

# WH Smith to buy airport retail chain InMotion for \$198m

UK books and stationery retailer WH Smith has announced plans to acquire InMotion, a US travel retailer, for \$198 million. The transaction marks a significant step in WH Smith's international travel growth strategy.



Image credit: WH Smith

Founded in 1792, WH Smith is one of the oldest retail chains, with over 1,400 stores worldwide, with operations in 52 airports across 28 countries outside of the UK.

WH Smith has two businesses, travel and high street. The latter operates from 607 stores across the UK selling products across a range of categories, including stationery, books, and news. Meanwhile, travel accounts for approximately two-thirds of Group profits. According to the company, this growth has come from three areas: evolving store formats and category mix in the UK, with digital and travel accessories being a key part of this growth; opening new stores in the UK; and expanding into new markets outside of the UK.

International travel forms a key part of WH Smith's future growth and value creation opportunity and InMotion has been identified as an attractive acquisition in this context.

"InMotion is a highly successful pure play travel retailer in the world's largest travel retail market. The acquisition of InMotion is an exciting value creation opportunity for the WH Smith Group and marks a major step in our international travel retail growth strategy. It doubles the size of our international travel business and provides us with attractive growth opportunities," said Stephen Clarke, group chief executive, WH Smith.

## Airport-based digital accessories

InMotion is the largest airport-based digital accessories retailer in North America. Established in 1998, it operates a portfolio of 114 stores across 43 airports in the United States, with a presence in nine of the top ten and 22 of the top 25 busiest US airports. The company sells a range of digital accessories, which includes premium headphones and earbuds, travel accessories, mobile power, portable speakers and action cameras.

InMotion will continue to operate as a standalone business as part of WH Smith's international travel business. The senior management team of InMotion will continue to lead the business, including Jeremy Smith, who has been CEO of InMotion for 12 years.

WH Smith says it believes the InMotion format is well positioned to continue to expand its presence in the attractive and growing US travel retail digital accessories market. "There remains significant scope for growth both in airports where InMotion is already present, and in airports where InMotion is not currently located," the company said in a release.

Following the transaction, WH Smith will benefit from InMotion's existing infrastructure and business development capabilities, to support the launch and growth of WH Smith's airport format in North America. In addition, the transaction provides additional opportunities to grow the digital accessories format in key markets outside of North America where WH Smith is present.

## **Travel retail growth potential**

"The travel retail market in North America for digital accessories offers significant growth potential. As the market leader, recognised for its best-in-class customer service, InMotion is well positioned to take advantage of that potential. In addition, InMotion provides us with a scalable platform to launch the WH Smith airport format into the US, the world's largest travel retail market for news, books and convenience products," said Clarke.

"Finally, building on our recent successes in the digital accessories category in the UK and on InMotion's supplier relationships and experience, we see significant potential to accelerate growth outside of the US using the InMotion format."

The completion of this transaction, which is subject to customary closing conditions including US regulatory approval, is expected before the end of 2018.

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