entertainment, haunted attractions, virtual reality, augmented reality, mixed reality, transmedia, escape rooms, immersive theatre, alternate reality games, live-action role playing, themed bars and restaurants, experiential marketing activations, and experiential museums.**

It's important to note that within each of these sub-industries are creators that are speaking the **same "language" of design**. That is, the basic tenets of immersive design apply no matter whether it's an individual artist creating an immersive theatrical production for an audience of one or a global entertainment leader creating a multi-billion dollar immersive theme park land.

This industry was essentially invented by Walt Disney, with bold ideas to bring his company's beloved animated films to life. With the birth of the theme park came a whole new type of experience in the world, one in which casual visitors become surrounded by and immersed in the story being told, interacting with characters, and literally experiencing the thrills they previously only could watch on a screen.

Over the decades that followed Disneyland's opening in 1955, many more types of immersive entertainment were born of the same design principles that Disney's early "Imagineers" first created.

As sub-industries within the Immersive Entertainment Industry continue to iterate and innovate on experiential concepts of the past, it's important for all creators within this space to remember that the immersive worlds of theme parks, virtual reality headsets, or alternate reality games all have a shared goal. This offers opportunities for creators to adopt methodologies from within each of these sub-industries.

Much of the Immersive Entertainment Industry is young, established within the last 20 years. But themed entertainment and haunted attractions predate the rest of the industry by several decades. And it is to these parts of the industry that new creators can look when searching for tools and techniques to draw from.

The language and process of how a theme park ride is designed, for example, can easily and appropriately be applied to the creation of a LARP.

That process, for every employee of the Walt Disney Company (designer or not), begins with the four Keys: **safety, courtesy, show, and efficiency** – specifically in that order of importance.

In an industry that prides itself on regularly asking audiences to surrender themselves over to an experience to achieve that state of total immersion, **it is absolutely paramount for every creator within this industry to value safety above all else**. The safety of customers and staff alike is more important than any other element of the experience being created. For this industry to accelerate growth, it is the responsibility of all creators – even individual artists – to ensure that safety is always first on the mind. This includes taking gentle care with the psychological and physiological safety of every audience member.

Courtesy comes next, still ahead of the show itself. On Maslow's famed hierarchy of needs, following physiological and safety needs comes love and belonging – a sense of friendship and connection. This is what every experiential designer can and should offer, from the beginning. That's not to say that once an immersive experience begins that a sense of kindness cannot be replaced with other emotions or feelings for the sake of the show. But before and after the experience, **a responsible level of courtesy should be maintained to allow every audience member or participant to walk away feeling cared for, welcomed, and appreciated**. These are the feelings that contributed to further growth of this industry, as positive word spreads about how participants felt as they entered and exited, which leave lasting impressions.

Show is the third Key for a reason. The old adage "the show must go on" might apply for a stage show, but when it comes to immersive experiences it is far more important for safety and courtesy to be met than for the show to continue if something goes wrong. Even if an entire experience is cancelled, audiences who feel cared for and appreciated won't walk away bitter. Likewise, once every participant feels safe and welcomed, they enter in the correct mindset to have the best possible experience. Ultimately, show as a Key means more than the experience itself. It means that once the audience is prepared for an experience, every element thereafter must not break the illusion of the show for them. **Attention to detail is what creates the best sense of immersion, when nothing removes a participant's delicate state in suspension of disbelief.**

Lastly, efficiency is the final Key that allows the most people to enjoy an immersive experience with ease. If creators recognize that **every audience member's time is valuable**, then efficiency in operating an immersive experience can take a good experience to a great one, creating the ideal impact that will continue to drive this industry forward.

This example of Disney's four Keys is just one example of the many immersive design principles that applies to nearly every experience within this industry. The language of each sub-industry

– and subsequently the knowledge and talent – can apply across the entire Immersive Entertainment Industry.

Emerging creators who are seeking mentors or established organizations looking to grow their team can look to any of the sub-industries for assistance. Many a haunted attraction owner has ventured into the escape room industry as a way to offer year-round attractions rather than simply seasonal, such as 2019's evolution of the ScareHouse traditional haunt in Pittsburgh, PA into The Basement theatrical haunt and Stalked by a Killer escape room. And not too long ago those who built a career in themed entertainment design could only seek out work in designing for theme parks. But today those same talents have allowed companies like Dreamscape Immersive, Evermore Park, Scout Expedition Co, and the authors' own Pseudonym Productions to apply those skills to create innovative new immersive works.

To give a sense of the scope of what makes up the work within the Immersive Entertainment Industry, skill sets include: set design, architecture, CAD / 3DS / SketchUp, lighting design, QLab, DMX, sound design, Arduino / Raspberry Pi programming, live music, acting, aerial acrobatics, improvisation, writing, directing, producing, event planning, real estate development, software and hardware development, illustration, graphic design, and many more.

Year over year, the Immersive Entertainment Industry continues to expand upon the knowledge and talent of the past, all in the name of creating unforgettable experiences that allow people to feel safe and welcome as they venture into the unknown – and return to tell their friends and family all about it.

INDUSTRY LIFE CYCLE

As the Immersive Entertainment Industry continues innovation and expansion, it's vital to recognize the concept of the industry life cycle. It's a path that every industry, company, or product inevitably follows. In the case of this industry, it's important to recognize where in the life cycle each of the sub-industries exist in order to properly analyze industry data and chart its evolution.

The four stages of industry life cycle, as they apply to the Immersive Entertainment Industry, are:

1. **Introduction** – When new companies and products enter the market. It's a time of high expenses and low revenue. It is when most people don't know the product exists or don't quite understand why they would want or need it. Much education, innovation, and iteration is needed for standouts to begin to emerge. Demand must be created in the marketplace. This is where 90% of startups fail, never leaving their introduction phase.

   Currently in this stage: Immersive theater (USA), LARP, ARG

2. **Growth** – As products become defined and companies find consistent revenue streams while earning new customers, an industry begins to grow and expand. The first few successful companies will be followed by carbon-copies, with newcomers finding ways to improve upon the original and differentiate themselves in the marketplace. Customer loyalty toward specific brands begins to occur. This is the stage in which serious investors begin to take note.

   Currently in this stage: Immersive theatre (UK), virtual reality, augmented reality, mixed reality, experiential marketing, interactive art museums.

3. **Maturity** – The surge in growth slows in a mature industry, as competition takes hold. The market is saturated with companies all producing similar products. Customers have many choices, forcing companies to spend more time than ever marketing themselves effectively, whether through continued innovation or clever messaging.

   Currently in this stage: Themed entertainment, haunted attractions, escape rooms, themed bars and restaurants

4. **Decline** – The downfall of an industry can occur for many reasons. Customers may grow tired of the products being offered. New products may come in that replace the old, fulfilling customers' needs in new and more exciting ways. Growth is gone in this stage

as revenue slows and companies must follow new trends or reinvent themselves in order to stay relevant or even remain in business.

   Currently in this stage: None yet

Creators who responded to last year's industry survey noted that high production costs, problems with the education of consumers, scaling, and sustainability were the largest problems they were facing in bringing experiences to market. This year, just 30% of respondents still stated that education of consumers and marketing were ongoing issues, with the rest continuing to be problematic for the majority of respondents.

This path perfectly illustrates the transition portions of this industry are going through moving from the introduction phase into growth. But it is also necessary for continued growth that the <mark>younger parts of the industry need to continue to innovate, not just in creativity but also in business.</mark>

The Immersive Entertainment Industry is filled with incredibly creative innovators who are pushing the boundaries of immersive experiences. But **business innovators are the ones who will take those creative ideas and transform them into new working business models** that solve the problems of high production costs, produce work faster and more efficiently, introduce more effective marketing efforts to continue to educate consumers, and scale up the work to allow for sustainability.

Once these processes are achieved, funding will become more frequent for creators. This is when capital investment enters the industry, once investors see a promising new business opportunity – not just exciting creative endeavors.

For the parts of this industry that are still figuring its products out creatively, there is no harm in continuing to experiment – and not become frustrated at repeated failures. There will be a lot of them. That's the nature of the introduction stage.

The market will decide when the right products have been created, as different types of customers begin to emerge.

An industry's growth is fueled by five different types of customers[25]:

1. **Innovators** – Represents 2.5% of the population. The first to try a new product. They are willing to try just about anything. They generally do not spread the word.

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[25] https://www.referenceforbusiness.com/management/Or-Pr/Product-Life-Cycle-and-Industry-Life-Cycle.html#ixzz6EzXJcVvW

2. **Early Adopters** – Represents around 13.5% of the population. There are vocal leaders of this group. They are the friends and family who always talk about new experiences or products. A long or short life cycle depends on the satisfaction of this group and their ability to spread the word.

3. **Early Majority** – Represents around 34% of the population. Once early adopters have given their approval, growth picks up quickly as others feel secure in buying into a new product.

4. **Late Majority** – Represents an additional 34% of the population. This group does not take risks and only feels comfortable buying into a product after the above 50% of the population has confirmed it's worth spending money on. When the late majority enter the marketplace, an industry has reached maturity.

5. **Laggards** – Represents the final 16% of the population. This group generally does not like trying new things and will often feel "forced" into it when older products or experiences disappear. They enter the market only when 84% of the population has done so already.

Considering the five customer types above, creators in each sub-industry can track their own growth and success based on what types of audiences they are seeing.

Much of the Immersive Entertainment Industry has yet to breach the early majority.

In 2019, roughly 30% of the US population visited a theme park and around 22% visited a haunted house. The rest of the industry is still starting to see the vocal early adopters try to convince others to join them at an immersive experience or still making themselves known to the innovators. There is a lot of ground yet to cover for many new areas of this industry.

The path toward finding those early adopters is a give-and-take for creators within the industry.

In the introductory phase, many have an aversion to classifying their work as one type or another, keen on paving new ground in the name of being an artist or an innovator themselves. Many groups in the younger, budding areas of this industry are inventing their own language for defining what they are.

For the industry to grow forward and products to be understandable and exciting for early adopters, it's important for new works to be able to be collated into a familiar categorization. Only then will people be able to point toward different experiences and immediately become interested, instead of leading with confusion and questions.

