

**Match Group Inc. - Former Vice President of Product at Tinder Interview conducted on August 26, 2022**

**Topics**

Online Dating Industry, Growth Drivers, Video-based Dating, Competition, Brand Perception, Executive Leadership, Compensation, Innovation

**Summary**

A former Vice President of Product at Tinder spoke with a Tegus Client about the challenges facing the online dating industry and Tinder's competitive positioning. The former VP expressed concerns about Tinder's future, citing issues with employee retention, compensation, and leadership decisions. Despite these challenges, the online dating industry is expected to continue growing, particularly in regions like Asia Pacific. The industry is becoming increasingly fragmented, with no consolidation, and the barriers to entry to launch a new dating app are lower than ever. The biggest threat to traditional online dating apps is not going to come from another online dating app, but from Gen Z social video apps like Yubo, TikTok, Instagram, and Snapchat.

**Expert Details**

Former Vice President of Product at Tinder, a match group company, leaving in 2020. Expert can speak to the dating landscape and match group.

Current Founder and CEO at Stealth Web3 Marketplace Startup.

Prior to Stealth Web3 Marketplace Startup, the expert was Vice President of Product at Tinder, leaving in December 2020. Reporting to the CEO, the expert was responsible for the entire product roadmap, strategy, and P&L responsibility of $1 billion. The expert was also responsible for competitive intelligence, M&A, and deciding which features to build out.

Q: Can you speak to the general view of the online dating landscape?

A: Yes, I was responsible for competitive intelligence at Tinder so I am very familiar with the landscape.

Q: Can you speak on the opportunity going forward combined with an overview of Match’s main properties, how they fit into that landscape, and the opportunity for growth going forward?

A: I can also to retention numbers and key metrics at Match Group companies.



**Tegus Client**

Hello, thanks for speaking with us today. We're spending a lot of time in the online dating space generally trying to understand the competitive dynamic positioning kind of path forward for the space in general as well as each of the competitors. So, if you wouldn't mind kicking this off with your background for your time in the space, what exactly you've seen and touched to help frame the discussion for us a little bit.

**Former Vice President of Product at Tinder**

Sure. So, I was VP of Product at Tinder. And my responsibilities included managing the overall product road map, deciding what features we were going to build, being responsible for delivering revenue quarter-by quarter as well as like longer-term revenue goals for the years to come, keeping a close eye on the competitive space and understanding what our competitors were doing, making sure our product road map and strategy were reacting to any competitive challenges.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 1 of 10

Also understanding how the different markets within online dating are evolving. There's some really unique dynamics depending on different regions of the world. So, understanding what those trends were, what those unique headwinds and tailwinds were for each region and then deciding how to position the Tinder product to react to those different emerging changes in each region and had a team of many product managers, directors, product directors, et cetera.

And I was also responsible for any sort of M&A decisions on teams or companies to acquire on Tinder's behalf. We had an M&A team at Match Group, which is our parent company, which actually helps with the financial details of actually getting an acquisition done. But as far as the strategic decision on whether to acquire a company or not, at least on a Tinder level, was mine as well as the Tinder CEOs. So that was another kind of focus for me.

**Tegus Client**

That's super helpful. And is your level of familiarity with the rest of the Match properties fairly high as well? Or is it more Tinder-specific your job was?

**Former Vice President of Product at Tinder**

It's fairly high. Obviously, I wasn't day-to-day working on those properties. But given that Tinder was the overwhelming majority of the revenue for Match Group, I had to keep a pretty close eye on what our sister properties were doing, take the best practices from there, see if those could be applied to Tinder, share the best learnings the other way. So, I wouldn't say it's like super in-depth, but I understood what their key challenges are.

**Tegus Client**

Okay. And so, I'm just curious, when thinking about Tinder, is your gut saying like, "Great business, well positioned, bright future, you're looking in the right place?" Or is it like, "There are some red flags, I've got some concerns, let's talk through some issues?"

**Former Vice President of Product at Tinder**

Red flags and concerns.

**Tegus Client**

Okay. I'd want you to walk through with why that is and what your thoughts are?

**Former Vice President of Product at Tinder**

Well, first, let me preface that by saying, I think overall, the online dating industry is a good industry to look at. But I think specifically, Tinder would not be necessarily the best choice. There's red flags. And I can elaborate on the former of why the online dating industry, I think, is well positioned.

