

June, 2022



▶ ADVANCING WITH OMNICHANNEL



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▶ OMNICHANNEL PREVALANCE

# Tully & Holland Topics and Trends

GOAL-ORIENTED ADVICE

INVESTMENT BANKING FOR CONSUMER COMPANIES

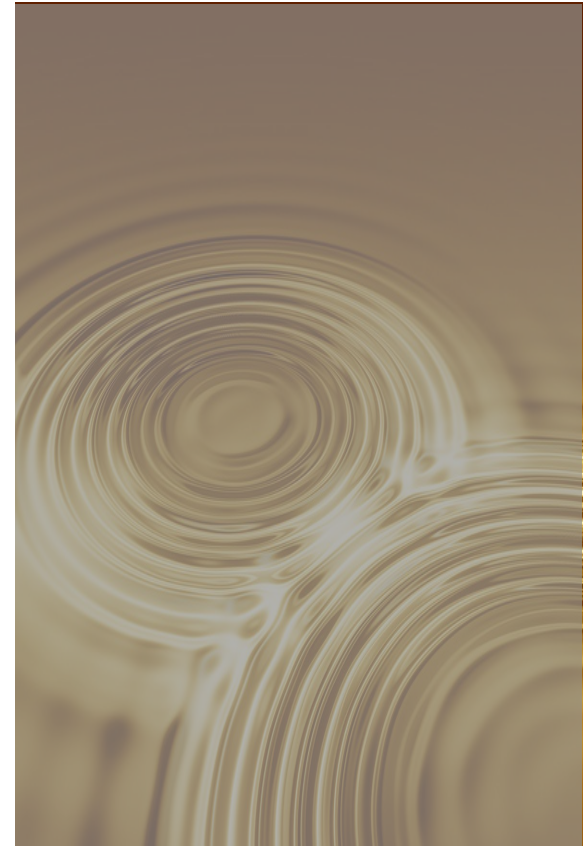
The import of **Omnichannel** strategies was already well underway, but the COVID pandemic has proven it to be a necessity going forward for retailers to scale, solidify the loyalty of customers, and to ensure sustainable growth.

## Advancing with Omnichannel

The Covid-19 pandemic forced many consumer businesses to pivot to *omnichannel* approaches just to survive. While this “fight or flight” adjustment was reactionary for many it has now proven to be mandatory for almost all. More specific, what began as orientations to safety and flexibility, have now accelerated to consumer expectations and demands for quicker, more efficient, more transparent, and varied ways of obtaining goods and services. Whether its DTC, BTB, partnered delivery, curbside pickup, marketing shifts, inventory

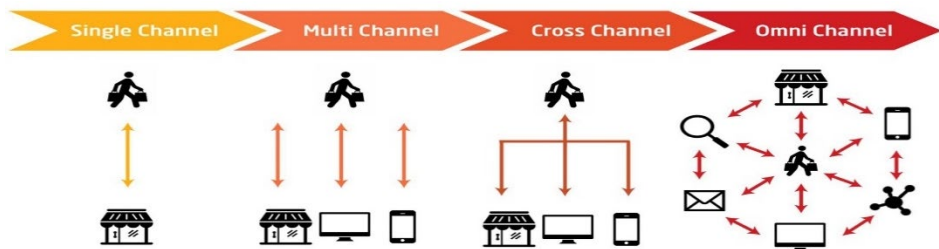
management, etc., the *omnichannel* revolution has now imbedded itself into the supply and demand equation of the consumer experience.

Tully & Holland has seen companies that have embraced this paradigm rewarded within M&A. Indeed, a recent McKinsey report highlights the import *omnichannel* sales have brought to many not only in top line sales but improved EBITDA margins as well.<sup>1</sup> As we revert back to the “new normal” those with *omnichannel* presence will be able to pivot most rapidly to accommodate ever evolving consumer demand.



### Defining Omnichannel

At its core, the **omnichannel** evolution is all about bringing the customer experience into the central hub of every touchpoint. From marketing, to shopping, to purchase, to payment, to delivery, etc. -- the customer's perspective, experience, and efficiency is paramount. The resulting network effect is a company able to better understand, target, serve (and ultimately profit from) a more loyal customer base.