The recent path of experiential museums is an excellent example of what happens when a firm product emerges. What were previously seen as potentially "weird" art installations have now come together into a **cohesive and understandable product and business model that can and will be replicated around the world**. The content and brand are different for each one. But the notion of a product in which you walk through an immersive space and marvel at the artistry and spectacle of it all is consistent. Some are designed for taking photos, others for sheer awe. But the pattern is the same. Consumers will try multiple and pick their favorites. There is no further education needed for customers who have already been to one in order to get them to try another – or to convince others to see them.

Likewise, escape rooms took a while to catch on but once a **consistent product formula** was "agreed upon" by creators worldwide, this type of experience has grown to thousands of locations, with each creator simply offering their own take on the formula.

The biggest example of all is that of theme parks. Anyone visiting a theme park – no matter in what country – has an expectation of rides, shows, food, drinks, and immersive environments.

When Disneyland was first conceived, people thought it was a crazy idea. Today it's the largest component of the Immersive Entertainment Industry industry, 70 years later. And many others have replicated this formula to develop their own parks, meeting audiences expectations with different content.

A final example is that of haunted attractions, which have multiplied tremendously over the past few decades. The formula is a solid business model that meets a basic purpose: to scare as many people as possible in a night. And many haunted house visitors have gone on to create their own elaborate experiences.

But when it comes to the rest of the Immersive Entertainment Industry, there is an inconsistency that is preventing any of the early majority from entering the marketplace.

Virtual reality is still iterating through headsets, which are costly and uncomfortable for many. Good content is still relatively sparse. Augmented reality is clunky and requires a firm understanding of and access to new technologies to use. ARGs and LARPs are generally trapped in an audience niche, requiring a significant amount of imagination on the part of participants' to function.

Immersive theatre experiences are each far too different for most consumers to wrap their heads around as a recognizable and familiar category of entertainment. A trip to Sleep No More has required wearing a mask in dark environments while rapidly traversing stairs to follow silent dancers while a night at Secret Cinema has surrounded audiences with thousands of other people in sprawling environments with actors amidst the context of a film screening. Smaller experiences frequently have placed participants in close proximity with performers, sometimes in intimate and jarring situations.

While all of these experiences are perfectly valid as immersive entertainment, they bear little to no resemblance to each other. With traditional theatre, there is a consistency in that patrons buy a ticket, find their seats, and enjoy a performance – big or small, intense or light-hearted – that takes place on a stage in front of them. **Immersive theatre, so far, requires the "innovator" mindset of customers who are simply willing to try something new.**

For these younger, still emerging parts of the Immersive Entertainment Industry to achieve growth, some consistencies and similarities must begin to take shape in order for the early adopters to arrive and subsequently tell the early majority about these must-see experiences.

If, for example, immersive theatre creators around the world were to agree on a consistent formula for – at minimum – language, ticketing process, introduction / on-boarding, and conclusion, then consumers would have something to latch onto.

Much like with a theme park ride, they might not know exactly what they are getting into, but at least they would have the comfort of familiarity of *how* and *why* they are getting into and out of it, and what they can expect to take away.

ITERATION

Upon reaching the growth stage, every industry will begin to see carbon-copies of successful business, which subsequently become direct competitors. Competition is what fuels industry growth and ultimately forces companies to iterate upon products, producing more interesting and exciting experiences for consumers.

While areas of the Immersive Entertainment Industry are filled with artists, many of whom strive to break out and display their own uniquely creative take on the world, it is absolutely vital to the industry for this process of iteration to occur, from a business growth standpoint.

There is more than enough room for artistry within every successful business – but there is rarely a successful business to be found within art alone.

The individual or organization that sets the standard for iteration is not always the one to first innovate. It is simply the one that succeeds in catching the public eye by way of grabbing headlines, obtaining more customers, or making more money.

The most recent examples of iteration in immersive design can be found in the interactive art museum space. **Meow Wolf** most notably and quite successfully began a trend of transforming an art collective into a business. Since their permanent location debuted in Santa Fe, other companies iterating on the concept have begun to emerge, including **Factory Obscura** and **Otherworld**. Experiences like **ZeroSpace** offer the same business model, but with a vastly different approach to the creative elements within – a distinctive iteration on what Meow Wolf began.

Likewise, **Museum of Ice Cream** defined the Instagram-fueled experiential craze followed by a seemingly endless stream of pop-up experiences devoted to capturing the perfect photo. That formula is still working, though the length of its life cycle is still unknown.

The **Blackout** experience broke new ground by evolving the haunted attraction concept into what has since become known as extreme haunts, followed by many copycat companies. But even Blackout's creator has publicly admitted that it was a poor business model from the beginning, deciding in 2019 to conclude its 10-year run by ending future large-scale experiences. When iterating on a concept in an emerging market, it's important to understand whether the original is worth copying at all.

Punchdrunk's **Sleep No More** is by no means the world's first example of immersive theater, but it has become renowned for inspiring nearly every immersive experiential creator in some way. But even one of that famed show's producers was unable to duplicate its staying power with a follow-up show called **Queen of the Night**, which ran for just two years. Early success is no

guarantee of widespread adoption into the majority of people, even for those who follow the formula.

In an article with UK's The Stage[26] Felix Barrett of Punchdrunk noted:

> **"Nobody knows what the next big thing is, but it will come and it will shift the paradigm. Everyone is trying to pull the rug from under the audience's feet. But that still means that those of us who are making this work must start from a place where everyone involved knows what the boundaries are and, if necessary, how to press the ejector seat."**

Aside from duplicating Sleep No More in Shanghai, Punchdrunk has yet to create another experience that matches the financial success of the original. They have recently turned their attention to iterating internally on their own concepts, testing entirely new ideas to evolve who they are as a creative company.

Iteration within one's own work also fuels industry growth. There is a tendency for artists to want to create something entirely new with each piece of work. But to create forward movement that consumers can understand, there must be momentum on a single concept.

Before Sleep No More's success in NY, it first ran in Boston, working out the kinks. Before Meow Wolf built The House of Eternal Return, they created another installation called The Due Return (among many others) that proved their concept. **Wonderspaces** and **Color Factory** began as pop-ups, solidifying their products, and have since moved into permanent installations.

This process is not fast, often taking years of work on a single idea to evolve it to a product that will propel this industry forward. In this way, the development process of financially sound immersive work bears more resemblance to that of studio films and Broadway productions than that of independent movies and storefront theater.

Scout Expedition Co's **The Nest** recently launched its 2.0 version of the same experience, in a new and better location with enhanced production value and a refined model. Performance artist Keight Leign has successfully moved from **real-life experiences to online ones**, iterating through remote experiences using the same structure with entirely different creative approaches to each one. The author's own Pseudonym Productions began with a raw live immersive experience called The Republic, which later evolved into a much more elaborate and refined version called **When Shadows Fall**, now developing further iterations on the concept for future debut.

No matter whether iterating internally or on another company's successful concept, industry growth comes from consistency and dedication to something familiar in the consumer's eyes.

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[26] https://www.thestage.co.uk/features/2018/immersive-theatre-growing-growing-big-quickly/

COMPETITION

The concept of competition is one that the younger parts of the Immersive Entertainment Industry don't yet have to be concerned with. But as those sub-industries move into growth and maturity, competition will become a crucial component that will require clever navigation around.

Themed entertainment competition is rampant in the Central Florida and Southern California markets, while other amusement parks around the world face less local competition. Multiple escape rooms have opened in or around most cities in the United States as have haunted attractions over the years. VR LBE is starting to feel the competitive spirit as The Void is by no means the only major player on the scene anymore.

In immersive theatre, London has become competitive as multiple companies are finding their way into sustainable productions. Meanwhile in the United States, outside Sleep No More and Then She Fell, year-round immersive theatre productions are few and far between – even in Los Angeles, despite so much work being done on a limited run basis.

Ultimately the question of competition depends on its definition. **There are few direct competitors in most areas of the Immersive Entertainment Industry.** That is, other competing companies in the same sub-industry with the same revenue goals don't generally exist in the same market, with the exception of escape rooms and haunted attractions.

While the sub-industries of the Immersive Entertainment Industry exist in the same immersive vertical, they largely have different markets and customer bases. Fans of escape rooms are not necessarily fans of virtual reality, nor are fans of haunted attractions necessarily fans of ARGs.

Audience survey respondents were asked to rank the categories of immersive experiences in order of their preference. Correlations in audience preferences were derived from these responses, indicating the crossover appeal between some of the industry's segments.

On average from our survey, crossover interests are:
- People who ranked traditional **haunted attractions** highest also tend to enjoy extreme haunts and immersive theater, but ranked ARGs and VR lowest.

- People who ranked **immersive theater** highest also tend to enjoy themed entertainment and escape rooms, but ranked extreme haunts lowest.

- People who ranked **themed entertainment** (theme parks) highest also tend to enjoy immersive theater and escape rooms, but ranked home VR and extreme haunts lowest.

- People who ranked **home VR** high also tend to enjoy VR LBE and immersive theater most, but ranked ARGs, haunted houses, and extreme haunts low.

- People who ranked **escape rooms** highest also tend to enjoy immersive theater and themed entertainment, but ranked extreme haunts and VR lowest.

But arguably all forms of nightlife and attractions are in competition with each other. Bars, restaurants, axe throwing, movie theaters, and stage shows all compete for consumers' time and money.

The upside is that the Immersive Entertainment Industry's emerging entertainment forms are "replacement competitors" for other businesses, on which consumers spend their same time and money on substitute products.

Customers tired of going to movie theaters, the same local bars, or Dave & Busters (for example) can turn to immersive experiences as new activities and sources of fun and entertainment.

In this still-emerging industry, it's encouraging for all designers to know that most immersive creators are generally not in direct competition with each other (for now), instead seizing an opportunity to **disrupt how consumers spend their free time**.

Other industries will definitely take note.

METRICS FOR SUCCESS & GROWTH

There are no rules when it comes to defining success. For an industry to grow, there must be financial success, since all measures of industry advancement are based on money changing hands.

In this industry significantly driven by creative work and artistry, success metrics can and do stretch beyond profits alone.

In this year's immersive creator survey, **43% of respondents consider creative or artistic achievement to be their primary success metric**, followed by social impact as the second most important, financial gain / profit as third most important, and customer satisfaction last.

A seasoned business person might find this mentality contrary to the very core of doing business, but it's important to note that 46% of respondents to our survey create immersive theatre experiences – an art form before a business. Moreover, 50% of respondents are in the introductory stage of their life cycle as a part of this industry.

