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## OkTrends

Dating Research from OkCupid

### Why You Should Never Pay For Online Dating

April 7th, 2010 by Christian Rudder

Today I'd like to show why the practice of paying for dates on sites like **Match.com** and **eHarmony** is fundamentally broken, and broken in ways that most people don't realize.

For one thing, their business model exacerbates a problem found on *every* dating site:



For another thing, as I'll explain, pay sites have a unique incentive to profit from their customers' disappointment.

As a founder of **OkCupid** I'm of course motivated to point out our competitors' flaws. So take what I have to say today with a grain of salt. But I intend to show, just by doing some simple calculations, that pay dating is a bad idea; actually, *I* won't be showing this so much as the pay sites themselves, because most of the data I'll use is from Match and eHarmony's **own public statements**. I'll list my sources at the bottom of the post, in case you want to check.

#### The "20 Million Members" Paradox

eHarmony claims over 20 million members on their homepage, and their CEO, Greg Waldorf, reiterates that number regularly in interviews<sup>1</sup>. If your goal is to find someone special, 20 million people is a lot of options—roughly a quarter of all singles in the U.S. This sounds awesome until you realize that most of these people can't reply, because only paying customers are allowed to message.

So let's now ask the real question: **of these 20 million people eHarmony claims you can flirt with, how many are actually able to flirt back?** They closely guard their number of paid subscribers, with good reason. Nonetheless, we are able to deduce their base from known information. We'll give eHarmony the highest subscribership possible.

1. We'll start with their yearly revenue: **\$250M** in 2009 as reported by the industry analysts at Piper Jaffray and CNBC<sup>2</sup>.
2. Since eHarmony charges users by the month, we'll divide that big number by 12 and, rounding up, get **\$21M**.
3. Now all we need to know is how much the average user pays per month. If we divide that into the \$21M they make, we know how many subscribers they have. Their rates run this gamut:

\$19.95 per month, for a 12-month subscription  
 \$29.95 per month, for a 6-month subscription  
 \$59.95 per month, for 1 month at a time

From those numbers, we can see that they have somewhere between about **350,000** and **1,050,000** subscribers (the

lower number supposes everyone is month-to-month, the higher supposes everyone is yearly).

4. What's the exact number? Well, I found this helpful nugget in eHarmony's advertising materials<sup>3</sup>:



Launched in 2000, [eHarmony](#) is now the Internet's most trusted relationship services provider. eHarmony's patented 258 question questionnaire allows eHarmony members to be matched with compatible members with whom they are most likely to enjoy a long-term relationship.

20 million people of all ages, ethnicities, national origins and religious and political beliefs are using eHarmony's Compatibility Matching System® to find love and long-term relationships. On average, eHarmony obtains 12-15K new users every day and sees full audience turnover every 6.5 months!

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The most charitable way to interpret this last

sentence is to assume their **average account life is 6.5 months**.

5. We're almost there. To get eHarmony's total subscribers, we divide their \$21 million in revenue by the average subscription price. Therefore *maximizing* total subscribers is just a question of *minimizing* the average monthly fee. First off, let's do them the favor of assuming **no one pays month-to-month**.
6. Our remaining dilemma can be expressed mathematically like this:

*we want to minimize monthly revenue:*

$$29.95x + 19.95y$$

*while making sure the avg. account life works out to 6.5:*

$$6x + 12y = 6.5$$

*where y is the ratio of users on the 12-month plan,  
and x is the ratio of users on the 6-month plan*

7. After some dickery with a legal pad we discover, in the best case for eHarmony, 1/13 of their users are on the yearly plan, and the rest subscribe 6 months at a time. Thus the minimum average monthly fee is \$29.18. **They have at most 719,652 subscribers.**
8. For the sake of argument, let's round that up to an even **750,000**.

