

Marketplace unicorn valuations soar to a huge £3.53T

COVID-19 has been a significant driver of innovation and adoption across marketplaces. Marketplace unicorn valuations climbed by 70% in 2020, outpacing the entire listed tech sector.

The significant boom has been fuelled by a rise in innovation and adoption as a result of the pandemic and record-breaking levels of VC investment, according to new figures.

Data taken from *The Future of Marketplaces* report – the first in an upcoming series of reports compiled by [Dealroom.co](https://dealroom.co) on behalf of Adevinta Ventures, the investment arm of Adevinta, a global online classifieds specialist and investors Speedinvest – show that marketplace unicorns are now worth a combined total of £3.53T and there are 30 marketplaces, globally, that are worth more than £14.1B.

Year-on-year, marketplace unicorns growth has outpaced both the Nasdaq – which grew 50% during the same period – and the MSCI World Index. In fact, marketplace unicorns grew 2.5 times more than the wider market, which saw growth of 23% across the board. Marketplace unicorns that were founded after 2005 have been growing even faster than those companies founded before this point.

Among the categories that saw the most substantial valuation growth in the wake of coronavirus, fashion jumped by 142%, followed by food delivery (132%) and digital health (120%). This was a continuation of the trend

highlighted in last summer's *The Marketplaces Report*, which found healthtech, online learning, recruitment, food delivery and passion economy startups were seeing the most significant growth off the back of COVID-related shifts in consumer and business behaviours.

Poignant trends

During the first three months of 2021, global VC investments in marketplaces reached an all-time high of £19.8B, driven in part by a number of mega-funding rounds and the emergence of SPACs, as investors sought new ways to gain access to fast-growing privately owned tech companies.

Q1 investment in marketplaces has been almost three times the amount invested in the same period during 2020, and £2.8B more than the previous record-breaking quarter of Q4 2018. Of this record-breaking figure, the majority of investments focused on logistics and last-mile delivery services.

Notable rounds include digital convenience store Gopuff's £849M Series G raise in March 2021 – the second-largest round of the quarter across all sectors and industries; £567M raised by used-car marketplace, Cazoo; and food delivery firm, Wolt's £375M Series E round. Investment in Q2 continues to be high, with £8.49B of VC money pouring into the sector in the first five weeks of Q2, including money raised by Travelperk (£113M), Kry (£220M) and BlaBlaCar (£81M).

Ovidiu Solomonov, SVP of global markets and ventures, Adevinta, said: "Marketplaces are perfectly placed to take advantage of the market behaviours and shifts that have been born out of Covid, as well as the rise of digital adoption.

"Going forward, they will use this strength and market-leading position to increase the lifetime value of the customer, and lock them in with the introduction of better, more advanced, or more far-reaching embedded services than ever before."

Marketplace unicorns

As of May 2021, there are more than 370 marketplace unicorns, with 81 being added to the list of billion-dollar companies since January 2020. Of these marketplace giants, the top 30 – led by Amazon, Alibaba and Meituan – account for 79%, or £2.75T, of the total combined value; a collective increase in value of £1.13T.

Today's figures confirm the predictions made in 2020's *The Marketplaces Report*, which said that accelerating digital adoption would increase the value of marketplaces globally, particularly those operating in healthcare, pharmacies, grocery and food delivery, education and recruitment. In fact, accelerated adoption during the pandemic created tailwinds, resulting in companies beating expectations.

DeliveryHero's market cap increased by 76% in a year from April 2020 to May 2021, as revenues doubled. HelloFresh saw its valuation increase by 241%, while revenues climbed by 106%. Zalando, the e-commerce fashion site, saw its value increase by 83%, while its revenues climbed by 25%.

Although property, travel, and mobility firms were hit hardest following the initial outbreak - with share prices plummeting by as much as 40% between January and May 2020 - the marketplaces within these industries still ended the year with valuations up 60%, 52% and 32% respectively.

The future of marketplaces in a post-COVID world

As these figures demonstrate, customers truly embraced a shift to digital during 2020, with 60% of the entire global adult population now online. European households alone already spend £7.77T per year on goods and services, amid total consumer global spending of £28T.

While COVID-19 has underlined the value of online marketplaces, large swathes of consumer spending remain undigitised, suggesting that there is still considerable growth in the marketplace sector is still to come.

To attract and retain more customers, marketplaces are increasingly either seeking to capture more of the value chain, or are embedding fintech or SaaS in their platforms.