

# Market Update

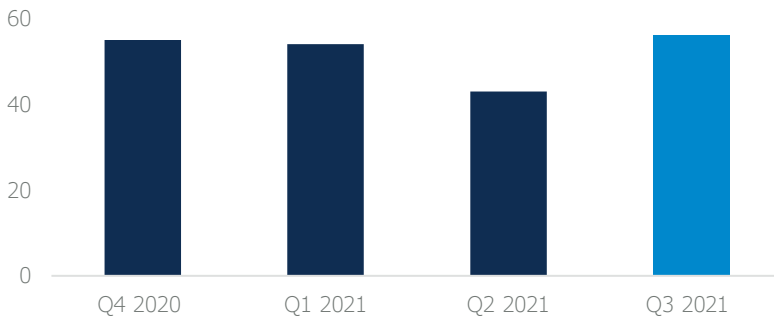
## Digital Marketing & E-commerce

- 1 Market Overview
- 2 Sector Snapshot
- 3 Market Landscape
- 4 Public Markets
- 5 Notable Deals

The Digital Marketing & E-commerce M&A markets remain hot as buyers and investors continue to strive to capitalize on the market tailwinds of consumer behavior. Given the evolution of consumer behavior over the past year, we expect to be increased interest in M&A in this sector.

The third quarter recorded 57 deals; a robust 32.5% increase compared with the second quarter of 2021. Deal volumes and valuations remain high as strategic and financial buyers remain aggressive in acquiring digital marketing and E-commerce service providers.

# of Digital Marketing M&A Deals

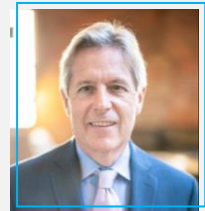


The E-commerce industry continues to break records due to technological and logistical advances, trust and comfort of customers, contactless payments, and a mobile-driven world. The top three US retail companies seeing E-commerce growth in Q3 2021 are Etsy, Walmart, and Chewy, with Amazon placing fourth at 24.9% YoY growth. Amazon is expected to make \$386.4b this year in E-commerce, more than the rest of the top 10 US retailers combined thanks to its superior selection, price, and delivery services.

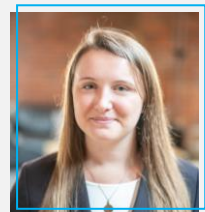
The Q3 Digital Advertising sector is healthy and active as the economy recovers. The growth of E-commerce and improving production logistics brings more businesses into the digital space anticipating strong growth in the U.S., with a 12.6% increase in ad spending this year and a 9.5% increase in 2022. Digital advertising will continue to expand due to the strong return of brand advertising and demand for newer digital advertising channels such as retail media. SEOs remain the most significant digital channel, rising a 49% YoY.

7MA has completed numerous M&A transactions for companies with digital marketing and E-commerce service providers. 7MA has developed unparalleled deal expertise and knowledge of the industry trends, valuation trends, and most active strategic and financial buyers. Please get in touch with Mark Landry, Sydney Scadden, or Lucas Cerbelli if you would like to learn more about Digital Marketing & E-commerce.

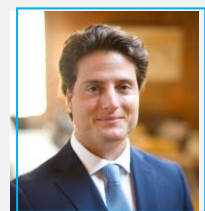
### Sector Coverage Team



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### Merkle Acquired LiveAreaLabs



LiveAreaLabs a provider of marketing services intended to elevate customer relationships and subsidiary of PFSweb (NAS: PFSW), was acquired by Merkle, a subsidiary of Dentsu International, for \$250 million on August 27, 2021. The acquisition demonstrates the Dentsu Group's commitment to enable clients to deliver best-in-class differentiated and connected commerce experiences across the entire customer journey.

**Date:** August 27, 2021  
**Deal Type:** Acquisition  
**Target HQ:** Allen, TX

### CVC Capital Partners Acquired Aleph



Provider of digital media services to under-served markets. The company reached a definitive agreement to receive \$25 million of financing from MercadoLibre on August 18, 2021. More importantly, the company received \$470 million of development capital from CVC Capital Partners on July 12, 2021. The transaction values the company at \$2 billion. The company is being actively tracked by PitchBook.