So, having given eHarmony the benefit of the doubt at every turn, let's look at where that leaves their site:

750,000 subscribers / 20,000,000 profiles

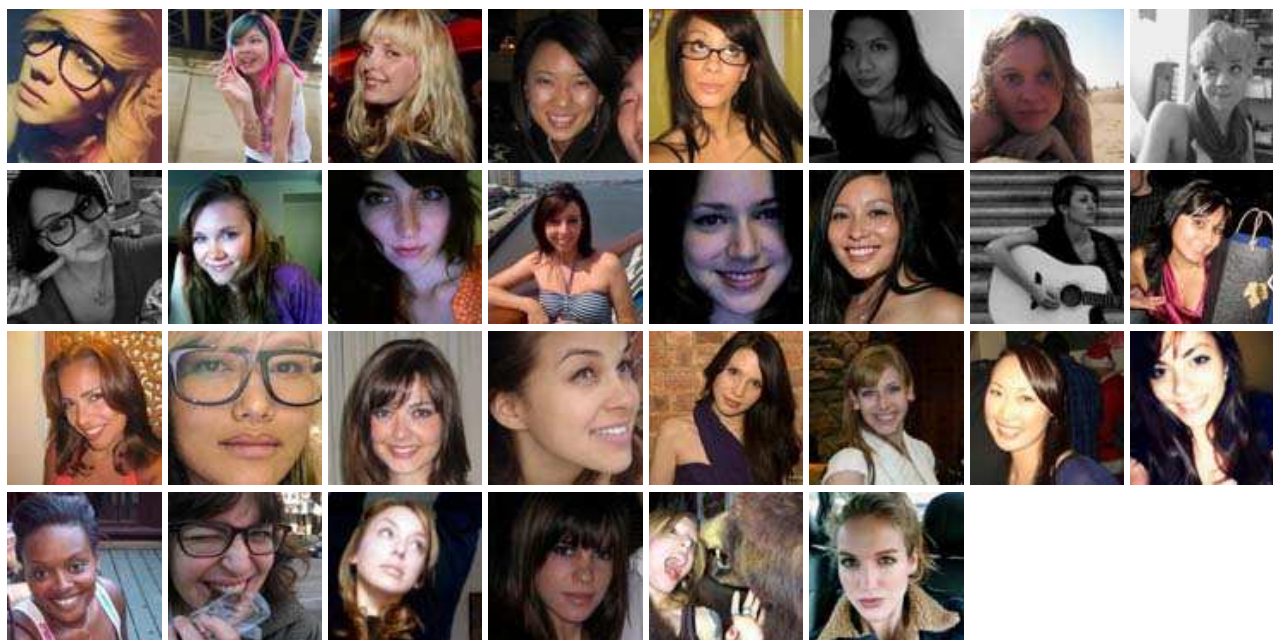


**96.25% of profiles are dead**

Yes, only 1/30th of the "20 million users" they advertise is someone you can actually talk to. That's the paradox: the more they pump up their membership totals to convince you to sign up, the worse they look.

*And the ironic thing is that although they basically admit their sites are filled with chaff, pay sites have little interest in telling you who's paying and who isn't. In fact, it's **better** for them to show you people who haven't paid, even if it means they're wasting your time. We'll show that in the next section.*

First I want to show you what **29 to 1**, advertised people to real, feels like. Here are some single, attractive OkCupid users.



And here are those same people behind a subscriber wall. That's pay dating in a nutshell.

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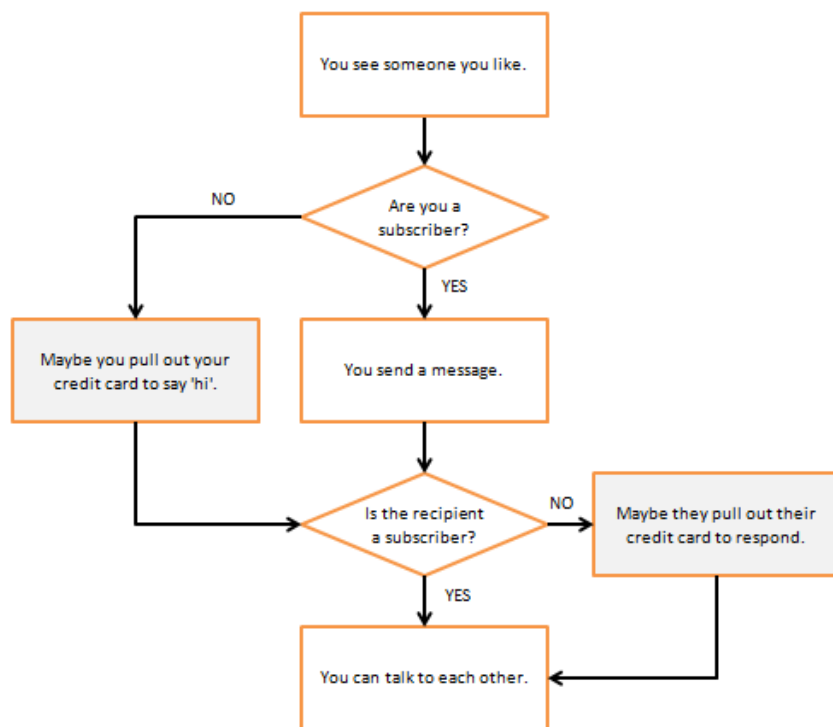
Match.com's numbers are just as grim. They're a public company, so we can get their exact subscriber info from the shareholder report they file each quarter. Here's what we have from Q4 2009<sup>4</sup>:

