

Facebook owner Meta sells Giphy at a loss of more than \$260m

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The owner of Facebook has taken a more than \$260m (£210m) loss on Giphy – selling off the gif search engine to the stock image service Shutterstock for \$53m after the deal was blocked by regulators. Meta said on Tuesday it is selling Giphy, the business it acquired in November 2021 for about \$315m but was blocked from completing the purchase in 2022 by the UK’s competition regulator, the Competition and Markets Authority (CMA). Shutterstock is paying cash for the acquisition, which comes with an agreement to ensure continued access to Meta’s platforms, as well as Giphy’s existing user base, which comes direct to the site and via integrations with other apps that offer animated gif search engines. The Shutterstock chief executive, Paul Hennessy, said the acquisition was “an exciting next step in Shutterstock’s journey as an end-to-end creative platform”. Hennessy added: “Through the Giphy acquisition, we are extending our audience touch points beyond primarily professional marketing and advertising use cases and expanding into casual conversations. “Giphy enables everyday users to express themselves in memorable ways with gif and sticker content while also enabling brands to be a part of these casual conversations.” Meta’s acquisition of the gif search engine was already at a substantial discount from the company’s peak valuation of about \$600m in 2016, a reflection of the decreasing interest in animated gifs as a method of self-expression on the internet. In September 2022, as Meta made a last-ditch appeal to the CMA to try to prevent a forced sale, the company warned that gifs “have fallen out of fashion as a content form, with younger users in particular describing gifs as ‘for boomers’ and ‘cringe’.” In the filing, Meta warned that Giphy would struggle to survive as an independent business, and that there were few potential suitors for a forced sale. “There is a high risk that the only purchasers interested in acquiring the Giphy business (if any) will be weak or inappropriate,” Meta said. “Each of Adobe, Amazon, Apple, Bytedance, Kauishou, Snap and Twitter indicated their willingness to discuss the opportunity but none of these discussions proceeded beyond initial contacts.” Even Shutterstock accepted that acquiring Giphy is unlikely to prove revolutionary in the short term. “Giphy is expected to add minimal revenue in 2023 with focused monetisation efforts taking place over the course of 2024,” the company said.