

CMA directs Facebook to sell Giphy

Press release

The CMA requires Facebook (which has recently renamed itself 'Meta') to sell Giphy, after finding that the deal could harm social media users and UK advertisers.

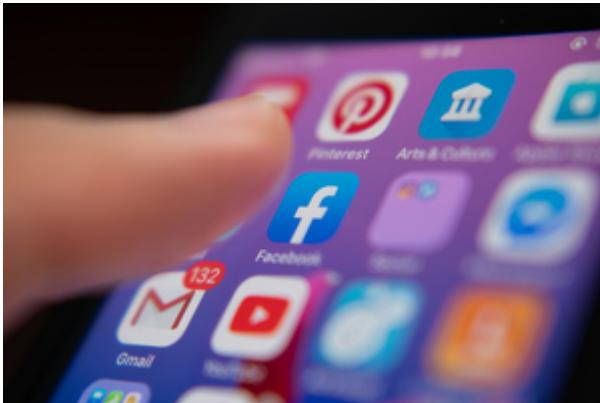


Image credit: CMA

In line with its [Phase 2 provisional findings](#) issued in August, the Competition and Markets Authority (CMA) has today concluded that Facebook's acquisition of Giphy would reduce competition between social media platforms and that the deal has already removed Giphy as a potential challenger in the display advertising market.

The independent CMA panel reviewing the merger has concluded that Facebook would be able to increase its already significant market power in relation to other social media platforms by:

- denying or limiting other platforms' access to Giphy GIFs, driving more traffic to Facebook-owned sites – Facebook, WhatsApp and Instagram – which already account for 73% of user time spent on social media in the UK, or
- changing the terms of access by, for example, requiring TikTok, Twitter and Snapchat to provide more user data in order to access Giphy GIFs.

As part of its in-depth investigation, the CMA also looked at how the deal would affect the display advertising market. It found that, before the merger, Giphy had launched innovative advertising services which it was considering expanding to countries outside the US, including the UK. Giphy's services allowed companies – such as Dunkin' Donuts and Pepsi – to promote their brands through visual images and GIFs.

The CMA found that Giphy's advertising services had the potential to compete with Facebook's own display advertising services. They would have also encouraged greater innovation from others in the market, including social media sites and advertisers. Facebook terminated Giphy's advertising services at the time of the merger, removing an important source of potential competition. The CMA considers this particularly concerning given that Facebook controls nearly half of the £7 billion display advertising market in the UK.

After consulting with interested businesses and organisations – and assessing alternative solutions (known as 'remedies') put forward by Facebook – the CMA has concluded that its competition concerns can only be addressed by Facebook selling Giphy in its entirety to an approved buyer.

Stuart McIntosh, Chair of the independent inquiry group carrying out the phase 2 investigation, said:

The tie-up between Facebook and Giphy has already removed a potential challenger in the display advertising market.

Without action, it will also allow Facebook to increase its significant market power in social media even further, through controlling competitors' access to Giphy GIFs.

By requiring Facebook to sell Giphy, we are protecting millions of social media users and promoting competition and innovation in digital advertising.

1. Facebook, Inc. has recently renamed itself Meta Platforms Inc. For the purposes of this press release, we refer to the company as 'Facebook'.
2. The CMA [recently fined Facebook £50.5 million for breaching an initial enforcement order](#) imposed in relation to the Facebook/Giphy merger.
3. For more information, [visit the Facebook/Giphy case page](#).

Published 30 November 2021