svb Silicon Valley Bank
A Division of First Citizens Bank

State of Consumer Internet

An overview of investment trends in the venture-backed consumer sector

March 2025

Contents

In the New Wave of Consumer Internet, It’s Sink or Swim

"The companies that will define the next decade won’t just be building better technology, they’ll be creating experiences that seamlessly enhance our daily lives. Whether through AI, mixed reality or technologies yet to emerge, the consumer market will remain the ultimate proving ground for innovation."

Since we last brought you SVB’s *State of Consumer Internet* report, the promise of artificial intelligence (AI) has fanned into a full-fledged tech revolution, fundamentally reshaping not just how companies build products, but also how they operate at their core.

While the lion’s share of 2024 VC investment flowed to foundational models and enterprise applications, the consumer space represents a massive untapped opportunity. Just as mobile internet created a platform for transformative consumer apps such as Airbnb, Instagram and Uber, we expect to see the emergence of consumer-focused AI companies that prioritize user experience and accessibility (page 10).

Today’s consumer companies are competing for increasingly saturated attention spans, and screen fatigue is driving many to seek offline experiences. The winners in this next wave must thread a delicate needle — leveraging AI's capabilities while respecting users' growing desire to disconnect.

The transformation comes at an inflection point for the consumer internet sector. Many companies that were darlings of the 2021 VC peak now find themselves in a period of reinvention. The staggering valuations that characterized that era have given way to a more measured reality, prompting some investors to pivot their focus while others are doubling down — albeit with a markedly different thesis (page 11).

Alicia Fuller
Senior Market Manager
Tech Banking
afuller@svb.com

For investors, burn efficiency has replaced growth as the metric that matters most. Founders have responded by slashing spending and growing profitability to near-record highs (page 13). While this has allowed some to control their own destiny, it has created a looming challenge for the substantial herd of consumer internet unicorns that grew up on high burn and plentiful capital. With slower growth, these companies face limited exit opportunities.

M&A activity has yet to materialize in the way many anticipated. With fewer financial buyers stepping up, VC-backed companies themselves are becoming significant acquirers of other startups (page 19). This trend could lead to further consolidation in tech as well-funded unicorns seek to diversify their offerings as they stay private longer. Public exits, which have been largely paused, could provide another source of liquidity. Revenue multiples of venture-backed consumer IPOs have ticked up to a three-year high (page 20), which could entice some late-stage companies to pursue a listing.

Despite the present uncertainty, the long-term trajectory is clear. Consumer spending continues to represent the majority of economic activity worldwide, and history has shown us time and again that tech innovation finds its greatest expression — and its most lucrative opportunities — in consumer applications. The companies that will define the next decade won't just be building better technology, they'll be creating experiences that seamlessly enhance our daily lives.

Four Themes to Watch in 2025

Investment:
Social Reigns and Content Is King

Digital content has become the fuel that powers the venture-backed consumer sector. Marketing budgets that were once dumped into paid search and ad buys are now diverted to influencer testimonials, community giveaways and organic campaigns. It's no surprise then that companies in the social media and creator tools space are seeing a boom in VC investment. **These companies saw a 33% year-over-year (YoY) increase in venture dollars, a pace 4x greater than the increase for consumer investments overall.**

AI:
Consumer AI Awaits Its "Uber" Moment

The emergence of generative AI (GenAI) is a platform shift as monumental as the switch to mobile internet. But sea changes don't happen overnight. It took years after the iPhone launched for consumer apps like Uber to create the magical user experiences — summoning a ride with a click of a button — that elevated the tech from a novelty to a way of life. The same is now true for AI. **As large language models (LLMs) become commoditized and costs drop, user experience will become paramount.** Companies that best leverage this tech into a seamless, intuitive interface will win the AI race.

M&A:
More Startups Are Buying Startups

VC-backed companies are quickly becoming key buyers in consumer acquisitions. **One-third of consumer internet M&A deals went to a VC-backed buyer in 2024, up from half that share five years ago.** These companies are seizing on low valuations and fierce competition to gobble up rivals and add new capabilities to their existing products. We expect this trend to accelerate as existing unicorns continue to age, increasing investor pressure for liquidity. The prospect of less regulatory scrutiny under a new administration could hasten deals.

Cash Burn:
Runway Lengthens at the Cost of Growth

With investment less plentiful than in recent years, founders are prioritizing capital efficiency more than ever. **Consumer companies have reduced burn by a median of 30% from 2023. As a result, profitability for all sizes of consumer companies has increased to a near decade high.** Companies that navigate to profitability may be in a better position to control their destiny, using VC strategically to accelerate growth, rather than to stay afloat.

Perspectives on the State of Consumer Internet

On Company Burn

"We used to look at the revenue line item first; now, we look at the burn line item first. **If burn exceeds a certain amount, it can be disqualifying — this is relative — but the broader reality is that inefficient growth is no longer tolerated.** Profitable companies are receiving significantly higher valuations than those that are burning. If you're shaping up for an M&A outcome, incumbents will not tolerate burn."

Jason Fiedler
Managing Partner

LEFT LANE

On AI and the "Age of Agents"

"Coming into 2025, we're entering the "Age of Agents," where AI is being empowered with greater autonomy to act on behalf of individuals and businesses. What this means is that **AI is no longer just assisting existing systems; it's reshaping how they operate.** While many industries, ranging from healthcare and education to legal and financial services, have long relied on "middlemen" (i.e., service providers) as translators of complex information, AI is increasingly stepping in to either augment and, in certain instances, overtake these human security blankets — faster, cheaper, and often more accurately than consumers have ever imagined before."

Meera Clark
Partner

Redpoint

On Balancing Growth and Profitability

"AI is enabling more efficient growth. I've seen consumer companies getting to several million in revenue on very low burn. That said, AI has leveled the playing field and companies can't get complacent — I believe early-stage companies should still be burning to acquire (retentive) users. There's a balance, but **I don't want an early-stage founder to be solving for profitability before they've won the market.** For mid- to late-stage companies, it's a different game — at that point, strong margins and profitability become key."

Laura Chau
Partner

Canaan

On Risk

"Over the last five years, the way that investors have been thinking about handicapping risk has shifted, and perspectives on risk itself have changed. **We went through a period where firms without deep consumer investing experience dipped their toes into the consumer market, and that distorted both asset prices and the definition of success for a consumer company.** As consumer businesses scaled rapidly, some saw them as software-like models."

Matt Nugent
Partner

L CATTERTON

Source: SVB interviews.

Macro

Consumers Cast Mixed Signals

The US consumer is caught in a tug-of-war between exuberance and restraint. Optimism is creeping back, but inflation, rising debt and income disparities are dragging it back down. Disposable income is recovering, but lower-income households remain disproportionately affected by the rising cost of living. Debt pressures are also mounting, with missed payments on the rise, signaling financial strain for many households.

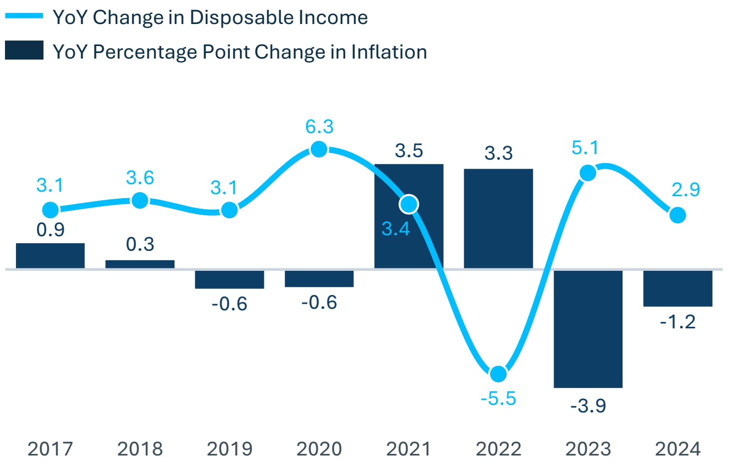
While consumer sentiment has rebounded from its 2022 lows, it remains shaky. Concerns about inflation and economic uncertainty leave consumers navigating a challenging environment. Meanwhile, spending patterns reveal a growing divide: higher-income households are driving discretionary spending, buoyed by wealth and job stability, while lower-income groups focus on essentials. This bifurcation represents a significant shift from the more uniform spending growth seen across income groups between 2018 and 2021. Even stock market optimism reflects this divide, in 2024, expectations were sharply split by income, mirroring broader disparities in spending behavior.

