



GOAL-ORIENTED ADVICE
INVESTMENT BANKING FOR CONSUMER COMPANIES

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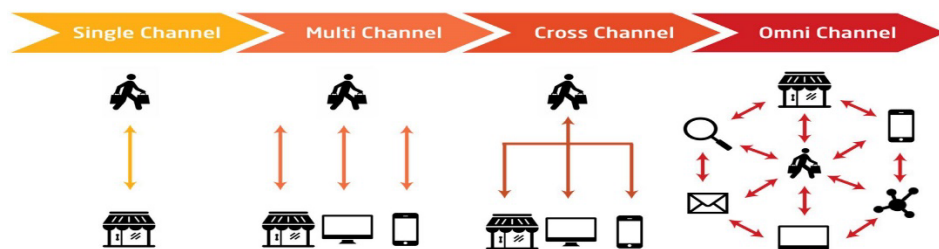
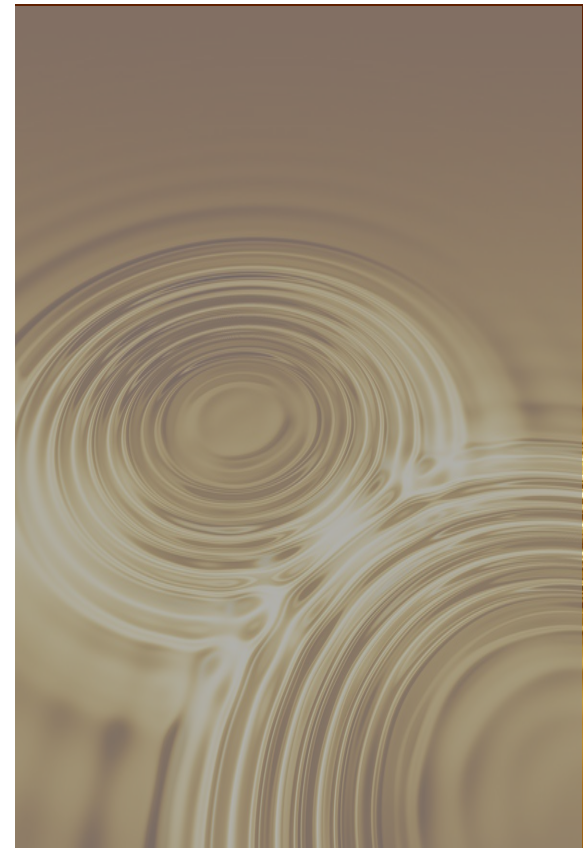
*The import of **Omnichannel** strategies was already on the rise the past few years, but the COVID pandemic has proven it to be a necessity going forward for retailers to scale and solidify the loyalty of both customers and employees.*

Advancing with Omnichannel

The Covid-19 pandemic forced many retailers, especially lower middle market, 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 all. More specific, what began as orientations to pandemic safety have now accelerated to consumer expectations and demands for quicker, more efficient, and varied ways of obtaining goods and services. So whether its DTC, BTB, partnered delivery, curbside pickup, marketing shifts, inventory

management, etc., the *omnichannel* revolution has now imbedded itself into our day to day life and livelihoods.

Tully & Holland has seen those companies that capitalize upon this rewarded within M&A. 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.¹ 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.

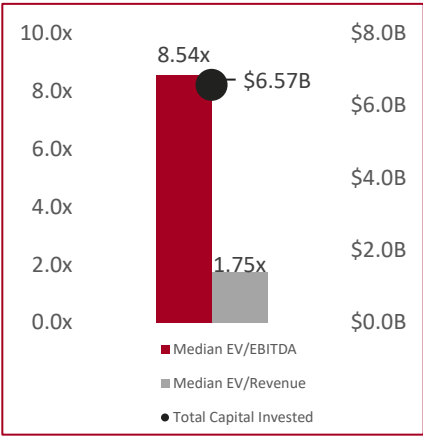


Defining Omnichannel

At its core (pun intended) the *omnichannel* evolution is all about bring the customer experience into the central hub of every touchpoint. From marketing, to shopping, to purchase, to payment, to delivery, the customer 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.

Omnichannel Prevalence

Omnichannel strategies within consumer products and services industries focus on providing smooth customer experiences and can take many forms. Enhancing DTC experiences by emerging on various search engines, integrating new POS platforms, utilizing extended realities (XR) like (AI) or (VR), and offering subscription services can provide personalized interactions and increase engagement. Companies would be wise to explore such approaches and capitalize on these trends as the importance of omnichannel is receiving wider spread recognition.



The reach of *omnichannel* is not limited to accelerating retail reconfiguration, however. According to Worldpay research, *omnichannel* shoppers spend between 50-300% more than traditional shoppers.² 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 capabilities, and generate large returns. Of note was The Kantar Group’s acquisition of market intelligence service provider Numerator for \$1.5B via its financial sponsors Bain Capital,

Quiet Capital, and ACE & Company. 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 crowds of private equity firms. The total M&A value of these companies 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* has achieved broad gravitation. 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 uncertain two years, companies we have represented found resiliency by taking a holistic approach and recalibrating or polishing their distinct customer channels. Examples include a product mapping, clean-label beverage company, two roast-to-order, coffee companies with rapid DTC growth, a virtual food manufacturing company, and a sleep technology company.

We believe that the overall theme of agility will rely largely on *omnichannel* strategies. Optimistically, response to unforeseen circumstances in the retail space won’t be as extreme in the future. Nonetheless, it will be imperative for multi-channelled companies to master both operational and strategic versatility in order to maintain competitive positioning. We would welcome the opportunity to discuss your potential interest in any of our current engagements or explore options for future transactions.

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

Tully & Holland – Trailing 12 Months Completed Transactions

This announcement appears as a matter of record only.

Vermont Coffee Company has been acquired by Stonewall Kitchen

Financial Advisor to Seller

This announcement appears as a matter of record only.

David Del Curto has been acquired by Hancock Natural Resource Group

Financial Advisor to Acquirer

This announcement appears as a matter of record only.

Mariner Seafood LLC has been acquired by True North Seafood, Inc. a part of Cooke Inc.

Financial Advisor to Seller

This announcement appears as a matter of record only.

Aqua Leisure Industries, Inc. has been acquired by Blackford Capital

Financial Advisor to Seller

This announcement appears as a matter of record only.

Rocket Innovations, Inc. has been acquired by Société Bte S.A.

Financial Advisor to Seller

Tully & Holland – Live Engagements

Sell-Side: Leading Fresh Food Distributor	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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