So, several red flags. I'll start high level and then we can drill down on which of the following you want to drill down on. So, number one, I think one of the largest challenges that Tinder is facing is that an overwhelmingly high percentage of the employees, both at Match Group and then specifically at Tinder have been at the company for seven, eight years plus, especially on the entry level and the mid-level management.

The high-level executives, some of them change in and out but the low-level, mid-level folks across all product functions, so that's including product, engineering, marketing, everything, have been there for quite a long time. And the core people that made Tinder successful and made it a rocket ship in the last decade, they're almost all gone.

And so, the people that you have now working there are people that used to work at the third-tier Match Group properties that didn't perform well and many of them were languishing or actually declining. And they have shifted over laterally to these positions. Both unfortunately, on the mid-level management, entry-level positions as well as some of the executive positions as well. And so that to me is a big flag.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 2 of 10

Related to that, a lot of these people have been holding equity grants from a few years ago, and Match Group stock had a big run-up of like four, five times over those years. So, a lot of these employees are sitting at compensation levels that are five to 10x the industry standard. So, you have entry-level product and engineering people that are making seven figures, which is like unheard of.

So, there's not much motivation on their behalf to really get anything done. They're really optimizing for not getting fired, creating as much red tape as possible to just close out their years. And that's true as well for some of the executives that have been there for quite a long time. So that's one.

Another, I think, kind of red flag more recently is, so the new CEO, I haven't worked with him directly, but some of the decisions he's made so far are questionable to me. So, he's kept several of the executives the CTO as well as brought over the CSO from Match Group.

And that's questionable to me because both of those people are pretty ineffective and part of the problem that I was describing just now. And also, I used to work at Zynga couple of years ago, and he was CEO of Zynga before he came over. He and I did not overlap. He came to Zynga after I left, but I have colleagues there, and I track performance of that company. It hasn't done too well under his leadership.

And so, I'm just looking at the overall track record of the current executives that are at both Tinder as well as Match Group. And if you just kind of drill into their background, you see quickly that they haven't really delivered much in the last five to 10 years in their careers, whether it was at Match Group or elsewhere.

The third one, I think, is a lot of these executives are incompetent. And when they're incompetent, their goal is to maximize the job security. So, they are continuously hiring inept people under them as well because they don't want anybody that could maybe upset the boat or kind of question them or outshine them.

So, I saw this across the board when I was there, pretty much every position. And so that just leads to a real challenge in recruiting top tier A-level talent from Silicon Valley. We had an incredibly hard time getting anybody and anybody we would get left pretty quickly. So that's another problem.

And I don't know if you've followed the history of Tinder, but Tinder has been a very unstable place. So, they've gone through three CEOs in the last three years. And I believe, three CEOs now for Match Group in the last three years. So, it's just been a very unstable place. And I think a lot of that has to do with really poor decisions of who to put in charge in these leadership roles. So that creates a lot of churn.

The fourth one is the compensation policy at Match Group is pretty backwards. So, these legacy employees are continuously being paid at their exorbitant market rates, whereas generally, what you see in the rest of the tech industry, is if there's a crazy run-up like that in the stock, generally like, obviously, what's already invested is fine. But then going forward, usually, those grants are either reassessed or they're definitely not refreshed.

But what you see here happening in Match Group is because I think a lot of the people at the Match Group level are kind of legacy folks, those people are making sure that the legacy folks are continuously compensated at irresponsible rates. But any of the new executives that were hired in the last couple of years, some of them are making less than people that they manage. So that just doesn't bode well.

So, there's just been a lot of executive churn as well. And they're not competitive even for like entry-level hires. So, I was hiring product managers as well as on the engineering side when they were trying to hire like engineers. They were paying anywhere from 20% to 30% lower than market rate.

And I said, "Well, hey, these are the salary Facebook, Google, Apple so we got to compete with this in order to get the best talent. Otherwise, we're not going to win. And the response I got was, "Oh well, we're in online dating. We're not in that industry. We shouldn’t compare ourselves to Google compensation."

