



## Stanford eCorner

### Success Through Viral Marketing: PayPal

Elon Musk, *SpaceX*

October 08, 2003

Video URL: <http://ecorner.stanford.edu/videos/379/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 essentially 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.