The uneven financial landscape across income levels is dampening broader consumer growth and leaving key sectors dependent on a smaller, wealthier audience to sustain momentum.

svb Silicon Valley Bank
A Division of First Citizens Bank

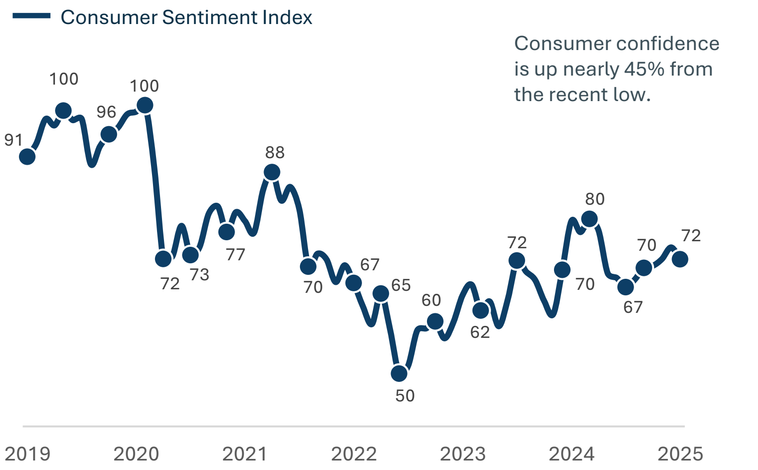
Disposable Income? Depends on Inflation

YoY Change in Disposable Income vs. YoY Change in Inflation



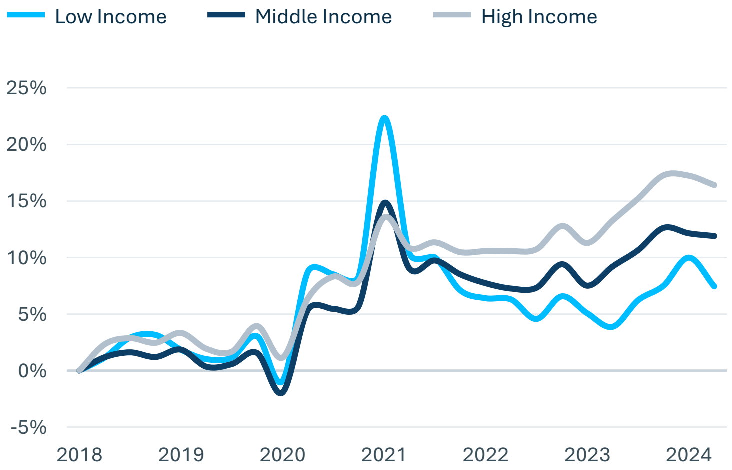
Consumers Still Shaky, but Confidence Grows

US Consumer Sentiment Indexed to 100 in Jan '20[1]



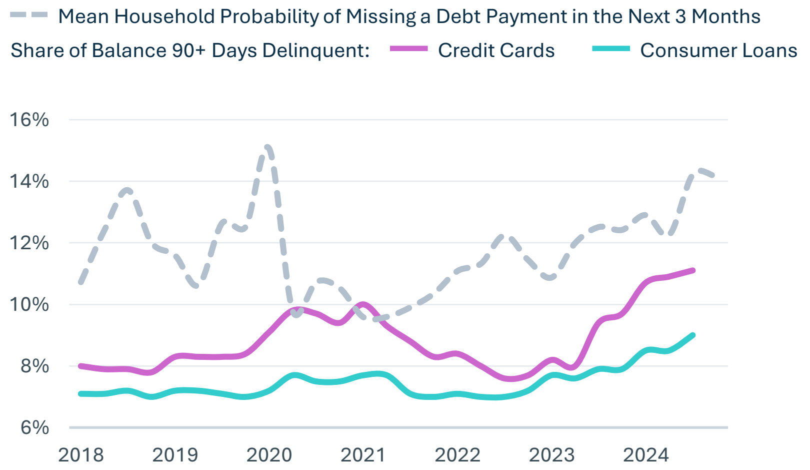
Widening Income Gap Skews Spending

Change in Retail Spending by US Household Income (2018 = 0)



Credit Shows Cracks; Missed Payments Rise

Percentage of US Household Debt 90+ Days Delinquent vs. Expectations



Notes: 1) Consumer Sentiment is from the University of Michigan: Consumer Sentiment (UMCSENT) index, retrieved from Federal Reserve Economic Data (FRED). Indexed to January 2020.

Source: Federal Reserve Bank of St. Louis, New York Federal Reserve, US Bureau of Labor Statistics, US Bureau of Economic Analysis.

Apps vs. Attention Spans

Americans now spend more than seven hours a day on screens, with social media alone consuming around 2.5 hours daily. Platforms like TikTok are driving this trend, with American users spending nearly an hour a day watching videos. Social media's dominance is clear, ranking only second to streaming services in US in-app revenue in 2024.

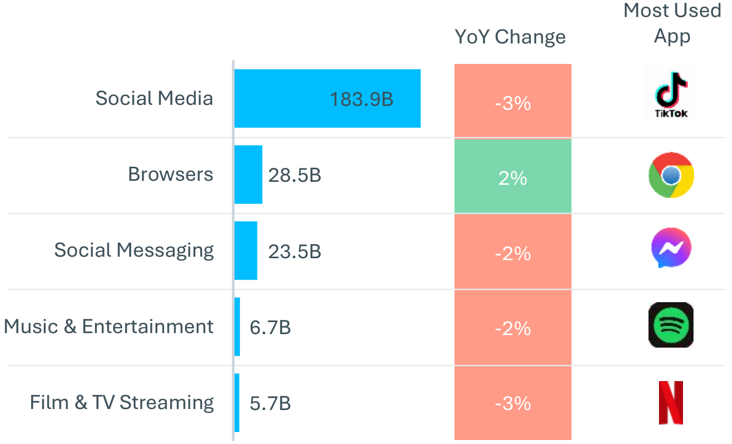
However, consumers are approaching digital fatigue. App retention rates are falling, with less than 3% of users remaining active after 30 days, demonstrating how difficult it is to hold consumer attention in an oversaturated market. With screen time at saturation and app retention rates sliding, social media and streaming platforms dominate attention spans, leaving limited opportunity for new apps to break through. **For consumer internet companies, the real challenge isn't just capturing downloads, it's also finding ways to stand out in a market where attention is fragmented and competition for consumer mindshare has never been more intense.**

Holiday spending tells a similar story of shifting consumer behavior. Online and non-store sales grew by nearly 9% in 2024, indicating that consumers are increasingly prioritizing digital spending, even as overall budgets tighten.

Silicon Valley Bank
A Division of First Citizens Bank

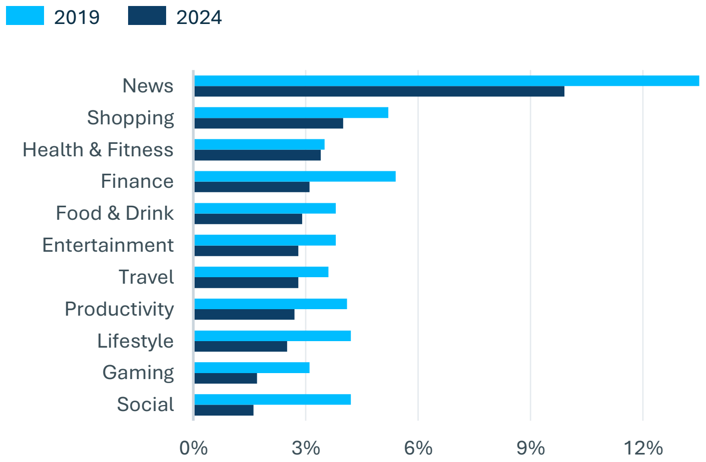
Social Media Dominates Screen Time

Top Categories by Total Time Spent (Hours) on Mobile Devices in the US in 2024[1]



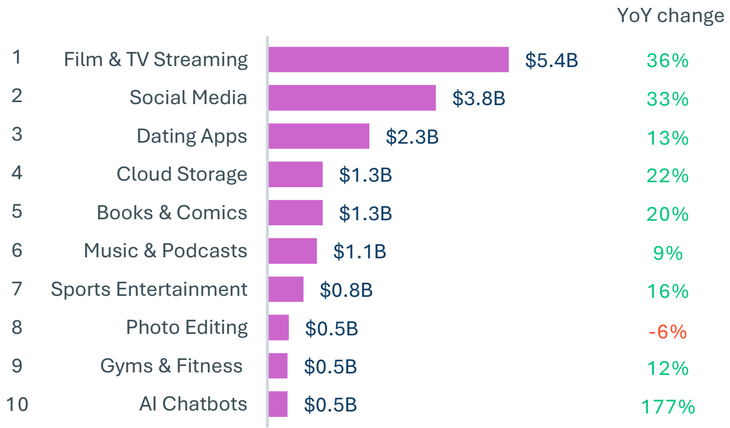
Lost Your *Appetite*? Retention Rates Slip

Average 30-Day Retention Rates for iOS Apps by Category[2]



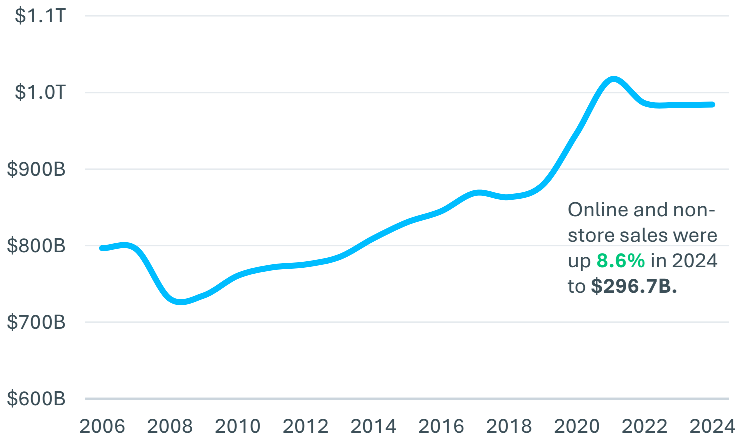
Binge, Scroll, Buy

Top 10 App Categories by In-App Purchase Revenue in the US in 2024[1]



Holiday Spending: A Jolt to Jumpstart 2025?