While not wholly conclusive, this data suggests that a significant percentage of the work being created in the Immersive Entertainment Industry is currently focused on being creative, innovative, and experimental. When asked for other success metrics, among the most common responses were: fun, growth, impact, joy, transformation, recognition, innovation, collaboration, awareness, pay rate, education, and community.

All of these are perfectly valid metrics for success and each creator must establish their own criteria for what drives them forward. But ultimately, even an artist-driven industry must find common ground in the commercial nature of the work being produced. For the Immersive Entertainment Industry to continue to be seen as a growing and thriving industry, increasing widespread attention and education of the products within, there must be commercial success as well as creative success.

With the increasing use of the word "immersive" to describe various types of experiences, there has been much debate within immersive and art communities alike as to whether these experiences should qualify as **"art" or "entertainment."** The question that remains is that those semantics simply do not matter when it comes to the advancement of the industry as a whole. As Tyler Cowan succinctly put it in his controversial book *In Praise of Commercial Culture*:

> **"We must celebrate creativity and artistic skill in all its forms— graphics, so-called commercial art, and fine art. We must let the art speak for itself and ignore the rest."**

Cowan underscored the importance of artists appreciating the need for capitalism and commercialism as a means to further art itself:

> "The capitalist market economy is a vital but under-appreciated institutional framework for supporting a plurality of coexisting artistic visions, providing a steady stream of new and satisfying creations, helping consumers and artists refine their tastes, and paying homage to the eclipsed past by capturing, reproducing, and disseminating it."

The current paradox in the Immersive Entertainment Industry, however, is that companies like Meow Wolf were founded on the very principles of supporting artists in an effort to create a new economy that values artistic achievement more than traditional monetary success. And yet that very company is now one of the most commercially and financially successful in the industry, thanks to traditional venture capital funding helping to transform the art collective into a business-first organization.

When it comes to funding – an inevitable stage of growth that this industry is just starting to find its way into – it's a given that many investors simply do not care about the artistry of an immersive experience. It is the financials that will convince them whether to invest or not.

One poignant story was shared in a report entitled "The Art of Measuring the Arts"[27]:

> "I remember a conversation that I had a few years ago with a veteran artist. There was a funder who was interested in pouring more money into the arts but who asked for hard numbers. The artist told me, "I can't quantify my work in that way, but every time I do the work that I do, I can feel it in my heart and I can see it in the faces of my audience."
>
> As an educator, I understood how she felt. And that is what we told the funder: Do not just look at the report, come see the work, come and see how the work impacts the audience. The funder, however, said, "Just give me the report and that's fine. I'll still fund the project."

Creative success is what drives public interest in the Immersive Entertainment Industry. Financial success is what will fuel its growth.

Along the way, it's important for creators to only compare metrics of success against other entities of a similar scale. The success metrics of a major theme park are going to be vastly different than those of a new VR LBE establishment and that of a two-person immersive theater production. While one escape room can easily compare success metrics against a

27 https://lkyspp.nus.edu.sg/docs/default-source/ips/the-art-of-measuring-the-arts_full-report-on-the-roundtable-on-bang-for-the-funding-buck_final.pdf

competitor down the street, it's rather deflating for small immersive theatre creators to compare their numbers against that of Sleep No More.

In determining a creator's appropriate success metrics, it's necessary to answer questions of what growth looks like for that particular experience – and in what was growth achieved, both creatively and financially. Following the finances can also lead to determining important success metrics as well – from ticket sales (marketing success), grants (artistic success), or donations (customer satisfaction success).

Only by following those financial paths will the younger parts of the Immersive Entertainment Industry find their paths out of the introductory stage and into growth, ultimately forming a solid ground on which a system may begin to form for new funding opportunities.

Industry Growth Challenges

Theme parks, haunted attractions, and escape rooms have already experienced growth as they have solid business models and are in or on their way to maturity in the industry life cycle. All other parts of the Immersive Entertainment Industry are still in introductory or early growth stages.

In 2019, many earlier-stage companies of the industry, such as immersive theater, have worked on figuring out how to find a path toward growth by focusing on scaling and sustainability. **68% of respondents from our creator survey stated scaling is a problem for them and 53% identified sustainability as a problem.** While the immersive industry works on overcoming these obstacles and pushes forward, there are still many questions that companies are asking about finding their own paths towards sustainable growth, while fighting to retain the substance and appeal of their works.

The tough questions for many creatively-driven immersive industry companies are:
- How do we keep creating and growing without losing what's inherently appealing about intimate works?
- How do we scale into sustainable projects that still have "soul"?
- In order to grow as an industry, will artists have to focus on mass appeal entertainment and let go of artistic vision?
- Is there a sustainable model for reaching small audiences through high prices?
- Are some types of immersive works better off as temporary / limited-run with extensions or is this model simply doomed to repeat the inherent problems known to traditional theater?

We can identify several newer types of immersive sustainable business models that allow companies to generate a steady stream of revenue and achieve growth. Interactive art museums, traveling and permanent Instagram palaces, escape rooms, and haunted houses all

have functional business models that enable them to maintain a consistent stream of revenue. Pop-up pop culture-licensed themed bars and restaurants have also found a working model, but there is only room in the market for so many of these to exist at once before their novelty factor wears off.

Immersive companies that don't fit (or don't wish to fit) any of these models or product types – i.e. immersive theater, ARGs, LARPs – have been creating experiences that pop up infrequently, causing stress on long term cash flow and a general inability to sustain.

In the case of VR experiences, which are beginning to find their footing, the problem is not one of sustainability as much as barrier to entry for consumers, who either need to know about and have a desire to attend a VR LBE location or invest hundreds (or thousands) of dollars into hardware systems at home.

While experiential marketing efforts are thriving on the backs of Hollywood studio dollars, they are still too often designed as limited run experiences aimed at creating a sense of FOMO and short-term awe, rather than a sustainable entertainment product for the masses. Most of the biggest ARGs and some immersive theater productions also fall under this category as forms of experiential marketing, unable to sustain beyond the length of a marketing cycle or specific pop-up promotional event.

In order for these types of immersive experiences to grow and continue to add increased value to the industry as a whole, customers in new and existing markets need to be able to access these experiences with regularity, familiarity, and ease, not just on a hyper-limited basis.

The industry won't grow until artists create sustainable projects or a sustainable known calendar of experiential products.

In the traditional theater industry, shows follow specific public schedules, with venues and producing groups selling tickets to multiple upcoming shows months in advance, in addition to having memberships that encourage patrons to attend numerous shows at the same venue within a season or year. With so many immersive theater experiences popping up so rapidly and for such short durations, it's hard for audiences outside a company's normal mailing list to even know they exist. And it's extremely rare for immersive theater producers to announce projects or even plan beyond only their next endeavor, making it extremely difficult for new customers to discover them or plan to see them.

Frequency and ease of access are necessary to build mass familiarity to experiences that are designed from the beginning to be exclusive or limited run. The number of experiences that are accessible year-round or repeat seasonally needs to grow substantially, whether in person or online. Customers need to be able to have time to get excited about them, plan to experience them, and then actually experience them.

Escape rooms have a notoriously long lead time for customer acquisition. The lead time for an escape room sale is longer than many other businesses due to the need to coordinate a group together to play.[28] Without making this lead time available, many customers will simply never get a chance to experience some of the best immersive works being created.

Beyond the established markets for theme parks, haunted attractions, and escape rooms, VR LBE and home VR has been leading the path for the rest of the industry as the next big breakout. LBE has been establishing local VR locations that allow anyone to go and see something new for a reasonable price, at their convenience. Home headsets allow people to experience VR wherever they are.

Immersive theatre, ARGs, AR, themed bars, pop up themed restaurants, experiential marketing, and experiential museums are still hard to follow for the majority of consumers. **Too often, by the time they hear of a new experience, it's already gone or nowhere near them.** The London immersive scene has escalated thanks to numerous examples of long-running experiences dating back to 2015, all within the same metropolitan area, allowing a firm saturation and subsequent industry growth. Familiarity leads to growth, but familiarity cannot be reached without access first.

With familiarity and access comes word of mouth and recommendations, which are vital to growth of this and any industry. But unlike traditional theater, movies, music, TV, and other established forms of entertainment, there is not yet a firm recommendation system to discover new immersive experiences. Moreover, because today's most innovative immersive experiences are so vastly different from each other, attempts to make recommendations solely on the base of the word "immersive" are causing inaccurate comparisons to be made and incorrect expectations set, leading to consumer confusion and disappointment.

For example, in the Northeast US, the go-to comparison for anything "immersive" is Sleep No More – which is specifically a sprawling choreographed dance interpretation of Shakespeare's Macbeth. But the specific audience flow, mood, content, and general structure of that experience is the sole framework on which many consumers in the Northeast define "immersive." With this and escape rooms as the only regularly accessible, familiar frame of reference for that market, it's difficult for patrons to recommend anything new without falling into the trap of saying it is or is not "like Sleep No More" or "like an escape room."

Without widespread familiarity and access to a variety of immersive experiences, it's nearly impossible for audiences to offer or receive proper recommendations. In other words, **it's tough for patrons to say, "If you like [this], you'd also like [this]."**
Despite the flexibility of immersive design to be complementary across many other industries, there are very few examples of the newest forms of immersive experiences that have solidified a place in mainstream conversations.

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[28] https://www.escapefront.com/escape-room-business/

The European immersive theater market can be looked to as a preview of the future of the US immersive market, as it's further into the growth cycle. But many European companies are also struggling with finding a sustainable path forward. In an article with UK's The Stage in 2018, **immersive theater was noted as "one of the fastest-growing sectors"** but also "one in which increasing numbers of theatre companies are operating without subsidy as they try to work out how to push the creative boundaries and make sustainable models."[29]

A significant challenge many portions of this industry currently faces is the **intimacy paradox**. One of the most powerful elements of immersive works is the form's ability to connect individually with each participant, often with transformative results. Many immersive experiences are created for individual customers or small customer groups to guarantee that unique level of intimacy. Many customers of immersive theater specifically have come to know and expect a product to be personalized and when the group size is larger than their desires or expectations, customer satisfaction drops.

That strength of customer connection is also the biggest weakness of these works, standing in the way of growth, scaling, and sustainability.

