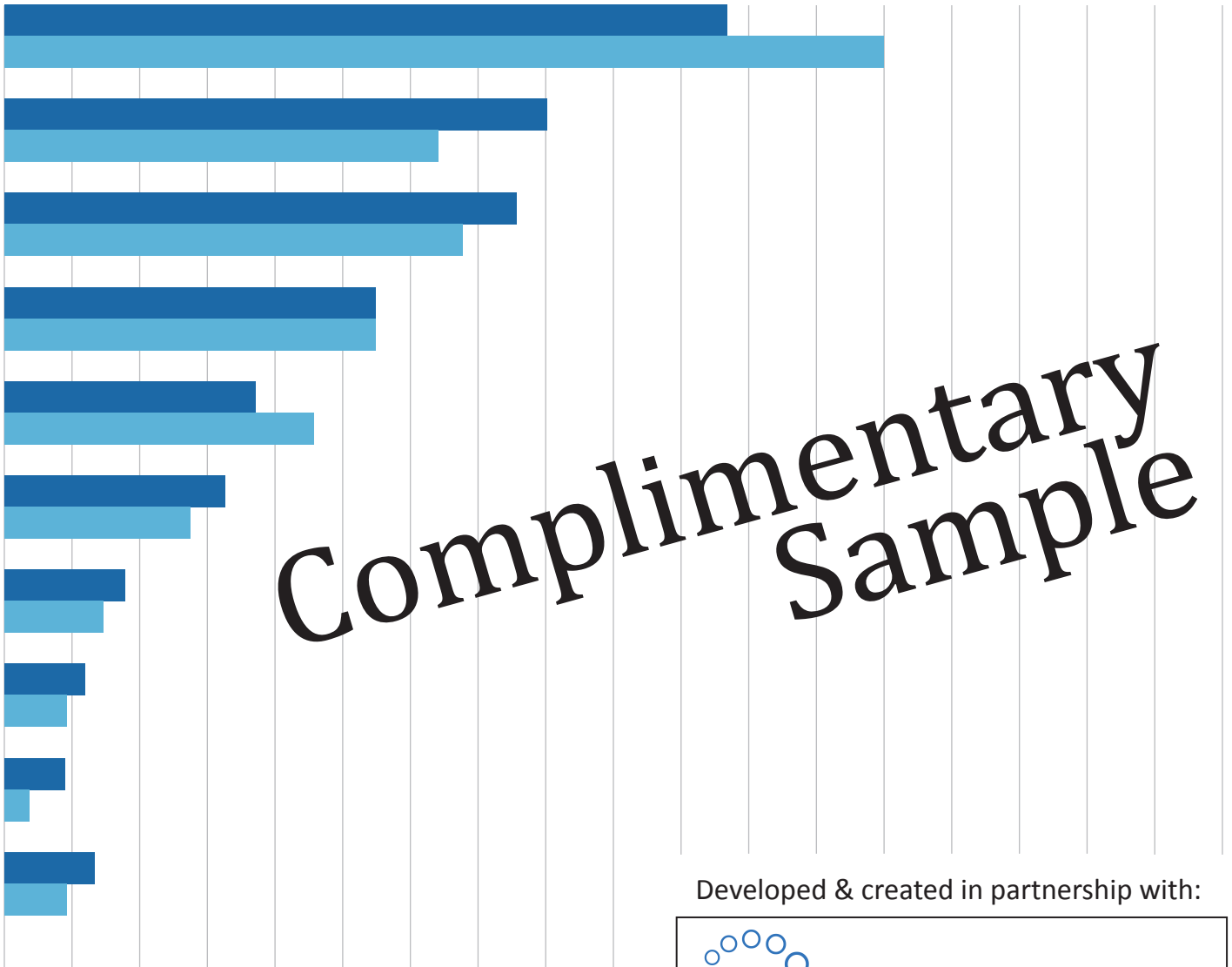


# Dating & Matchmaking Site Benchmark Report:

115 Tables & Charts of Real-Life Business Stats



First Edition

Developed & created in partnership with:



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## PUBLISHER'S LETTER

Welcome to this landmark study – the first edition of our Dating & Matchmaking Site Benchmark Report – which features more than 100 tables, charts and illustrations, 95% of which are exclusive.

Our goal is to support the growth of the industry by providing nonbiased, practical numbers that can be used to improve marketing results, help you decide what to launch next, and compare your results to those of your peers. For example, we include new account conversion data and average account lifetimes.

You'll find data from three types of sources:

- Exclusive Surveys:  
114 site executives, 39 site affiliates, and 34 industry vendor execs generously responded to our June 2011 survey, agreeing to share business data, what's working for them, what isn't, and the biggest challenges and opportunities they're dealing with today.
- Observational Studies:  
Our research team carefully reviewed 101 dating, matchmaking and hook-up sites to determine what types of marketing, conversion tactics, email marketing, and Facebook presence they use.
- Third-party data:  
We included useful statistics and business data from authoritative sources, including Paul Larsen Consulting, Vindicia, comScore Digital Analytix, Experian Hitwise, IBIS, the Better Business Bureau, Online Personals Watch, Frequent Flirters, and Bethesda List Center.

A new research study of this type would not be possible to create without the assistance of hundreds of people. In particular I'd like to thank Mark Brooks of Courtland Brooks. Without his support this Report would not have been possible.

