

# Meta's \$414 million GDPR violation could threaten its ad duopoly status

## Article

**The news:** EU regulators hit **Meta** with a **\$414 million fine** Wednesday stemming from a 2018 complaint about its policy that required users to opt-in to personalized advertisements in order to use **Facebook** and **Instagram**, in violation of the **General Data Protection Regulation (GDPR)**.

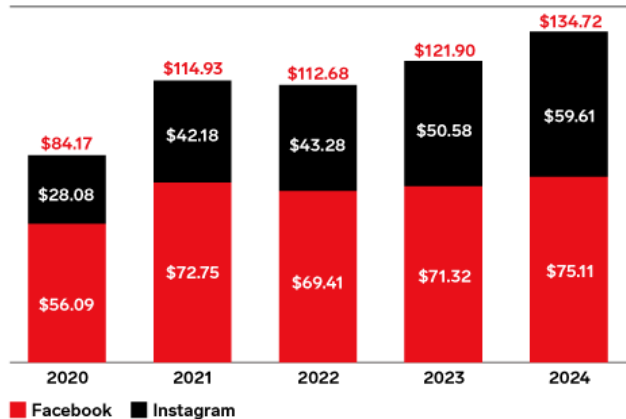
EU fines aren't anything new for **Meta** after a costly 2022, but the latest penalty could fundamentally change the tech giant's European business, and threaten its position in the digital advertising duopoly.

**What might change:** If the ruling stands, Meta will no longer be able to require users to accept personalized advertising, and its ability to use data like user clicks, video views, and scrolling behaviors to target advertisements would be limited.

- The ruling could lead to an **AppTrackingTransparency**-like (ATT) opt-out system being introduced to Meta's platforms, giving users the ability to choose how their data is collected. That'd be a tough pill to swallow—**ATT opt-in rates sit somewhere between 25% and 45%**, per H1 2022 reports from Adjust, AppsFlyer, and InMobi. The **Apple** policy has cost Meta billions in advertising revenues.
- Meta likely has years before a final resolution, but a change of that magnitude would affect the entire digital advertising industry. Meta will bring in **\$121.9 billion** in digital advertising revenues in 2023, per our forecast, making it the world's second-largest advertising giant behind **Google's \$180.59 billion**.
- Stories about the decline of Facebook and Instagram have dominated headlines in the last year, but those platforms are still where the majority of the world's social media users reside—and thus where advertisers congregate. There will be 2.07 billion global Facebook users and 1.33 billion Instagram users in 2023, per our most recent forecast. In the EU, 45% of internet users will use Instagram this year.

## Meta Net Ad Revenues Worldwide, by Segment, 2020-2024

billions



Note: paid advertising only; includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices; includes Facebook and Instagram ad revenues; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; excludes spending by marketers that goes toward developing or maintaining a Facebook and/or Instagram presence; excludes revenues reported under Meta's Reality Labs segment  
Source: eMarketer, Nov 2022

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**The long haul:** Meta said it plans to appeal the decision, and a years-long litigation process could follow. But given Meta's recent track record of hefty fines and failed appeals, its chances don't look promising.

- In October 2022, Meta lost a UK appeal and was ordered to sell off **Giphy**. It has several other EU fines under appeal, including a \$400 million fine for [misuse of childrens' data](#), a [\\$275 million fine](#) for multiple data breaches, and more—not to mention various investigations into anticompetitive practices.
- Google hasn't had much luck either, [failing in multiple, billion-dollar appeal processes](#) in the last two years while adding even more to its rap sheet. It's also the subject of several anticompetitive inquiries both in the US and the EU, including one over its controversial "[Jedi Blue](#)" deal with Meta.

**Our take:** Dramatic ad industry shifts don't happen overnight. This ruling has been a long time coming, and Meta still likely has years to adapt its practices before a final decision—if it wants to. Meta has thrashed in the face of the GDPR's increasingly tough restrictions, and CEO **Mark Zuckerberg** may choose to focus on future ([but no less risky](#)) endeavors instead.