

THE PHYSICAL AI INFLECTION POINT

SPRING 2026 – CONSUMER TECHNOLOGY SECTOR OUTLOOK



KEY TRENDS & INDUSTRY INSIGHTS

In 2026, the platforms that control data, distribution and customer relationships are pulling away from those that don't. This newsletter outlines the four trends reshaping the Consumer Technology landscape: the rise of agentic AI as a transactional layer, a bifurcating consumer under real macro strain, emergence of new revenue structures replacing legacy growth models and an M&A market accelerating around AI consolidation. The window to adapt is narrowing.



AI REVOLUTION: FROM SUPPORT TOOL TO TRANSACTOR

AI-driven commerce is live, scaling and margin-reshaping – right now!

Agentic AI systems now autonomously discover, compare and complete purchases across the consumer commerce stack. The sector is bifurcating rapidly – between platforms with deep data and AI-native infrastructure and those without. The gap is widening fast.



Agentic Protocols Live: OpenAI Instant Checkout active with Shopify, Walmart, Etsy, Target, Instacart & PayPal – and expanding broadly through 2026



Discovery Upended: 60% of Gen Z now start product searches on TikTok/Instagram; AI chatbots represent 19% of Walmart's total referrals vs. ~2% one year ago



Conversion Lift: AI hyper-personalization improves conversion up to 40%; McKinsey identifies AI use cases improving EBITDA margins by up to 15 ppts



Universal Commerce Protocol: Shopify/Google UCP lets AI agents access real-time inventory and transact across ChatGPT & Gemini – the 'invisible storefront' is here



'Invisible Shelf' Risk: Brands without AI-optimized product data (GEO) face structural exclusion as LLMs increasingly control the discovery agenda

\$1.7T Projected Agentic Commerce TAM by 2030

4,700% YoY growth in AI Referral Traffic to U.S. Retail

25% Of Consumers Have Used Gen AI Shopping Tools in 2025



THE K-SHAPED CONSUMER: MACRO BACKDROP & SPENDING DIVERGENCE

Fed Funds at 3.50–3.75%, CPI at 2.4%, tariff-led goods inflation and SNAP benefit cuts are amplifying the income cohort gap

Consumer sentiment levels are slowly stabilizing but a clear divide between the higher income and lower income consumer persists as consumers continue to redefine value. Purchasing decisions are increasingly guided by a broader equation than price alone. Shoppers are prioritizing quality, durability and convenience while selectively trading up in categories that deliver meaningful personal benefit. For companies, this shift underscores the need to clearly communicate differentiated value propositions, invest in product and experience quality and maintain pricing strategies that resonate with consumers who are more discerning than ever.

High-Income: Holding Firm

- **Equity-Fueled Resilience:** High-income cohort buoyed by strong markets and rising home values; premium credit card spend insulated from broader slowdown
- **Affordable Premium Wins:** Premium brand revenue growing while ultra-luxury declines – consumers 'trading smart', not down
- **AI as a Personal Shopper:** Affluent consumers using LLMs for high-ticket purchase comparisons (appliances, autos, home goods) – early adopter advantage

Mass-Market: Under Pressure

- **Trade-Down Accelerating:** 74% of consumers will switch brands for lower prices; private label growth outpacing national brands every year since 2020
- **Platform Margin Risk:** Temu/Shein undercutting domestic platforms 30-50%; mass-market e-commerce without AI scale faces structural margin erosion
- **SNAP Cuts Biting:** Policy changes cut ~\$1,752/yr in benefits per avg. recipient – pushing consumers to the edge. BNPL usage for groceries has jumped to 25% (from 14% YoY), a stark sign that everyday essentials are being financed

Sources: Capgemini Research Institute, McKinsey, Wall Street Research

KEY TRENDS & INDUSTRY INSIGHTS



BUSINESS MODEL EVOLUTION: NEW REVENUE ARCHITECTURE

Structural shifts are rewriting how Consumer Technology companies generate and protect margin

The era of growth-at-all costs is over. Consumer technology companies are under mounting pressure to prove durable margin expansion – and the leaders are doing so by building entirely new revenue layers on top of their existing customer relationships.

