



Institutional Research Group



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Published on June 1, 2026

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The State of Consumer AI

What fundraising, exits, and secular demand reveal about the emerging winners

Key takeaways

- **Early-stage dollar failure rates at seed and Series A are driven by a fat tail of overfunded rounds.** 34.8% of seed dollars fail against a 16.1% company failure rate, but the median failed seed round (\$3.9 million) is nearly indistinguishable from the median successful seed round (\$3.7 million); the divergence concentrates in the top quartile of check sizes. The portfolio construction read is a barbell of disciplined seed checks paired with concentrated Series B positions, where a 97.1% company survival rate, 63.5% annualized return, and 5.4% dollar failure rate offer the highest conviction entry point in the dataset.
- **The consumer AI unicorn asset class is functionally a bet on 10 companies.** The top 10 consumer AI unicorns represent 79.4% of total category value, up from 61.7% in 2024. LPs must evaluate whether a GP has demonstrable access to this cohort, and if not, whether competing for the remaining 20% of the value pool justifies the concentration risk.



- **Shrinking equity stakes have made growth-stage return math nearly unworkable for single-stage funds.** Median Series D+ ownership has fallen from 13.3% to 6.2% since 2016, meaning a 6% stake in a \$5 billion platform (assuming typical post-round dilution) requires a \$15 billion-plus exit just to 2x, a dynamic that structurally advantages multistage firms stacking ownership across rounds over single-check growth investors.
- **Half of public B2C platforms show financial distress comparable to apparel retail.** 12 of 24 covered platforms carry Altman Z-scores below 3—clustering in travel, edtech, dating, and BNPL—compressing the pool of healthy public comps available for late-stage private valuations and raising the bar for benchmarking.
- **Public market analysts have shifted from “Do you have an AI strategy?” to “Prove it’s working”—and VCs should expect the same.** Across 186 tracked earnings call questions, competition and execution have replaced roadmap inquiries as the dominant analyst focus, signaling that both public and private market investors will increasingly demand revenue attribution over narrative momentum.



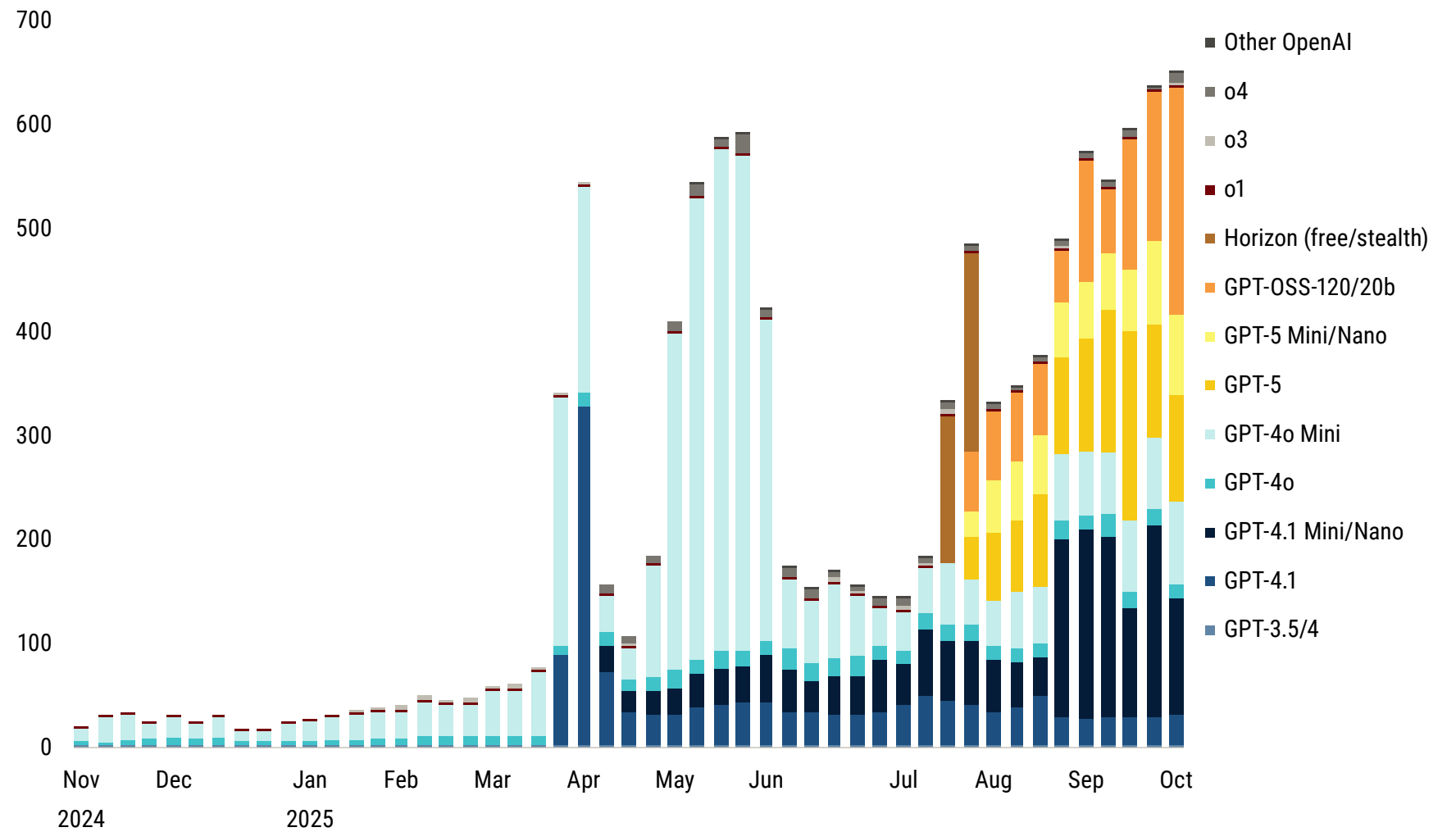
Product-market fit and secular tailwinds

Adoption tracks model gains

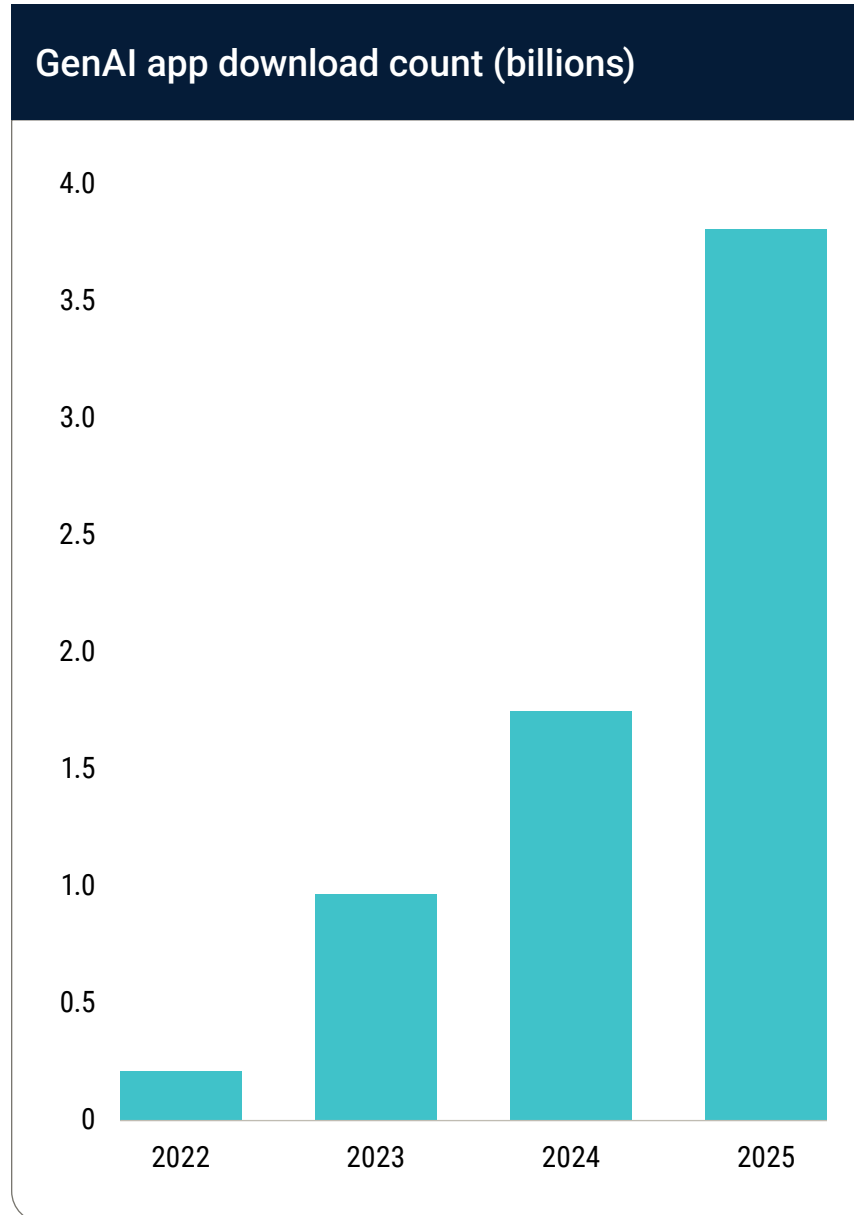
Token consumption and user spending are directly following the unbroken improvements in frontier language model intelligence since mid-2023. Generative AI (GenAI) app downloads grew from roughly 200 million in 2022 to around 3.8 billion in 2025, and mobile in-app purchase revenue scaled from under \$200 million to \$5 billion over a similar period.¹ Web platforms were traffic winners in 2025, reflecting continued long-tail consumer adoption and the leveraging of distribution advantages from incumbents like Google. Private market investors can underwrite sustained improvements at the model layer but must ensure investments are structured to benefit from large language model advances rather than be commoditized by them.



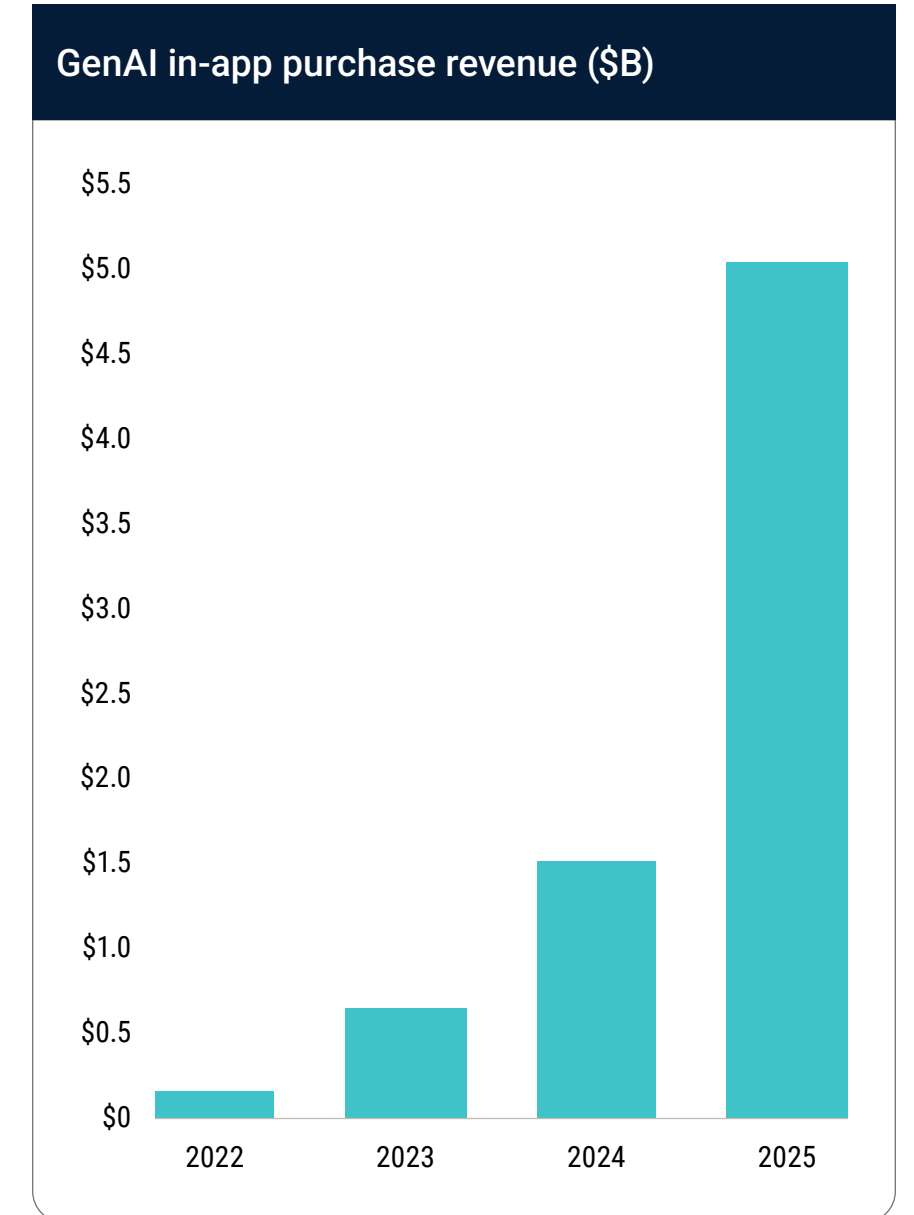
Combined token usage count by model



Source: [YipitData](#) • Geography: Global • As of March 3, 2026



Source: PitchBook • Geography: Global • As of March 3, 2026



Source: PitchBook • Geography: Global • As of March 3, 2026



Analysts want proof AI is working

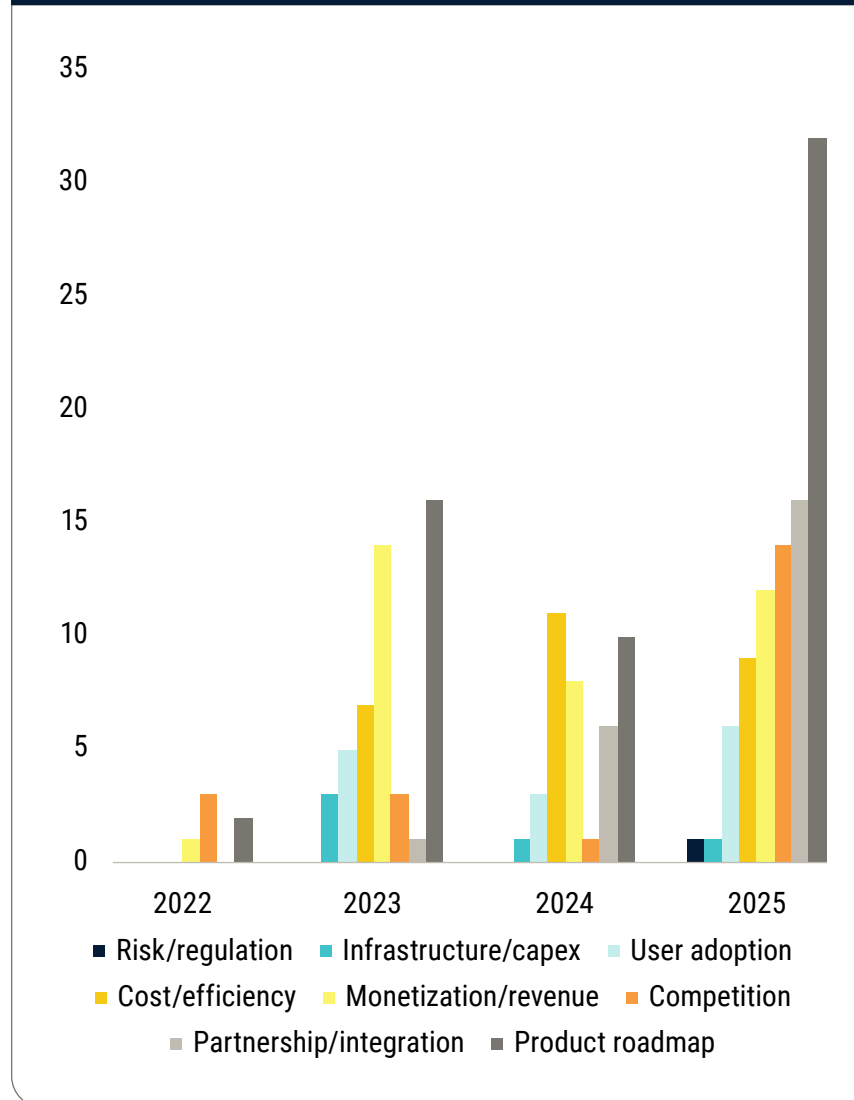
We tracked 186 AI-related questions asked by equity research analysts covering B2C earnings calls—including Uber, Lyft, Airbnb, Spotify, DoorDash, Duolingo, Instacart, and others—from Q4 2022 through Q4 2025. The defining trend was analysts shifting their questions from “Do you have an AI strategy?” to “Prove it’s working.” 90% of queries were probing and investigative in tone, with “product roadmap” overtaking “competition” and “partnership/integration” as the leading focus in 2025. The market now presumes AI strategies exist and is determining whether leadership teams can execute against them. Further, “specific product/feature” and “AI financials/return on investment” questions are trending upward, signaling asset holders are seeking revenue attribution over narrative momentum. Finally, aggregate AI mentions from both leadership teams and analysts continue to climb, from fewer than 150 references in Q4 2022 to more than 500 in Q4 2025, underscoring the still-unfolding strategic and business model shifts. As public and private markets converge, investors and startups should expect to articulate where AI deployments and efficiency gains are flowing and specifically how this supports margin expansion.



Source: PitchBook • Geography: Global • As of March 3, 2026

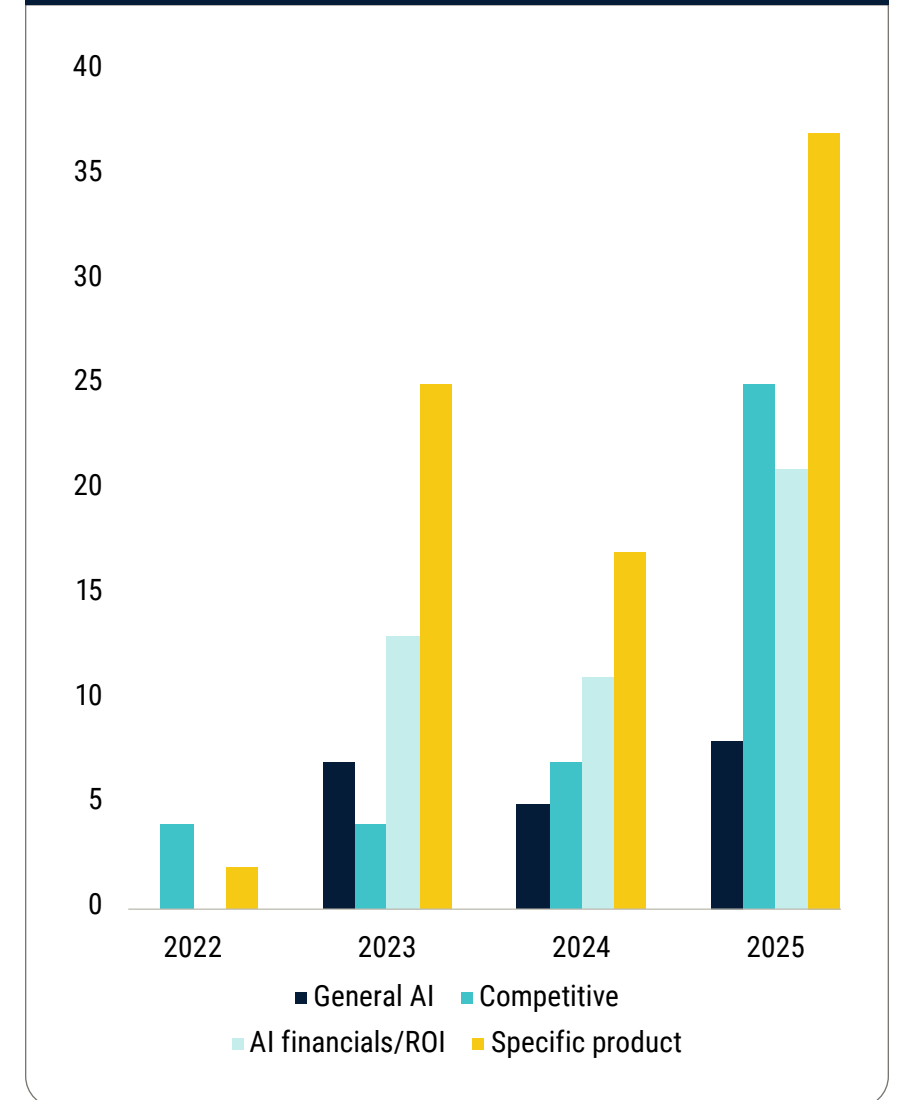


Count of AI-related questions from analysts on select public company earnings calls by topic



Source: PitchBook • Geography: Global • As of March 3, 2026

Count of AI-related questions from analysts on select public company earnings calls by theme



Source: PitchBook • Geography: Global • As of March 3, 2026



\$100-plus-per-month tier rewrites B2C pricing



Source: PitchBook • Geography: Global • As of March 3, 2026

Pricing data for B2C AI startups reveals a market in transition. The largest cluster is the \$0 to \$10/month cohorts, suggesting free-to-paid conversion playbooks are still the default operating model. A second peak at \$30 to \$50 suggests that a maturing cohort of products is reaching for a productivity software price point. Notably, there is an emerging cohort of platforms priced over \$100/month, a threshold that was commercially nonviable for consumer products before “the ChatGPT moment,” suggesting that a select batch of AI-native products are blurring the line between consumer and enterprise-grade services. OpenAI’s \$200-per-month offering or Perplexity’s \$167-per-month tier vastly exceed prior-generation consumer social platforms, like subscriptions offered by Discord at \$9.99 or Reddit at \$5.99. Amazon Prime’s annual rate (\$139) even falls below current AI-native leaders. The cohort of startups able to charge more than \$100/month points to an investable business model shift, albeit with a degree of underlying tension. Inference costs for AI-native apps remain high and strain revenue-per-user and lifetime value calculations. Further, ongoing model improvements continue to raise consumer expectations. This dynamic largely explains why many AI-native products skew toward productivity-oriented use and the relative price inelasticity of higher-income,

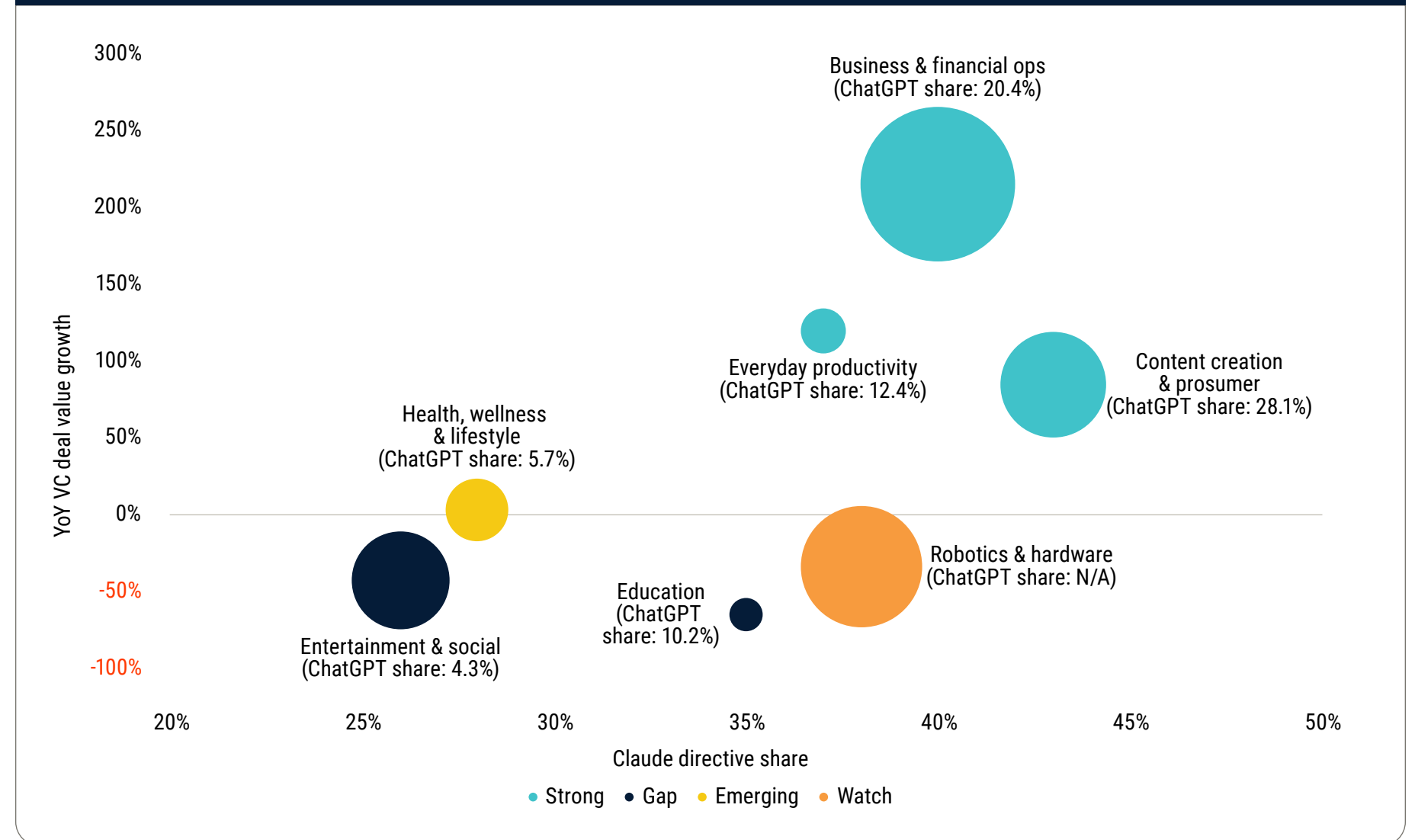


professional users. Closing the unit economics gap likely requires improvements in smaller models and open-source offerings. Other emergent monetization dynamics include revenue retention over 100%, a characteristic previously reserved for enterprise-grade platforms via tiered subscriptions, usage-based overages, and intra-tier price upgrades. Private market participants should view this shift as a market opening but proceed with caution given the relatively small batch of companies that can justify such prices.

