Discover True Customer Value with Extended Customer Revenue

Use ECR to identify your hidden VIPs and maximise their lifetime value.

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High ECR segment
33%
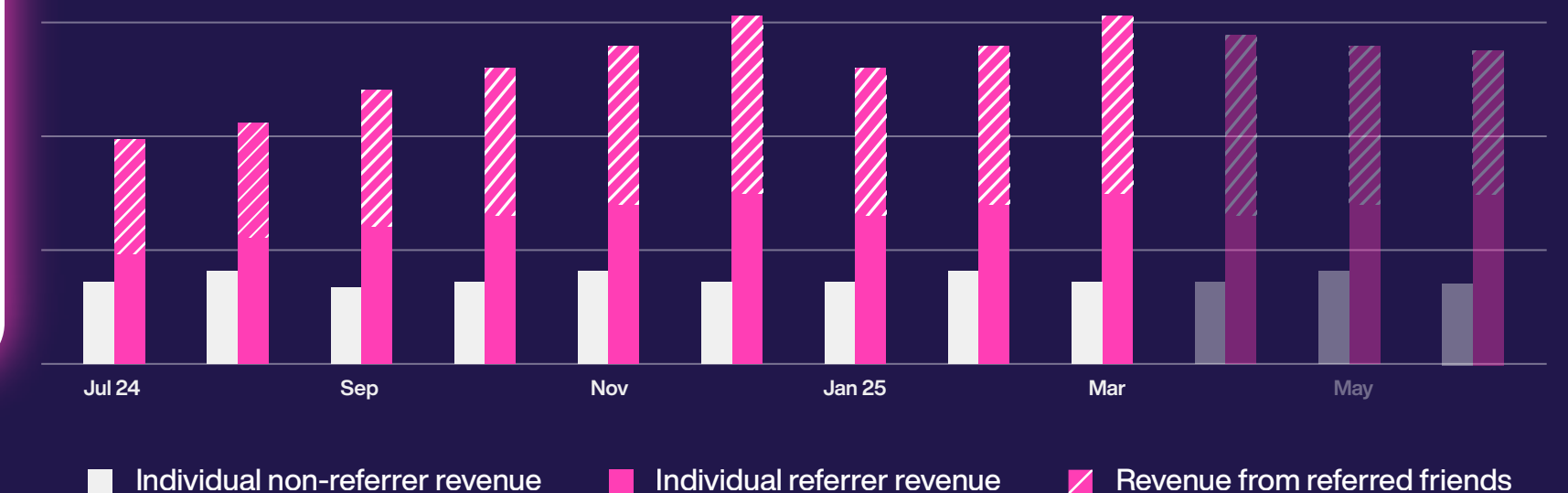(4,905 customers)

Low ECR segment
37%
(5,550 customers)

Medium ECR segment
30%
(4,545 customers)

Extended Customer Revenue performance

Comparison of the average revenue by acquisition month

Jul 24 — Sep — Nov — Jan 25 — Mar — May

☐ Individual non-referrer revenue ▮ Individual referrer revenue ▨ Revenue from referred friends

Can you define the true value of your best customers?

It's not just what they spend or how often they return — it's also how many friends they bring with them.

Judging customer quality on monetary spend alone is like judging a book by its cover. You're missing its true value beyond the surface.

We provide a more holistic way to look at your customer base with a metric unique to Mention Me known as Extended Customer Revenue (ECR). ECR refers to the total revenue generated by one customer, plus the revenue brought in by the friends they refer to your brand, uncovering the true value of your customers beyond individual spend.

This paper explores how ECR can identify high-value segments you never knew existed, helping you acquire and nurture VIPs who bring their high-spending friends.

"

The future of profitability and growth is to get customers coming back for more, and bringing their friends."

Fred Reichheld
Creator of NPS

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Customer quality mistakes to avoid

Mistake 1

Prioritising the wrong customers

80% of your future profits will come from just 20% of your existing customers, so don't let high-value referrers slip through the cracks. While big spenders matter, they're not always your most valuable customers — those who refer others often drive far more long-term value.

Start valuing customers not just by what they spend, but by who they bring. It's a smarter path to predictable, profitable growth.

Mistake 2

Relying solely on NPS scores

Relying solely on NPS surveys leaves you in the dark about who's actually promoting your brand, which can lead to wasted time and money on disengaged customers. What if all those high scores aren't translating into new business? What if your satisfied customers love your brand but choose to keep it to themselves? This is where tracked referrals and ECR data make a critical difference, providing concrete evidence of how actively a 10/10 promoter is advocating for your brand.

