Revitalization of the personal ad business

or

The second wave of successful online line business

or

Who saw the bartender coming?

match.com

Internet Business in the 90'ies

- The Internet came along - everybody saw an opportunity

- Selling things, publishing things, promoting things

- Was the Net a newspaper? A TV-channel? A DR media?

- It was *none of the above*

- It was a new *digital landscape* that was unveiled

- The result: an historic rush for land grab. A gold rush!

- In the past few years I think we all have met a number of disappointed gold diggers

- …then last year I met up with the guys who had really understood the dynamics of the new digital landscape…

What is Match.com?

- Founded in 1995, Match.com is a global leader in online personals, operating 25 local web sites

- Match.com has over 12 million members world wide

- Match.com is part of the InterActiveCorp [NASDAQ: IACI] group of interactive companies

Who am I?

• Int'l Nordic Swede • Entrepreneurial spirit • Media centric career • Online business focus	**Kinnevik** (Tele2, MTG, Metro)	**Spray** (acq. by Lycos Europe)	**SOL** (acq. by Eniro)	**TMG** Network	**Match.com** (IAC)

One common denominator:

A deep interest in defining, building and driving new business in new media channels.

match.com

The Category Personal Ads

- Long history in print media

- Revenue generation and content generation

- Connecting "searching for" with "looking for" - "buyers" and "sellers"

- Going online important aspects of personal ads changed
    - Geographical reach and local penetration
    - With reach the stigma started to fade away

- Online personals fitted the Internet perfectly;
    - Database handling - information transparency - matching
    - Communication and Anonymity

- By delivering <u>clearly identifiable benefits</u> for the consumer, online personals has proven to be a service people are willing to pay for online

match.com

Are Personal Ads Important?

1. Relationships are the most precious thing most people have in their lives

2. It is an almost overwhelmingly large market with millions of possibilities

3. Still it is – or has been – the most inefficient of markets

match.com

Key Success Parameters

REVENUE GENERATION

LOCAL

SECURITY

SCALE

PARTNERSHIP MODEL

ANONYMITY

SUCCESS

SERIOUSNESS

PREMIUM POSITIONING

QUALITY of DATABASE

QUALITY of SERVICE

ERASING STIGMA

The Product

Combining free and paid for service

Simplicity, simplicity, simplicity

Delivering real results to the user

A revenue driving CRM structure
Virtual Kiss / Matchfinder

match.com

The Product – Qualified Environment

- ▦ **Each profile scanned for approval**

- ▦ **24-48 hour approval process**

- ▦ **50 people customer support team**

- ▦ **Anonymity between members**

- ▦ **User identified by Match.com**

- ▦ **People with wrong intentions tend to look elsewhere**

> **At present more than 1 million people believe our service is worth paying about $20 a month for**

Who are our Members?

