Business of Love: Three Dating App Founders Talk Trends in Online Matchmaking

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Love is serious business. These entrepreneurs explain why.

The eternal search for Mr. or Ms. Right has long been big business, but more of that business is moving online. Nearly 6% of the web's users currently use a dating app, according to the research firm GlobalWebIndex, and that's amounted to a roughly $2.2 billion worldwide market.

Yet lucrative markets breed fierce competition. More and more dating apps hit every year, catering to more and more niche groups. There are now dating services for farmers, for Christians, and even for recreational drug users. Consumers are spoiled for choice, and that means dating apps must find ways to stand out from the crush of services promising a simpler route to love.

To find out what it takes to succeed, we spoke with three Stanford GSB alumnae who founded their own dating apps: Kickoff **COO Alanna Phelan**, The League **CEO Amanda Bradford**, and Coffee Meets Bagel **COO Dawoon Kang**.

Alanna Phelan, Kickoff

Kickoff is an app that uses social data to match people with potential partners who already know their friends. This is important, cofounder and COO Alanna Phelan says, because the app's initial launch target is Latin America, where trust and safety concerns are one of the main things that keep people from trying dating apps.

Dating apps have been around almost since the birth of the internet, and new ones crop up every year. Why is this such a hot area of innovation, and why isn't it a problem that's been solved yet?

Well, if we could answer that there wouldn't be so many single people in the world. Everyone

has so many nuances, and there's a magic in meeting someone. It's hard to know how people are going to connect. The best we can do is facilitate introductions, and make it more straightforward and simple for people to meet.

As to why dating technology continues to serve a purpose, well, frankly, there's a growing number of single people in the world. We see marriage age increasing and marriage rate declining. But that doesn't mean that people have stopped searching. It just means that they are dating for a longer period of time. I think during that time they need tools to help them meet the types of people they want to meet.

Kickoff launched initially in Brazil, and has expanded through South America. What are the differences between Latin America and the U.S. when it comes to running a successful dating app?

I think we're solving distinct challenges in emerging markets with our model — matching people with friends of friends. Just using a geographic proximity filter the way some mobile apps do is not a great filter for anyone, in terms of showing you really relevant people who you really want to meet. But it's a particularly bad filter in emerging markets, where you have incredibly diverse socioeconomic neighborhoods directly next to each other.

That's not to be elitist, but the fact is people from these different neighborhoods are very unlikely to match with each other on an app, so they're not relevant for each other.

Another big difference in Latin America is obviously that we're also operating in a place with greater safety and trust issues. I think that our model really addresses those trust, safety, and accountability concerns. The fact that people can see who they already know in common means there is more accountability and a more instant sense of trust that I think promotes more honest user behavior.

With so much competition, what does it take to stand out and successfully launch an app in the market these days?

I think it's really building a quality **brand** that's going to attract quality people and keep users engaged.

There are some pretty big dating apps out there that don't have a strong **brand** but attract people who download it and quickly desert it because they're **marketing** all over the place and spending millions of dollars a year. They look good on paper but they're actually not gaining permanent users or real traction.

How do you build a brand that will attract the user base you want?

This is going to sound cliché, but it's a little bit of everything. It's about the ad copy that you have when you are **advertising**. It's about what you focus on when you're talking to journalists and the press and what they eventually publish. It's down to details like what does your product really look like? What does your website look like, even if you're an app rather than a website?

I think all of those things send subtle messages to people about the types of people they're going to encounter on your app. And at the end of the day, that's your real product. It's your network. Who are people going to be able to meet?

Building a **brand** that can scale is one of the biggest challenges, industry-wide. It sounds so obvious but it just takes a huge network in order to be able to show people the types of people they want to meet. There aren't great examples out there of a very small, yet viable, dating app.

Amanda Bradford, The League

The League is a dating app focused on exclusivity: Unlike many apps that are open to all,The League carefully screens applicants and maintains a strict control on how many people are allowed in at once. It does this, founder and CEO Amanda Bradford says, because having the right community is even more important than growing quickly as a dating app. "My investors are like, 'Wait, you're kicking people out on a dating app, which is a product with high churn anyway? That's crazy,'" she said. "But I'm like, 'No, I know, but that's how we build the community.' Our model is a lower number of users, but higher quality users who will end up, ultimately, being willing to pay a premium for that curation and enforcement."

Online dating has been around for a long time, and it seems like it's changed a lot over the years — we've moved from personal ads to personality quizzes to personal mobile apps. From your perspective, what's unique about dating apps in 2016?

