THE ONLINE DATING MARKET 2007-2008

GERMANY - AUSTRIA - SWITZERLAND

SUMMARY:

- *Online dating is up-to-date in Europe. 40% of all singles are looking for love in the internet. Online dating providers return to normality. The booming years are over; mergers of and the fight for market share have started to develop.*
- *Every month, about 7 million German singles are actively using online dating websites. During the last years, about 50 million membership accounts have been created – however, many of them are nominal members.*
- *In Germany, the turnover of the industry has multiplied by a factor of six between 2003 and 2007 and is now 138.1 million euros, which is an increase of 22% compared to 2006.*
- *Online dating services offering contact ads make up the largest market segment with a turnover of 66.5 million euros, followed by online matchmaking (47.7 million euros) and adult dating (16.6 million euros).*
- *The local online dating market is dominated by local companies: 7 out of 10 of the most successful companies are "made in Germany". German online matchmakers even dominate the international market.*
- *So far, more than 6 million Germans were able to find a serious relationship via the internet. Almost 2.6 million of these relationships have still been intact in May 2007.*
- *Social networks like MySpace are developing in parallel and not at the expense of online dating providers.*
- *With regard to parameters like the number of singles / users of online dating services in Austria and Switzerland, the following rule of thumb, which is also common on other markets, applies: "10% of the German numbers". The per capita turnover in Switzerland is, however, considerably higher than in Germany, in Austria, however, it is about 25% lower.*

Singlebörsen-Vergleich
www.singleboersen-vergleich.de

ONLINE DATING – ROUTINE IN EUROPE

Similar to other areas of social life, the internet drastically changed the people's behaviour when looking for a partner. For singles in Europe, using online dating services, online matchmakers and adult dating providers is as normal as going to a pub nowadays. To maintain online language – it is as normal as online banking or shopping in the internet.

Compared to other EU member states, the German-speaking countries have a leading role, though: Each month, more than eight million Germans, Austrians and Swiss use the relevant websites which are particularly numerous in these countries. Apart from that, Europe shows a North-South and a West-East-divide in online dating. Swedes, for example, are more actively using online dating opportunities than Italians do, and the French lie ahead of the Poles.

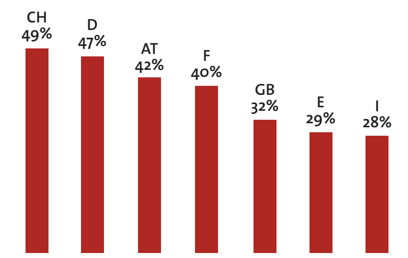
Online dating companies have also returned to normality. Some pioneers in the world of online dating have been in business for over 10 years! Prospering European online dating services like PARSHIP, FRIENDSCOUT24 and MEETIC have also been in business for half a decade, have grown up and are employing more than 100 people.

But everyday life also means that the market, now that the booming years with their gigantic growth rates are over, is performing only moderately positive and the fight for market share in the business of online dating has begun. The French company Meetic, listed on the stock exchange, led the way and took over the popular brand NEU.DE together with its 5 million members at the end of 2007. Take a look into US economy and the future of Europe: At the same time, PENTHOUSE INC. enlarged its portfolio and took over ADULT-FRIENDFINDER, the world's largest website for adult dating, for $500 billion.

For the media, the former hype about online dating has also become everyday life. The countless journalists, doing reports about "the best online dating services", "How to look for a partner in the World Wide Web" or "Attention: marriage swindlers are looking for victims online" are now focusing on the flourishing web communities.

Thus, the online dating industry is back to business as usual.

SINGLES USING ONLINE DATING



Source: 2008 Parship single survey

KEYWORD "SINGLE"

For decades, the single market has been put on a level with "single-person households" or "unmarried persons". Reliable statistical data was only available for these terms.

Nowadays, singles are defined as *persons not having a serious relationship*.

On a concrete day, there are 11 – 11.5 million singles living in Germany [1]. In the course of a year, about 15 – 16 million people have this status (at least temporarily) in Germany.

KEYWORD "ONLINE DATING"

The American word "dating" describes the interpersonal process of getting to know each other with the goal of fathoming the willingness of an erotic and amorous relationship (the spectrum ranges from a one night stand to marriage)

"Online" means, that the initiation is done via the internet.

