Chapter 13. Model Six: Two-Sided Marketplaces

Two-sided marketplaces are a variation on e-commerce sites, but they're different enough to warrant a separate discussion. If, after reading Chapter 7, you've concluded that you're running this kind of company, here's what you need to know.

In this model, the company makes money when a buyer and seller come together to complete a transaction. While eBay is undoubtedly the most famous example of a two-sided marketplace, the underlying pattern is fairly common. Consider the following business models, all of which have an aspect of a two-sided market:

- Real estate listing services allow prospective buyers to identify properties by a wide range of criteria, and then extract a fee for setting up the transaction, either as a one-time cost or a percentage.

- Indiegogo lets artists list projects and collect the support of backers. Backers are able to browse projects and find those they want to support. The site takes a percentage of monies raised.

- eBay and Craigslist let sellers list and promote items, and let buyers purchase from them. In the case of Craigslist, a very small number of transactions (rentals in certain cities, for example) cost money, making the rest of the site free.

- App stores let software developers list their wares in exchange for sharing the revenues. The app store not only handles the catalog of apps and the delivery, it also distributes updates, helps with litigation, and manages currency transactions.

- Dating sites allow an inventory of prospective partners to browse one another, and charge a fee for completing an introduction or for revealing additional information in a paid subscription.

- Hotwire and Priceline let hotels list additional inventory, then find buyers willing to buy it at a discount. They hide the identity of the hotel until after the purchase.

All of these examples include a shared inventory model and two stakeholders—buyers and sellers, creators and supporters, prospective partners,[49] or hotels and travellers. They all make money when the two stakeholders come together, and they often differentiate based on a particular set of search parameters or qualifications (e.g., apartments that have been vetted, seller ratings). And they all need an inventory to get started.

In this section, we're going to define two-sided marketplaces more narrowly, which will exclude some of the aforementioned examples. In our definition:

- The seller is responsible for listing and promoting the product. A real estate service that simply publishes realtor listings wouldn't qualify, but a for-sale-by-owner site would.

- The marketplace owner has a "hands off" approach to the individual transactions. Sites like Hotwire that create the hotel profiles wouldn't be included.

- The buyer and seller have competing interests. In most marketplace models the seller wants to extract as much money as possible, while the buyer wants to spend as little as possible. In a dating site, regardless of gender differences, both parties have a shared interest—a compatible partner—so we'll leave them out of this discussion.

Two-sided marketplaces face a unique problem: they have to attract both buyers and sellers. That looks like twice as much work. As we'll see in some of the case studies ahead, companies like DuProprio/Comfree, Etsy, Uber, and Amazon found ways around this dilemma, but they all boil down to one thing: *focus on whomever has the money*. Usually, that's buyers: if you can find a group that wants to *spend* money, it's easy to find a group that wants to *make* money.

What DuProprio Watches

DuProprio/Comfree is the largest for-sale-by-owner marketplace, and second-most-visited real estate network in Canada. Founded in 1997 by co-president Nicolas Bouchard, it lists 17,000 properties and has roughly 5 million visits a month. The company charges a one-time fee of around $900 for a listing, assistance with pricing, signage, and HDR photography. Additional tools, from legal advice to real estate coaching, are available for an extra fee. The company also has affiliate listing relationships with a prominent newspaper.

Nicolas was Lean before Lean came along. The son of a realtor and an entrepreneur from a young age—already running a hardwood flooring business while in high school—he helped his father build a website in the early days of the Web. Then he had an epiphany. "I started to notice the black-and-orange 'for sale by owner' signs in hardware stores. So I made the connection, and said, 'let's do a real estate website for owners.' I launched it in my parents' basement."

The first version of the website was static, built on Microsoft Frontpage. There was no staff. Nicolas acquired new sellers by scouring the classified ads and driving around looking for "for sale by owner" signs, convincing sellers to list with his site. "Back then, the only KPI was the number of signs we had on people's lawns—because that's how buyers found my website," he recalls. "That, and of course, the number of properties listed on the website."

Gradually, Nicolas found other sources of potential sellers, looking at sites like Craigslist and Kijiji. "It was the beginning of the Internet," he says. "I was still playing with how to pitch the service and how to use the Web to my advantage, and that of my clients."

