



## Why Amazon Should Acquire Fitbit

### Description

At long last, **Amazon.com** ([NASDAQ: AMZN](#)) has jumped into the wearables market. The e-commerce [tech giant](#) has been steadily expanding its first-party hardware portfolio in recent years, focusing primarily on smart-home technology, where it enjoys a strong first-mover advantage. This week, Amazon announced its first wearable devices: [Echo Buds](#), [Echo Frames](#), and [Echo Loop](#). Those products will complement the company's big push to make Alexa ubiquitous, always ready to stream music or tell you the weather no matter where you are.

Almost as important as what Amazon unveiled is what it *didn't* announce.

### Where's an Echo Watch?

Virtual assistants are becoming increasingly important in smartwatches, which is why it's surprising the company has yet to detail an Alexa-equipped smartwatch. Well, **Fitbit** (NYSE: FIT) did exactly that a month ago with its [Versa 2](#), which is its first smartwatch to incorporate Amazon's popular assistant.

At the same time, Fitbit is considering selling itself due to ongoing challenges in transitioning its business from basic fitness trackers to full-featured smartwatches, according to a recent report from Reuters. That's despite Fitbit's relatively strong position — No. 2 — in the smartwatch market. **Apple** continues to command the direction of the smartwatch market with the Apple Watch, which was updated to Series 5 earlier this month.

Following years of underperformance as a publicly traded company, Fitbit's market cap now stands at just \$1 billion. Even after including an acquisition premium, that would put the potential price tag in the same ballpark as Ring, which Amazon acquired last year to add to its smart-home hardware offerings.

Scooping up Fitbit would instantly make Amazon a viable contender in the smartwatch market, give Amazon a smartwatch platform and intellectual property to continue building on, and fill a critical void in its nascent wearables portfolio.

There are other similarities. Both companies are known for targeting mainstream consumers with more

affordable price points, often undercutting competitors on price. Fitbit has been losing money in recent quarters, but it's not as if Amazon has ever been afraid of a little red ink.

## Why Google is a bad fit for Fitbit

**Alphabet** ([NASDAQ: GOOG](#)) ([NASDAQ: GOOGL](#)) subsidiary Google was named as a potential suitor in the Reuters report. Investment bank Qatalyst Partners, which Fitbit has engaged for advice, suggested the search giant might be interested in buying Fitbit, according to the report.

However, Google already has a smartwatch platform, albeit a struggling one. Wear OS has fought to gain traction in the market, in part due to third-party manufacturing partners that have shunned the operating system in favor of in-house alternatives like **Samsung's** Tizen. It was widely rumored that Google had a Pixel smartwatch in the works, but that product may have actually been [killed off years ago](#). In other words, Google's smartwatch strategy is in shambles, and trying to integrate Fitbit into that mess would only further complicate matters.

Google shouldn't acquire Fitbit; Amazon should.

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### Date

2025/06/30

### Date Created

2019/09/30

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