Cross-referencing Claude directive usage, OpenAI ChatGPT message share, and B2C VC deal activity offers clear signals on funding and use case alignment. Content creation sits at the top of all three signals: 43% directive rate from Claude, 28% of ChatGPT messages, and \$3.8 billion in trailing 12-month (TTM) deal value, which grew 85% YoY.^{2,3} Education presents the most visible asymmetry: Both model datasets show meaningful engagement (Claude 35% directive, OpenAI 10% tutoring share), but VC funding fell 65% YoY. The defensible wedges sit in startups with proprietary content libraries, credentialing infrastructure, or institutional distribution (for example, learning management system integrations and school district contracts) that generalized models cannot easily replicate. The funding gap could be read as an opportunity—that is, research labs are coalescing around specific verticals through dedicated products like Claude Code or Google’s performance with creative tools—but this interpretation warrants caution. OpenAI’s paid conversion rate is modest at 5%, actively compressing willingness to pay across the category rather than building toward it.⁴ In other words, a use case with strong engagement but weak monetization can be read as a demand signal but not a market opportunity until the conversion dynamics change.



YoY VC deal value growth versus Claude directive share by use case



Source: PitchBook • Geography: Global • As of March 3, 2026

Note: Bubble sizes correspond to TTM VC deal value. Bubble labels indicate the ChatGPT message share for the closest subcategory match.



Consumer AI heatmap by segment

Segment	TTM total VC deal value (\$M)	TTM total VC deal count	YoY VC deal value growth	YoY VC deal count growth
Hardware & robotics	\$5,097.9	98	-32.9%	3.2%
Health, wellness & lifestyle	\$1,406.9	90	3.7%	-9.1%
Content creation & prosumer applications	\$3,806.1	71	85.2%	-9.0%
Education & knowledge exploration	\$368.0	88	-64.9%	-6.4%
Entertainment & social	\$3,393.1	182	-42.5%	-4.2%
Everyday utilities	\$75,297.2	161	116.6%	18.4%

Source: PitchBook • Geography: Global • As of March 3, 2026



Consumer AI heatmap by subsegment

Segment	Subsegment	TTM total VC deal value (\$M)	TTM total VC deal count	YoY VC deal value growth	YoY VC deal count growth
Hardware & robotics	Consumer robots	\$3,289.1	25	197.1%	38.9%
	Electronics	\$527.4	24	90.0%	-31.4%
	Robotaxis & micromobility	\$7.5	3	-99.9%	-40.0%
	Wearable devices	\$1,273.8	46	117.5%	24.3%
Health, wellness & lifestyle	Fitness coaching	\$110.9	22	-14.8%	4.8%
	Healthcare	\$1,145.0	49	74.0%	2.1%
	Meal planning, nutrition & diet tracking	\$28.8	4	38.8%	-66.7%
	Mental health & therapy	\$122.1	15	-77.7%	-16.7%
Content creation & prosumer applications	App development	\$915.8	15	911.2%	200.0%
	Multimedia asset generation	\$2,348.6	37	101.1%	-24.5%
	Music, audio & voice tools	\$373.2	12	-29.4%	-7.7%
	Newsletters & writing	\$168.4	7	-37.1%	-36.4%
Education & knowledge exploration	AI tutors & learning assistants	\$240.1	45	-71.0%	-8.2%
	Language learning	\$55.4	11	-61.4%	-26.7%
	Parenting	\$18.1	10	25.5%	25.0%
	Professional development	\$54.4	22	-14.0%	0.0%
Entertainment & social	AI companions & chatbots	\$138.4	16	-7.4%	23.1%
	AI-enabled marketplaces	\$2,695.2	88	-25.2%	2.3%
	Gaming & streaming	\$238.5	40	-87.1%	8.1%
	Social media	\$285.3	36	1.6%	-32.1%
	Virtual events & communities	\$35.8	2	62.8%	100.0%
Everyday utilities	AI assistants, summarization & productivity	\$355.2	35	119.9%	40.0%
	Personal finance & insurance	\$8,228.4	71	215.9%	2.9%
	Personal security	\$271.0	5	942.3%	66.7%
	Research labs & answer engines	\$66,367.4	31	107.9%	-3.1%
	Travel & itinerary planning	\$10.8	14	-74.1%	100.0%

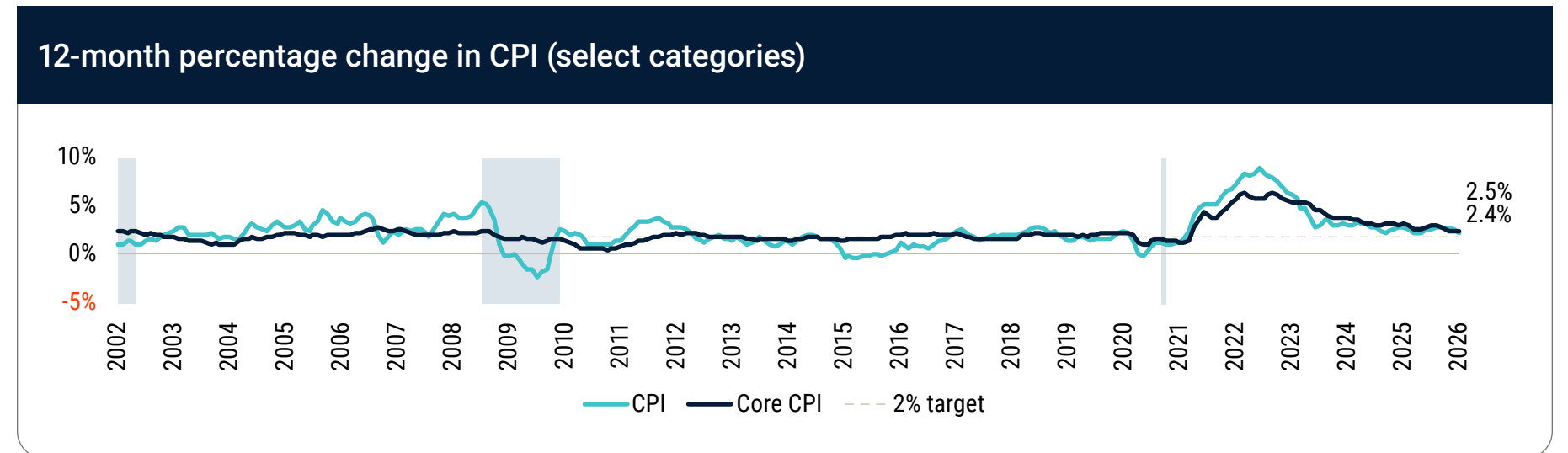
Source: PitchBook • Geography: Global • As of March 3, 2026



Consumer outlook

Tariffs split B2C AI exposure

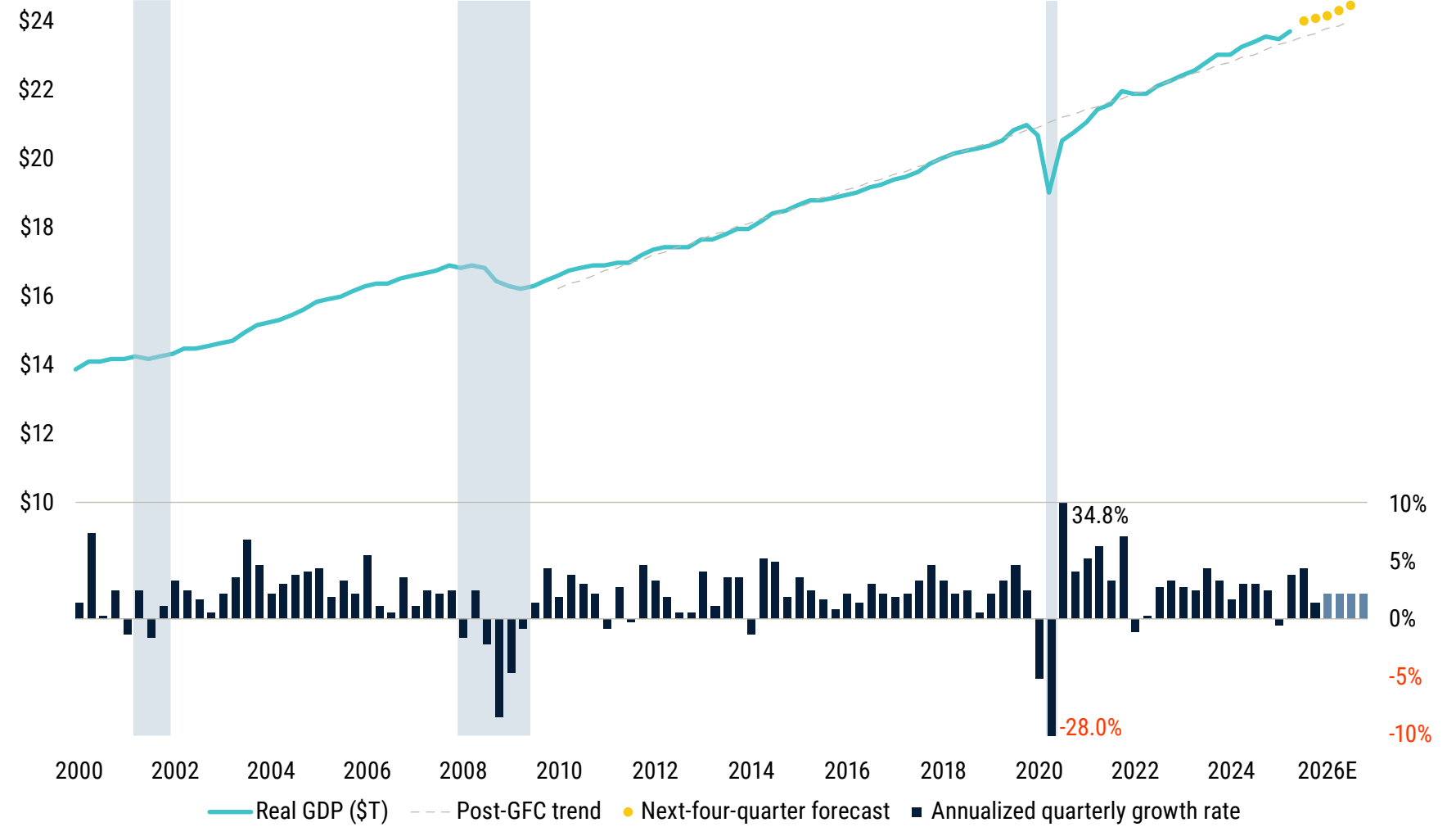
Headline Consumer Price Index (CPI) has meaningfully recovered from the 2022 peak, sitting at roughly 2.4% as of late March 2026. This is within striking distance of the Federal Reserve's 2% target, albeit with upward pressure due to rising oil prices and emergent geopolitical conflicts in the Middle East. The last mile of disinflation, however, has proven intractable, and consumers continue to face price levels above pre-pandemic norms. The Supreme Court's International Emergency Economic Powers Act ruling dropped the effective tariff rate to 7.3% from 14.3%, though the Trump administration's invocation of Section 122 pushed this rate up to 10.5%.⁵ Current tariff policies create a distinction within B2C AI: Pure-play software platforms (content creation and companions) face minimal cost-of-goods-sold exposure to trade policy and retain a degree of insulation from levies. Hardware-adjacent categories (robotics, wearables, and smart home devices) and products dependent on semiconductors and device supply chains face heightened exposure to margin compression. Sustained individual and household budget pressure forces B2C startups to monetize on either end of the value-premium distribution and intensifies competition from free-tier functionality offered by large research labs with structurally lower cost bases.



Source: PitchBook • Geography: Global • As of March 3, 2026



GDP growth versus post-GFC trend



Sources: [Bureau of Economic Analysis](#) and [The Wall Street Journal Economic Forecasting Survey](#) • Geography: US • As of December 31, 2025

Note: 2026 data is estimated.



Sentiment sinks, spending holds

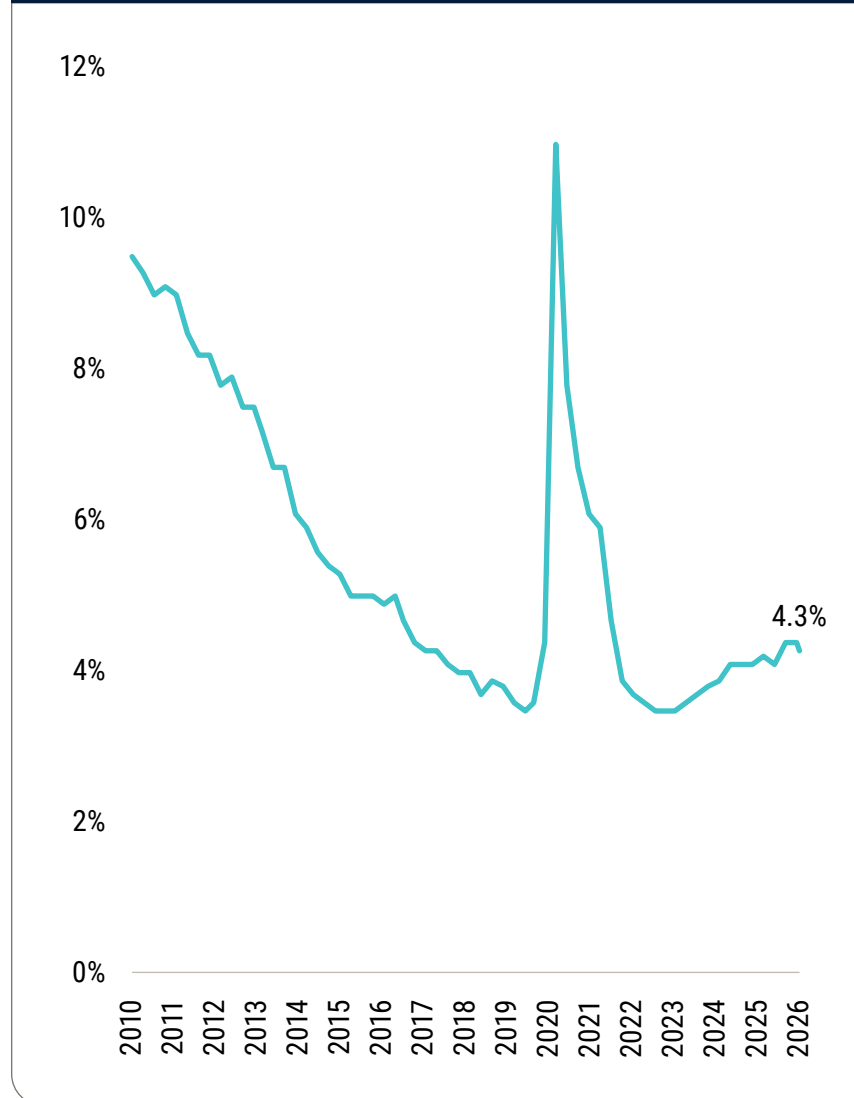
The University of Michigan Consumer Sentiment Index reached a record low by the start of Q2 2026, a level even lower than the global financial crisis (GFC), reflecting geopolitical conflicts, domestic turmoil over aggressive policy enforcement, anxieties over the pace of AI development, and cost of living pressures.⁶ Spending and sentiment appear somewhat decoupled as the wheels of commerce keep turning. Q4 2025 holiday spending surpassed \$250 billion for the first time, and the S&P 500 hovers near record highs, erasing losses from the conflict in Iran by mid-April, powered by Mag7 concentration and record capital expenditure commitments. This divergence and bifurcation can impact product strategies as consumers opt for utility-driven offerings over more discretionary categories amid deteriorating sentiment.

AI softens white-collar hiring

Unemployment is modest compared with historical levels, albeit with upward pressure. AI-driven productivity gains are creating pockets of softness for junior hires and select white-collar functions across software engineering, law, and finance, among others. Block's near-50% headcount reduction may have idiosyncratic drivers, but the move is indicative of a potentially broadening pattern with downstream impacts on employment and GenAI tool adoption across enterprises.

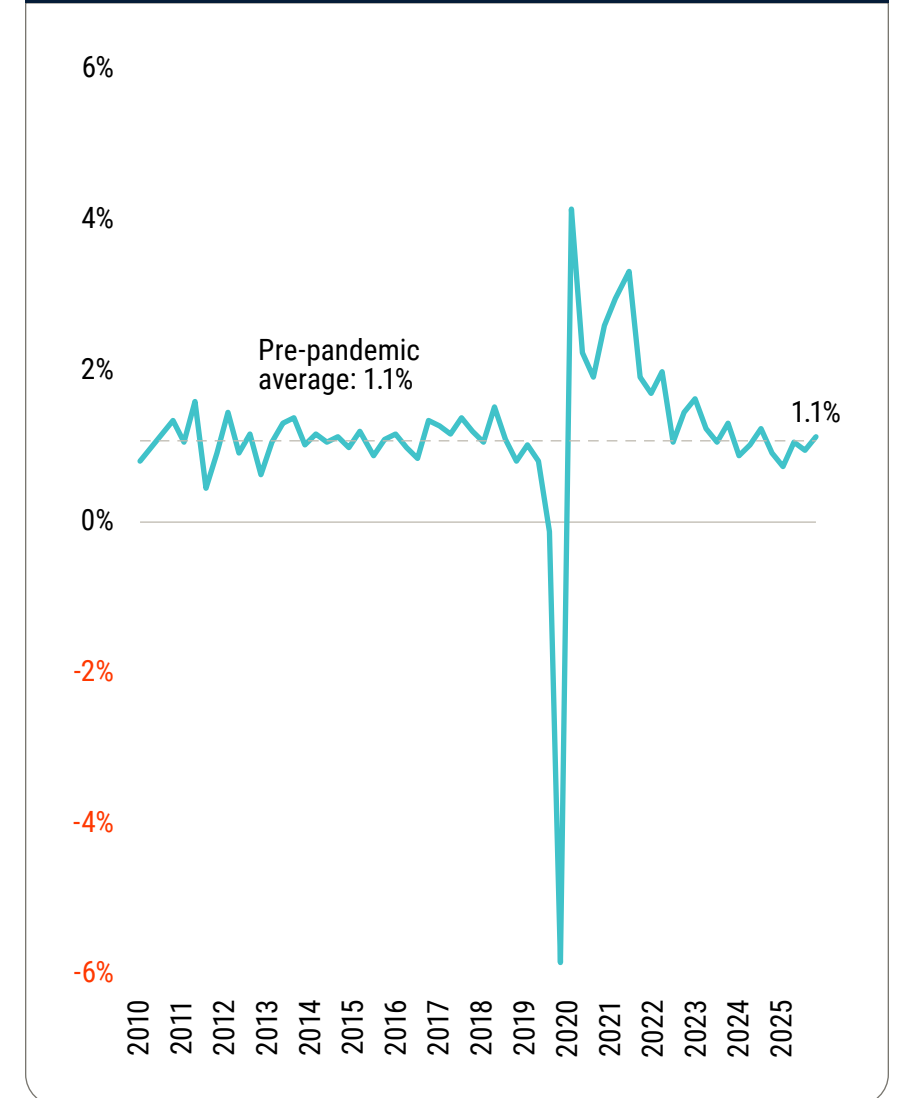


Unemployment rate



Source: [Bureau of Labor Statistics](#) • Geography: US • As of March 31, 2026

QoQ payroll change



Source: [Bureau of Labor Statistics](#) • Geography: US • As of March 31, 2026

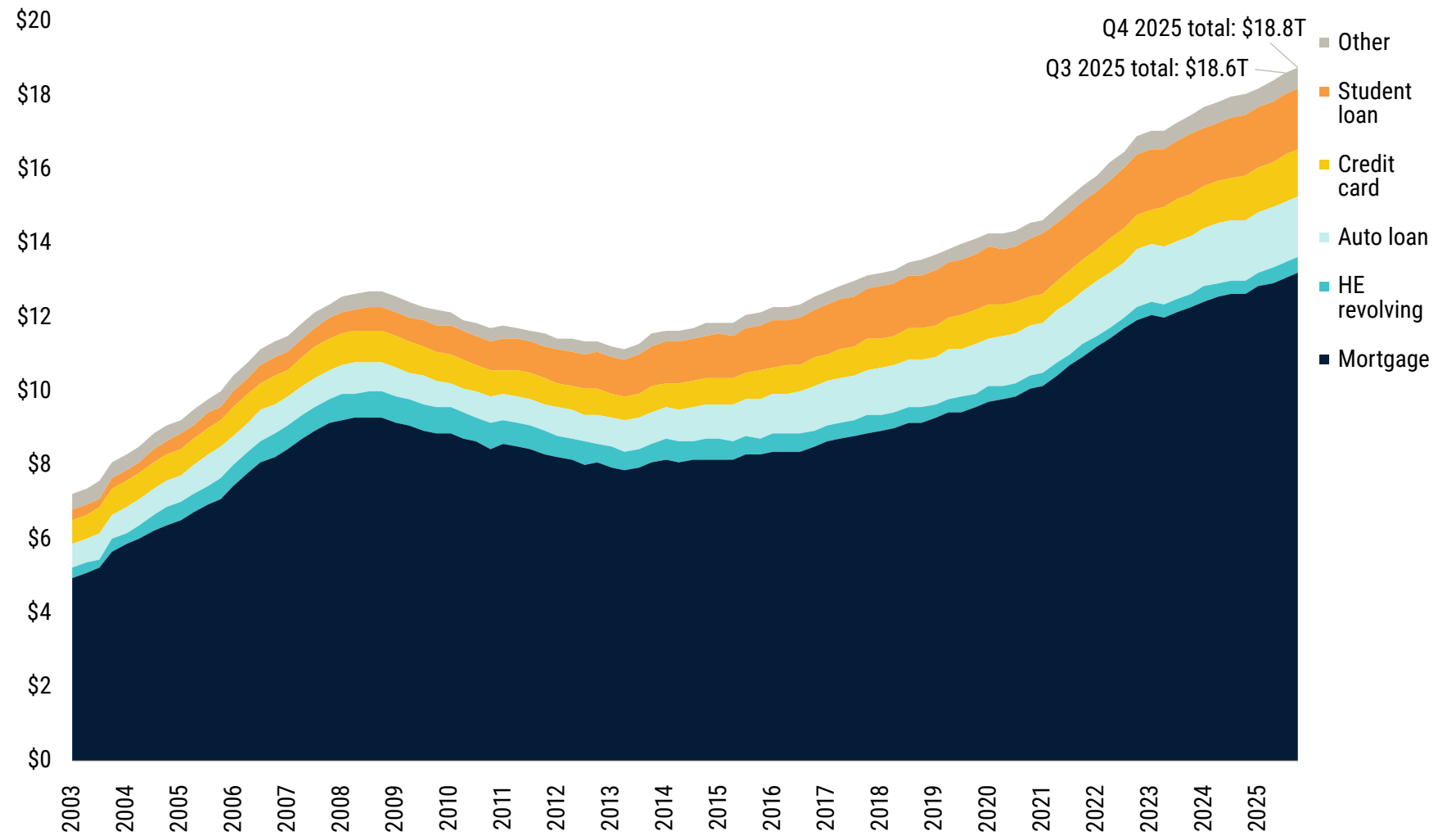


K-shaped demand forces a barbell

The top decile of US earners owns 87% of domestic equities; homeowners carry a net worth over 40x those of renters; and more than 30% of wealth is held by individuals over 70.^{7,8,9} The remaining 90% of US households face rising debt burdens, increasing exposure to third-party collections, and renewed pressure from the resumption of student loan repayments. This K-shaped divergence compresses the addressable middle of the consumer market and forces B2C platforms to monetize at either end of the demand curve. High-price points (\$100-plus/month) are effectively gated for top-decile earners, and the highest conviction B2C AI bets are likely premium productivity tools (coding, legal, and finance), where willingness to pay scales with income and where the product replaces professional-service spend rather than discretionary budgets. Conversely, mass-market platforms face a different path. They compete against free tiers from research labs that can subsidize hundreds of millions of users indefinitely—a scale that emergent, pure-play consumer startups cannot replicate. This dynamic elevates the importance of pricing discipline, operational efficiency, and durable margin profiles.