I'd also like to thank Paul Larsen, Marc Lesnick, Mike Ibrahim, Mitchell Davis, David James, Ron Perry, Anne Steen, Irena Brooks, Shawn Collins, and Petra Pospisilova for their hands-on assistance in making this project a reality.



Anne Holland, Publisher

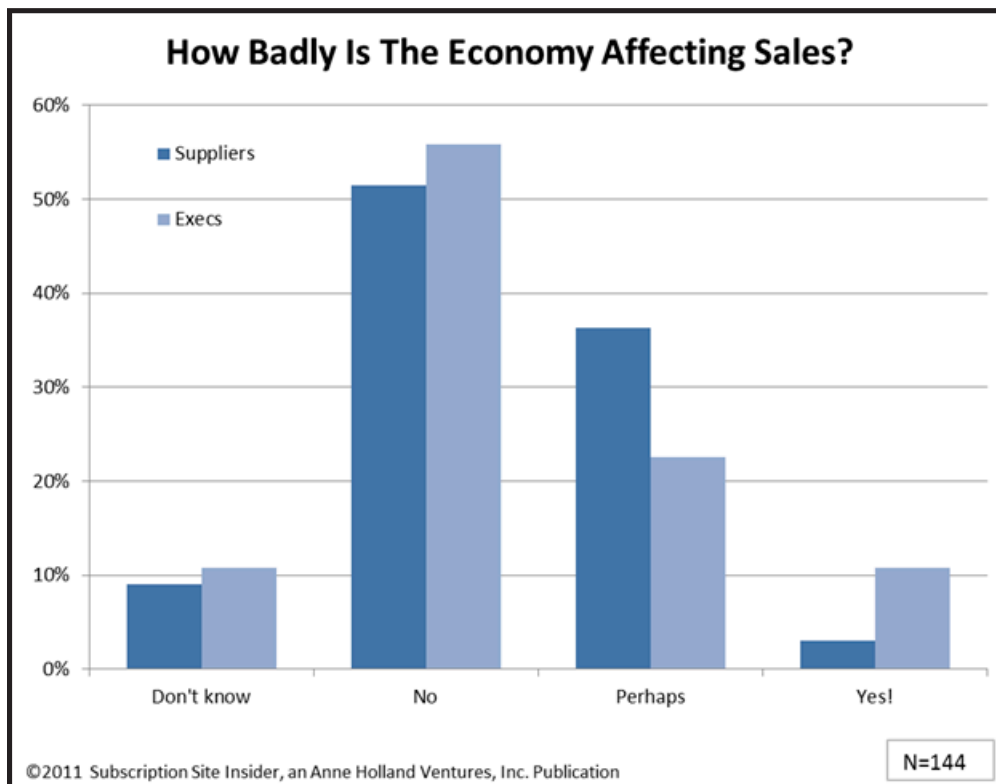
## EXECUTIVE SUMMARY

For the purposes of this study, we defined the online dating industry as including dating, matchmaking and hook-up sites, apps and mobile offerings, both paid and free. Although it's one of the oldest and most established businesses on the Internet – industry leader Match.com was founded in 1995 – this is, to our knowledge, the first study attempting to collect and benchmark business and marketing stats from exclusive, first-hand sources.

At first glance, one might think such an established industry might be hurting, or at least slowing, due to market saturation, increased competition, and the bad economy.

The good news is, according to 187 executives who responded to our survey, the industry is doing far better than expected. In fact, we see significant opportunities for near-term growth due to continued global expansion, launches on newer platforms such as subscription apps, and improved marketing tactics.

Here are ten charts, selected from a total of 100+ charts, tables and illustrations, highlighting some of our findings:



Source: Subscription Site Insider and Courtland Brooks survey of online dating industry executives, June 2011

