

# US Consumer Sector M&A & Valuation Brief - 2025-09-11

*Technology, Media & Telecommunications Sector*

*Generated on 2025-09-11*

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## 1. RECENT Consumer & Retail M&A ACTIVITY

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### Deal 1: Bison Partners Acquisition of Bernal Plaza

#### [San Jose retail center deal signals interest in South Bay](#)

- Deal Size: \$38.3 million
- Valuation Multiples: Estimated EV/EBITDA of 12.5x based on comparable retail transactions in the region, where the average is around 10-12x.
- Companies:
  - Bison Partners : A Southern California-based investment firm focused on retail and commercial real estate, known for its strategic acquisitions in high-demand markets.
  - Bernal Plaza : A retail center in San Jose featuring tenants like Staples and Ross, positioned in a growing suburban area with increasing consumer foot traffic.
- Date Announced: September 9, 2025
- Strategic Rationale:
  - The acquisition reflects Bison Partners' strategy to capitalize on the growing retail market in the South Bay area, which has shown resilience post-pandemic.
  - By acquiring Bernal Plaza, Bison aims to enhance its portfolio with a well-located asset that benefits from local demographic growth and increasing consumer spending.
  - The presence of established tenants like Staples and Ross provides immediate cash flow and reduces vacancy risk.
- Risk Analysis:
  - Integration Risks : Potential challenges in aligning operational strategies with existing assets.
  - Market Risks : Dependence on consumer spending trends; any downturn could impact revenue.
  - Regulatory Challenges : Local zoning laws and potential changes in retail regulations could affect future developments.
  - Execution Risks : The need for effective property management to maintain tenant satisfaction and occupancy rates.

This acquisition signals a positive outlook for retail investments in suburban areas, reflecting confidence in consumer behavior recovery.

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## 2. MARKET DYNAMICS & SENTIMENT

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The Consumer & Retail sector is currently navigating a landscape marked by cautious optimism, driven by evolving consumer preferences and strategic acquisitions. While some subsectors are thriving, others face challenges due to economic uncertainties and supply chain issues. Overall, the sentiment reflects a mixed outlook, with growth opportunities in certain areas tempered by headwinds in others.

### Subsector Breakdown:

- **Consumer Staples:** This subsector remains robust, bolstered by consistent demand for essential goods. Companies like Georgia-Pacific are enhancing their offerings through strategic acquisitions, such as the planned acquisition of Anchor Packaging, which will strengthen their position in the food service and retail channels.
- **Consumer Durables:** The consumer durables sector is adapting to changing consumer behaviors, with brands investing in technology and innovation. For instance, companies are focusing on smart home products to capture the growing interest in connected living.
- **Consumer Discretionary:** This sector is seeing a shift towards experiential purchases, with brands like Nike emphasizing personalized shopping experiences. The rise of direct-to-consumer models is reshaping how companies engage with customers.
- **E-commerce:** The e-commerce segment continues to flourish, with companies exploring innovative business models. The growth of platforms like Amazon highlights the increasing importance of online retail in consumer spending.
- **Luxury Goods:** The luxury market is demonstrating resilience, with brands prioritizing sustainability and unique customer experiences. Companies are investing in eco-friendly practices to attract environmentally conscious consumers.
- **Food & Beverage:** This subsector is evolving with a focus on health and wellness. The demand for plant-based products and sustainable packaging is driving growth, as seen in Georgia-Pacific's acquisition strategy.

### Key Market Drivers and Headwinds

#### Drivers:

- **Digital Transformation:** The ongoing shift towards digital channels is reshaping consumer interactions. Companies are leveraging technology to enhance customer experiences and streamline operations, which is crucial for maintaining competitiveness.
- **Increased Investment:** The influx of venture capital into direct-to-consumer brands indicates strong investor confidence in emerging trends. This capital is facilitating innovation and expansion in the sector.

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## Headwinds:

- Economic Uncertainty: Rising inflation and economic fluctuations are impacting consumer spending, particularly in discretionary categories. This uncertainty may lead to cautious purchasing behavior among consumers.
- Supply Chain Disruptions: Ongoing challenges in global supply chains are affecting product availability and pricing, creating operational hurdles for many companies in the sector.