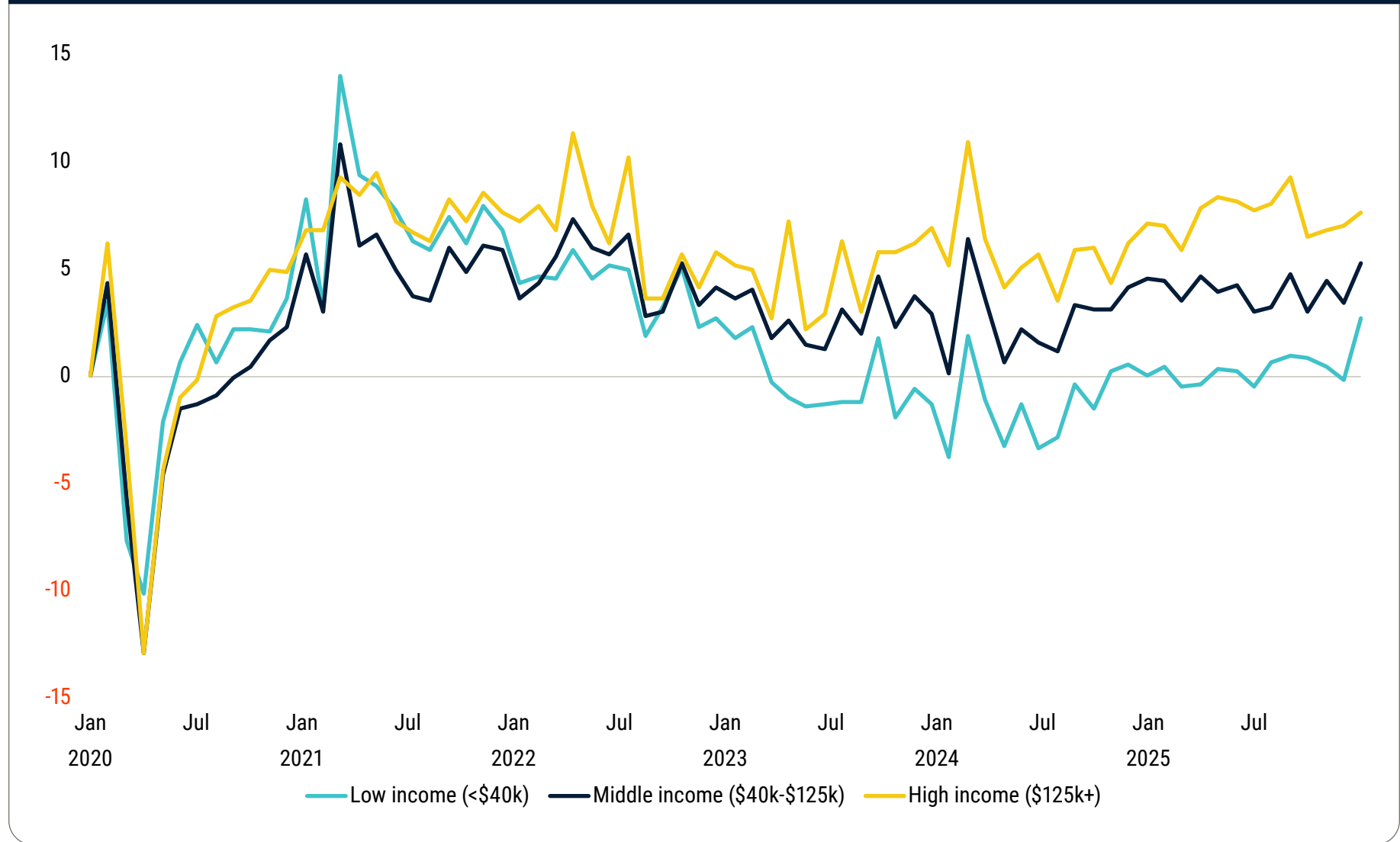
Household debt balance (\$T) by type



Source: [New York Fed Consumer Credit Panel/Equifax](#) • Geography: US • As of September 30, 2025



Real cumulative retail spending growth by income cohort (indexed to 2020)



Source: [Federal Reserve Bank of New York, Economic Heterogeneity Indicators](#) • Geography: US • As of December 31, 2025

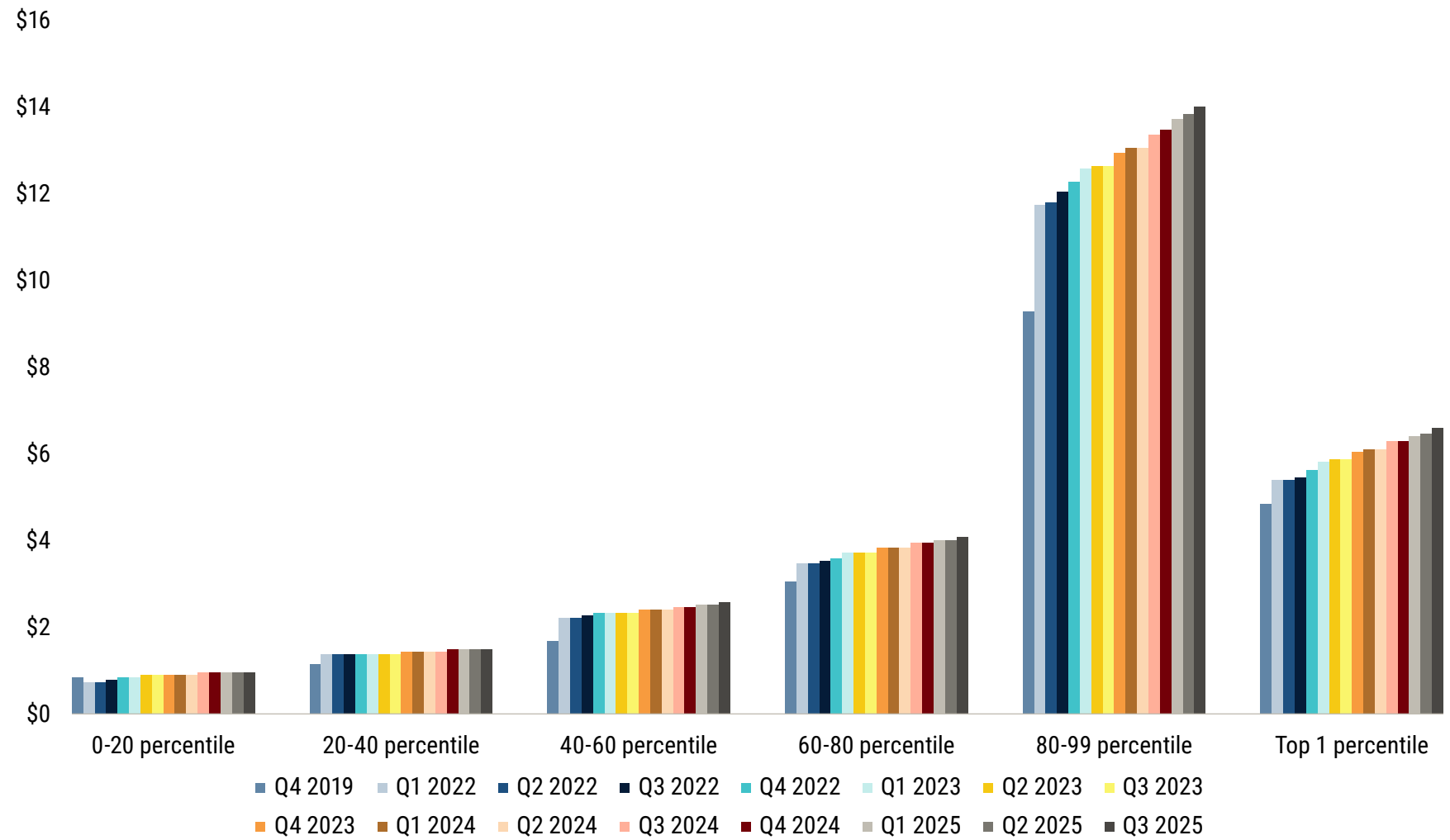


Households lean harder on credit

US household leverage is pushing toward record highs as of Q4 2025. Credit card balances are up roughly 6% YoY, 4.5% of households hold debt in delinquency (compared with 8.5% to 11.9% during the GFC), and 141,000 households have filed for bankruptcy (also below GFC peaks of roughly 525,000).¹⁰ Lower-income consumers (less than \$40,000) have seen real cumulative growth lag meaningfully behind middle- and high-income peers since 2020, leaving them with less cushion as credit conditions tighten. A resumption in student loan payments and heavy use of buy now, pay later (BNPL) services during the holidays suggest consumers are increasingly reliant on debt and credit to fuel lifestyles.



Deposits (\$T) by income percentile



Source: [Federal Reserve DFA \(Other Assets proxy\)](#) • Geography: US • As of December 31, 2025



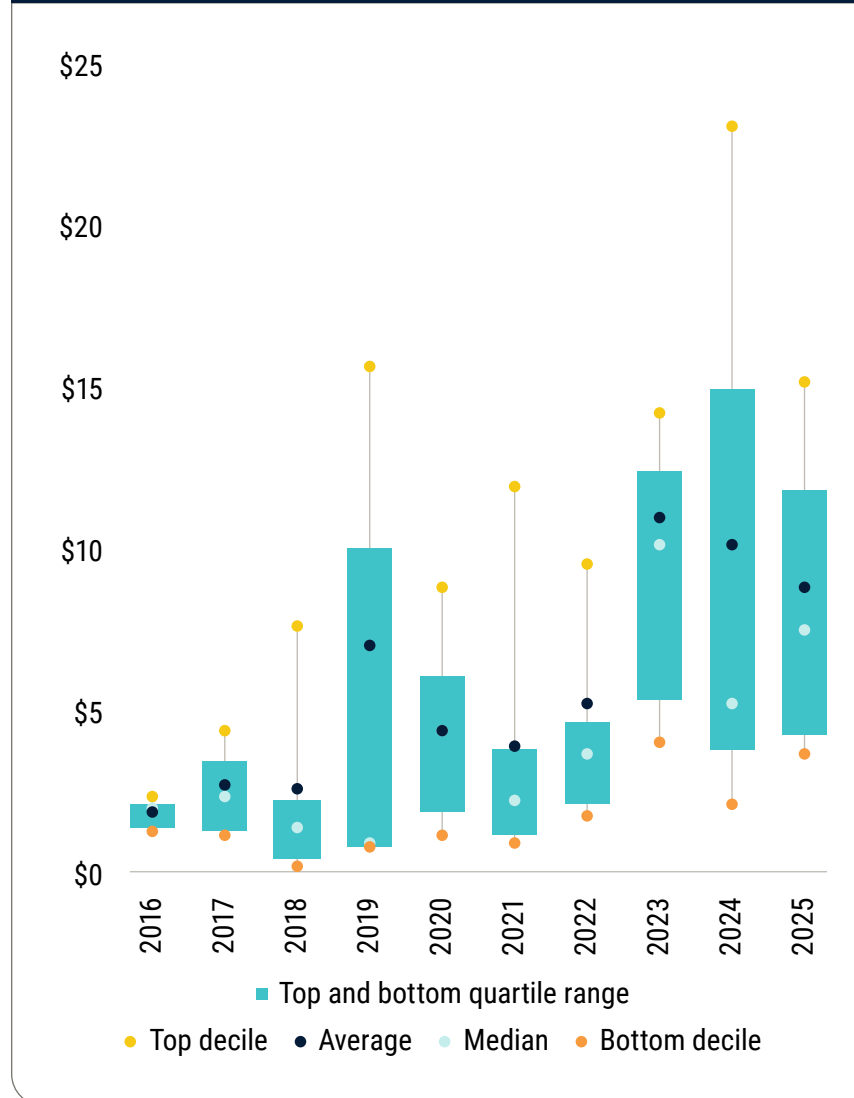
Deal environment

Late-stage pricing has bifurcated

Headline valuation and deal size benchmarks are increasingly misleading guides for much of B2C AI underwriting. At Series A, valuation dispersion is manageable and mostly stable over the past decade: The top-to-bottom quartile ratio for pre-money valuation sits at 2.9x in 2025 versus 2.9x in 2016. The bifurcation emerges for later-stage activity where the Series B pre-money quartile ratio expanded from 2.1x in 2016 to 5.5x in 2025, and Series D+ from 3.4x to 7.5x, both more than doubling. The 2025 Series D+ top decile reaches a pre-money valuation near \$55.8 billion against a \$4.7 billion median, driven by a small cohort of frontier platforms whose valuations are more than an order of magnitude above the stage's typical deal. Deal size distributions follow a similar line. The 2024 Series B vintage saw top-decile deal size reach \$524 million against a \$41 million median, a 13x gap at the peak of the AI-era capital rush that has since moderated to a 3.9x gap in 2025. The Series D+ top-decile deal size hit \$2.8 billion in 2025 against a \$238 million median (11.6x). Seed and Series A, by contrast, underwent repricing without dispersion expansion. Seed median pre-money rose 3.4x from 2016 to 2025 (\$5 million to \$17 million) and Series A 3.5x (\$20 million to \$69 million), but with quartile ratios essentially flat. The level shift is equally notable. Series D+ median pre-money has risen 7.7x since 2016 (\$610 million to \$4.7 billion), versus 3.5x at Series A and Series B. Allocators underwriting Series C+ will need a view on where in the distribution a platform sits. Stage-level median benchmarks now represent a bifurcated market where the "typical" deal and the frontier deal are priced as nearly different asset classes.

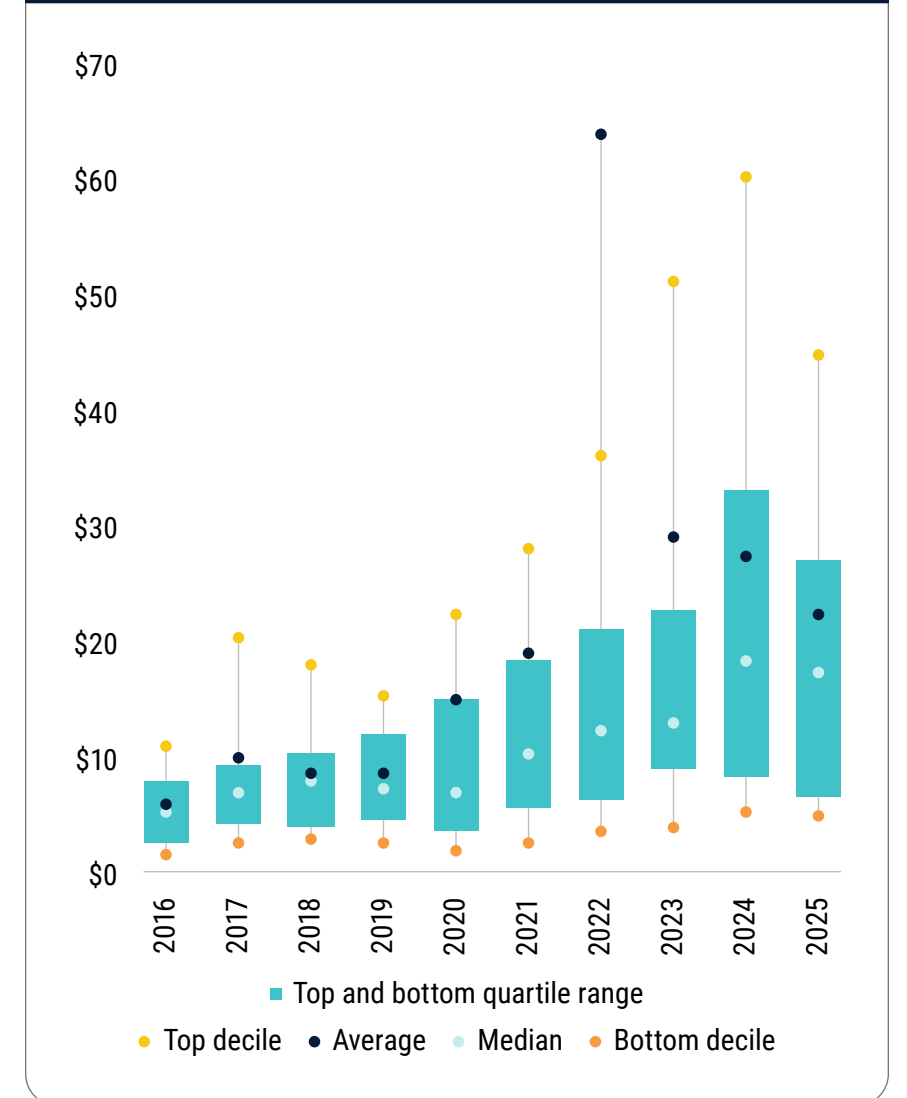


Pre-seed VC pre-money valuation (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

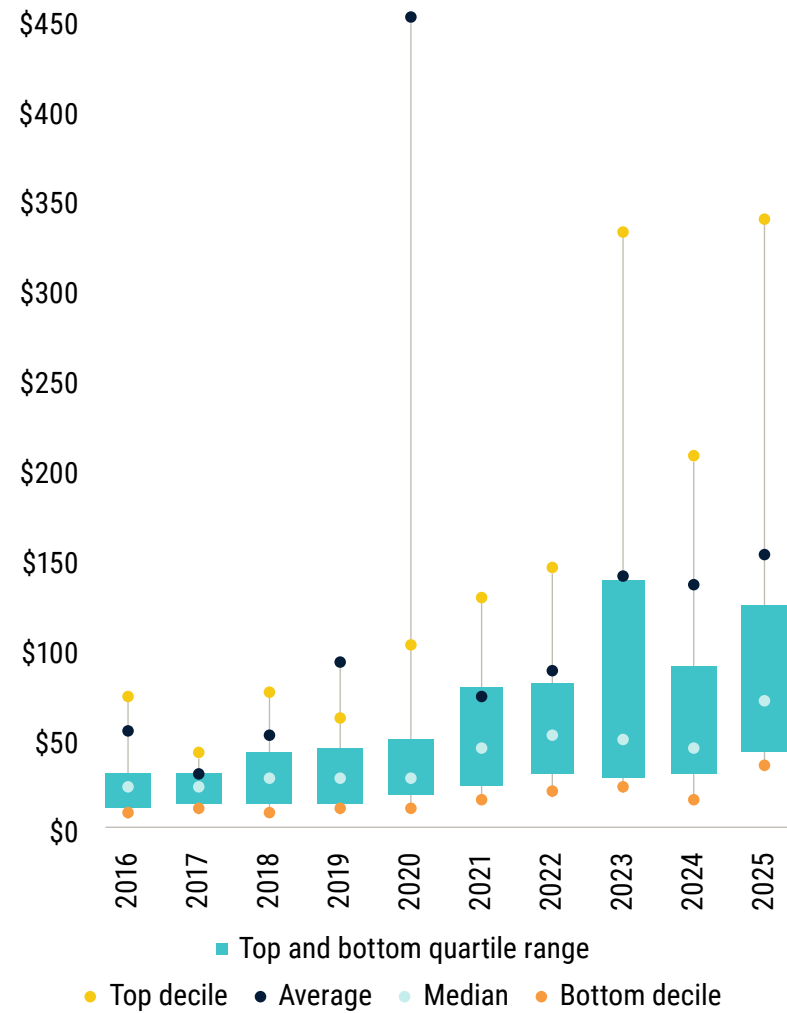
Seed VC pre-money valuation (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

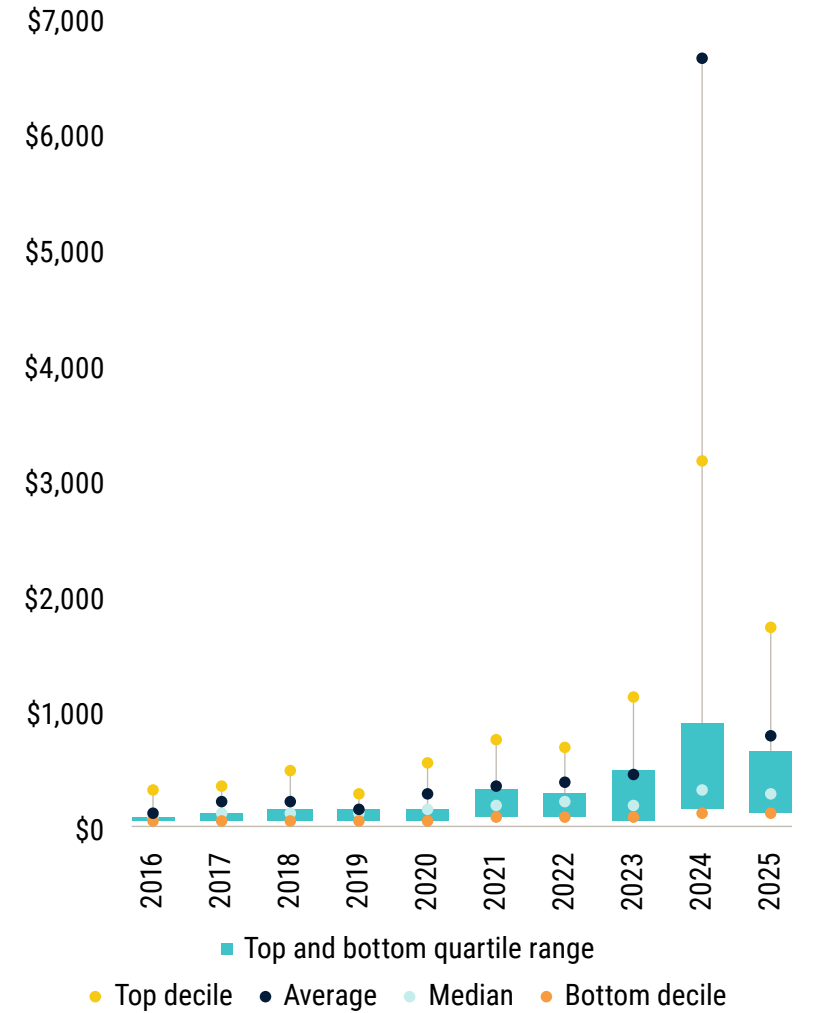


Series A VC pre-money valuation (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

