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Here's something you may not know about today's Internet. Simply by designing your product the right way, you can build a flourishing business from scratch. No advertising or marketing budget, no need for a sales force, and venture capitalists will flock to throw money at you.

Many of the most successful Web 2.0 companies, including MySpace, YouTube, eBay, and rising stars like Twitter and Flickr, are prime examples of what journalist Adam L. Penenberg calls a "viral loop"--to use it, you have to spread it. After all, what's the sense of being on Facebook if none of your friends are? The result: Never before has there been the potential to create wealth this fast, on this scale, and starting with so little.

In this game-changing must-read, Penenberg tells the fascinating story of the entrepreneurs who first harnessed the unprecedented potential of viral loops to create the successful online businesses--some worth billions of dollars--that we have all grown to rely on. The trick is that they created something people *really* want, so much so that their customers happily spread the word about their product for them.

All kinds of businesses--from the smallest start-ups to nonprofit organizations to the biggest multinational corporations--can use the paradigm-busting power of viral loops to enable their business through technology. *Viral Loop* is a must-read for any entrepreneur or business interested in uncorking viral loops to benefit their bottom line.

Viral Loop Details

Date : Published November 25th 2009 by Hyperion Books (first published October 1st 2009)
ISBN : 9780340994962
Author : Adam L. Penenberg
Format : Paperback 274 pages
Genre : Business, Nonfiction, Science, Technology

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Curiosity says

When the VP of Marketing of Facebook told you to read this book so you read it! At first, I was gonna give 3 stars but changed my mind as I dug it. Although this book was published around 2009 and I read it in 2018, I still think it's an essential reading about network effect, marketing, and virality. This book was an easier-to-read version of the book "Linked" by Albert-László Barabási, a network theorist at Northeastern and Harvard. Linked was a mothership of everything about network science whereas the Viral Loop is the book about how the earlier startups implemented and executed this method. As I read this book 9 years later it was published, I would say this book is more like the history of the making of unicorn startups in the early 2000s-Facebook, Google, Hotmail, PayPal, Ebay etc. The first 70 pages were fascinating, raving about why and how these startups created such a viral million to billion users. Then it got a little bit of in the middle and then gave the punch at the end. All in all, I think this book is fundamentally profound. I highly recommend those who are interested in network science, marketing, and virality.

Cem Guvener says

Could have been a great book at the time but now it is vastly outdated. You know it when the book mentions Twitter as an up & coming platform.

Raman Shalupau says

Stories of how early viral internet (and not only) products got their traction. Ton of rare insights, exact numbers. No b/s. 100% real and very inspiring stories.
Reading it 2nd time now...

Rishav Mukherji says

This book doesn't know what it wants to be. Is it a history of events and companies that went viral? Is it a book about what causes things to go viral? Is it a book about challenges with online security? It's not clear. The narrative doesn't flow too well either. The author starts something (E.g. how Facebook became viral), and concludes by diving deep into a completely different territory (E.g. how the information we put online creates different security risks), without really tying the two things together.
It's a fine read as a collection of stories about different viral phenomenon but don't expect to learn any fundamental knowledge from it.

Desislav Delchev says

Very well written and easy to read summary of the .coms and Silicon Valley top companies' history. Just

enough to scratch the surface and think to dig deeper.

Robert says

My initial thinking was that this book would provide reasons for the viral spread of something. Rather it turned out to be more about the stories behind products and ideas that gone viral. That still proved very interesting and seems to reinforce the concept that there is no specific 'formula' for what makes something go viral.

The book provides some interesting insight into many of the products and services we know well, such as Netscape and EBay, that have grow from humble beginnings into multi billion dollar businesses. The book does contain examples of how viral growth was seeded by things such as the Hotmail email signature tag.

What the book probably best illustrates is how simple ideas can catch on and grow beyond the wildest dreams of their inventors. All you need is an idea and then some strategy to allow it to be shared. The Internet now makes such a strategy much easier but is does not however guarantee success by any means.

The book is easy to read and is very entertaining. Inside it does contain the reasons why some products go viral but these by by no means can applies to other products. However, the book does demonstrate how very simply ideas, with virtually no formal marketing or advertising can grow astronomically with no investment except for networking people.

YHC says

This book introduced the evolution of our business model from traditional door to door selling to the explosive viral loop. Very informative. You get to know all the famous/ not so famous companies through the internet, the new business model is created, the price is we the consumers trade our privacy with our free-usage.
Specially we know about the privacy leakage on Facebook, still people don't seem to care about this, they hand in their own precious data, likes, dislikes to the targeted companies who would spend billions to just get your information.
This is an era of commercial battles all lies on line. Either your are connected and sold, or you are disconnected and safe.

Steve Russo says

Fascinating read about some of the most disruptive companies to emerge over the last 15+ years!

Dario Penic says

Great book. A lot of real world examples.

