

Lighthouse

C A S E S T U D Y

OKCupid: Using Platform Strategies to Disrupt an Established Marketplace

by Jeff DeChambeau

Network effects create a significant barrier to entry for online dating services – the greater the number of people on a particular site, the more likely the person for you is there. But incumbent players have stagnated while newcomers employ business platform strategies to carve out interesting niches. eHarmony did so by creating an analytics platform – applying proprietary algorithms to survey responses in order to increase the chances of finding a compatible partner. OkCupid is now taking a similar approach, but is layering a collaborative platform strategy on top. Of particular interest is how users help *create the questions* used to assess compatibility, rather than just answering those provided by the company – thus turning users into prosumers. This process also generates prodigious amounts of data on a wide variety of societal and political issues, which creates new business model options. While the specifics of a match-making business model may at first seem an unlikely subject for executive attention, OkCupid serves as a powerful example of the abilities of the various platform types to generate value well-above and beyond the ordinary and obvious.

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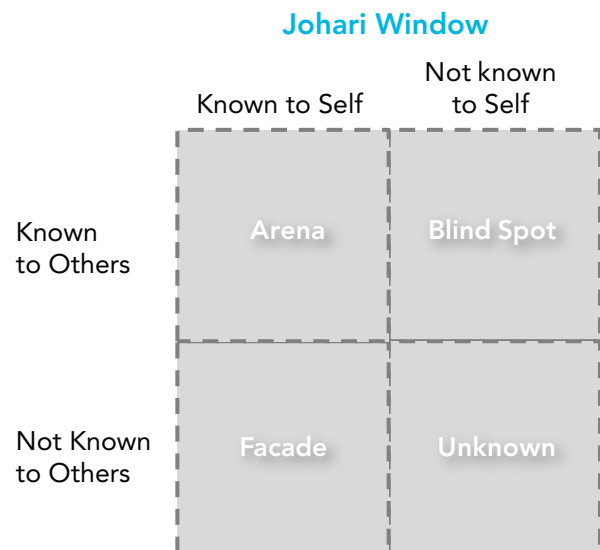
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INTRODUCTION

AIMING THE ARROW AT THE COMPETITION

Match.com, eHarmony, Facebook, and the state of trying to find a union

In *Pervasive Personal Identity: From Digital Footprints to Digital DNA and the Rich Digital Self*, Nick Vitalari, Nauman Haque and Ian Da Silva used the Johari Window to illustrate how the dynamics between the digital and real self are continually evolving. The Johari window is a two-by-two matrix with the following quadrants: the arena, the blind spot, the façade, and the unknown (see Figure 1). Each quadrant describes what is known about self, and what others know about the self. When constructing identity online, online dating sites like Match.com or Facebook (not a dating site per se, though it is used extensively in the modern western courtship practice) have strong presences in the Facade quadrant: users can carefully manicure their profiles so that they are portrayed to their peers exactly as they intend. eHarmony on the other hand, with its 258 question personality quiz, heralds from the Blind Spot,¹ inferring information about users that they may not even know about themselves based on some very carefully chosen questions. eHarmony's approach is superior to Match.com's, as they



ABOVE Figure 1: The Johari Window; Source: Joseph Luft and Harry Ingham (1955)

do considerable number-crunching based on all the quiz answers they have ever received, but their core concept is that they know better than users what things make for a successful relationship. This is where OkCupid splits from the pack.

OkCupid's approach: Part analytics, part prosumerism

OkCupid's goal is to match compatible users with one another.² The user experience therefore breaks down into two main components: generating information about a given user's personality, and providing compatible users with the ability to discover and contact one another. Like eHarmony, OkCupid uses number crunching to match users with one another, but unlike eHarmony, OkCupid makes no assertions that they know what elements make any two people compatible with one another. Instead, they turn the heavy lifting over to their users.