Value of US Holiday Season Retail Sales, Adjusted for Inflation[3]



Notes: 1) iOS and Google Play combined. Revenue is gross — inclusive of any percent taken by the app stores. 2) Minimum of 50,000 global installs per app, per quarter in question; average excludes statistical outliers. 3) 2024 holiday retail sales are an estimate.
Source: Sensor Tower, AppsFlyer Data, National Retail Federation and SVB analysis.

Capital

The Next Big Thing: Consumer AI

A busy dad booking the family vacation, a bodybuilder optimizing her meal plan, an author transcribing her next thriller — chances are, there's an AI app for that. Concierge applications are sprouting up as companies seek to bring more seamless user experiences to the horsepower of LLMs. VC investment in AI assistants jumped 6x in the last year, to $1.3B. While this is a fraction of the overall investment that enterprise applications and foundational models are attracting, the opportunities for consumer uses could one day dwarf the market cap of the current incumbents.

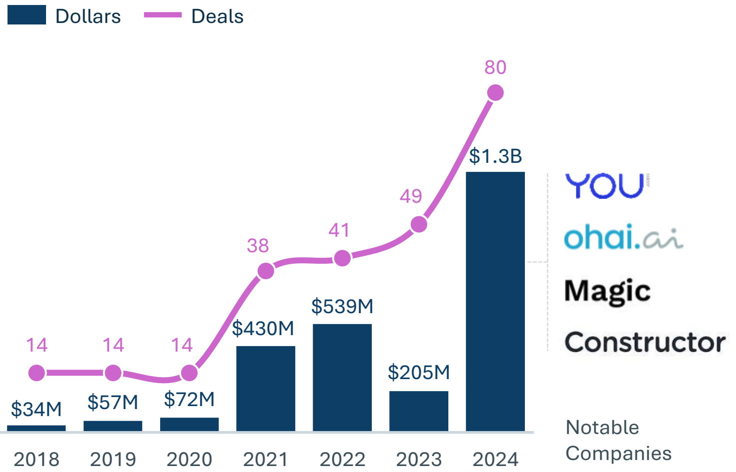
On the hype curve for consumer technologies, there's a hollowing out of the middle right now. Many use cases are either nearing their peak of productivity — and thus, have less growth potential — or are so early in their development that mass adoption is still a distant vision. Some of these technologies, such as autonomous vehicles, have massive market opportunity, but scale remains elusive. Autonomous vehicle companies received $6B in 2024, up from just $500M in the prior two years combined. The sector, which has long promised to deliver a driverless future, gained needed traction in 2024. Waymo provided four million driverless rides, 4x more than its previous total. Yet the 16-year-old company still has a long way to go before it challenges the likes of Uber, which provides about a million rides per hour.

Silicon Valley Bank
A Division of First Citizens Bank

Consumer Technology Hype Cycle:

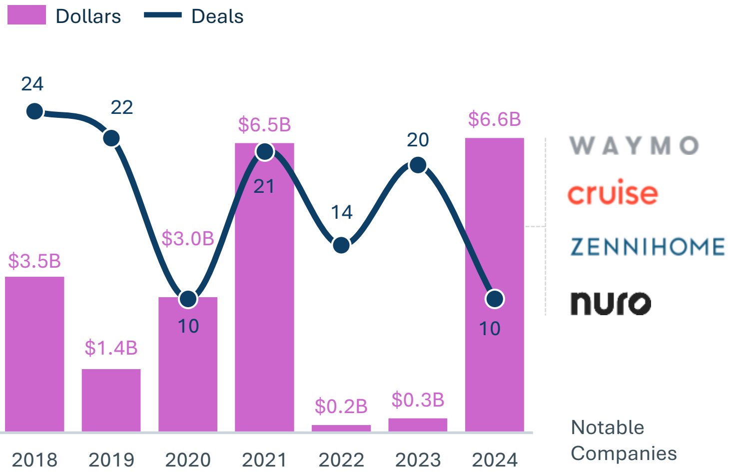
How May (A)I Help You?

US VC Investment in AI Assistants[1]



AVs: Back in the Driver's Seat

US VC Investment in Autonomous Consumer Machines



Notes: 1) VC investment in consumer companies within the AI/machine learning (ML) vertical and "AI assistant" as a keyword in PitchBook.
Source: PitchBook Data, Inc. and SVB analysis.

The Consumer VC Divide

The consumer VC landscape is fracturing. Big-name firms are reallocating to enterprise tech, leaving smaller funds to redefine the future of consumer investing. In 2024, consumer internet's share of VC investment dollars accounted for just 5% of total VC dollars from the top 100 most active firms.[2] Both the share of deals and dollars going to consumer companies from these firms have been steadily declining, reflecting a growing divide between generalist and consumer-focused funds.

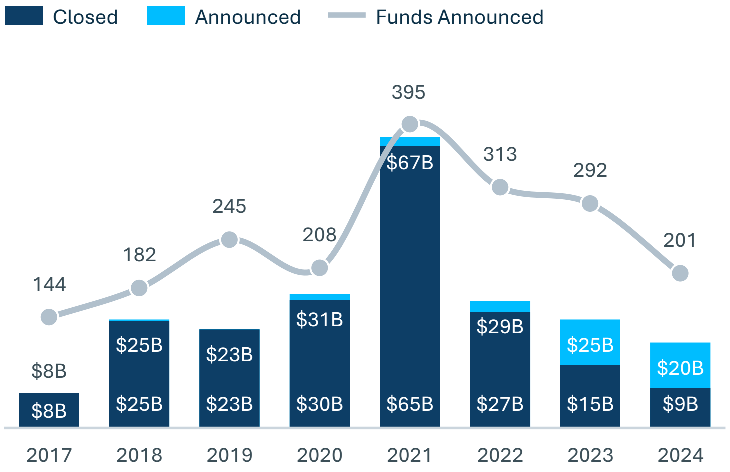
As generalist VCs pivot to enterprise tech, consumer-focused funds are no longer just concentrated on more traditional venture-backed consumer products such as consumer goods. Instead, they are redefining what it means to be a "consumer" company. **Today's consumer market extends beyond physical goods to include AI, digital experiences, marketplaces and even sports — areas that align with a paradigm less reliant on capital subsidizing growth.**

Consumer health and fitness now dominates consumer-focused VC portfolios as the demand for wellness solutions surges. In contrast, non-food consumer goods like clothing and beauty have seen their share of deals plummet, from being the most common investments in 2019 to the least in 2024.

Silicon Valley Bank
A Division of First Citizens Bank

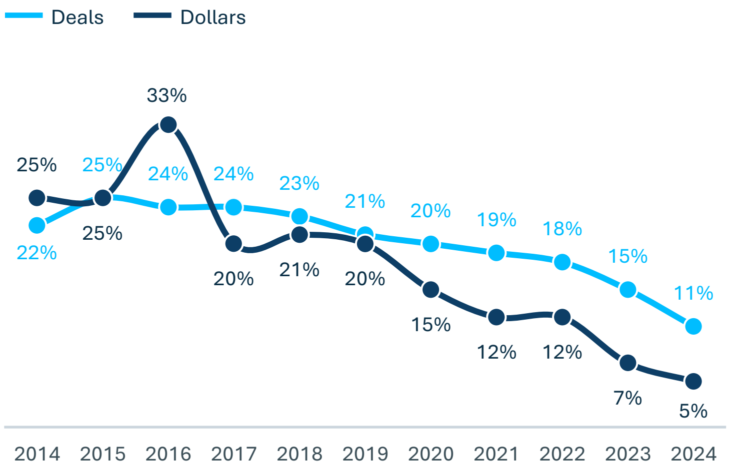
Consumer Funds Closed Hit 7-Year Low

US VC Funds With Consumer as a Listed Focus Area[1]