So even though, like I said, the people that have been there, five, 10 years were making multiples of that. So, it was just hard recruiting any great talent. And the thing is if you don't have top-tier talent at the executive level or even at the entry level, it's harder to get other top-tier talent in any function, whether it's engineering product or otherwise.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 3 of 10

So, it was hard even getting people to interview, even if they interview, they took a look around and quickly left and never took the job. So, I think these are all reasons that particularly, I'm not too bullish on it. Also, from what I've seen in my career, generally, the companies that continue to innovate and continue to win are the ones that really have people with entrepreneurial mindsets in leadership roles.

So, like I mentioned, a lot of the people that made Tinder successful, they're gone, the folks that were on that team that really made it rocket. The current people haven't, if you just look at their track record, none of them have really delivered anything in the last several years.

And then the one bright spot for the company has been a couple of acquisitions like Hinge that you acquired some really talented entrepreneurs, but they never elevated those really solid entrepreneurs that have proven track records to senior leadership roles. Instead, they've continued to bring in career executives that really haven't had a great record or promoted internally from legacy people.

So, I think then that causes basically churn on that side and not much innovation. And it's hard to respond to any threats compared to, like, for example, Bumble, still founder led. So, they're just moving at a much quicker rate. And I think they're going to probably outpace Tinder.

**Tegus Client**

I appreciate that. If you'd just help me understand the story of the past few years at Tinder? Like obviously, this was a dominant product. And then over the last couple of years, this has now been a share loser with Bumble and Hinge both consistently taking share. I'm curious how that transpires, like what's gone on at Tinder to wind up in that situation?

**Former Vice President of Product at Tinder**

Yes. And before we jump into that, one last thing I wanted to mention on the previous question was I think another big challenge for Tinder specifically is brand. So, the online dating business is one that has a lot of churn in terms of like your user base. So, every five to 10 years, your core demographic is always going to be 18 to 30. Those are big money makers. So those are people that are looking for partnerships or dates. That changes every decade.

So, Gen Z does not really resonate with the Tinder brand. They think of it as almost boomer. So, they're going to go and use a lot of these Gen Z brands. And we'll get into some of what those brands are later if you're interested as well as they're using nontraditional means for dating that go beyond traditional dating apps as well, which is another threat which we can get into.

But to answer your question about what you just asked, it's kind of related to all the things that we've been talking about so far. For example, the CEO that was there three years ago, Elie, he came from OkCupid. So, he didn't really have any experience being a CEO before OkCupid. Even when he was hired in OkCupid as CEO, I think he had no prior experience being a CEO other than running his own start-up, which had not succeeded.

So, it kind of starts from the top. What he did when he came over was, he brought a lot of the legacy OkCupid people that had been there for the last five, six, seven years over with him. He brought the VP of Engineering, who is now CTO over. He brought several product directors over. And these people had pretty much done nothing with OkCupid in the last many years before that, and it had actually languished.

And again, like I mentioned, OkCupid had been a growth ship as well, but that was over a decade ago, and those people had left as well. So, what you see is a recurring pattern where top-talent people usually leave and then the people that are left are the people that really can't get jobs at other places.

And then you've got those people now coming in and moving laterally within the company. So, Tinder was filled with such people. And obviously, if the top executives coming has that DNA, those are the people he's going to bring in his own people. So, from there, that's where the problem starts. And then from there, you just have trouble. I think they had trouble recruiting any top talent to stay competitive with some of their competitors like Hinge or Bumble or else.

And it was a place where people were just pretty much trying to tread water and just collect paychecks. And

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 4 of 10

that's pretty much what it's been. So, execution has been fairly slow. The CEO made a bunch of hires, some of them which were terrible, some of them which were decent. The ones that were decent, I think he felt threatened, so he got rid of his Chief Product Officer that he had hired from Facebook, I think, within a year.

And I think some of the terrible ones, there were these bad hires. So, it's just overall, there was just a lot of churn on the executive level for him. And then after he was let go, they tend to replace him with Jim Lanzone.

So, Jim Lanzone was brought in from Ask.com. Now if you're trying to stay competitive in the tech industry and compete with all these other social media apps, why are you bringing in somebody who's been at Ask.com, which was hot maybe in like 1995, 1996, and has been a kind of a joke ever since the late mid 2000s.