OkCupid is able to generate accurate, meaningful matches between people for two reasons. The first is the same as eHarmony: they can crunch user data to discover which users have the most in common. The second reason has to do with where the data they crunch comes from. Instead of requiring users to complete a pre-set psychological questionnaire, users instead answer questions that were submitted by other OkCupid users. Questions vary from "How often do you brush your teeth?" to "Is suicide ever permissible?" and allow users to answer not only for themselves, but also to stipulate what they would like their partner to answer, and how important that answer is (from irrelevant to mandatory). The site then calculates the compatibility between any two users based on how each fits the criteria outlined by the other.³

This approach is starkly different from eHarmony, where questionnaire questions are determined by experts and used to evaluate psychological properties that are opaque to the end user. Instead, OkCupid users submit questions that they think are relevant or interesting. Not only do these users decide for themselves which questions are important, they also decide which questions exist. On their OkTrends analytics blog, the staff explains: "OkCupid match questions are written by OkCupid users, not by staff. The community writes the questions, and our software simply asks them. Good questions climb to the top, and new users are asked to answer these first. By "good" [we] mean people (1) disagree over them and (2) feel strongly about them. God and sex are hot topics, as you'd expect. So are dating expectations, personal politics, and habits."⁴

A typical question on OkCupid is answered over 300,000 times, and the most popular questions have each been answered by more than a million users. This gives OkCupid a very large sample size within which to compare and contrast user personalities.

What this means is that OkCupid has turned its user base into a prosumer community. Prosumers, in nGenera parlance, are consumers who produce content for the consumption of other consumers (producer + consumer = prosumer).⁵ Because the community writes the questions, and (though mediated through software) determines which

To you, which adjective best describes hopeless, unrequited love?

- Romantic
- Foolish
- Creepy

Your ideal match would answer...

You can select more than one option if there are more than two possible answers

- Romantic
- Foolish
- Creepy

Their answer is...

- Irrelevant
- A little important
- Somewhat important
- Very important
- Mandatory

ABOVE Figure 2: Sample user-submitted OkCupid question; Source: OkCupid

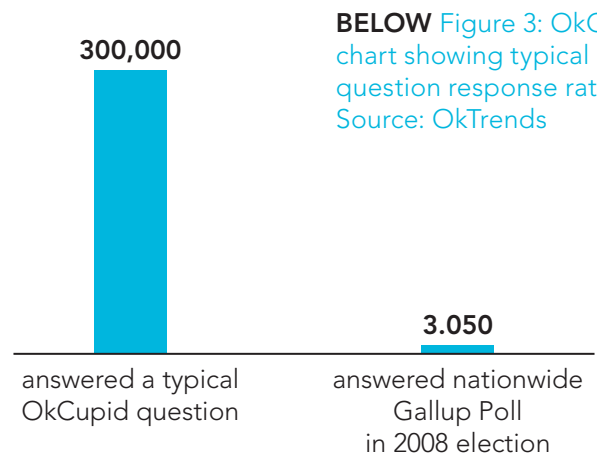
are important, it is individual users who create value not only for themselves, but for the entire community, and for OkCupid as a business. Simply by using the site in the pursuit of their own interest, OkCupid users make it better.

OKCUPID MAKES SOME GREATMATCHES

OkCupid's success can be measured in two ways: the effectiveness of its model to generate value for its users (in the form of high quality matches), and the effectiveness of their model to generate value for the company.

As a dating site

Response rates to unsolicited messages are the best metric OkCupid has for the quality of its matches. If someone receives a message from a stranger and finds



BELOW Figure 3: OkCupid chart showing typical question response rate; Source: OkTrends

that person appealing, they are more likely to respond. The numbers agree: the higher the match percentage between two users, the more likely either user is to respond to an unsolicited request from the other. This may be a self-fulfilling prophecy, as a user may deliberately avoid replying to a suitor with a low match percentage, however all users have robust, essay-based profiles that are usually consulted by anyone evaluating them. The site also features a standard section profiling success stories—some of which are conventionally unexpected, but were all the same predicted by its matching system.⁶

Further, OkCupid staff sort user-submitted questions into twenty groups, and based on those groups can tell which question-answer pairs tend to reflect high or low levels of numerous personality traits, from arrogance to compassion to kinkiness to thriftiness. Based on this data, users are given a quantitative lens into their own personalities and the personalities of their OkCupid peers, and can then search for users who are “similar to this one, but kinder”—a powerful new way for people to sort people.

