

Twitter in Turmoil, but Acquisition Unlikely

By Thao Thai, J.D. Candidate 2018 | February 8, 2016

Twitter is facing turmoil as its market cap and shares dipped to [an all-time low](#) since it went public in November 2013. Since its initial public offering, the company has lost more than half of its market cap. Twitter's market cap this week is approximately [\\$10 billion](#), a significant drop from the [\\$40 billion](#) it commanded in the months following its IPO. Additionally, the company's stock is trading below its \$26 IPO price. Twitter's stock closed February 8 at a low [\\$14.87](#) per share.

Twitter's turmoil makes it potentially vulnerable to [acquisition](#). Last month, rumors of [News Corp.'s](#) interest in acquiring twitter gave the company's shares a boost. However, a News Corp. spokesperson subsequently denied the rumors. Other possible acquisition contenders are Google and Facebook, both of which have reportedly tried to acquire Twitter in the past.

[Google's](#) failure with popularizing its own social platform, Google+, along with its interests in real-time behavioral data, has made it speculators' favorite potential acquirer of Twitter. However, the Internet giant has already gained access to Twitter's real-time data "firehose," giving Google less of an incentive to buy the social media company. [Facebook's](#) past interest in Twitter has made it another speculators' favorite. Facebook has previously demonstrated a willingness to invest large sums of money in services lacking in revenue and profits – one example being the company's \$19 billion investment in WhatsApp. However, Facebook is currently designing its own Twitter-style features, a cheaper strategy than buying Twitter itself.

Although [Twitter's](#) market cap may be at its lowest point, it seems that it may not be low enough to encourage potential companies to acquire it. Unfortunately, there is also a problem with being too cheap – the cheaper Twitter gets, the less attractive it appears to acquisition candidates. Presently, Twitter is losing about [\\$125 million](#) dollars every quarter and is struggling to grow its [user base](#). These factors make it unlikely for Twitter to be an acquisition target any time soon.