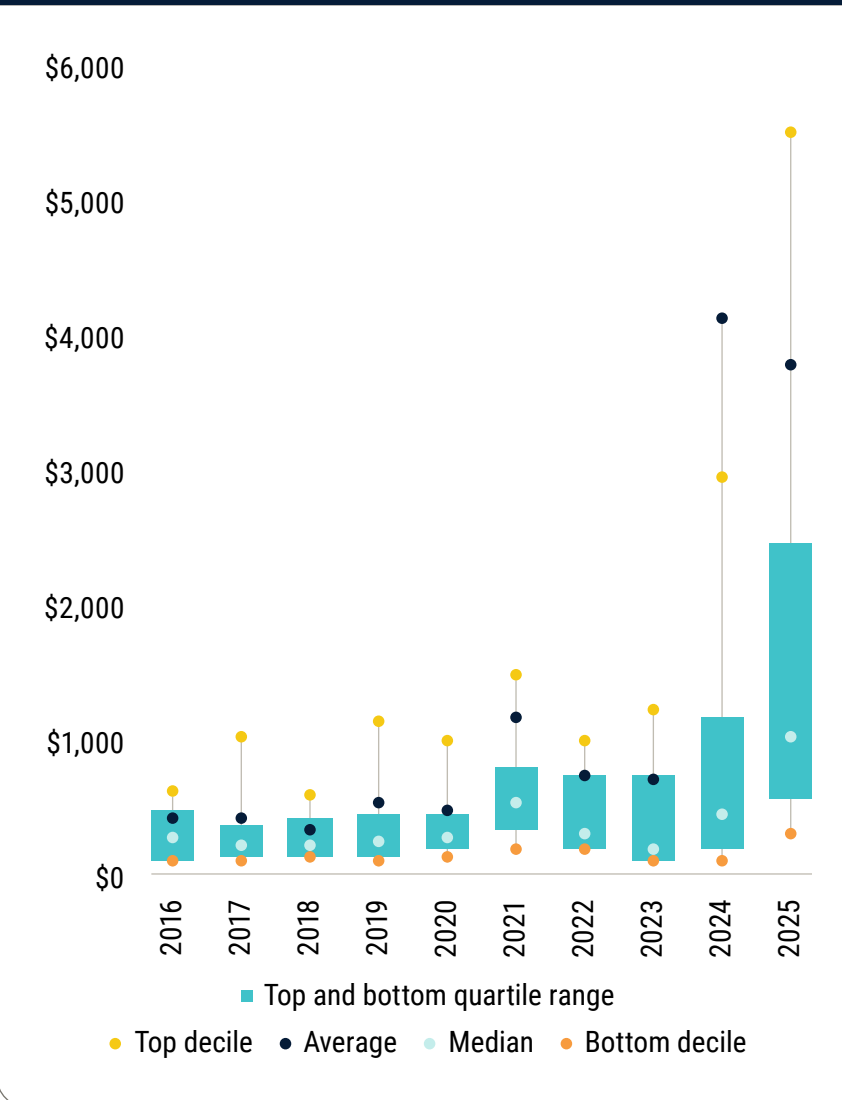
Series B VC pre-money valuation (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

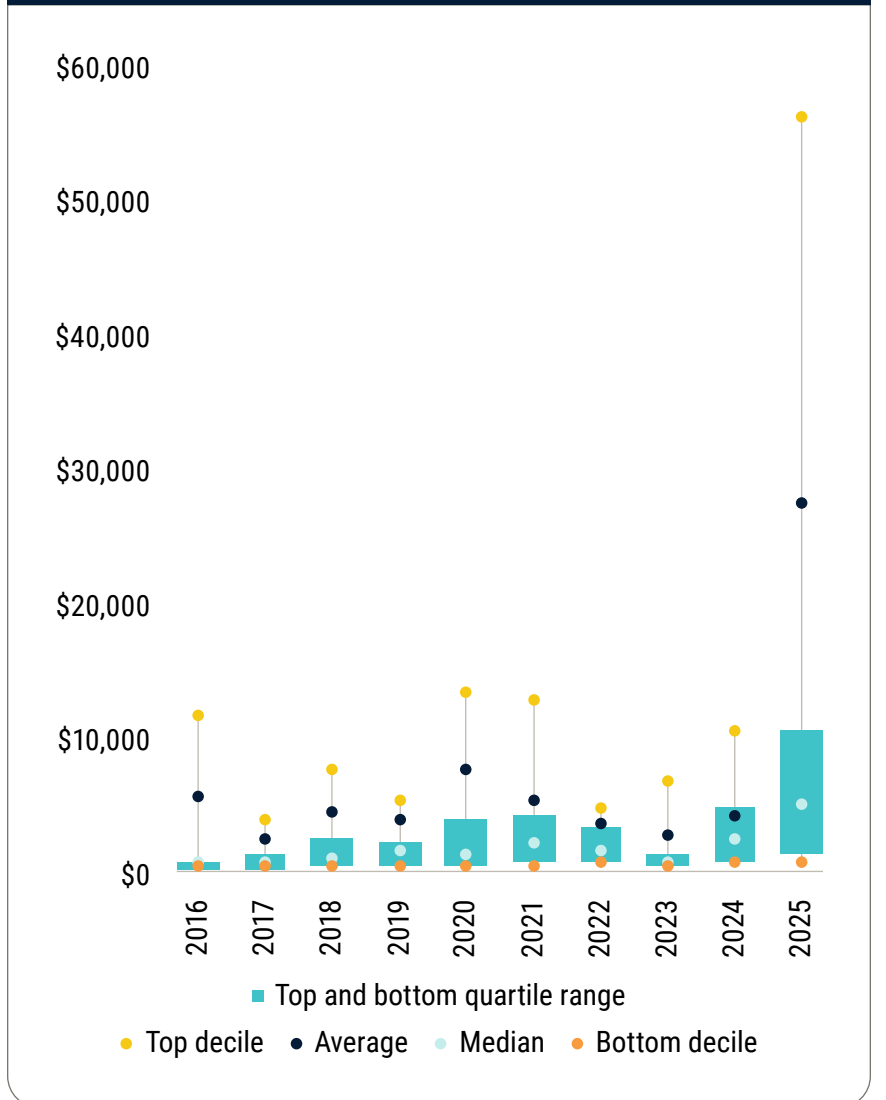


Series C VC pre-money valuation (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

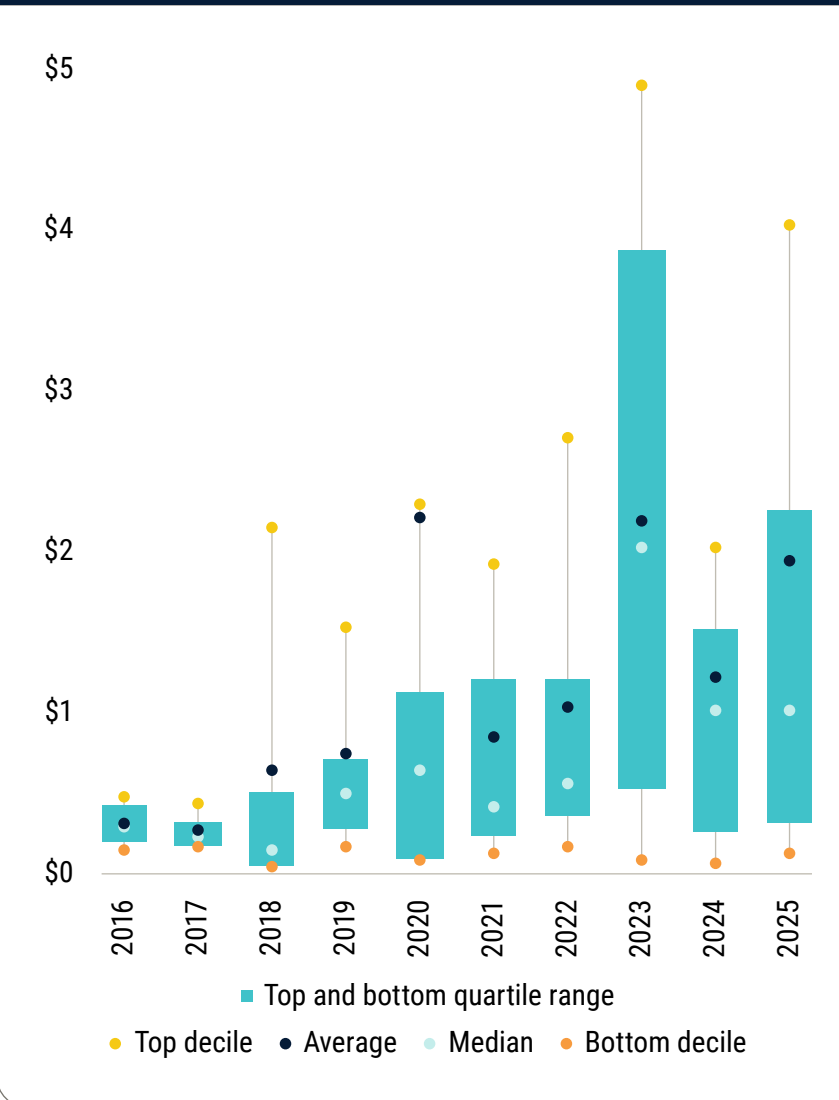
Series D+ VC pre-money valuation (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

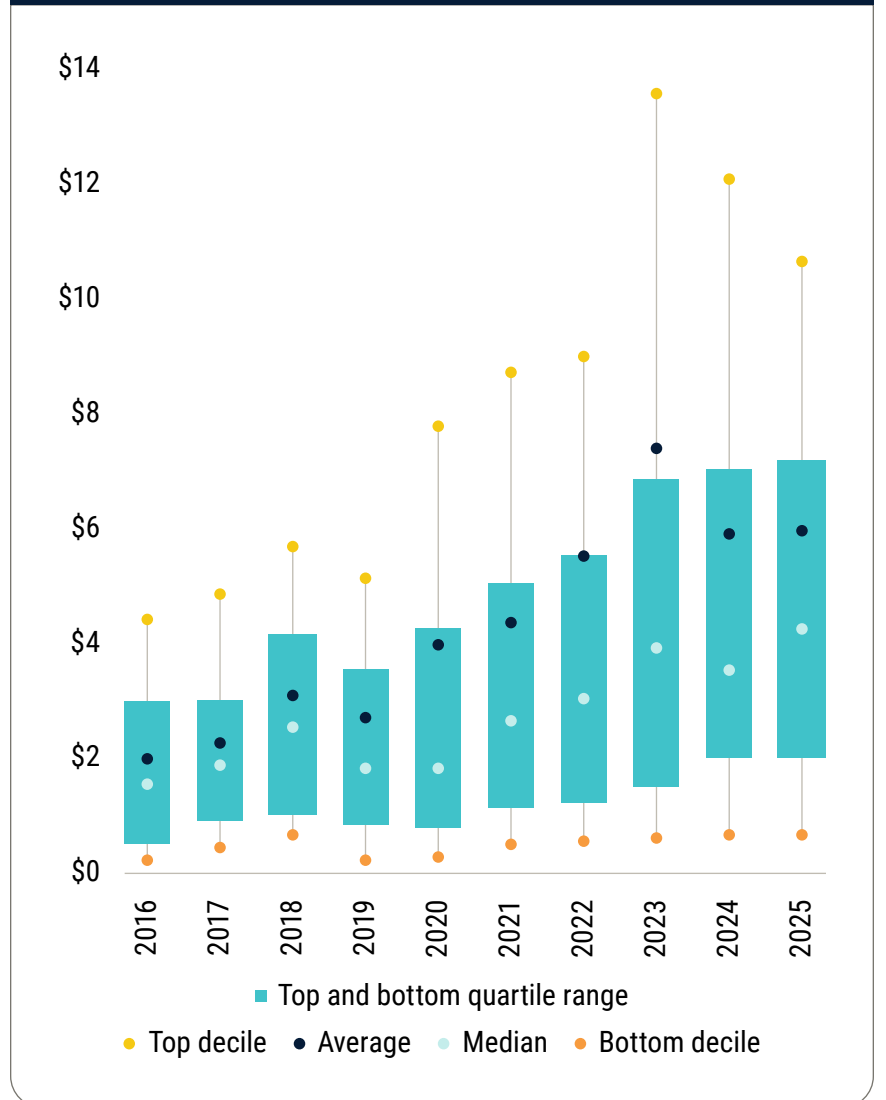


Pre-seed VC deal value (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

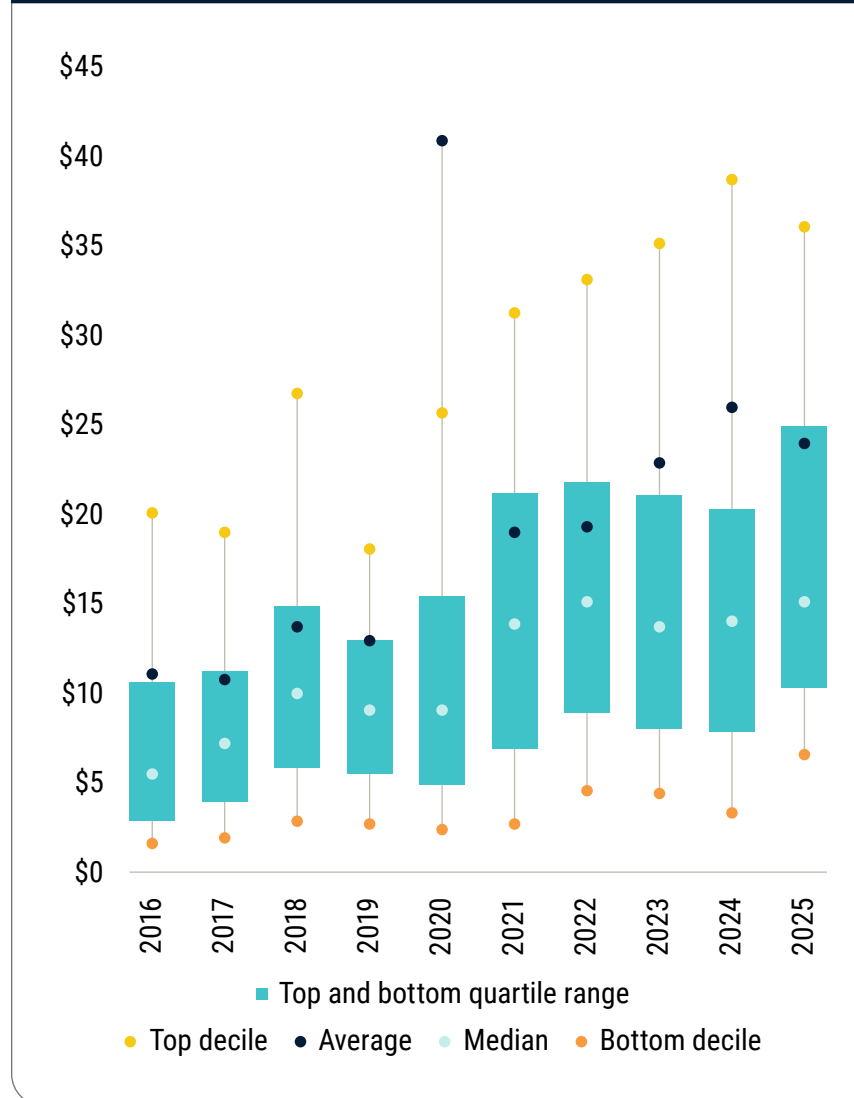
Seed VC deal value (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

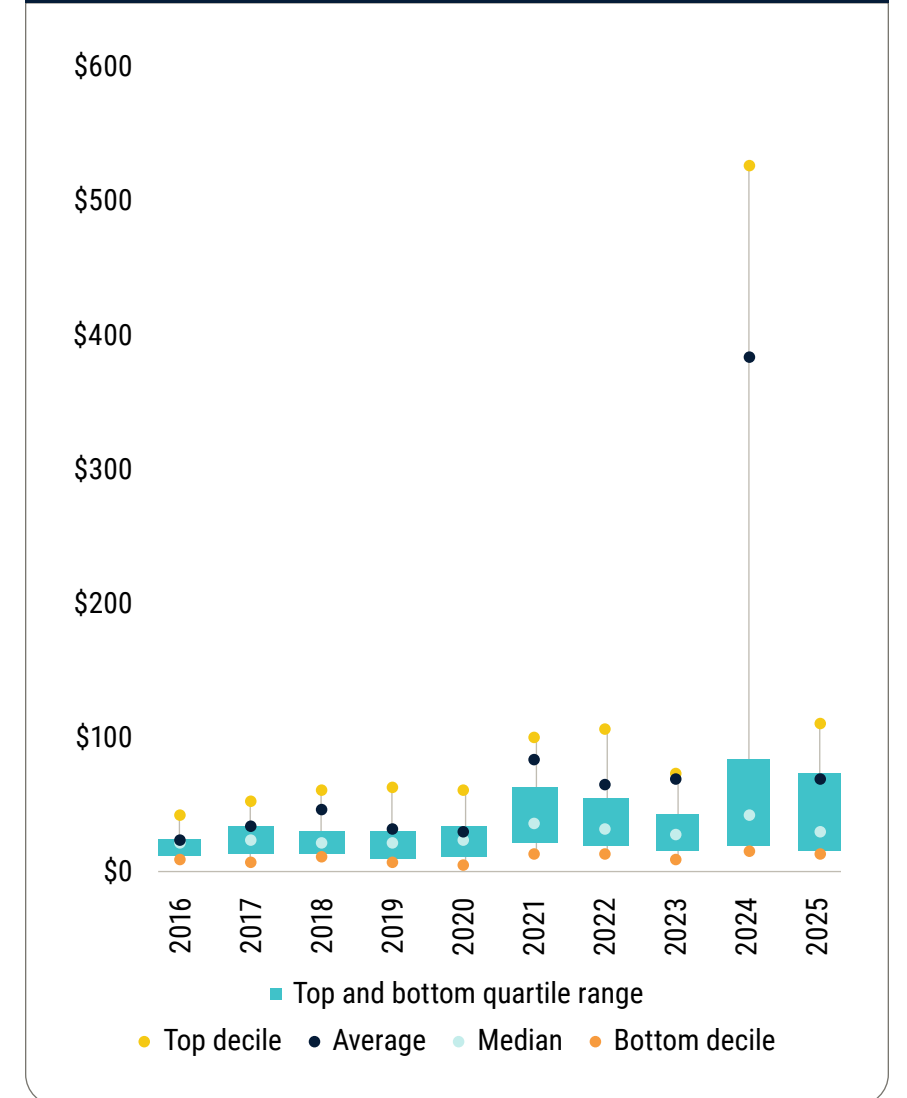


Series A VC deal value (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

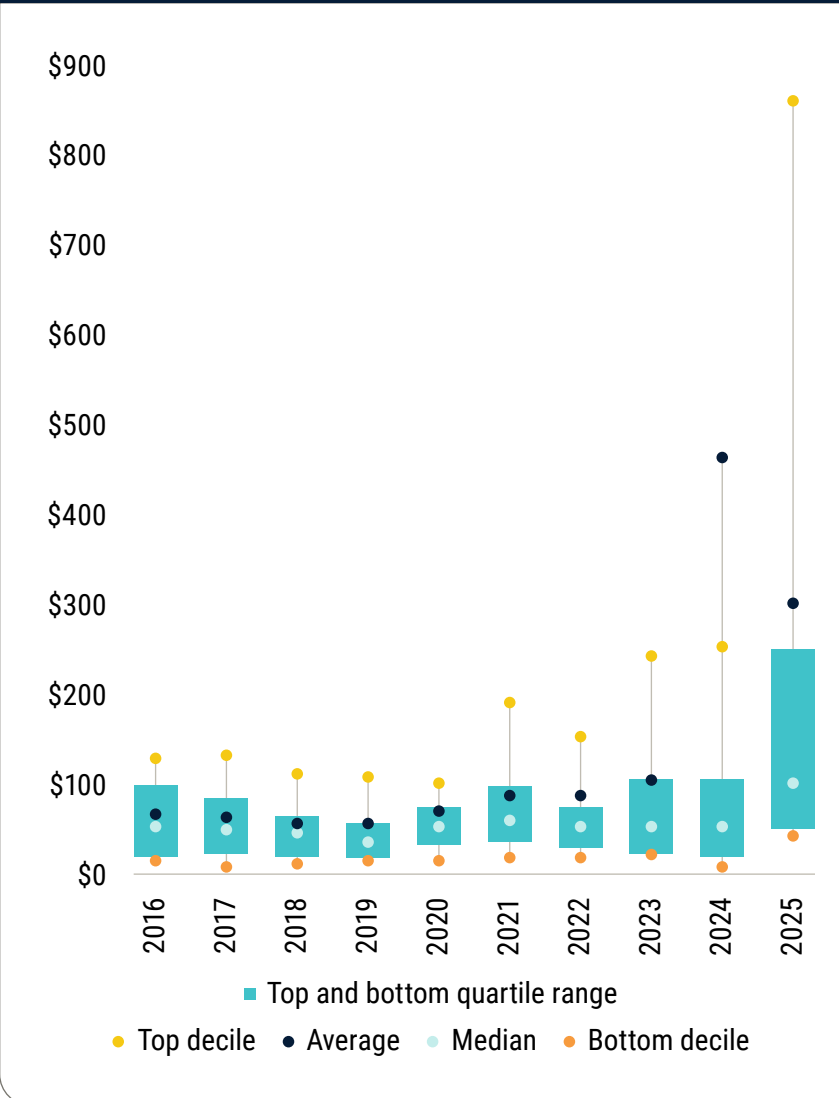
Series B VC deal value (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

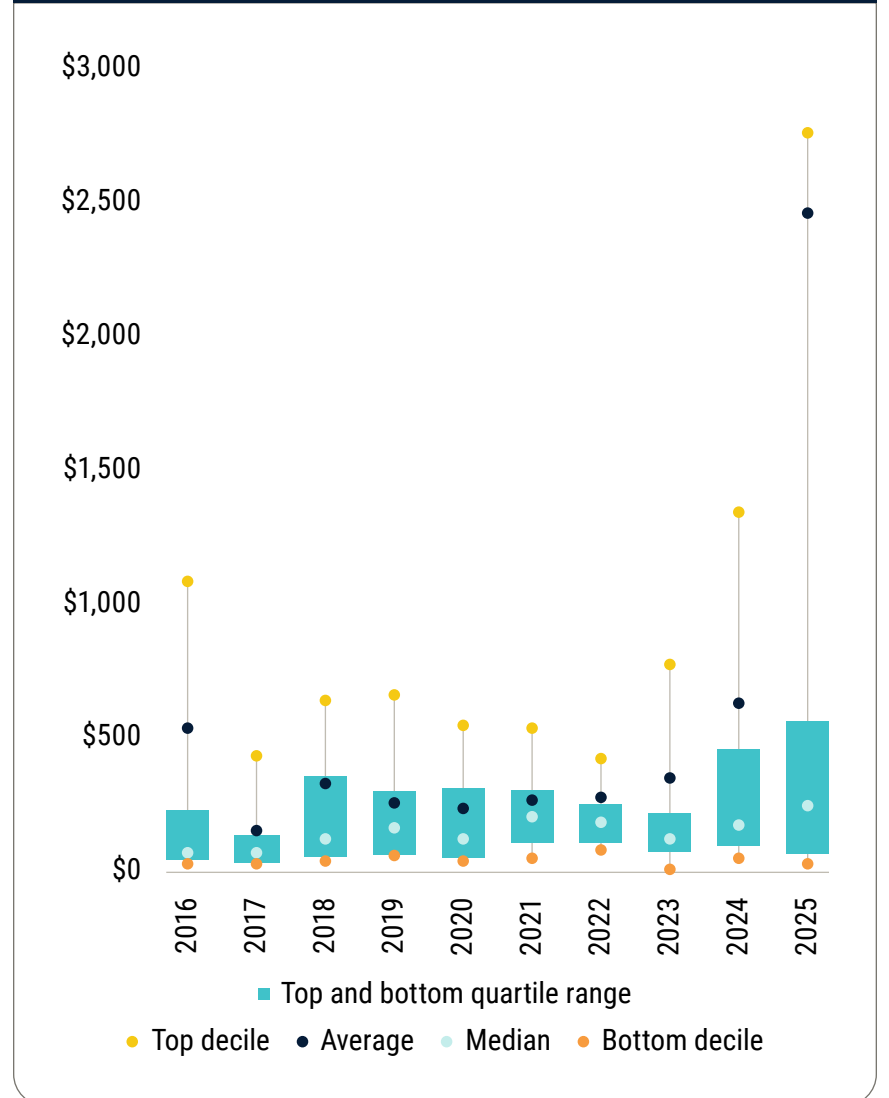


Series C VC deal value (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

Series D+ VC deal value (\$M) dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

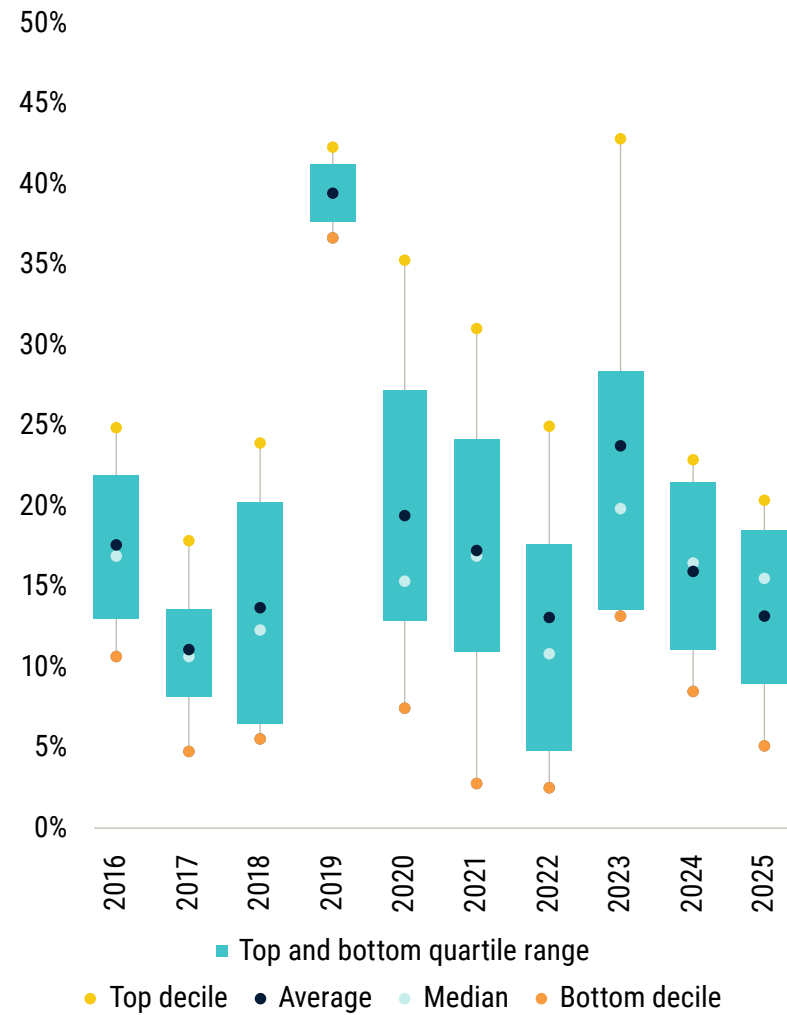


Growth-stage ownership halved

VCs are acquiring smaller equity stakes across growth stages with early-stage ownership holding relatively flat. Median Series A ownership has compressed modestly (from 22.7% in 2016 to 20.8% in 2025), with seed mostly stable at 24% to 25%. Series B, however, fell from 21.9% to 14.3% (down 35%), Series C from 18.3% to 10.7% (down 42%), and Series D+ from 13.3% to 6.2% (down 53%) over the same time frame. Single-digit ownership at growth rounds alters the return math meaningfully. A 6% stake in a \$5 billion platform requires a \$15 billion-plus exit just to generate 2x on the position, \$37.5 billion for 5x, and \$75 billion for 10x—a territory that, in consumer software, only a handful of companies can reach. At 13% ownership, the same multiples require roughly half the exit value, which illustrates how dramatically the margin of error has compressed over the past decade at the growth stages. Growth-stage consumer AI investing has migrated from an ownership-driven return model to a price-appreciation-driven model, a posture that raises the bar for what qualifies as a power-law outcome. This dynamic advantages multistage firms that can stack ownership across rounds—large stakes through seed-to-growth follow-ons—over single-stage growth funds writing one check at Series D, where the return math at current ownership levels approaches being unworkable without a generational outcome. The consistency of seed and Series A ownership in our report window (2016 to 2025) also reinforces the barbell framework discussed throughout this note. Pricing and ownership discipline hold at the stages where annualized returns and power-law concentration make the math work.