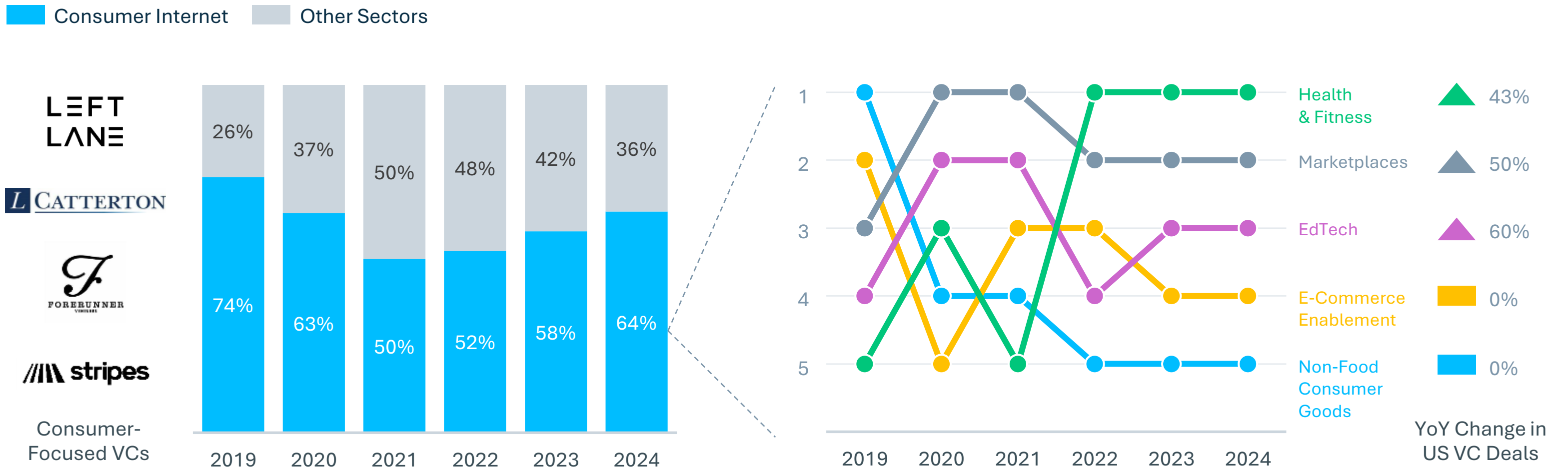
Traditional Consumer Fades From View

Consumer's Share of VC From the Top 100 Most Active Firms[2]



Consumer-Focused VCs Change Course

Case Study: Cohort Analysis of VC Deals and Ranking of Consumer Subsectors by Deal Count



Notes: 1) Includes US VC funds with consumer as one stated area of focus, often among other areas. 2) Consumer is defined according to SVB's proprietary taxonomy.

Source: Preqin, PitchBook Data, Inc. and SVB analysis.

AI Takes Off, Deals Fall Flat

Consumer sector investment trends are shifting as mega deals are making a comeback, capturing a larger share of 2024's investment dollars. While smaller deals fade, investors are prioritizing companies that don't just use AI, but are fundamentally built around it.

Overall deal counts have plunged since 2021, highlighting a more selective investment environment. Investors are consolidating capital into fewer, higher-conviction bets. Yet, within this slowdown, consumer AI's momentum is accelerating. Mentions of AI in consumer earnings calls have skyrocketed, reflecting its growing role in the sector. Among consumer companies funded in 2024, nearly one-third incorporated AI into their product offering, up from 18% in 2023.

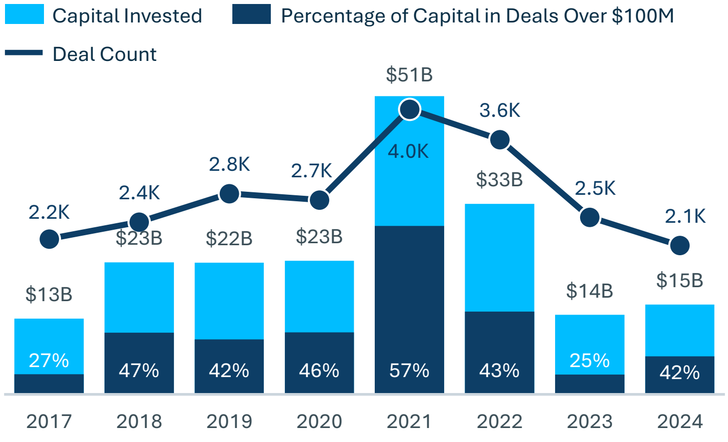
The AI disruption has created a fork in the road for consumer-focused VCs. Some firms, such as Andreesen Horowitz, are transitioning away from traditional consumer investments entirely to focus exclusively on consumer AI, while others are leaning into areas seen as less disreputable than AI, such as sports leagues and consumer staples.

Beyond AI, the state of consumer internet reflects a broader recalibration. The era of flowing capital has given way to a more disciplined, profitability-driven approach.

svb Silicon Valley Bank
A Division of First Citizens Bank

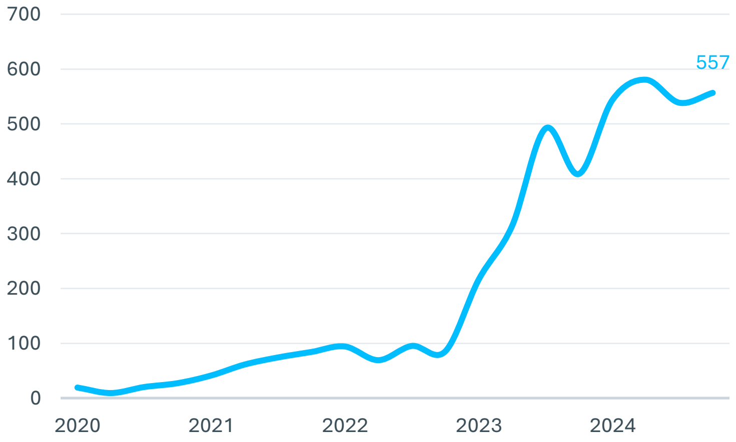
VC Steady, Mega-Deals Rebound

Consumer VC Deals and Dollars, Consumer Mega-Deal Capital as a Percentage of VC-Backed Consumer Deals[1]



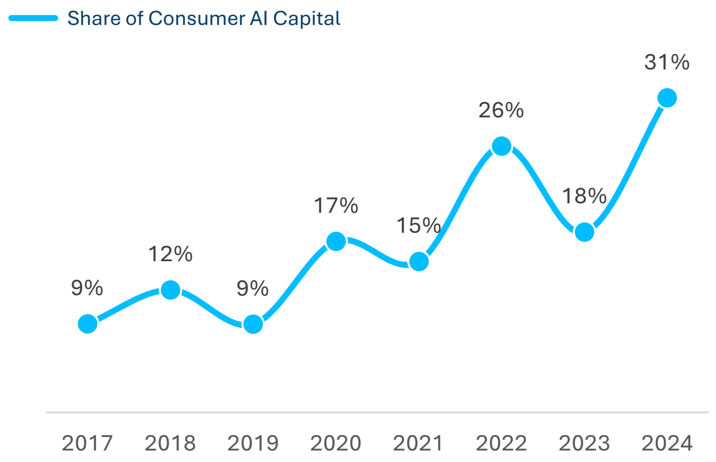
AI Mentions Skyrocket in Consumer Earnings

AI Mentions in Notable Consumer Internet Earnings Transcripts[2]



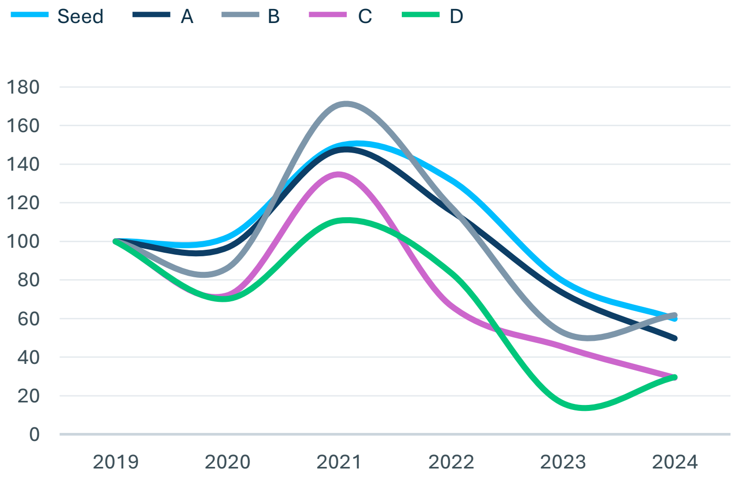
Consumer AI Investment Share Reaches Highs

Share of AI Capital Invested in Consumer Deals



Consumer Deal Counts Plunge Since 2021

Index: US Consumer Deal Count (2019 = 100)



Notes: 1) Consumer deals classified by SVB's taxonomy include digital companies spanning e-commerce, entertainment and marketplaces.
2) Includes AI-related keywords within earnings transcripts for 15 of the largest public consumer tech companies including Amazon, Meta, Netflix and Google.

Source: PitchBook Data, Inc. and SVB analysis.

Growth: From Rocket to Bicycle

As VC investment dwindled, graduation rates started to slide. To keep from sputtering out on the runway, companies have adjusted their burn, but not without consequences to growth.

