

The sector M&A landscape

During the Perth 2017 Globalscope conference, the network's global Consumer sector team met to discuss recent transactions and the evolving underlying structural drivers of the global sector M&A landscape.

A key theme is the growth of social media and its increasing influence over consumer spending habits. More details can be obtained from team members or regional heads.

Sector themes

Online Shopping's Continued Rise in Importance

The volume of products bought online continues to grow at an exceptional rate, with particular focus on purchases from mobile devices. The increased necessity for sufficient cybersecurity has added another layer of sophistication to the platforms.

"Midorexia" and its Associated Spend

The stock coined phrase 'mid-life crisis' has a subdivision for those customers who are acting, and therefore spending, younger than their years might suggest. The phenomenon can be witnessed in the fashion industry, as well as fitness related tech and apparel.

Personalised Products

From holidays to hoodies, consumers continue to search for (seemingly) entirely tailorable products. Offering a wide range of services should help retailers build a stronger emotional attachment to their customers. It is now expected that all services possess some element of adaptability.

Social Media Influencer Marketing

The use of Instagram influencers by big brands has grown exponentially, although it is now expecting a crackdown from consumer protection bodies in the UK and US.

Notable recent transactions

Amazon Gobbles up Whole Foods

Amazon.com Inc. will acquire Whole Foods Market Inc. for \$13.7bn, creating a launchpad for the e-commerce company's grocery sales. This acquisition follows Amazon's tie-up with UK supermarket chain Morrison's in late 2016.

Sycamore Partners Acquires Staples

The private equity firm has put together a \$6.9bn turnaround plan that includes reducing the retail footprint of the office supplies company.

LVMH Takes Full Control of Christian Dior

French billionaire and LVMH chairman Bernard Arnault moved to consolidate control over Christian Dior for approximately \$14.1bn.

Lower-mid market observations

Polarised Consumer Spending

Customers within the food and beverage sector have tended to favour the extremities of the market, as trends such as affordable indulgence and healthier eating have grown alongside staples sold in budget supermarkets such as Aldi and Lidl.

Overseas Buyers Enticed by Devalued Pound

The devaluation of sterling meant UK assets were exceptionally good value and international buyers seized the opportunity to invest.

M&A trends & market analysis

The following data are compiled specifically for the Consumer sector, with valuation trends over time in the first chart based on semi-annually averaged transactional data and regional and sub-sector comparisons in the second and third charts based on listed companies data as at mid August 2017.

