

Case study on eharmony

[Business](#), [Company](#)



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External analysis of online matchmaking industry

Online matchmaking industry is one of the most controversial issues that most people do not seem to agree on. This may be due to the fact that like many applications that continue evolving with new ICT, it is very new especially to the old generation. This has opened a whole new idea of a third party in a relationship. Recently though, this activity has become acceptable even to the older generation since it has opened new opportunities of finding love. However, when people hear of matchmaking services, they tend to confuse the term with online medium-term relationship sites. Despite the similarity in adults having a forum of meeting new people of their liking online, matchmaking sites offer compatibility tests through algorithms that then propose to the user the most compatible matches. These sites mainly aim at nurturing long term relationships unlike the other free online dating services. The online matchmaking sites also offer these services at a prime fee. Some examples are eHarmony and Chemistry from Match. com.

The online matchmaking companies have been known to invest vast amounts of time and resources in conducting research that helps algorithms identify the most likely match for a subscriber. In most sites, the visitor goes through a three step process which he offers orchestrated information about them which is fed to the algorithm which emerges with most compatible matched (Piskorski, Halaburda, & Smith 6). However, in some occasions, the algorithm may fail to produce a compatible match and the visitor is forced to search elsewhere. For this reason, the matchmaking sites charge their users since they offer some sort of professional matching unlike other dating sites. Despite the premium pay, online matchmaking services have become a competing and booming industry with billions of shillings being realized annually as a result.

The matchmaking industry is divided into two main segmentations. They are the 20-35 year olds and the 35-60. Although it is widely anticipated that the younger generation is the most benefactor of this growing industry, that may not be the case necessarily. Due to the growing rates of divorce in the western world and specifically the United States, the older generation constitutes of the most users of these services (Piskorski, Halaburda, & Smith 4). Another factor that makes the older generation as the large user constituent is because they find other online dating methods predatory and otherwise not serious enough. This services offers hope to legitimate users who are looking for serious relationships to settle down. Finally, the older generation found it hard to meet single people of their own age and seek refuge in the already existing forum of the matchmaking sites (Piskorski, Halaburda, & Smith 11).

Apart from competition among themselves, the matchmaking industry faces strenuous competition from other forms of forum that may be used as a meeting site for single individuals. Examples are free Do-It-Yourself Sites like OKCupid and Plenty of Fish and social media (Piskorski, Halaburda, & Smith 9). These sites are more common with the younger generation since they are mostly looking for casual dating and are free. Some of these sites have made huge sums of money despite the dissatisfaction of most users. They have used this as a venue for Google to advertise more other more satisfactory matchmaking sites (Piskorski, Halaburda, & Smith 9).

Another area that offers these sites competition is the niche sites. They offer services at a very low price and follow the customer's story. Types of these sites offer gay and lesbian matching, blacks dating, Jews, Christians, Muslim, and Hindus. Other grey areas that are met by these sites are the HIV positive dating, fetish daters and other demarcations that emerge from the different lifestyles people choose (Piskorski, Halaburda, & Smith 10). Despite this being a tempting venture for the traditional matchmaking sites, most of these sites end up failing after the first year of their introduction. Some end up not making any profits in their operation.

Another characteristic of most billable matchmaking sites is that they do not engage in business with married visitors nor the gay and lesbian. Even after the gay and lesbian market continues to grow, these sites restrain engaging in matchmaking for the group since they have built their foundation with the more constrained users and also the church platform. If they were to engage in matchmaking for cheating users, the site would lose its credibility a legitimate happy ever after true love finding site. Collectively, these sites

deny their services to these group users in millions annually.

Thanks to the cutting edge completion, the match making sites invest heavily in advertising. The most common modes of advertising are internet ads and the television. Some of these budgets are astronomical thus the pressure to make more profits to cover the budgets. An example is advertising budget of match for the year 2007. They increased their budget from \$ 95 million to \$ 145 (Piskorski, Halaburda, & Smith 7). Even after these ridiculous numbers, their budgets are expected to continue rising since the competition will continue being stiffer and more cut throat.

Internal analysis of eHarmony

Strength

eHarmony started its operations in 1997 when little was known about meeting partners online (Piskorski, Halaburda, & Smith 2). They were the founders and the forefathers of the matchmaking sites. Throughout the years they have held a greater percentage of users even after the mushrooming of other matchmaking sites (Piskorski, Halaburda, & Smith 6). Their originality and the fact that they set up shop when this market was fairly new has been their greatest strength. This has continued to them achieve a greater market dominance that has worked for their advantage through the years.

eHarmony has been known to be the most confidential site compared to its closest competitors. In other sites, one's profile can be viewed by almost anybody if one agrees to make it public. However, eHarmony ensures the security of someone's profile only when matched with a fellow subscriber. In this area, the site is uncontended with.