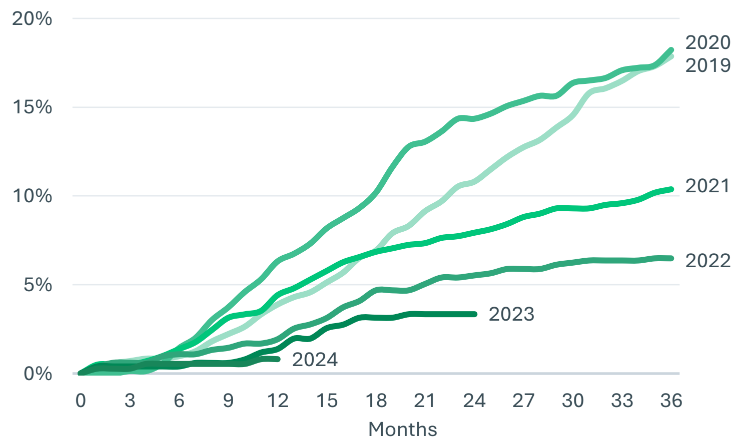
Consumer graduation rates have historically been lower than other sectors. For example, seed to Series A graduation rates for 2020 were five percentage points lower than the innovation economy at large. These lower graduation rates have recently been compounded by a lower supply of VC dollars. Today, graduation rates are less than a quarter of what they were in 2020.

With the added uncertainty of raising a future round, companies have focused on being capital efficient and reducing burn. **As a result, profitability for all sizes of consumer companies has increased, nearing the highest level in the last decade.** Consequently, runway improved in recent quarters despite limited investment.

The side effects of improved profitability, reduced burn and extended runway include lower growth rates. Consumer companies, more so than other sectors, depend on marketing spend, selling products at a loss and other aggressive sales strategies to drive growth. But these are often not compatible with a focus on profitability, so growth rates have stagnated at the lowest point in the last decade.

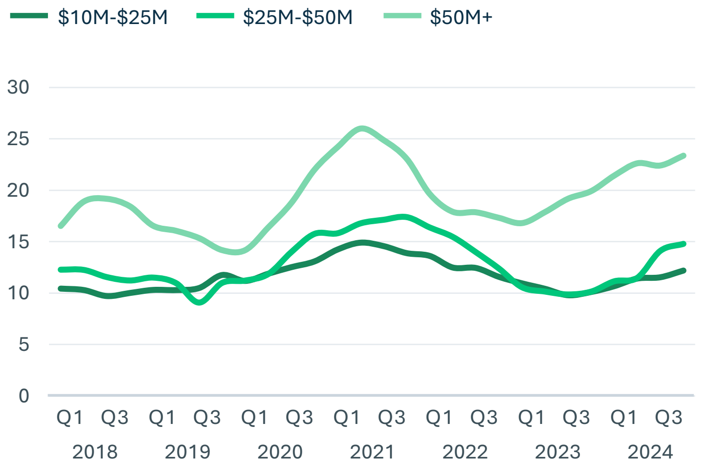
It's Hard to Get an A: Graduation Rates Slip

Seed to Series A Cumulative Graduation Rates



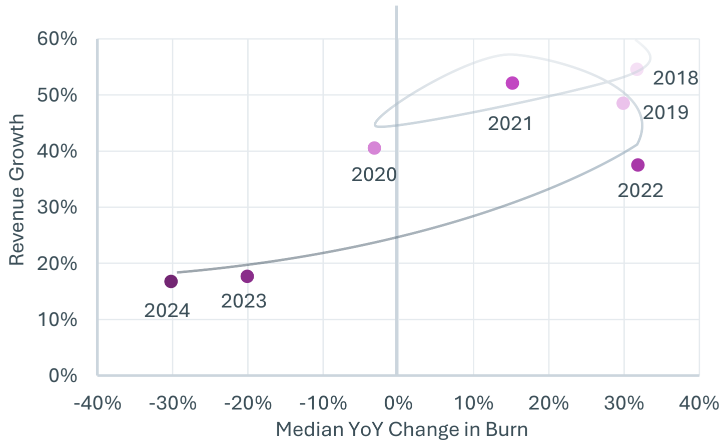
Runway Extends in Recent Quarters

US VC-Backed Consumer: Median Months of Cash Runway



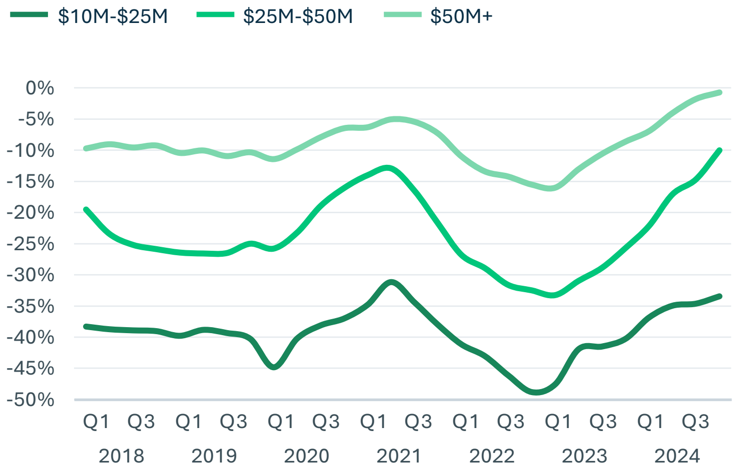
Growth Spirals as Companies Cut Burn

US VC-Backed Consumer: Median Change in Burn and Revenue Growth[1]



Profitability Near All-Time Highs

US VC-Backed Consumer: Median EBITDA Margin[2]



Notes: 1) Revenue calculated at the current run rate of revenue annualized. 2) Median Earnings Before Interest Taxes Depreciation and Amortization

Source: PitchBook Data, Inc., SVB proprietary data and analysis.

Sector Spotlights

Gaming's High-Stakes Evolution

The gaming and esports landscapes are evolving as VCs adapt to new market realities. This transition reflects deeper challenges in the gaming industry. Saturated markets, long development cycles and player retention struggles are making early-stage gaming a tougher sell. While game studios and infrastructure still receive funding, these days may soon be behind us as investors prioritize more scalable opportunities. In a market flooded with lookalike offerings — many of which take years to develop — acquiring users is already a challenge, but keeping them hooked long enough to build sustainable revenue is proving even harder.

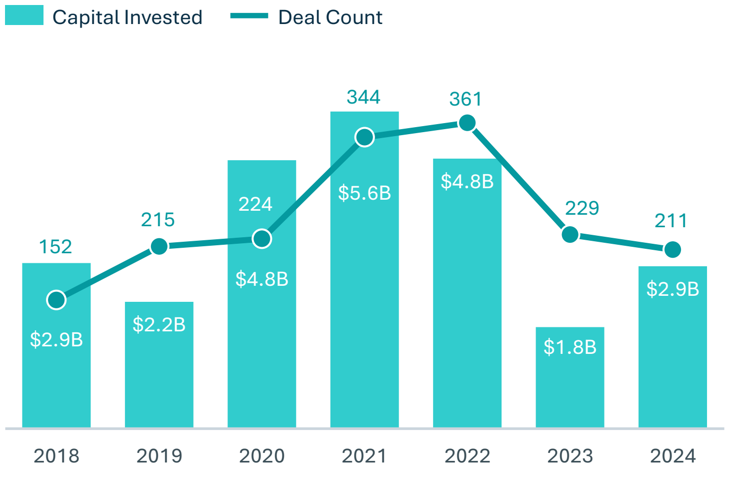
As the landscape shifts, so do investor priorities. Traditional consumer VCs are broadening from core gaming investments to include sports leagues and lottery companies. At the same time, gambling games continue to grow, with sports betting now legal in 38 states. The growing accessibility of mobile betting not only appeals to users looking for convenience, but also investors looking for a proven model.

Gaming's next chapter will be defined by companies prioritizing scalable innovation and player engagement. As competition intensifies in gaming, those that fail to evolve risk being sidelined in an increasingly crowded market.

Silicon Valley Bank
A Division of First Citizens Bank

Gaming and Esports Investment Rebounds

US VC Investment in Gaming and Esports Companies



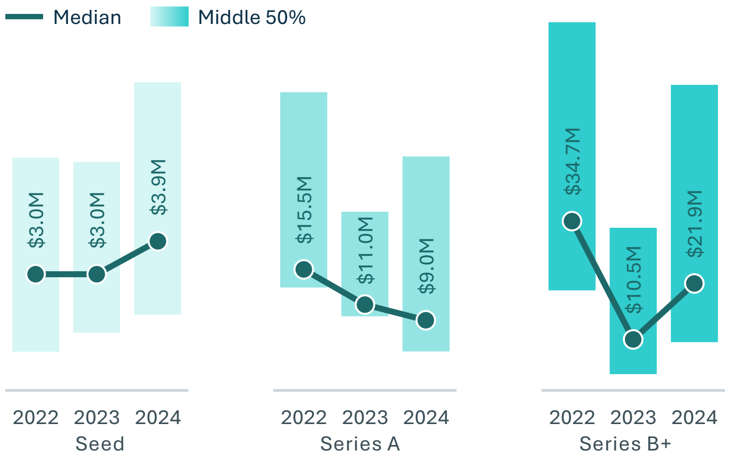
Companies Raising in Gaming and Esports

Notable Deals From 2024

Company	Raised	Valuation	What They Do
BONFIRE	$55M	$342M	Video Game Developer
AZRA GAMES	$43M	$163M	Mobile Role-Playing Games Developer
E-PAL	$30M	N/A	Connect With Gamers for Teamplay
SERIES	$28M	$190M	GenAI-Powered Game Development
UPLAND	$25M	$300M	NFT-Based Virtual Real Estate Platform