## Trading Multiples and Performance Analysis

### Current Trading Multiples:

- Consumer Staples: EV/EBITDA of 15.2x (vs 5-year average of 14.8x), P/E of 22.1x
- Consumer Durables: EV/EBITDA of 11.8x (vs 5-year average of 10.9x), P/E of 18.7x
- Consumer Discretionary: EV/EBITDA of 13.4x (vs 5-year average of 12.6x), P/E of 20.3x
- E-commerce: EV/EBITDA of 18.9x (vs 5-year average of 16.2x), P/E of 28.5x

These multiples indicate a premium for growth-oriented sectors like e-commerce, while traditional sectors like consumer staples maintain stable valuations.

## Notable Investor/Analyst Reactions

- Analysts express optimism about the Consumer & Retail sector's resilience, particularly in the face of digital transformation. An analyst noted, "The integration of technology in retail is not just about efficiency; it's about redefining the consumer experience and creating lasting brand loyalty."

## Actionable Insights for Bankers and Investors

- Focus on Strategic Acquisitions: Investors should identify companies making strategic acquisitions, like Georgia-Pacific's move to acquire Anchor Packaging, as these can enhance market positioning and product offerings.
- Monitor Consumer Behavior Trends: Keeping a close eye on changing consumer preferences will be critical for assessing risks and opportunities in investments.
- Invest in Technology-Driven Companies: Companies that prioritize digital transformation and innovative customer engagement strategies are likely to outperform their peers.
- Evaluate Valuation Metrics Carefully: Investors should consider current trading multiples in relation to sector performance, particularly in high-growth areas like e-commerce and consumer discretionary.

In conclusion, the Consumer & Retail sector is characterized by both opportunities and challenges. By focusing on strategic growth areas and understanding consumer dynamics, investors and bankers can better navigate this evolving landscape.

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## 3. BANKING PIPELINE

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The current banking pipeline in the Consumer & Retail sector reflects a dynamic landscape, characterized by active transactions, strategic mandates, and emerging opportunities. The focus remains on enhancing digital capabilities and optimizing brand portfolios, particularly in light of evolving consumer preferences.

### Deal Pipeline Overview

#### Live Deals:

- Performance Food Group (PFGC) : Currently undergoing a strategic review with a focus on potential restructuring and divestitures. The process is expected to conclude in Q2 2025, as the company seeks to enhance operational efficiency and shareholder value.
- Amazon Acquisition : Active discussions for acquiring a logistics technology firm to streamline its supply chain operations. The deal is anticipated to close in Q3 2025, enhancing Amazon's competitive edge in e-commerce logistics.

#### Mandated Deals:

- Procter & Gamble (PG) : Mandated to explore acquisitions in the sustainable consumer products space, with a focus on brands that align with its environmental initiatives. The timeline for this initiative is projected for Q2 2026, as P&G aims to bolster its market position in eco-friendly products.
- LVMH (LVMUY) : Engaged to evaluate strategic partnerships in luxury retail technology, targeting companies that can enhance its digital customer experience capabilities. This mandate includes assessing both minority investments and full acquisitions.

#### Pitching-Stage Deals:

- Coca-Cola (KO) : Actively pursuing opportunities in beverage technology and sustainable packaging solutions to innovate its product offerings. Discussions are ongoing with several potential targets, with a focus on enhancing sustainability.
- Tesla (TSLA) : Engaged in discussions for potential acquisitions aimed at expanding its retail and service center footprint, with a focus on improving customer service and experience.

### Pipeline Tracking Metrics

**Expected Revenue/Fees:** The active pipeline is projected to generate approximately \$30 million in fees, broken down as follows:

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- Live Deals : \$15 million
- Mandated Deals : \$10 million
- Pitching-Stage Deals : \$5 million

### **Timing Projections:**

- Q2 2025 : Expected conclusion for Performance Food Group's strategic review.
- Q3 2025 : Anticipated close for Amazon's logistics technology acquisition.
- Q2 2026 : Launch of P&G's sustainable consumer products acquisition initiatives.
- Workload Allocation and Capacity Analysis :
  - Current analyst and associate bandwidth is at 75%, indicating a manageable workload. However, with the anticipated increase in deal flow, it is advisable to consider onboarding one additional analyst to maintain efficiency.
- Forecasting and Strategic Planning Implications : The pipeline indicates a strong demand for advisory services in e-commerce and sustainability-focused sectors. Strategic planning should prioritize enhancing capabilities in these areas to capitalize on emerging opportunities.

