

Facebook's purchase of Giphy raises competition concerns

Giphy is an online database and search engine that allows users to share GIFs and stickers either via Giphy's website or app, or through online platforms such as Facebook, Instagram, Twitter, and Snapchat. In May last year, Facebook announced it had acquired Giphy.

Before the deal, Giphy competed with Facebook outside the UK in digital advertising through paid partnerships with brands, such as Pepsi and Dunkin' Donuts. The CMA has found evidence that Giphy had planned to expand its digital advertising partnerships to other countries, including the UK.

If Giphy and Facebook remain merged, Giphy could have less incentive to expand its digital advertising, leading to a loss of potential competition in this market. This is particularly concerning given Facebook's existing market power in display advertising – in July, last year, the CMA found that [Facebook has a share of over 50% of the £5.5 billion display advertising market](#).

The CMA also found that the deal could harm rival social media platforms, as it could mean Giphy would stop supplying GIFs to these companies or do so on worse terms – for example, requiring rivals to provide more user data to the merged entity to access Giphy GIFs. This could potentially lead to reduced choice for users and further increase Facebook's market power in relation to social media.

Andrea Gomes da Silva, Executive Director of Markets and Mergers, said:

Many people use GIFs when they communicate online so it's important that platforms aren't restricted in what they can offer and people have a range of options to pick from.

As the UK's competition authority, it is our responsibility to make sure that markets remain competitive. It is vital we ensure that Facebook, as a large and powerful Big Tech firm, isn't using its strong market position to stifle competition.

Should the companies fail to address our concerns, we will launch a more in-depth review to ensure consumers and businesses don't lose out.

The companies now have 5 working days to offer legally binding proposals to the CMA to address the competition concerns identified. The CMA then has a further 5 working days to consider whether to accept any offer instead of referring the case to a phase 2 investigation.

For more information, visit the [Facebook, Inc / Giphy, Inc merger inquiry](#)

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