So again, not really much of a track record there. And so, I think he left within nine or 11 months, he was removed. He didn't do much. And then a lot of just like weird dynamics. So, right before he came in, the previous CEO, hired a new Chief Product Officer. And then that guy continued to stay. He had no background in dating or had never really been at a top-tier tech company either, but he continued to stay.

And I guess, he didn't mesh well with Jim. And then from there, Jim left. Then a new CEO was promoted internally Renate. That was a real head scratcher because I had never heard of Renate. I never worked with Renate and most of the executive team that I worked with never worked with Renate. And I didn't even know she existed at Tinder, but somehow, she was now CEO of Tinder.

And she had been at Tinder, but nobody has heard of her. And I think there was just an internal push to hire a female at that point because of some PR things that I think the VP of HR was particularly championing for diversity, which is great, like I'm all for that. But there were a lot of capable female leaders, I think, within Match Group that could have been that person, or even externally. But I don't know why they chose that person.

And I'm not sure who is making that decision. I'm assuming it was the CEO of Match Group at the time, Shar Dubey. So, Renate was a terrible choice for CEO, and she made a hard push on the metaverse, and Tinder is going to go for metaverse, et cetera, which kind of lost focus from the core value prop and delivering the core value prop, which is delivering matches and dates and connections with people.

And so, they just went all in on metaverse, did a bunch of big projects that never shipped because they were so grand envisioned that there was no real iterative innovation happening. And then the cost of that, both on the production side and the time side were blowing up, nothing was getting delivered.

And I think nine or 10 months into her tenure, she was removed. And then Shar lost her job as well, I think, a few months ago, and I'm assuming one of the key reasons was for poor decision to hire Renate as the CEO or promote whatever. And yes, and so now you've got Bernard, who's coming in from Zynga.

But again, the pattern is like not once have you had any serious heavy hitter from any top-tier company in the social media space coming in to do something interesting on any level, whether it's the Match Group level or the Tinder level. So, I mean it's just not been a place of innovation. Things move extremely slowly.

The people that you see in the product roles, particularly some of the product executives, the directors, if you look at their LinkedIn or go through their track history, many of them were bartenders, drivers or marketing people or people that had never worked in product.

And there's just been a lot of focus on climbing the ladder and people that shouldn't be in senior leadership roles, especially on the product side and the engineering side are in those roles and many of them had no prior experience in their functions. So, it's hard to recruit. When people see that, they're like, "Well, I don’t want to work in this situation."

**Tegus Client**

Got it. And going just back to the comment you made in the beginning about online dating a good industry. I'm curious on what you mean by that or how you're thinking about the industry to say that?

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 5 of 10

**Former Vice President of Product at Tinder**

In terms of like why I think it's like overall a good growth opportunity?

**Tegus Client**

Yes. In your mind, does that mean it's growing going forward? I don’t know exactly what you mean by a good industry?

**Former Vice President of Product at Tinder**

I think it's growing going forward. I think there's a lot of tailwinds that are going to kind of keep lifting up the industry. So, if you look at the percentage of the world's population across all age demographics that are socially finding it acceptable to go and find a partner online or date online has just continued to increase year after year, and that it's moving up into the right across all age demographics.

So, with that, there's still a lot of runway left because I think in the last few years, now the majority of people in the U.S. actually date and meet people through digital means versus like organically and that left a few years ago. So, I think that's going to continue. And especially I think in regions like Asia-Pacific. Asia-Pacific is going to be a big growth driver because they usually run culturally 10 to 15 years behind the U.S. So, I think it's still a little bit more traditional.

And there's a lot of runway there. We're seeing the fastest growth numbers in the industry coming out of that region. And there's a lot of potential because I think the majority of people, there's still stigma with this being the way to find somebody. And so, there's a lot of potential there. And I think most of that's going to flip the other way, just like the U.S. and Europe where the majority of people are doing it online instead of organically.

**Tegus Client**

Okay. And then if I'm trying to think about the industry growth algorithm, I think of you grow users over time, you grow payer penetration, like payers as a percent of users over time and then you grow over time and pricing. And as I think of those drivers, where do you think the biggest opportunity actually is for the industry among this? In terms of like where is the growth going to come from? Like is it actually all new user growth? Or is there maybe payer penetration or first-time user story as well?