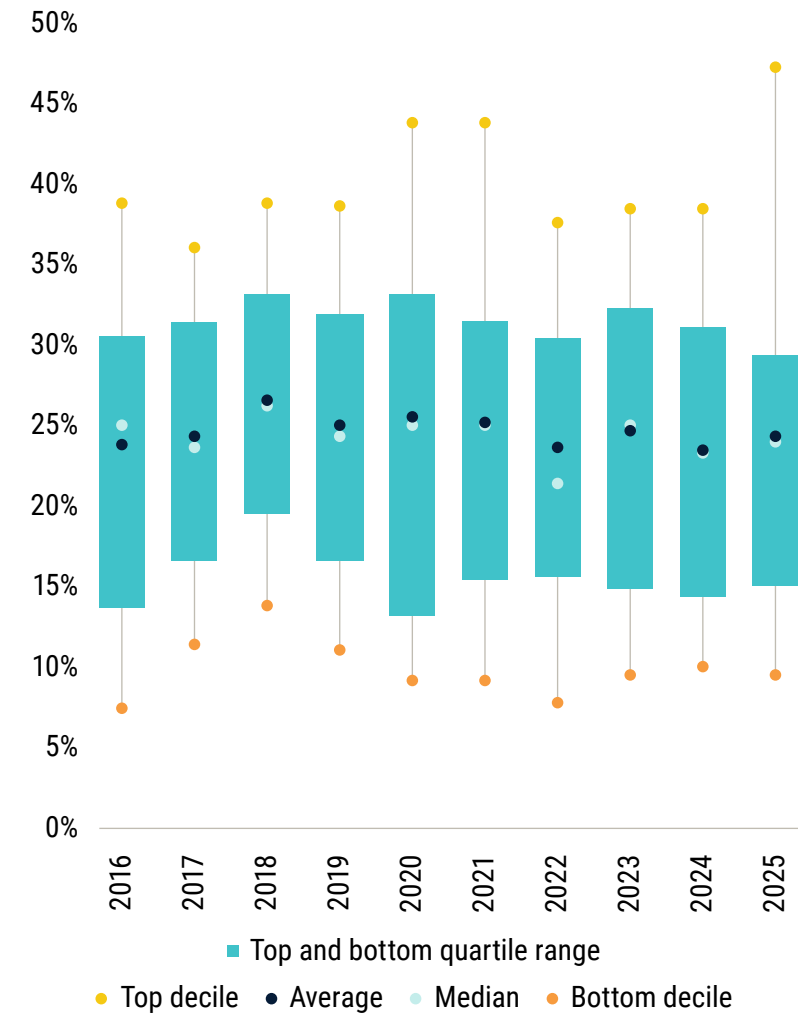


Pre-seed VC share acquired dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

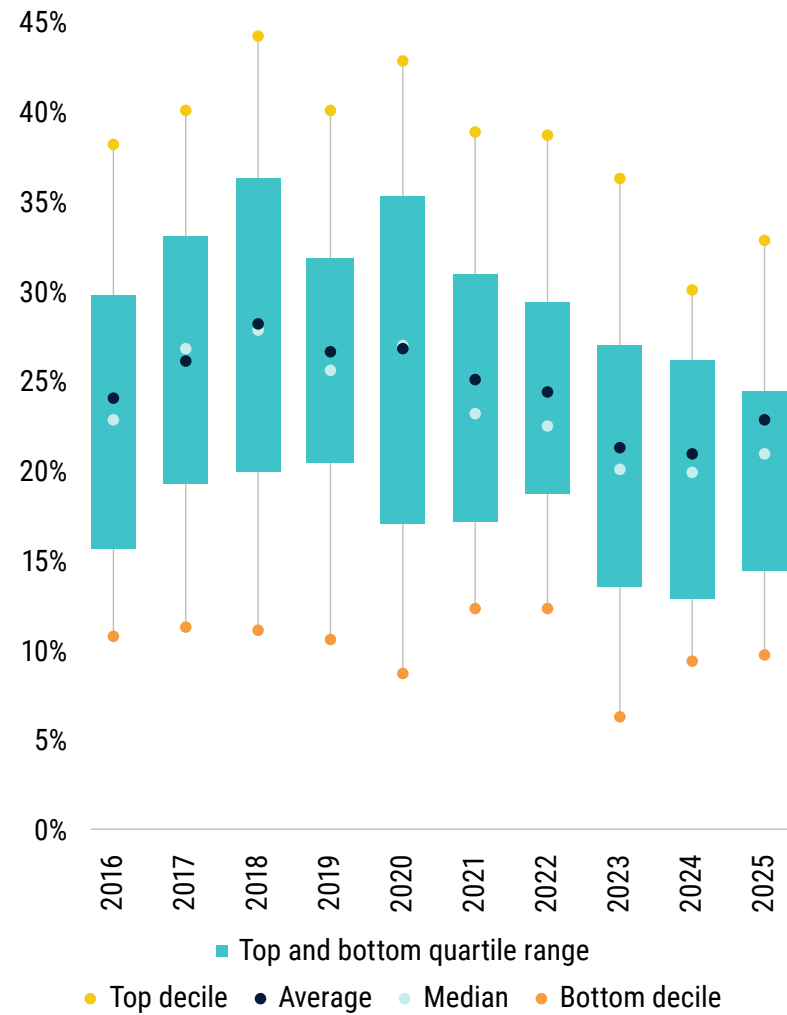
Seed VC share acquired dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

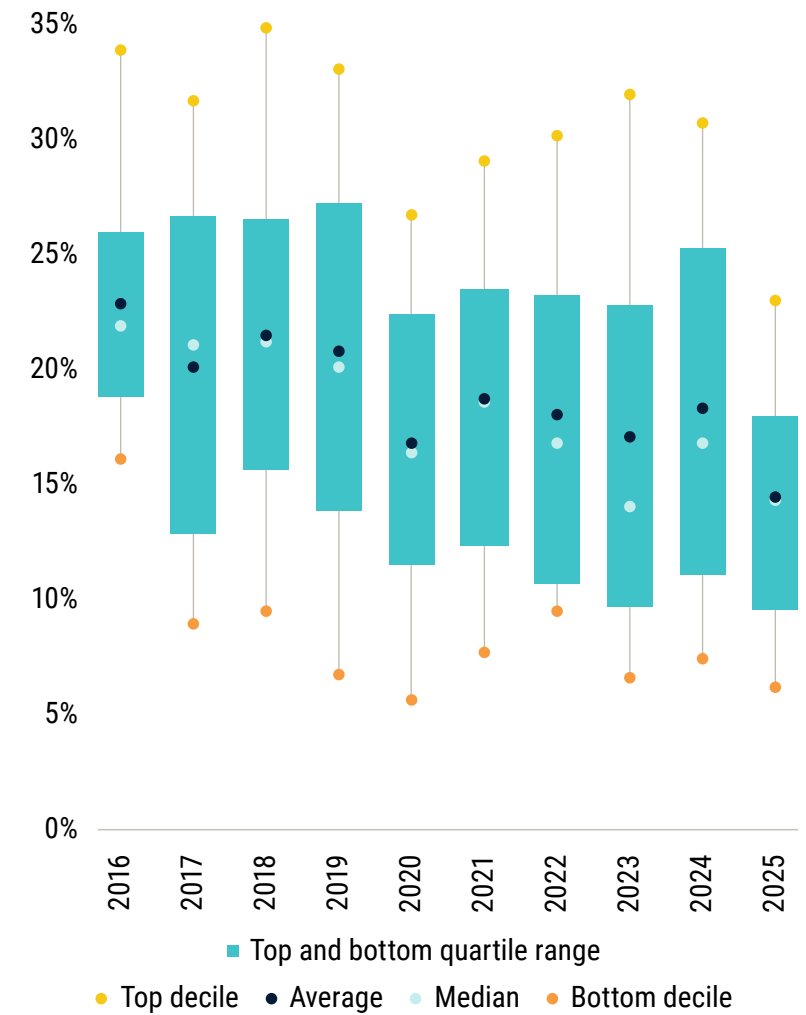


Series A VC share acquired dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

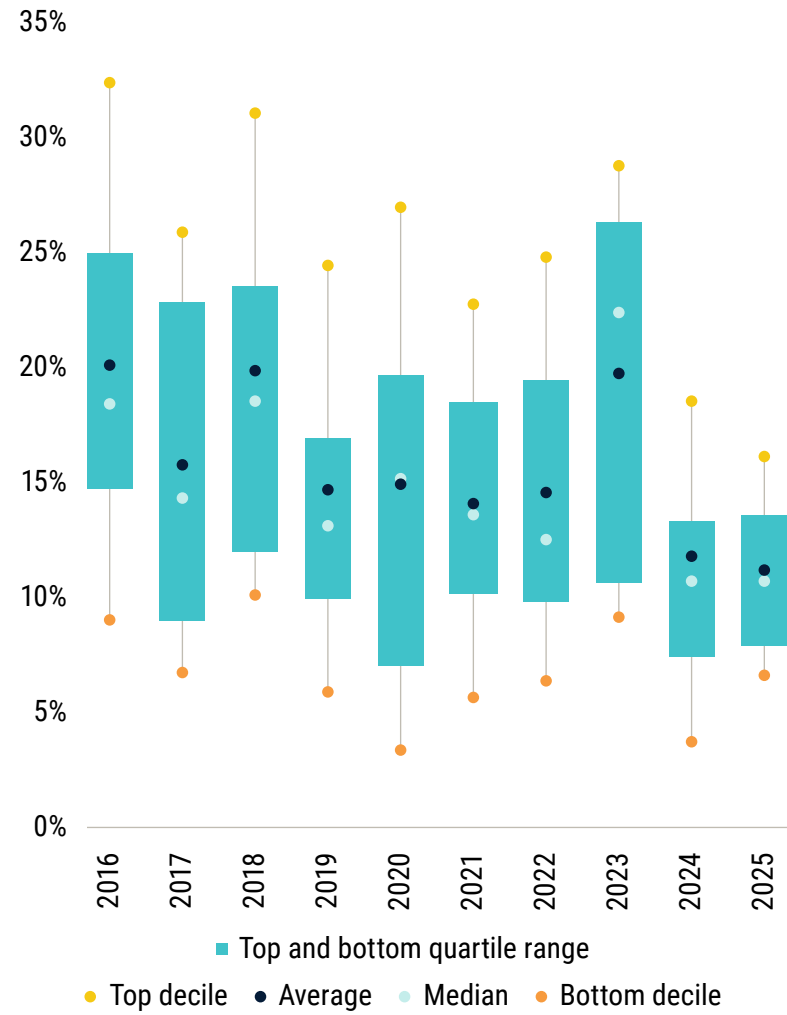
Series B VC share acquired dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

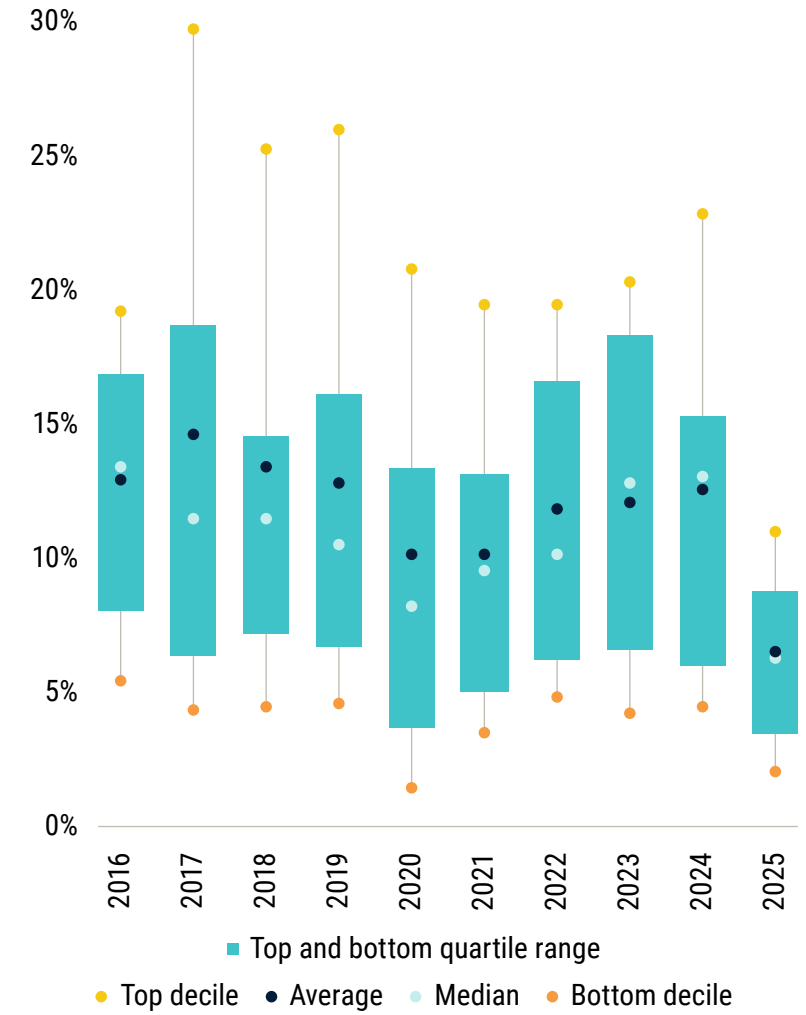


Series C VC share acquired dispersion



Source: PitchBook • Geography: Global • As of March 3, 2026

Series D+ VC share acquired dispersion

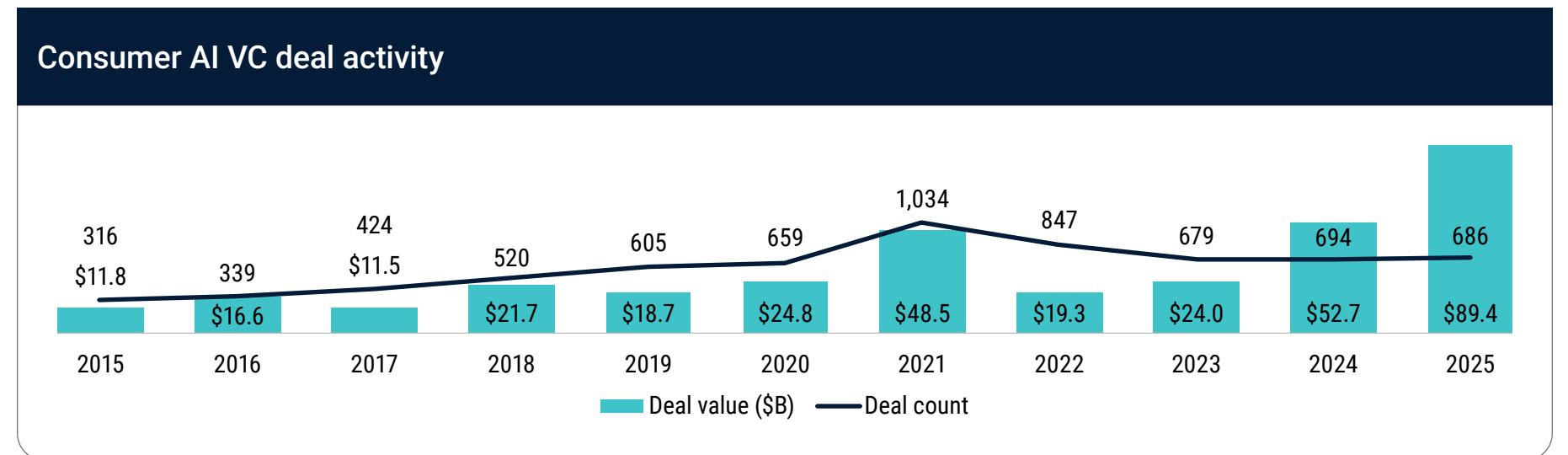


Source: PitchBook • Geography: Global • As of March 3, 2026



Series B step-ups define the tail

The median Series A step-up has risen from 1.6x in 2016 to 2x in 2025, Series C from 1.5x to 2.4x (up 60%), and Series D+ from 1.3x to 2x (up 52%)—a broad repricing indicative of AI-era valuation resets. 2025 medians at every stage except seed remain below their 2021 peaks, with Series A at down 31%, Series B down 33%, and Series C down 12%; however, they have rebounded by similar margins from their respective 2023 troughs over the past two years. Consistent with the broader consumer narrative, the tail is most telling. The Series B top decile jumped from 3.4x in 2016 to 11.7x in 2025 (up 244%), and the Series C top decile from 3.5x to 8.7x (up 150%). The top-decile-to-median ratio at Series B has gone from 1.9x in 2016 to 5.6x in 2025, a tripling of dispersion at Series B and C and largely absent at seed (1.3x to 1.8x) and Series D+ (1.9x to 1.8x), which are key characteristics of a barbell market. For consumer investors, the implication is that growth-stage entry valuations for the emergent winners have separated from the norm, with a 5x to 8x step-up at Series C as the 90th-percentile outcome. This trajectory raises the bar for underwriting at Series B and C in two directions: Pricing discipline on the median deal has improved, but the cost of conviction on a consensus AI round is an entry multiple challenged by outcomes short of a generational outcome.



Source: PitchBook • Geography: Global • As of March 3, 2026



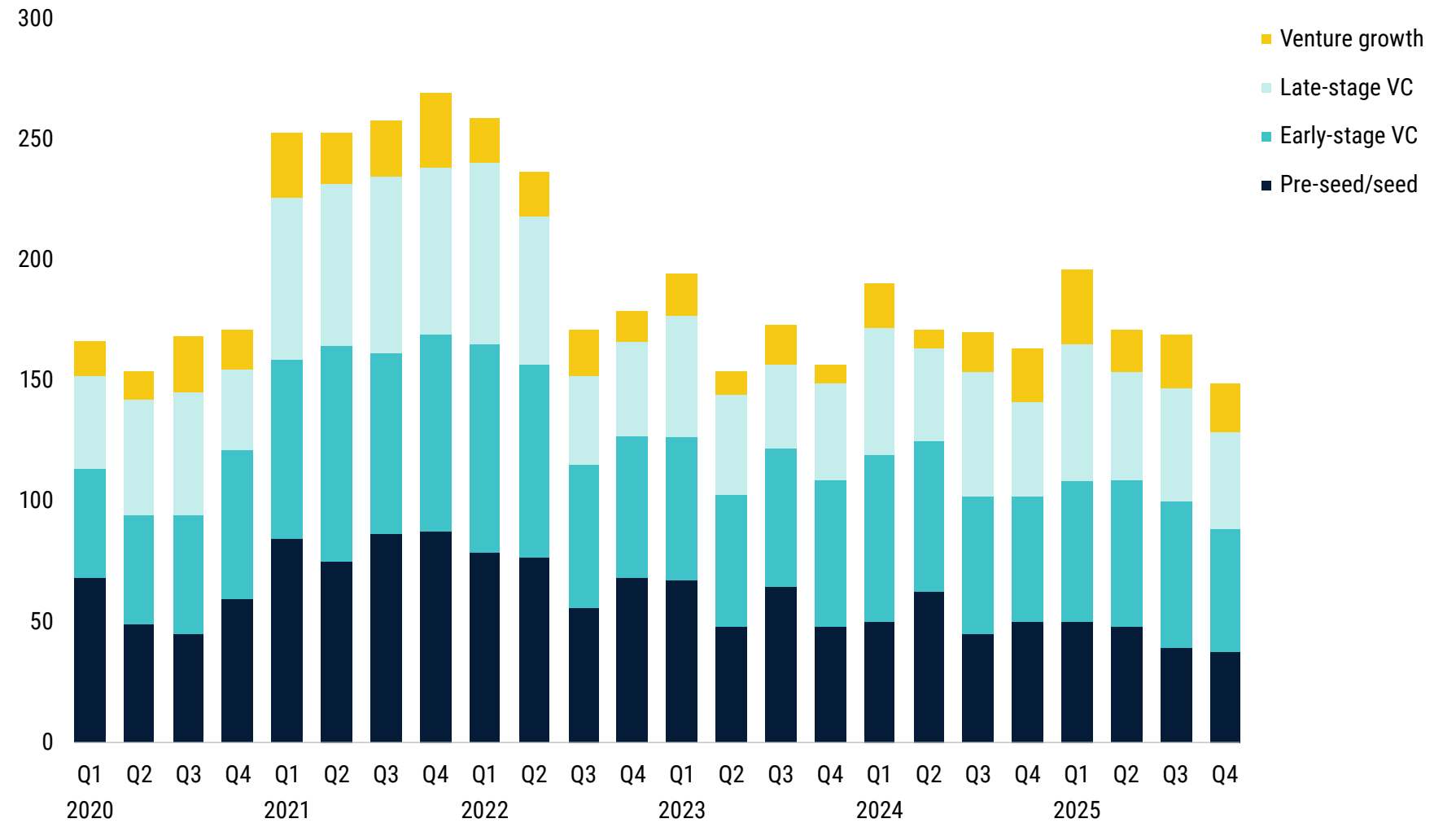
Consumer AI VC deal activity by quarter



Source: PitchBook • Geography: Global • As of March 3, 2026



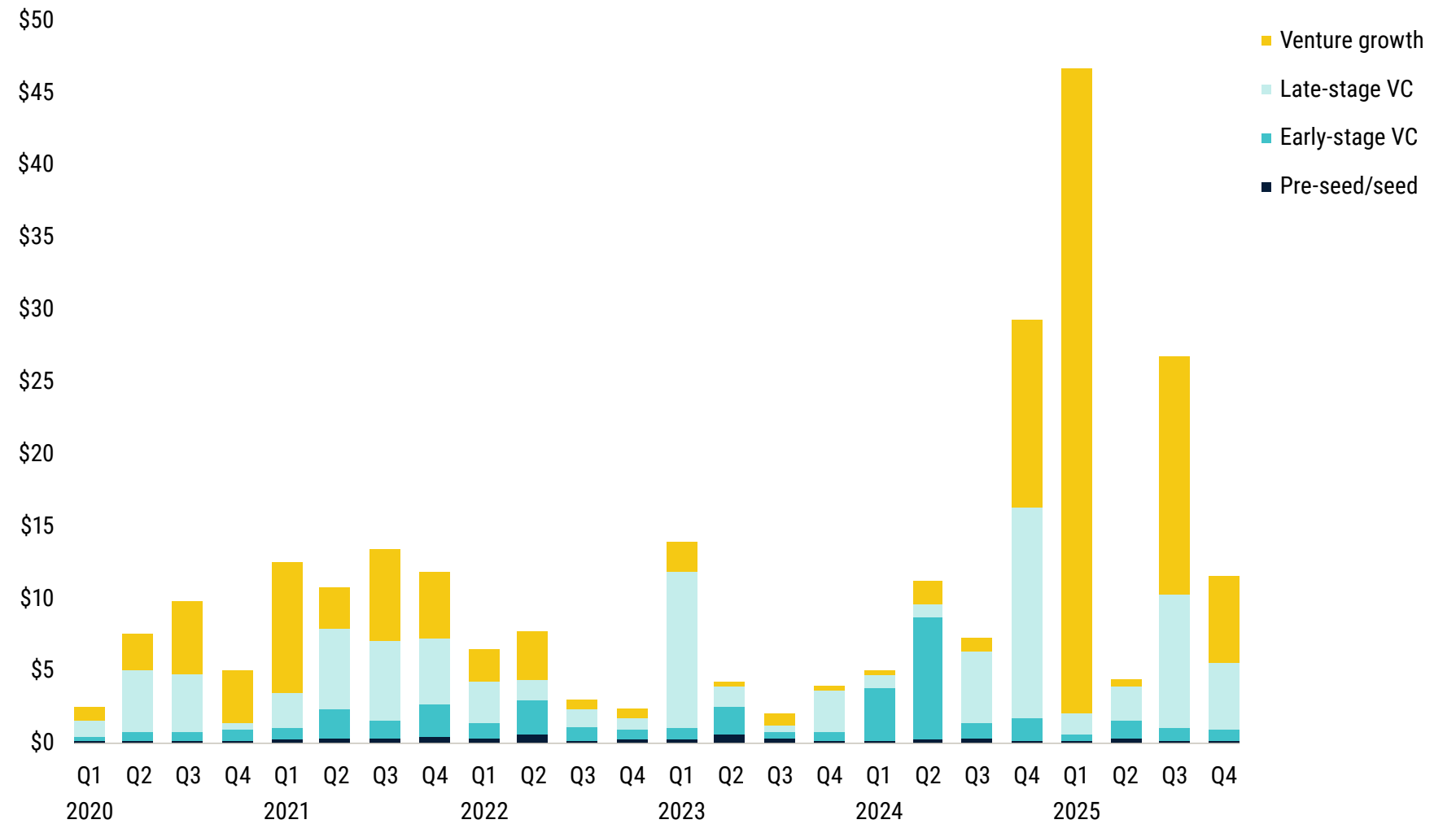
Quarterly consumer AI VC deal count by stage