1 Hybrid Pricing

- **61%** of SaaS companies now use hybrid base + usage models (up from 49% in 2024)
- **Agent Pricing:** 62% of AI products moving to usage-based models by end of 2026
- **Implication:** AI reduces headcount = fewer seats; outcome-based pricing is the new defensible moat

2 Retail Media Networks

- **\$60B** projected U.S. retail media ad spend – fastest-growing major ad segment
- **Off-Site Acceleration:** Amazon, Instacart and Kroger are expanding RMN inventory beyond their own platforms into CTV and open-web – off-site spend up 42% vs. 14% on-site growth

3 Membership > Subscription

- **Uber One:** 46M members spend 3x vs. non-members; DTC brands replacing ‘subscribe & save’ with exclusivity-based loyalty clubs
- **73%** of consumers want personalized loyalty rewards – AI-driven programs are reducing churn materially
- **Embedded Finance:** BNPL + loyalty + payments converging into a single digital wallet – a powerful retention multiplier



STRATEGIC IMPLICATIONS

The AI inflection point is creating a separation between companies that control data, distribution and customer relationships – and those that don't. Scale, first-party data and ecosystem depth are the new barriers to entry.

Data & Distribution

- **Data-Rich Platforms:** Owning the distribution layer and AI-enabling it at scale drives compounding advantage building AI moats fastest (Shopify ~14% U.S. e-com share; Amazon 40% share and \$200B CapEx cycle)
- **DTC Omnichannel Leaders:** Combining community, omnichannel presence and subscription loyalty creates a defensible flywheel (Hims & Hers +31% subscribers; Vuori)

Pricing Model Risk

- **Legacy per-seat pricing becomes a structural liability as AI agents replace human headcount that justified those seats.** The broader consensus is shifting – AI will not just automate tasks but fundamentally redefine workforce composition, compressing the total addressable pool of knowledge workers that per-seat models depend on
- **Platforms relying on price or breadth alone – without AI differentiation – face existential margin pressure from factory-direct models** (Temu/Shein 30-50% cheaper; TikTok Shop's discovery-first model)

Discoverability

- **Retail Media Monetizers:** Converting first-party customer data into high-margin advertising revenue structurally improves unit economics (Walmart, Instacart)
- **Discovery-Dependent Brands:** Brands without AI-optimized product data risk structural exclusion from LLM-driven purchase journeys – as agentic commerce scales, the absence of a Generative Engine Optimization (GEO) strategy is no longer a gap, it is a competitive liability



M&A

The M&A landscape in Consumer Technology is accelerating, driven by a convergence of factors: AI is compressing the window to build vs. buy, private capital is aggressively taking public companies off the market to invest without quarterly earnings pressure and strategic acquirers are increasingly buying data assets and communities rather than traditional revenue multiples. At the same time, the public-private valuation gap is creating a meaningful pipeline of take-private opportunities for sponsors – companies with durable cash flows but limited AI narrative are trading at discounts to intrinsic value, attracting increasing sponsor interest.

- **Large-cap technology is going private to accelerate AI transformation away from public market scrutiny** (EA take-private ~\$52.5B PIF/Silver Lake; Smartsheet/Blackstone \$7.9B; Squarespace/Permira \$7.2B)
- **Acqui-hires are replacing formal M&A as the preferred mechanism to secure AI talent and IP** – deal structures are being engineered specifically to avoid FTC scrutiny while achieving the same strategic outcome
- **VC deployment is at near-record levels but heavily concentrated – non-AI companies are effectively operating in a closed funding window** – non-AI deals face significantly compressed multiples and longer fundraising cycles