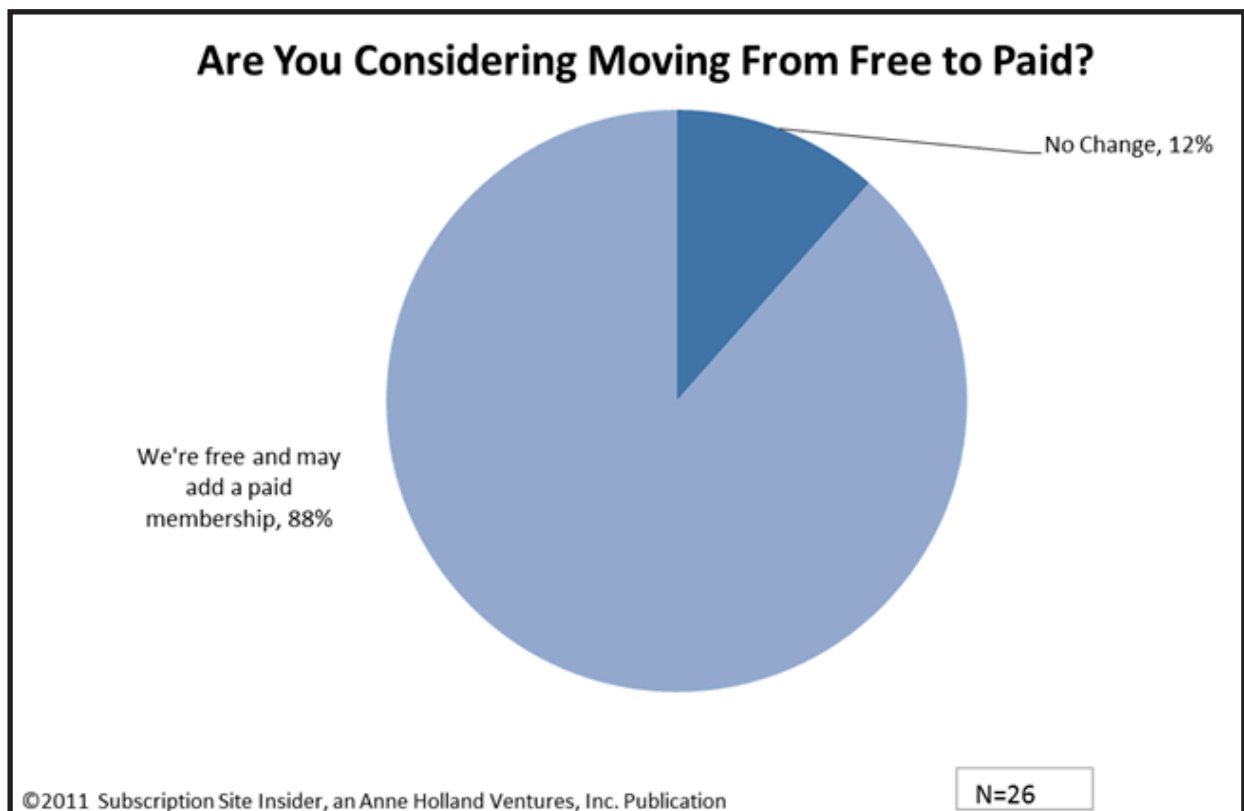
Unlike other ecommerce and information commerce sites, online dating industry executives are unlikely to point the finger at the economy for holding them back. In fact, when we asked insid-

ers what their biggest concerns about the industry were, they discussed everything from “churn & burn” and “false profiles” to “payment processing” ... but the economy never came up.

Plus, when we asked paid site execs if they were considering raising prices in the next 12 months, the majority said, “Yes”!

Another concern the industry has been battling with recently is the rise of free sites, some of which currently get a great deal more traffic and publicity than their paid counterparts. Is this influx of free sites hurting paid membership sales?

Here are the results of one of the questions we asked around this issue:

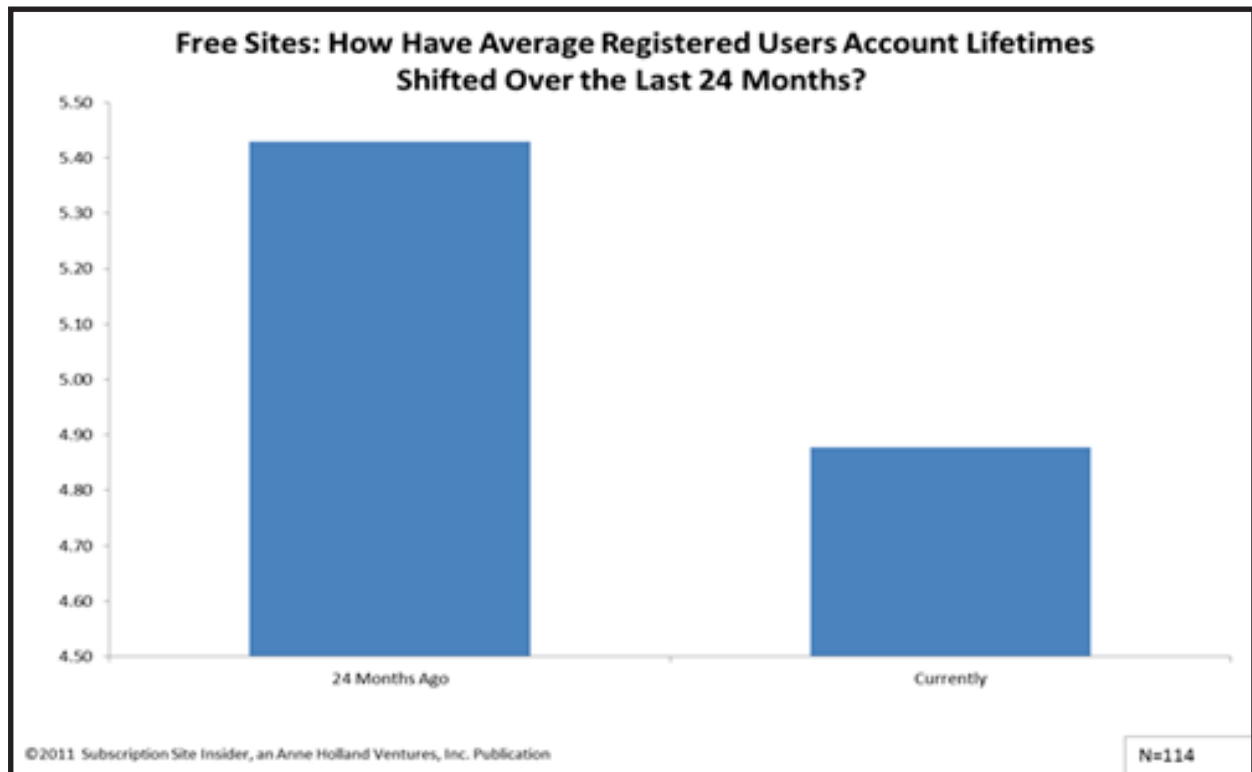


Source: Subscription Site Insider and Courtland Brooks survey of online dating industry executives, June 2011

Turns out, despite “easy” high traffic and this year’s improved advertising economy, many of the free sites that one might suppose are keeping paid site executives up at night, are actually considering launching paid offerings!