**Date:** July 12, 2021  
**Deal Type:** PE Growth  
**Target HQ:** Miami, FL

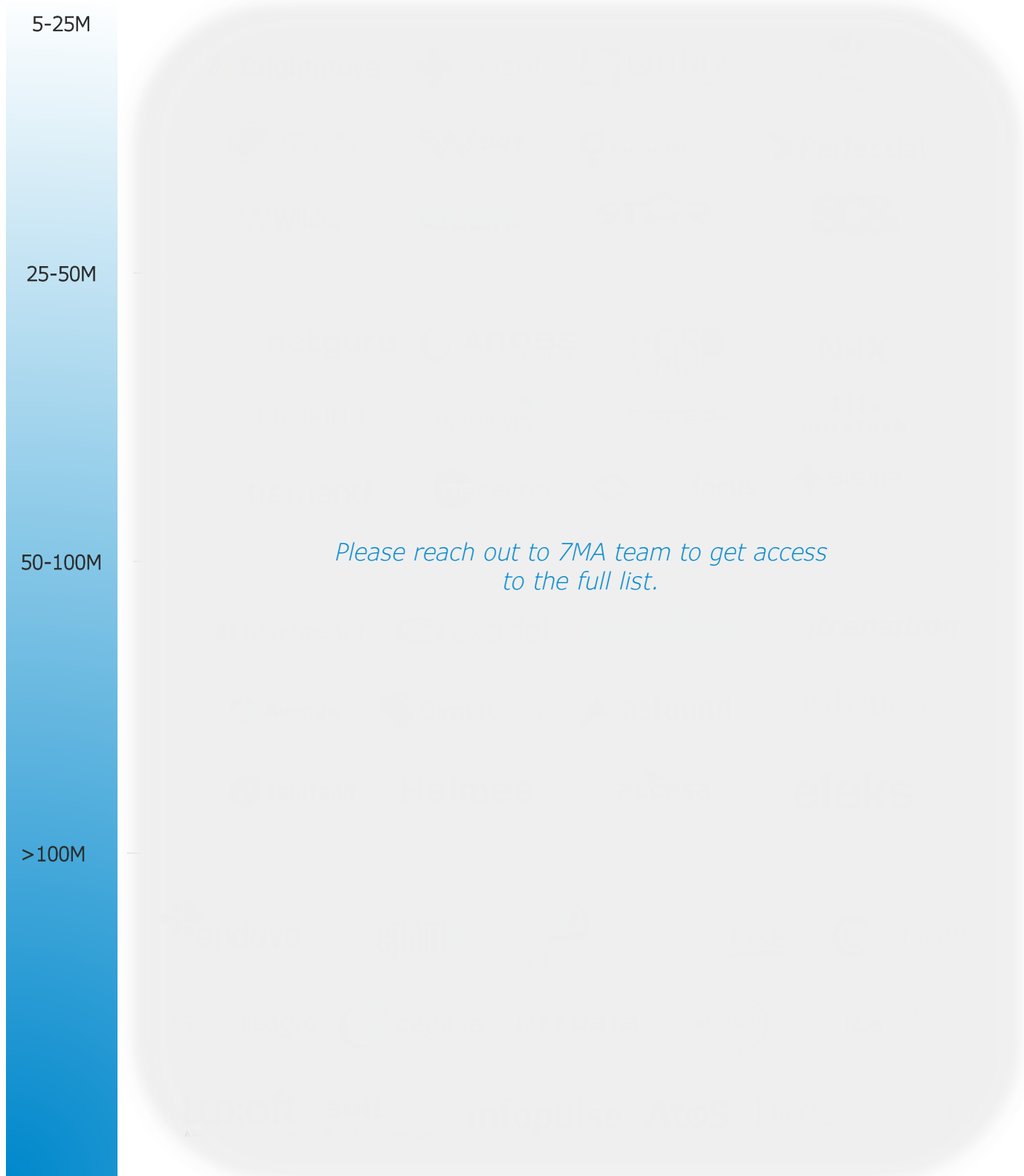
### Most Active M&A Subsectors in Digital Marketing & E-commerce