Source: PitchBook • Geography: Global • As of March 3, 2026



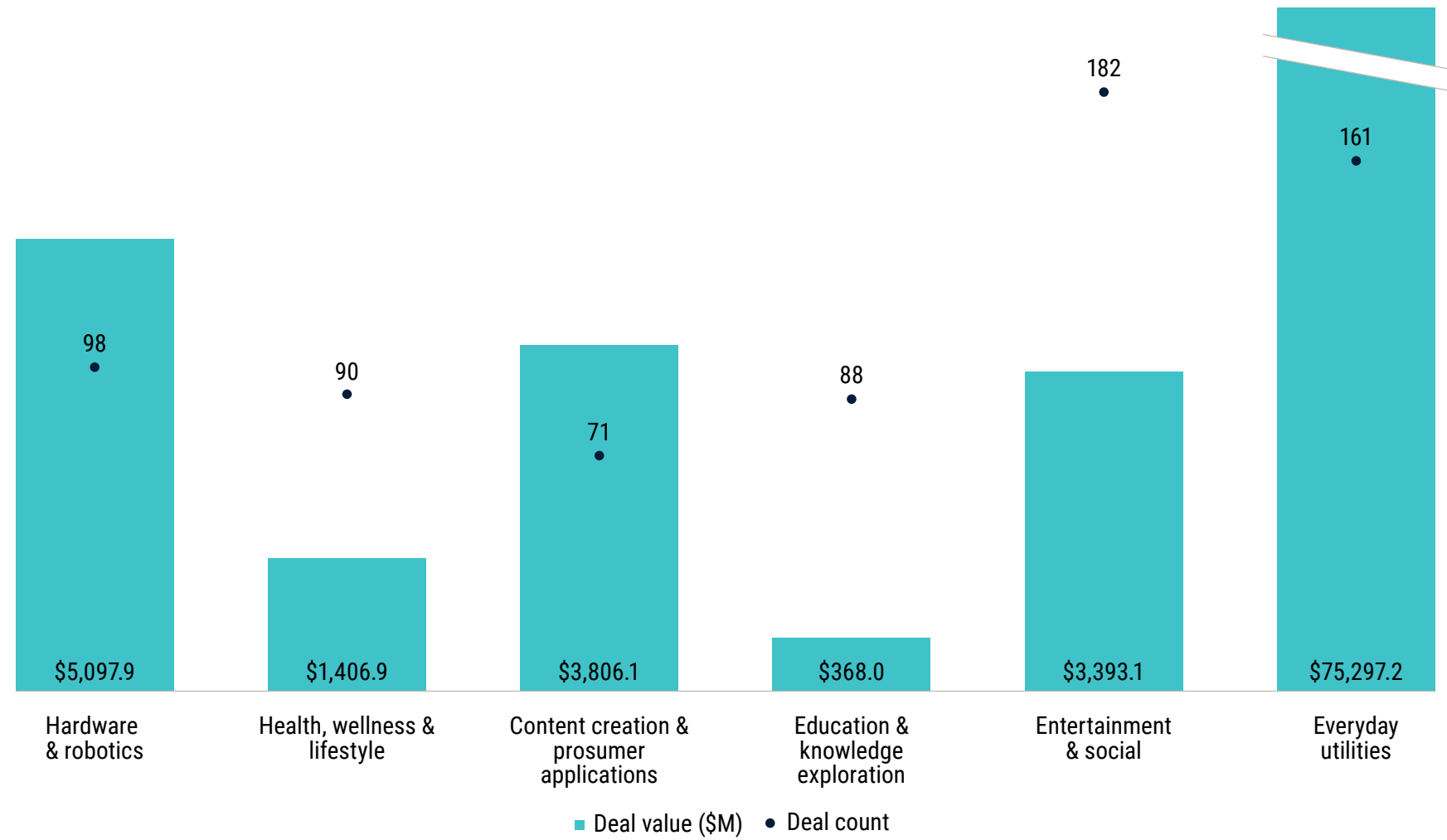
Quarterly consumer AI VC deal value (\$B) by stage



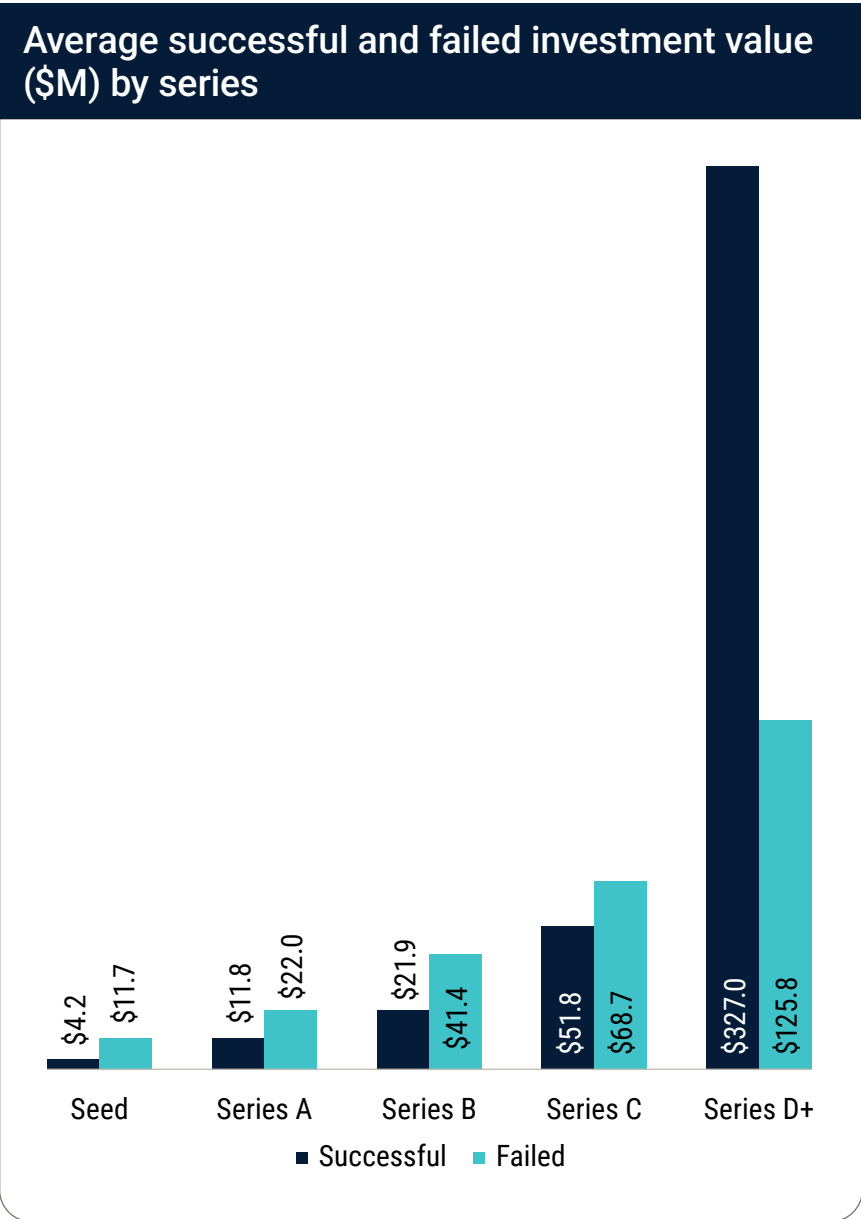
Source: PitchBook • Geography: Global • As of March 3, 2026



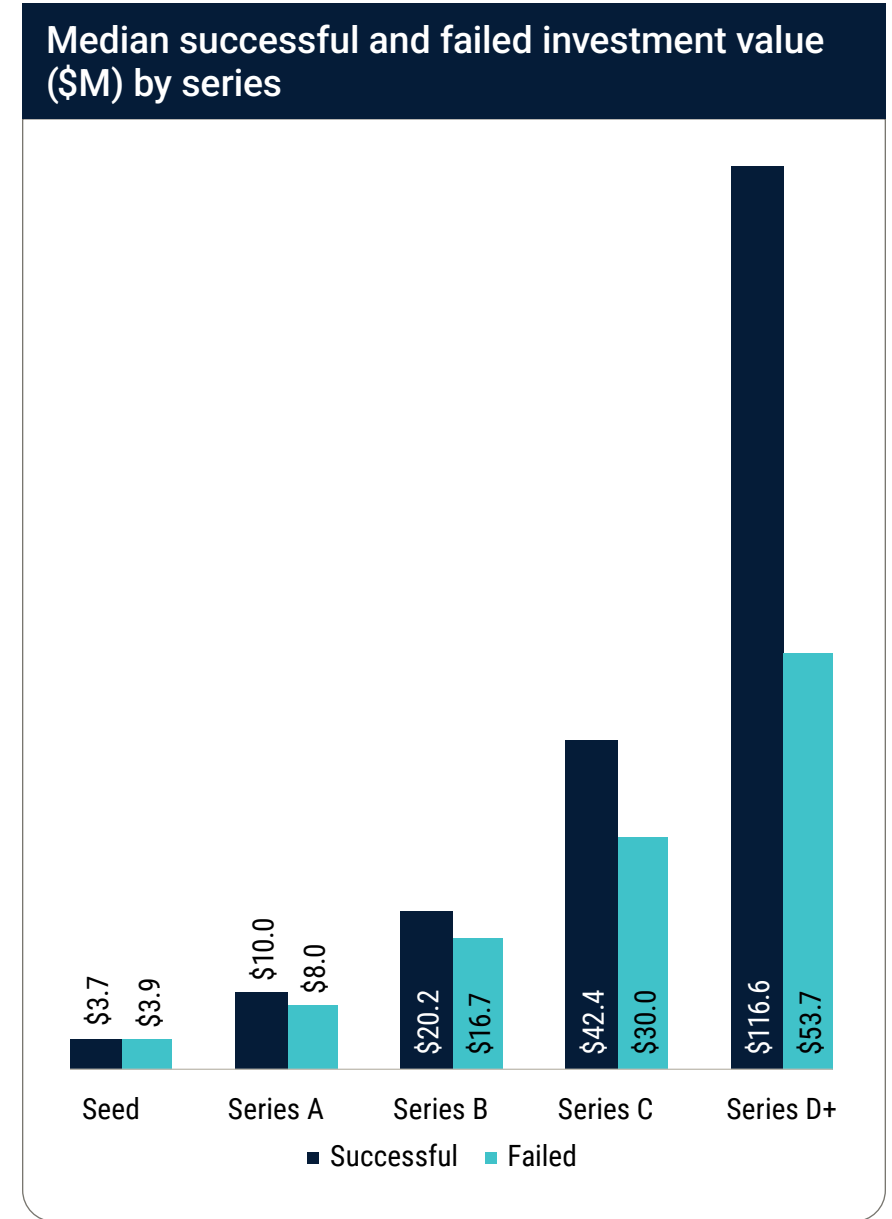
TTM consumer AI VC deal activity by segment



Source: PitchBook • Geography: Global • As of March 3, 2026



Source: PitchBook • Geography: Global • As of March 3, 2026



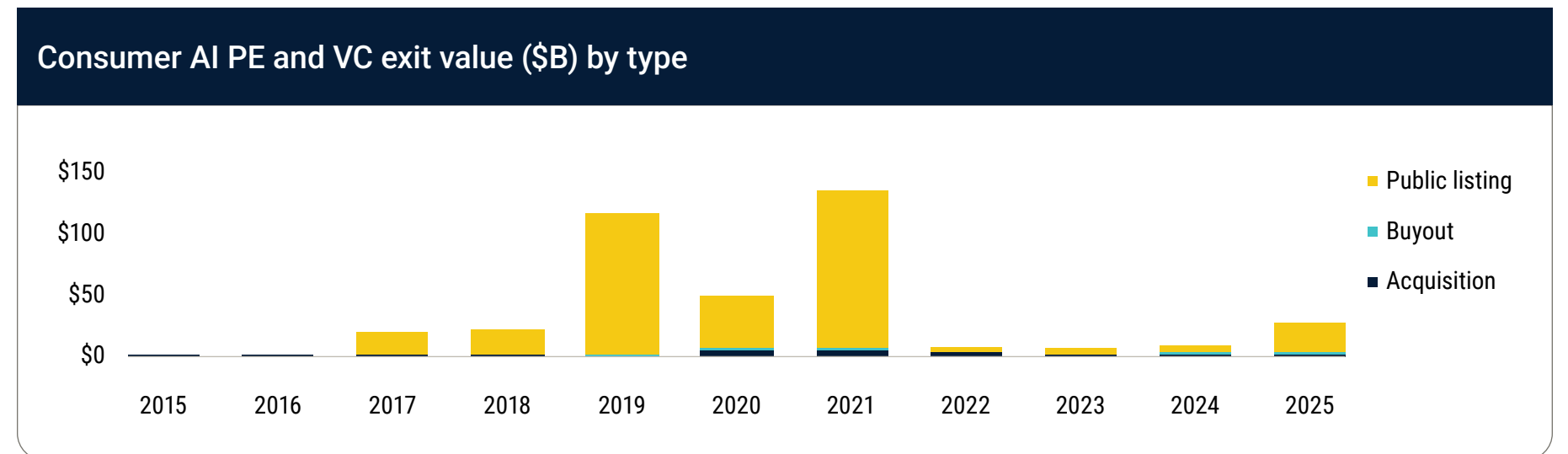
Source: PitchBook • Geography: Global • As of March 3, 2026



Exit environment and public market signals

Strategics are the exit path

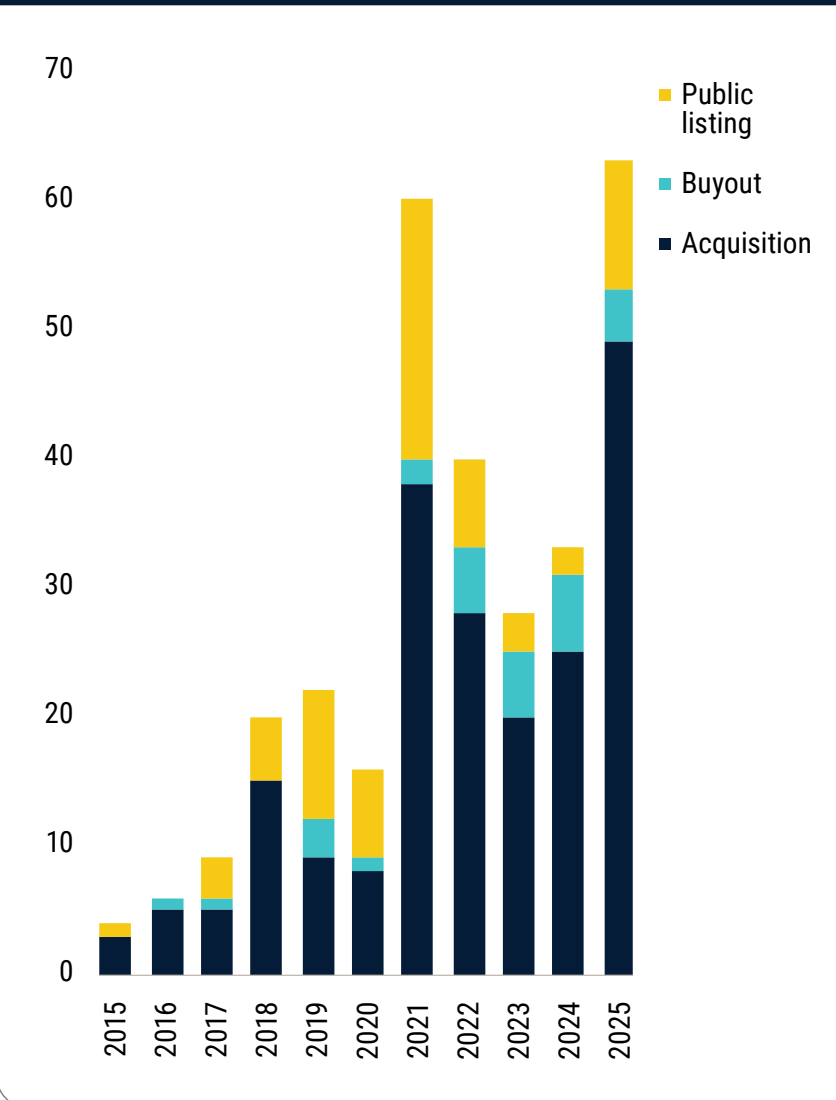
While exits for VC- and PE-backed consumer platforms remain well below peak activity in 2021 to 2022 on a value basis, acquisitions emerged as a key exit pathway in 2025, with 49 deals closing versus 25 in 2024 and 20 in 2023. This momentum is driven by incumbents like ByteDance, Meta, and DoorDash, which are moving to absorb talent, revenue, and users to compete with their nimbler startup counterparts. Despite a more accommodative posture from the Federal Trade Commission, corporate buyers account for 54% of consumer AI exits versus 30% across venture broadly since 2019—a reversal of the typical pattern and a signal that strategics are deploying balance sheets to accelerate product development rather than waiting for public market validation.