Yevgeniy Brikman says

This book is a fun read if you want to hear the stories of a number of viral companies and products. However, if you want to learn how to create something viral of your own, you won't find it here. The writing is a bit boring and cliche; the tiny overviews of psychology and sociology are shallow and feel like padding; and while many of the "case studies" are classics and worth learning about, a few feel out of date and obsolete (e.g. the book touts Ning and Open Social as the next big thing).

But most importantly, the book is flawed, because a) it claims that virality gives you totally free growth, whereas the reality is that building virality into a product is not free and very tricky to do and b) it offers no insight as how to actually build that virality into a product. In short, despite some entertaining anecdotes, most of which have been retold in hundreds of other books and blog posts, this book is not worth reading.

Eike Post Preischaft says

Nice stories, no specific viral marketing advice
The book is a collection of interesting stories written in a way almost like fiction. So it makes for nice reading.
However, if you are looking for getting ideas on how to outdo your competion or even specifc recipes on how to make your online product viral, the book will not help you!

Patrick says

I'm not sure if it was the narrator -- probably the most annoying in the history of audiobooks -- or the content that made me pull the plug on this one. Said content was like some strange time-warp to 1999 where the internetz was gunna revolutionize everything all god's children were gonna own their own submarines. Isn't there enough of this BS out there already? Whatever. But to believe this twaddle you need to be without critical faculty, without sense of history and utterly devoid of common sense. 'Course since that describes more people that not, I guess I just answered my own question.

Kevin Suitor says

Viral Loop
by Adam Penenberg

Adam Penenberg wrote the book Viral Loop to help us understand why things go viral, and how you can do it for your business.

Building a "viral business" isn't a new concept. Tupperware has selling plastic containers since 1948 by employing a viral loop. The entire model is predicated on current salespeople bringing in more salespeople.

But there's a big difference between making a viral video and building a viral business. A viral business builds the virality into the product itself. The product grows merely because it's users are using the product.

A famous example of this is when Hotmail left a link in the body of every message, offering the recipient a free webmail account. The more emails Hotmail users sent, the more people who signed up for the service.

Let's dig in.

Building a Viral Business

Many many years ago, long before Mark Zuckerberg's parents had even met, Tupperware was tapping into vast social networks of women to create an enormously viral business.

In 1949, a woman by the name of Brownie Wise held what is believed to be the world's first Tupperware party - although at the time she called them "Poly-T parties", which was the name of the material Tupperware was made out of. You've probably been invited to a party like this in recent years, with a vast number of new companies popping up using a similar model.

In 1949 alone, Wise sold $152,149.13 of Tupperware, which today would be worth more than $1.4 million.

More parties not only meant more buyers, it also created more sellers, which in turn created more buyers, which in turn created…and so the loop went.

Eventually Wise became the first woman to ever land on the cover of Business Week, which included her quote: "If we build the people, they'll build the business."

This type of business model is what drove (and continues to drive) the success of scores of Internet businesses around the world. Before we talk about them, we first need to understand some simple but powerful math. Enter the viral co-efficient.

Understanding the Viral Co-efficient

A viral coefficient tells you how many people the average new user brings in to the business or network. Let's start off with a quick example, assuming that we start off with 10 users.

If after those initial 10 people signed up, they in turn got 6 more people to sign up, we end up with a viral co-efficient of 0.6, meaning for every new user you get, they will bring in another 0.6 people through their networks. So the first 10 will bring in 6 new users, and those 6 will bring in 4 new users, and those 4 will bring in 2 new users, until eventually the viral effect ends after 6 loops.

Now let's consider what happens if you start off with the same 10 people and had a viral co-efficient of 0.9. Those initial 10 people would bring in 9 more people, who in turn would bring in 8 more people, who in turn would bring in 7 more people, and so on. The viral loop under this condition wouldn't end until the 17th loop, when you would und up with 85 new members. So, just by increasing your viral co-efficient from 0.6 to 0.9, you've added an enormous amount of people coming in to your system.

Now, let's consider when you jump up your co-efficient again up from 0.9 to 1.2. Those initial 10 people bring in 12 more people, who in turn bring in another 14 people, who in turn bring in another 16 people, and

so on. Under this scenario the loop never ends, and at the end of the 17th loop, where the 0.6 scenario brought in 25 users and the 0.9 scenario brought in 85 users, you'll have 1,281 users.

The math suggests that as soon as you go from a co-efficient less than 1 to a co-efficient greater than one, your growth moves from linear to exponential. The Holy Grail of business growth.

The Characteristics of Viral Loop Businesses

Before you drop everything to figure out to apply this to your business, there are eight characteristics that almost all successful viral loop companies share: First, they are web-based. The Internet is what makes this type of true viral growth work.

Second, they are free. The business models all of these business use is overlay another revenue stream later - either premium features, or by selling advertising to outside companies on the site.