Interestingly, as you can see from the Revenues chapter of this Report, some paid sites are considering the opposite. No, they aren’t considering abandoning their paid business model. Instead, they are planning to launch new brands that are free.

Our findings show that “free vs paid” is no longer a viable debate. The true business challenge for



Source: Subscription Site Insider and Courtland Brooks survey of dating industry executives, June 2011

2011 and beyond is to learn how to make free and paid work together as one intermingled business model. Companies seek to gain from the strengths of each.

No matter which business model a site is using, average account lifetime is a critical key to profitability. If you lose new members too soon after you've acquired them, your acquisition budget is wasted. You also can't grow market share; it's just a "churn and burn" world. And, as market saturation becomes a reality, you have less and less hope of getting ahead.

This chart clearly reveals why free sites aren't in as great a position as they might appear from raw traffic data alone. We were particularly fascinated by the substantial difference between free site account lifetime numbers versus the data from paid sites, which are improving year over year!

See further in this Report for paid site data and data by type of site.



Source: Subscription Site Insider and Courtland Brooks survey of dating industry executives, June 2011

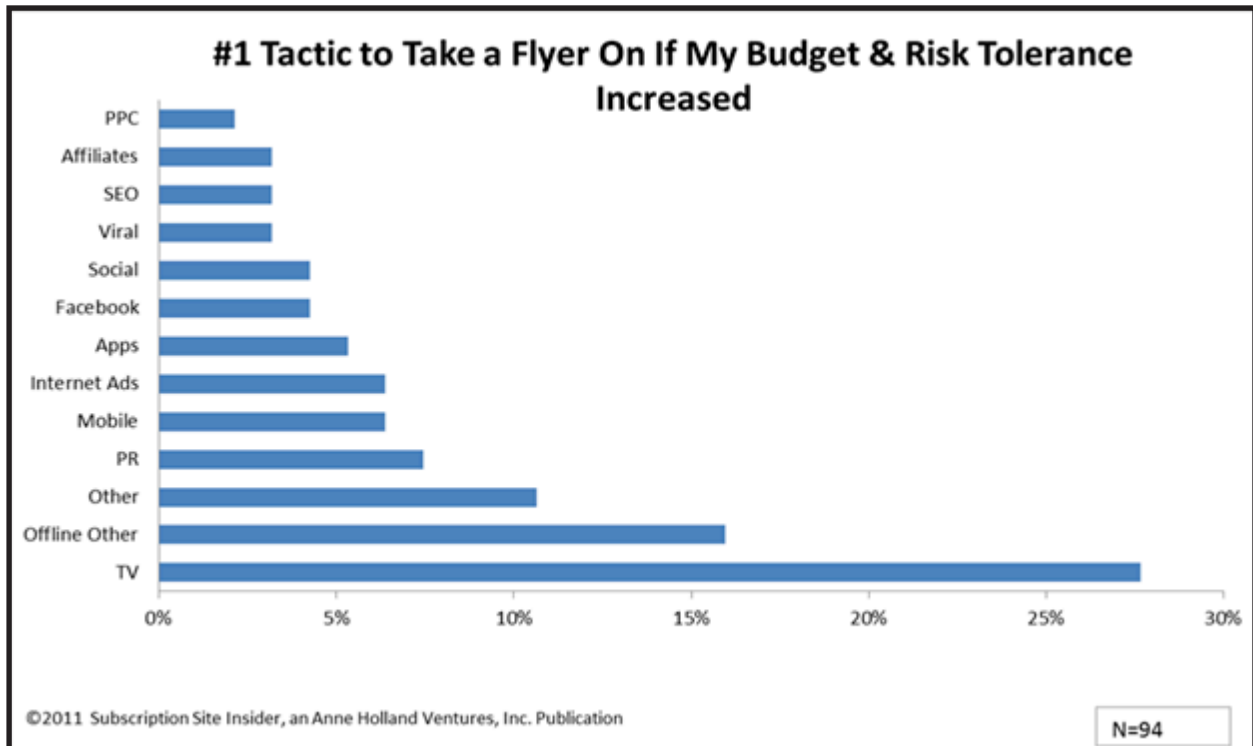
We actually asked this question two ways – first we asked about gross accounts and then we asked which tactics were the most profitable. The differences were surprising in a good way, most tactics looked roughly as positive for profitability as they did for gross sales.

We also hadn't expected PR to get such high ratings – for overall use, gross accounts and profitability. In the past digital marketers, in nearly every industry we know of, have largely poo-pooed PR except for use as a sideline in the SEO department. This is due in large part because PR is not measureable with the same type of attributable new account precision that other online tactics are (and if there's anything digital marketers swear by, it's campaign accountability), and because until very recently most online marketers had little faith in offline tactics influencing online behavior in a cost effective manner.

However, when we dug deeper into the numbers we discovered one reason why PR is so popular these days: TV advertising.

