THE ONLINE DATING MARKET IN THE UK 2013–2014

Current trends and developments in the online dating industry:
users — service providers — revenues — technologies

UK's Leading Dating Sites

Online Dating in the UK 2014: increase in the number of users, decrease in revenue

After a decade (2002-2012) of continuous upward development in the UK online dating market, two opposing trends are currently causing unrest for some in the industry for 2013/2014: On one side, new user groups have started using online dating, and, on the other, there has been a decrease in revenue.

In our third market analysis publication, you will find the most important and current trends regarding online dating in the UK.

1. SINGLES ON THE INTERNET

Of the approximately 63.8 million people living in the UK, about 17.1 million held the status of "single" at one time or another in 2013. However, it is difficult to clearly define the term "single". For example, is a 72-year-old still single? Of these singles, approximately 16 million are regularly using the Internet and are the main target group for the industry. It is estimated once again that around 25% of this group (particularly men) are actually in a relationship.

2. ONLINE DATING LANDSCAPE

Essentially, online dating service providers can be categorized into five groups:

» **Social Dating**
Predominately "flirt" services for mobile devices targeting the younger demographic, lower price segment (freemium model)
Top-3: Badoo, Skout, Tinder

» **Online Personals**
Mainstream services for searching through personals by oneself, most often includes a chat feature, middle price segment
Top-3: Match.com, PoF.com, Zoosk

» **Matchmaking**
Matching of couples based on a psychological matching process, higher price segment
Top-3: eHarmony.com, EliteSingles.co.uk, MatchAffinity.com

» **Adult-Dating**
Dating websites for erotic contact (hook-ups, infidelity, swinger, fetish)
Top-3: AshleyMadison.com, AdultFriendFinder.com, BeNaughty.com

» **Niche Dating**
Specialized for target audiences like seniors, single parents, plus-sized, alternative lifestyles...

There are over 1,500 of these websites in the UK, however, most are small online personals sites. In any case, only about 25 service providers have over 100,000 active monthly members. Foreign, in particular American, players currently dominate the market. Among the domestic dating companies which stand out are Cupid PLC, Badoo und WhiteLabelDating.

Keyword "Mobile Dating"

The difference between online dating und mobile dating has become non-existent in our eyes. The established *online* dating players of course now offer *mobile* version of their sites and an additional mobile app. And most of the former "mobile only" dating service providers now have added a website, because the customer now expects that the service provider of their choice is available to them at all times and across all platforms.

Additionally, a separate calculation of revenue via mobile devices makes little sense since a majority of users jump back and forth between "online" and "mobile" from first use to purchase: Over 50% of all logins are through mobile devices today, but over 75% of all revenue continues to be collected using the PC.

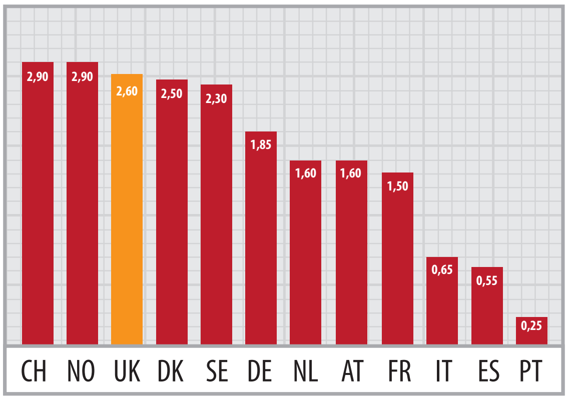
Therefore, we have grouped both varieties under the term "online dating".

3. ONLINE DATING USER: AN UPWARD CURVE

The Internet dating boom in the UK started in the year 2000. At that time, there were around 100,000 profiles of singles on the net. Currently, there are around 7.1 million singles online every month looking for a partner, considerably more than in 2011 (6.3 million). The fresh influx of users is generated mainly by the new generation of social dating services like Tinder and Badoo, which have managed to tap into the younger target audience of the 18+ dater and singles with an immigrant background.