This is why communities like MySpace, studivz or Xing are not counted among online dating, just as SMS flirting, speed dating or classical matchmakers having a website.

THE GERMAN MARKET: USERS, TURNOVER, SUCCESS

Those, who want to look for a partner in the German-speaking internet, are spoilt for choice. More than 2,000 online dating services, matchmakers, single chats, affair-finding services, sex dates etc. are in business. Although most of them are uninteresting due to their little number of members, at least 12 of these services were able to find more than 1,000,000 members until December 2007 (December 2006: 10).

Being a member of an online dating service is only a few mouse clicks away, and, normally, free of charge. Only few members think of signing off. This is why the number of ***membership accounts*** has been skyrocketing over the last years: from 6.9 million in December 2002 to 50.6 million in December 2007.

The ***number of users***, which is the number of "people" who really log in at online dating services, has leveled off to a constant number of about 7 million a month [2]. Thus, one active online dating membership account stands vis-à-vis with 6 accounts not in use – time to clean up the databases!

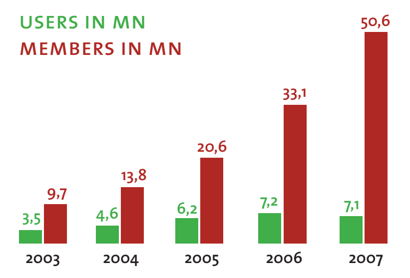
Unlike the social communities, which are mainly financed by advertising, 85% the online dating industry's turnover is attained through membership accounts. Usually, the members have to pay for services that go beyond "looking" – namely for contacting other members.

The ***turnover of the industry*** has increased by 542% between 2003 and 2007, which is considerably higher than the increase in users, which has only doubled:

- More and more users are paying for online dating services, among others because trust in e-commerce is largely higher, because of high er social acceptance, because of the omission of services free of charge (also for women) and because of better selling processes. This area certainly has a considerable potential for improvement as less than 750,000 of the seven million users per month pay for the services.
- The online dating companies have been able to increase the reve nues per paying customer during the last three years, e.g. by intro ducing subscription schemes. There seems to be only limited space for a further extension.

If the users of online dating services are ***successful***, that is, if they reach their personal dating goals, largely depends on themselves. Dating services can only create the general conditions necessary (e.g. establishing contact with matching new members, supervising the member's activities, support). So far, about 6.1 million Germans were able to find a serious relationship via the internet. Almost 2.6 million of these relationships have still been intact in May 2007 [3].

MEMBERSHIP ACCOUNTS AND USERS



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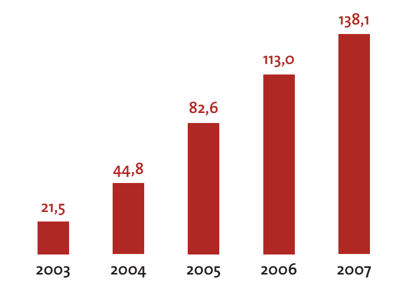
TURNOVER IN GERMANY IN MN EUROS



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MOST IMPORTANT MARKET SEGMENT: ONLINE DATING SERVICES

Online dating services can be divided by two significant factors:

- *Technique:* "market places for contact ads to look for oneself" vs. "matchmaking without transparency of the market place"
- *Target group:* "flirting and dating", "partner for life", "sex contacts", "affair" as well as various niches like "religious singles"

The most important and hardest-fought market segment is that of classic online dating services, 29 of which had more than 100,000 registered members on the German market in December 2007. On these websites, members, mostly between the ages of 25 and 45, are "flirting and dating" via contact ads in a casual way. The clear market leader is FRIENDSCOUT24, followed by ILOVE, FLIRT-FEVER and NEU.DE.

Online matchmakers are considered to be the advancement of traditional matchmakers, submitting proposals of possible partners on the basis of psychological comparisons after evaluating personality traits by doing an initial test. The target group is made up by singles over 30 years of age looking for a life partner. This segment's leader is PARSHIP followed by ELITEPARTNER and BE2.

