

CMA orders Meta to sell Giphy

The Competition and Markets Authority (CMA) has found that Meta's takeover of Giphy could allow Meta to limit other social media platforms' access to GIFs, making those sites less attractive to users and less competitive. It also found the deal has removed Giphy as a potential challenger in the UK display advertising market, preventing UK businesses from benefiting from innovation in this market.

The CMA published its original Phase 2 decision on this case in November 2021, finding that the deal could harm social media users and UK advertisers, and ordering Meta to sell Giphy. Meta subsequently appealed that decision to the Competition Appeal Tribunal (CAT). In July 2022, the CAT upheld the CMA's decision on 5 of the 6 challenged grounds. In particular, the CAT said it had "no hesitation" in concluding the CMA's finding – that the merger substantially reduced dynamic competition – was lawful.

The Tribunal only found in Meta's favour on a procedural ground relating to the sharing of third-party confidential information. In light of the finding, the CMA reconsidered its decision. The CMA has conducted an expedited review and is issuing its final decision today.

Over the past 3 months, an independent CMA panel has analysed additional third-party evidence, as well as new submissions from Meta and Giphy. Following its review, the CMA concluded Meta would be able to increase its already significant market power by:

- denying or limiting other social media platforms' access to Giphy GIFs, thereby pushing people to Meta-owned sites, which already make up 73% of user time spent on social media in the UK, or
- changing the terms of access – for example, it could require Giphy customers, such as TikTok, Twitter and Snapchat, to provide more data from UK users in order to access Giphy GIFs

The CMA found that GIFs continue to be an important driver of user engagement on social media platforms, with people making billions of searches globally each month for Giphy GIFs.

The CMA also found the merger would negatively impact the display advertising market. Before the merger, Giphy was offering innovative advertising services in the US and was considering expanding to other countries, including the UK. These services allowed businesses, 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 those of Meta, and would have encouraged greater innovation from Meta and other market players. However, Meta terminated Giphy's advertising services upon acquisition, removing a potential ad tool for UK businesses. The CMA considers this particularly concerning given Meta controls almost half of the £7 billion display advertising market in the UK.

The CMA has concluded the only way to avoid the significant impact the deal would have on competition is for Giphy to be sold off in its entirety to an approved buyer.

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

This deal would significantly reduce competition in 2 markets. It has already resulted in the removal of a potential challenger in the UK display ad market, while also giving Meta the ability to further increase its substantial market power in social media.

The only way this can be addressed is by the sale of Giphy. This will promote innovation in digital advertising, and also ensure UK social media users continue to benefit from access to Giphy.

For more information, [visit the Meta/Giphy case page](#).

1. For media queries, please contact the press office on press@cma.gov.uk or on 020 3738 6460.
2. Members of the general public can contact the CMA for information about this update on 020 3738 6000 or general.enquiries@cma.gov.uk.
3. The CMA found that the merger would lead to a Substantial Lessening of Competition (SLC) in the following markets: (i) social media services worldwide (including in the UK) due to foreclosure of rival social media platforms; and (ii) display advertising in the UK due to a loss of dynamic competition.
4. Meta was known as Facebook, Inc until October 2021 when the company changes its corporate name.
5. The [Competition Appeal Tribunal issued its judgment on Meta's appeal](#) on 14 June 2022.