Third, they don't create the content themselves, their users do. Google is a great example of this - they simply organize the content produced on the Internet.

Fourth, they use a simple concept that is easy to use.

Fifth, there is built-in virality. Users spread the product simply by using it.

Sixth, there is extremely fast adoption.

Seventh, there is exponential and predictable growth. If the product is designed with the proper viral hooks, the viral growth will typically happen at a predictable rate.

Eighth, there are network effects built in. Basically, the more people that use the service, the more valuable the service becomes. Consider the advent of the telephone. If you are the first and only person to buy a telephone, the service is basically useless to you - you've got nobody to call. But as more and more people purchase telephones, the more valuable it becomes to own one.

If your business is going to take advantage of true viral growth, it will need to have most or all of these elements built in.

Viral Marketing

For those of us not blessed with business models that lend themselves to virality, it's time to start thinking about how to make our marketing go viral.

Sabeer Bhatia was an aspiring entrepreneur struggling to get funding for his product JavaSoft, a set of web development tools he and his partner created to help make development easier and faster. He had been passed over 20 times by the time he got the the offices of Steve Jurveston, a partner at venture capital firm Draper Fisher Jurveston. Jurveston was about to be their 21st "no" until Bhatia started talking about a feature of their product - webmail.

Users of JavaSoft would use webmail to communicate with one another. At this point, you had an email address you used at your computer at work, and another email address you used at home on your home computer. There was no service that would allow you to check mail on the go, and Jurveston correctly assumed that there would be a pent up demand for such a service.

Bhatia and Jack Smith ended up calling the product Hotmail, and DFJ funded it. At the time there was no business model for it, and the question about how they would acquire new users was on everybody's mind. Bhatia wanted to use billboard and radio advertising, but Jurveston countered that it was far too expensive for a product they were giving away for free.

Recalling the Tupperware case study he had heard when receiving his MBA at Harvard, Tim Draper (the Draper in DFJ) wondered if they could do something like that with webmail. He suggested that the put a message at the bottom of every email sent through Hotmail that said: "P.S.: I love you. Get your free email at Hotmail"

Bhatia and Smith hated the idea, and launched Hotmail without it. People were signing up for Hotmail, but not at the rate they had hoped. Draper pressed the issue, and Bhatia and Smith finally agreed to include the message, but without the "P.S. I love you" part. Growth immediately shot through the roof, and within six months they had a million users signed up to the service.

At the beginning, their viral co-efficient was 2, meaning that for every user that started using Hotmail, they brought in 2 more users with them. By the end of their first year they had 5 million users, and were registering 60,000 new users a day. The company eventually sold itself to Microsoft for $400 million. Not a bad haul for a company that was one and a half years old.

So the first lesson and only lesson in viral marketing is to have your users do the marketing for you, whenever you can.

Tweaking Your Viral Coefficient

If at first you don't succeed at getting your viral coefficient above 1, try, try again. Michael Birch, the guy who founded and then sold the social network Bebo, has a very interesting backstory that includes tinkering and toying with his products until they get the virality he's looking for.

In fact, it took him three failed businesses to get to his first winner. In 2001, he created a business called Birthday Alarm, which was a tool to remind people of their friends' birthdays. The first step in actually using the service was to email all your friends to ask them when their birthday was.

The site grew slowly at first, so he started tinkering. The simpler he made the site, the more viral the service became. Then he added a cut and paste function so that you didn't have to type your friends' email address. In just a few short keystrokes you could transfer the entire address book into Birthday Alarm. This pushed the viral coefficient above 1, with ten thousand people a day joining.

The next experiment they tried was a tool that would automatically import your contacts, which made the email import process even easier. They started with Hotmail address books, and on the first day the tool launched the signups jumped up all the way to 100,000 per day.

The lesson here is simple. In order to get to true viral growth, you need to constantly tweak and test to see what works.

Conclusion

Creating a business or a marketing strategy that goes viral is an extremely difficult task. But if you can take a few lessons away from those who have done it successfully in the past, and are willing to put in the time and effort to refine your model, you just might be on your way to growing a viral business yourself.

Adarsh says

A great introduction to the concept of virality. Walks you down to some of the very powerful viral products, at the same time also covers some of the very successful failures. Mostly covers the social industry from mid-1990's to late 2000's. Covers the products alongside the evolution of the web, right from the first web browser to Twitter. Lays importance on some the significant developments in the web and their impact, for example, the first browser, images, and hyperlinks in websites, email etc. It is more stories/facts of the social products launched between mid-1990's to late 2000's detailing on how they became viral than explaining the science behind it. Hooked by Nir Eyal would be a good follow up after this. It's a very interesting read if you want to know how the people in the last decade spent their time on internet socially.

Sebastian says

No actionable value and the viral coefficient calculation in the book is wrong - which for a book about virality is highly awkward and removes all credibility.