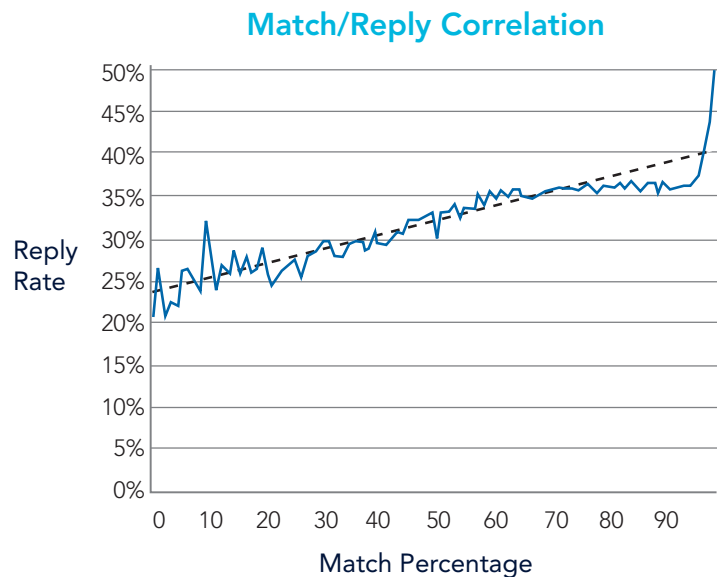
As an analytics platform

The OkCupid staff views its company’s small size relative to its competition as a tremendous point of flexibility. OkCupid can behave differently: it’s open with its data and likes to do interesting things. In addition to using its large pools of user data to generate matches, it also combs through the same data sets for other trends, which it profiles on the corporate blog, OkTrends. In one post, the company statistically tackles the decidedly un-politically correct question of how race factors into matchmaking, something that it could not do if it were a larger organization. On the blog, they explain:

It would be awesome if the other major online dating players would go out on a limb and release their own race data, too. [We] can’t imagine they will: multi-million dollar enterprises rarely like to admit that the people paying them those millions act like turds. But being poor gives us a certain freedom. To alienate all our users. So there.⁷

While many organizations may not be keen to run such politically charged experiments on their data, the example illustrates the kind of power that is afforded to the owners of platforms that simultaneously generate and analyze prodigious amounts of data. A collection of studies reveals these and an array of surprising results. For instance, by using users’ birthdates to determine their astrological signs, and contrasting their signs with the signs of other users, the OkCupid staff was able to empirically demonstrate that astrology is nonsense.⁸ Similarly, regardless of astrological sign, OkCupid discovered that any two people are about 60% compatible with one another.⁹ In another unanticipated result, response rate metrics indicated that poor spelling is a turnoff,¹⁰ implying that OkCupid can reasonably claim that its user base is more intelligent or better educated than the

BELOW Figure 4: OkCupid’s Match/Reply correlation graph; Source: OkTrends



average.¹¹ Also women who take their pictures from above with camera phones, or men who pose with animals, are more likely than average to win the favor of strangers on the dating site.

There are considerably more trends identified and analyzed at length on the OkTrends blog. The examples above are illustrative, but show what kinds of unexpected information can be created by merging people with analytics.

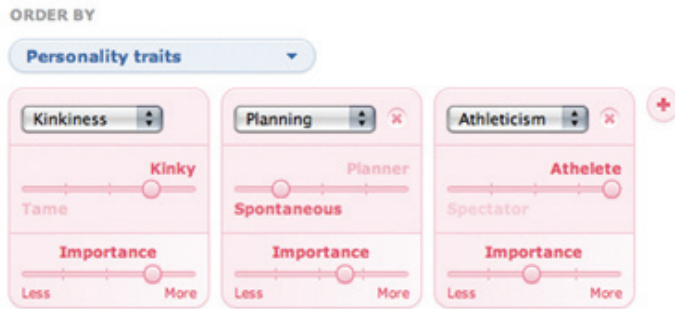
OkCupid makes it clear in its privacy guidelines that the data that it crunches has been scrubbed of all uniquely identifying data—as well as timestamps—to ensure that its users’ privacy is respected. Even in light of this, the amount of specific information that it has about users with specific interests and demographics is formidable. While OkCupid is choosing to give this summary data away freely, it could potentially be selling anonymized data to marketers or other interested third parties. This data-as-a-commodity mentality is in no way tied to the community-focused nature of OkCupid’s question-and-answer model; eHarmony or Match.com could also be selling interesting, anonymized data to anyone willing to buy it.