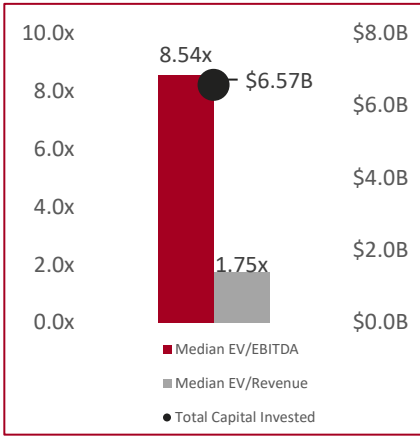


The Omnichannel Retail

1. McKinsey & Company, *Perspectives on retail and consumer goods*. CBInsights, *What is omnichannel retail, and why does it matter now?*

# Omnichannel Prevalence

*Omnichannel strategies within consumer products and services industries focus on providing enhanced customer experiences and can take many forms. Tactics such as enhancing DTC experiences, marketing through various search engines and unique mediums, integrating new POS platforms, utilizing extended realities (XR) - like (AI) or (VR) - and offering more personalized interactions and delivery capabilities are key. Companies not already doing so would be wise to explore such approaches and capitalize on these trends.*



Omnichannel is more than just a trend to watch for and is already core to growth metrics and tangible results. According to Worldpay research, omnichannel shoppers spend between 50-300% more than traditional shoppers.<sup>2</sup> Consequently, companies specifically platformed to enhance customer engagement have helped catalyze M&A activity in the consumer sector. Strategic and financial buyers alike have taken to acquiring these omnichannel-focused entities to seize market share, enhance their own customer engagement capabilities, and generate large returns. Of note was The Kantar Group’s acquisition of market intelligence service provider Numerator for \$1.5B. Similarly,

digital marketing, AI-based data analytics, e-commerce, retail logistics, and customer engagement companies are attracting buyers like Porch (PRCH), Fiserv (FISV), Target (TGT), and numerous private equity firms. The total M&A value of such examples topped \$6.5B in the two years following the beginning of the pandemic, with median EV/EBITDA and EV/Revenue multiples of 8.54x and 1.75x, respectively. This highlights both strategic and financial acquirers’ confidence in the importance of omnichannel in relation to dynamic consumer trends.

While some of these acquisition examples may seem extraordinary,

omnichannel is more than just database driven and has been widely adopted throughout the lower middle market. At Tully & Holland we work with companies that range in Enterprise Value from \$10M-\$200M, and the patterns described are prevalent throughout our work. In the past two years, companies we represented found value from taking a holistic approach to the customer experience. Whether through themes of ethical sourcing, sustainable sourcing, wellness, increased transparency, just in time delivery, private label cost savings, etc., our clients have demonstrated not only an ability to tap into what is core to mindshare, but similarly core to wallet share. The omnichannel revolution is now ensuring that

customers, the consumer broadly, is fully aware of these thematic shifts as well.

Tully & Holland believes that the overall ability to compete for continued customer engagement and loyalty will rely largely on omnichannel strategies. To that end, we think consumer companies who are looking for ways to invest in future growth will benefit through adaptation of applicable approaches that will impact both the top and bottom lines. We would welcome the opportunity to discuss your potential interest in any of our current engagements or explore options for future transactions.

<sup>2</sup> Worldpay, *The Store of the Future and the Role of Omni-Channel Payments in Driving Business.*

## Tully & Holland – Trailing 12 Months Completed Transactions

 Vermont Coffee Company has been acquired by Stonewall Kitchen Financial Advisor to Seller	 David Del Curto has been acquired by Hancock Natural Resource Group Financial Advisor to Acquirer	 Mariner Seafood LLC has been acquired by True North Seafood, Inc a part of Cooke Inc. Financial Advisor to Seller	 Aqua Leisure Industries, Inc. has been acquired by Blackford Capital Financial Advisor to Seller	 Rocket Innovations, Inc. has been acquired by Société BLSA. Financial Advisor to Seller
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## Tully & Holland – Live Engagements

Sell-Side: Healthcare Products Solution Targeting Infection Control	Sell-Side: Specialty Craft Coffee Company	Sell-Side: Category-Leading Sleep Technology Company	Sell-Side: Vitamin & Supplements Contract Manufacturer	Sell-Side: Clean-Label Branded Beverage Company	Sell-Side: Supplier/Virtual Manufacturer of Private Label Foods	Buy-Side: Food & Beverage Conglomerate
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Timothy W. Tully  
 President  
 ttully@tullyandholland.com

535 Boylston St, 7<sup>th</sup> Floor  
 Boston, MA 02116

**TULLY & HOLLAND**  
 INCORPORATED

James R. Lane  
 Managing Director  
 jlane@tullyandholland.com