Sleep No More, the Museum of Ice Cream, and a handful of other new immersive companies have been able to translate their products into additional locations. VR and AR have the potential of scaling more easily with not only new locations, but also access to customers in their own homes. The popular immersive theater show Then She Fell has had good fortune to thrive with just 15 audiences members at a time, finding their own sustainable model. But that sustainability is less about their actual business model and more about that show's reputation spread by word-of-mouth and glowing reviews. Even the company behind Then She Fell has been unable to replicate the success of that show, after an apparent attempt with their follow-up effort The Grand Paradise failed to generate equivalent demand. The company, Third Rail Projects, has shifted to a different model in the years since that show closed in 2016.

The popular Los Angeles Halloween time immersive theater experience Delusion worked over the last few years to scale their product to a wider audience year-round, but ultimately was unable to remain open after Halloween beyond a few extra months, despite efforts to make the experience regularly open and available.

In order for intimate experiences like immersive theater to grow, creators need to find ways to bring the feeling of intimate experiences to larger groups, alter expectations of existing early adopters, and/or invent new systems and approaches that allow for sustainable experiences that are financially viable long term. **Being new and innovative alone is simply not enough to sustain**.

Accessing the mass audience and educating them about immersive work is vital for industry growth. New markets are slowly being created, but they don't always align with the products creators wish to develop. One way companies are finding success is by translating innovative immersive work into existing, known, more traditional business models. There are many traditional business types that can be enhanced through new immersive experiences. While many are focused on the art and entertainment side of the immersive industry, the same concepts can extend to social experiences as well. These experiences can serve as a primary function for people to be social and to meet each other.

The hospitality industry is a prime example of an industry that has and will continue to greatly benefit from offering immersive experiences. Hotels, bars, and restaurants have existing markets filled with eager patrons. The hospitality industry is looking towards immersive products as a way towards growth. In turn this partnership will help the immersive industry grow too.

A classic example lies in the family-owned Kalahari Resorts, which stand out as experiential hotels, featuring water parks, VR, escape rooms, arcades, and other entertainment offerings. These experiences have borrowed a lot from the themed entertainment industry. Meow Wolf has announced plans to add their immersive touch to a Phoenix hotel as a new way to attract attention to their brand and offer a different type of product.[30]

"The most successful hotels and restaurants are investing in immersive designs and experiences as a way to engage customers and differentiate themselves from competitors," said Linda Ralph, VP of international business development at Mood Media. "I'm confident we will continue to see investment in immersion with the customer in mind, this is an extremely exciting time for the hospitality industry as we see the trend towards immersion becoming increasingly important to the sector."[31]

To help open up new markets, **festivals and conferences** have been featuring immersive elements in recent years. There are different conferences all over the world that are engaging with the word "immersive." The debut of the publisher's own HERE Summit & Festival in Los Angeles *(planned for 2020 but postponed due to COVID-19)* is "one of the few solely focused on immersive content".[32] SXSW has featured attention-grabbing immersive experiences for several years as marketing activations. The Overlook Film Festival has included immersive events each year since its debut in 2017. But 8 of the 10 recent conferences that have prominently featured immersive components as a focus have leaned primarily on tech, such as AR/VR.

[29] https://www.thestage.co.uk/features/2018/immersive-theatre-growing-growing-big-quickly/

[30] https://meowwolf.com/articles/meow-wolf-hotel-coming-to-phoenix

[31] https://www.essentialretail.com/comments/retailtrends2020-immersive/

[32] https://venturebeat.com/2019/06/09/the-top-10-immersive-marketing-and-brand-experience-events/

Utilizing new technologies is one way companies have found to grow in the immersive industry. But "tech is the tool, not the goal."[33] That is, companies need to use tech to increase the value of the experience, not just as a stand out example of the technology itself. In other words, the novelty of VR experiences is fresh for consumers who have never experienced VR before, but upon subsequent visits the content and experience are far more important than the technology itself. The technology is simply a means toward scaling and sustainability.

Within technology-focused companies, growing them to become "a scalable reality" is still a challenge. According to Chris Bobotis, director of immersive at Adobe, "If immersive tech is to become a commercial reality with true end-user adoption, experiences that are universal need to be identified and focused on. Something important for the industry and creators to figure out is to **identify use cases that are entertaining and pragmatic and will become part of people's day-to-day lives in a very meaningful way**. This will create a tipping point where the R's [VR, AR,MR,XR] go from being a novelty to mainstream consumption."[34]

New technologies require an investment in education to build, program, and operate those technologies. Another path toward the growth of the Immersive Entertainment Industry is through universities. Today students are already learning and thinking about immersive work across universities. For example, one UK student has recently published work to "measure audience perceptions of impact and value of different immersive experiences" determining "what makes a curated piece of content 'impactful' and 'valuable' from the perspective of content funders and content creators of immersive productions".[35]

Penn State is opening "The Center for Immersive Experiences" that "will feature comprehensive services around teaching, learning, and research involving immersive technology by increasing access to virtual reality, augmented reality, 360-degree video, mixed reality and more."[36]

In recent years, there has also been an increase in theme park design at university-level education. This has led to an influx of the next generation of theme park designers prepared to enter the workforce with new ideas on the future of themed entertainment. There is now a direct path to enter the theme park industry out of college. Immersive design in universities are following the established path of theme park design. With immersive research occurring in the education sector, students will be trained to think about the future and growth of this industry.

Above all, the most unique benefit of companies operating within the Immersive Entertainment Industry is that **"immersive" is a quality – a feeling – rather than a specific product type**, category, or execution. This alone gives the industry the potential to grow in endless unexpected ways.

[33] https://cmsimpact.org/fair-use-blog/immersed-immersive-media-sxsw-2019/

[34] https://cmo.adobe.com/articles/2019/3/what-itll-take-to-make-immersive-tech-a-scalable-reality.html#gs.1g0gld

[35] https://research.gold.ac.uk/27152/1/IBC2019%20Paper_V2.5_JF_130819.pdf

[36] https://news.psu.edu/story/593942/2019/10/22/research/center-immersive-experiences-set-debut-serving-researchers-and

IMPACT

The Immersive Entertainment Industry is no doubt impactful in many ways, but there are two distinct versions of impact that are worth analyzing. One is impact on the audience, viewer, or participant – the ability for immersive work to change their perception of the world around them. Subsequently, the other is impact on the industry itself, offering growth of the industry by affecting change on the world.

In 2019, there have been a wide variety and number of immersive experiences produced. With 755 logged new immersive productions to No Proscenium in the year 2019, the industry is growing.[37]

Social Impact

Artists are turning to immersive experiences as a new way to reach audiences on a deeper level and achieve social impact.

The results from our surveys show that more new companies producing immersive work were created in 2019 than any other year. 11.4% of surveyed companies had greater than 100,000 total all-time attendees / users / customers, indicating that audience education and exposure to this industry are growing.

While industry exposure is increasing, one of the most common responses from audience survey respondents is still **"I've never seen anything like this."** It's a statement that illustrates the exciting potential of the innovative new experiences emerging from this industry, but also shows there is still a long way for mass exposure and understanding. The masses are even still discovering some of the more established parts of this industry. Not everyone has tried an escape room, for example.

But escape rooms are certainly still getting increased attention. One standout artistic example from 2019 is "The Privilege of Escape," an escape room aimed at creating an impactful experience. This experience was funded from an art grant championing "inventive approach to public art." This project is an example of how immersive art experiences can offer a new avenue into meaningful statements on society, as it was more than an typical escape room but "a disarming demonstration of social inequality."[38]

According to research conducted by conservation-focused AR app Krikey "after having a meaningful immersive experience (like cutting down a virtual tree or watching yourself

[37] https://noproscenium.com/everything-immersive-this-year-2019-3d8b866c0e27

[38] https://www.nytimes.com/2019/07/23/arts/design/escape-room-creative-time.html

personify and perish as a piece of bleached coral), there is an increased willingness to engage and support conservation causes."[39]

An incredible example of how corporations are also seeing how this industry can bring about change and impact could be found in the first **Impact Reality Summit** hosted by **Vulcan Productions** and funding platform **Kaleidoscope**, which aimed to "showcase immersive storytelling for a cause."[40] This event brought together philanthropists, investors, journalists, and creators to spotlight important impact work while featuring companies like Conservation International, the Rainforest Alliance, Connect for Climate/World Bank, Google, Microsoft, and Oculus. It also gave a platform for impact project creators to compete for $50,000 in funding awards across categories including Best in Climate Change, Best in Sustainability, and Best in Community & Social Justice.

Likewise, in 2019, **EarthxInteractive** brought an immersive celebration of Earth Day to Dallas, highlighting more than 40 experiences covering environmental issues.

Festivals highlighting experiences like these help industry growth as they allow audiences previously unaware of the power of immersive design to experience its impact and fun and to discover more immersive work.

Industry Impact

Creators in the Immersive Entertainment Industry are pushing boundaries, taking risks, and developing innovative experiences. Some prove to be creatively successful and some do not. At this moment in the industry's life cycle, this is exactly what should be happening; trial and error. And for those who fail, they get up and try again – and maybe fail again. This is the way for the newer segments of this industry to grow.

To be an innovator is to take risks, fail often, and learn constantly from mistakes. Every newly created experience that doesn't work financially, creatively, or both should be applauded and creators supported for their efforts to contribute to the growing industry. The industry is learning. With so many different types of experiences that fall under the immersive industry, **trial and error leads forward into financially stable systems**. For now, based on survey results, the focus of many creators is continuing to produce creatively successful experiences while slowly working towards identifying how these experiences can become viable products.

The biggest question when shifting focus to turning a creative project into an impactful, sustainable business is how to not lose the value of the original creative product while scaling and adapting toward mass appeal. Experiences should not have to lose all their creative and emotional impact in exchange for financial success. But in order to be impactful in the industry,

creators need to strive for a balance or new models need to be established that find ways to make risk sustainable.

It is with forward-looking companies like Vulcan and Kaleidoscope that this industry is finding a way to help fund experiences focused on impact and not only for entertainment purposes. In other industries like theater and film, grants are accessible to artists and companies looking to innovate and challenge.

Kaleidoscope CEO René Pinnell stated that "we believe artists play a pivotal role in shifting global culture toward a more sustainable and equitable future. If we're going to survive the impending ecological collapse, we need to radically reimagine our global culture. And **artists have the power to do that. But they need support and they need money.** And that was the goal of the Impact Reality Summit and the ongoing mission of both Kaleidoscope and Vulcan Productions."

Funding avenues like this for immersive projects are beginning to become available to empower artists to embrace impactful statements and projects, leading to industry growth through philanthropic efforts. There is tremendous value in the growth of artist-created works in the Immersive Entertainment Industry. But the future of an industry cannot solely be based on traditional models of supporting artists in their creative efforts.