The third mainstream market segment, *adult dating*, comprises online dating services dealing with erotic dates. So-called "infidelity agencies", acting as matchmakers, have been particularly successful. With the ladies' nascent interest the extent of which horrified the women's magazine "Emma", these agencies were outrun by agencies that provide erotic contacts by publishing contact ads in 2007.

The fourth pillar of the online dating market comprises niche market players, from dating services for religious people or single parents to dating services offering dates with Eastern European women as well as communities for sadomasochistic transsexuals.

In respect to the *market share* of the German online dating industry, dating services were able to defend their dominating position in 2007 as well. Together, they attained a turnover of 66.5 million euros, followed by online matchmakers (47.7 mn euros) and adult dating services (16.6 mn euros).

It is expected that adult dating in particular will increase its market share as well as its turnover. So far, business is dominated by small, semi-professional companies. While there is a relatively stable constellation of players in the segment of online dating services, the crowding out in this segment is going to last in the years to come.

LEADING DATING SERVICES

BILDKONTAKTE.DE
DATINGCAFE.DE
FLIRT-FEVER.DE
FRIENDSCOUT24.DE
ILOVE.DE
LOVE.LYCOS.DE
MATCH.COM
NEU.DE
SINGLES.FREENET.DE

LEADING ONLINE MATCHMAKERS

BE2.DE
ELITEPARTNER.DE
LOVEPOINT.DE
PARSHIP.DE

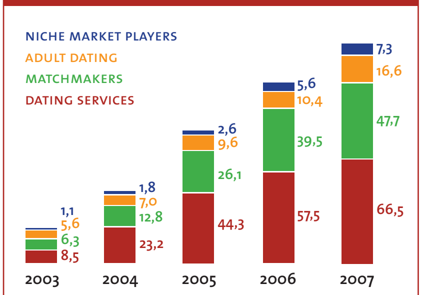
LEADING ADULT DATING SERVICES

ADULTFRIENDFINDER.COM
COMMUNITY.AB18.DE
FIRSTAFFAIR.DE
JOYCLUB.DE
MEET2CHEAT.DE
POPPEN.DE

LEADING NICHE MARKET PLAYERS

GAYROMEO.DE
HANDICAP-LOVE.DE
INTERFRIENDSHIP.DE
PARTNERTAUSCH.DE
SKLAVENZENTRALE.COM
50PLUS-TREFF.DE

TURNOVER ACCORDING TO MARKET SEGMENTS IN MN EURO



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SWISS MEMBERS CLEARLY AHEAD OF AUSTRIANS

Just like in other industries, there are no systematic analyses about the number of singles and members of online dating services for Austria and Switzerland. A look on the available statistical data shows, however, that the three German-speaking countries are quite similar in this respect, which means that German data can be transferred to gain appropriate data for Austria and Switzerland.

According to this, there are about 1.1 million singles in Austria on a concrete day and about 1 million in Switzerland. In the course of a year, about 1.5 million people are likely to have this status (at least temporarily) in these two countries.

Added up, the number of members of Austrian and Swiss online dating services is similarly astronomic as in Germany. A more realistic assumption is that, in these two countries, about 700.000 people use online dating services every month – and that number is not only made up by singles.

Foreign – mostly German – companies dominate the Austrian and Swiss market. The German companies hardly have to deal with the problem of different conditions on foreign markets. Particularly in the field of online matchmakers, membership fees are paid to PARSHIP, ELITEPARTNER, ADULTFRIENDFINDER and others and are thus leaving the country.

The *online dating* segment in *Austria* is dominated by the local provider LOVE.AT, which has been acting under the umbrella of its parent company Telekom Austria since the management buy-out in January 2007, at least in respect to the user's favour. But surely this does not apply for the subject of "making money". LOVE.AT has not yet adopted measures increasing turnover, which are well-known among leading German online dating services.

In the *Swiss online dating* segment, local providers like PARTNERWINNER, SWISSFRIENDS and SWISSFLIRT get in on the upper middle field – yet, they do not get close to the performance of FRIENDSCOUT24, MEETIC or MATCH.

