

URL: <https://stvp.stanford.edu/blog/videos/success-through-viral-marketing-paypal>

Musk talks about how PayPal is a perfect case of viral marketing where one customer acts as a sales person by sending money to a friend and hence recruiting another customer. By the end of the second year, PayPal had a million customers with no sales force and no advertising budget, he says.



## Transcript

And that's just an approximate evolution of the company.. But Paypal is really a perfect case example of viral marketing like Hotmail was.. Where one customer would essential act as a sales person for you by bringing in other customers.. So they would send money to a friend and, essentially, recruit that friend into the network.. So you had this exponential growth.. The more customers you had the faster it grew.. It was like bacteria in a Petri dish, it just goes like this S-curve.. I ran Paypal for about the first two years of its existence.. We launched after year one and by the end of year two, we had a million customers.. It gives you a sense of how fast things grow in that scenario..

And we didn't have a sales force.. We, actually, didn't have a VP of Sales.. We didn't have a VP of Marketing.. And we didn't spend any money on advertising...