In addition, there are a further 2.9 million monthly users in the "Adult Dating" category as well as about 400,000 users of gay dating services.

Revenue per inhabitant in GBP



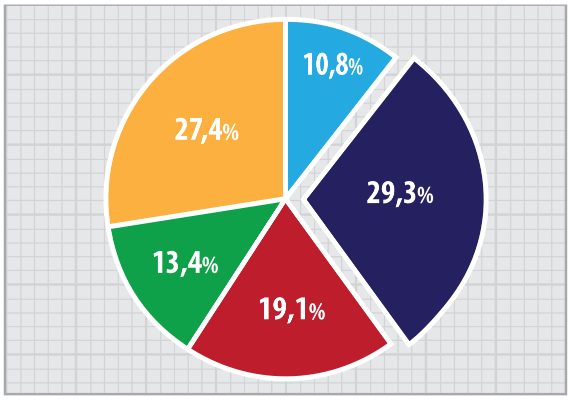
4. REVENUE DEVELOPMENT: FIGURES DECREASING SLIGHTLY

Despite the significant increase in the number of users, revenue for the industry, which is currently at 158.7 million GBP for 2013, is less than the level of 2011 (168.5 million GBP). This can be mostly attributed to:

- » The typical users of "online personals" are moving over to the cheaper social dating players.
- » The monetization of members is becoming increasingly difficult due to improved consumer protection regulations and more mature customers.
- » The increasingly critical reporting on "grey areas" in online dating (e.g. actors, romance scams, subscription cases).

The overall situation should not obscure the fact that the UK still plays in the first division, and, moreover, certain providers have still been able to achieve amazingly high revenue growth over the past two years.

Market Shares (users)



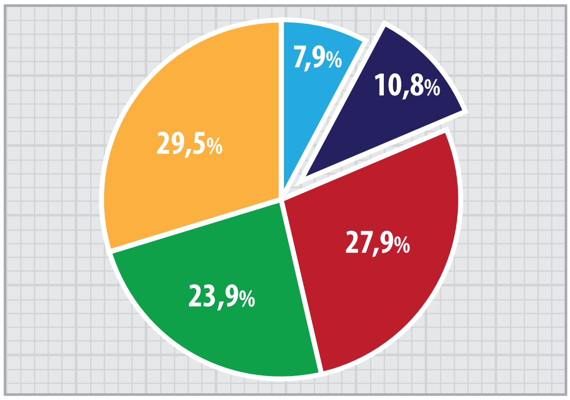
5. INDUSTRY TRENDS 2013/2014

Despite all of the changes due to the factors "social" and "mobile", the market is still dominated by the established players: the high-priced quality providers in the area of "serious" online dating, because, above all, singles over 30 are happy to pay. The "big five" in the industry together account for over 60% of the total revenue.

The new social dating players as well as the flirt apps such as Tinder have so far succeeded to acquire a great reach rather quickly and cheaply thanks to primarily Facebook and the app stores. Now, they have to prove that they can stabilize this growth long term.

The former midsection has a quite difficult task trying to continue to exist between these fronts. The specialized ones still have a good chance as long as they are not confined to one country.

Market Shares (revenues)



Social Dating
Online Personals
Matchmaking
Adult Dating
Niche Dating

ABOUT THE STUDY

This study „The Online Dating Market in the UK 2013-2014“ is part of a yearly up-to-date analysis on online dating in Europe. This study, first conducted in 2004, has established itself as the only serious market examination in the industry. The figures are based on market research, Internet traffic analysis and above all, direct discussions with executives from the leading service providers.

ABOUT LEADINGDATINGSITES.CO.UK

LeadingDatingSites.co.uk is a free online portal focused on providing:

- » Review and evaluation of online dating sites
- » Advice for beginners and experienced online daters

Since 2008, more than 250,000 singles from the UK have used this portal as their gateway to memberships in their desired online dating site. Recommendations, interviews, or test report claims have been published in over 100 press, TV and radio outlets.

ABOUT METAFLAKE

Based in Cologne, Germany, the metaflake network has 12 fulltime employees and currently operates online dating review websites in 14 countries.

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