In recent years, this industry has seen a substantial rise in frequency and attention on art- and theater-driven immersive experiences. The increasing popularity of immersive theater has allowed for artistic individuals and small groups to create emotionally impactful experiences for small audiences with a lower barrier to entry. It's a relatively new and bold field for artists to create and explore various ways to connect with their audiences and participants.

Immersive theater artists have been creating works out of friends' apartments, bathtubs, street corners, and endless types of free or inexpensive site specific locations that allow them to pop up quickly and easily. 24% of creator survey respondents indicated they do not rent or own space for their events, instead borrowing space for their immersive experiences. Likewise, lavish and expensive scenic or prop work are not obligatory for immersive theatrical productions and creators can focus on crafting their story and working with actors, or even perform in their own experiences.

The vast majority of these artistic immersive experiences are limited run not just by design but by the sheer unsustainable nature of the productions being created. They contribute substantially to the growth of the creative side of this industry and to audience satisfaction, but too often offer very little toward the growth of the financial impact of the industry overall.

The artistic immersive experiences that have had the greatest impact on the industry have been ones in which the notions of art, entertainment, and business have successfully merged.

[39] https://blogs.unity3d.com/2019/11/22/how-immersive-experiences-inspire-empathy-and-real-world-behavior-change/

[40] https://www.geekwire.com/2019/vulcan-host-first-impact-reality-summit-showcase-immersive-storytelling-cause/

The immersive industry was first dominated by theme parks and haunted attractions. These products are generally considered to be "entertainment" experiences more than "art" – and both have sound business models, allowing them to sustain. Only in recent years have people started to focus on the artistic value in both types of entertainment, especially as more immersive experiences are developed with richer levels of detail and more artists involved in their creation. The Orlando Museum of Art recently featured a presentation by Joe Rohde of Walt Disney Imagineering, who offered his view on how "art and intellect play into creating the immersive experiences ... at the Disney theme parks."[41]

There is no doubt that there is endless artistry to be found within the more established forms of immersive entertainment. But as more and more art-first immersive experiences emerge, there is much debate as to whether those should be strictly viewed as art or as entertainment – or to what extent such works are contributing value to the industry as a whole.

The notion of "starving artists" still thrives today in the immersive space. There are many artists producing immersive works who either have been unable or are unwilling to focus on the business aspect of what they are creating, whether out of a classic artistic spirit of rebellion against capitalism or simply out of inexperience. A balance of creative and financial successes must be found for this industry to continue to become more impactful, on both audiences and its own growth.

As soon as a project turns from a small art experience to one that charges money, strives to be commercially viable, and financially supports its own artists, artists should be encouraged to make every effort to succeed commercially. Making money from art is not exploitation. **The Immersive Entertainment Industry is evolving new opportunities for artists to embrace both artistic and commercial sides through a budding infrastructure.** The idea of a starving artist doesn't need to exist in this industry because models are emerging for artists to create projects that are commercially successful.

Various immersive experiences in London have branched out into several different financial models, integrating immersive theater into cocktail experiences and bake-off style competitions. They are having sold out experiences and looking to these models other than standard theater models which rely mostly on financial gifts and grants to make money, furthering the overall industry.[42]

Whether various immersive experiences are deemed to be "art" or not is up for debate – but it always will be. This industry is and should be challenging the traditional meaning of "art" to form new ways of impacting how the world around us is perceived.

Even a century-old media format like film is still debating art vs entertainment. Everyone has their opinion of what is art. In a recently controversial New York Times article, famed director Martin Scorsese explained why he feels that Marvel movies aren't true cinema: "I've tried to watch a few of them and that they're not for me, that they seem to me to be closer to theme parks than they are to movies as I've known and loved them throughout my life, and that in the end, I don't think they're cinema." To Scorsese, there is still a clear divide between art and entertainment in an industry that has already evolved for decades. "We now have two separate fields: There's worldwide audiovisual entertainment, and there's cinema. They still overlap from time to time, but that's becoming increasingly rare. And I fear that the financial dominance of one is being used to marginalize and even belittle the existence of the other."[43]

Art films provide great value to the movie industry. But that industry could not thrive on small art films alone. Likewise, there will always be a place for "art" and "entertainment" to offer great impact in the Immersive Entertainment Industry, in different ways.

Beyond "art" and "entertainment," immersive design is making an impact worldwide and the term 'immersive' has become **one of the world's biggest buzzwords**.

Falling under greater "immersive" promotional banners are experiences such as online AR shopping tools, productivity tools like video conferencing, or even simply having a higher quality sound and video component on a phone, tablet, computer, or TV.[44] "Immersive" is the word everyone is using – and yet in our survey, "immersive" is the marketing word that creators say has been the most misleading or disappointing for customers, due to its many inappropriate or exaggerated uses.

There is no arguing that the concept of "immersive" works are having a great impact on the world in many ways. But in a debate of the artistic value of immersive entertainment, Charlie Miller, curator and co-creator of the Denver Center's Off-Center programming aptly stated that **the word immersive "now means everything and nothing."**

It ultimately comes down to the industry's works being created with "varying degrees of seriousness and artistry. If it's interactive, participatory or experiential, digitally enhanced, augmented or virtual reality, it's likely billed as 'immersive.' [...] Immersive as a word no longer has any meaning because it can be used to describe almost anything."[45]

To keep the industry impactful in meaningful ways, new language must also be defined and used to describe works to consumers.

[41] https://attractionsmagazine.com/pandora-orlando-museum-art/

[42] https://www.culturewhisper.com/r/immersive/new_immersive_experiences_london_2019/12772

[43] https://www.nytimes.com/2019/11/04/opinion/martin-scorsese-marvel.html

[44] https://www.thedometour.com/single-post/2019/06/20/Defining-Immersive-in-the-age-of-Everything-Immersive

[45] https://coloradosun.com/2019/01/18/immersive-experiences-are-they-art/

PROPOSAL:
IMMERSIVE EXPERIENCE RATING SYSTEM

As the Immersive Entertainment Industry grows, it needs ways of categorizing product types and scale to help differentiate and define what guests can expect from each new experience.

The goal of identifying industry nomenclature is to solve the problem in marketing experiences and products so that customers know what size / type / category they are stepping into. Doing this will help creators reach the best audiences, set proper expectations, offer a path toward audience recommendations, and prevent creators from unnecessarily comparing the success of works from one category to another. Right now, because such similar marketing language is being used for solo artists as well as large companies, having standard nomenclature will benefit creators and audiences alike as this industry grows.

The following is meant as a guideline and as the beginning point for discussion on the topic of how this industry can define its work and adopt a universal system. This is certainly a topic that will require substantial further consideration from the industry as a community.

There are a wide variety of immersive experiences and in forming a **universal system of ratings and nomenclature**, we have looked at several different factors that can help set guest expectations as the industry grows into attracting mass audiences.

Factors that vary greatly between experiences are:
- The type of work being created
- Interaction/customer participation levels
- Age appropriateness
- Size of creative and operational teams
- Financial backing size and sources for the work

To begin this conversation, we looked to how the film and gaming industries categorize their work, guiding what will become the Immersive Entertainment Industry's system.

For example, the film industry has big studio movies, small studio movies, and independent movies. Knowing these broad categories, audiences can set appropriate expectations when buying a ticket to see a Hollywood studio-backed movie versus an independent movie. Likewise, the film rating system from the **Motion Picture Association (MPA)** is widely known to audiences to help them set expectations and determine if they think they would enjoy a particular movie or not in advance of seeing it.

The gaming industry has a similar standardized system, derived and enforced by the **Entertainment Software Rating Board (ESRB)**. This system will look familiar instantly to

anyone who has purchased a video game, featuring a consistent graphical representation on product packaging and marketing materials.

The ESRB's system, first established in 1994, focuses on Rating Categories, Content Descriptors, and Interactive Elements.[46]

Like the MPA rating system for films, the ESRB is an independent board that rates every game, not the game creators themselves.

There has been debate as to whether the theater industry should ever adopt a rating system, or at least on Broadway, for example, which is increasingly targeted toward families. Theater is generally considered more of an art form than entertainment and as such many have rebelled against any suggestion that it should be given any sort of ratings.

Historically, the MPA and ESRB systems were created as a way for adults to ensure that children do not engage with what adults might deem to be inappropriate content for children.

Immersive entertainment is by definition far more intimate, up-close, and hands-on. And as it branches out beyond the family-friendly entertainment of theme parks into adult-oriented situations, sometimes extreme, situations, there stands to be an **increasing need to classify the work being created within the industry**, particularly with an eye on the need for widespread understanding in the years to come.

In addition to age appropriateness, it's **important for the future of the industry to move away from adding the word "immersive" to works simply to attract more attention** and ultimately charge a higher price for experiences that actually offer nothing from the immersive design disciplines that drive the actual immersive industry.

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[46] https://www.esrb.org/ratings/#how-was-the-rating-system-created

"For some producers, it's become a licence to print money," says Andrzej Lukowski, theatre editor for Time Out. "It's a party night and infantilised. It's not attempting to be high art or progressive. Theatre as an art form often tries to do something excellent and reaches for the stars even when it fails, but this current crop of immersive shows have to make money. You don't see them striving for brilliance or pushing boundaries or doing anything genuinely meaningful."[47]

This is why this industry needs to be proactive about being clear with descriptions. By educating customers and defining each experience, flighty marketing terms as money grabs will lose their value, leaving the standout work to shine.

Category of Work

In beginning the conversation about creating a system of nomenclature for the immersive industry, the first focus is on the type of work being created. For example, one company has defined their work as "'game theatre' but says that storytelling is at the heart of what it does and, while there is no script, there is a structure."[48]

This type of description identifies play type, emphasis on story, and structure in a sentence that makes sense to those in the industry – but to the masses this would be entirely confusing, as they likely have never experienced anything in the immersive industry before and have minimal context for any of those descriptors.

There is a need for a clearer way to describe immersive work to allow audiences to understand in simple terms.

Video games are able to be identified as a first person shooter, role-playing game, or numerous other standardized categories that make sense to anyone who has ever encountered another game of a similar type.

A problem in much of the immersive industries is that each new experience often feels like an entirely new type, rather than recognizably adhering to an existing one.

