



Lust for data

eHarmony is trusted by 61 million people across the globe to find them a mate, but will they let it find them a job or dictate their investments? eHarmony global COO **Armen Avedissian** talks with **Rachael Micallef** about the company's bold use of data and algorithms to make matches and cut its marketing costs by 20%.



If there is one thing that can be said for online dating site eHarmony, it's that it knows its customers: all 61 million of them. Just ask global chief operating officer Armen Avedissian. He can tell you that in the UK people are more relaxed about smoking and drinking, that in Hispanic markets users are more focused on religion, and that Australian members value humour. How can he be so sure? eHarmony has 14 years of data and now it's looking to how it can use that to go beyond dating. Avedissian reckons there are at least 10 industry verticals eHarmony could swoop in on - from the job market, to childcare or financial investment.

Its core point of differentiation is how it matches its couples: using a carefully designed algorithm based on responses to 200 questions, meticulously and constantly rearranged to make sure different weightings for traits and habits are uniquely valued according to each country.

"Humour, honesty and integrity are really top of mind for the Australian market," says Avedissian. "When [those factors] take different weightings in different markets it creates more engagement, better communication and better relationships."

Communication and relationships are key, and eHarmony is using its data, algorithm and knack for compatibility to differentiate its revenue stream and move into other facets of an individual's life. First cab off the rank is a move into job placements, with the launch of Elevated Careers.

The venture is currently in beta phase in the US, and the company says it will shortly make its way to Australian shores. What Avedissian believes will give it an edge in a competitive local market - where Seek is the current market

leader - is the ability to custom match candidates with careers, jobs and bosses.

From a business perspective it seems obvious why eHarmony would be eyeing off a different vertical. In the online dating market, eHarmony is hardly a small fish, although the pool it swims in is crowded, especially now a new breed of dating services - such as mobile apps Tinder and Happn - are joining the feeding ground. But Avedissian claims that while Tinder has been "disruptive", eHarmony hasn't been affected.

"What Tinder has done is cannibalise companies like Match and OKCupid - photobrowsing sites. We're a completely opposite product and when people have exhausted their usage of these free things and they move into the window of serious relationships and marriage, then they come to us."

To that end, eHarmony will soon launch its premium offering - eH+ - in Australia, charging US\$5000 to US\$10,000 to link users up to a professional dating consultant.

Avedissian says eHarmony's moves into other verticals is based on three things: a need in society, the creation of more revenue and a "very underutilised product" in the form of its matchmaking capability.

"The jobs market has a lot of disgruntled employees in roles they don't want to be in," Avedissian says. "It's easy to hire in numbers if you're not hiring well, but company culture aligned to the candidate and boss is critical because it will eventually reduce churn and the financial implications of that."

The algorithm is also now central to eHarmony's public dialogue; it has begun marketing its algorithm in Australia. Its latest campaign, by Sydney agency Task2, saw eHarmony abandon its testimonial-based adverts for a new approach, which emphasises that its algorithm produces better results.

eHarmony Australia's senior marketing manager, Lynsey Tomkinson, explains: "When eHarmony launched the testimonial approach, that was more talking to an audience who weren't necessarily comfortable with online dating, but that was three or four years ago.

"Fast-forward to now ... we just needed to dial up our USP a little bit and help people understand what the algorithm means."

The algorithm is not the only application used in eHarmony's business. The company recently overhauled its infrastructure, allowing for its 125 terabytes of data - comprising 10,000 photos and a million communications every day - to be processed.

It also implemented an in-house attribution measurement system to improve the way it spends on marketing. Avedissian says efficiencies from the overhaul saw a reduction in marketing spend from \$100 million to \$80 million - a significant efficiency saving by anyone's standards. Of that drop, roughly \$3 million in savings was made in Australia.

For an online business, it's perhaps unusual that 75% of its marketing in Australia is in offline channels, TV and radio particularly. In terms of where that ad spend was improved, Avedissian says 70% of its affiliate marketing was "junk traffic" - as was much of the mobile incentiviser and display activity it was running.

"Most commercial attribution tools on the market are pretty flawed for what we need, so we had to build our own systems.

"Globally, we were able to remove \$20 million from the marketing line and we didn't lose a penny in revenue. It just all fell to the bottom line and we were able to reinvest some of that back into more efficient marketing channels for growth."

Jobs might be the latest phase of eHarmony's development, but Avedissian is confident it is just the start, with the algorithm able to be applied to anything - even sectors that could shift eHarmony from online to offline.

"Potentially [we're looking at] investments, senior care or childcare recommendations, or even friends," he says.

"There are multiple verticals right now that we're considering ... anything from work, home, financial, or social connections. If we can create better relationships in those other areas through compatibility I think society would be willing to use it." ●

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