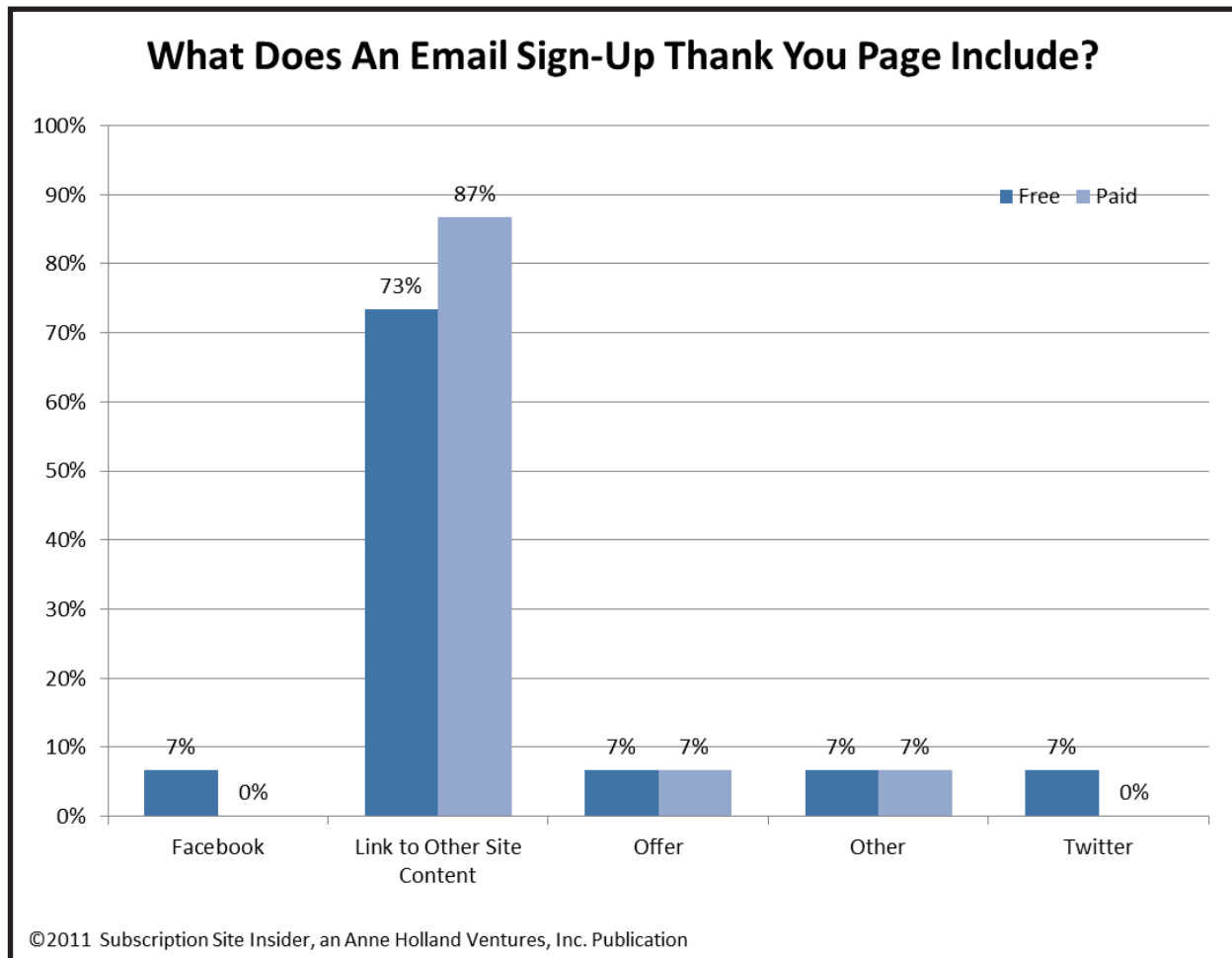
When we asked dating industry execs what's the number one tactic they would love to put money into if they had an extra marketing budget windfall and they didn't have to worry about risk when

spending it, TV advertising was by far the most popular write-in answer. That doesn't mean most sites are planning to buy TV ads in the next 12 months, although those that can afford to do so will certainly continue to. The wanna-be's will stay on the sidelines, putting their budgets into "safer" tactics (to see a list of specifically what site execs considered the safest marketing investments, go to Part V of this Report).



Source: Subscription Site Insider and Courtland Brooks survey of dating industry executives, June 2011

What's this got to do with PR? In our experience, for many online executives PR is the poor man's offline advertising. Although well-done PR costs money and staff time, everyone dreams of that clever release that costs next to nothing and gets millions of readers via press, blogger and social networking mentions. Why pay for ads on the media when you can get the media to talk about you 'for free'?