From our survey, creators have identified they are starting to use terms like *live*, *adventure*, *fun*, and *game* that are more accessible descriptions to the average consumer.

[47] https://www.theguardian.com/stage/2020/feb/02/high-art-tipsy-night-out-immersive-theatre-lost-its-soul

[48] https://www.thestage.co.uk/features/2018/immersive-theatre-growing-growing-big-quickly/

Categorizing experiences can begin with groupings that most creators are already using:

- Art Experience
- AR
- VR (Home)
- VR (Location Based)
- MR (Mixed Reality)
- ARG (Alternate Reality Game)
- Escape Game
- Extreme Haunt
- Haunted Attraction
- Immersive Theater
- Themed Entertainment
- Themed Bar
- Themed Restaurant

As the industry grows, these categories will become further defined and new ones will inevitably be included. But it is important for growth of the industry that the majority of new works are able to be classified in one of the above in order to be understandable to the masses.

Within each high-level category of work being created above, there are endless subcategories that can be identified: free roam or structured, whether the customer is either passive or active, participatory or observational, audience communication or remaining silent, performer driven or guest driven experience, etc.

The key is to define types of experiences clearly in words that are understandable to anyone in an ongoing effort to clearly set expectations for all audiences. By labeling and defining the type of experience separately from the hyperboles of marketing language, the goal is to distance the word "immersive" from being solely a marketing buzzword and give it specific meaning and value.

Experiential marketing is a category that should also be clearly identified, separately from any of the above suggested categories. These experiences take place in support of something else as a means to sell a product. The funding is coming from a client, generally for major studios. While these marketing activations are important parts of the Immersive Entertainment Industry, as companies producing this work are quite profitable, it would be helpful to consumers to know up front when an experience is branded and in promotional support of a product.

Likewise, there can be crossover of categories. There can be experiences that are both Immersive Theater and Virtual Reality, for example. It's encouraged to identify any and all categories that accurately help describe the experience being presented and sold.

Participation / Interaction Levels

The second and arguably most challenging way to describe immersive works is their customer interaction / participation levels. While the ESRB's system features a rating for the gaming industry's interactive systems, the Immersive Entertainment Industry should consider taking this many steps further as interaction moves off of a screen and into real life.

The words "active" and "passive" are insufficient to describe levels of interaction. More than these two terms, we are proposing identifying four distinct levels of interaction.

These levels are not intended to note whether participants interact with performers or not. That type of interaction is not what this is gauging.

These interaction level designations are intended to define to what degree a guest needs to interact with an experience – without making a distinction between the type of interaction, whether it is pushing a button, moving props, or speaking with a performer. These types of interactions should be defined separately within the category or subcategory of the immersive experience.

Likewise, walking through or moving around a space is not considered a different level of interaction, rather a defining feature of the type or category of experience.

Level 0 – No Interaction
Level 0 is defined as **no interaction and no participation whatsoever by audience members**, only observation. Guests do not speak, touch, or communicate in any way with the experience.

This level is intended to make it very clear to customers when purchasing tickets that this will be a **fully passive experience** with zero interaction required.

For example, this level of interaction could be found in a play where the customer sits in a seat and watches. This could also be for a moving play in which the customer is allowed to move around the space and watch as scenes unfold but still are considered 'ghosts'.

Most haunted houses would be categorized as Level 0 interaction because while the customer does walk through the experience, they are not permitted to engage with the performers or with the set.

Most older and traditional theme park rides are Level 0 interaction as they are entirely passive, in which the customer sits and simply observes the story and action unfolding around them.

Since the debut of Sleep No More, there have been many productions that have structured their experiences in a similar audience-moment capacity, but without Sleep No More's additional layer of interaction that allows audiences to discover elements in rifling through parts of the set. Level 0 does not include that layer.

Level 1 – Optional Interactions
Level 1 is defined as **minimal interaction or participation**. The customer can engage with the set or props, or can speak to the performers, but is **not required** to do so.

Engaging does not merely mean the ability to touch an object, but simply involves an element of the customer doing something physical. This level allows customers the understanding that they will have the opportunity to engage with the experience minimally, yet will not be required to 'do' much. This level is still mostly a passive experience, but offers limited involvement from audiences.

Level 1 interaction with performers would offer audiences the ability to speak to performers in the experience, but the performers will offer limited replies. That is, they may only respond via scripted one-liners or simply acknowledge the customer's existence, but the customer's interaction will not dramatically impact the flow of the experience overall.

Theme parks have many examples of experiences that are Level 1 interactions. There are many forms of queue entertainment that have interactive moments while customers wait. A classic example is The Mummy queue at Universal Orlando in which customers can push a button that triggers an air spritz effect onto customers who are further along in the line. This is a minimal interaction.

Another example of Level 1 is the entirety of Meow Wolf's House of Eternal Return. Guests mostly walk around the space, but there are opportunities to touch, open, and minimally engage with the set in interactive ways. Likewise, Sleep No More does fall into this category, as the majority of the production does not involve any level of interaction from audiences, but audiences are able to explore sets by way of opening drawers and cabinets while reading and examining props within for a deeper understanding of the story and world being presented. These interactions are not required, but they do enhance the experience for those interested in opting in to pursue them.

Level 2 – Interaction Encouraged
Level 2 interaction is an intermediate level of interaction. The main difference between Level 1 and Level 2 interaction is the guest impact on the experience. Level 2 is an experience that contains interactions that are designed to **encourage the audience to "play along"** in order to enhance and in some cases maintain the illusion of the experience.

Audiences who see a Level 2 designation will understand that they are encouraged to **participate and "try" as part of the experience**.

Arguably, this is the most challenging level for creators to achieve because it requires a careful balance of meaningful interactions and show elements.

A Level 2 experience is not fully a game nor a show, but a combination of both. It is trying to deliver impactful moments through interactivity. Currently, the most experimentation in the Immersive Entertainment Industry is happening on this level, finding a way to create an interactive experience that is fulfilling for those who love to feel in control while not leaving behind those who are timid about interacting.

An example of a Level 2 interaction is Disney's new Smuggler's Run attraction in Star Wars: Galaxy's Edge. The attraction changes dramatically with different results if guests do or do not participate in their individual roles, and their interactions change the experience for themselves and everyone around them. While it is possible to sit back in the ride vehicle and refuse to participate, the ride will carry on its course, leaving the riders with a shattered illusion thanks to their own actions.

A Level 2 immersive theater example is the Delusion experience. Customers get to engage with the set at specific moments and speak with performers while receiving direct responses. They may be asked to crawl behind a bed, hide from another performer, or find a specific object. The production continues forward "on rails" whether the customer performs the task or not, but it is encouraged for them to do so and generally at least one person is eager to interact. But ultimately it's all optional for each individual participant.

Guest reactions have been mixed on this type of experience, as some guests long for a more active role with greater impact while others desire a more passive one that's closer to a traditional ride. It's a tough balance to achieve successfully for every type of participant.

Another example of Level 2 is The Basement in Pittsburgh, a more accessible version of an extreme haunt. Guests interact in each scene but nothing extreme is ever absolutely required of the customer to move forward. The more guests participate in the manner that is being asked, the more they get out of the scene, but the experience will move forward even if guests choose to not participate. This may not satisfy seekers of the most extreme experiences, but does make it approachable by more types of audiences.

What is most interesting about Level 2 is the balance between "show" and "interaction." When achieved perfectly, audiences can feel emotionally invested and excited as they would in a traditional linear storytelling experience while simultaneously feel as if they are truly a meaningful part of the experience as well.

Level 3 – Interaction Required
Level 3 interaction is intended to give customers a sense of autonomy and a feeling that their individual presence is **absolutely necessary**. Without the customer's interaction, the experience would no longer exist.

For example, escape rooms are Level 3 interactions, requiring customers to fully engage with the experience. They can move elements around and are able to move their experience forward at their own pace. Without the customer driving it forward through interaction, there would be no experience. Nothing will ever happen if an entire group passively just stands around in an escape room.

Many extreme haunts are also examples of Level 3 interactions. In order to progress in those experiences, audiences are often required to perform certain tasks or consent to have something done to them personally. Even though the experiences often follow a linear path, the participant's experience does not move forward unless you complete whatever the designers want them to complete, or they will be removed. The experience itself does not exist without the participants' interaction and interacting is the majority of the experience.

A less intense example of a Level 3 interaction is the Harry Potter wand experience at Universal Studios theme parks. Guests trigger special effects throughout themed areas by waving a purchased magic wand in a specific way, in specific locations. Without guests completing these actions, the experience is not activated – and thus interaction is absolutely required. **It is up to participants to make it happen.**

Interaction Summary

Level 0 offers no opportunities for interaction with the audience, who are by definition not participants.

Level 1 provides opportunities for interaction, but they are purely optional and generally have no lasting impact on the experience as a whole, or on anyone else's experience. Pieces of the experience might be triggered by the interaction, but the interaction does not have a larger impact on the experience. Most importantly, in this level interactions have no negative impacts on the experience and the experience can happen in its entirety without anyone ever interacting.

Level 2 interactions are encouraged and have significant impacts on experience. If none of the interactions took place, the experience would still exist, but in a vastly different form than if participants engaged. In general, active participation has the ability to enhance the experience for all audience members, whether they are individually interacting or not.

Level 3 is for experiences that 100% rely on interactions to exist. This describes experiences that are purely interaction-driven.

It's vital to reiterate that these levels of interaction do not imply intensity levels. It's not hard to imagine a Level 0 passive experience that is extremely intense to watch, or a Level 3 interactive experience that is easy for anyone to play in.

These levels are intended as metrics to simply define if there is, or is not, interaction with the experience and its various elements. It's an important metric that, if implemented across all immersive experiences, will allow audiences to choose experiences based on their own desires and comfort levels, setting proper expectations when joining a new experience.

This would prevent audiences who simply want to watch from accidentally stumbling into an experience that requires 100% participation commitment from them and subsequently disliking it simply on this fact. ("I hated it – I didn't know I would have to do things!") Likewise, having these designations up front will prevent audiences who are extremely eager from being disappointed when they mostly are observers. ("I hated it – I wanted to interact with the performers and change the whole story, but felt stifled the whole time, forced to simply watch!")

Age Appropriateness

Every useful rating system offers guidance for age appropriateness. As immersive experiences become increasingly adopted by more mass audiences, a need arises to clearly define the appropriate ages for each experience.

