

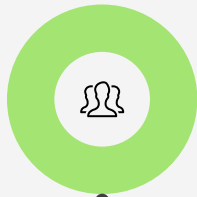
# Eharmony

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# Eharmony Background





1980s

People are dating  
and professional  
matchmakers  
emerge.

Online personals  
sites emerge.



1998

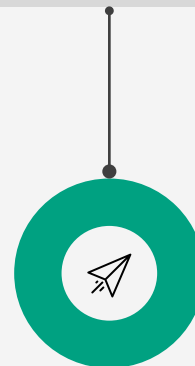
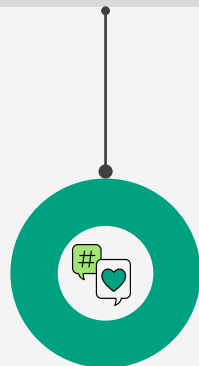
Eharmony was  
founded.

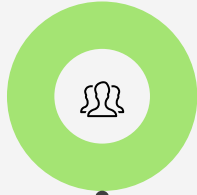
Eharmony fully  
launched after  
receiving \$3  
million  
investment.



2004

Eharmony was  
legitimized by  
their patented  
algorithm. ~ 3  
million  
registrations.

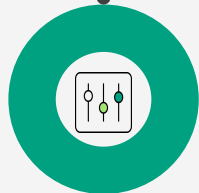




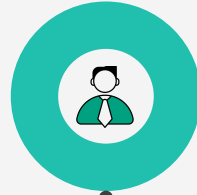
2007

Eharmony Labs and Compatible Partners were founded.

Eharmony had over 100k users register in Q1 & held its largest event in Canada



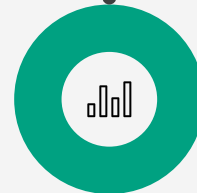
2010



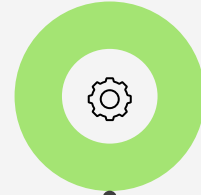
2012

Neil Clark Warren is CEO again, closed unprofitable operations.

Eharmony had 10 million active users and 750k paying subscribers. Their largest demographic is ages 25-35.



2017



2018

ProSieben, the dating market leader in Germany, acquires Eharmony.

# Industry Analysis



## Market Size & Growth

More than 45 million registered users, which has increased.

Holds a significant market share OF 16.5%

Yearly revenue is expected to reach \$275 million

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## Key Competitors

Paid Do-It-Yourself sites, Free Do-It-Yourself sites, Niche sites, Online Social Networks

Biggest Competitor: Match.com

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## Technological Advancements

Matching Algorithms to guide communication and relationships

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## Consumer Behaviors & Preferences

Focus on technological changes and consumer preferences of video dating and virtual events

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## Profit Potential

Established brand reputation, subscription-based revenue, ongoing innovation

# Primary Consumer



**Long - Term Relationships &  
Committed Engagements**

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**Suitable Partners for Marriage**

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**Priorities: Compatibility & Similar  
Values**

# Five Forces



Threat of  
New Entrants

**Moderate-High**



Bargaining Power  
of Buyers

**Moderate-High**



Bargaining Power  
of Suppliers

**Moderate-High**



Threat of  
Substitutes

**High**



Competitive  
Rivalry

**High**

# Threat of New Entrants



**Moderate - High**

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## **Technical Level**

From a technical level, dating apps are cheap and easy to start up. There are also readily available resources and tools available to purchase for development

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## **Competitive Environment**

From a competitive standpoint, it is difficult to compete against well-established dating sites, such as eHarmony.



# Bargaining Power of Buyers

**Moderate - High**

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**Service Quality**

- Network effect
- 

**Switching Cost**

- Relearning
- Customized offering
- Incompatible complementary products
- Customer incentive programs



# Bargaining Power of Suppliers



**Low**

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## **Abundance of Suppliers**

There is an abundance of suppliers for eHarmony to partner with in terms of software development and marketing services, reducing bargaining power of suppliers.

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## **Industry Standardization**

Given that many dating services utilize similar algorithms, this standardization diminishes the uniqueness of services offered by suppliers, thereby making it easier for eHarmony to transition between providers.

# Threat of Substitutes



**High**

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## **Multihoming**

It is commonplace for users of dating sites to be active on multiple platforms simultaneously.

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## **Social Media**

The rise of social media has provided an alternative platform for meeting people, challenging the traditional dating sites.

# Competitive Rivalry



High

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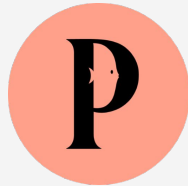
## Technological Advancement

The rapid pace of technological innovation fuels competition as companies strive to leverage advancements in technology to stay ahead with new features in functionalities and user experience. These developments increases the pressure of eHarmony to keep up.

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## Global Expansion

As online dating becomes more globalized, competitors have begun targeting new geographic markets to expand their user base. This strategy intensifies the rivalry as companies compete for market penetration and dominance in emerging markets.



+ Many more





**eharmony**

A woman with dark hair, wearing an orange top, is sitting in the driver's seat of a car. She is looking down at a smartphone in her hands. The car's interior is dimly lit, and the background outside the window is blurred. The Match.com logo and tagline are overlaid on the left side of the image.

match.♥  
Adults Date Better

**What differences in the  
marketing strategies can be  
seen between  
Match.com and Eharmony?**



➤ Value

➤ Rarity

➤ Imitability

➤ Organization

A diagram featuring three overlapping hexagons. A teal hexagon is at the top left, a red hexagon is in the center and overlaps the teal one, and a dark blue hexagon is at the bottom right, overlapping the red one. The red hexagon contains the text 'VRIO' and a subtitle.

