

Meta's forced Giphy sell-off could prove favorable for marketers

Article

The news: Meta was ordered to sell GIF repository **Giphy** by the UK's Competition and Markets Authority (CMA) on Tuesday, **per** Insider. Meta said it is mulling an appeal.

Dig deeper: The May 2020 acquisition of Giphy—to the tune of \$400 million—drew immediate backlash from watchdogs concerned about Meta's growing control over the digital ad space.

- **Twitter, Snapchat**, and other competitors have Giphy integrations or keyboard add-ons. The CMA pointed out that Meta could block these platforms' access to Giphy, or require them to share their users' data.
- The UK regulator also argued that the deal would further consolidate the display advertising space, decreasing competition.
- After the acquisition, Meta paused Giphy's popular ad program—which let marketers buy branded GIFs and sponsored results that appear in Giphy searches—and likely planned to reintroduce it on the Meta Audience Network.
- For context, Meta already accounts for more than a quarter of the digital ad market in the **UK** (28.7% this year) and slightly less in the **US** (23.8%), per our estimates.

Digital Ad Revenue Share, by Company

UK, 2021, % of total

Facebook*

28.7%

Google

38.5%

Instagram

14.8%

Snapchat

1.0%

Twitter

1.4%

Source: eMarketer, October 2021

eMarketer | InsiderIntelligence.com

What this means for Meta: It's a blow to the company's attempt to finally extract revenues from WhatsApp, which has been the notoriously difficult to monetize.

- Giphy was supposed to be Meta's way to make money on the messaging platform without compromising users' privacy, but absent a long legal appeal, that's now looking unlikely.
- Still, Meta seems to have known this scrutiny was coming, as it spent the past year exploring alternative monetization routes for the messaging service. Those routes are less privacy-friendly, with Meta **forcing** users to share data with Facebook and even looking into **analyzing** encrypted WhatsApp data.

What this means for marketers: The forced sale could bring back one of the key appeals of Giphy: its cross-platform reach.

- Because Giphy is integrated into a variety of social apps and messaging services, marketers can target users based on interest, without having to create separate campaigns for each platform.
- For example, a 2018 **Snickers campaign** surfaced Snickers-branded GIFs whenever a user searched the Giphy library for "yum," "chocolate," or "tasty"—regardless of whether the user was searching from Instagram, Twitter, or Snapchat.
- Without Meta bankrolling the service anymore, it's likely the ad program will return under new ownership.

What's next: The CMA's ruling sets a precedent that's bad news for Big Tech, but good news for marketers tired of Meta's market dominance.

- "This is the first example of regulators ordering a company to sell an acquisition, rather than levying fines—and a shot across the bow for any merger-hungry big tech company planning a large acquisition that could have anticompetitive undertones," said **Gadjo Sevilla**, senior analyst at Insider Intelligence, in today's Connectivity & Tech Briefing.
- Check out Connectivity & Tech's take on Meta and Giphy [here](#).