Weaknesses

Even after years of running a very successful business and a whole team of employees, eHarmony has its weaknesses. Some of these factors may be avoided yet some not. None the less, it discourages users against using their site. The first weakness is the long questionnaire that reads is fed to the algorithm. Research has shown that many people refrain from the website after they learn they might have to complete a questionnaire for close to an hour. The most common clientele that avoids this are the men. Despite the advantage that the process bears, it is long and tiring to many users.

Another weakness is that in eHarmony, clients are supposed to wait for the algorithm to give them perfect matches. However, this factor is no longer in the ability of the user to change their needs in order to broaden the search engines. Other sites like match can be customized by the user in order to change the criteria and thus offer broader matched.

Core competencies

Credibility is one of the competencies that have been their greatest strength. For a very long time they have been known as the site that is very serious about long term relationships. They realized this was their greatest strength and embarked on using this as they their key marketing strategy. They started collecting success stories and aired them on the television and their website and within a week, visitors increased in shocking numbers (Piskorski, Halaburda, & Smith 8). The results covered the advertising funds used in the marketing strategy. Up to date, this has been their greatest advantage. This is because it gives the visitors tangible hope.

Dr. Warren the founder of the site has been a great edge to the company

(Piskorski, Halaburda, & Smith 12). In most company adverts, they show the psychologist making him known as the most famous matchmaker in the planet. In addition, he invented the set of 29 famous characteristics that constitute to a long term relationship. This gives the site more credibility since most people are looking for true and long lasting love.

eHarmony's business level strategy

Business level strategies are actions that add value in kind of services or goods they give to their customers in order to provide better service than their competitors. This consequently improves their returns. In the case study, eHarmony has four basic strategies in consideration. The first option in consideration was increasing marketing thus claiming their dominant position in the market (Piskorski, Halaburda, & Smith 13). This would also involve selling membership to everyone despite lacking neither matches nor their marital status. This however would contradict their credibility as a pro marriage advocator.

The other credible idea was increasing membership to accommodate individuals searching for medium term relationship (Piskorski, Halaburda, & Smith 13). This would definitely improve their membership since majority of single Americans would be interested in this segment. However, this expansion strategy would put them in a very vulnerable position since they would be competing with sites offering similar matches like the Yahoo! Personals and Match.

The third option would be exploiting a new business base that would entail new branded sites. These sites would offer advice on various life stages like pregnancy, illness, weddings, and so forth (Piskorski, Halaburda, & Smith

14). They would improve the eHarmony's community as well and the sites could be free. Income would come from advertising.

The final option was to expand outside the United States (Piskorski, Halaburda, & Smith 14). Match its rival competing partner had expanded to the U. K and business was doing well out there. In addition, other local sites indicated profits thus confirming ready market around the globe.

Chemistry as a threat to eHarmony

Chemistry is a site that was launched by the same company that operates Match. It has ventured into similar products as eHarmony which is search for a long term relationship. The fact that Chemistry offered similar products as eHarmony is a threat by itself. Chemistry also offered their services at a 10% lower price compared to eHarmony (Piskorski, Halaburda, & Smith 16).

Despite the long years in the business, eHarmony had finally acquired a competitor and if it went unchecked, Chemistry would slowly continue growing in the background and before they knew it, it would become the next big thing without eHarmony noticing.

Since Chemistry has been known to replicate eHarmony's actions and strategy, it is very anticipated that they would venture into replicating eHarmony's best marketing strategy. Within no time, they would be expected to find successful couples and show the legitimacy of their business. In addition, they already existence through Match. com would also work to their disadvantage.

The above discussions indicate that Chemistry is indeed a threat even though not so monumental at present. Viewing the options viewed earlier, I believe that Warldof had very legitimate business strategies that would

secure the future of the company. The first option that I would have advised the company on pursuing is venturing outside the United States (Piskorski, Halaburda, & Smith 14). This would make their marketing campaign strategies easy due to the only identified success rates in the United States. Second, making affiliate websites offering everyday advice would be a cheap and yet very profitable program (Piskorski, Halaburda, & Smith 13). Due to the niche that the company had already established, it is expected the project would have picked up within a very short period of time. In addition, it would still target the same market segment of more serious and mature visitors. Since the company had very limited resources to implement more than two of the proposed strategies, it would be very logical to venture in the above stated campaigns (Piskorski, Halaburda, & Smith 14).

Work Cited

Piskorski, Mikola., Halaburda, Hanna., & Smith, Troy. eHarmony: Harvard Business School. 2008: 1-21