While theme parks are generally regarded as family-friendly, some events (particularly around Halloween time) have made it clear that while all ages are welcome, they are recommended for ages 13 and above due to subject matter and intense situations. Likewise, many immersive theater experiences have featured intense adult situations or alcohol, making them unfit for anyone under 18 or 21, respectively, in the United States. (Other nations have different laws regarding minors and consumption of alcohol and narcotics.)

Age rating systems are not intended as a form of censorship and there is certainly merit to allow patrons to ultimately decide what they deem to be appropriate. The intent of establishing a clear age appropriateness system for immersive experiences is to inform audiences to make the best choices for themselves and anyone who they might wish to have accompany them, including children.

Unlike similar rating systems video games or movies, our industry needs to consider the impact of the real world. That is, for example, allowing a child to watch an R-rated movie or play a video game that's rated "M for Mature" is very different from allowing a child to freely

explore a real-life experience containing adult content, face-to-face. Moreover, children do require some level of supervision or guidance in an experience in which they can move around freely. No one would want to see children turning Sleep No More into a playground, for example.

The Immersive Entertainment Industry in the United States could most closely follow the ESRB's video game rating system, with a few changes:

Everyone
This designation is very clear: **"Content is generally suitable for all ages."**

Under this category, immersive experiences may contain required movement through a set, an understanding of alternate worlds, mild violence, infrequent use of mild language, and/or minimal fantasy elements. This rating allows children to play freely, but without the need for further instruction or guidance. Like a playground, there is no instruction needed, but children should, of course, always be supervised by parents or guardians.

Age 10+
This age level is defined as: **"Content is generally suitable for ages 10 and up."**

In this designation, immersive experiences may contain non-human characters, interaction with scenic elements, mild violence, mild language, and/or minimal suggestive themes. Supervision is still very much required with children traversing such experiences in real life.

Teen
In this age level: **"Content is generally suitable for ages 13 and up."**

Here, immersive experiences may contain violence, suggestive themes, crude humor, minimal blood, special effects, bright lights, light touch by performers, simulated gambling and/or infrequent use of strong language. This level allows freedom to explore and interact independently from adults, but adults must accompany anyone under 18 in order to participate.

Adults Only 18+
Deviating from the ESRB's video game system, it becomes necessary to differentiate between 18+ and 21+ immersive experiences.

In this category: **"Content is suitable only for adults ages 18 and up."**

Immersive experiences may include prolonged scenes of intense violence, minimal sexual content, brief nudity, strong themes, and/or complex movement through space.

Adults Only 21+
This final category is defined as: **"Content is suitable only for adults ages 21 and up."**

Immersive experiences here may serve alcohol to guests and there may be strong sexual content, violence, and/or potentially triggering themes or situations.

It is important to reiterate that guidance on age appropriateness should be tailored to local cultural norms.

Including an age-based system such as this one as part of the overall nomenclature of how to universally describe immersive experiences would allow audiences to have a better handle on the subject matter and situations in which they might become part of while attending or participating in an experience. Again, it is helpful to be informative up front and give audiences guidance so they may make the best decisions for themselves.

Size of Team & Resources

The final category proposed as part of our guide to help begin the conversation on universally defining immersive experiences is to clearly **identify the size of the team, backing, and support system behind the works being created**.

There is a substantial difference in production value and execution of work that has backing and support from Broadway producers, Hollywood producers, theme parks, or other large corporations / studios than those created by smaller companies, independent organizations, or "home grown" productions.

Today it is not difficult for smaller scale creators of immersive experiences of any size to produce online marketing efforts that include imagery and language that is nearly indistinguishable from high-budget productions, often setting improper expectations from audiences.

The negative result is that it has become difficult for some customers to know which "level" of experience they are about to step into. When expectations are inflated, it can also lead to customer disappointment, which leads to negative perception of the works and creators themselves. Ultimately, this leads to a negative impact on the industry as a whole.

As such, the size of the team behind creating an immersive experience is valuable knowledge in conjunction with the scale of its financial backing. For customers to know in advance that an experience was created by 1 person as a solo artist experience sets a very different expectation

than knowing that an experience was created by a team of 50 people with support of investors, a studio, or a profit-minded company.

By clearly identifying the size of the team and scope of the project, it also allows audiences to make better buying decisions that are more in tune with their own interests.

For example, the types of people who like indie movies will most likely also be interested in indie immersive experiences. In contrast, audiences who mostly enjoy Hollywood blockbuster movies are more likely to enjoy studio-backed, large immersive experiences.

Unlike the film and gaming industries, there is currently no studio system in place for immersive experiences, so the differentiation between "independent" and "studio" does not exist. But like the film industry, being an independently produced experience versus one that is backed by a studio or corporation does not necessarily reflect on the quality of the work.

It's important to also note that including this element as part of our proposed categorization is not intended to be based on the size of the companies or organizations as a whole, but rather specifically representative of the works being created. **This scale category is tied to the work itself.**

This categorization is also not intended for the benefit of creators, but rather for the benefit of the general public. Indeed this kind of transparency can be discomfiting for creators and producers, as the practice of "faking it until you make it" is a tried and true principle of marketing. However, setting clear expectations benefits the outcomes of experiential work. Everyone who has partnered, collaborated, or worked on a project (including marketing) should be factored into this designation so the public can set proper expectations based on who is behind the experiences being created.

Resource Scale Categories

As the final element of our proposed nomenclature system, immersive experiences can be classified based on their backing and support system into one of five simple categories: **Student, Micro-Independent, Independent, Professional, or Corporate**.

It's important to emphasize that the categorization proposed here is intended to define the scale of the immersive work itself, not necessarily those who have created it.

Again, **these designations are also not an indication of quality**, but rather another way for audiences to set expectations for the *ambition* of the work based on the resources brought to bear.

These categories are defined as:

Student
Immersive experiences are considered "student" work if they are created by students and match **ALL** of the following criteria:
- Created with school / university support.
- Designed, produced, created in a school / university setting for the purposes of research, experimentation, and learning.
- Self-funded or funded by stipends or grants received from a school or university.

Micro-Independent
Immersive experiences are considered "micro independent" projects if they are created by individuals or small teams and match **ALL** of the following criteria:
- A total project team size between 0 and 10 *paid and/or stipended* employees, contractors, freelancers, artists, or other collaborators. There is no ceiling on the number of *unpaid* team members on a "micro independent" project. (Individuals whose only role is contributing money toward crowdfunding, grants, or donations are not counted in the team size.)
- Creative independence: Creators have developed a wholly original immersive experience that is not work for hire for a corporation, client, or any other third party.
- Financial independence: Creators have paid for the development and debut of the immersive project themselves and/or may have received crowdfunding, grants, or donations. Excluding donations, sponsors, and/or partnerships, the project has not received financial support or production assistance from a professional company or corporate funding.

Independent
Immersive experiences are considered "independent" if they are created by individuals or small teams and match **ALL** of the following criteria:
- A total project team size of between 11 and 49 *paid and/or stipended* employees, contractors, freelancers, artists, or other collaborators. There is no ceiling on the number of *unpaid* team members on an "independent" project. (People whose only role is contributing money toward crowdfunding, grants, or donations are not counted in the team size.)
- Creative independence: Creators have developed a wholly original immersive experience that is not work for hire for a corporation, client, or any other third party.
- Financial independence: Creators have paid for the development and debut of the immersive project themselves and/or may have received crowdfunding, grants, or donations. Excluding donations, sponsors, and/or partnerships, the project has not received financial support or production assistance from a professional company or corporate funding.

Professional
Immersive experiences are considered "professional" if they are created by a company or organization with **ALL** of the following criteria:
- A total project team size between 50 and 499 *paid* employees, contractors, freelancers, artists, or other paid collaborators. There is no ceiling on the number of *stipended* or *unpaid* artists, collaborators, or volunteers on a "professional" project.
- Creative independence: Creators have developed a wholly original immersive experience in which the primary creative product does not have influence or oversight from a corporation.
- Self-funding or funded by crowdfunding efforts, grants, donations, joint venture partnerships, or investors. The project may not be wholly owned by or receive the majority of its funding from a corporation, combination of corporations, or corporate subsidiary/ies. Financial involvement from corporations are allowed, as long as they do not comprise more than 50% of total project funding.

There is no budget ceiling for "professional" categorization of immersive experiences.

Corporate
Immersive experiences are considered "corporate" if they are created by an individual, company or organization with **ANY SINGLE ONE** of the following criteria:

- The project is work for hire for a legal corporation that has 500 or more *paid* employees, contractors, freelancers, artists, marketing professionals, and/or other paid collaborators.

- The total size of any company or organization responsible for creating, producing, or commissioning the work, even in part, has 500 or more *paid* employees, contractors, freelancers, artists, marketing professionals, and/or other paid collaborators.

- The work contains officially sanctioned or licensed corporate intellectual property.

There is no budget ceiling for "corporate" categorization of immersive experiences.

Client Work & Collaborations
Immersive work created for or in collaboration with clients, other creators, or a third party of any kind must **factor in the scale of any third parties into the categorization** of the work.

That is, if a single artist is commissioned by a large corporation to create immersive work, that work is considered Corporate, *even if the single artist does not get paid* and does all the

creative work. In this example, the creation of a work for hire contract places this work in the Corporate category.

Likewise, if a small design services company (under 10 paid employees or contractors) is hired by a client to produce immersive work, then the size and category of the client will factor into the categorization of the work.

If the client is a corporation, then the work is Corporate. If the client is another company and the total team size for both companies becomes greater than 10 paid contributors, the work is considered Professional, as long as it upholds the other creative and funding criteria for that category. But if that design services company has between 10 and 499 paid employees or contractors, then any work it creates does not qualify as Independent, no matter who else the work is created for or with.

Lastly, if two independent art collectives collaborate on a project resulting in a total team size larger than 10 paid contributors, the work they produce is categorized as Professional. But if fewer than 10 are paid contributors to the project, then it remains in the Independent category, as long as it upholds the other creative and funding criteria that define that category.

Further Examples
The Westworld: Live Without Limits experience at SXSW 2018 would be classified as Corporate, due to its status as work for hire with a major studio and creative connection to the "Westworld" TV show. Theme park attractions created by Disney and the famed ARG promoting "The Dark Knight" are also both examples of Corporate immersive experiences.

Sleep No More, haunted attractions created by the company Thirteenth Floor Entertainment Group, and Meow Wolf's House of Eternal Return are all examples of Professional immersive experiences, as they all feature original intellectual property, were created without corporate financial backing, and have employed fewer than 500 people at any given time.