**VRIO**

With a focus on eHarmony's  
matching algorithm

# Value



## Scientific Foundation

The matching algorithm is built upon a robust scientific foundation, drawing from extension research in psychology and relationship science. This scientific approach enhances the algorithm's credibility and reliability.

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## Strong Predictive Power

eHarmony's matching algorithm demonstrates strong predictive power in forecasting relationship compatibility and success, given their success stories. Their 2004-2005 study found that on average, 90 eHarmony members married every day in the United States as a result of being matched on eHarmony. Their follow-up study in 2007 indicated an increase, with 236 members marry every day in the United States as a result of being matched on eHarmony.

# Rarity



## Customized Process

eHarmony customizes the matching process for each user based on characteristics such as emotional stability, intellectual ability, and agreeableness. This personalized approach to matchmaking is rare in the industry and reflects the brand's commitment to tailored solutions for its users.

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## Limited Subscriptions

eHarmony's sells subscriptions to a select number of individuals, ensuring they have confidence in the recommended matches, ultimately leading to high levels of marital satisfaction. This approach is rare in the industry as many platforms either don't require subscriptions or sell memberships to anyone who wants to purchase one.

# Imitability



## Patent

In 2004, eHarmony secured a patent for the algorithm. By securing a patent, eHarmony can prevent competitors from replicating key aspects of their system, maintaining its competitive advantage.

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## Brand Reputation

The matching algorithm adds value to eHarmony's brand reputation as a trusted online dating services. The company's success story highlights the effectiveness in facilitating successful, long-term relationships, further limiting other competitor's ability to imitate eHarmony's success.

# Organization



## Support Features

eHarmony provides features such as Guided Communication to facilitate communication between matches. These tools are integrated into the platform, providing users with support to seek information without the social stigma.

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## Continuous Improvement

eHarmony continually strives to improve user experience and its services by incorporating user feedback and conducting research to ensure that the platform is effective in helping users find relationships.

# Economic Value Created



## Product Competitive Comparisons

	eHarmony	Chemistry	Match	Yahoo! Personals
Price Per Month	59.95	49.95	39.99	29.99
Restricted Membership	Yes	Yes	No	No
Compatibility Tests	Yes	Yes	No	No
Overseas Expansion	No	No	37 countries	17 countries
Subscription	After match found	Upon sign-up	Upon sign-up	After free browsing period
Guided Communication	Yes	Yes	No	No

# Perceived Benefits to Users

- Successful marriages and long-term relationships
- Comprehensive compatibility testing
- Compatibility scores
- Guided communication
- Video dating capability
- Relationship advice
- Network effects



# Core Competencies



INTELLECTUAL PROPERTY:  
PROPRIETARY MATCHING  
ALGORITHM



NICHE TARGET AUDIENCE  
ALLOWING SPECIALIZATION



STRONG BRAND REPUTATION  
& MARKET POSITION



# Concerns


Lengthy  
sign-up  
process

Limited  
global reach

Limited  
dating pool &  
consumers

# Product Line

The product line of eharmony consist of a traditional online dating platform with compatibility matching systems and premium memberships all offered to customers.



Developed a comprehensive product line aimed at helping individuals find meaningful connections and lasting relationships. Their product offerings typically revolve around leveraging technology and psychological insights to facilitate successful matchmaking

### Premium light

#### 6 months plan

- ✓ View unlimited photos
- ✓ Unlimited messaging
- ✓ See who's viewed you
- ✓ Distance search
- ✓ Detailed personality profile

-40%

regular \$ 65.90 /month

**\$39.54** /month

Select >

### Premium PLUS

#### 12 months plan

- ✓ View unlimited photos
- ✓ Unlimited messaging
- ✓ See who's viewed you
- ✓ Distance search
- ✓ Detailed personality profile
- ✓ **Most popular plan!**

-40%

regular \$ 45.90 /month

**\$27.54** /month

Select this plan >

### Premium EXTRA

#### 24 months plan

- ✓ View unlimited photos
- ✓ Unlimited messaging
- ✓ See who's viewed you
- ✓ Distance search
- ✓ Detailed personality profile

-40%

regular \$ 35.90 /month

**\$21.54** /month

Select >

**Do you keep your  
dating app after  
you've already  
entered a  
relationship?**

# Referral Program

About 70% of individuals find their spouse after one year on eharmony.

When cancelling the subscription, have the option for customers to recommend three friends to join.

Referral Programs can cost up to \$10,000 a month.



# Premium Features

Training Sessions

Coaching Assessment

AI Feedback



# Expanding Reach

Short Term Plan

Collaboration with Counselling

Long Term Plan

Global Outreach

# Diversification

EHarmony, known primarily for its online matchmaking platform, has strategically diversified its offerings over the years to expand its reach and cater to different segments of the relationship and dating market.

## Internal Expansion

One significant move in eHarmony's diversification strategy has been its expansion into international markets. While initially focused on the United States, eHarmony has launched localized versions of its platform in various countries, adapting its services to different cultural preferences and relationship norms. This expansion has allowed eHarmony to tap into new user bases and increase its global presence.

## Acquisitions/Partnerships

EHarmony has pursued growth through strategic acquisitions and partnerships. For example, they acquired the dating app called "Compatible Partners," which caters specifically to the LGBTQ+ community. This acquisition enabled eHarmony to broaden its market reach and appeal to a more diverse range of users.



# Thank You!

## Any Questions?

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