

# Tech is taking a beating, but it's risen like a Phoenix before

## Article

**The trend:** Despite an overall robust US jobs market, the tech industry is contracting, bringing the stock market down with it.

- Big Tech is taking a big hit. **Apple's** valuation dropped to **\$2.5 trillion** on Monday, down from **\$3 trillion** in January, [per](#) The Washington Post.

- **Facebook's** worth fell by **40%** this year. **Microsoft, Amazon, Tesla, and Alphabet** dropped over **20%** of their values, and **Netflix** incurred a hefty **70%** loss.
- Over the course of three days ending Monday, Apple, Microsoft, Tesla, Amazon, Alphabet, **Nvidia**, and **Meta** lost over **\$1 trillion** in value combined, [per](#) CNBC.
- Meanwhile, throwback companies like [Campbell Soup](#), **General Mills**, and **J.M. Smucker** outperformed Big Tech.
- It's not just tech behemoths that are suffering. On Monday, **Bitcoin** [dipped](#) to its lowest level since July 2021 and **Peloton**, which grew substantially during coronavirus lockdowns, [lost](#) **\$757 million** last quarter.
- Recent market volatility coincides with **Federal Reserve** [policy changes](#) that are seeking to rapidly curb skyrocketing inflation through interest rate hikes.

**What it means:** [Inflation](#) and rising interest rates aren't the only culprits in tech's decline. The war in Ukraine and intractable supply chain [obstacles](#) have burdened the industry.

- Yet the course of events isn't altogether surprising. Tech experienced overheated growth during the height of the pandemic while other parts of the economy languished.
- As a post-pandemic era materializes, **tech is still facing supply chain challenges just as other sectors like [travel and hospitality](#) are rebounding.**
- At the same time, inflation is still steering people away from buying expensive tech products and toward cheaper grocery goods.
- For Big Tech, this translates into [layoffs](#) and [hiring freezes](#) as it's forced to rein in excess growth.
- Startups aren't immune. After historic levels of venture capital investing during the pandemic, VC investing [shrank](#) **35%** in Q1 2022 from the prior quarter.
- However, **Beezer Clarkson**, a partner at **Sapphire Partners**, told the Post that there's no indication that startup creation is slowing due to the tech fallout. Rather than pull back on investing in startups, investors say they're looking at companies more critically, asking them to use funding more efficiently, Clarkson said.

**The opportunities:** As the pandemic wanes, people are seeing more options beyond being sequestered to the couch streaming videos. This gives the tech industry more opportunities to evolve to meet changing demand.

- Despite being forced to curb extravagant growth, Big Tech companies have ample cash reserves that they could use to focus on R&D for next-generation technologies.
- Although employees at companies like Apple might now have less leverage, a more mobile tech workforce could continue to fuel startup growth.

# Level of Importance of Current Issues to US Adults, Feb 2022

% of respondents

	Very important	Somewhat important	Not very important	Unimportant
Jobs and the economy	66%	27%	5%	2%
Healthcare	66%	23%	8%	3%
Crime	61%	28%	8%	3%
National security	61%	27%	7%	4%
Taxes and government spending	59%	32%	7%	3%
Education	59%	29%	7%	4%
Civil liberties	55%	29%	11%	5%
Civil rights	53%	26%	15%	5%
Guns	51%	25%	15%	9%
Criminal justice reform	50%	31%	13%	7%
Immigration	47%	33%	14%	5%
Abortion	45%	28%	17%	10%
Climate change and the environment	43%	24%	17%	16%
Foreign policy	36%	46%	12%	6%

Note: ages 18+; numbers may not add up to 100% due to rounding

Source: YouGov, "The Economist/YouGov Poll," Feb 11, 2022

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