In early 2000, once the company had found some traction, it switched from a static site to a dynamic one, and manually transferred all the seller listings to the new site. Until that point, it had only rudimentary analytics—little more than a page hit counter. It added Webtrends for analytics. With the dynamic version of the site came a seller login, which allowed sellers to update data on their property by themselves. "At this point, sellers could see more about how they were doing, including how many times their listing appeared in search results, how many times the listing was clicked, and so on," he says.

A couple of years later, the company added client-side logins. This allowed prospective buyers to set their search criteria, and eventually to subscribe to notifications when suitable properties came up for sale. The emphasis was on search.

“With the advent of the dynamic site, we tracked the number of visitors versus the number of seller subscriptions, because that’s bread and butter to us,” says Nicolas. But the data still wasn’t precise: the company was still focusing on visits, not visitors.

One reason for this was that the two-sided marketplace was more complicated than it might seem. Often, someone selling a house was also looking for a new one—which made it hard to segment traffic cleanly between the two groups—so Nicolas settled for a simple rule of thumb. “At some point we had a metric that 1,000 visits on the website equals 1 subscription.” Despite the coarseness of this baseline, it was enough to draw a line in the sand. “This was a rudimentary conversion rate,” he says. “The objective was to generate more conversions per visit.”

As the company became more sophisticated about analysis, it improved its analytics further. “We started to look at the conversion rate of visitors coming to the subscription page, where we display the various packages we offer,” he says. “We started to be a bit more disciplined, but this was long before we did any real A/B testing.” The company was making modifications to its website to see if they improved conversions or the visits-to-listings ratio, but this was still a month-by-month process.

While the company has detailed analytics from Google today, Nicolas doesn’t concern himself with details. “There are always more visitors looking to buy a property,” he points out. He also doesn’t focus as much on buyer-side account creation. “In Québec alone, we have 3 millions visits a month, and 1.2 million unique visitors a month, but only a small fraction of those—5% or less—create an account.”

Nicolas does care a lot about competitors, however. “We want to be as good as possible, and better than real estate agents. We have data from the Canada Mortgage and Housing Corporation and the Canadian Real Estate Board, so we know exactly how many properties were listed and sold. We benchmark ourselves against these numbers all the time, region by region.”

Today, the company has three big goals. It wants to convince sellers to list their property on the site, it wants to convince buyers to register for notifications when a property becomes available, and it wants to sell the properties.

DuProprio is a great example of how a company moves through several stages as it grows. The metrics the company tracked changed over time:

- Early on, a static site was fine—the focus was on acquisition (signs on lawns, volume of houses listed).
- Then its focus shifted to the visitor-to-listing ratio, which was a measure of whether the marketplace was healthy.
- As the marketplace emerged, it focused on revenue metrics such as the list-to-sold ratio, and the average package sale price.
- Now it's adding new metrics to optimize the email click-through rate, search results, and use of its recently launched mobile applications. "Currently, because of the way the system is built, it's hard to know where blank searches are occurring on the website, but it's something we're working on."

Ultimately, in this two-sided marketplace, Nicolas has clearly chosen to focus on the source of the money.

"For us, today, one big metric is the number of sales. An even bigger metric than that is the sold-to-list ratio: what's the total number of properties listed versus the total number of properties sold," he says. "If the property doesn't sell, we don't have a business. There will be no word of mouth, no good reviews, no 15,000 testimonials from satisfied sellers, no 'I sold' stickers on lawn signs. Even if tomorrow I'm listing 10,000 more properties, if no properties are selling, I'm dead."

Summary

- Early on, a marketplace can grow its inventory by hand, using decidedly low-tech approaches. Do things that don't scale.
- For some marketplaces, a per-listing or per-transaction fee, rather than a commission, works well.
- If you can build buyer attention, it'll be easy to convince sellers to join you,

so go where the money is.

- A static, curated site can be enough to prove the viability of a big-ticket, slow-turnover marketplace.
- Ultimately, volume of sales, and the resulting revenue, is the only metric that matters.

Analytics Lessons Learned

Start with the minimum marketplace that proves you have demand, supply, and a desire for buyers and sellers to transact. Then find ways of making money from that activity. The metrics you track will depend on transaction size, frequency, and other unique characteristics of the business. But the fundamentals are the same: revenue from transactions.