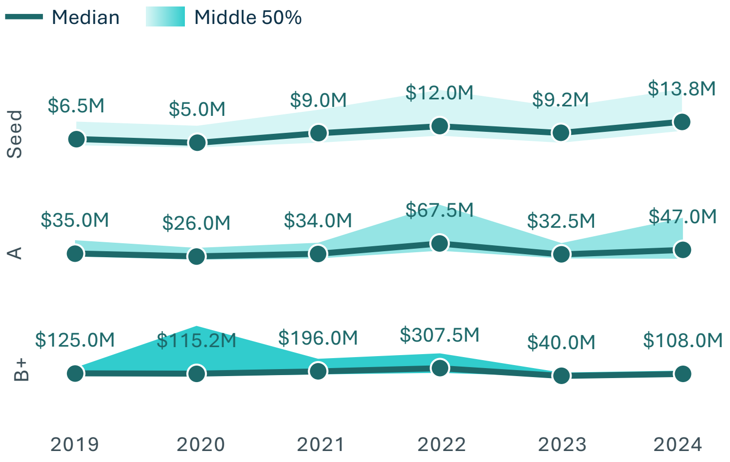
Median Seed Deal Sizes Rise 30%

Median Deal Sizes for US HQ Gaming Companies by Series



Median Gaming Valuations by Series

Median Pre-Money Valuations for US HQ Gaming Companies by Series



Notes: VC defined as all series, stages and rounds for US-headquartered consumer companies. Consumer tech companies defined using SVB proprietary taxonomy. All data reflects companies and deals included in SVB's proprietary taxonomy of gaming and esports.
Source: PitchBook Data, Inc. and SVB analysis.

The Social Media Shake-Up

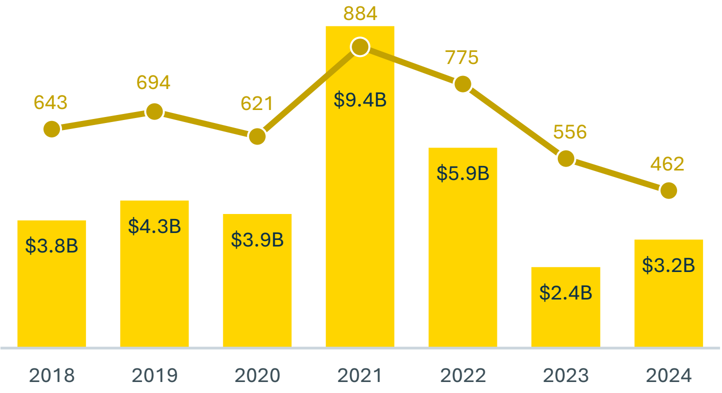
Social networks and media companies are evolving rapidly. Platforms that once prioritized social interactions are now full-fledged entertainment spaces, using hyper-personalized algorithms to capture attention and drive engagement. At the same time, the lines are blurring between entertainment and shopping, transforming passive viewers into active consumers.

Social media platforms are doubling down on in-app purchases, integrating shopping into user experiences. Livestream shopping, AI-driven recommendations and one-click checkout are making transactions seamless. Platforms like TikTok, Instagram and Pinterest are redefining e-commerce by bringing the shopping experience directly to users' feeds, and product discovery feels less like an ad and more like another post.

Meanwhile, TikTok's uncertain future is shaking up the social media hierarchy. Creators and advertisers are exploring alternatives like Instagram Reels and YouTube Shorts or other niche platforms that cater to specific audiences. The potential ban is a reminder of how fragile platform dominance can be, even for the most used app, in an industry built on attention.

Social and Media Investment Is Up

US VC Investment in Social Networks and Media Companies



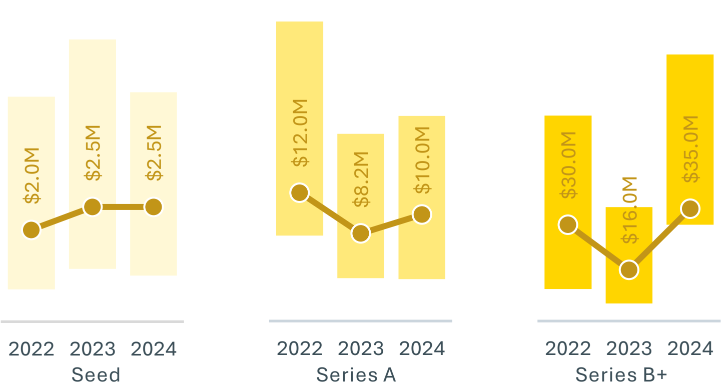
Companies Raising in Social Networks and Media and Entertainment

Notable Deals From 2024

Company	Raised	Valuation	What They Do
display	$350M	N/A	Creator and Brand Storefront Platform
captions	$60M	$560M	AI-Powered Video Generation
15S(•)F	$15M	$65M	Share Videos From Jumbotron Feeds
Bluesky	$15M	N/A	Decentralized Social Network
mindtrip.	$12M	$55M	AI-Generated Travel Itineraries

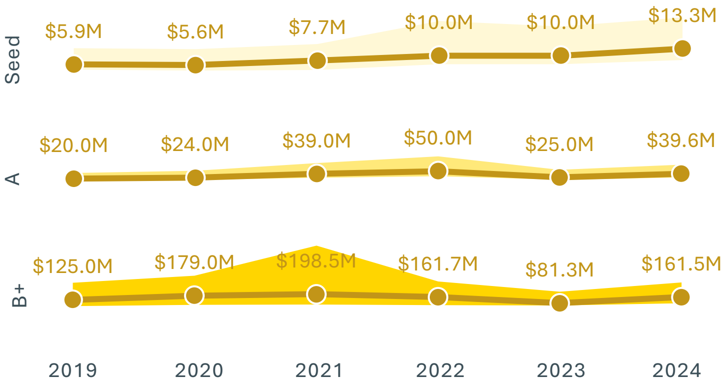
Later-Stage Median Deal Sizes Rebound

Median Deal Sizes for US HQ Social Networks and Media Companies by Series



Social Media Valuation by Series

Median Pre-Money Valuations for US HQ Social Networks and Media Companies by Series



Notes: VC defined as all series, stages and rounds for US-headquartered consumer companies. Consumer tech companies defined using SVB proprietary taxonomy. All data reflects companies and deals included in SVB's proprietary taxonomy of social networks and media and entertainment.

Source: PitchBook Data, Inc. and SVB analysis.

svb Silicon Valley Bank
A Division of First Citizens Bank

Clicks, Carts and Less Capital

E-commerce investment has hit a new low, but median deal sizes are quietly ticking up across seed, Series A and Series B+ rounds YoY.

Direct-to-consumer (DTC) brands, once the stars of e-commerce, are struggling to maintain momentum as customer acquisition costs rise and repeat purchases falter. Retention challenges are forcing companies to rethink their strategies.

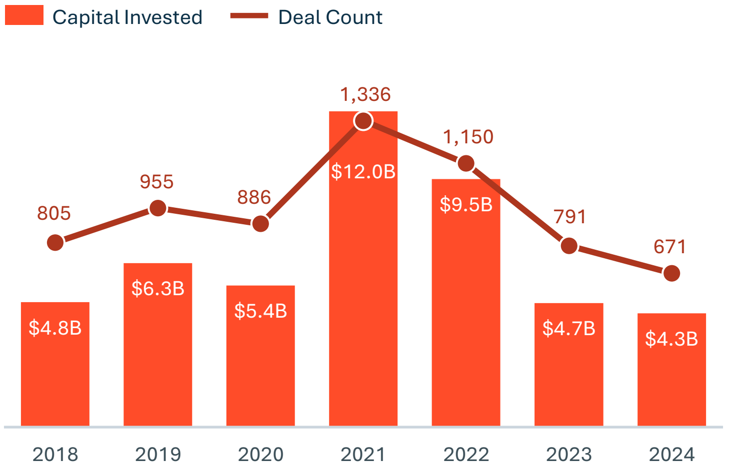
The industry is shifting, and it's clear that the old playbook isn't working anymore. Omnichannel has become the new standard. Brands are blending DTC and brick-and-mortar into a seamless experience to meet customers wherever they shop.

At the same time, the line between enterprise AI and consumer e-commerce is also disappearing. VCs see promise in commerce enablement, investing in tools to sell rather than the sellers themselves.

For VCs, the question isn't about whether e-commerce will evolve but how quickly it can adapt to meet the demands of a changing marketplace.