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SELECT M&A TRANSACTIONS

Date Announced	Target	Acquirer / Investor	Vertical	Implied EV (\$Ms)	EV / Revenue Multiple	EV / EBITDA Multiple	
Mar-26	Care.com	PACIFIC AVENUE CAPITAL	Marketplaces	\$320	-	-	
Mar-26	eventbrite	BENDING SPOONS	Marketplaces	\$304	1.0x	-	
Mar-26	BLUE BOTTLE COFFEE	luckin coffee <small>CENTURIUM CAPITAL 大钲资本</small>	Omnichannel	\$400	-	-	
Feb-26	WARNER BROS. DISCOVERY	Paramount	Consumer Subscription	\$105,000	2.8x	5.0x	
Feb-26	DOCKERS	authentic AUTHENTIC BRANDS GROUP	Omnichannel	\$311	-	-	
Jan-26	TrueCar	Fair Holdings	Digitally Native	\$134	0.7x	-	
Oct-25	fubo	hulu	Consumer Subscription	\$1,329	0.8x	7.6x	
Oct-25	Coterie	MAMMOTH BRANDS	Omnichannel	-	-	-	
Oct-25	BIG 5 SPORTING GOODS	WORLDWIDE GOLF CAPITOL HILL GROUP	Omnichannel	\$377	0.5x	-	
Jul-25	touchland	COCA-COLA	Digitally Native	\$700	5.4x	12.7x	
Jul-25	SPACENK	ULTA BEAUTY	Omnichannel	\$595	1.8x	17.6x	
Jul-25	DIRECTV	TPG	Consumer Subscription	\$10,857	-	-	
Jun-25	PlanetART	GENERAL ATLANTIC	Digitally Native	\$170	0.3x	-	
Jun-25	trendyol go	Uber	Marketplaces	\$824	0.4x	-	
May-25	NORDSTROM	Nordstrom Family Liverpool	Omnichannel	\$9,498	0.6x	7.4x	
May-25	poppi	pepsiCo	Omnichannel	\$2,150	4.3x	-	
May-25	KURT GEIGER	STEVE MADDEN	Omnichannel	\$533	1.1x	11.5x	
Apr-25	LIBERTY TRIPADVISOR HOLDINGS	TripAdvisor	Marketplaces	\$515	0.3x	-	
Apr-25	YNAP	LuxExperience	Digitally Native	\$472	0.4x	-	
Apr-25	Alani NU	CELSIUS	Omnichannel	\$1,800	3.0x	13.1x	
				Mean	\$7,173	1.6x	10.7x
				Median	\$533	0.8x	11.5x

Sources: PitchBook

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PUBLIC MARKETS PERFORMANCE

DIGITALLY NATIVE

\$ in millions Company	Share Price		Enterprise Value			EV / Revenue (x)		EV / EBITDA (x)	
	Current	52 Week High (%)	Market Cap	Net Debt + Other	Enterprise Value	2026E	2027E	2026E	2027E
AKA Brands	\$10.00	61.1%	\$108	\$192	\$300	0.5x	0.5x	10.7x	8.8x
Carvana	316.85	65.1%	45,308	4,030	49,338	1.8x	1.5x	17.0x	13.2x
CarGurus	34.75	88.2%	3,308	0	3,308	3.3x	3.0x	9.8x	8.8x
Hims & Hers	20.33	28.9%	4,634	892	5,526	2.0x	1.7x	17.0x	13.5x
Oddity	15.11	19.1%	856	206	1,062	1.6x	1.3x	14.3x	9.0x
Rent the Runway	5.14	50.7%	172	152	324	-	-	-	-
Revolve	23.45	74.0%	1,675	(260)	1,415	1.1x	1.0x	14.5x	12.2x
Stitch Fix	3.19	53.7%	436	(38)	397	0.3x	0.3x	8.8x	7.5x
Mean						2.0x	1.7x	13.2x	10.4x
Median						1.6x	1.3x	14.3x	9.0x

OMNICHANNEL

\$ in millions Company	Share Price		Enterprise Value			EV / Revenue (x)		EV / EBITDA (x)	
	Current	52 Week High (%)	Market Cap	Net Debt + Other	Enterprise Value	2026E	2027E	2026E	2027E
Canada Goose	\$10.77	70.4%	\$1,046	\$308	\$1,354	1.3x	1.2x	7.0x	6.4x
FIGS	13.40	76.7%	2,229	(22)	2,207	3.1x	2.9x	24.3x	21.4x
Lululemon	156.18	45.9%	18,054	(9)	18,045	1.6x	1.6x	6.7x	7.1x
Moncler	61.37	89.5%	16,668	(115)	16,554	4.4x	4.1x	11.0x	10.1x
On Holding	33.67	54.9%	11,145	(629)	10,516	2.4x	2.0x	12.6x	10.3x
Warby Parker	21.05	67.9%	2,578	(53)	2,524	2.6x	2.2x	20.8x	16.1x
Yeti	37.12	72.4%	2,810	40	2,850	1.4x	1.3x	8.3x	7.4x
Mean						2.4x	2.2x	13.0x	11.3x
Median						2.4x	2.0x	11.0x	10.1x