- Men and women in the age group 25-45

- Primarily the metropolitan / urban

- Above average education level

- Above average income level

- People with limited time

- People that believe relations are important

- People that are ready to look at relationships in a rational way

> **With the stigma disappearing, our users are today just about anyone**

match.com

Significance of Category

▦ **Increase in unique audience of 54% in the last year**

Figure 1
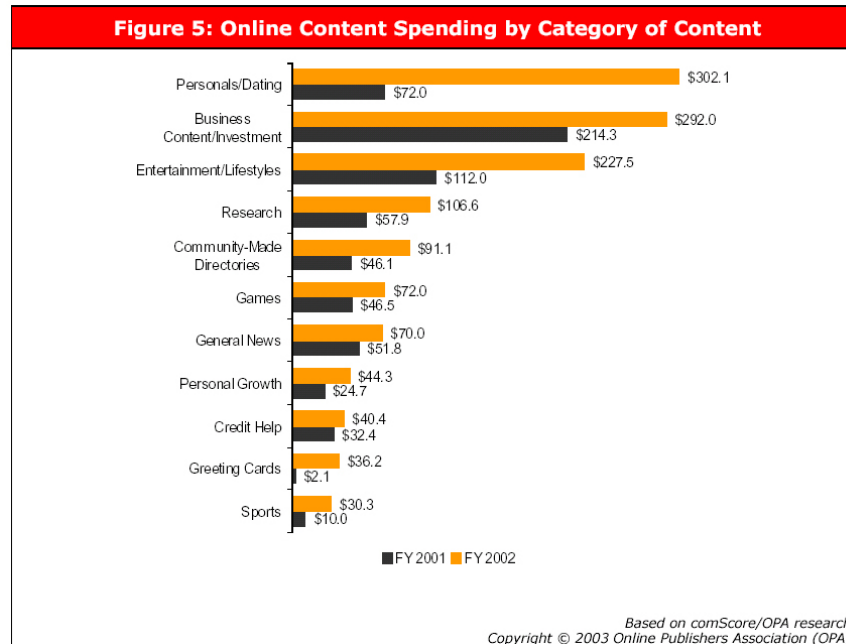Monthly Unique Audience (000) for Personals sub-category*
(Home & Work Combined)
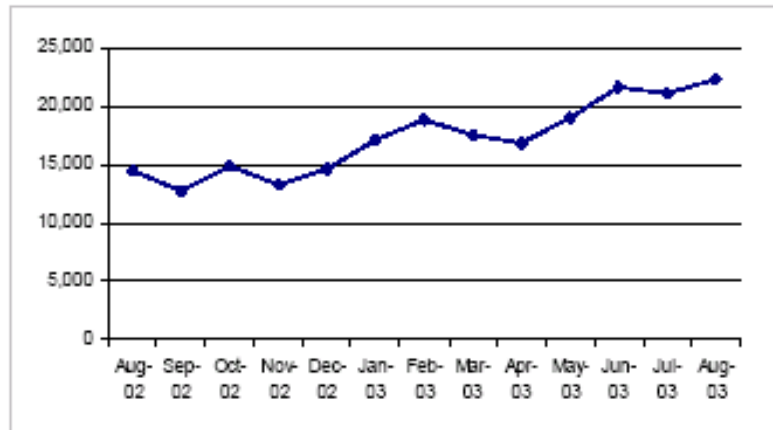
Source: Nielsen//NetRatings NetView August 2003

*The personals sub-category only contains the major sites. Smaller personals sites may not have made the category cut-off.

▦ **…while Internet penetration and usage remains rather flat**
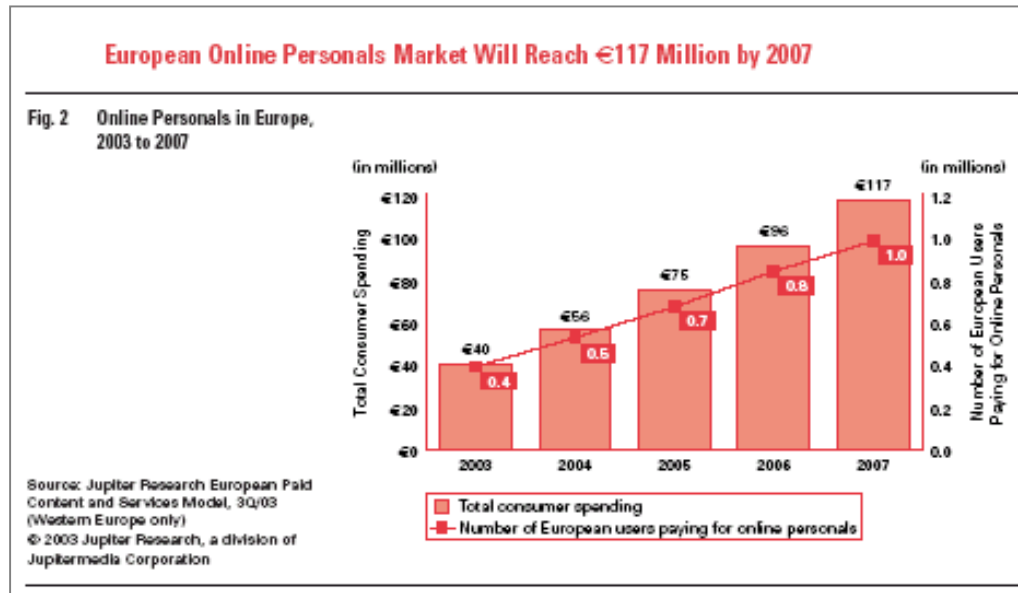
Significance of Category