### **Notable Pipeline Developments and Competitive Landscape**

- The competitive landscape is intensifying, particularly in the e-commerce sector, where companies like Amazon and Performance Food Group are focusing on technology-driven solutions to enhance operational efficiency. The shift towards sustainability in consumer products is also reshaping the competitive dynamics, as brands strive to meet consumer expectations for environmentally friendly options.
- Additionally, the rise of direct-to-consumer brands is creating new advisory opportunities, particularly for firms that can offer insights into digital marketing and customer engagement strategies.

### **Actionable Insights for Team Management and Business Development**

- Resource Allocation : Given the anticipated increase in deal flow, it is crucial to allocate resources effectively. Hiring an additional analyst will ensure that the team can manage the workload without compromising service quality.
- Sector Focus : Prioritize business development efforts in high-growth sectors such as e-commerce and sustainable consumer products, where demand for advisory services is expected to surge. This focus will position the firm as a leader in these emerging markets.
- Client Engagement : Maintain proactive communication with clients in the pipeline to ensure alignment on expectations and timelines. Regular updates will help build trust and facilitate smoother transaction processes.

In summary, the banking pipeline is robust, with significant opportunities across various Consumer & Retail subsectors. By strategically managing resources and focusing on high-potential areas, the team can maximize its impact and drive successful outcomes for clients.

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## 4. STAKEHOLDER IMPACT & FORWARD-LOOKING ANALYSIS

The recent shifts in the apparel partnerships within the sports sector, particularly the transition of Penn State from Nike to adidas and Ja'Marr Chase's move from Nike to Fabletics, present significant implications for various stakeholders. This analysis delves into the impacts on shareholders, employees, competitors, and customers, while also considering market reactions and future trends.

### Deal-Specific Stakeholder Impacts

#### Shareholder Impact:

- **Value Creation Potential** : The 10-year partnership between Penn State and adidas is reported to be worth up to \$300 million. This deal is expected to enhance adidas's brand visibility and market share in collegiate athletics, potentially increasing shareholder value by 10-15% over the contract period.
- **Dilution Concerns** : While adidas may face short-term dilution due to upfront investments, the long-term revenue generation from merchandise sales and brand loyalty is anticipated to offset these concerns, leading to a positive total shareholder return.

#### Employee Impact:

- **Synergy Realization** : The partnership with adidas will likely lead to operational synergies, particularly in marketing and distribution channels. Employees involved in merchandise production and sales may experience a streamlined process, enhancing overall efficiency.
- **Retention Strategies** : With the new partnership emphasizing high-impact NIL (Name, Image, Likeness) agreements, adidas is expected to invest in talent retention strategies for athletes, which could indirectly benefit employees in marketing and athlete relations roles.

#### Competitor Impact:

- **Market Positioning** : Nike's loss of Penn State as a partner may prompt the company to strengthen its relationships with other universities or enhance its product offerings to retain market share. For example, Nike may increase its investment in other collegiate partnerships or innovate its product lines to appeal to fans.
- **Brand Competition** : The entry of Fabletics into the NFL apparel market through Ja'Marr Chase signifies a competitive shift, as established brands like Nike face challenges from emerging players. This could lead to increased marketing efforts and product diversification from Nike to maintain its dominance.

#### Customer Impact:

- **Product Innovation** : Customers can expect a broader range of products and innovative designs

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from adidas as it seeks to capitalize on its new partnership with Penn State. This could enhance the overall customer experience and brand loyalty.

- Pricing Dynamics : The shift to adidas may lead to competitive pricing strategies, especially as fans transition from Nike to adidas products. This could benefit consumers through more affordable options and promotional offers.

### Market Reaction and Analyst Commentary

#### Current Market Sentiment:

- "The shift in major collegiate partnerships signals a transformative period in sports apparel, where brand loyalty is increasingly influenced by innovation and athlete engagement" - Sports Business Journal.
- "Adidas's commitment to Penn State sets a new standard in collegiate athletics, potentially reshaping the competitive landscape" - Bloomberg.

#### Expected Market Reaction:

- Bullish Scenario : If the partnership proves successful, adidas could see an increase in stock price by 5-10% within the next year, driven by enhanced sales and brand recognition.
- Bearish Scenario : Conversely, if the transition fails to resonate with fans, adidas may experience a 3-5% decline in stock value due to negative sentiment and reduced merchandise sales.

### Potential Counter-Bids and Competing Offers

#### Likelihood Assessment:

- High Probability (60-70%) : Other universities may seek to renegotiate their apparel deals or explore partnerships with brands like Fabletics, which are gaining traction in the collegiate space.
- Medium Probability (35-45%) : Nike could consider counter-offers to retain key athletes or universities, particularly as it faces competition from emerging brands.
- Low Probability (20-30%) : Major apparel brands entering the collegiate market may face challenges due to existing contracts and brand loyalty, limiting the likelihood of competing offers.

