2-2020

Dating disruption: How Tinder gamified an industry

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Citation

ABOLFATHI, Niloofar and SANTAMARIA, Simone. Dating disruption: How Tinder gamified an industry.
(2020). *Sloan Management Review*. 61, (3), 7-11.
Available at: https://ink.library.smu.edu.sg/lkcsb_research/7279

Dating Disruption — How Tinder Gamified an Industry

Tinder's gamelike user experience enticed overlooked users, led to rapid segment growth, and ultimately displaced industry incumbents.

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February 13, 2020

Published in MIT Sloan Management Review, https://sloanreview.mit.edu/article/dating-disruption-how-tinder-gamified-an-industry/

An analysis of the U.S. mobile dating app industry from its inception in 2007 to its phenomenal shakeout in 2013 demonstrates that Tinder changed the game — quite literally. As in other cases of industry disruption, dating app upheaval illustrates that newcomers need to compete by transforming noncustomers into customers rather than challenging incumbents for the established mainstream market. Although emerging technologies may allow newcomers the opportunity to overthrow incumbent competitors, our research shows that altering the user experience for an overlooked market segment, not technology, is the key success driver for industry disruption.

Dating apps, including eHarmony, Match.com, and OkCupid, originated as desktop-based dating websites in the dot-com era and transitioned to mobile apps after the iPhone was introduced in 2007. These apps dominated the industry with their first-mover advantages and large user bases. Simply because they had more users, these incumbent platforms offered users a higher probability of finding a suitable partner. They also emphasized matching algorithms, which were continually refined using ample data gathered about their customer bases. New entrants, with small customer bases and lack of historical data, struggled to gain even a slight share of the market as legacy brands dominated the industry until 2012.

Enter Tinder, an app that transformed the industry to become the most popular dating app just a few months after its launch in 2012. (See "Market Share of Mobile Dating Apps in the United States.") The app didn't introduce a cutting-edge matching algorithm to suggest more-promising dates to its users, nor did it showcase new technology. In fact, from a technical standpoint, Tinder initially paled in comparison with other apps, and it frequently crashed. Two key factors underpinned Tinder's sudden success: focusing on young adults, an overlooked market segment; and introducing new gamelike features, such as swiping and variable rewards, which altered the user experience and reduced consumption barriers in that specific segment.

Market Share of Mobile Dating Apps in the United States

This chart shows aggregate market share as a percentage of total app sessions by an anonymous panel of millions of U.S. users. Adapted from www.7parkdata.com.
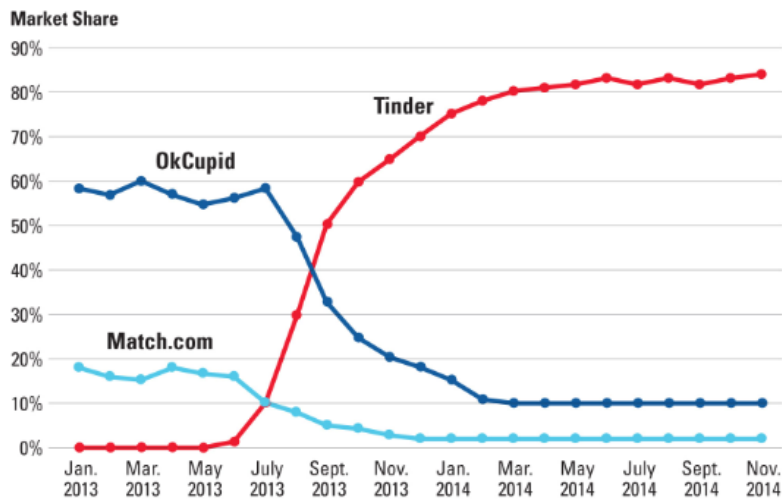
Numerous academic studies show that before 2013, U.S. young adults were less likely to meet dating partners online compared with those in older age groups, the most frequent users of desktop-era online dating services. By drastically changing the user experience, Tinder was able to convert a large group of new users, penetrate the previously ignored young-adult segment and shake up the industry. Beginning in 2013, the number of young online daters exploded. (See "Percentage of Online Dating App Users by Age Group.") Users 18 to 24 years old saw the highest increase in growth rate — a staggering 170%. In just two years, the segment nearly tripled in size, evolving from an unattractive niche into the largest online dating segment.

Percentage of Online Dating App Users by Age Group

This graph shows the percentage of users of online dating apps (both mobile and desktop) by age group in early 2013 (when Tinder launched) compared to two years later. Adapted from Pew Research Center (2016).
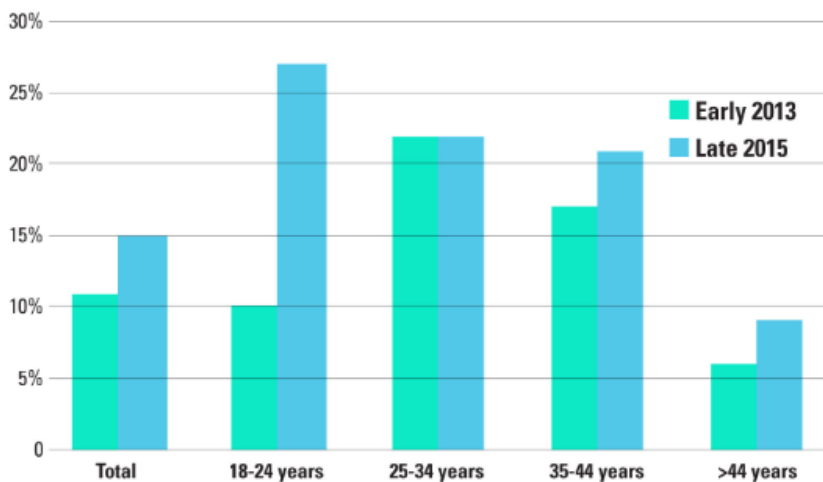
Unlike incumbent competitors that gathered and relied on a long list of personal preferences to establish matches, Tinder focused on appearance. Its fast, frictionless matching process allowed users to quickly express positive interest in others by swiping right (like) or negative interest by swiping left (pass) based on user photos. This gamelike experience, where users browse and like or dismiss others, resembles previous rating game sites, including Hot or Not and the first iteration of Facebook (Facemash).[1]

