



Mobile and Online Dating

May 2010

Introduction:

Mobile dating is defined as any cell phone supported service used for the purposes of finding and communicating with a potential date. This includes mobile phone applications such as iPhone Apps, mobile Internet services using a cell phone web browser, Bluetooth technology and SMS text-based services.

Increasing consumer demand and innovative mobile technology is placing pressure on the online dating industry to move outside of the PC and deliver a mobile-based dating experience. According to Juniper Research, the global mobile dating market is growing rapidly. In 2007, the industry was worth \$330 million and, by 2008, it had increased by over 60% to \$550 million. By 2013, it is expected to double to \$1.4 billion.

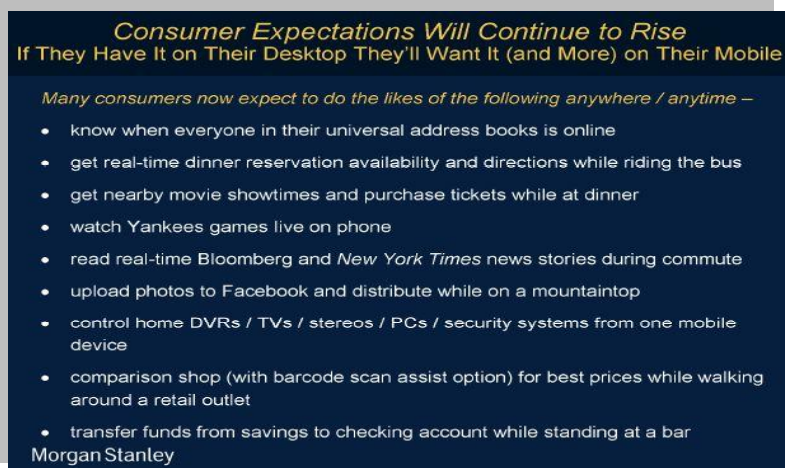
Online Dating and Mobile - Issues:

The online dating industry has been historically slow to provide a mobile dating experience. This has primarily been due to low consumer demand and the inability of mobile technology providers to deliver fast, convenient mobile dating solutions. There are key issues the online dating industry and mobile dating solution providers must address in order to make mobile dating a positive, feature-rich, robust member experience.

New Demands - Consumer Behaviour:

Consumers have moved beyond using mobile for voice only. Consumers with mobile Internet access are pressuring dating site owners to adopt mobile dating solutions quickly or lose market share.

Mobile Internet is a growing lifestyle according to Morgan Stanley's Report on mobile Internet as summarized below.



Consumer Expectations Will Continue to Rise
If They Have It on Their Desktop They'll Want It (and More) on Their Mobile

Many consumers now expect to do the likes of the following anywhere / anytime –

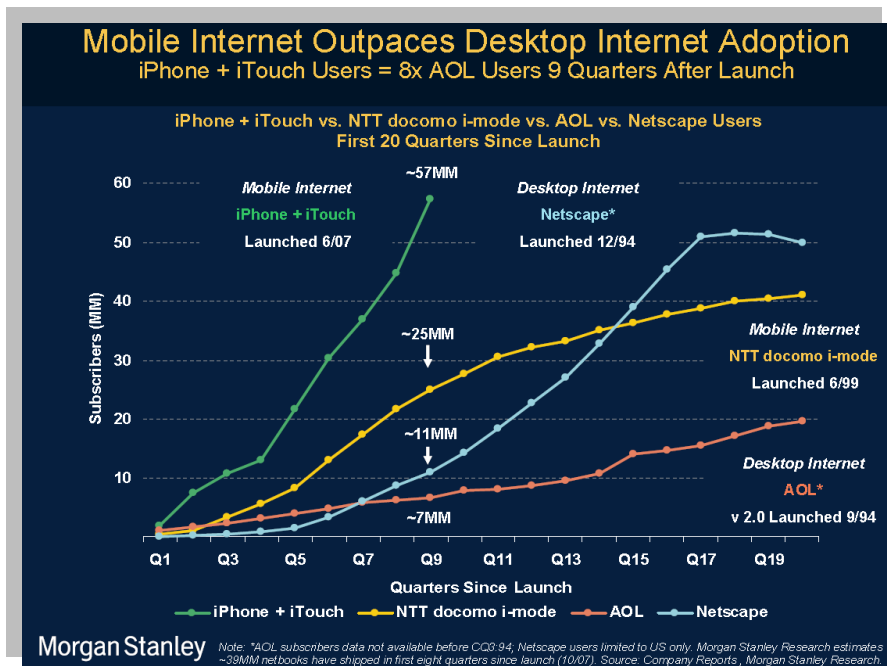
- know when everyone in their universal address books is online
- get real-time dinner reservation availability and directions while riding the bus
- get nearby movie showtimes and purchase tickets while at dinner
- watch Yankees games live on phone
- read real-time Bloomberg and *New York Times* news stories during commute
- upload photos to Facebook and distribute while on a mountaintop
- control home DVRs / TVs / stereos / PCs / security systems from one mobile device
- comparison shop (with barcode scan assist option) for best prices while walking around a retail outlet
- transfer funds from savings to checking account while standing at a bar