I think the big thing is it's gotten a lot more authentic — people are who they say they are. On The League, for example, we require both **Facebook** and LinkedIn. We also have a human screen, so we're really kind of triple-verifying our users.

Because of that, the way people act on dating apps has gotten a lot better. You don't have people thinking they can say or do whatever they want because they're hiding behind an alter ego. The Internet has become smaller — it's pretty easy to find someone's **social** profiles, or even their real name or where they go to school. In a sense, there's less privacy on the Internet now, but I think it's actually a good thing for online dating.

Has that changed the kind of person who is using dating apps?

Yes, I think so. We're cracking a whole new demographic of people that even two years ago wouldn't even dare to consider online dating because there was still a stigma attached to it. It used to be if you're online dating, people thought it meant you couldn't meet people in person so you had to resort to doing it online. I feel like that isn't true anymore. Nobody's having to resort to online dating. It's actually kind of a better way to meet people.

What does it take to launch a dating app these days and succeed?

It's tough, because it seems like there's a new one cropping up every day. We've had four copycats already just in the year we've been in existence.

You definitely need a full-court-press approach to grassroots-style PR and **marketing**. You want to do events, message your users, and get their feedback. We're asking our users to recommend friends, because getting the community right is important. Your founding users are the ones that are going to go to bat for you and be almost like ambassadors for the company. If you don't have those, I think it's really hard to survive.

So having the right initial mix is one of the most important keys to success?

Yes. I always equate it to opening a bar, where your **brand** is kind of set by your grand opening. That first opening party, people are going to look around and be like, "OK, what kind of bar is this?" Is it a frat boy bar? Is it a hipster bar? Is this a bar where people come and mingle, or is this a bar where you come with friends and nobody really talks to each other? You kind of expect the place to have a personality, a vibe, a culture really. That culture is what determines whether you'll be back. Dating apps are exactly like that in online form.

Dawoon Kang, Coffee Meets Bagel

Coffee Meets Bagel is a dating app focused, first and foremost, on being women-friendly. It grew out of frustrations founder and COO Dawoon Kang and her two sisters had with existing apps on the market, which the three felt didn't match how women wanted to date. As to why focusing on women has been successful, Kang said it's because women are critical to the success of a dating app, but they're also much harder to please. "Women have a really, really high bar when trying out dating apps and also very low bars in terms of just exiting right away when they don't find what they want. Men will stick around, even if they aren't meeting anyone. So our thesis was, provide the best service for women, and men will follow."

Coffee Meets Bagel is a dating app that's focused on meeting the needs of women as the primary users. What does that mean exactly? What are some of the problems women have with normal dating apps?

Dating apps are basically **social** networks, and one thing that's been very well documented is that men and women use **social** networks differently. For example, one really interesting study that's been done is to find the most popular activity on **Facebook**.

And it's browsing photos, obviously. But what's interesting is what kind of photos. The number one most popular activity on **Facebook** is men browsing photos of women they don't know. Number two is men browsing photos of women they know. Number three is women browsing photos of women they know, and then number four is women browsing photos of women they don't know.

I mean, that's funny, because no one is looking at men, right? But it also shows guys derive entertainment value out of browsing lots of photos of women, even ones they have no chance of meeting and who aren't at all relevant to them. Women are different. They don't get the same kind of joy out of just browsing countless photos of random guys.

What makes dating such a hard problem for a technology company to solve?

I think it's because it's very difficult to predict chemistry and it's very difficult to customize your recommendations to the style of person a user actually wants to date.

Also, I think one of the challenges of dating apps is that dating is probably the only industry where the longer the users use your service, the angrier they get at you. It's an emotional experience. You're putting yourself out there, so if you're not connecting, you feel rejected.

What does it take to succeed in the dating market?

I think that the important part here is when you start off, you need to be very, very narrow about the type of consumer who you're going to recruit and turn into your **brand** ambassadors. Just think about a small group of people that you're trying to please.

For us, it was young professional women who hate wasting time because they're just too busy. They're women who just get so tired of meeting non-quality people that they've become kind of jaded and cynical. We really target our communications to them. Then once you get a small group of people to become your champions, they start doing the messaging for you.

I think these days the best way to grow, especially for a dating service, is for your customers to talk to their friends about it.

That's really critical because a dating service is not the type of product that people are going to post about on **Facebook** or send invites to everyone they know. You can't grow the same way Candy Crush does. It's not like that at all. Rather, it's something very private. When they do share it, they will be talking about it to their friends, face-to-face. So it's critical for you to give them something good to talk about.

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