# Five trends shaping venture capital investment in ecommerce for 2025



The venture capital landscape has undergone significant shifts in recent years, strongly influenced by the economic upheaval initiated by the COVID-19 pandemic in 2020. These changes have notably impacted funding trends, particularly in ecommerce sectors, ushering in new dynamics that are expected to shape investment patterns in 2025.

According to Michael Duda, cofounder and managing partner of the venture capital firm Bullish—known for backing household names like Warby Parker, Peloton, and Harry’s—the latter half of 2024 exhibited renewed optimism among venture capitalists. This resurgence is largely attributed to increased enthusiasm around initial public offerings (IPOs) and acquisitions, which traditionally serve as significant exit points and stimulate fresh VC activity. Data from Pitchbook-NVCA reveals that global venture capital investment rose to $368.5 billion in 2024, marking a 5.4% increase over the previous year. However, despite this growth in capital, the number of deals fell by 17%, signalling a consolidation where larger funds dominate investment activity while some smaller funds diminish.

Duda characterised this trend as a division between the “haves and have-nots,” with the most substantial capital concentrations residing in a handful of large venture funds. These larger funds often favour later-stage startups, seeking more proven opportunities even if it means accepting smaller returns, potentially delaying investment in early-stage companies. Nevertheless, he emphasised that the influx of capital could still yield opportunities for entrepreneurs across various stages.

An emerging phenomenon is the rise of new venture capital funds founded by investors leaving established firms to create their own vehicles. This trend, which began gaining momentum around 2020, is intensifying, creating prospects for smaller businesses to attract attention. Additionally, Duda highlights an expansion in private wealth investment, noting a growing number of affluent individuals and family offices willing to invest in early-stage companies. "We’re seeing an incredible amount of wealthy clients from banks and family offices looking to invest in really early stage companies," he remarked. This shift means that entrepreneurs might initially secure funding from private wealth before engaging traditional institutional VCs.

Artificial intelligence (AI) remains a standout sector driving venture capital fundraising. In the fourth quarter of 2024, AI-related deals increased fivefold compared to the previous year and accounted for over 60% of all VC fundraising during that period, according to analysis from EY. Duda characterised AI investment as reaching what might be its peak, cautioning about "dot-com vibes" from the enormous inflow of capital. However, he noted the rapid pace of innovation and the significance of AI's enduring role in business. Ecommerce entrepreneurs are encouraged to integrate AI and machine learning thoughtfully to enhance operations, even if they are not AI-centric companies. Duda advised, “You need to be prepared to discuss how AI helps to contribute to your success," citing examples such as utilising AI for logistical optimisation in services like dog-walking.

Another key trend is an investor shift towards valuing capital efficiency—how effectively a business generates revenue relative to its expenditures—over simply chasing high growth or immediate profitability. This reflects lessons learned from earlier periods when companies with rapid expansion but unscalable business models attracted excessive investment. Political and economic uncertainties, including shifting trade policies and tariffs that disrupt supply chains, further underline why startups must demonstrate strategic capital management to thrive amid unpredictability. “Successful companies need to be able to survive that time and time again,” Duda stated.

Lastly, the growth of the creator economy and social selling is reshaping how ecommerce firms approach customer acquisition, especially among Gen Z consumers. This demographic, who have grown up immersed in social media, place great trust in influencers and content creators when making purchasing decisions. Data from Pew Research indicates that 54% of social media users aged 18 to 29 acknowledge the impact of influencers on their buying choices. Duda emphasised that entrepreneurs looking to attract venture capital investment must showcase their capability to harness this trend effectively. “The magic happens when a creator uses their unique personality, connection with their audience, and storytelling power to build trust and drive action,” he explained.

In conclusion, these five emerging trends—more concentrated funding rounds despite more capital, new and private funding sources, the prominence of AI investment, a focus on capital efficiency, and the rise of social selling—are defining the venture capital environment for ecommerce businesses as they navigate 2025. Entrepreneurs and investors alike are adapting to these evolving conditions, balancing innovation with strategic management to seize the opportunities within this dynamic market.

Source: [Noah Wire Services](https://www.noahwire.com)

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