Morgan Stanley

More specifically, mobile Internet is now a social interaction platform with texting the normal means of communication. Pew Internet & American Life Project concluded a recent survey among teens (future Internet daters) with the following findings:

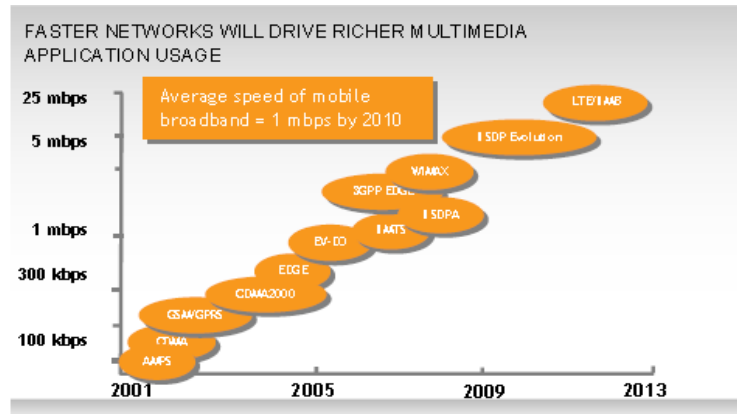
- Teenagers prefer to use SMS text messaging to relay the latest gossip to friends.
- Text messaging has become the primary way teens communicate with friends, surpassing face-to-face contact, E-mail, instant messaging and voice calling.
- More than half of the 800 U.S. teenagers surveyed said they text on a daily basis to socialize and chat with friends.
- Since a survey conducted by Pew in February 2008, daily text messaging has soared among teens. In the 2008 study, 38% of teens sent texts daily, compared to 54% in the latest survey conducted in September 2009.
- The mobile phone has become an essential communication tool for most teens. Pew found that 75% of 12- to 17-year-olds own a cellular phone, up from 45% in 2004.

Proof that mobile Internet is here to stay can be validated in the growth of mobile Internet versus PC Internet activity. In a recent study, Morgan Stanley found that mobile Internet is growing rapidly and will be bigger than desktop Internet due to social adoption trends, social networking, 3G networks and new mobile device technology. The study also concluded that data usage is growing quickly while voice usage is declining at about 2% per year.



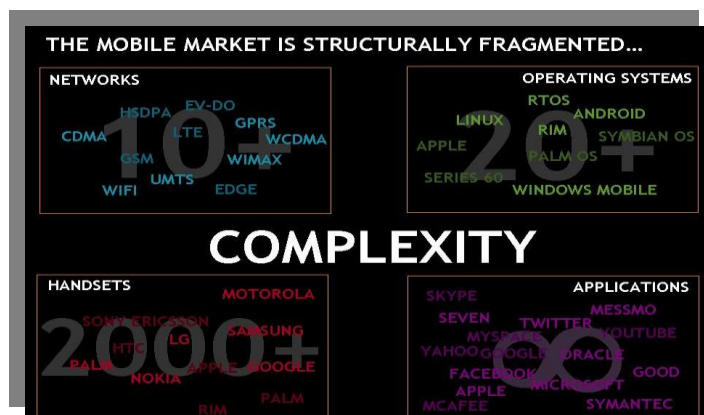
Technology:

Over the past decade, mobile technology has not delivered the fast, feature-rich service required to make mobile dating a positive member experience. The following chart, reflecting advances in network speeds, shows that acceptable broadband speeds are now available.