Source: Subscription Site Insider Observational Study of 101 dating sites conducted May 2011

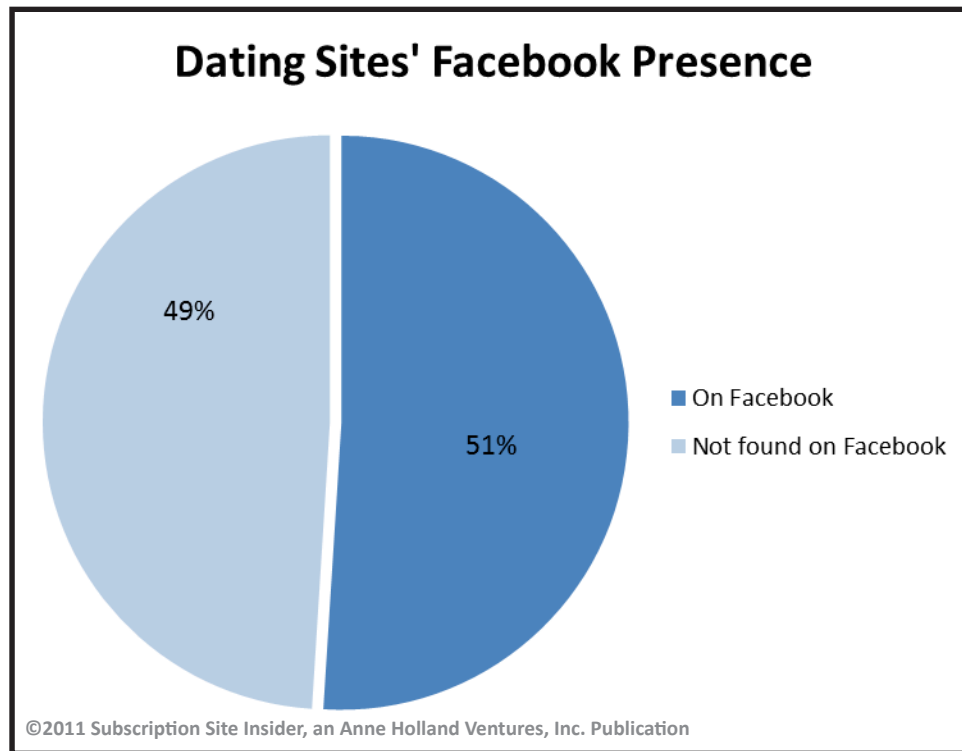
Dating industry sites and landing pages are remarkably well optimized for conversion. According to the data in this Report, their conversion rates are well above the rest of the ecommerce and paywall site industry averages, and their marketing teams are far more likely to be conducting A/B or multivariate tests to improve conversions.

But there's still room for improvement, most notably on the 'thank you' page that new opt-ins or registrants see when they first sign up. As you can see from the data above, almost no sites place additional conversion offers – such as a trial paid membership offer – on these pages, nor do they drive social networking connections. And we didn't see a single tell-a-friend offer on any of the 101 sites we examined.

Lastly, sites were far less likely to have A/B or multivariate tested these pages than almost any others.

A 'thank you' page can be a very powerful for offers and referrals because the prospect is psycho-

logically more likely to respond in that moment than at almost any other time in their relationship with the site. You've already got them nodding their head 'yes'. Why potentially waste that forward movement?

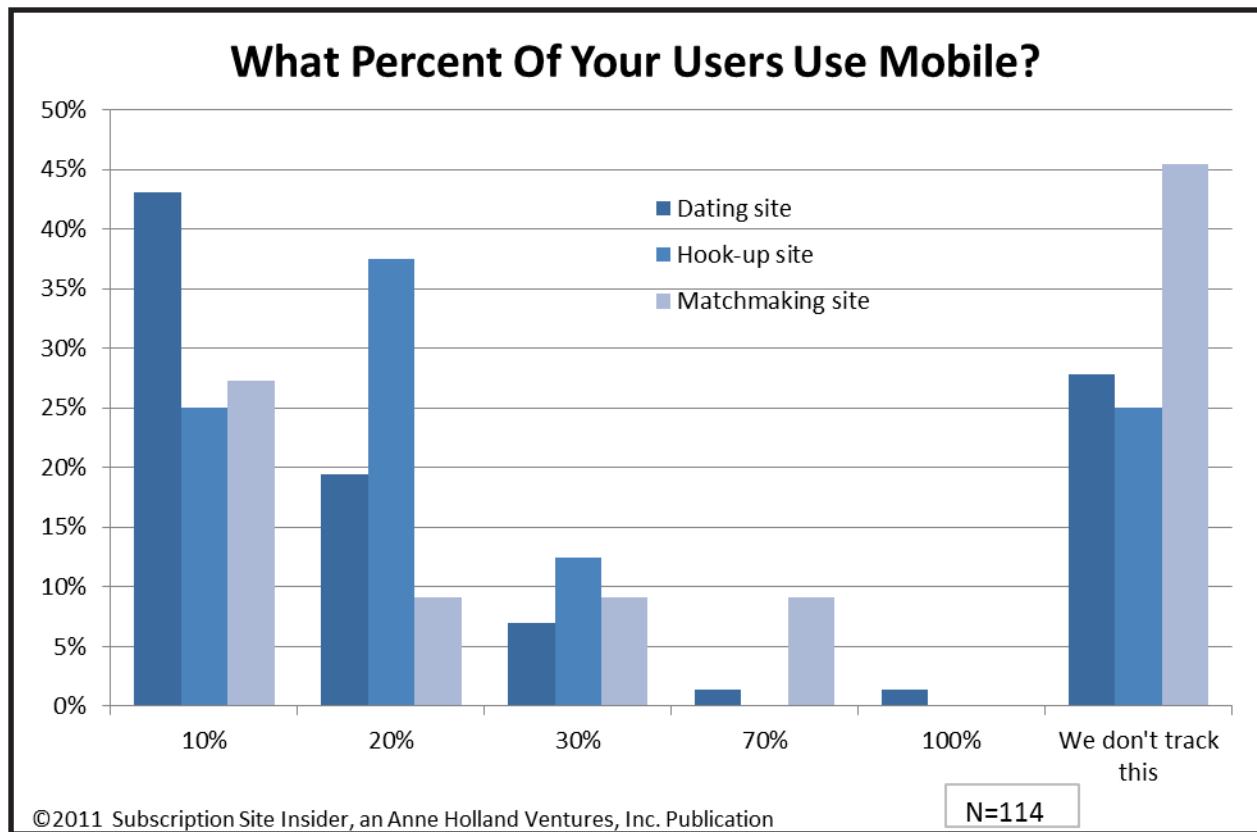


Source: Subscription Site Insider Observational Study of 101 dating sites conducted May 2011

