

BRICKS AND CLICKS: HOW M&A IS ACCELERATING THE CONVERGENCE OF THE HIGH STREET AND ONLINE

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Legal Briefings

In previous articles in our [Future of Consumer series](#) we have examined how artificial intelligence, augmented reality and virtual reality are being used by retailers to offer an enhanced retail experience to consumers. Our latest briefing [Bricks and clicks - How M&A is accelerating the convergence of the high street and on-line](#) focuses on the fundamental changes to retailers' models of operation that have occurred since the emergence of the internet as a retail platform. We look at how these changes have influenced recent M&A activity in the retail space and how this activity indicates a growing convergence of the operating models of online retailers and traditional, bricks and mortar retailers.

While significant M&A activity between online and bricks and mortar retailers has only occurred in the past few years, the types of transactions that have been occurring are indicative of a convergence of the online and bricks and mortar operating models, as online retailers seek to take advantage of the operating models that bricks and mortar retailers had developed in response to the threat of online

The consumer of the future may choose to order goods online during their lunch break and to pick them up from their local convenience store on the way home, whilst purchasing food for their evening meal. At the weekend they will likely travel to an out-of-town mega-mall to peruse the latest fashions and consumer electronics, which they order in-store for home delivery the next day, before heading for a meal and a trip to the cinema, or sample the latest interactive experience, all in the same bricks and mortar shopping mall.

Having spent the best part of two decades assessing the relative strengths and weaknesses of the apparently opposing, online operating model, it appears that traditional retailers are now ready to embrace an operating model that spans both online and bricks and mortar, and they are using M&A to accelerate such a move.

The last two to three years have seen a number of significant M&A transactions between traditional bricks and mortar retailers and online retailers. In part these transactions may be seen to be a result of the

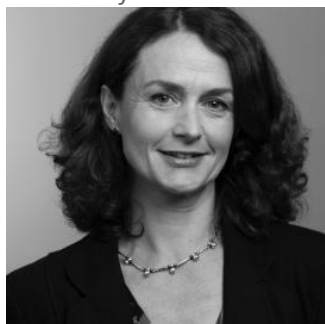
maturing of the online retail space. Traditional retailers are now more comfortable with online operating models and the valuations applied to these businesses, not least because nearly all retailers of note will have some online presence themselves. The nature of the recent transactions also provides some indication as to the future development of retail and, in particular, the growing convergence of the online and bricks and mortar business models.

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KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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