

## Acquisitions on rise in marketing services

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June 7, 2010

The direct marketing industry has seen a spate of acquisitions in recent weeks, both by service providers shoring up their core offerings and firms expanding their range of services.

Retail services firm GSI Commerce acquired retargeting company FetchBack on June 1, while loyalty marketing services company Alliance Data Systems agreed to buy the Direct Marketing Services (DMS) division of Equifax for \$117 million the next day. Media company Hearst also announced it acquired search marketing firm iCrossing on June 4.

Bruce Biegel, managing director at consulting firm the Winterberry Group, expects to see direct M&A activity continue. "When we have a market like we had last year, it forces everybody to rethink their priorities and focus on their core business," he said. "Certain players are divesting assets that are not core to their strategy and other companies are looking to build up their core strengths."

GSI Commerce's acquisition of Fetch-Back helps the company build its core retail offering, said Chris Saridakis, CEO of GSI.

FetchBack's services will give the retail service provider a retargeting platform that its clients can use to serve content based on a consumer's browsing behavior. Saridakis added that customer demand was the reason for the deal. "When a retailer or a brand gets a user back to its site, this technology will help them retarget to communicate to that individual based on what else they have looked at," he said.

However, other service providers are expanding the range of services they provide for customers. In April, GSI's e-Dialog company acquired mobile marketing firm M3 and database marketing firm MBS.

John Rizzi, CEO of e-Dialog, said consumer demand was the impetus for these acquisitions.

"We have demand from our client base, who want to consolidate vendors and get a one-stop shop," he said. "Clients have become a little more risk averse, and being able to tie these technologies together helps them send more relevant messaging across channels."

Biegel said the recent move gives e-Dialog clients more reasons to stick with a company.

"This will make them significantly more sticky with their clients; once you are handling the database, they want to do everything with you," he said.

The National Hockey League's digital media division works with e-Dialog and GSI digital agency TrueAction. Perry Cooper,

SVP of direct and digital marketing and fan analytics at the NHL, said one appeal of working with multiple firms with the same parent company is database integration.

“It creates a more seamless and integrated multichannel approach in an area that is a big growth driver, not just from a revenue standpoint but also from a database standpoint,” added Cooper. “It eliminates channel conflict.”

In another example, e-mail marketing service provider Constant Contact acquired NutshellMail, a social media monitoring firm, last month to expand its social media capabilities for small business clients. Biegel expects to see more e-mail companies make acquisitions, adding that while e-mail volumes are up, the revenue per e-mail sent is not.