While there have been dramatic improvements in cell phone technology, functionality and network speeds, the question dating site owners must address is: How should mobile dating augment the PC dating experience? Mobile Internet search or, more precisely, member profile search can be restrictive due to limitations in handset screen sizes; cell phones can only deliver or capture limited amounts of member profile data. There is also the question of security: Is the transmission of sensitive data over mobile Internet secure?

Mobile dating is growing and dating site owners willing to implement a mobile dating strategy are faced with an assortment of mobile service platforms, networks (AMPS, GSM, CDMA, CDM2000, 2.5G, 3G, 4G), cell phone models and competing mobile operating systems (Symbian, Windows Mobile, Apple OS, Android, Palm OS, Blackberry OS). The level of complexity can create confusion in terms of which technical direction(s) to follow.



Another key question Internet dating firms need to ask is: What role should mobile dating technology play in terms of an overall dating service offering? How can an existing PC experience be extended? With these vital questions in mind, is there a level of scalability when implementing a mobile strategy?

ROI:

Mobile dating is still emerging and dating site owners should seek solutions to capitalize on this growth. However, without a history of established (lucrative) business models to build on, there is a degree of financial risk.

To deliver a mobile dating strategy, dating site owners will either need to build the mobile solution in-house or integrate a third-party mobile dating service into their online dating site. There are, of course, some serious considerations and potential drawbacks to be addressed when building a mobile dating solution in-house. First, mobile services do not operate on a cross-network unified platform like Windows in a PC environment. Therefore, when developing an in-house mobile dating strategy, the technology must be able to operate across all platforms, making this a costly build. Secondly, cell phones and network data speeds are evolving so quickly that, in the time it takes to develop a mobile dating solution in-house, the technology may be outdated, thus requiring more time and capital re-investment to bring it up to date and keep it current.

Dating site owners considering integrating a third-party service should do their due diligence to avoid potential pitfalls as well. Questions to ask include: How stable is the technology and the company behind it? Is the mobile technology scalable and applicable across all platforms (iPhone, Android, Blackberry, Nokia etc)? Is there a white-branding capability? How efficient is the integration process? Is the member experience fast and simple to navigate? Are there monetization opportunities?

Value:

The fundamental question in terms of “value” is whether consumers will demand a mobile dating offering as a necessary dating site feature. The answer is YES. Mobile dating will be a necessary expense and dating sites need to accept the fact that their cost base just went up. Today, Internet dating sites are doing PC + mobile but, in five years, mobile + PC (i.e., reversal based on usage) will be the new model. So, the real issue is how to grow revenue on top of what is becoming a necessary expense.

“The business model remains largely unproven; besides mobile advertising, some services charge a fixed fee for membership, others per message sent, and others provide free access but generate revenue from selling mobile virtual goods. In addition, the bulk of revenues will come from the subscription model, but the other models are definitely growing in number and weight.”
(Source: Juniper Research)

WAYN.com is a good example of an integrated mobile and monetization strategy that provides both member value and revenue generation. This travel, lifestyle and social community site allows members to stay in touch with family and travel friends, while providing travel location updates via SMS messaging. WAYN members can also purchase credits to send virtual gifts to other members within their travel community.

Member Experience:

Mobile dating provides members with the ability to find a date anytime, anywhere. Vicinity matching, SMS texting, video chat, flirt notifications, and match alerts with mini-profile views are the primary mobile dating functions. However, from a member experience, mobile dating can have benefits and limitations:

- Members may incur additional cell phone fees. A study by Juniper Research suggests that the growth of mobile dating is being hampered in many regions by excessive and confusing data pricing; “the high costs of data - particularly for prepaid customers – were continuing to act as a disincentive for regular usage and more widespread adoption.”
- Mobile dating-based interaction between members is different due to limitations of cell phone functionality and “real estate” versus a PC.
- Older dating members may not be as “tech savvy” as younger members, thereby limiting the mobile dating service offering to a smaller segment of the member base.
- Mobile dating is more “immediate” than online dating. Online dating provides the opportunity for longer member interaction, however, mobile dating is the perfect platform for repeated quick, impulsive interaction.