Imagine you're launching a two-sided marketplace for secondhand game consoles. Those with a console to sell can list it, and those looking for a console to buy can browse by a variety of criteria. The transactions are handled through PayPal, and you retain a portion of the proceeds above a minimum amount.

Because you're not a vendor of consoles yourself, you need to find a way to produce *either* an inventory of consoles, *or* a large group of customers. You need to pick which side of the market you're going to "seed."

If you want to seed the seller side, you might crawl Craigslist and approach console owners to see if they have inventory, encouraging them to list items. If you want to seed the buyer side, you might set up a forum for nostalgic game players, bringing them together and inviting them from social sites.

You could create an artificial inventory by selling consoles to start with, and then gradually adding inventory from others. Car-service provider Uber overcame the chicken-and-egg problem in new markets by simply buying up available towncars: when the company launched in Seattle, it paid drivers $30 an hour to drive passengers around, and switched to a commission model only once it had sufficient demand to make it worthwhile for the drivers. *The company created supply*.

On the other hand, if you want to seed the buyer side, you probably need to pick something for which you can command an initial inventory, then purchase some;

or you might take orders with a promise of fulfilling them later, knowing you have access to that inventory. Amazon, for example, started selling books, which allowed it to streamline its order, search, and logistics processes. Then it could offer a broader range of its own goods. Eventually, with access to many buyers and their search patterns, Amazon became a marketplace for goods from many other suppliers. Salesforce.com created a CRM product, and then created an app exchange ecosystem where third-party developers could sell software to existing customers. With respect to their marketplace offerings, *both companies first created demand*.

The health of their chicken-and-egg-defeating strategy was a critical metric:

- For Uber, this meant measuring how much drivers would be making on a commission basis, as well as the inventory and the time it took a driver to pick up a customer. When those metrics were sustainable (with a reasonable margin of error), it was time to switch from the “artificial” market of paid drivers to the “sustainable” two-sided marketplace of commissions.

- For Amazon, this meant measuring the number of retained book buyers who were comfortable with the purchase and delivery process, and then trying out new offerings, such as electronics or kitchenware, that those buyers might purchase.

The first step of a two-sided marketplace—and the first thing to measure—is your ability to create an inventory (supply) or an audience (demand). DuProprio looked for “for sale by owner” signs and classified listings to build its initial set of listings, and the seller’s lawn sign then drove buyer traffic, so its metrics were listings and lawn signs. The metrics you’ll care about first are around the attraction, engagement, and growth of this seed group.

Josh Breinlinger, a venture capitalist at Sigma West who previously ran marketing at labor marketplace oDesk, breaks up the key marketplace metrics into three categories: buyer activity, seller activity, and transactions. “I almost always recommend modeling the buyer side as your primary focus, and then you model supply, more in the sense of total inventory,” he says. “It’s easy to find people that want to make money; it’s much harder to find people that want to spend money.”

Josh cautions that just tracking buyer, seller, and inventory numbers isn’t enough: you have to be sure those numbers relate to the actual activity that's at the core of your business model. "If you wanted to juice those numbers you could do so quite easily by tweaking algorithms, but you're not necessarily providing a better experience to users," he says. "I believe the better focus is on more explicit marketplace activity like bids, messages, listings, or applications."

Once you've got both sides of the market together, your attention (and analytics) will shift to maximizing the proceeds from the market—the number of listings, the quality of buyers and sellers, the percentage of searches for which you have at least one item in inventory, the marketplace-specific metrics Josh mentions, and ultimately, the sales volume and resulting revenue. You'll also focus on understanding what makes a listing desirable so you can attract more like it. And you'll start tracking fraud and bad offerings that can undermine the quality of the marketplace and send buyers and sellers away.

Our game console company starts by tracking the growth of buyers within the marketplace, and their interest in sellers' listings. To track buyers, we start by tracking visitors who aren't sellers (see Table 13-1). One useful metric is the ratio of buyers to sellers—a higher number should convince more sellers to list their merchandise.

