

# Trends driving sector M&A

## Digital media



Large advertising groups continue to double-down on data-driven acquisitions



One of the biggest deals this year was InterPublic Group's (IPG) £2.3bn acquisition of Acxiom Marketing Solutions (AMS). Data and technology are the two most relevant currencies in digital marketing and Acxiom has plenty of the former. AMS has data on some two billion global consumers and has around 1,600 data analysts to extract insights from it. However, AMS's most valuable characteristic is its ability to aggregate, segment and model data according to audience demographics, interests, purchase behaviour and life events. This enables personalised, audience-based advertising targeting. While this deal has grabbed plenty of headlines due to its size, other large advertising groups such as Dentsu Aegis Network, which continued to support its data-driven subsidiary Merkle's acquisitions during the year, have been active acquirers.

Social media marketing specialists attract both PE and trade interest



As Apple's latest "Screen Time" feature has proved to many UK consumers, social media – and therefore social media marketing – is here to stay. Online smartphone video advertising is a rapidly growing market segment and much of this reaches users through social media platforms. Baird Capital's recent investment in Crisp, a provider of social media brand safety and crisis monitoring services, demonstrates how embedded social media marketing has become. This UK PE investment is focused less on helping brands boost revenue and more on protecting them and bringing much-needed compliance and control to their social media marketing strategies. Driving revenue remains paramount and the appetite for acquiring relevant assets remains high, as illustrated by website hosting giant GoDaddy's acquisition of Main Street Hub, a UK-based social media marketing platform for SMEs. The social media ecosystem is expected to be a key area for M&A activity in 2019.

Traditional media groups continue to seek new routes to market



Global, the UK radio group, acquired a trio of businesses in 2018 to enter the UK OOH (out-of-home) advertising marketplace. Global has invested over £500m in this audacious strategic move to create a true competitor for UK market leader JC Decaux, with both Global and JC Decaux now holding a c.35% market share. The OOH market has significant potential in the UK and globally, with digital screens increasingly enabling tailored targeting by time of day, location and weather. These deals should give Global significant reach with advertisers looking to promote brands visually outdoors and through UK commercial radio. This is another example of a traditional media group channelling its investment into data/digital-led acquisitions.



M&A activity levels remain strong in digital media driven by high liquidity levels, investor and corporate confidence, and positive macro drivers. The deals discussed here highlight some of the key M&A themes evident in the market.

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Salesforce, the global cloud-based marketing platform business, re-emphasised its commitment to providing brands with the ability to use real-time data to engage customers by acquiring Datorama for a reported \$800m. Datorama is an AI-powered marketing intelligence and analytics platform that enables the likes of PepsiCo, Ticketmaster, Trivago and Unilever to unlock insights, optimise marketing campaigns, automate reporting and make data-driven decisions faster. This acquisition should help brands deliver smarter, more personalised and connected customer experiences. The large global technology groups continue to make significant investments into these cutting-edge marketing technology businesses. Datorama's ability to rapidly aggregate disparate data services and extract insights from them has driven the headline-grabbing valuation.

## Top M&A trends

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