
The Psychology Behind Word-of-Mouth Marketing

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Customer advocacy is nothing new - friends and family have been sharing brands that they find useful, unique or just plain interesting for years, and social media has only supercharged that. What has changed in recent years is the technology to facilitate this sharing via referral marketing, and actually measure its success as a marketing channel.

At first glance then, referral marketing should be easy, right? Actually, when you look closer there are many aspects that can make or break a referral program, and the key to really getting it to work for a brand is understanding the psychology behind what makes a customer share a brand.

Here's an overview of some of the key drivers of referral - or 'word-of-mouth', marketing, and how you can use them to advantage.



We were born to be social

"More than features, more than benefits, we are driven to become a member in good standing of the tribe. We want to be respected by those we aspire to connect with, we want to know what we ought to do to be part of that circle."

-Seth Godin

Human beings are inherently social - a craving for social connection is hardwired into our psychology. This is just as true today as it was thousands of years ago, the emotional reward of feeling part of our tribe is irresistible, and in order to obtain it we will gladly accept the risks involved in taking a social action.

But there is a limit - if the risk of not receiving a positive response to a social action feels higher than the potential reward, reluctance kicks in. We're more inclined to stay quiet.

Trust in how our actions will be received is at the heart of this social dynamic.

Do I trust this?

When we weigh up whether a social action is worth doing, the following kind of internal narrative occurs:

If I contribute x to this person or group - how large is the risk of this action being socially ignored or rejected vs. how confident am I that this action will be socially recognized and rewarded?

This same psychological dynamic is at play in referral marketing - after all, referring a product or service among friends is an act of social belonging, reciprocity and trust.

Psychological balloons and weights

There are two key factors that increase the chances of a customer committing to a referral program - we call these psychological balloons. In contrast, there are two factors that decrease the chances of a successful referral, we call these psychological weights.

The more you can inflate the psychological balloons for your customers, and the more you can...

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