Table 13-1. Site visitors (potential buyers)

	Jan	Feb	Mar	Apr	May	Jun
Unique visitors	3,921	5,677	6,501	8,729	10,291	9,025
Returning visitors	2,804	4,331	5,103	6,448	7,463	6,271
Registered visitors	571	928	1,203	3,256	4,004	4,863
Visitor/seller ratio	12.10	13.33	11.57	11.91	12.83	10.45

But this data looks a lot like vanity metrics. What we *really* care about are engaged buyers who've made a purchase. Drawing a line in the sand, we decide someone is a buyer if she's made at least one purchase, and that a buyer is engaged if she's searched for something in the last 30 days (see Table 13-2).

Table 13-2. Number of engaged buyers

	Jan	Feb	Mar	Apr	May	Jun
Buyers (1+ purchase)	412	677	835	1,302	1,988	2,763
Engaged buyers (search in last 30 days)	214	482	552	926	1,429	1,826
Engaged buyer/active seller ratio	1.95	3.09	2.33	4.61	5.67	6.81
Engaged buyer/active listing ratio	1.37	1.17	0.84	1.05	1.34	1.62

Next we look at sellers, their growth in the marketplace, and the listings they create (see Table 13-3).

Table 13-3. Growth of sellers and listings

	Jan	Feb	Mar	Apr	May	Jun
Sellers	324	426	562	733	802	864
Listings	372	765	1,180	1,452	1,571	1,912
Average listings/seller	1.15	1.80	2.10	1.98	1.96	2.21

This is a bit simplistic, however: it breaks our rule that good metrics are ratios or rates, and it doesn't distinguish between active and disengaged sellers. A better set of data might dig a bit deeper. We draw some lines in the sand: sellers are disengaged if they haven't added a listing in the last 30 days, and listings are inactive if they don't show up in buyers' search results at least five times a week (see Table 13-4).

Table 13-4. Number and percent of active sellers and listings

	Jan	Feb	Mar	Apr	May	Jun
Active sellers (new listing in last 30 days)	110	156	237	201	252	268
% active sellers	34.0%	36.6%	42.2%	27.4%	31.4%	31.0%
Active listings (five views in last week)	156	413	660	885	1,068	1,128
% active listings	41.9%	54.0%	55.9%	61.0%	68.0%	59.0%

Now that we have some data on buyers and sellers, we need to map out the conversion funnel leading to a purchase. We look at the number of searches, how many of them produce results, and how many of those results lead to a viewing of a detailed listing of the product. We also track the sale, and whether the buyer and seller were satisfied (see Table 13-5).

Table 13-5. Sales, satisfaction, and revenue

	Jan	Feb	Mar	Apr	May	Jun
Total searches	18,271	31,021	35,261	64,021	55,372	62,012
Searches with >1 match	9,135	17,061	23,624	48,015	44,853	59,261
Click-through to listings	1,370	2,921	4,476	10,524	15,520	12,448
Total purchase count	71	146	223	562	931	622
Remaining inventory	301	920	1,877	2,767	3,407	4,697
Satisfied transactions	69.00	140.00	161.00	521.00	921.00	590.00
Percent satisfied transactions	97.18%	95.89%	72.20%	92.70%	98.93%	94.86%
Total revenue	$22,152	$42,196	$70,032	$182,012	$272,311	$228,161
Average transaction size	$312.00	$289.01	$314.04	$323.86	$292.49	$366.82

Finally, we track the quality of the listings and the buyers’ and sellers’ reputations (see Table 13-6).

Table 13-6. Quality of listings

	Jan	Feb	Mar	Apr	May	Jun
Searches per buyer per day	1.48	1.53	1.41	1.64	0.93	0.75
New listings per day	12.00	22.11	30.87	29.67	20.65	43.00
Average search result count	2.1	3.1	3.4	4.2	5.2	9.1
Flagged listings	12	18	24	54	65	71
Percent flagged listings	3.23%	2.35%	2.03%	3.72%	4.14%	3.71%

Sellers rated below 3/5	4.0%	7.1%	10.0%	8.2%	7.0%	9.1%
Buyers rated below 3/5	1.2%	1.4%	1.8%	2.1%	1.9%	1.6%

There's a lot of data to track here, because you're monitoring both buyer e-commerce funnels and seller content creation, as well as looking for signs of fraud or declining content quality.

Which metrics you focus on will depend on what you're trying to improve: inventory, conversion rate, search results, content quality, and so on. For example, if you're not getting enough click-through from search results to individual listings, you can show less information in initial search results to see if that encourages more click-through.