#### match.com breakdown

claimed profiles	20,000,000
confirmed subscribers	1,377,000
odds that a profile is active	6.9%
odds that you're flirting into the void	93.1%

#### Pay Sites Want You To Message These Dead Profiles

Remember, sites like Match and eHarmony are in business to get you to buy a monthly subscription. There's nothing wrong with profit motive, but the particular way these sites have chosen to make money creates strange incentives for them. Let's look at how the pay sites acquire new subscribers:



As you can see from the flow chart, the only way they *don't* make money is to show **subscribers to other subscribers**. It's the worst thing they can do for their business, because there's no potential for new profit growth there. Remember: the average account length is just six months, and people join for big blocks of time at once, so getting a new customer on board is better for them than squeezing another month or two out of a current subscriber. To get sign-ups, they need to pull in new people, and they do this by getting you to message their prospects.

If you're a subscriber to a pay dating site, you are an important (though unwitting) part of that site's customer acquisition team. Of course, they don't want to show you *too* many ghosts, because you'll get frustrated and quit, but that doesn't change the fact that they're relying on **you** your messages are their marketing materials to reach out to non-payers and convince them, by way of your charming, heartfelt messages, to pull out their credit cards. If only a tiny fraction of your message gets a response, hey, that's okay, you're working for free. Wait a second... *you're* paying *them*.

Now let's look how this skewed incentive affects the dating cycle, especially on sites like **Match.com**, where it's possible to for users set their own search terms.

### The Desperation Feedback Loop

Even more so than in real life, where fluid social situations can allow either gender to take the "lead", men drive interactions in online dating. Our data suggest that men send nearly **4** times as many first messages as women and conduct about twice the match searches. Thus, to examine how the problem of ghost profiles affects the **men** on pay dating sites is to examine their effect on **the whole system**.

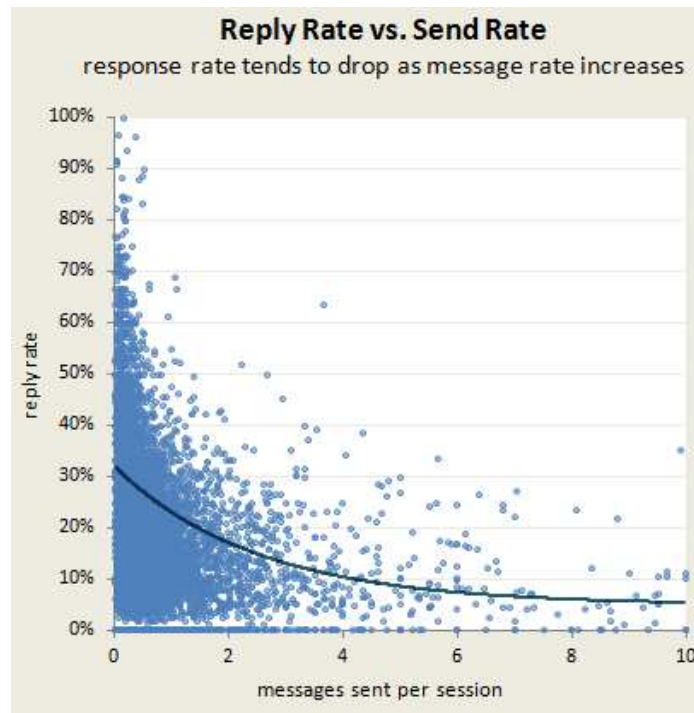
There are two facts in play:

- **When emailing a real profile, a man can expect a reply about 30% of the time.** We've conducted extensive research on this, and you can read more about it our [other posts](#). Let's couple this 30% reply rate with the fact that only 1 in every 30 profiles on a pay site is a viable profile. We get:

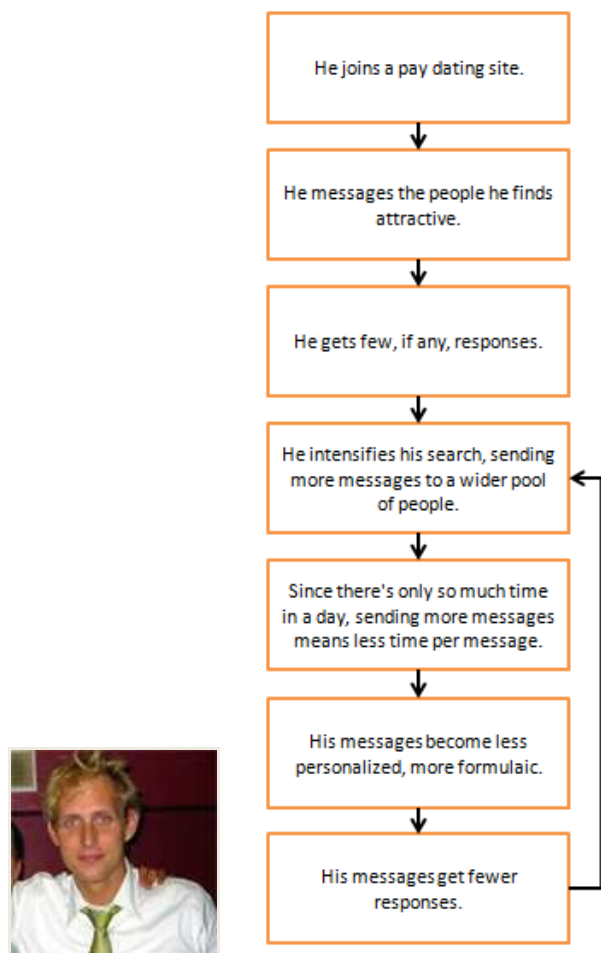
$$3/10 \times 1/30 = 1/100$$

That is, a man can expect a reply to **1** in every **100** messages he sends to a random profile on a pay site. The sites of course don't show you completely random profiles, but as we've seen they have an incentive to show you nonsubscribers. Even if they do heavy filtering and just 2 of 3 profiles they show you are ghosts, you're still looking at a paltry **10%** reply rate.

- **There is a negative correlation between the number of messages a man sends per day to the reply rate he gets.** The more messages you send, the worse response rate you get. It's not hard to see why this would be so. A rushed, unfocused message is bound to get a worse response than something you spend time on. Here's a plot of 12,000 male users who've sent 10 total messages or more.



The effect of the second fact is to magnify the effect of the first. For a user trying to meet someone under such constraints, a feedback loop develops. Here's what happens to the average guy:



Basically, because the likelihood of reply to each message starts so low, the average man is driven to expand his search to women he's less suited for and to put less thought (and emotional investment) into each message. Therefore, each new batch of messages he sends brings fewer replies. So he expands his criteria, cuts, pastes, and resends.

In no time, the average woman on the same site has been bombarded with impersonal messages from a random cross-section



of men. Then:



She stops checking her mail.

The Pudding

Finally, in the spirit of "don't take my word for it", here's how eHarmony and Match.com *themselves* show that their sites don't work.

This is from Match's 2009 presskit:

**Connect with our engaged and social users**

- Spend 60 minutes per month on Match.com
- View 30 pages per day
- 56 million+ first emails sent per year
- 132 million winks sent per year
- **12 couples got married or engaged today thanks to Match.com**

Source: comScore PlanMetric, December 2008; comScore MediaMetric, six-month average, July–December, 2008; internal data, June 2008..