■ **The No1 category for B2C sale of online content in the US**

Figure 5: Online Content Spending by Category of Content

Category	FY 2001	FY 2002
Personals/Dating	$72.0	$302.1
Business Content/Investment	$214.3	$292.0
Entertainment/Lifestyles	$112.0	$227.5
Research	$57.9	$106.6
Community-Made Directories	$46.1	$91.1
Games	$46.5	$72.0
General News	$51.8	$70.0
Personal Growth	$24.7	$44.3
Credit Help	$32.4	$40.4
Greeting Cards	$2.1	$36.2
Sports	$10.0	$30.3

■ FY 2001 ■ FY 2002

Based on comScore/OPA research
Copyright © 2003 Online Publishers Association (OPA)

■ **First half of 2003, US online consumers spent $214.3 million on online personals, up 76% from the same period in 2002**

match.com

Significance of Category

- **Significant growth in Europe predicted**

European Online Personals Market Will Reach €117 Million by 2007

Fig. 2 Online Personals in Europe, 2003 to 2007

(in millions) — Total Consumer Spending

Year	€	Number of European Users Paying for Online Personals
2003	€40	0.4
2004	€56	0.5
2005	€75	0.7
2006	€96	0.8
2007	€117	1.0

Source: Jupiter Research European Paid Content and Services Model, 3Q/03 (Western Europe only)
© 2003 Jupiter Research, a division of Jupitermedia Corporation

Legend:
- Total consumer spending
- Number of European users paying for online personals

- **No indication that Europeans view online personals any different than in the US**
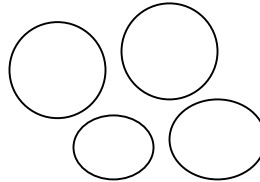
match.com
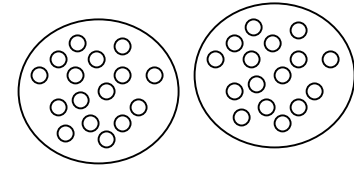
The Competitive Landscape

Local
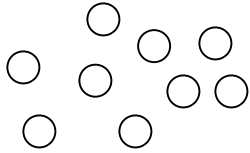
Smaller local online and media players are fighting to attract critical mass of users/profiles
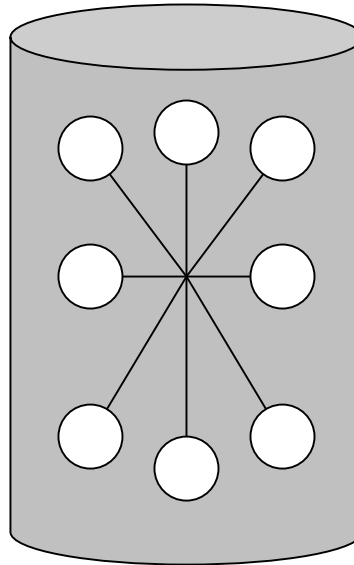
National/regional

Larger players are struggling to reach scale in product development and being profitable bottom line

International

Lesser known international players with little traction in any local market have a hard time monetizing

THE MATCH.COM MODEL

THE NETWORK

- More profiles attract more profiles

- Size of database will increase choice and the proprensity to become a paying member

- The network members will generate more revenue together than by themselves

The Partner Network

Match.com works with an extensive Network of high profile partners

Where is Match.com heading?

1. **Match.com is creating an international presence by investing in highest value markets**

2. **For each market Match.com is looking for top tier local partnerships**

3. **In each market Match.com wants to develop a strong, locally identifiable brand**

4. **Together with a service offering that delivers on the brand's promise**

So what about the Bartender?

THE GOLD RUSH

■ The gold rush of the 90'ies moved large amounts of users online

■ When users gathered online a new digital landscape was created

■ Few could at this point with accuracy pick the future success stories

CREATING A DIGITAL LANDSCAPE

■ Like during the gold rush, where there was gold cities emerged

■ This time they were "digital cities"

■ The flows and gatherings of people created business opportunities

Online Personals – Real Business

- The real gold mines of these cities appeared in a rather unexpected way

- However much gold one has, it is human nature to value close relationships even higher

- The big winner was the guy who knew everybody…
  … the one creating the environment where people met…
  … and the one that was connecting people…

- In 2003 Match.com had revenue of $185M and was highly profitable

> **Who could have guessed that is was the bartender that would strike gold?**