So the metrics you'll want to watch include:

Buyer and seller growth

The rate at which you're adding new buyers and sellers, as measured by return visitors.

Inventory growth

The rate at which sellers are adding inventory—such as new listings—as well as completeness of those listings.

Search effectiveness

What buyers are searching for, and whether it matches the inventory you're building.

Conversion funnels

The conversion rates for items sold, and any segmentation that reveals what helps sell items—such as the professional photographs of a property mentioned in the Airbnb case study in Chapter 1.

Ratings and signs of fraud

The ratings for buyers and sellers, signs of fraud, and tone of the comments.

Pricing metrics

> If you have a bidding method in place (as eBay does), then you care whether sellers are setting prices too high or leaving money on the table.

All of the metrics that matter to an e-commerce site matter to a two-sided marketplace. But the metrics listed here focus specifically on the creation of a fluid market with buyers and sellers coming together.

Rate at Which You're Adding Buyers and Sellers

This metric is particularly important in the early stages of the business. If you're competing with others, then your line in the sand is an inventory of sellers that's comparable to that of your competitors, so it's worth a buyer's time to search you. If you're in a relatively unique market, then your line in the sand is enough inventory that buyers' searches are returning one or more valid results.

Track the change in these metrics over periods of time to understand if things are getting better or worse. You're already tracking the sellers and listings, but what you really want to know is how fast those numbers are growing.

This makes it easier to pinpoint changes that are worth investigating. You'll want to track how fast you're adding sellers to the marketplace and whether the rate of addition is growing or slowing. If it's growing, then you may want to focus on onboarding new sellers so they become active and list inventory right away; if it's stalling, then you may want to spend more money to find new sellers or focus on increasing the number of listings per seller as well as the conversion rate of those listings.

Long-term, you can always buy supply, but you can't buy demand. In an attention economy, having an engaged, attentive user base is priceless. It's the reason Walmart can coerce favorable terms from suppliers and that Amazon can build a network of merchants even though it's a seller itself. When it comes to sustainable competitive advantage, *demand beats supply*.

Rate of Inventory Growth

In addition to sellers, you need to track listings they create. Focus on the number of listings per seller and whether that's growing, as well as the completeness of those listings (are sellers completing the description of their offering?).

A bigger inventory means more searches are likely to yield results. If you start to saturate your marketplace (i.e., if most of the sellers in your market have already become members), then your growth will come from increasing their listings and the effectiveness of those listings.

Buyer Searches

In many two-sided markets, searches are the primary way in which buyers find sellers. You need to track the number of searches that return no results—this is a lost sales opportunity. For example, you might track the change in daily searches, new listings, and result counts, which will show you whether you're growing the business (see Table 13-7).

Table 13-7. Buyer searches month over month

	Feb	Mar	Apr	May	Jun
Change in daily searches per buyer	103.3%	92.2%	116.4%	56.6%	80.6%
Change in new listings per day	184.2%	139.6%	96.1%	69.6%	208.3%
Change in average result count per search	147.6%	109.7%	123.5%	123.8%	175.0%

In this example, buyers performed fewer daily searches in May and June than beforehand, relatively speaking. The number of listings in May also declined.

You should also look at the search terms themselves. By looking at the most common search terms that yield nothing, you'll find out what your buyers are after. A dominant search term—say, "Nintendo"—might suggest a category you could add to the site to make navigation easier, or a keyword campaign you could undertake to attract more buyers. You'll want to know what the most lucrative search terms are, too, because that tells you what kind of seller you should attract to the site.

The ratio of searches to clicked listings is also an important step in your conversion funnel.

Conversion Rates and Segmentation

The conversion funnel will have several stages, starting with the number of searches done by visitors. You should also measure the number of *satisfied* transactions, because a spike in transactions where one party is unsatisfied suggests that the site is focused on short-term gain (more sales) for long-term pain (a bad reputation, demands for refunds, and so on). See Table 13-8.

Table 13-8. Measuring conversions in a marketplace

	May	**Funnel**
Total searches	55,372	100.00%
Searches with >1 match	44,853	81.00%
Click-through to listings	15,520	28.03%
Total purchase count	931	1.68%
Satisfied transactions	921	1.66%

Buyer and Seller Ratings

Shared marketplaces are often regulated by the users themselves—users rate one another based on their experience with a transaction. The easiest way to implement this system is to let users flag something that's wrong, or that violates the terms of service. Users can also rank one another, and sellers work hard to earn a good reputation when the ratings system works well.

