

Meta Stands to Lose Tens of Billions of Ad Spend in Impending FTC Antitrust Trial

Meta will face off against the U.S. Federal Trade Commission in an antitrust trial that will kick off on April 14. The case centers on allegations that the tech titan illegally stamped out competition through past acquisitions of early-stage startups including Instagram and WhatsApp.

It's the most substantive challenge to how Meta handles competition against the company in its 21-year history. Should the FTC win the case, Meta could be forced to break up its \$1.3 trillion ad business, potentially spinning off Instagram and WhatsApp.

Meta boss Mark Zuckerberg has been cozying up to President Trump in recent weeks in an apparent effort to shuffle the cards in his favor—and potentially reach a settlement that would exempt his company from a trial altogether. The 40-year-old executive was at The White House last Wednesday—his latest of a handful of visits, according to a report from The Wall Street Journal. Whether the push will pan out in Meta's favor remains to be seen.

Here are the most important details to know about Meta's historic antitrust trial this month.



The trial will be a referendum on past decisions

The case takes a retrospective approach to assessing potentially anti-competitive behaviors in the market by seeking to litigate Meta's past business decisions. Primarily, it centers on whether the 2012 acquisition of Instagram and the 2014 acquisition of WhatsApp were strategic moves to mitigate threats from competitors.

In its initial complaint, filed in 2020, the FTC alleged: "Facebook has engaged in a systematic strategy—including its 2012 acquisition of up-and-coming rival Instagram, its 2014 acquisition of the mobile messaging app WhatsApp, and the imposition of anticompetitive conditions on software developers—to eliminate threats to its monopoly."

The complaint was made prior to the company's renaming to Meta in 2021.

In its focus on decisions made by Meta in years past, "the FTC is saying, 'This is not about you being a monopoly right now ... but because you bought Instagram when you did and WhatsApp when you did, by virtue of that, you've stifled opportunity, and so therefore, at some point down the road, maybe you will

be a monopoly,'" according to Bruce Weinberg, PhD, the head of the marketing department at University of Massachusetts, Amherst.

But it's a potentially tenuous position for the agency to take because it focuses on a different time—and ultimately, a different market than today's, said Brian Albrecht, an antitrust expert and the chief economist at the International Center for Law and Economics, a nonprofit policy research organization.

"The government will want us to imagine—if even implicitly—that this is 2018 and Facebook and Instagram are the two big players," Albrecht said. "But they aren't anymore."

And considering that both transactions were completed long ago, the burden of proof will be higher for the FTC than in some other antitrust cases, Albrecht said. Ultimately, he predicts that the FTC will be hard-pressed to convince a judge that the divestiture of Instagram and possibly of WhatsApp will meaningfully impact future competition in the market, because today "there are more competitors and options than ever."

If the FTC prevails, Meta could be forced to spin off Instagram or WhatsApp. Softer potential penalties could entail the divestiture of specific assets or changes to Meta's data practices in lieu of a larger breakup.

Billions of ad dollars are at stake

Should the FTC succeed in making its case, Meta stands to lose critical ad money and market share. Instagram in particular represents a critical piece of the company's revenue generation—in 2025, Instagram is expected to contribute to more than half of Meta's total U.S. ad revenue, bringing in more than \$32 billion, according to recent data from

eMarketer.

In short: A breakup of the business would be ruinous for Meta's revenues.

"Meta is nearly 100% dependent on advertising revenue, so its real concern is anything that restricts it from offering advertisers a single buying platform [that leverages] all of Meta's data signals collected across the web and its nearly ubiquitous services," said Jason Kint, CEO of Digital Content Next, a digital media trade body.

For advertisers, a breakup of Meta's business would likely weaken the ability to use Meta as a kind of one-stop shop for media buying across some of the most trafficked parts of the web. It would force brands to reevaluate their digital marketing investment strategies at large, experts told ADWEEK.

A pre-trial settlement is possible but unlikely

Zuckerberg has reportedly visited Trump at the White House three times since the start of the President's second term in January.

The tech exec is attempting to settle the case ahead of the trial's scheduled start date, according to reports from The Wall Street Journal, The New York Times, and Politico.

"Meta's maneuvers highlight that there's an intricate dance between corporate power and political influence in the current tech landscape and political environment," said Matt Navarra, a social media consultant and industry analyst.

And while tech's biggest hitters—including Amazon billionaire Jeff Bezos and Google's Sundar Pichai—have attempted to woo Trump in these early days of his administration (not to mention the omnipresence of Trump's right-hand man Elon Musk), the President has not smiled entirely favorably upon them.

Staggeringly high tariffs introduced by Trump last week are expected to hamstring tech supply chains globally and severely increase costs for hardware manufacturers as well as AI developers and semiconductor-reliant businesses.

The FTC's antitrust case against Meta was itself brought during Trump's first administration.

Now, with less than a week left before the trial's slated start date, Zuckerberg is running out of time. Meanwhile, White House officials are growing increasingly frustrated with the company's intensive lobbying tactics, the Wall Street Journal has reported.

In Navarra's view, "Given the current dynamics, a pre-trial settlement is conceivable, but complex, and doesn't seem likely."

It's a view shared by Digital Content Next's Jason Kint, who earlier this month testified in a Congressional subcommittee hearing on antitrust fixes in the tech sector. The FTC's commissioners, he said, "are supportive of enforcement of the antitrust laws."

The case could set a precedent for the Trump-era FTC

The impending trial may serve as a pulse check on the FTC's approach under the leadership of Andrew Ferguson, the new Trump-appointed chairman following the resignation of Biden-appointed Lina Khan and the expulsions of two Democratic FTC commissioners (who are now suing Trump over their dismissals).

While the FTC, like many government agencies, has historically operated independently, Trump has taken a more aggressive approach to asserting his agenda across these organizations.

And the Trump-era FTC has already signaled at least some

willingness to bend to Trump's whims. In this case, Ferguson has suggested he'll do so if needed; last Wednesday, he said at an event in Washington, D.C. that he will "obey lawful orders" from the president if told to drop the FTC's case against Meta.

"This isn't just about Meta," said Navarra. "It's about defining the boundaries of executive influence over these bodies. Beyond the potential dismantling of Meta's empire, this case [may] set precedent for how antitrust laws are going to be applied to tech giants in the current political climate..."

Recommended videos

<https://www.adweek.com/media/meta-stands-to-lose-tens-of-billions-of-ad-spend-in-impending-ftc-antitrust-trial/>