Commerce VC Investment Hits New Low

US VC Investment in Commerce Companies



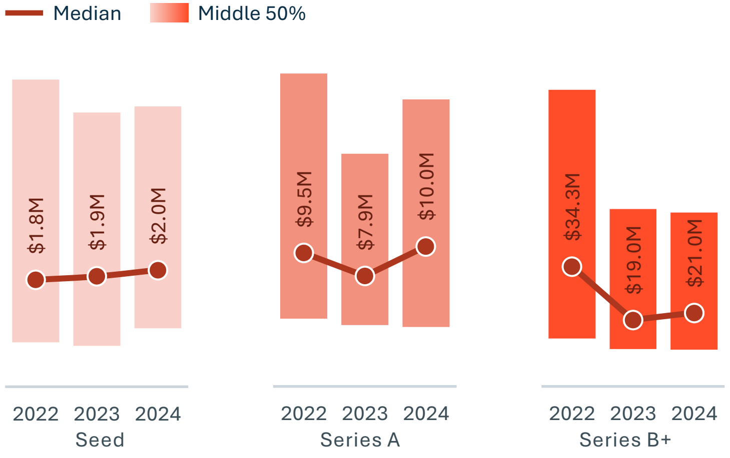
Companies Raising in Commerce

Notable Deals From 2024

Company	Raised	Valuation	What They Do
Vinted	$374M	$5.5B	Second-Hand Marketplace
FLYR	$295M	$900M	AI-Based Air Travel Reservation Systems
HEALTHKART	$153M	N/A	Health Supplements
FLIP	$144M	$1.2B	Social Commerce Platform
Owner	$33M	$200M	Digital Tools For Restaurant Sales

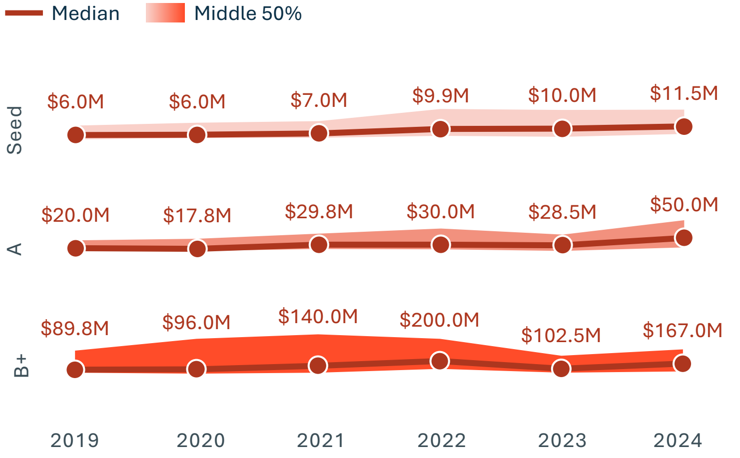
Median Deal Sizes Increase in Early Stages

Median Deal Sizes for US HQ Commerce Companies by Series



Median Commerce Valuation Increase YoY

Median Pre-Money Valuations for US HQ Commerce Companies by Series



Notes: VC defined as all series, stages and rounds for US-headquartered consumer companies. Consumer tech companies defined using SVB proprietary taxonomy. All data reflects companies and deals included in SVB's proprietary taxonomy of commerce, including e-commerce, commerce enablement and digitally native vertical brands.

Source: PitchBook Data Inc. and SVB analysis.

Exits

Startups Buying Startups

M&A activity remained steady year-over-year, holding at about 200 deals. The vast majority of these, 88%, did not disclose the deal terms or sales price — the most deals under wraps in a decade. The data we do have suggests that selling founders (and their investors) are lucky to keep their heads above water. More than half of all disclosed M&A deals failed to recoup the total VC investment, a stark change from 2019 to 2021, when more than 70% at least broke even. Deal sizes that we can see are getting smaller, with a median of $18M in 2024, a fraction of the $81M median sales price five years ago.

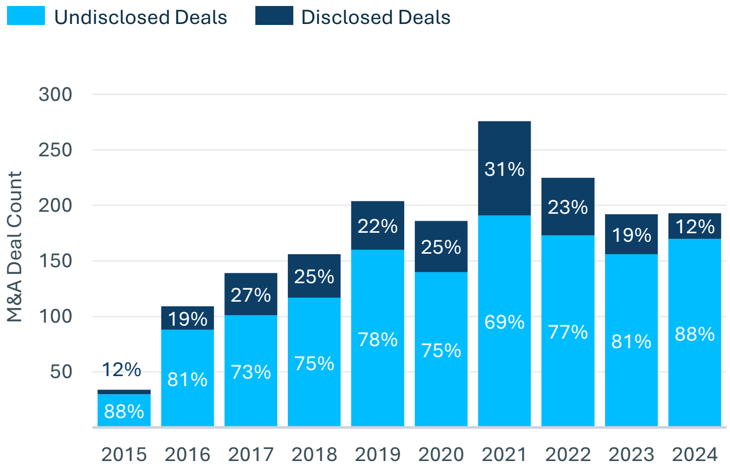
The favorable buyers market is boosting participation from other VC-backed companies, which accounted for one-third of all consumer internet acquisitions in 2024. That's double the share from five years ago. In fact, several of the largest consumer tech acquisitions were completed by VC-backed or formerly VC-backed companies, including Infinite Reality's quarter-billion acquisition of the Drone Racing League and DraftKings' $200M acquisition of Simplebet. Changes in FCC leadership could create a path for more M&A activity this year. But with alternative buyers such as private equity (PE) firms slow to emerge and otherwise promising companies growing old on the vine, it's likely VC-backed companies ripe with cash will continue to pluck deals as they see them, taking a larger share of activity.

svb Silicon Valley Bank

A Division of First Citizens Bank

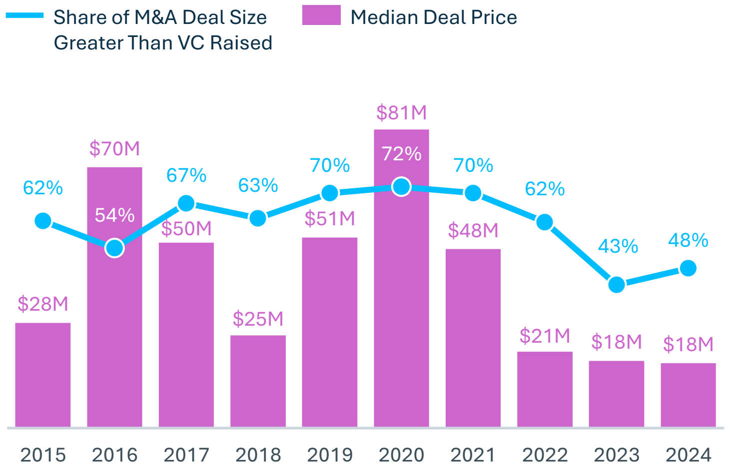
Disclosed M&A Deals Continue to Shrink

Share of Disclosed and Undisclosed M&A Deals[1]



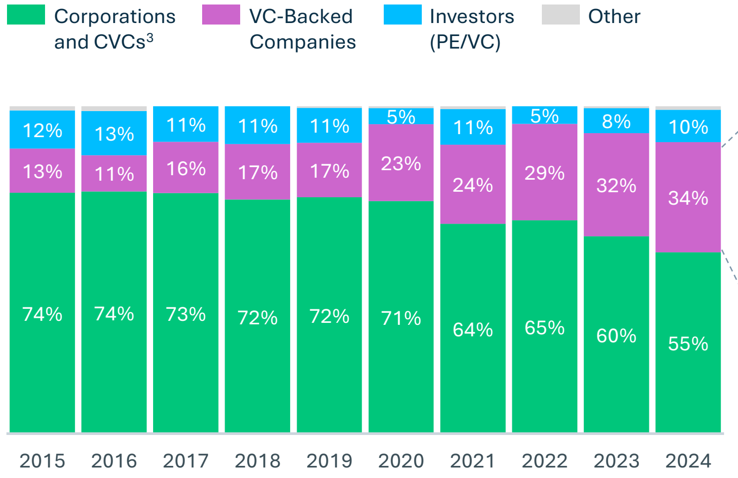
Seller's Dilemma: Good Terms Hard to Find

Percent of Consumer M&A Price Higher Than Total VC Raised[2]



VC-Backed Companies Step In as Buyers

Percentage of Consumer M&A Deals by Buyer Type



Notable Consumer M&A Deals in 2024

Buyer	Target	Valuation	Description
INFINITE REALITY	DRL	$250M	Professional Drone Racing League
DRAFT KINGS	simplebet	$195M	Micro-Betting Sports Platform
AUTOMATTIC	BEEPER	$125M	Unified App for Chat Networks
Later	Mavely	$250M	Influencer Marketing Technology
YEXT	hearsay	$220M	AI-Powered Customer Engagement

Notes: 1) Acquisitions include all M&A deals and mergers of equals. 2) Among disclosed deals. 3) CVCs refer to corporate venture capital firms.
Source: PitchBook Data, Inc. and SVB analysis.

A Unicornucopia of IPO Hopefuls

The unicorns grow up so fast, don't they? The current herd of 103 US VC-backed consumer unicorns has a median age of 11 years since founding, up from two years ago when the IPO window latch closed. This unicorn cohort represents more than $400B in value locked in the private market. A major question is how much can be absorbed through IPOs?