**Former Vice President of Product at Tinder**

So, one last thing I wanted to mention for positive tailwinds for the online dating industry was, it's actually an anti-fragile industry in terms of recession. So even if there's a threat of a coming recession globally or in the U.S., the online dating industry thrived during recessions.

So even if it's due to inflation or otherwise. But if you look back at 2008, 2009, Match Group actually had its best quarter ever at the peak of the financial crisis because when really hard times hit, people prefer to cut costs and date online. And oftentimes, even do the first few dates online versus in-person.

And then even just generally, it's more economical to do it that way. So, it's going to be one of a few industries that's going to shine and outperform in any sort of downtrends marketwise. And then the other thing is it performs well in all kinds of market conditions. But anyway, going to your next question. Most of the growth and the opportunity comes from new users.

And the reason for that is the user churn is kind of baked into the product because effectively what are you doing? You're trying to deliver a value prop, which gets people to stop using your product if you're doing a good job at it. And that's the paradox. And that's what Hinge's founders that was their ethos.

And in fact, when you first launch the app, that's what they say, "Our job is to get you delete this app as soon as possible" like that's what they message to the user and that resonates. But that comes with the inherent challenge that unlike every other social media industry that I've worked in, I worked at Facebook, I worked at Zynga, in all those ones, your job is to increase retention as much as possible, particularly for payers.

But here, if you try to do that, you're really violating the core value prop that you're trying to deliver to your

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 6 of 10

users. So, it's this inherent push and pull. So that is a challenge. That being said, I think that that's how it's traditionally been. But I think going forward, there are significant opportunities for recurring revenue from a subset of existing payers that I think wouldn't become long-term payers.

But in order for that to be captured, apps like Tinder or Bumble would have to innovate and change significantly from what they are today. The apps that are doing that really well and are, I think, have more of a recurring revenue business that I think is a little bit more predictable are the new emerging apps that are coming up in Asia particularly, and they're focused more on a video-centric dating experience and a one-to many video dating experience.

So, what I mean by that is, usually, you have one streamer and then you'll have a group of people kind of watching that streamer, doing virtual gifting. And that's a captive audience that continues to log in daily or weekly and watch the stream or interact with them and then pay big money for that. And so that virtual gifting model has already been proven out to work really well in a lot of these Asian dating apps. So, the core, the way that things are run right now in Tinder, Bumble or even Hinge, it's mostly focused on new-user growth, which is a challenge.

The one thing I will say is you'll see a lot of people use the app, you monetize them for a while, for a few months in the industry and then they'll delete or go inactive for a year or two and then come back. So, over the course of like a 10-year period, you might have reactivations two or three sometimes four times. But it's not as stable as having a user you can track month-to-month, quarter-to-quarter. But that does happen. But the reactivation rates are not nearly as high as other consumer Internet industries.

**Tegus Client**

Makes sense. And if we just talk about the major competitors for a few minutes if we spend on Hinge and Bumble of your thoughts on each of those, their positioning, their prospects going forward.

**Former Vice President of Product at Tinder**

So, Bumble is interesting because they're now branching beyond just dating. So, they've got this BFF feature, which a lot of women are using. And I think that's a significant growth driver for them. Women are using that to just find friends and meet them and socialize with them whether they're moving to a new city or in a current city.

And I think what they're doing is they're tapping into some of the new Gen Z ethos, which is a lot of Gen Z is not interested in over dating. They are a little shyer about the way that they kind of go about it, like they don't want it to be so in your face. So, a lot of the biggest dating apps that are up and coming now are not dating apps at all. They kind of position themselves more as like meet new friends, meet new people.

They're effectively used for the same thing, but the marketing, the branding, the messaging is just different. And I think the founder of Bumble, she's an entrepreneur, and I think she's kind of understood that and caught on to that. And so, I think they're dabbling with that now. I don't know if they're going to go heavier on that.

But yes, I think that's interesting. They have a big focus on Asia. They've brought up a lot of celebrity spokespeople to be their brand ambassadors in Asian countries. I think Priyanka Chopra is a spokesperson for Bumble in India, for example. So, they're doing well in those countries and coming up.

The Achilles heel, I think, for Bumble is the traditional whole thing was the women have to initiate the conversation first and that was their unique differentiating factor from the other apps where men are mostly initiating conversations and are expected to. It sounds good in theory, but all the studies and the data show that people, both men and women, they just don't want that.