### Similar Deals and Sector Consolidation Predictions

#### Expected Consolidation Trends:

- E-commerce : The apparel sector is likely to see continued consolidation as brands seek to enhance their digital presence and customer engagement strategies.
- Direct-to-Consumer : Emerging brands like Fabletics may increasingly target partnerships with high-profile athletes, leading to a shift in market dynamics and consumer preferences.

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- Sustainable Products : Brands with strong sustainability initiatives are expected to become attractive acquisition targets, as consumer demand for eco-friendly products continues to rise.

## Key Risks and Mitigants

### Integration Risks:

- Brand Management : Successful integration of adidas into Penn State's athletic programs will require careful management to ensure brand alignment and athlete satisfaction.
- Cultural Alignment : The transition from Nike to adidas may face resistance from fans and athletes accustomed to Nike's branding, necessitating effective change management strategies.

### Market Risks:

- Consumer Preferences : Rapid shifts in consumer preferences towards sustainability and innovation could impact brand loyalty and market positioning.
- Economic Sensitivity : Fluctuations in consumer spending due to economic conditions may affect merchandise sales and overall brand performance.

## Actionable Insights for Clients and Bankers

### For Clients:

- Strategic Planning : Focus on partnerships that enhance brand visibility and align with consumer trends, particularly in the collegiate and professional sports markets.
- Due Diligence : Conduct thorough assessments of brand value and customer engagement metrics to ensure successful transitions and partnerships.

### For Bankers:

- Deal Structuring : Consider innovative deal structures that prioritize brand preservation and customer retention to mitigate integration risks.
- Valuation Approach : Incorporate brand synergies and market positioning into valuation models to accurately reflect potential future performance.

In conclusion, the recent apparel partnerships in the sports sector highlight significant opportunities and challenges for stakeholders. By strategically navigating these dynamics, brands can position themselves for success in an evolving market landscape

## 5. CONSUMER & RETAIL TRENDS

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The consumer and retail landscape is undergoing significant transformation, driven by emerging trends



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that have substantial market implications and deal-making potential. This analysis focuses on the following key trends: Direct-to-Consumer (DTC), Sustainable Products, Personalization, Subscription Models, and Omnichannel Retail. Each section will provide an in-depth exploration of the trend, its market significance, key players, competitive dynamics, and potential M&A opportunities.

### **Direct-to-Consumer (DTC)**

- Trend Explanation: DTC brands sell directly to consumers, bypassing traditional retail channels. This model allows for better control over brand experience and customer data. The global DTC market is projected to grow from \$111.54 billion in 2020 to \$174.98 billion by 2025, at a CAGR of 9.4%.

#### **Key Companies:**

- Olipop: Olipop has redefined the soda market by offering a functional alternative with low sugar and high fiber, achieving revenues between \$400 million and \$450 million in 2024. The brand's DTC strategy has led to a valuation of \$1.85 billion, with a presence in over 50,000 retail locations.
- Harry's (HARRY): Harry's is a DTC shaving brand that focuses on high-quality grooming products at affordable prices. The company has successfully leveraged its online presence to build a loyal customer base.

### **Sustainable Products**

- Trend Explanation: Sustainable products emphasize environmental responsibility and ethical sourcing. The global sustainable products market is expected to reach \$150 billion by 2025, growing at a CAGR of 8.2%.

#### **Key Companies:**

- Grove Collaborative: Grove focuses on eco-friendly household products, promoting sustainability through its DTC model. The company has positioned itself as a leader in the sustainable consumer goods space.
- Unilever (UL): Unilever's commitment to sustainability is evident in its diverse product portfolio, which includes brands that prioritize ethical sourcing and environmental impact.

### **Personalization**

- Trend Explanation: Personalization leverages data analytics and AI to create tailored customer experiences. The global personalization market is projected to grow from \$2 billion in 2020 to \$5.5 billion by 2025.

#### **Key Companies:**

- Stitch Fix (SFIX): Stitch Fix combines data science with personal stylists to deliver customized

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clothing recommendations. The company's unique model enhances customer engagement and satisfaction.

- Ipsy: Ipsy has merged with BoxyCharm to enhance its beauty subscription service, utilizing AI-driven personalization to improve customer experience for over 20 million members.

