

Facebook could be forced to sell GIF library Giphy by UK regulator

Facebook could be forced to sell GIF library Giphy after an investigation by the UK competition regulator found it could damage social media choice and the display advertising market.

The Competition and Markets Authority (CMA) launched an in-depth investigation into the deal in April after raising a number of concerns.

They included evidence that Giphy – a website for making and sharing animated images, known as GIFs – had plans ahead of its acquisition to expand its digital advertising partnerships to the UK, leading to a possible loss of competition.



Image:

Giphy was folded into Instagram, also owned by Facebook, on completion of the deal

[Facebook](#) bought the US company in May last year to integrate

it with its photo-sharing app Instagram.

But Stuart McIntosh, who is chairing the CMA's investigation team, said on Thursday: "Giphy's takeover could see Facebook withdrawing GIFs from competing platforms or requiring more user data in order to access them.

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"It also removes a potential challenger to Facebook," he added.

The CMA statement said: "The merger brings together Facebook, the largest provider of social media sites and display advertising in the UK, with Giphy, the largest provider of GIFs.

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“If the CMA competition concerns are ultimately confirmed, it could require Facebook to unwind the deal and sell off Giphy in its entirety”.

The ruling continued: “The CMA provisionally found that Facebook’s ownership of Giphy could lead it to deny other platforms access to its GIFs.



Image:

The CMA says the deal risks harming social media and digital advertising market competition

“Alternatively, it could change the terms of this access – for

example, Facebook could require Giphy customers, such as TikTok, Twitter and Snapchat, to provide more user data in order to access Giphy GIFs. Such actions could increase Facebook's market power, which is already significant.

"The CMA's analysis suggests that Facebook's platforms – Facebook, WhatsApp, and Instagram – account for over 70% of the time people spend on social media and are accessed at least once a month by 80% of all internet users."

It found that Facebook had a 50% market share of the £5.5bn display advertising market in the UK.

Though both firms are headquartered in the U.S., the CMA has the power to investigate mergers when the business being acquired has annual revenues of at least £70m or when the combined businesses have at least a 25% share of any "reasonable" market.

The CMA said it was now inviting comments on possible remedies by 25 August and its provisional findings from interested parties by 2 September.

A spokesperson for Facebook said: "We disagree with the CMA's preliminary findings, which we do not believe to be supported by the evidence.

"As we have demonstrated, this merger is in the best interest of people and businesses in the UK – and around the world – who use GIPHY and our services.

"We will continue to work with the CMA to address the misconception that the deal harms competition".