So, they'll see a lot of initial-user growth spike whenever they enter a new region, but it fizzles out over time because the retention is significantly lower than most of the new competitors in this space. But despite that, they're growing, they're doing something right at the top of the funnel, even if their longer-term retention at the monthly, the quarterly and yearly mark is way worse.

And I think that's part of why they're now expanding beyond that core experience and they're trying all

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 7 of 10

these other things because it's working. And they did the Likes You page, which is a copy of Tinder. That's been a proven effective growth driver as well.

So, I think overall, they're just more rapid at innovating and shipping things, testing things, keeping an ear to the ground of what a lot of the start-ups in the space are doing, what's working for them and then incorporating it into their product whereas Tinder is not really doing that.

Hinge is interesting because Hinge doesn't monetize per player, or even per user nearly as well as Bumble or Tinder does, orders of magnitude wise. But on the organic user growth side, they've got some of the best retention, some of the best organic new-user-sign-up growth in the industry.

And again, it's that trade-off. People don't want to feel like they are a product, particularly in a dating app and Tinder aggressively monetizes. It's really in your face, and they almost gamified the thing. So, it's hard to not become aware of that. But like I'm this rat in a maze and I'm getting squeezed for every last penny, there are different upsells and boosts and packs.

Hinge, monetization was not a key focus. In fact, they didn't even have any monetization initially until after the acquisition by the Match Group. And even that, a lot of that was pushed top-down from Match Group. But even the Roses and the few things they have now, it's not aggressive at all.

And what's interesting about Hinge is the same exact person will be viewed way more attractive by the other person with the same photos, same everything, just because they're on Hinge versus Tinder. And so, the question is, why is that? The reason is they do a better job of presenting the profile of the user in a way that makes the personality shine out and not look like it's just a hookup or something.

They've got these prompts that make the profile seem unique and make your personality shine. And I think a lot of it also has to just do with design and UX decisions. It's just got a cleaner, more kind of laid-back look that's a little bit less aggressive, whereas Tinder feels more like a game, it's flashier with all the colors. And so, I think people come to Hinge and they don't see it as much of a carnival.

And so, it resonates well with women. And the key in the online dating industry, the key to everything are your female users. If you don't have good retention for your female users as well as just a healthy ratio of female to male users, you can't succeed. And Hinge has industry-leading ratios in terms of that gender ratio. And I think that's one of the other big challenges for a company like Tinder and most apps in the industry, it's almost like an 80-20, 90-10 skew male to female.

And so first of all, the ratios are already skewed. And the way the algorithms are set up, the top 10% of males will get 90% of the female interest. And then the other 80% to 90% of males where most of the payers are in there in the bottom quartile, they get nothing.

So that leads to a lot of payer churn. So, you end up with this barbell effect where most of your revenue is coming either from the people that are doing really well, so they continue to pay or the people that are coming in because they're not having any success, but then they burn out and churn quickly because they realize there's nothing for them on the platform.

So, Hinge doesn't really have that problem because the ratio is more balanced. The same guys are more attractive to women just the way the profile is presented. So, they're just doing overall a better job than anyone, and I think they're the one bright spot for Match Group.

**Tegus Client**

Okay. Maybe you can talk a little bit about how you described the emerging competitors, the new Gen Z dating apps, what are those apps? And how are they positioned?

**Former Vice President of Product at Tinder**

So, one thing I'll say is another reason there's a headwind against Tinder is the dating space in general is becoming increasingly fragmented. So, unlike what you're seeing in traditional tech, there's no consolidation. It's going in the opposite direction.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 8 of 10

And the reason for that is it's the barriers to entry to launch a new dating app are lower and lower. If you just google right now, "making a Tinder competitor app toolkit" or something like that, there are people literally selling packages and toolkits online so that you can set up your own Tinder competitor and launch it in a week.

So that barrier to entry has come down a lot and you've got a lot of one to two-person teams across the world that are launching their own apps. And these apps are video first, which is a big trend for Gen Z and Gen Z is the TikTok generation. So, they see everything through a lens of short-form video.

And if you look at how they behave online, it's very different from millennials or anyone older. They use short-form video for everything even for things that most of us would think it's pretty inefficient. For example, they use TikTok more for searches than Google. They use TikTok more for finding restaurants than Yelp. They use TikTok more for financial advice than traditional financial media outlets or anything like that.