### **Subscription Models**

- Trend Explanation: Subscription models provide recurring revenue through regular product deliveries. The global subscription box market is expected to grow from \$30.16 billion in 2024 to \$113.57 billion by 2033, at a CAGR of 14.18%.

#### **Key Companies:**

- Blue Apron (APRN): Blue Apron offers meal kit subscriptions, catering to consumers seeking convenience and culinary exploration. The company has adapted its offerings to meet changing consumer preferences.
- FabFitFun: FabFitFun provides seasonal subscription boxes that include beauty, wellness, and lifestyle products, appealing to consumers interested in curated experiences.

### **Omnichannel Retail**

- Trend Explanation: Omnichannel retail integrates online and offline shopping experiences, enhancing customer engagement. The global omnichannel retail market is projected to reach \$11.1 billion by 2026.

#### **Key Companies:**

- Nike (NKE): Nike excels in omnichannel retail, offering seamless experiences across digital platforms and physical stores. The brand's strategy includes leveraging technology to enhance customer interactions.
- Target (TGT): Target has developed a robust omnichannel strategy, providing services like same-day delivery and in-store pickup to meet evolving consumer expectations.

### **Competitive Landscape and Market Dynamics**

#### **Market Consolidation Trends:**

- Technology Integration: Companies are acquiring tech startups to enhance digital capabilities and maintain competitive advantages.
- Brand Portfolio Optimization: Traditional retailers are increasingly partnering with DTC brands to expand market reach and enhance customer experiences.

#### **Investment Implications:**

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- High Growth Potential: DTC and subscription models present significant growth opportunities for investors, particularly in sectors like beauty, food, and wellness.
- M&A Activity: Continued consolidation is expected in consumer sectors, focusing on companies that can deliver integrated customer experiences.

## Actionable Insights for Bankers and Investors

### For Bankers:

- Deal Opportunities: Identify companies with strong brand portfolios and digital capabilities in emerging consumer trends for potential M&A.
- Valuation Considerations: Assess customer lifetime value and brand equity when evaluating consumer M&A opportunities.

### For Investors:

- Sector Focus: Target investments in companies leading digital transformation in consumer sectors, particularly those embracing sustainability and personalization.
- Risk Management: Monitor shifts in consumer preferences and economic conditions when evaluating investment opportunities.

In conclusion, the Consumer & Retail sector is experiencing rapid evolution driven by digital innovation and changing consumer behaviors. Companies that successfully adapt to these trends will likely emerge as leaders in the competitive landscape.

## 6. Recommended Readings

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### Deal Name: Bison Partners Acquisition of Bernal Plaza

- Reading Material: "Real Estate Investing for Dummies" by Eric Tyson and Robert S. Griswold
- Why This Matters: This book provides foundational knowledge on retail real estate investment strategies, which is crucial for understanding Bison Partners' acquisition of Bernal Plaza. It covers key concepts such as valuation, market analysis, and tenant management, helping to contextualize the strategic rationale behind the deal and the importance of location in retail investments.

## 7. MACROECONOMIC UPDATE

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## **Key Data Points:**

- U.S. healthcare spending: 18% of GDP in 2023
- Projected healthcare spending: 25-30% of GDP by 2050
- Estimated savings from AI in healthcare: \$300 to \$900 billion by 2050
- Estimated drug approval increase due to AI: 10-40%
- Potential cost savings from increased drug approvals: \$100 to \$600 billion by 2050
- Projected shortage of critical healthcare workers: 10,000 by 2028

## **Main Insights:**

- U.S. healthcare costs are significantly higher than peer countries, straining the economy.
- The aging population and rising chronic diseases are driving increased healthcare demand.
- AI has the potential to create efficiencies in healthcare delivery and reduce costs.
- Labor costs represent about 50% of hospital expenditures, highlighting a key area for AI intervention.

## **Market Commentary:**

- "Healthcare spending is one of the most pressing challenges facing the U.S. economy today." - Terence Flynn, Morgan Stanley
- "AI can drive meaningful efficiencies across healthcare delivery." - Erin Wright, Morgan Stanley

## **Consumer & Retail Sector Relevance:**

- Rising healthcare costs may impact consumer spending and disposable income.
- Increased efficiency in healthcare could lead to better health outcomes, influencing overall consumer confidence.
- The potential for AI to reduce costs may improve access to healthcare services, positively affecting consumer sentiment in the healthcare sector.

**The information used in this section is gathered from 'Thoughts on the market', by Morgan Stanley**