Sean Rad, Tinder's cofounder and then-CEO, stated, "We always saw Tinder, the interface, as a game." One measure of Tinder's vast success is the phrase swipe right, now embedded in millennials' language and culture.

Tinder's Unique 'Fun' Dimension

To better understand how competing apps position themselves in this multidimensional, competitive dating app landscape, we undertook a text analysis of a large body of user-generated reviews. We identified the six most important topics mentioned in the reviews, representing the product dimensions that most impress users both negatively and positively. In the figure "Dating App User Scores by Dimension," each topic is represented as a cluster of related keywords, and a relative dimension score is assigned to each app based on the frequency of the keywords in the reviews.

Dating App User Scores by Dimension

These figures visualize user scoring across six dimensions for Tinder and three legacy apps: eHarmony, Match.com, and OkCupid.
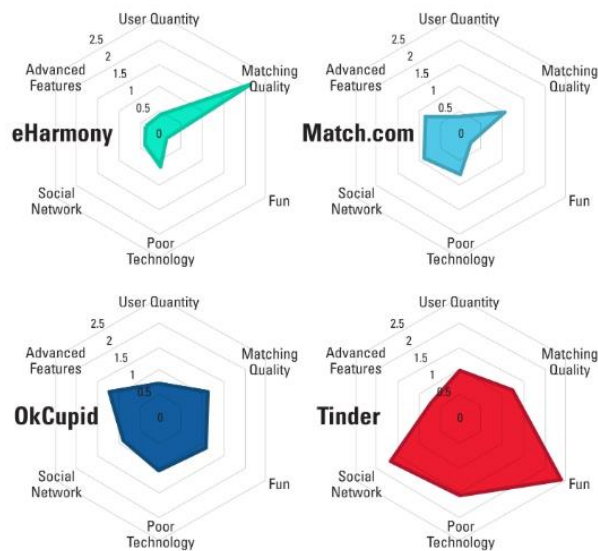
Our analysis of app users' reviews confirms the importance of Tinder's fun user experience — and demonstrates how poorly it performs in the technology dimension. As the figure indicates, Tinder's users described their experience with the app using words related to "fun" more than twice (2.5 times) as often as competing dating applications. Statements like "The app is great and super entertaining, but it is extremely glitchy at this stage" are very common in Tinder reviews but notably absent from reviews of former incumbents. Some reviews suggest that the app provides an entertaining experience in itself: "It's something to do when you're bored."

We confirmed through statistical analysis that apps scoring high in the fun dimension experienced faster growth than others in the young-user segment. This correlation is notably absent in the adult segment, where incumbents offered sophisticated matching algorithms to target users seeking lifelong relationships rather than fun app experiences.

What Can We Learn From Tinder?

The most common mistake startups and established companies make is focusing too much on people who are currently consuming a product, instead of understanding why certain people ignore it. Successful market entry means, first and foremost, identifying a niche not optimally served by incumbents and understanding what barriers keep members of that segment from using existing products. Once you've identified those barriers to use, you can successfully design a product to overcome these obstacles and deliver a new user experience.

The key driver of successful disruption is a byproduct of overcoming such barriers: the explosive expansion of the niche as non-consumers increasingly become consumers. Traditionally, incumbents struggle to respond to disruptive startups because these newcomers target totally different segments that are in rapid expansion. That was the case for young people and online dating before Tinder. A similar example is Airbnb, which sought to rapidly expand the market for cost-conscious people traveling during peak seasons rather than attempting to compete with large hotel chains for their mainstream customers.[2] Airbnb reduced key consumption barriers for this formerly niche segment by providing instant matches, even in high-demand periods, and a review system that could increase trust between strangers.[3] Many Airbnb users might not have consumed lodging services at all without this new user experience.

How industry incumbents should react to disruption is still an open debate. One of the most popular strategies so far has been acquisitions of disruptive newcomers, such as Facebook's acquisition of WhatsApp and Instagram. Match Group, an internet holding company, now has stakes in more than 45 dating companies, including OkCupid, Plenty of Fish, and Match.com — plus majority ownership of Tinder.

Thanks to its aggressive acquisition strategy, Match Group currently dominates the online dating market. But, as we've shown, an incumbent's market dominance can rapidly plummet if a successful disrupter spots an underserved consumer segment and reduces consumption barriers for that segment. Who might be the next Tinder?

ABOUT THE AUTHORS

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Customer Experience, Disruptive Innovation, Gamification, Product Strategy, Technology Platforms