All German dating services on the German, Swiss and Austrian markets recognise a similar interest in online dating in these countries. However, the willingness to pay and thus the *turnover* differs significantly. Austrians pay per head, at the utmost, 75% of the amount an average German user is willing to pay. In Switzerland, the turnover per head exceeds the amount paid by an average German user by 25 – 40%. Thus, the turnover estimates for 2007 is:

- Austria: 9 – 11 million euros
- Switzerland: 17 – 19 million euros

SINGLES AND ONLINE DATING USERS

	DE	AT	CH
Inhabitants (mn)	82,5	8,3	7,5
Single-Person Households	37,5%	35,1%	36%
Internet Users	63%	67%	67%
Singles (mn)	11,2	1,1	1,0
Online Dating Users (mn)	7,1	0,7	0,7

LEADING SWISS ONLINE DATING SERVICES

DATINGPOINT.CH
PARTNERWINNER.CH
SWISSFLIRT.CH
SWISSFRIENDS.CH

LEADING AUSTRIAN ONLINE DATING SERVICES

LOVE.AT
WEBSINGLES.AT
VERKEHRSINSEL.COM

GLOBAL PLAYERS MADE IN GERMANY

Singles and internet access are existent worldwide – thus, online dating services are also existing worldwide, whether MAMBA in Russia (9.5 million members in mid-2007), SHAADI in India (12 mn/2007), PARPERFAITO in Brazil (8 mn/2007) or BAIHE in China (9 mn/2007).

In the Western world, US providers like MATCH.COM or VARIOUS (ADULT-FRIENDFINDER) succeeded in gaining ***global importance***. The market leader in the European area is the French dating service MEETIC.

The role of an international player on national online dating markets seems to depend on the development of the local company landscape at the time of market entry. Spain and Italy, for example, lay virtually idle at around the decisive year of 2004 and were immediately taken over by MATCH.COM and MEETIC.

This was different in Germany: In online dating, unlike in the area of films, computer games or search engines, Germany is not a victim of globalisation. The scope of domestic websites in Germany is the second largest in the world. The German market is equally dominated by online dating services "made in Germany". In this industry, German providers jump-started on the market and now benefit from the capital and know how they were able to accumulate.

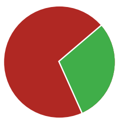
The German online dating services PARSHIP and BE2 are about to take a ***leading position*** in the global online dating business. Background: In most countries, the term "online dating" was considered more or less the same as "internet contact ads". Thereby, these two companies had the opportunity to create and dominate a new market segment on foreign markets. This has been working, amongst others, in Scandinavia, Benelux, Spain and Italy since 2005 – but also in countries like Mexico or Russia. Meanwhile, three fourths of all visitors of BE2's website come from countries outside Germany.

For most other German players, Austria and Switzerland, respectively, is the end of the rope. At the moment, FRIENDSCOUT24 and several small adult dating companies are working systematically towards a larger market share in foreign markets – otherwise, the companies, which have tried the same, failed due to a lack of market competence.

MARKET LEADERS IN THE USA AND EUROPE

	Members	2007 turnover
Match.com	> 20 mn	235 mn euros
Various	> 100 mn	230 mn euros
Meetic	28 mn	114 mn euros

TOP 10 ONLINE DATING SERVICES ON THE GERMAN MARKET



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DISTRIBUTION OF THE LEADING MATCHMAKERS IN EUROPE

BE2: Germany, Austria, Switzerland, Denmark, Spain, France, Ireland, Italy, Netherlands, Norway, Poland, Finland, Sweden, UK, Russia
PARSHIP: Germany, Austria, Switzerland, Belgium, Denmark, France, Ireland, Italy, Netherlands, Spain, Sweden, UK

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SOCIAL NETWORKS NOT IMPERILING

In our "online dating report 2005", we warned against the immense drive of the new social networks which are mainly free of charge and the dangers involved for the dating industry. Our assumption was: The premium segment of online matchmaking will hardly suffer, but online dating services will have to compete with the free web 2.0 communities for the singles' favor.

Fortunately – from a dating service's point of view – online dating and social networking turned out to be ***two independent business segments*** which are not directly competing. Between 2005 and 2007, the turnover of the online dating segment increased by a considerable 67%. At the same time, the social network communities LOKALISTEN, STUDIVZ and XING collected about 10 million German members!