Percent of Flagged Listings

You'll want to track the percentage of listings that are flagged, and whether this number is increasing or decreasing. A sharp increase in the percentage of listings your users are flagging indicates fraud. See Table 13-9.

Table 13-9. Flagged listings

	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Percent of listings flagged	3.23%	2.35%	2.03%	3.72%	4.14%	3.71%
Change in percent flagged listings		72.9%	86.4%	182.9%	111.3%	89.7%
Change in sellers rated below 3/5		177.5%	140.8%	82.0%	85.4%	130.0%
Change in buyers rated below 3/5		116.7%	128.6%	116.7%	90.5%	84.2%

Similarly, a rise in poor ratings shows a problem with expectations, and may indicate that sellers aren't delivering or buyers aren't paying. In every case, you'll have to start with these metrics, then investigate individually to see if there's a technical problem, a malicious user, or something else behind the change.

Visualizing a Two-Sided Marketplace

Figure 13-1 illustrates a user's flow through a two-sided marketplace, along with the key metrics at each stage.

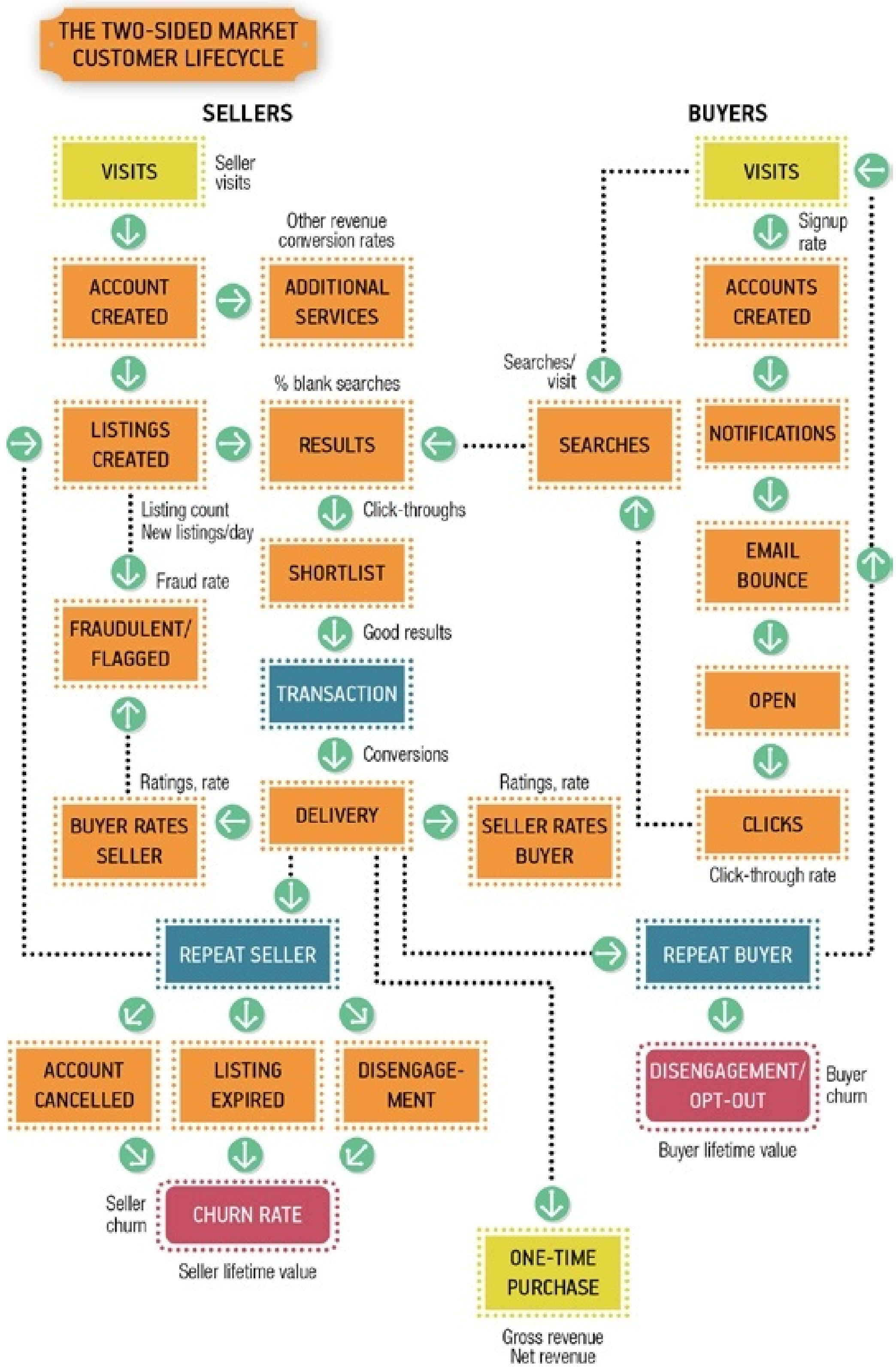

Figure 13-1. Two-sided marketplaces—twice the metrics, twice the fun

Wrinkles: Chicken and Egg, Fraud, Keeping the Transaction, and Auctions

In the early days of the Web, pundits predicted an open, utopian world of frictionless markets that were transparent and efficient. But as Internet giants like Google, Amazon, and Facebook have shown, parts of the Web are dystopian. Two-sided marketplaces are subject to strong network effects—the more inventory they have to offer, the more useful they become. A marketplace with no inventory, on the other hand, is useless.

Successful two-sided marketplaces find a way to artificially populate either the buyer or the seller side early on. As a particular niche matures, this network effect means there will be a few dominant players—as is the case with Airbnb, VRBO, and a few others in the rental property space.

Fraud and trust are the other big issues for such marketplaces. You don't want to assume responsibility for the delivery of goods or services within your marketplace, but you need to ensure that there are reliable reputation systems. Buyer and seller ratings are one approach to this, but there are other ways. Some dating sites offer guarantees (for example, that they will prosecute if a person turns out to be married).

One more major issue is keeping the transaction within the network. In the case of a sailboat or house marketplace, the transaction may be tens or even hundreds of thousands of dollars. That's not really suitable for a PayPal transaction, and it's hard to stop "leakage"—buyers and sellers find one another through your marketplace, and then conclude their business without you getting a transaction fee.