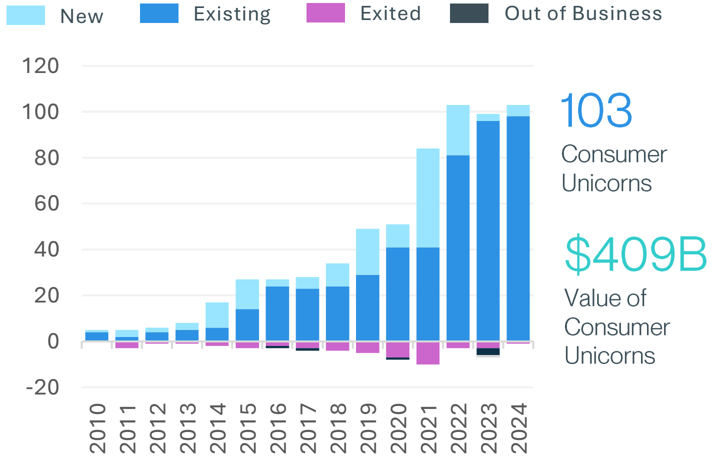
The total value of all public exits for US VC-backed consumer internet companies in the last 15 years is over $500B. A vast majority of those exits occurred when valuations were at their frothiest. Today, forward revenue valuation multiples for this cohort of formerly backed public consumer companies are the highest in three years, up to 2.0x the next 12 months' revenue, despite muted expectations for business models like food delivery and dating apps. *Don't underestimate the pivot*. AI is changing the equation for future value. Consider the latest cohort of minted unicorns, peppered with AI functionality.

While existing unicorns age, new unicorns are getting younger. The average age of consumer internet unicorns that emerged in 2024 was under four years, less than half the age new unicorns were in 2020. Watch this next generation closely; it may well yield the magnificent seven of tomorrow.

svb Silicon Valley Bank
A Division of First Citizens Bank

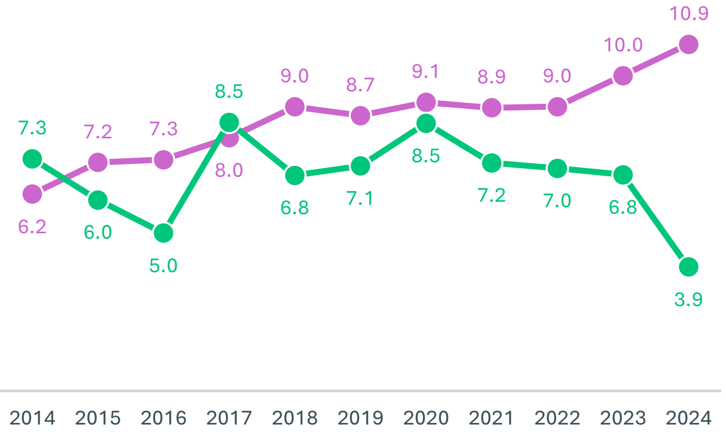
A Growing Herd of Consumer Unicorns

Aggregate Count and Value of US Consumer Internet Unicorns[1]



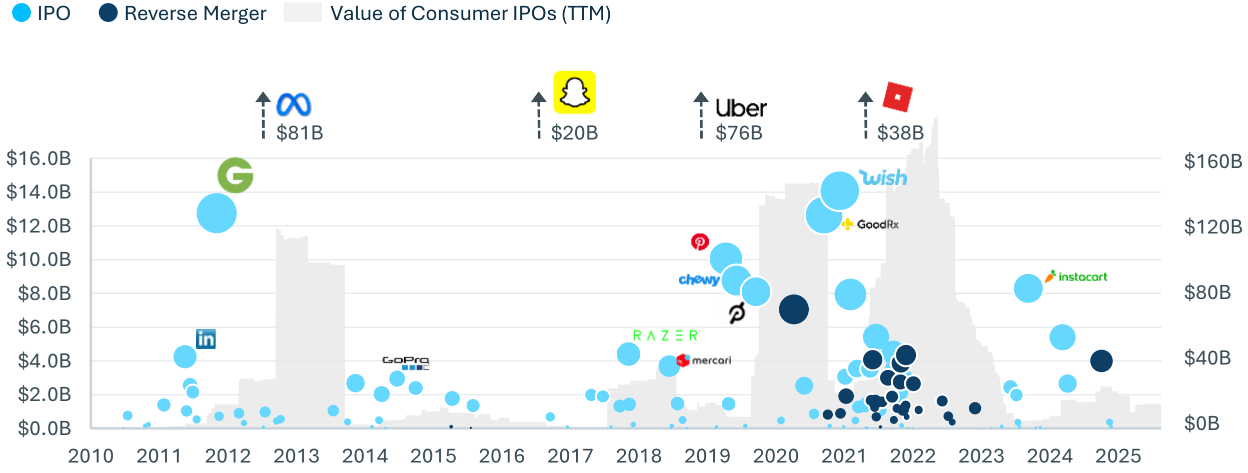
Unicorns: The Young and The Restless

Median Age of New and Existing US Consumer Unicorns[2]

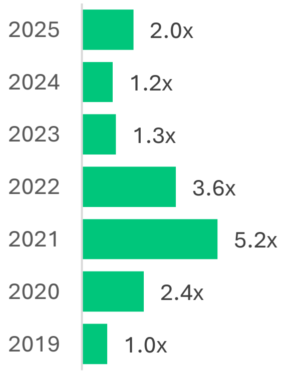


IPO Windows Open in Two Ways: Gradually and Then Suddenly

Public Exits and Trailing 12-Month (TTM) Value for US VC-Backed Consumer Companies[2]



Median TEV/NTM Revenue Multiple for VC-Backed Consumer IPOs Since 2014[3]



Notes: 1) Consumer companies last valued over $1B. 2) Age in years from first founding to unicorn status. 3) Multiple of next 12 months estimated revenue over total enterprise value as of the first trading day of each year for VC-backed consumer companies that went public since 2014. 3) Includes post-exit valuation of companies within SVB's taxonomy of consumer internet companies.

Source: S&P Capital IQ, PitchBook Data, Inc. and SVB analysis.

Authors

Lead Author

Alicia Fuller
Senior Market Manager,
Tech Banking
afuller@svb.com

Alicia is a senior market manager for Silicon Valley Bank, leading its Northeast tech banking team. In this role, she oversees SVB's efforts in partnering with emerging and growth clients across the consumer internet, enterprise and frontier tech sectors in New York and Boston.

Alicia has two decades of tech banking experience at SVB, where she has led the national consumer internet banking team and helped support hundreds of founders and startups.

Contributing Authors

Nicole Hawkey
Managing Director,
Tech Banking
nhawkey@svb.com

Dennis Rapoport
Managing Director,
Tech Banking
drapoport@svb.com

Arianne Perry
Managing Director,
Investor Coverage and
Business Development
arperry@svb.com

Renuka Kumar
Managing Director,
Investor Coverage and
Business Development
rkumar@svb.com

Market Insights Team Authors

Anjalika Komatireddy
Analytics Researcher
SVB Market Insights
akomatireddy@svb.com

Josh Pherigo
Senior Analytics Researcher
SVB Market Insights
jpherigo@svb.com

Eli Oftedal
Senior Analytics Researcher
SVB Market Insights
eoftedal@svb.com

svb Silicon Valley Bank
A Division of First Citizens Bank

About Silicon Valley Bank

Silicon Valley Bank (SVB), a division of First Citizens Bank, is the bank of some of the world's most innovative companies and investors. SVB provides commercial banking to companies in the technology, life science and healthcare, private equity, and venture capital industries. SVB operates in centers of innovation throughout the United States, serving the unique needs of its dynamic clients with deep sector expertise, insights and connections. SVB's parent company, First Citizens BancShares, Inc. (Nasdaq: FCNCA), is a top 20 US financial institution with more than $200B in assets. First Citizens Bank, Member FDIC. Learn more at svb.com.

Silicon Valley Bank

www.svb.com

See complete disclaimers on following page.

©2025 First-Citizens Bank & Trust Company. Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Member FDIC.

SVB Silicon Valley Bank
A Division of First Citizens Bank

Disclaimers

The views expressed in this report are solely those of the authors and do not necessarily reflect the views of SVB.

This material, including without limitation to the statistical information herein, is provided for informational purposes only. The material is based in part on information from third-party sources that we believe to be reliable but which has not been independently verified by us, and, as such, we do not represent the information is accurate or complete. The information should not be viewed as tax, accounting, investment, legal or other advice, nor is it to be relied on in making an investment or other decision. You should obtain relevant and specific professional advice before making any investment decision. Nothing relating to the material should be construed as a solicitation, offer or recommendation to acquire or dispose of any investment, or to engage in any other transaction.

All non-SVB named companies listed throughout this document, as represented by the various statistical, thoughts, analysis and insights shared in this document, are independent third parties and are not affiliated with Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Any predictions are based on subjective assessments and assumptions. Accordingly, any predictions, projections or analysis should not be viewed as factual and should not be relied upon as an accurate prediction of future results.

Investment Products:

Are not insured by the FDIC or any other federal government agency	Are not deposits of or guaranteed by a bank	May lose value

©2025 First-Citizens Bank & Trust Company. Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Member FDIC.