MARKETPLACES

\$ in millions Company	Share Price		Enterprise Value			EV / Revenue (x)		EV / EBITDA (x)	
	Current	52 Week High (%)	Market Cap	Net Debt + Other	Enterprise Value	2026E	2027E	2026E	2027E
ACV Auctions	\$4.64	26.5%	\$808	(\$34)	\$773	0.9x	0.8x	10.4x	7.2x
Airbnb	126.81	88.1%	76,024	(4,289)	71,735	5.2x	4.8x	14.9x	13.3x
Amazon	212.79	82.3%	2,284,284	91,737	2,376,021	2.9x	2.6x	11.3x	9.2x
Chewy	26.54	54.6%	11,059	(303)	10,755	0.9x	0.8x	15.0x	11.7x
eBay	97.71	96.6%	43,772	5,315	49,087	4.1x	3.9x	13.0x	12.1x
Etsy	54.40	71.1%	5,236	1,719	6,955	2.6x	2.5x	8.8x	8.5x
Fiverr	10.28	30.1%	370	(121)	249	0.6x	0.6x	3.5x	3.1x
Shopify	118.80	65.2%	154,928	(1,357)	153,571	10.5x	8.5x	56.4x	42.9x
Upwork	11.33	49.6%	1,477	77	1,554	1.8x	1.6x	6.4x	5.3x
Xometry	42.80	57.9%	2,218	326	2,544	3.1x	2.6x	52.7x	31.3x
Mean						2.5x	2.9x	10.4x	8.8x
Median						2.7x	2.5x	12.2x	10.5x

CONSUMER SUBSCRIPTION

\$ in millions Company	Share Price		Enterprise Value			EV / Revenue (x)		EV / EBITDA (x)	
	Current	52 Week High (%)	Market Cap	Net Debt + Other	Enterprise Value	2026E	2027E	2026E	2027E
Duolingo	\$99.38	18.2%	\$4,666	(\$935)	\$3,731	3.1x	2.7x	12.4x	10.3x
FuboTV	12.07	21.3%	355	2,337	2,692	0.4x	0.4x	28.3x	13.8x
Grindr	11.97	47.6%	2,216	314	2,530	4.8x	4.1x	11.5x	9.8x
Life360	12.92	33.5%	3,108	(184)	2,924	4.4x	3.7x	21.9x	15.3x
Netflix	98.93	73.8%	417,699	7,942	425,641	8.3x	7.4x	24.9x	20.9x
Peloton	4.65	50.5%	1,979	767	2,746	1.1x	1.1x	5.7x	5.4x
Roku	98.20	84.2%	14,477	(1,064)	13,414	2.4x	2.2x	20.9x	15.9x
Spotify	484.48	61.7%	99,722	(3,877)	95,845	4.3x	3.7x	26.6x	21.0x
USA Today	7.05	96.3%	1,029	1,043	2,073	0.9x	0.9x	7.3x	6.9x
Mean						3.7x	3.2x	17.7x	13.3x
Median						3.1x	2.7x	20.9x	13.8x

Sources: S&P Capital IQ as of 4/6/26

Note: EV / Revenue multiples below 0.5x and above 10.0x excluded from mean. EV / EBITDA multiples below 0.5x and above 30.0x excluded from mean

Note: Bolded companies included in Citizens Equity Research Coverage

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CITIZENS OVERVIEW

SELECT CITIZENS CONSUMER TECHNOLOGY EXPERIENCE

<p>EquipmentShare</p> <p>\$747,250,000 Initial Public Offering</p> <p>Joint Bookrunner</p>	<p>Grindr</p> <p>\$600,000,000 Senior Credit Facilities</p> <p>Joint Lead Arranger, Joint Bookrunner and Co-Syndication Agent</p>	<p>StubHub</p> <p>\$800,000,000 Initial Public Offering</p> <p>Passive Bookrunner</p>	<p>articore</p> <p>Hostile M&A Defense and Strategic Review (Ongoing)</p> <p>Financial Advisor</p>
<p>Life360</p> <p>\$275,000,000 Convertible Senior Notes \$155,250,000 Initial Public Offering</p> <p>Co-Manager</p>	<p>DOORDASH</p> <p>\$2,500,000,000 Convertible Senior Notes \$3,366,000,000 Initial Public Offering</p> <p>Co-Manager</p>	<p>syte</p> <p>Majority Investment Led by</p> <p>PEREG VENTURES</p> <p>Financial Advisor</p>	<p>reddit</p> <p>\$748,000,000 Initial Public Offering</p> <p>Co-Manager</p>
<p>instacart</p> <p>\$660,000,000 Initial Public Offering</p> <p>Co-Manager</p>	<p>MLB</p> <p>Has completed the sale of its remaining stake in BAMTech Media to</p> <p>Disney</p> <p>\$900,000,000 Financial Advisor</p>	<p>SQUAD LOCKER</p> <p>Received a Minority Investment from</p> <p>ABS CAPITAL PARTNERS</p> <p>Financial Advisor</p>	<p>Tapingo</p> <p>Has been acquired by</p> <p>GRUBHUB</p> <p>\$150,000,000 Financial Advisor</p>

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