Digital  
Commerce

Website  
Development

Digital Marketing

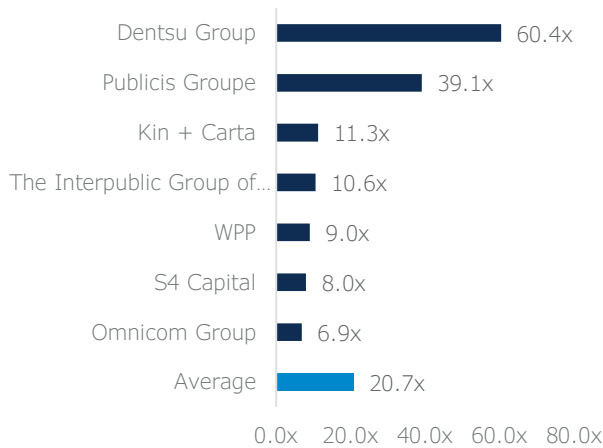
## Annual Revenue, USD



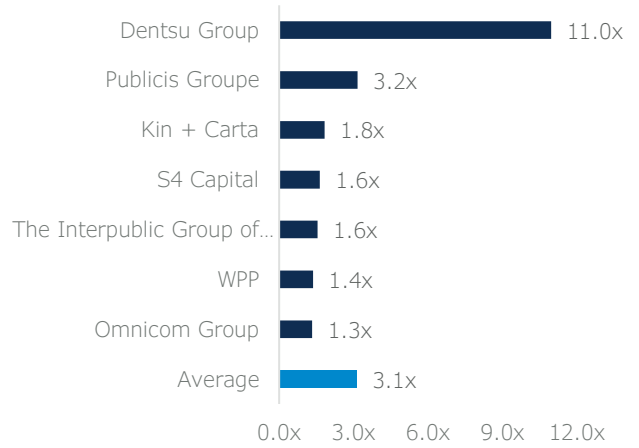
## Publicly-traded Digital Marketing & E-commerce Companies – Q3 2021

Companies	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# of FTEs	Rev / FTE \$k
WPP	20,971	2,323	15,386	-9%	17%	15%	1.4x	9.0x	3,031	692
The Interpublic Group of Companies	20,457	1,932	13,191	-12%	17%	15%	1.6x	10.6x	7,139	287
S4 Capital	20,205	2,516	12,297	-2%	61%	20%	1.6x	8.0x	6,625	305
Kin + Carta	16,455	1,461	8,958	-11%	17%	16%	1.8x	11.3x	400	4,114
Omnicom Group	11,746	1,710	8,821	-10%	89%	19%	1.3x	6.9x	1,200	979
Dentsu Group	4,812	80	439	59%	86%	18%	11.0x	60.4x	41,168	12
Publicis Groupe	528	14	168	0%	48%	8%	3.2x	39.1x	2,056	26
<b>Average</b>	13,596	1,434	8,466	2%	48%	16%	3.1x	20.7x	8,803	549
<b>Median</b>	16,455	1,710	8,958	-9%	48%	16%	1.6x	10.6x	3,031	230