So, it's just used for everything. And so, a lot of these start-ups and entrepreneurs, they've caught on to that, and they're centering their apps around short-form video or long-form video in the form of video chat. And these apps, many of them have only a few thousand users, but they monetize at insane rates, even higher than an industry leader like Tinder.

So, you see a lot of teams, like I met with a lot of these start-ups because we were looking at potentially acquiring some of them. You've got start-ups that are one to two people, and they're bringing in $2 million or $3 million a month, and their costs to run the thing are like a few thousand bucks because the founder is usually the engineer, and they pay a designer few grands to do some skins and updates every month and some video hosting costs.

So that's a real challenge, I think, for any major corporation in this space, like how do you compete with that? The traditional things with Tinder and some of these legacy apps was like, okay, there was a brand value associated with it and people wanted to flock to where everybody else was.

But because there's just been such a frustration amongst the male population in the world with a lot of these dating platforms and apps where they don't have luck because of what I mentioned before, like the bottom 80% don't have much luck, they're branching out to these very small apps, where they have a much better ratio, and they actually get direct interaction with other people.

So, that's the general trend that's happening. But then what's also interesting is because Gen Z is not into overt dating, you've got apps that are like top social media apps for Gen Z, I don't know if you've heard a Yubo, but Yubo is like a video chat app with video chat groups and there's just a group of people doing a conference like a Zoom call, but it's more flashy and designed to cater to Gen Z. And people are using that for dating.

And so, I think actually the biggest threat to Tinder, Bumble and anyone in the traditional online dating industry is actually not going to come from another online dating app. It's going to come from Gen Z social video apps. And so Yubo is one. TikTok is another. And even Instagram and Snapchat. And I think the problem with these is a lot of them, it's free to DM.

So, a lot of Gen Z are actually expected to make less than millennials. Their prospects are worse. So, if you have per user, you have less annual income that they can spend. And then you start all these social media apps that are basically free. Why are they going to pay?

And there are some reasons that you can get them to pay but which we can get into a bit. But I think that's the emerging phenomenon. And then it's hard to nail down one particular app like beyond the Gen Z social media apps that I mentioned because if you're talking specifically for dating because like I said, the space has become so highly fragmented, there's hundreds, thousands of these apps with several thousands of users that are monetizing like crazy.

So, there's not one emerging player there. And I think one other thing I'll mention is Gen Z, even if they can meet people locally, like down the street amongst their friends, they prefer to socialize with their group of friends online, even if they're local. So, they're becoming increasingly online, and they want to do all their interactions, even non-dating wise, video wise.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 9 of 10

And so, whoever really nails and cracks not just one-to-one video, but one-to-many video in an effective format, and then does that especially in a dating context is going to win. The way Gen Z likes to date is very different from millennials. They like to meet in groups, socialize in groups first, make friends within there. And then from there, after they gotten to know somebody a little while, then kind of move away from that crowd, maybe go off and do a couple of dates after that.

**Tegus Client**

Great. Well, thanks again for your time and help today. Take care.



Tegus is not a registered investment advisor or broker-dealer, and is not licensed nor qualified to provide investment advice. The information published in this transcript ("Content") is for information purposes only and should not be used as the sole basis for making any investment decision. Tegus, Inc. ("Tegus") makes no representations and accepts no liability for the Content or for any errors, omissions, or inaccuracies will in no way be held liable for any potential or actual violations of United States laws, including without limitation any securities laws, based on Information sent to you by Tegus. The views of the advisor expressed in the Content are those of the advisor and they are not endorsed by, nor do they represent the opinion of, Tegus. Tegus reserves all copyright, intellectual and other property rights in the Content. The Content is protected by the Copyright Laws of the United States and may not be copied, reproduced, sold, published, modified or exploited in any way without the express written consent of Tegus.

THIS DOCUMENT MAY NOT BE REPRODUCED, DISTRIBUTED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS INCLUDING RESALE OF ANY PART, UNAUTHORIZED DISTRIBUTION TO A THIRD PARTY OR OTHER METHODS, WITHOUT THE PRIOR WRITTEN PERMISSION OF TEGUS INC.

Page 10 of 10