

MARKETING

Cultivate a Reservoir of Customer Goodwill

by G. Tomas M. Hult



Image Credit | Patrick Tomasso

Build a positive marketing ecosystem via customer evangelists.

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Maintaining a strong **reservoir of customer goodwill** can be an imperative differentiator for a company in marketplaces that are characterized by abundant product and service choices for consumers. Customer goodwill can enhance customer satisfaction (and a variety of customer-journey metrics) and buffer companies during both (potentially) foreseen and unforeseen crises (e.g., the Great Recession, COVID). Understanding how to build this reservoir of customer goodwill is critical for companies to consistently thrive in the long term.

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For example, Apple has created enthusiastic and emotional bonds with customers, which has led to customers’ strong willingness to upgrade to Apple’s latest products and their overall continued loyalty and fervent support. Amazon has developed elevated levels of goodwill via its customer-centric return policies, customer convenience, and reliable service. Starbucks has nurtured a community-focused brand experience that drives customer loyalty via its personalized service and social responsibility initiatives.

The importance of strategic efforts – like those by Apple, Amazon, and Starbucks – to constantly maintain a company’s reservoir of customer goodwill cannot be overstated. Companies that prioritize **satisfaction initiatives**, through continuous improvements in parallel with dedicated **innovation efforts**, are more likely to create a lasting positive

impact in the marketing ecosystem. The opportunity for personalized experiences and the backbone of a robust customer service foundation are essential to drive trust and loyalty within the company's marketing ecosystem.

Marketing Ecosystem

A company's **marketing ecosystem** includes the interconnected network of customer-centric stakeholders (e.g., consumers, customers, advocates, evangelists) that interact within the market environment. This ecosystem is dynamic, with each participant influencing and being influenced by the others. Understanding the complexities and interdependencies within the marketing ecosystem (and how it connects to the larger business ecosystem) is important in a company's efforts to build and sustain a reservoir of customer goodwill.

These customer-centric entities – consumers, customers, advocates, and evangelists – have important roles in the marketing ecosystem. Consumers use products without necessarily being the ones to purchase them directly (e.g., family members). They influence market trends and product demands via needs and wants. Customers represent the foundational buyer category in the marketing ecosystem, i.e., they buy the company's products or services and they are the basis for the revenue generation that sustains the company's operations.

Advocates and evangelists elevate the customer focus, with advocates being satisfied customers who recommend a brand to others based on their positive experiences.

Evangelists go beyond regular transactions to actively promote a brand or product. Evangelists influence others in the marketing ecosystem to become customers and advocates. They also help to organically expand the customer base by sharing their positive experiences with both current customers (for repeat sales) and potential customers (for new sales).

A company needs to nurture the **interplays** between the four marketing-ecosystem entities (i.e., consumers, customers, advocates, and evangelists). While consumers can provide valuable input and strong influence on purchasing, customers directly generate revenue, advocates recommend the brands (often widely and often via social media), and evangelists actively amplify positive brand messages and a positive dynamic in the company's marketing ecosystem. By leveraging these entities' roles within the marketing ecosystem, a company can continually build a strategic business fabric of customer goodwill.

Customer Goodwill

Customer goodwill is an intangible strategic company asset that reflects the positive perception and trust that customers have towards a company and/or its brands. This form of goodwill encompasses several factors, such as customer satisfaction, loyalty, and emotional connection to the brand (as reflective indicators). Customer goodwill is built over time through consistent positive company-customer interactions and valuable, often engaging, experiences.

Several factors influence the level, or reservoir, of customer goodwill that a company can build up. These "drivers" include, for example, service quality, product reliability, and corporate social responsibility initiatives. Companies that invest in these areas often see higher levels of customer goodwill which, by design, translates to increased customer retention (and a higher degree of connection with the company). Two-way trust and business transparency between the company and its customers are pivotal to enhancing customer goodwill in the customer journey.

Assessing exact levels of customer goodwill can be difficult because of its intangible nature. However, a combination of multiple scientific metrics (using reflective indicators of intangible latent factors) such as the **American Customer Satisfaction Index (ACSI)** and **Keller's brand equity model**, along with customer retention rates, can be used to gauge

cross-sectional and longitudinal metrics of customer goodwill. By tracking these metrics among consumers, customers, advocates, and evangelists, companies can identify areas for improvement and enhance their goodwill reservoir.

Reservoir of Goodwill

A reservoir of goodwill represents the **accumulated** positive reputation and trust a company has with its customers, as rooted in the level of **customer satisfaction**, degree of customer loyalty, and strength of the customer's emotional bond. This goodwill reservoir has numerous strategic advantages for the company's marketing efforts, including being a buffer during challenging times to help the company maintain a strong customer base. A reservoir of goodwill, rooted in positive customer sentiments, requires a strategic approach to the customer journey.

The core outgoing-related characteristics of a goodwill reservoir include customer resilience, active customer engagement, and the ability to generate effective network-driven positive word-of-mouth. Companies with a fuller reservoir are better positioned to recover from setbacks and also have a better opportunity to capitalize on market opportunities. Additionally, by investing in reservoir-building efforts, companies can also turn customers and advocates into evangelists.

Maintaining a reservoir of goodwill involves, at a base level, continuous efforts in initiative-taking communications and addressing customer concerns promptly. Companies that effectively and efficiently prioritize customers' needs and wants, and, importantly, consider their feedback can build a fuller reservoir than those companies that do not. Sustained loyalty depends on opportunities for personalized and/or customized customer interactions and tracking satisfaction to further strengthen the reservoir to ensure that it is a strategic company asset.

Customer Evangelists

Cultivating the reservoir of customer goodwill requires a multifaceted approach that considers continuous enhancements of customer experiences, leveraging customer trust, and, importantly, nurturing **customer evangelists**. Beyond offering clear value in their brands (a strong positive quality-to-price ratio), companies need to invest in consistently delivering customer experiences that meet or exceed expectations relative to not only the best experiences customers have with other brands within the company's industry (i.e., relative to competitors) but also across industries (i.e., relative to the best experiences that the customers have had across industries).

Engaging customers and leveraging their user feedback for strategic (corrective-action) initiatives based on (1) the customers' experiences with the company and its brands, (2) other experiences that they have had within the industry, and also (3) experiences across industries can significantly enhance goodwill. Importantly, companies should not strive to minimize customer complaints but instead focus on optimizing such complaints as a feedback mechanism to consistently improve.

To successfully nurture customer evangelists, encouraging satisfied customers to share their positive experiences (widely) can amplify goodwill. As a part of this process, providing exclusive incentives to evangelists can maintain their loyalty to the brand. For example, Delta Airlines offers the Delta 360° recognition, an invitation-only exclusive status for the most loyal already-highest category Diamond Medallion SkyMiles members. American Airlines has a similar Concierge Key status for its top AAdvantage members and United Airlines has the United Global Services as a parallel for its top MileagePlus members. By fostering a community of enthusiastic and vocal customer evangelists, companies can create a self-sustaining cycle of positive word-of-mouth and long-term performance success.



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