There are a number of ways to overcome this—all of which you should test to see if they work for your product and market. For example, you might:

- Refer users to an outside agent to conclude the transaction (e.g., a realtor) and monetize the referral.

- Charge a fee (instead of a percentage) proportional to the value of the item the seller is listing.

- Monetize something else about the market, such as in-site advertising, shipping services, or favorable placement.

- Make it impossible for the two parties to connect or find each other's identity until after the transaction is confirmed (as discount travel site Hotwire does).
- Offer value-added services (such as purchase insurance or escrow) that encourage participants to keep you in the deal.

Finally, there are auction marketplaces such as eBay where the price of an item isn't fixed. The seller may set the minimum price, as well as a "Buy now" value, but the final price is what the market is willing to pay. If this is your model, you'll need to analyze how many sales failed to receive a bid (indicating overpricing), how many sold for the "Buy now" price (indicating underpricing), and the duration and outcome of auctions. You might use this information to improve the prices your sellers set—and your resulting revenues.

Key Takeaways

- Two-sided markets come in all shapes and sizes.
- Early on, the big challenge is solving the "chicken and egg" problem of finding enough buyers and sellers. It's usually good to focus on the people who have money to spend first.
- Since sellers are inventory, you need to track the growth of that inventory and how well it fits what buyers are looking for.
- While many marketplaces take a percentage of transactions, you may be able to make money in other ways, by helping sellers promote their products or charging a listing fee.

Two-sided marketplaces are a variant of traditional e-commerce sites. We've focused on what makes marketplaces unique in this chapter, but if you want to learn more about e-commerce and the metrics that drive that business model, jump back to Chapter 8. If, on the other hand, you want to learn how the stage of your business drives the metrics you need to watch, continue to Chapter 14.

[49] While there’s technically only one stakeholder in a dating site—someone who wants to date—many of the sites that focus on heterosexual relationships treat men and women differently (for example, free enrollment for female users). We mention it here because the technique has been used to break the chicken-and-egg problem from which marketplaces suffer, but as online dating becomes more mainstream this is less common.