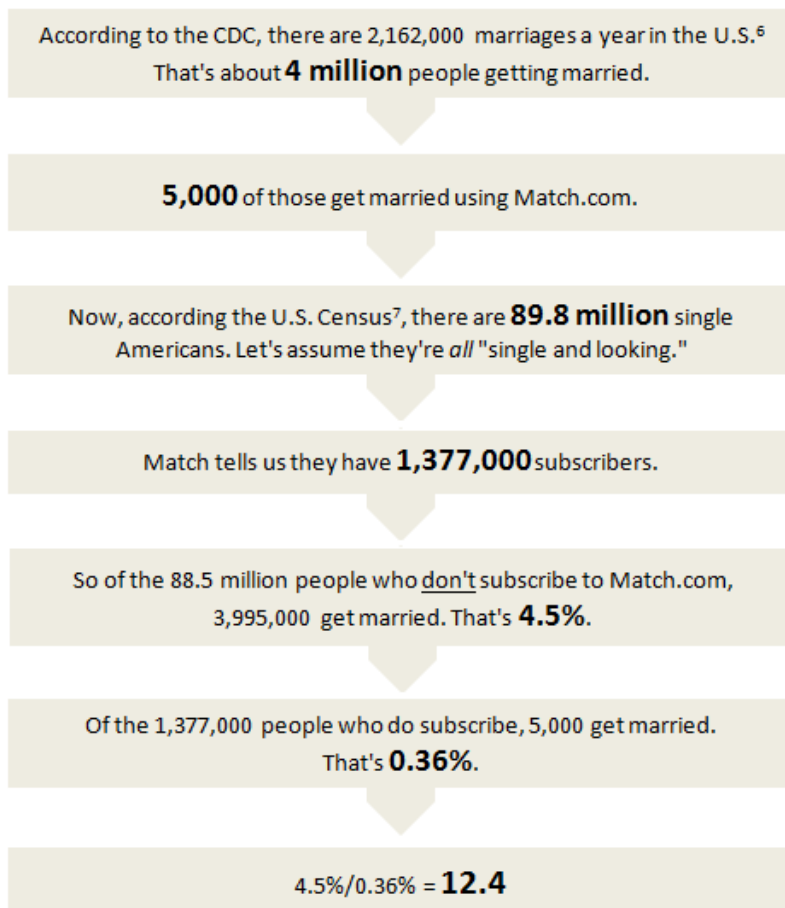
**IAC Advertising Solutions**

Okay, Match is double counting to get "12 couples", since a couple that gets married also gets engaged. So we have 6 couples per day getting married on the site, or 4,380 people a year. Let's round up to 5,000, to keep things simple. My first observation is that Match.com made \$342,600,000 last year<sup>5</sup>. That's \$137,000 in user fees per marriage.

Now here's where the demographics get really ugly for them.

*It turns out you are **12.4** times more likely to get married this year if you don't subscribe to Match.com.*

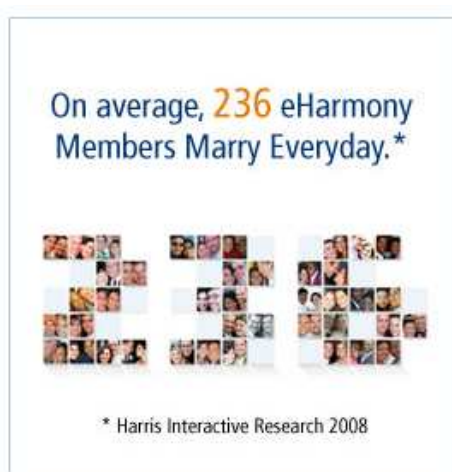
I figured it out like so:



Remember this is the minimum ratio, because from Match's perspective, we've made a lot of very favorable assumptions along the way. And it also doesn't matter that some portion of Match's customer base is overseas, because however you account for that in their subscriber base, you also have to adjust their marriage total accordingly.

...

eHarmony seems to do quite a bit better than Match, claiming in their ads to marry off 236 people a day:



Their higher rate shouldn't be too surprising, because eHarmony's entire site philosophy centers around matrimony, and furthermore that's the primary reason people go there. It's explicitly not a place for casual daters.

As they've told us, their member base of 750,000 people turns over every 6.5 months, which means that nearly **1.39 million** people go through eHarmony's "doors" each year. eHarmony fails at least 93.8% of the time. From the ad, we can see that just 86,140 of those subscribers get married, a mere 6.2% of the people who paid the company to find them a mate. And what of the other 93.8%, the 1,298,475 people who do not get married and then leave the site? Those people paid an average of \$190

each for a personality quiz.

### In Conclusion

A major selling point for the big for-pay dating sites **Match** and **eHarmony** is how many millions of members they have, and they drop massive numbers in their press releases and in talks with reporters. Of course, there's a solid rationale to wanting your dating site to seem gigantic. When people look for love, they want as many options as possible.

However, as I've shown above, the image these sites project is deceiving. So next time you hear Match or eHarmony talking about how huge they are, you should do like I do and think of Goliath—and how he probably bragged all the time about how much he could bench. Then you should go sign up for [OkCupid](#).



...