Competition:

For the traditional online dating sector, mobile dating is creating a new level of competition. Singles can now choose between traditional online dating, online dating sites with mobile features or stand-alone mobile dating sites. Some traditional sites have already adapted to the mobile dating evolution by building their own applications (Match, Zoosk, and Webdate).

There are new mobile dating/social networking start-ups that are entering the market such as MeetMoi, Flirtomatic, PlutoLife and IceBrkr. These and other start-ups will offer more choices for the mobile dating consumer.

Smaller dating sites that do not have the critical mass or the resources to implement mobile solutions may face critical competitive pressure and find themselves limited in terms of growth potential and market opportunities.

Solutions:

Internet dating firms considering augmenting their online dating service with a mobile strategy have a number of third-party suppliers and solutions to choose from and the list is expanding. Trilibis Mobile, for example, offers a mobile solution that allows dating sites to deliver rich content such as profile data to member cell phones across all platforms, carrier networks and most handsets. Jumbuck's mobile dating solutions provide mobile dating sites with the ability to implement mobile chat, flirts and the exchange of profile data between member cell phones. Messmo is focused on extending the PC dating experience with SMS messaging.

“Mobile dating is about messaging not browsing. Messaging is the killer paradigm for dating because it is all 1:1 and it works best with notifications - so the role of push is critical...tell someone they have a new message and they will open it and reply.” (Brendan O’Kane, CEO of Messmo)

Third-party mobile dating applications (apps) provide a specific experience that may be re-purposed and integrated with existing sites. Typically, these apps provide a mobile “feature extension” solution. Apps, however, do not extend a site’s core benefits to the members. Examples of these apps include:

Skout – This real-time, location-based service lets daters chat, share pics and find other singles through the site and iPhone app.

SpeedDate – This dating site allows members to have three-minute speed dates on live video. The iPhone app lets users create a profile and send a wink.

DateCheck – This mobile dating app does background checks on dates, looks up criminal records, shows if they own property and what the value is, and who else lives at their home.

Grindr – The location-based iPhone or iPod Touch app zones in on gay men nearby looking to meet up. Users can check out photos or instant message other users.

Areyouinterested – This is an iPhone mobile dating app for social networking sites.

Radaroo - The Twitter app lets users ask Twitter users if they're single.

Dating and Mobile - Benefits:

Clearly, mobile Internet is a reality and, with the advancement in technology and increasing market acceptance, Internet dating sites can implement a mobile solution knowing there are numerous benefits.

Monetisation – A mobile solution can be implemented to monetise the non-subscribing member base. Using triggering points on mobile, “impulse” purchases, such as virtual gifts and short time passes, can be presented and billed through the mobile device.

Retention – During any 24-hour period, a member is at least 4 times more likely to be accessible by mobile than via a PC. Interacting with another member and bringing them back to a site leads to increased usage and enhances the member PC/mobile experience.

Differentiation – Members will expect to be offered mobile solutions. Many want to be contacted 24 hours a day. Dating sites that have a mobile solution can provide a mobile Internet-based two-way messaging model with richer messages that can include image and audio.

Member Acquisition – A mobile is a highly personal device that is constantly used for communicating with close friends. A phone call or message from a friend on a mobile reflects higher levels of trust than alternatives such as E-mail. Using strong viral techniques will enable members to recommend a site to their friends from mobile, thus reducing member acquisition costs.

New Markets – Internet dating sites that introduce a mobile solution can now target younger more “tech savvy “ consumer markets for site membership.

Improved Member Experience – Mobile dating provides immediate response and immediate member to member interaction. It also provides convenience and control in extending the PC dating experience, giving members 24x7 access to dating site activity – anywhere /anytime – even in the workplace, with no restrictions.

Conclusion:

With mobile Internet’s rapid growth, coupled with advancing technology, social interaction via mobile is now a common lifestyle trait. So the real question for Internet dating site owners is not “should” a mobile dating strategy be implemented, but “when”? Technically, there are numerous mobile dating service options and delivering a positive member experience is achievable. The consumer market is ready and will soon expect mobile dating to be “mainstream”. For the online dating industry, mobile dating could very well become a fundamental approach to attracting and maintaining a satisfied member base, making a mobile dating strategy a competitive benchmark.