

Meta ordered to sell Giphy

Article

The news: The UK's Competition and Markets Authority has ordered Facebook parent Meta to divest ownership of GIF search engine Giphy, [per](#) Insider.

More on this: The UK's CMA concluded an in-depth probe into Facebook's acquisition of Giphy and found Facebook's ownership reduces competition between social media platforms.

- Facebook's acquisition of Giphy was completed last year for **\$400 million**, ostensibly to bolster the social network's advertising business. Giphy has **65 million monthly active users**.

- The merger immediately raised concerns from UK regulators who had ordered Facebook to pause plans to integrate Giphy, which led to a lengthy court battle. The CMA **fined** Facebook **\$67 million** in October for failing to provide information on the merger.
- This is the first time a Big Tech company like Meta has been ordered to divest its ownership of a business.
- Meta can appeal the decision in the UK's Competition and Appeals tribunal. "We disagree with this decision," a Meta spokesperson said. "We are reviewing the decision and considering all options, including appeal."

What's next? The CMA's decision means Meta will need to find a buyer for Giphy or face a protracted legal appeal.

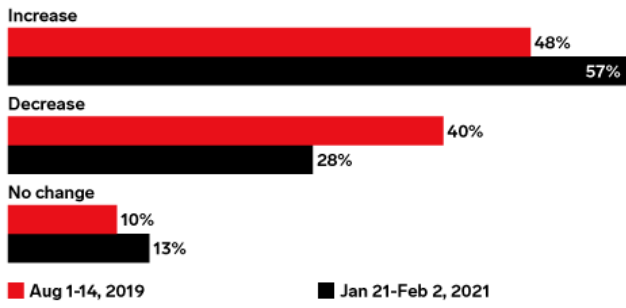
What's the catch? Either way, Meta will not be able to take full advantage of Giphy's potential for advertising or monetization, which is a missed opportunity for Meta's properties like Facebook, **Messenger**, **Instagram**, and **WhatsApp**. Meta will also lose control over how its competitors use Giphy in their own apps and services.

- The UK's CMA decision underscores the danger of closing a Big Tech merger without prior regulator approval.
- "The forced sale could bring back one of the key appeals of Giphy: its cross-platform reach," said **Nina Goetzen**, analyst at Insider Intelligence's eMarketer briefing.
- This is the first example of regulators ordering a company to sell an acquisition versus levying fines—and a shot across the bow for any merger-hungry Big Tech company planning a large acquisition that could have anticompetitive undertones.

Editor's note: Our eMarketer Briefing team also covered this story today. Check out their take on the Meta-Giphy ruling [here](#).

How Do US Adults Think the Government Should Change Its Regulation of Big Technology Companies?

% of respondents, Aug 2019 & Feb 2021



Note: ages 18+; e.g., Amazon, Facebook, Google; responses of "no opinion" not shown
Source: Gallup as cited in company blog, Feb 18, 2021

264156

eMarketer | InsiderIntelligence.com