Although the majority of respondents acknowledged that Facebook marketing and advertising was important for account acquisitions, we couldn't find any trace of Facebook presence for 49% of the 101 sites we studied. Not a fan page, not an information page, not any ads... nothing.

And frankly, the Facebook presence of the 51% who were active, was often fairly lame. Very, very few sites were actively using their pages for promotions to acquire more members. Some brands just had low-key 'information' pages with almost no interaction or activity going on on them.

This is an area we expect to see considerable growth in shortly, especially as more brands learn how to optimize their Facebook presence through apps, email, contests, interactive offers (beyond "like" or "fan" buttons), and by optimizing their Facebook ads via A/B testing. (We suspect some marketers aren't even aware how much A/B testing is possible on Facebook.)



Source: Subscription Site Insider and Courtland Brooks survey of dating industry executives, June 2011

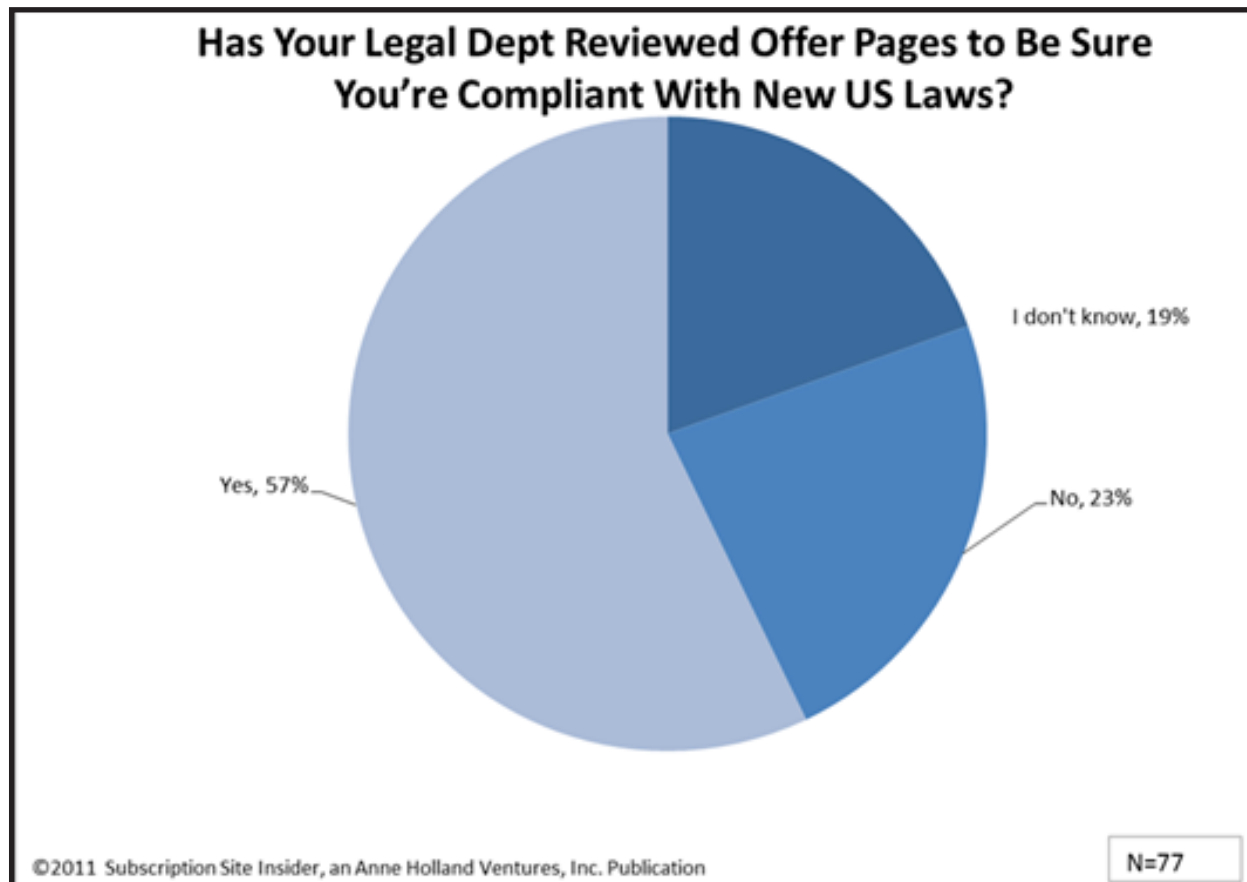
Did you know 20 minutes of every hour Americans spend using mobile Internet services, they're looking at email? Or that average Internet users now spend more time using mobile apps than they do surfing the Internet? When we see such a large percent of dating industry execs claiming only a tiny fraction of their users are viewing them via mobile devices, we wonder if they are really tracking these numbers closely.