Source: PitchBook • Geography: Global • As of March 3, 2026

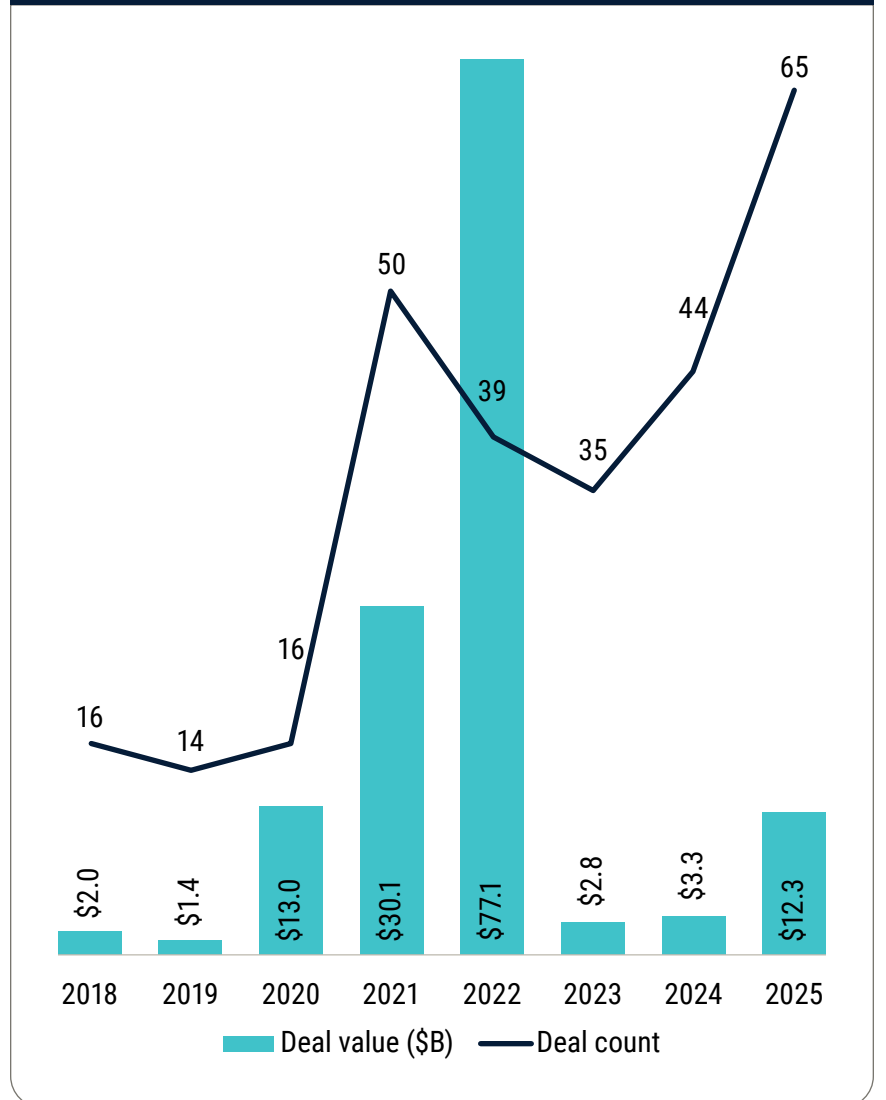


Consumer AI PE and VC exit count by type



Source: PitchBook • Geography: Global • As of March 3, 2026

Consumer AI M&A activity

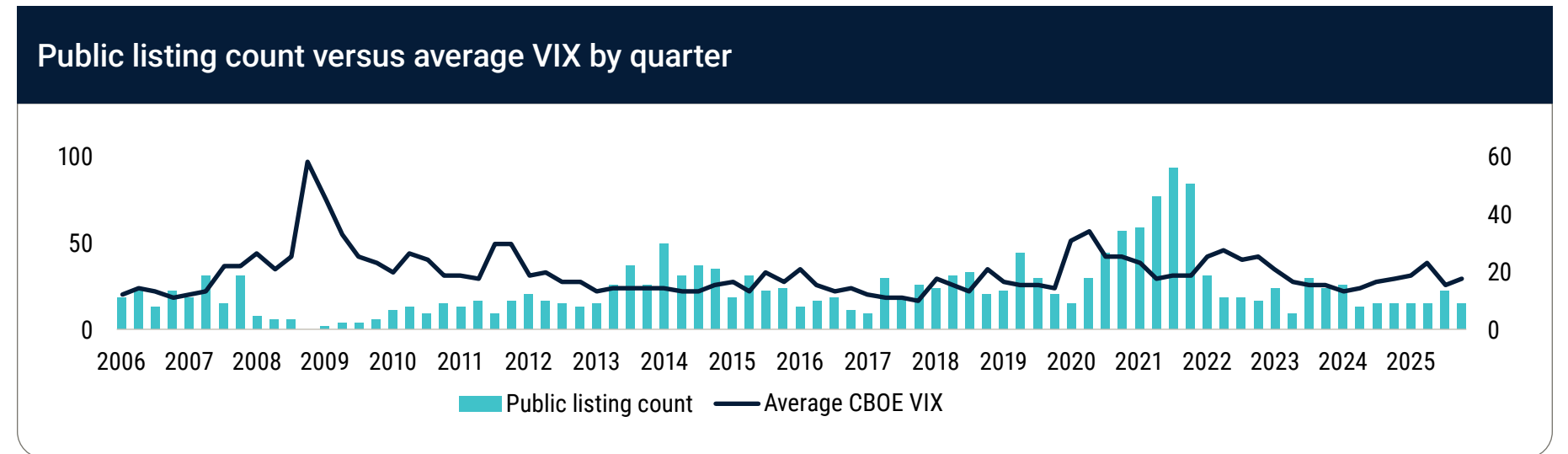


Source: PitchBook • Geography: Global • As of March 3, 2026



IPO window stays shut for B2C

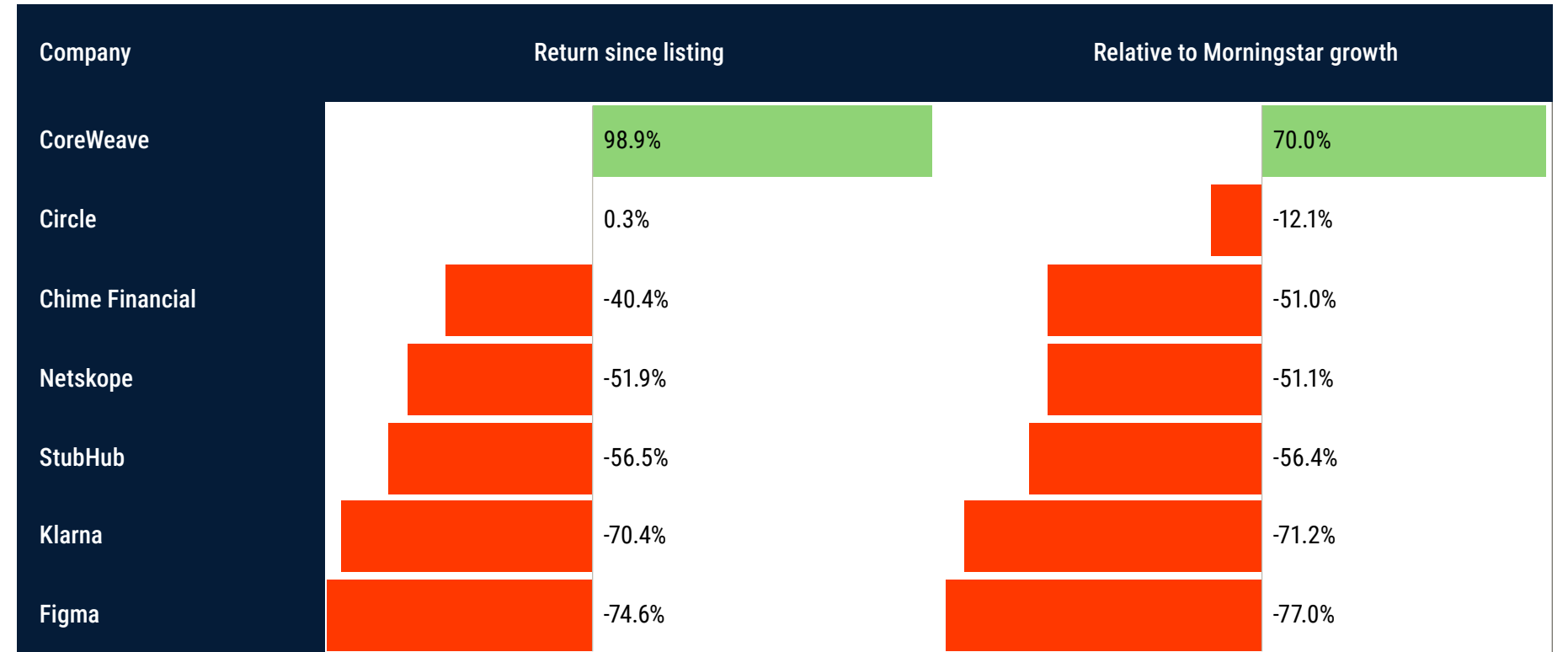
IPOs tend to cluster during periods of low volatility. Spikes in 2009, 2020, and 2022 each corresponded with near-complete shutdowns of the new issuance window. Elevated Volatility Index (VIX) readings reflect tariff uncertainty, rate path ambiguity, and geopolitical shocks. Companies testing the public markets have weathered turbulent aftermarket performances, [with gains concentrating](#) in a handful of high-profile names. The median VC-backed IPO has [underperformed](#) in early trading, increasing the hesitation for IPO hopefuls. Most new listings skew toward Trump administration priorities across space tech, cryptocurrency, financial technology (fintech), and national security, generally eschewing consumer use cases. By year-end, top-line numbers will likely overstate the sector's performance as [public listings](#) for OpenAI and Anthropic loom. Other B2C candidates face a more difficult calculus: secondary markets that disincentivize near-term listings for companies like Epic Games, and rising annual recurring revenue thresholds that require platforms like Discord to demonstrate second- and third-order revenue durability before accessing public capital.



Sources: PitchBook and Morningstar • Geography: US • As of March 3, 2026



Post-IPO performance of select VC-backed IPO Index constituents



Sources: PitchBook and Morningstar • Geography: US • As of February 28, 2026
Note: Data is based on the closing price on the first day of trading and on February 28, 2026.

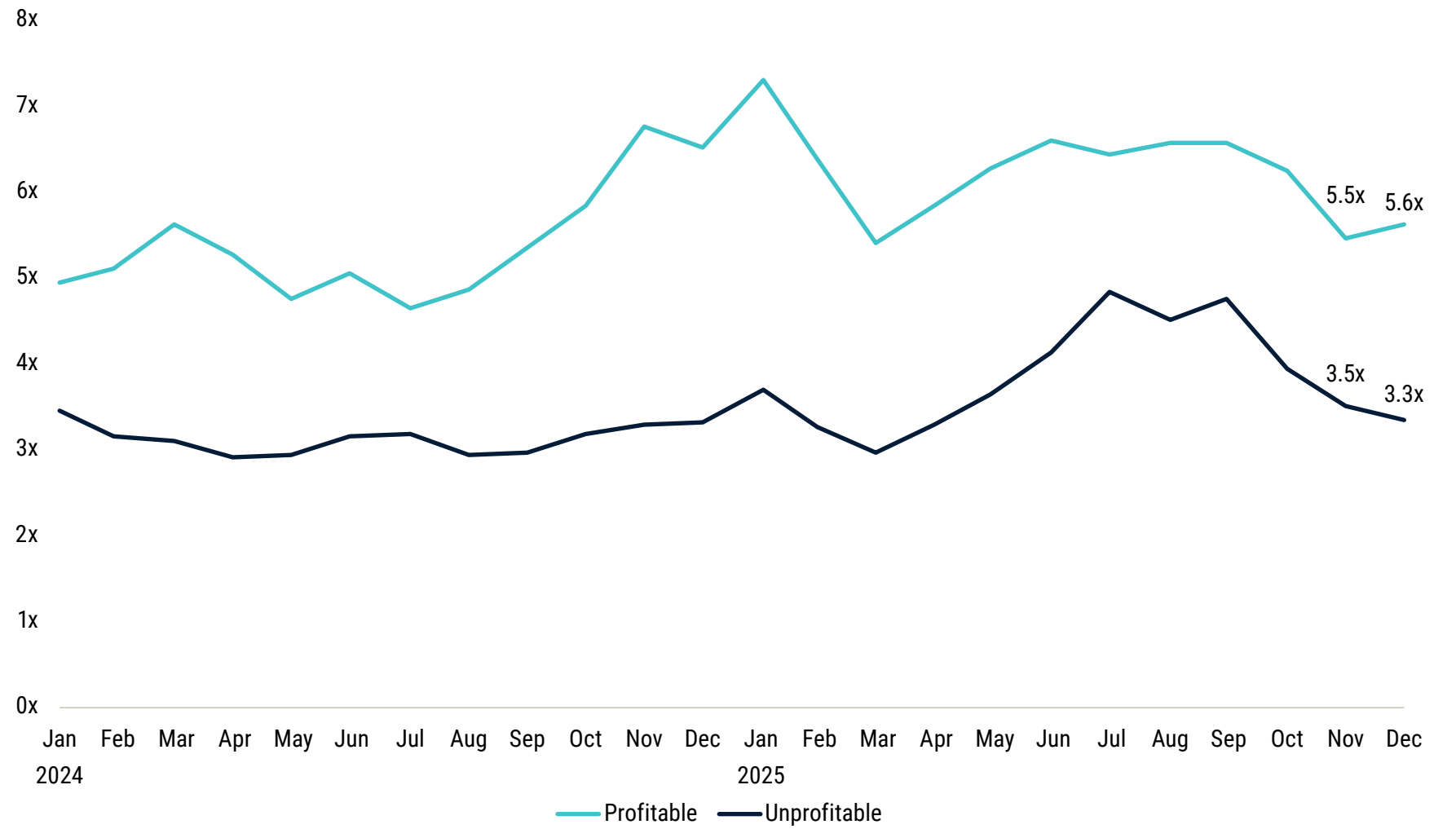


Profitability premium widens

The performance gap between profitable and unprofitable B2C platforms is widening. The profitable cohort of select B2C platforms traded at an average enterprise value (EV)/TTM multiple of 5x to 6x in Q4 2025 versus 3x to 4x for unprofitable peers. Median EV/TTM multiples began to diverge meaningfully at the start of 2024 and, despite narrowing modestly in recent quarters, the profitable cohort continues to trade one to two turns higher. This multiple outlook impacts terminal value assumptions by raising expectations and obligations to reach profitability. But the scrutiny placed on consumer platforms is trending earlier as public and private markets converge. The Hiive50 Index returned 49.1% in 2025 against the S&P 500's 17.9%, but consumer platforms were a notable laggard.¹¹ Hiive's consumer index trailed all seven tracked indexes in Q1 2025, including a period of negative trading between January and November 2024.¹² While some overlap with AI benchmarks understates true performance, the apprehension is discernible. Of the 50 companies with the highest estimated valuations on secondary platform Caplight, we tracked 13 consumer-facing platforms that traded at a median discount of 9% to their last valuations tracked by PitchBook (as of early March).



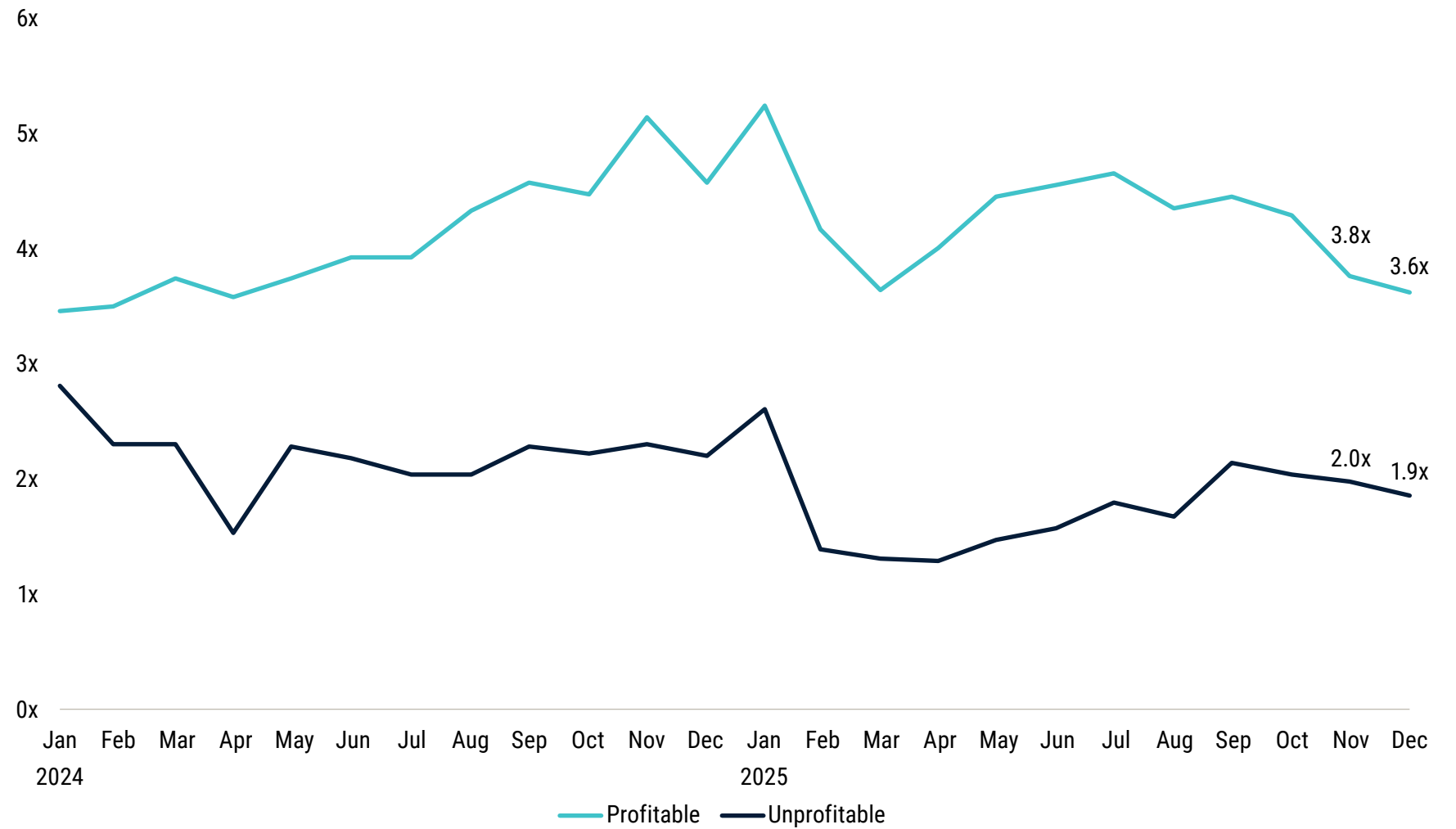
Average consumer technology EV/TTM sales



Source: PitchBook • Geography: Global • As of March 3, 2026



Median consumer technology EV/TTM sales



Source: PitchBook • Geography: Global • As of March 3, 2026



Secondary valuations for select consumer AI companies

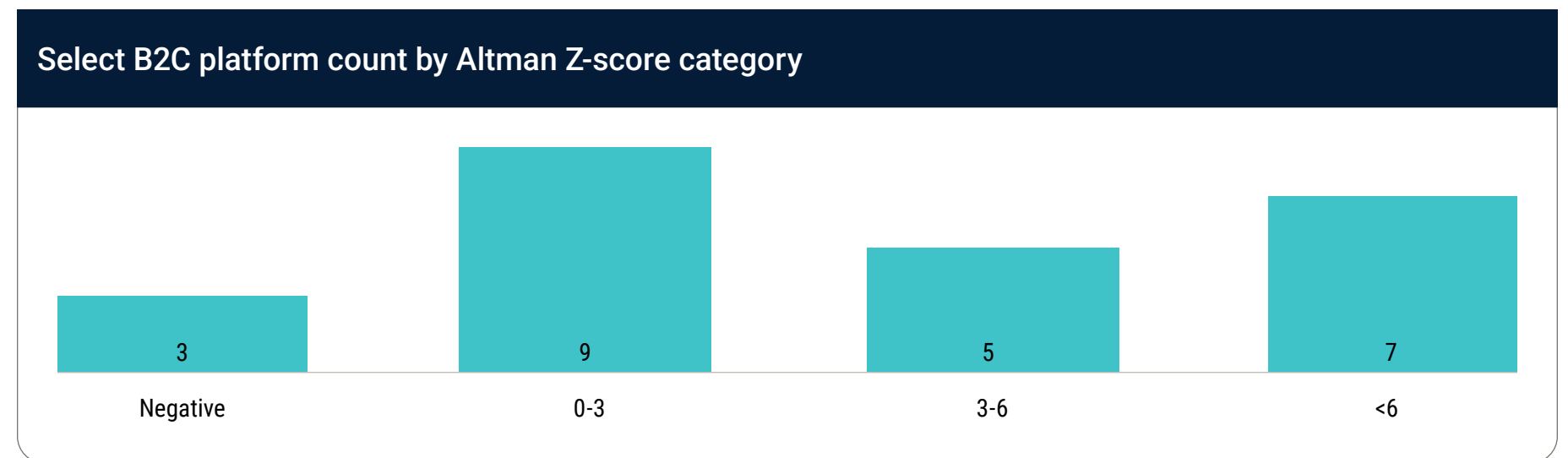
Company	Caplight market price	Caplight estimated valuation (\$B)	Post-money valuation (\$B) (PitchBook)	Valuation delta
OpenAI	\$652.9	\$767.9	\$840.0	-9.0%
ByteDance	\$357.8	\$589.2	\$300.0	96.0%
Anthropic	\$375.4	\$521.6	\$350.0	49.0%
Revolut	\$1,533.6	\$83.3	\$75.0	11.0%
Canva	\$1,839.4	\$46.9	\$42.0	12.0%
Whatnot	\$398.5	\$12.4	\$11.5	8.0%
Fanatics	\$51.3	\$20.9	\$31.0	-33.0%
Perplexity	\$59.7	\$17.2	\$20.0	-14.0%
Epic Games	\$385.2	\$14.4	\$22.5	-36.0%
Kalshi	\$341.9	\$11.7	\$11.0	6.0%
ŌURA	\$42.7	\$8.6	\$11.0	-22.0%
Notion	\$48.0	\$8.7	\$11.0	-21.0%
Discord	\$27.6	\$7.5	\$14.7	-49.0%

Sources: PitchBook and [Caplight](#) • Geography: Global • As of March 9, 2026



Public comp set is shrinking

Of the 24 public B2C platforms examined in our select coverage, 12 carry Altman Z-scores below 3 (including three negative scores)—a distress concentration comparable to the [apparel retail sector](#), where Morningstar’s equity research found one-third of covered firms below the same threshold. Distress clusters in categories with thin margins and limited pricing power include travel/local (Tripadvisor, Lyft, and Opendoor), edtech (Coursera), dating (Bumble), and BNPL/fintech (Klarna, Affirm, and PayPal). The healthiest Z-scores concentrate in platforms with strong network effects and monetizable engagement, such as marketplace commerce (Shopify, Booking, and Etsy), content/community (Reddit, Pinterest, and Spotify), and software infrastructure (Toast), offering VCs the most durable public comp set for late-stage benchmarking. Weak Z-scores tend to cluster around no-moat ratings and precede share price deterioration. For private market investors, because late-stage valuations are anchored to public comparables, a shrinking pool of financially healthy public comps compresses the valuation ceiling for late-stage private platforms.



Source: PitchBook • Geography: Global • As of March 3, 2026

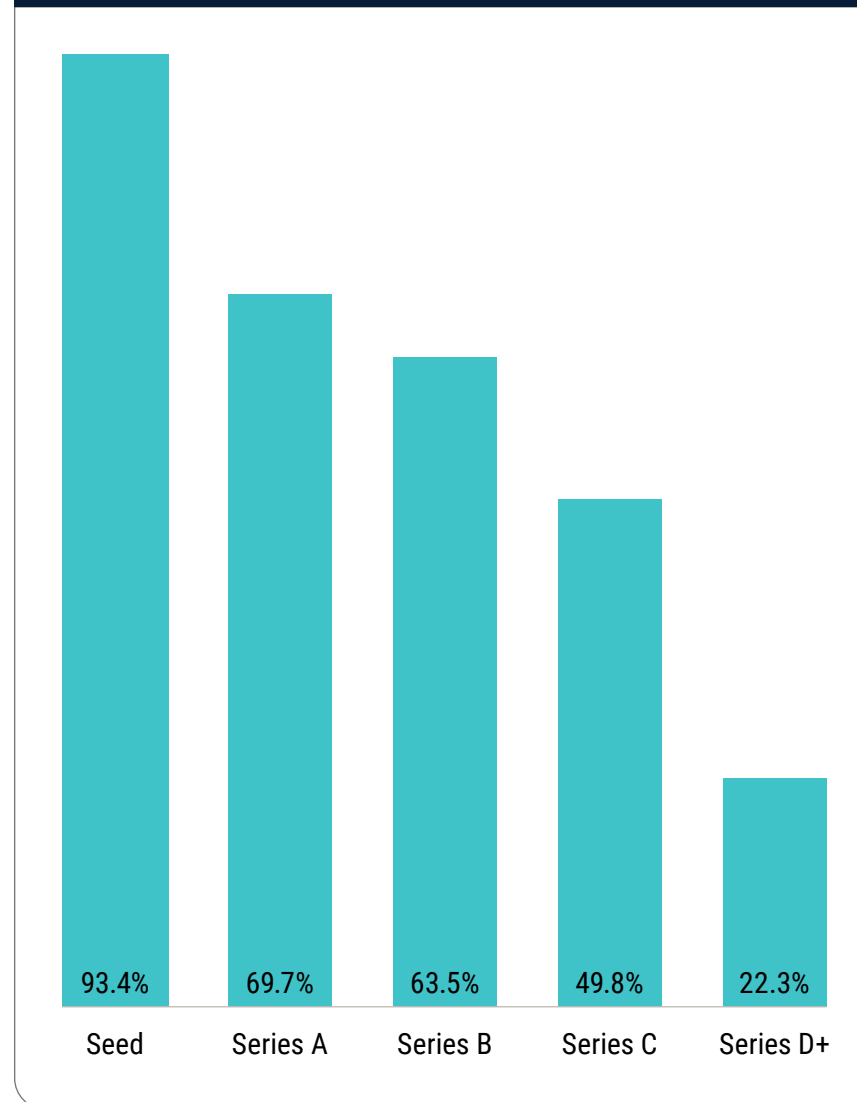


Series B is the conviction entry

An extreme power-law reliance strains the B2C outlook. The top seed and Series A deal accounts for 100% of total stage payout, and Series B is nearly as concentrated at 99.8%. While the concentration narrative aligns with venture broadly, consumer AI compounds it, underscoring the outlier dependency: A single missed outlier can wipe out stage-level returns. Seed posts the highest annualized returns in our dataset at 93.4%, albeit with a 16.1% company failure rate. Crucially, this company failure rate is paired with a 34.8% dollar failure rate driven by a batch of overfunded rounds. The median failed seed round (\$3.9 million) is effectively at parity with the median successful seed round (\$3.7 million), and at Series A, the median failed round (\$8 million) is 20% smaller than the median successful round (\$10 million). The divergence is most visible at the top of the size distribution, where mean failed rounds are 2.8x larger than mean successful rounds at seed and 1.9x larger at Series A, a characteristic of overfunded seed/Series A transactions. Series B offers a more balanced risk/return profile, with a 97.1% survival rate, 63.5% annualized return, and only 5.4% dollar failure rate. A clear portfolio construction framework emerges here. Series B is the highest conviction entry point for consumer AI allocators, suggesting the optimal strategy is a barbell of disciplined, smaller seed checks enforcing product-market fit paired with concentrated Series B positions in the survivors. Late-stage rounds (Series D+) are effectively capital preservation strategies, with a 1% company failure, 0.4% dollar failure, and annualized returns compressing to 22.3%, the lowest of all stages. For capital allocators, check size discipline matters most at the upper end of the distribution for each stage where overfunding and failure are most correlated.