The fact that singles do not leave dating services in flock is hardly caused by a reinvention of online dating. They took over one or another web 2.0 feature at best. The only large online dating service that hurled itself into the world of internet communities, failed in the attempt: NEU.DE...

The ***reasons*** of the fact, that social networks and online dating services can co-exist are the following:

- Those, who sign up on social networks (e.g. to look for a partner), are obliged to be an active part of an online community and to net work. A member of XING without any "affirmed contacts" is consi dered as surrogate. Singles who already have a virtual life are easily looking for a partner in this new medium – everyone else is more likely to succeed by taking out a plain contact ad.
- Moreover, "networking" also means abandoning one's anonymity to a high degree. Those who link all of their friends at LOKALISTEN don't want to attract strange singles who could do a research on who knows whom and why – and taking a look at holiday picture with the person's ex girlfriend or boyfriend...

Online dating portals quite simply serve a different purpose than social networks do. There are even synergies: Some social networks actively promote dating services and online matchmakers for financial reasons. According to some online dating providers, the quality of dating services is enhanced, as singles are able to create high-quality profiles due to their web 2.0 experiences.

KEYWORD "SOCIAL NETWORK"

A social network is a community of people exchanging experiences online.

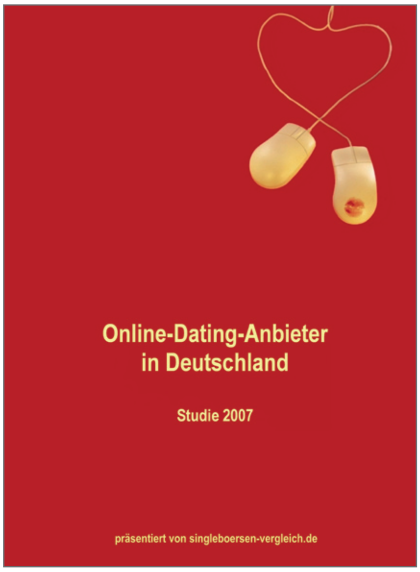
In connection with web 2.0, former forms like news boards and forums evolved into a standard, which, on the one hand, shows the links between users in order to create a virtual network.

On the other hand, users have the possibility to design their space as they like (e.g. guest books, blogs or photo albums). From a provider's point of view, a user-generated content is created, which appeals to the users of social networks.

LEADING SOCIAL NETWORKS (GERMAN-SPEAKING)

KWICK.DE
LOKALISTEN.DE
MYSPACE.COM
SCHUELERVZ.DE/STUDIVZ.DE
STAYFRIENDS.DE
XING.DE

ABOUT THIS SURVEY



Following the publications "Online Dating Report 2004", "Online Dating Report 2005", "Online Dating User Survey 2006" and "Online Dating Provider Survey 2007", "The Online Dating Market 2007/2008" is the fifth analysis of online dating in the German-speaking area.

The relevant market data was collected in January/February 2008 and is based on different best practice approaches, which have turned out to be of high validity during the prior surveys. The massive amount of data that resulted from various studies conducted for singlebörsen-vergleich.de is among the market data evaluated as well.

Special thanks goes to the management of various leading online dating services. Without their help, realistic statements about the online dating market and the market situation, which is often rather intransparent for outsiders and even for the companies themselves, would not have been possible.

ABOUT SINGLEBOERSEN-VERGLEICH.DE

www.singleboersen-vergleich.de

The internet portal SINGLEBÖRSEN-VERGLEICH.DE provides free information for singles with focus on:

- Testing and assessment of online dating services
- Advise for beginners and advanced users

Since the beginning of 2003, more than 500,000 singles have found a matching online dating service through our comparison of online dating services.

Media representatives in particular resort to the knowledge of our editorial office. In the meantime, recommendations, interviews or excerpts of the test results have been published in over 200 press releases and in about 50 TV and radio broadcasts. Editorial offices like those of "Stiftung Warentest", the magazine "Spiegel" or the telecast "ZDF WISO" have checked our way of working, our objectivity and our independence.

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REFERENCES

Apart from our own test results, we used the following external sources:

[1] Parship Single-Studie 2005
[2] statistical data of comScore Networks and nielsen//netratings
[3] ElitePartner Single-Studie July 2007

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