It's also a bit surprising how many sites are not tracking mobile use at all.

If you're not tracking, you can't optimize your tactics... you don't even know when you should start to consider investing in mobile-friendly emails, landing pages, user interfaces, or launching app offers.

In the past 24 months, a variety of significant legislation has been passed at both the State and Federal level that directly impacts all subscription web sites offering free trials and/or auto-billed subscriptions. These laws are not just sitting on the books, they have teeth.

State District Attorneys (most notably in California) are going after sites about which they've received complaints. No site is safe. As Better Business Bureau records show, even the most reputable sites receive hundreds of complaints. Even if you fix the customer relationship, perhaps issu-

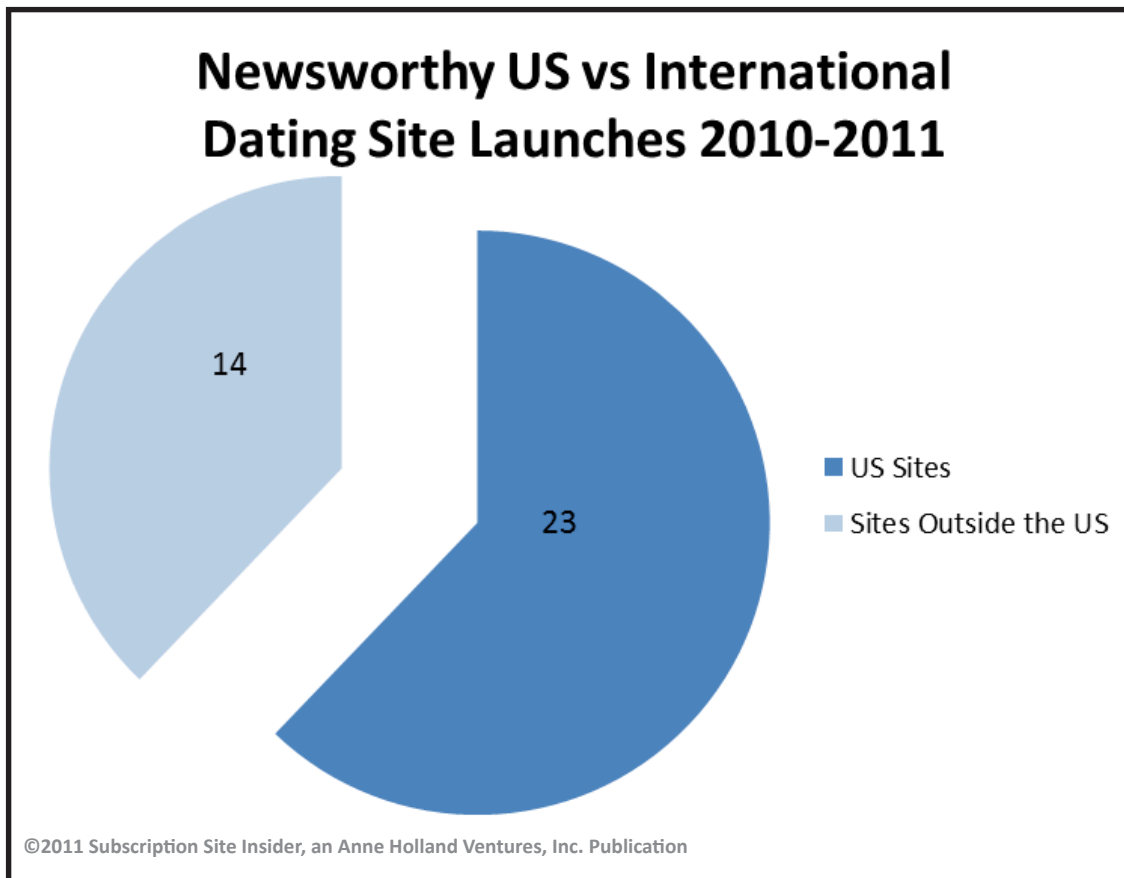


Source: Subscription Site Insider compiled from news published in Online Personals Watch

ing a refund, the courts can and will still go after you. Sites of all sizes, especially small-mid sized companies, are targeted because the States would like quick cash settlements to fill their coffers.

MasterCard, Visa and American Express are also getting into the act, promising to drop any merchant caught with non-compliant order forms and cancellation practices. This is perhaps a greater threat to your bottom line than the State regulators are.

Every paid membership site and service marketing in the US today should take the common sense precaution of seeking legal advice in these matters as a preemptive strike.



Source: Subscription Site Insider compiled from news published in Online Personals Watch

During the last 12 months, newsworthy dating, matchmaking and hook-up sites were launching at the rate of roughly one per week. (That's not including new apps – there were plenty of those launches as well.)

One of the most obvious trends you can see by viewing the list of launches is how many are not in the US. Dating has been a global industry for a long time, but these days the global flavor is heating up. Some launches are local, others multinational expansions of existing brands. Plus, more sites are getting their payment systems set up so they can accept as many as 25 currencies. (In comparison, less than a year ago most global sites accepted no more than six currencies.)

Clearly the most local industry in the world is also becoming one of the most global ones.

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