YouTube is home to trailheads for seemingly endless examples of ARGs that would be classified as Independent, as they have no financial or creative connection to any companies or corporations. Many immersive theater productions also fall under this Independent category, such as the events from E3W Productions, as they are wholly developed, funded, and produced by the artists themselves.

Visual Representation of the Immersive Entertainment Rating System

The most intuitive way to bring this system all together is to represent it in graphic form, easy for audiences to understand at a glance. Again borrowing from the video game industry, a simple "label" could be created to reflect the experience type, interaction level, age appropriateness, and backing size, for inclusion on websites and promotional materials.

The images below offer proposed examples of what such a representative graphic could look like for the Immersive Entertainment Industry:

IMMERSIVE EXPERIENCE RATING SYSTEM

ART EXPERIENCE

E

EVERYONE

Alternate Fantasy World
Bright, Colorful Environments

PARTICIPATION LEVEL 1 - Minimal Optional Interaction
Explore multiple floors, find secret spaces, push buttons, trigger lights and sounds via physical touch

CORPORATE

Produced by Amazing Wonders, LLC & Endless Curiosity, LLC
Funded by Big Studio, Inc.
In Promotion of "New TV Show"

IMMERSIVE EXPERIENCE RATING SYSTEM

EXTREME HAUNT

18+

ADULTS ONLY

Dark Themes
Violence
Sensual Moments

PARTICIPATION LEVEL 2 - Some Interaction Required
Conversations, Light Touch, and Close Proximity with Performers, Must Follow All Instructions, Actions will Impact Individual Experience

PROFESSIONAL - Produced & Funded by Spooky Company, LLC

If the immersive experience has both digital and physical components, each of these components could be detailed within the Participation Level section, as the methods of interaction would be different. (i.e. "Digital: Text, Video Chat with Performers; Physical: Face-to-Face Conversation with Performers")

Immersive Experience Rating System Summary

The system proposed above, along with these graphics, are intended as a starting point for a greater conversation to be had about the need for standardization in nomenclature for the Immersive Entertainment Industry.

There are certainly many details to be discussed in order to properly form a system that accurately represents all facets of the industry while serving the purposes of better setting expectations for the general public.

As this industry continues to grow and with an endless stream of pop-up experiences, categorizing these experiences will help set customer expectations and prevent works of different wildly different resources and ambitions from being unfairly compared to each other.

In the film industry, customers do not go see an independent movie expecting the production quality of, for example, a Marvel movie. Likewise, consumers who buy a major Xbox release have different expectations than games obtained from popular indie site itch.io.

As new markets begin to form around the world, it is all too easy for consumers to use their first immersive experience as a comparison for every one they experience thereafter. But if their first experience is the equivalent of a Hollywood blockbuster movie, they might have a hard time understanding or appreciating an independent-level experience afterward. Likewise, consumers who are first acquainted with immersive experiences via an experimental independent production may be hesitant to try another if that first experience is less than spectacular.

Currently, as Sleep No More has set a rather high bar and very specific point of reference for immersive theater, it's hard for customers not familiar with the variety of immersive experiences to expect anything but something that is Sleep No More-esque when stepping into anything else billing itself as "immersive." Because they aren't informed, they are expecting the same level of design and production quality from that high budget project out of other experiences created with many fewer hands and on a much smaller budget.

By beginning to create this specific system for the categorization and nomenclature of immersive experiences, **customers will more easily be able to understand what they are purchasing or buying a ticket to** and ultimately they will have a better mental framework under

which they can enjoy the experience, without any misconstrued expectations getting in the way.

In absence of the formation of the "ESRB / MPA of the Immersive Entertainment Industry," such a system as is proposed here will only become widespread if creators come together to adopt it voluntarily.

This is the beginning of that conversation with the intent that guidelines can be written alongside a place online where creators to easily generate a graphic like the examples above that they can embed on their own sites and promotional materials. This will only help educate the public as a whole as to just how many different types of immersive experiences there are to enjoy in the world – not only that not every experience is made for every individual's enjoyment, but that there truly is a niche for everybody.

FUNDING

As more small companies and organizations enter the Immersive Entertainment Industry, defined paths toward funding need to be established.

Theme parks have grown out of large corporations. Haunted attractions and escape rooms are a mix of large companies that span multiple cities as well as small, individually-owned, single location companies. The rest of the industry is a mix of companies and organizations of all sizes, many of whom have identified that **the cost of getting new immersive works up from scratch is among the most daunting challenges**.

Other industries have established prizes, grants, sponsorships, and other clear fundraising paths that allow smaller creators to apply for or win funding they need to become established. For newcomers in the Immersive Entertainment Industry, that path is not clearly defined yet.

This industry is in need of simple paths towards raising funds for any level of project.

In industries with more clear funding paths, actually obtaining funds is generally competitive. There are accessible and organized lists of grants, funding competitions, and other opportunities for a variety of categories, as well as investors who are specifically interested in and experienced in those industries. Looking at the theater and film industries, there are a few examples of funding models that the Immersive Entertainment Industry could adopt to spark innovation and growth, with the right supporters.

In theater, fundraising efforts that include "grants for playwrights, directors, and actors, funding and financial assistance for production costs, and support for general organizational needs."[49] There is an established system for theaters of any size to find resources and connect with specific grants.

Similarly, there are many established film fundraising efforts, even though funds many come from many different sources for one project. Film producers generally rely on "patchworked creative combinations of equity and debt finance with government grants and subsidies in order to cover the entire budget of the film. Many sophisticated financiers including hedge funds, ultra high net worth investors, tax credit buyers, buyer representatives, and private equity firms will supply the capital needed to finance films — this may happen at the development, pre-production or production stage."[50] There are also comprehensive film grant guides broken down to make it as simple as possible to raise needed funds "because there are film grants for every filmmaker."[51]

Not only are film companies applying to grants, but also working with investors. This combination of gathering resources from different funding options could be a direction the Immersive Entertainment Industry can lean, given the variety of work being produced. **No one single type of funding will make sense across the widespread industry.**

Crossover companies are bridging the industries of film and immersive. Secret Cinema received $4.55M in later stage venture capital backing in 2015[52]. Likewise, Dreamscape Immersive leveraged its film industry connections to raise more than $60M to date from studios like 21st Century Fox, Warner Bros, and Nickelodeon.

These examples showcase the power and impact of the growing immersive industry for established and seasoned investors, who may already be familiar with models from the film industry but can now begin to learn the ins and outs of what's to come in the immersive entertainment space as a natural progression from traditional entertainment of the past.

Another example is Innovate UK, focusing specifically on **investing in immersive tech**. It is clear why because it is "estimated that the UK's immersive industry generates £660 million in sales every year." To help further grow the industry, Innovate UK is working with 11 investor partners "to offer simultaneous grant funding and venture capital investment in early-stage projects led by UK companies.[53] With the UK leading the way in investor relationships, it is time for investors in the US to follow suit with clear precedence.

On the other side of fundraising, the Polycarp Foundation created a contest in Paris that "aims to support the work of a writer wanting to continue writing an immersive drama text, with a prize of € 3,000 awarded to the winning project."[54] Immersive work is beginning to receive attention from both investors and grant makers.

Creating more fundraising opportunities would tremendously aid in industry growth by encouraging artists from different mediums to participate in this industry. To enable this industry to grow, it is up to established companies and investors to begin the process of forming these funding paths. The call-to-action is for immersive experiences of all kinds to be added to existing channels of grants or investor portfolios.

[49] https://www.insidephilanthropy.com/fundraising-theater-grants

[50] https://www.hgexperts.com/expert-witness-articles/the-basics-of-film-finance-7309

[51] https://www.studiobinder.com/blog/film-grants/

[52] https://pitchbook.com/profiles/company/119464-12

[53] https://www.gov.uk/government/news/new-investment-to-support-early-stage-immersive-businesses

[54] https://www.le-secret-paris.com/concoursdecriture?fbclid=IwAR0Z5miQsbbv7OxRbEsqFeDwhzbJEpFQBd2D9_rnhphdaSa3nCUJKORzwgU

CONCLUSION

The destiny of the Immersive Entertainment Industry is clear. It's filled with incredible innovation, amazing business opportunities, and the most stunning variety of entertainment the world has ever seen.

Right now, the pace to reach that destiny is more unknown than ever. But that doesn't mean creators will stop.

This is an industry built on wild new ideas: What if we brought fantasy worlds to life? What if we thrust people into their own horror movies? What if we shut people in a room and told them to solve their way out? What if we let people step into their favorite TV show? What if there was no stage and the performance was all around you? And what if you could be at the center of it all?

Before the arrival of COVID-19, the Immersive Entertainment Industry was showing unstoppable signs of invention, growth, and amazement. With each new immersive experience, creators in this industry have found ways to transport audiences into worlds they'd only dreamed of and offered them opportunities to choose their own adventures and live out their greatest fantasies in ways never before seen.

But like the rest of the world, the COVID-19 pandemic has brought these live, often intimate events to a halt – for now. We can't predict the lasting effects of the pandemic. But this industry is built on new ideas. And even in unprecedented times, **the quest for an escape from the routines and troubles of life will never fade.**

Entertainment offers a chance to feel free – to be the best version of yourself, or even become someone else, if only for a little while. At the forefront of that is the Immersive Entertainment Industry.

Right now is the best time for the world to take note of the Immersive Entertainment Industry, which uniquely holds the highest potential for providing people worldwide with something to look forward to when they need it most, while simultaneously creating new business and job opportunities for artists, entrepreneurs, and investors alike. Today, companies are working hard to create the world's next great entertainment experiences. There is a uniting force across companies and organizations of all sizes to create unreal experiences that have a meaningful and lasting impact on audiences.

No matter the state of the real world, this industry that is built on wild ideas and fantasy worlds will always be around to offer new ways of providing people with a chance to take a break from their daily lives, enjoy amazing new experiences, and create memories that will last forever. The Immersive Entertainment Industry is only just getting started.

DISCOVER MORE
ABOUT THE IMMERSIVE ENTERTAINMENT INDUSTRY

If you have questions or want to learn more about portions of this report, the state of the Immersive Entertainment Industry, its biggest achievements, or its future, please don't hesitate to ask. Members of the press, investors, creators, analysts, researchers, and students are encouraged to reach out to us directly at the email addresses below.

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