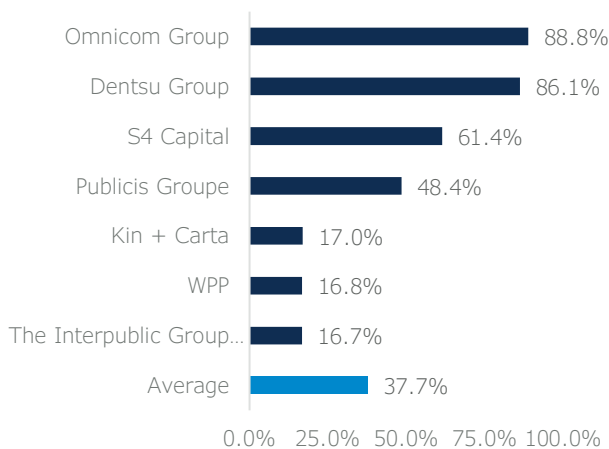
### TEV / EBITDA X



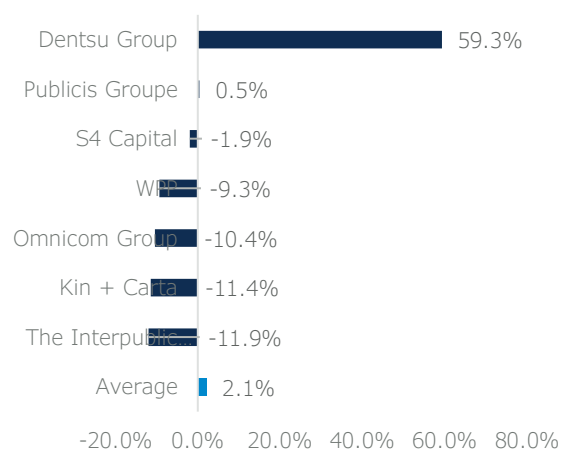
### TEV / Rev X










### Gross Margin %



### Rev Growth YoY



## Q3 2021 M&A Transactions

Date	Target	Buyer / Investor	Target Description
21 Sept, 2021	 <b>EXCLUSIVE™</b> <small>exclusiveconcepts.com</small>		<ul style="list-style-type: none"> <li>Operator of digital marketing agency intended to offer modern marketing technology. The company offers custom strategy, organic search, paid search, product ads, marketplace ads, conversion consulting, conversion testing, email marketing, social marketing and other related services, thereby helping clients in scaling revenue across the digital ecosystem, increase profitability and strengthen their brand. The company was acquired by Trinity Hunt Partners through an LBO on September 21, 2021 for an undisclosed sum.</li> </ul>
August 27, 2021			<ul style="list-style-type: none"> <li>Provider of marketing services intended to elevate customer relationships. The company specializes in digital commerce services in the fields of strategy, branding, visual design, copywriting and interactive development, helping brands create meaningful and lasting customer connections. The company, a subsidiary of PFSweb, was acquired by Merkle, a subsidiary of Dentsu International, for \$250 million on August 27, 2021. across the entire customer journey.</li> </ul>
August 2, 2021		 <small>NEW MOUNTAIN CAPITAL LLC</small>	<ul style="list-style-type: none"> <li>Bounteous, a leading insights-driven digital experience consultancy, today announced it has partnered with New Mountain Capital. The partnership will support strategic investments in talent, new service offerings, and the Co-Innovation enablement methods that Bounteous uses to drive clients' digital transformation programs.</li> </ul>
July 12, 2021			<ul style="list-style-type: none"> <li>Provider of digital media services to under-served markets. The company offers innovative proprietary technology and digital expertise, enabling advertisers to maximize the value of their digital marketing investments. The company received \$470 million of development capital from CVC Capital Partners on July 12, 2021. The transaction values the company at \$2 billion.</li> </ul>
July 12, 2021			<ul style="list-style-type: none"> <li>Cart.com acquired DuMont Project, a Los Angeles-based full-service omnichannel growth marketing consultancy trusted by Fortune 50 companies, major apparel, beauty, and consumer electronics sellers, and some of the most iconic global direct-to-consumer (DTC) brands. This strategic move builds on Cart.com's mission to deliver a fully owned and integrated suite of multichannel commerce solutions.</li> </ul>

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. All securities transactions are executed by 7M Securities, LLC, member FINRA / SIPC. For more information, including research on the M&A markets, visit [www.7mileadvisors.com](http://www.7mileadvisors.com).



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## Notable 7 Mile Transactions

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