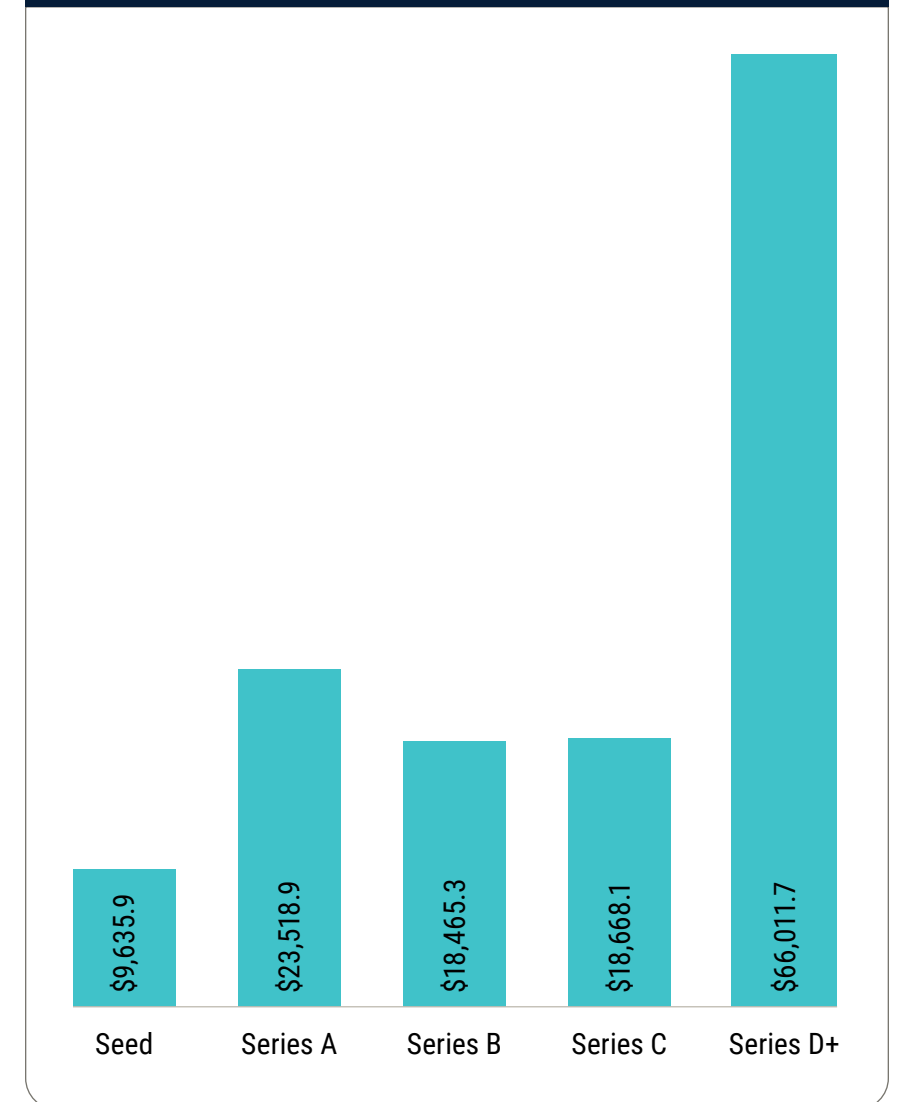


Consumer AI annualized returns by series



Source: PitchBook • Geography: Global • As of March 3, 2026

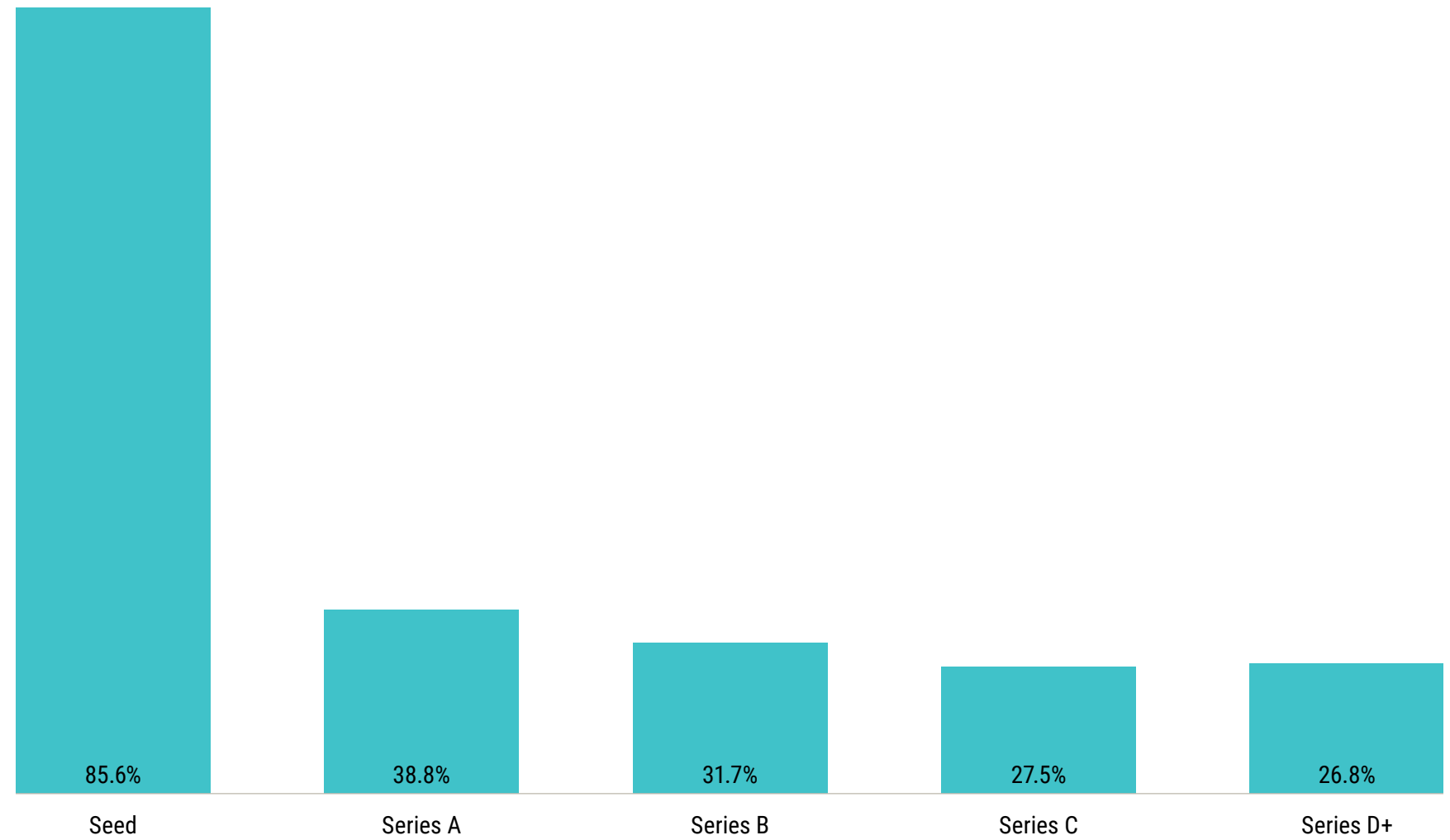
Consumer AI payout (\$M) by series



Source: PitchBook • Geography: Global • As of March 3, 2026



Share of VC total exit payout from the top exit by series



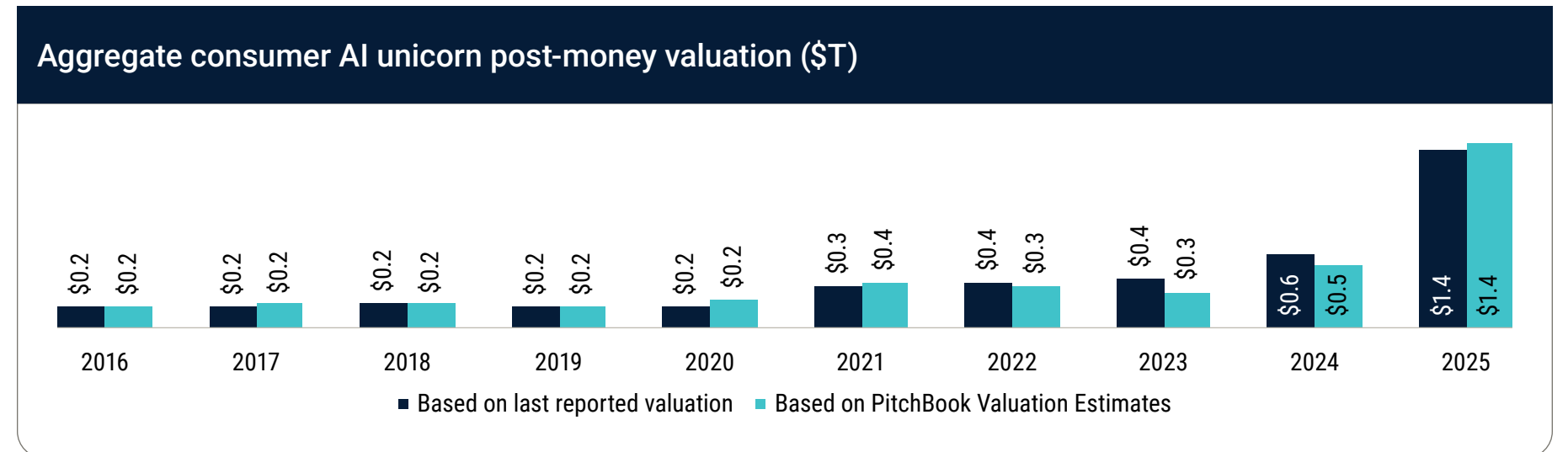
Source: PitchBook • Geography: Global • As of March 3, 2026



The consumer unicorn herd

\$1.4 trillion herd built on a few names

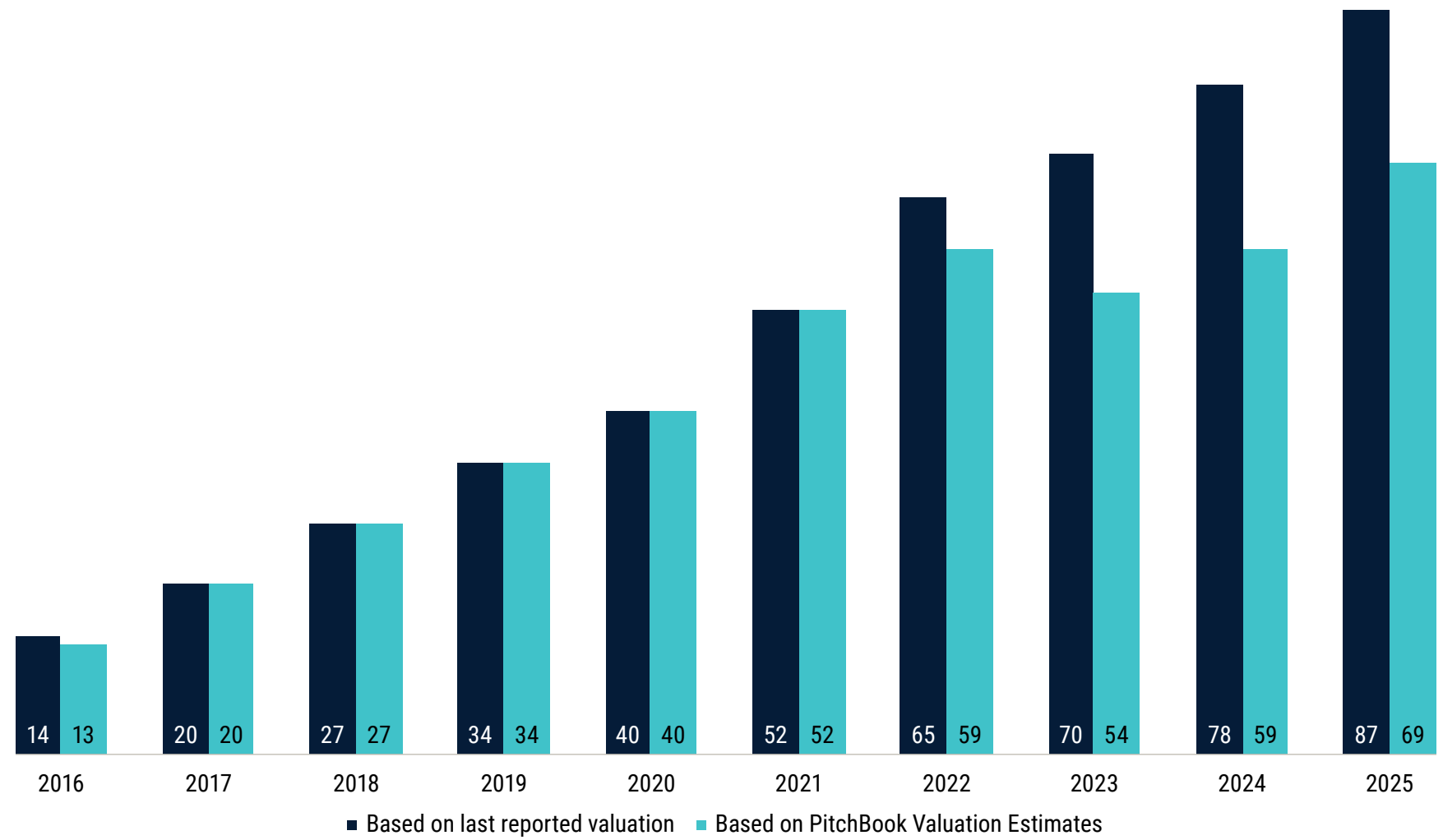
By year-end 2025, consumer unicorns reached a cumulative \$1.4 trillion valuation, about one-third of the aggregate \$4.7 trillion in [unicorn value across venture](#). This measure is roughly at parity with disclosed valuations. The 2021 to 2023 era was relatively quiet for consumer unicorns, before surging 80% in 2024 and tripling YoY in 2025 to \$1.4 trillion, which is largely attributable to a historic batch of the most valuable private companies, including OpenAI, Anthropic, and Waymo, propping up aggregate figures. Just over 20% of the total count of unicorns since 2017 (115) are no longer worth more than \$1 billion, a mark that could grow as the 2021 vintage cohort continues to come to market.



Source: PitchBook • Geography: Global • As of March 3, 2026



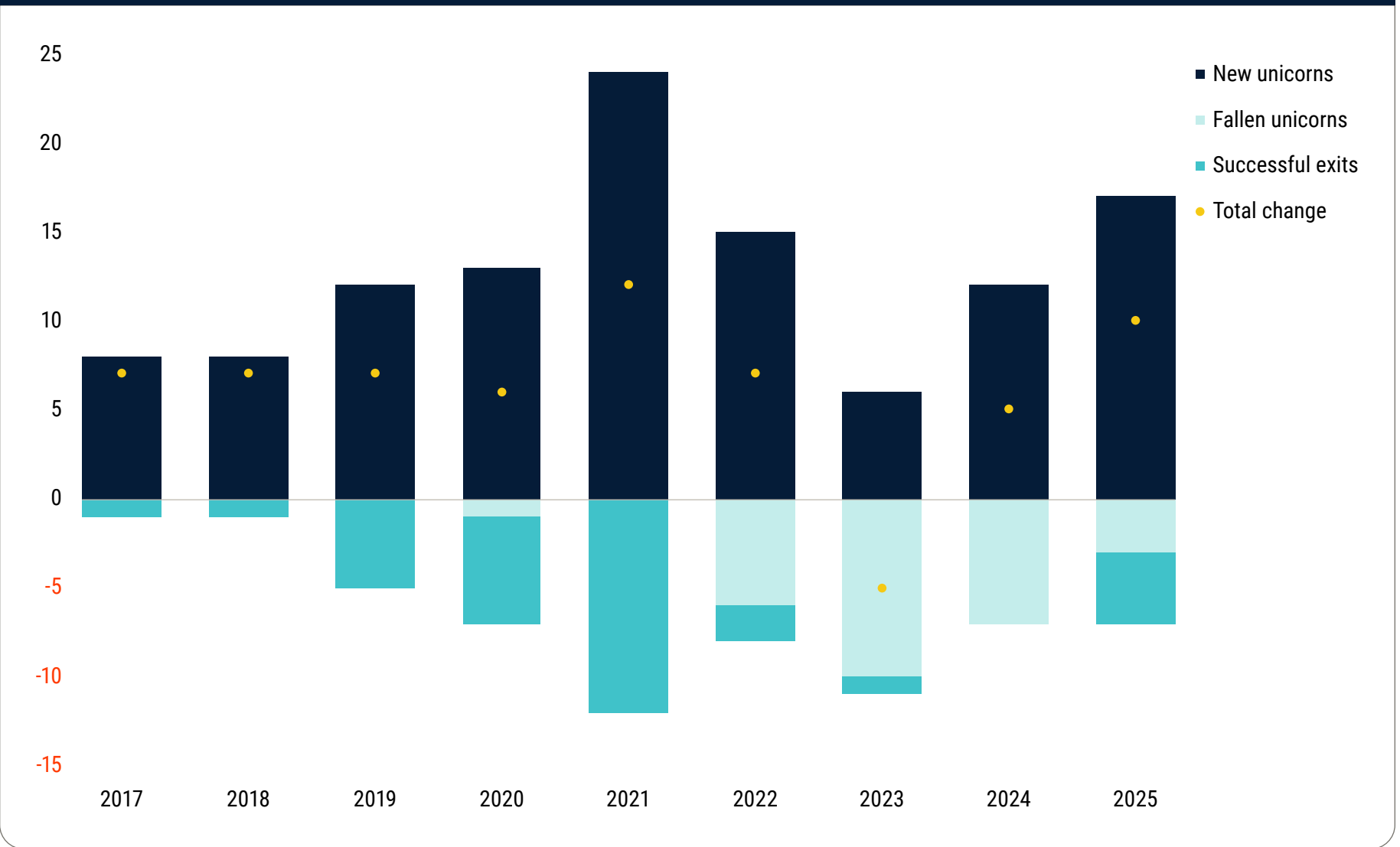
Consumer AI unicorn count



Source: PitchBook • Geography: Global • As of March 3, 2026



Change in consumer AI unicorn count by source

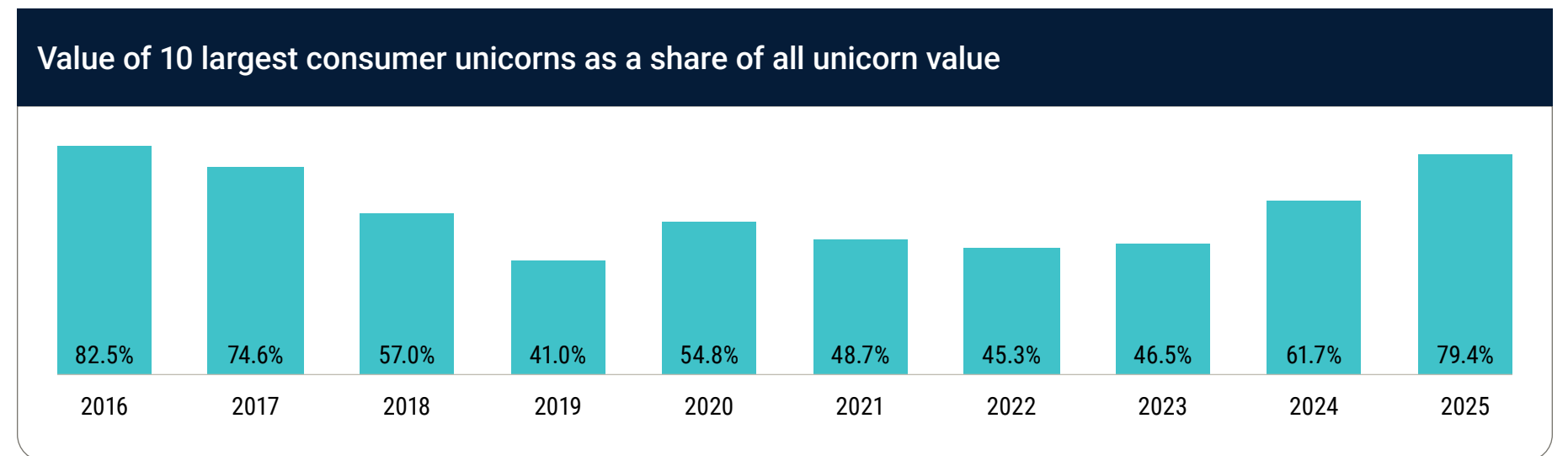


Source: PitchBook • Geography: Global • As of March 3, 2026



Top 10 own four-fifths of value

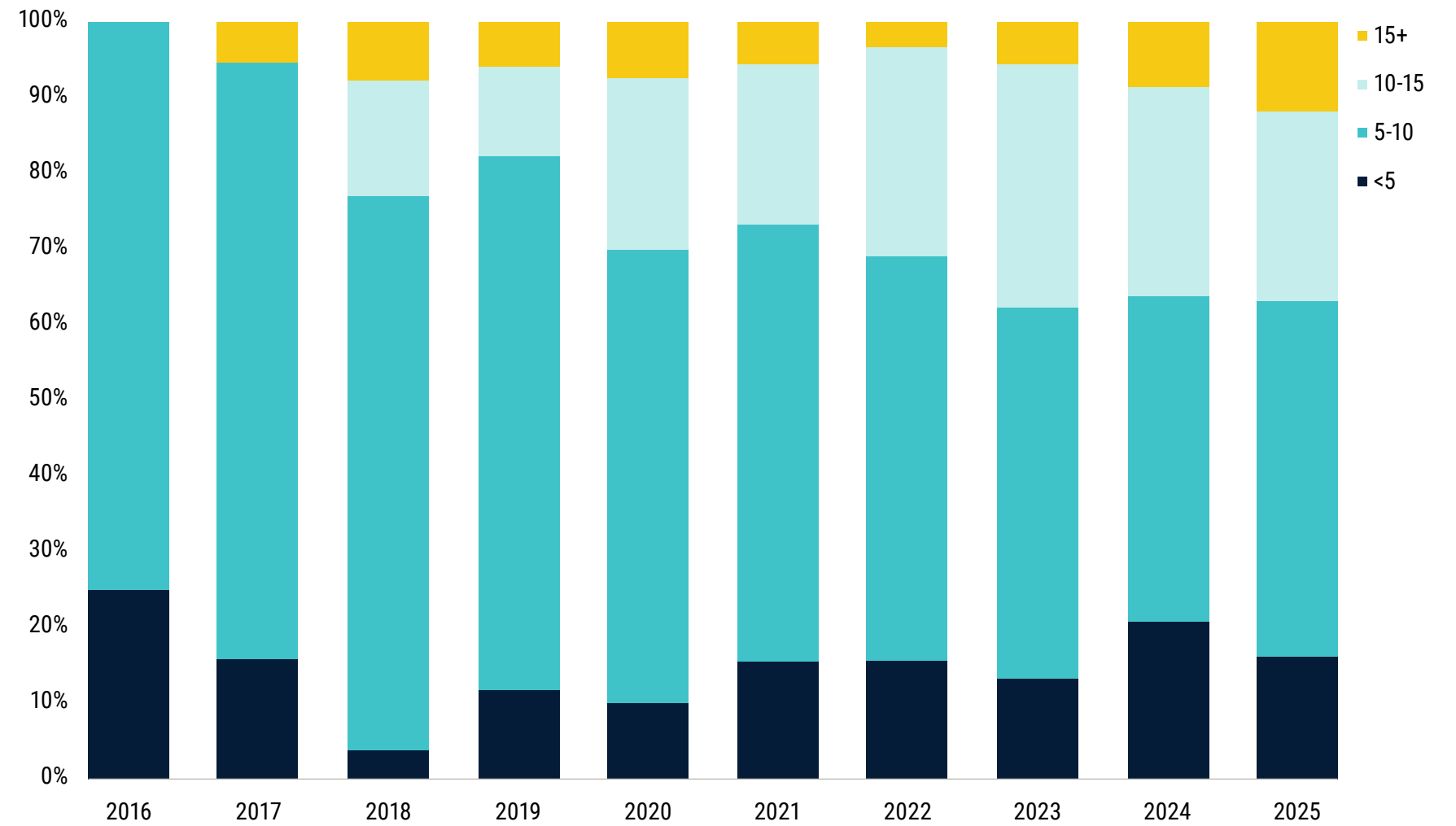
The concentration theme unfolding in B2C AI across public and private markets is more pronounced than in public markets or venture broadly. The 10 largest companies in the S&P 500 represent over 40% of the index's total market cap. Across venture, the 10 largest companies account for 51.8% of the total market value. In consumer, that figure reaches 79.4%, up from 61.7% in 2024, landing modestly below the previous record of 82.5% in 2016, which included Uber, Airbnb, Snapchat, and others. The “consumer unicorn” asset class is functionally a bet on 10 companies. Outside the top group, VCs are competing for roughly 20% of the total value pool, which reframes the allocation discussion. For LPs, the key diligence filter is whether a GP has demonstrable access to the top 10 and, if not, whether the return potential in the remaining pool justifies the concentration risk of an asset class where four-fifths of the value sits in a handful of positions. As exit activity accelerates and several of the largest unicorns approach the public markets, the composition of the unicorn universe will shift materially.



Source: PitchBook • Geography: Global • As of March 3, 2026



Consumer AI unicorn count by age cohort



Source: PitchBook • Geography: Global • As of March 3, 2026



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