THE BUSINESS MODEL

While OkCupid provides its basic users with a dashboard that proactively suggests new matches, unpaid users are not given the tools with which they can drill-down through profile search results; unpaid users also support the site by being served ads.

With a \$9.95/month A-List Upgrade, a user’s account is featured prominently in search results, ads are hidden. Premium users are given access to an augmented dashboard

BELOW Figure 5 Personality filtering, a premium user-feature. Source: OkCupid



with finer-grain control when sifting through profiles. They also enjoy unlimited inbox size and other bonuses.¹² As mentioned before, OkCupid has an incredible amount of very personal data about the preferences of a wide assortment of people across a wide number of topics,

KEY TAKEAWAYS

OkCupid is highly creative, innovative and effective in online matchmaking marrying communities with analytics. Core lessons to be learned from OkCupid include:

- Platform strategies can disrupt established marketplaces.** Sites like Match.com are well established, and should enjoy the benefits of powerful network effects. eHarmony managed to carve out a “blind spot” opportunity using an analytics platform approach; OkCupid is now carving out a niche layering a collaborative platform strategy on top. How could your organization use a similar platform approach to disrupt an established marketplace – or create a new one?
- Turn consumers into prosumers in creative ways.** This is the primary element that distinguishes OkCupid from its competitors. Companies expend a lot of resources trying to fine-tune customer satisfaction and brand surveys. Many should consider getting consumers engaged to figure out the *right questions* to be asking – an easy first step towards turning consumers into prosumers.
- An abundance of data can be monetized in multiple ways.** OkCupid has three compelling business opportunities tied to the data being generated on the site. The first is getting customers to pay a small amount to better filter through the information being provided – which they are already doing. The second is anonymizing the aggregate data, and packaging it into a sellable asset – which it appears they aren't. Third, access to a pool of users who are willing to state in no uncertain terms what they think and believe can provide invaluable insights for marketing and product development—so long as the approach is carefully executed.
- Look to alternative data sources to glean customer intelligence.** There are a lot of different companies that are collecting interesting data about people. Platforms allow businesses to experiment with data that can result in new and unexpected revelations. Could you use information from sites like OkCupid as a way to augment your customer intelligence systems at a relatively low cost?
- Can you play “matchmaker” within your enterprise?** OkCupid’s approach to assessing compatibility could be applied at the enterprise level. For example, could a similar approach be used to better match up younger employees with appropriate mentors within the organization?


ENDNOTES

- 1 For additional insights into emergent blind spot opportunities, see Denis Hancock, "The Hipstery: Creating – and leveraging – Johari Blind Spots," nGenera Insight, November 2009.
- 2 For reference, OkCupid is not one of the largest dating sites out there. For comparison, Match.com, the largest online dating site, boasts over 20 million members, while OkCupid modestly claims about 3 million. See: <http://www.consumer-rankings.com/Dating/comparison.aspx>.
- 3 The highest possible match % is tied to the number of questions a user answers. Answering only two questions could at best yield a match of 50%. Answering 20 questions yields at best a match of 95%. Answering 100 or more increases the highest possible match to 99%. See <http://www.okcupid.com/faaaq> for the full breakdown.
- 4 OkTrends, blog.okcupid.com.
- 5 For more details on prosumerism, see Denis Hancock, "The Prosumer Strategy Guide", nGenera Insight, September 2009.
- 6 "Okcupid.com: Success Stories," okcupid.com/success.
- 7 "Your Looks and Online Dating," OkTrends Blog, blog.okcupid.com.
- 8 "How Races and Religions Match in Online Dating," OkTrends Blog, blog.okcupid.com
- 9 Ibid.
- 10 "Online Dating Advice: Exactly What to Say in a First Message," OkTrends Blog, blog.okcupid.com.
- 11 OkCupid claims that "according to [its] internal metrics, at least, OkCupid's users are better-educated, younger, and far more socially progressive than the norm." See <http://blog.okcupid.com/index.php/2009/11/17/your-looks-and-online-dating/>.
- 12 "OkCupid.com: A-List Extras," www.okcupid.com/a-list-extras.

ABOUT THE AUTHOR



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