Twitter Thread by Barrett O'Neill



Barrett O'Neill
@barrettjoneill

Tinder used this phenomenon to turn college hookups into $1.4B in sales:

Network Effects

What they are & how to use them: ■

In 2012 there was a need for an easy-to-use "dating" app for millennials.

The large players (Match, eHarmony, etc.) had ignored the college market.

But 18-24 year olds were craving a mobile-first option that didn't require an annoying questionnaire to get started.

Tinder created the solution that the market wanted but faced a challenge.

Early users.

No one would use a dating app that had few eligible candidates on the platform.

Traction is an issue that every platform business must overcome.

It's a classic "chicken or egg" problem.

But if the problem is solved it unlocks a powerful law of growth called network effects:

It's when the utility of the platform becomes greater with each new user.

As the user base gets larger each user receives additional benefit (more dating options) leading to rapid growth.

Conventional wisdom would suggest: target ads at college students and watch the registrations roll in.

But tapping a network effect is much more nuanced than that.

There needs to be:

A high degree of trust, common interests, and incentive to tell others about the platform.

And when it comes to dating there are additional layers:

Physical proximity and a (somewhat) even split of gender to make the platform appealing for everyone.

As a fledgling startup Tinder didn't have the cash to advertise across several markets.

So, what did they do?

They focused solely on the hyper-connected Greek Life at University of Southern California (USC).

They sponsored a birthday party at USC and required app downloads to gain entry.

The results were shocking...

After the first party hundreds of users were hooked.

Realizing they struck gold, they began replicating this process at other schools.

Co-founder Sean Rad would drive to other schools in LA and help users sign up.

Then once they hit 20K users it was a tipping point - they scaled to over 500K less than a month after.

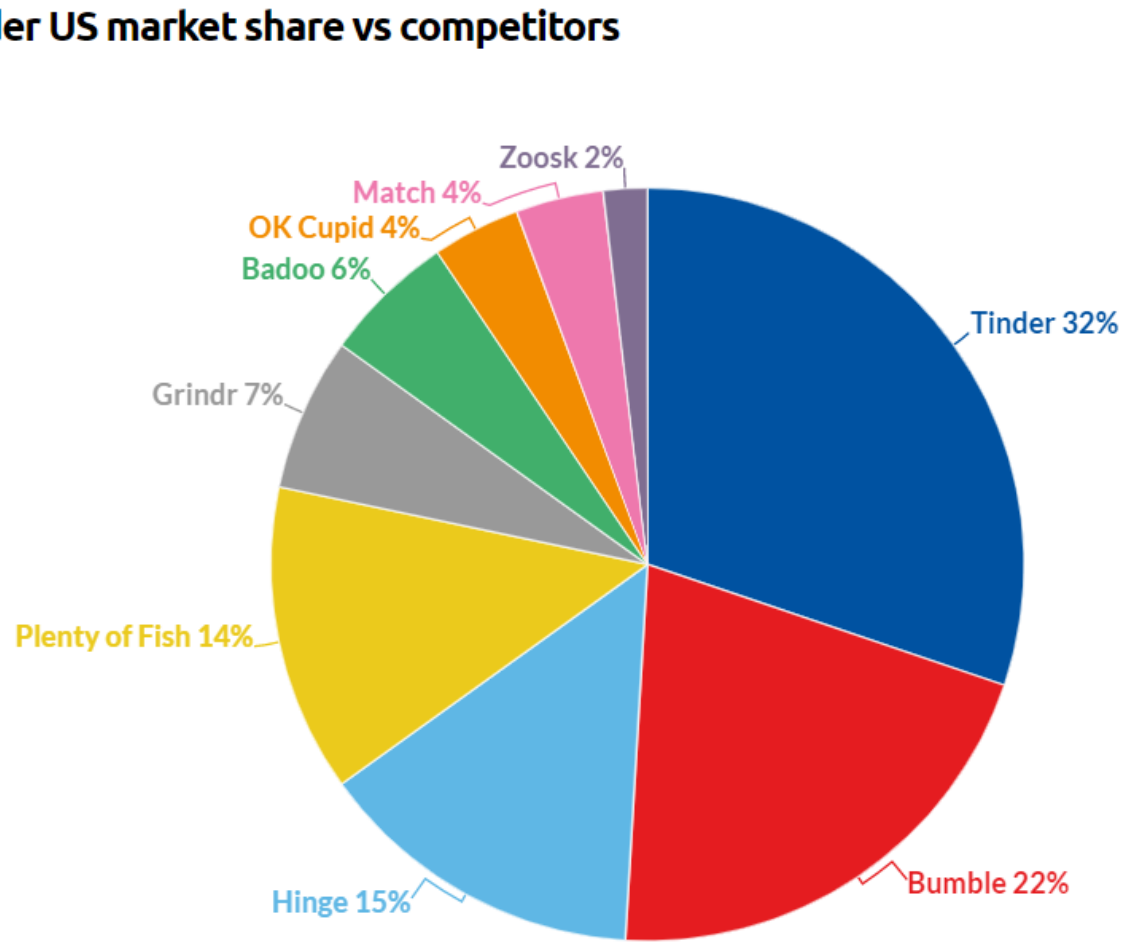
The growth never stopped.

In 2021 Tinder owned 32% of the online dating market and had 75 million monthly active users.

And it's worth billions.

Tinder's success can be traced to their "college party strategy" because they created a network effect.

Here's how to do it:



1. Be Specific

To open a powerful network there needs to be multiple commonalities within that group.

Being a "college student" isn't enough.

That's a diverse group. You need a deeper level of trust to trigger a network.

Tinder used 3 layers:

Students
At USC
Greek Life

Over time the network naturally expanded as the Greek Life students introduced others.

Word-of-mouth will help expand your network because it's in users best interest to spread the word.

Let passionate customers sell for you. It's cheaper and more effective.

2. The Medium Matters

In the mid 2010s smartphone popularity was skyrocketing for 18-24 yos. To appeal to this group, Tinder used a mobile app.

Contrast that to the web-based services of the leaders of that time.

Using your target's preferred communication channel increases network effects.

It reduces friction for onboarding, makes sharing easier, and eliminates competition.

Find a way to be convenient for your ideal customer and they'll reward you.

3. Harshest Critics First

Tinder launched to students because they thought they'd be the hardest to turn from users to promoters.

The idea was:

Please the critics first and growth will accelerate even more when it naturally leaks to tangential markets.

Get product or service feedback from the group most likely to nitpick.

Once you pass their test you should have uninterrupted growth as your customer base grows.

This strategy helps to avoid a plateau in growth after an initial bump.

4. Centers of Influence

In networks, a "central node" is one that has multiple points of connection.

In human terms -- a strong reputation.

Tinder chose popular Greek Life students as their central nodes who then convinced marginal nodes (less valuable) to join.

Whoever your central nodes are, ensure they stay engaged with your product/ service.

The more central nodes you have, the stronger your network will be due to overlapping connections.

You'll speed up growth while simultaneously strengthening your customer base.

A win/win.

Tinder rode network effects from a birthday party to $1.4B in revenue.

To do the same, find the RIGHT people with overlapping interests and built in trust.

Then launch your product, get feedback, and let the network yield exponential growth.

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https://t.co/IQ61ISwmmL

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> What they are & how to use them: \U0001f9f5
>
> — Barrett O'Neill (@barrettjoneill) April 28, 2022

Also, calling someone a “marginal node” is 100% Zuckerberg’s go-to insult.