1. *Looking for a Date? A Site Suggests You Check the Data*  
<http://www.nytimes.com/2010/02/13/technology/internet/13cupid.html>
2. *The Big Business Of Online Dating*  
<http://www.cnbc.com/id/35370922>
3. eHarmony.com's Advertising Splash Page  
<http://www.eharmony.com/advertising/singles>
4. Match.com's Q4 2009 Report  
<http://files.shareholder.com/downloads/IACI/871220273x0x349618/6d370897-220b-409b-a86e-e02801b3eed5/Grandsand MetricsQ42009.pdf>. Match.com's 20 million membership claim is here: <http://www.consumer-rankings.com/Dating/#table>
5. *Ibid.*
6. Centers For Disease Control  
<http://www.cdc.gov/nchs/fastats/divorce.htm>. Not sure why they care.
7. The U.S. Census "Unmarried and Singles Week"  
[http://www.census.gov/Press-Release/www/releases/archives/facts\\_for\\_features\\_special\\_editions/007285.html](http://www.census.gov/Press-Release/www/releases/archives/facts_for_features_special_editions/007285.html)

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# OKCupid: We Didn't Censor Our Match.com-Bashing Blog Post

By Adrienne Jeffries

February 2, 2011 | 4:04 p.m.

New York's own online dating startup OKCupid announced that former rival Match.com bought the company for \$50 million today, and there was much rejoicing.

But back in April, when OKCupid wrote a post called "Why You Should Never Pay for Online Dating," the companies weren't so sweet on each other.

OKCupid's datahound Christian Rudder used publicly available data to guess at the success rates of eHarmony and Match.com, and decided they came up short.

"Today I'd like to show why the practice of paying for dates on sites like Match.com and eHarmony is fundamentally broken, and broken in ways that most people don't realize," Mr. Rudder wrote, before launching into an analysis that concluded that more than 93 percent of Match's profiles were "dead," meaning abandoned or owned by free-riding users who haven't paid for the ability to respond.

"It turns out you are 12.4 times more likely to get married this year if you don't subscribe to Match.com," he wrote.

Now that Match.com has bought OKCupid, that post has been removed from OKCupid's blog—setting off suspicions about whether the acquisition means the scrappy, fun OKCupid is being forced to button up by its new owners.

But Match.com didn't ask OKCupid to take down the post, CEO Sam Yagan told *The Observer*, it was just the "common sense thing to do."

"I know everyone wants to make a big deal out of this," he said. "They didn't tell us take it down. I wanted to do it. ... We obviously believe in a free model but there are also paid models and I didn't think [the post's] continued existence served much of a purpose. People will say, 'Oh my God, they've sold out and they're censoring it,' that's fine. When we put our next blog post next week and keep being awesome and the product keeps being awesome and free, people will just realize they're overreacting."

Furthermore, the data that OKCupid gathered from Match.com's public filings and press kit were not completely accurate, he said, which he realized once he saw the real data.

"Upon having more knowledge as we've gone through the process of getting to know Match and them getting to know us, some of the conclusions we drew are not quite as exaggerated as we made them out to be," he said.



Mr. Yagan did not reveal what the real data says or how big the discrepancy was, but said that Match.com is better at getting people together than he originally believed. "In general the totality of data that we have become exposed to leads us to believe that yes, the subscription sites are probably more successful than the post made them out to be," he said.

And even though the two sites are now playing for the same team, it'll be business as usual at OKCupid's Midtown office, he said. OKCupid will remain free and OKTrends will keep publishing the popular research it culls from its members. (Data from Match.com and its affiliated sites will not be included.)

Match and its associated sites may run ads on OKCupid, but that hasn't happened yet and the intention is not to have OKCupid be a feeder site for the subscription sites, he said, Match.com just wants to have a full portfolio of different kinds of dating sites. "I don't know what their grand strategy is. Right now we don't run any Match ads... the plan is just for each of the sites to run their own business. Where there are opportunities to cooperate we want to and we will."

"We're not moving offices. We're not integrating the user bases, not integrating the technology platforms, not integrating the brands," he said. "I'm running the business and I don't know how to run a subscription business. It's not something I've done or want to do."

OKCupid has about seven million users, most of whom joined over the last two years even though the site has been up for five. They're rolling out a mobile app that will be location-aware in the next few months.

It will be interesting to see if the acquisition has any visible impact on OKCupid, but from talking to Mr. Yagan it sounds like it won't.

"I think the most successful acquisitions are those where not a lot is done to radically change the business model of the company," he said.

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