

PayPal denies Pinterest acquisition plans, avoids ever-tightening regulatory scrutiny on Big Tech mergers

Article

The news: PayPal announced Monday that the potential \$45 billion deal to acquire Pinterest wasn't happening, [per](#) Reuters. If it had gone through, it would have been the biggest acquisition of a social media company in the past decade, surpassing Microsoft's \$26 billion LinkedIn purchase in 2016.

How we got here: Bloomberg reported last week that PayPal was looking to acquire Pinterest. Many saw the potential pairing as a quest for diversification for PayPal, which now has a long list of internet payments competitors. For Pinterest, the merger seemed like a logical next step in monetizing its large and loyal user base.

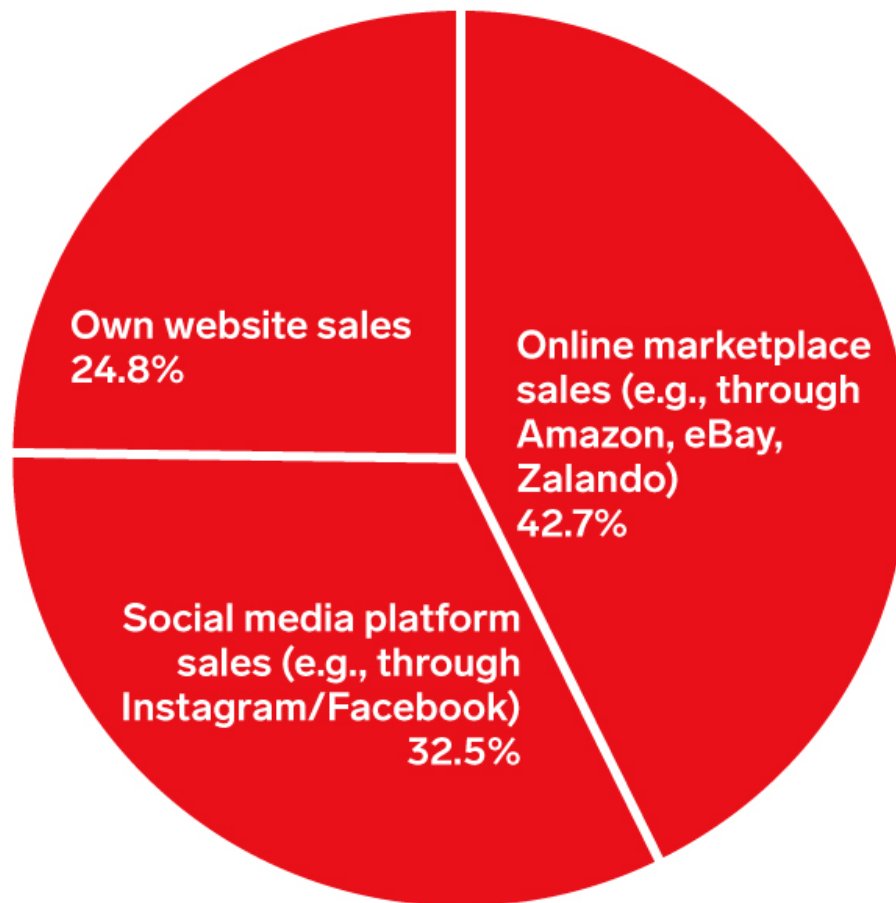
- PayPal partnering with Pinterest would have potentially converted half a billion users to paying customers on PayPal's platform. 32% of shoppers are increasingly buying items they see on social media, per ChannelAdvisor.
- PayPal has been on an acquisitions spree, it took over Japanese buy-now-pay-later (BNPL) firm Paidy for \$2.7B and also bought Happy Returns, a company assisting consumers with returns of unwanted merchandise, for an undisclosed sum. PayPal's biggest acquisition to date has been coupon company Honey, for \$4 billion in 2019.
- For Pinterest, teaming up with PayPal would have helped it evolve into a marketplace, possibly rivaling Etsy, Shopify, eBay, and Amazon. Pinterest already has a loyal audience; **89% of its 454 million users** use the platform for purchase inspiration, [per](#) Omnicore.

The bigger picture: PayPal's acquisition of Pinterest could have raised red flags, especially with the growing tenor of [regulation](#) facing Big Tech companies. Making PayPal the de facto payments provider for Pinterest would have invited [government scrutiny](#) and likely held up regulatory approvals, negatively impacting both companies in the short term.

- Since PayPal has denied the acquisition, its shares rose 6.2% to \$255.20, **Pinterest's shares fell 10%** to \$52.50, per Reuters. The pinboard company seems exposed, with investors looking into why it opened itself up for possible sale. Pinterest has also been rocked by a [loss of 24 million](#) users as physical retailers reopened earlier this year, with U.S. users dropping 5% YoY.
- PayPal's interest in acquiring Pinterest, along with a specific dollar amount, could attract other potential buyers to bid on the social network. Conversely, the perception that PayPal backed off the merger could further [dilute](#) the value of Pinterest to investors or potential buyers.

Direct-to-Consumer (D2C) Options that Have the Most Sales Growth Potential for Their Brand According to UK Senior Marketers and CMOs, May 2021

% of respondents



Note: n=508; in the next five years

Source: ChannelAdvisor study conducted by Censuswide, Aug 2, 2021

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