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Mistake 3
Appealing only to bargain hunters

Loyalty programmes are widely used to boost retention, but appealing only to bargain hunters can sometimes hurt your bottom line. Many of our customers report finding themselves on a 'slippery slope,' where programmes become too focused on transactions, turning high-value customers into habitual discount-seekers.

When customers engage only for discounts, you lose out on genuine loyalty, which involves customer-driven contributions such as referrals, newsletter sign-ups, and consistent purchasing. Truly loyal customers provide value that goes beyond discounted transactions, contributing significantly to profitable growth.
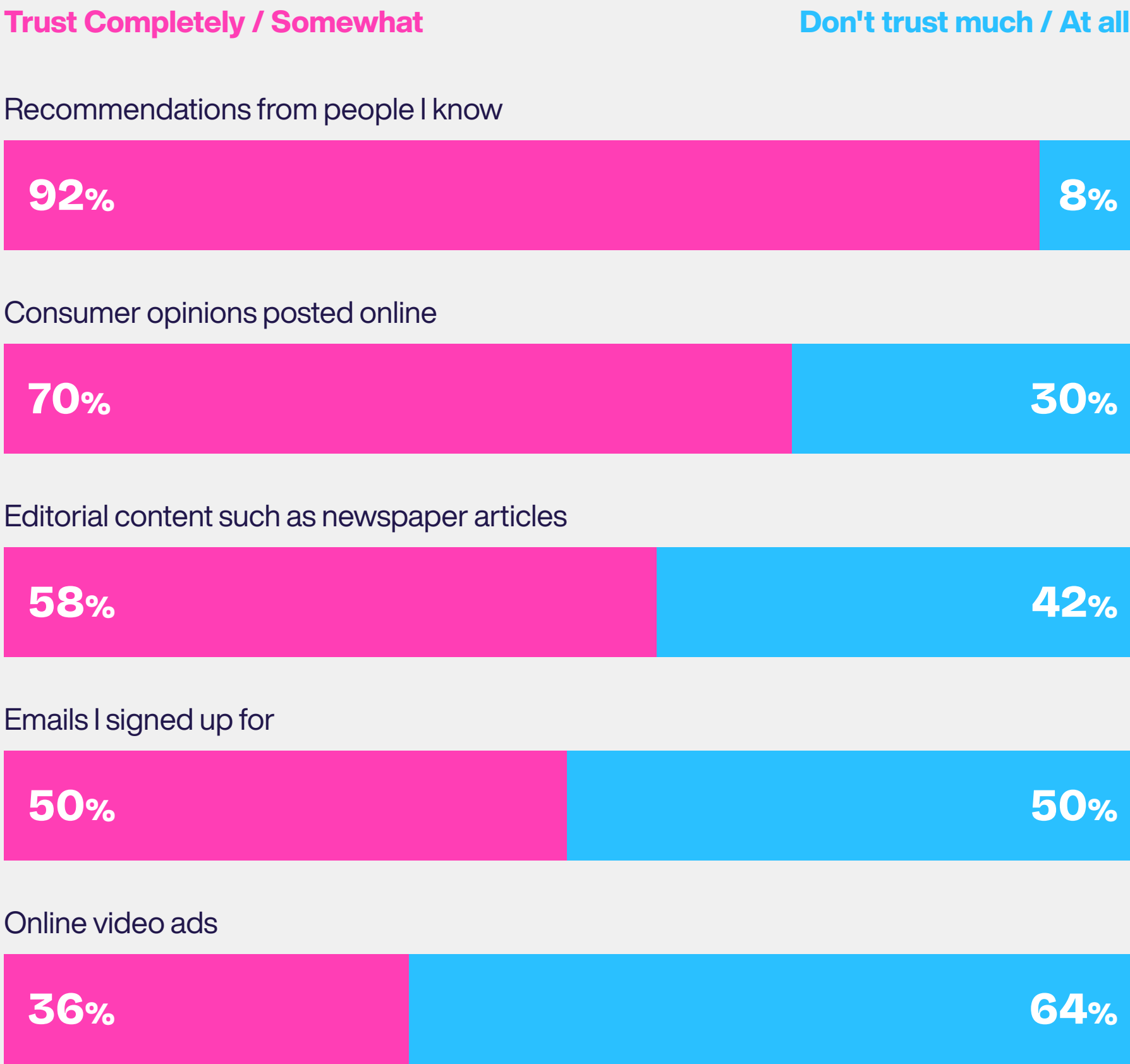
Mistake 4
Wasting acquisition budget

Failing to acknowledge the broader value of your referrers risks misallocating resources and efforts on less impactful segments. On the other hand, embracing a wider perspective with metrics like ECR enables you to nurture true brand fans and effectively target, acquire, and retain high-quality customers.
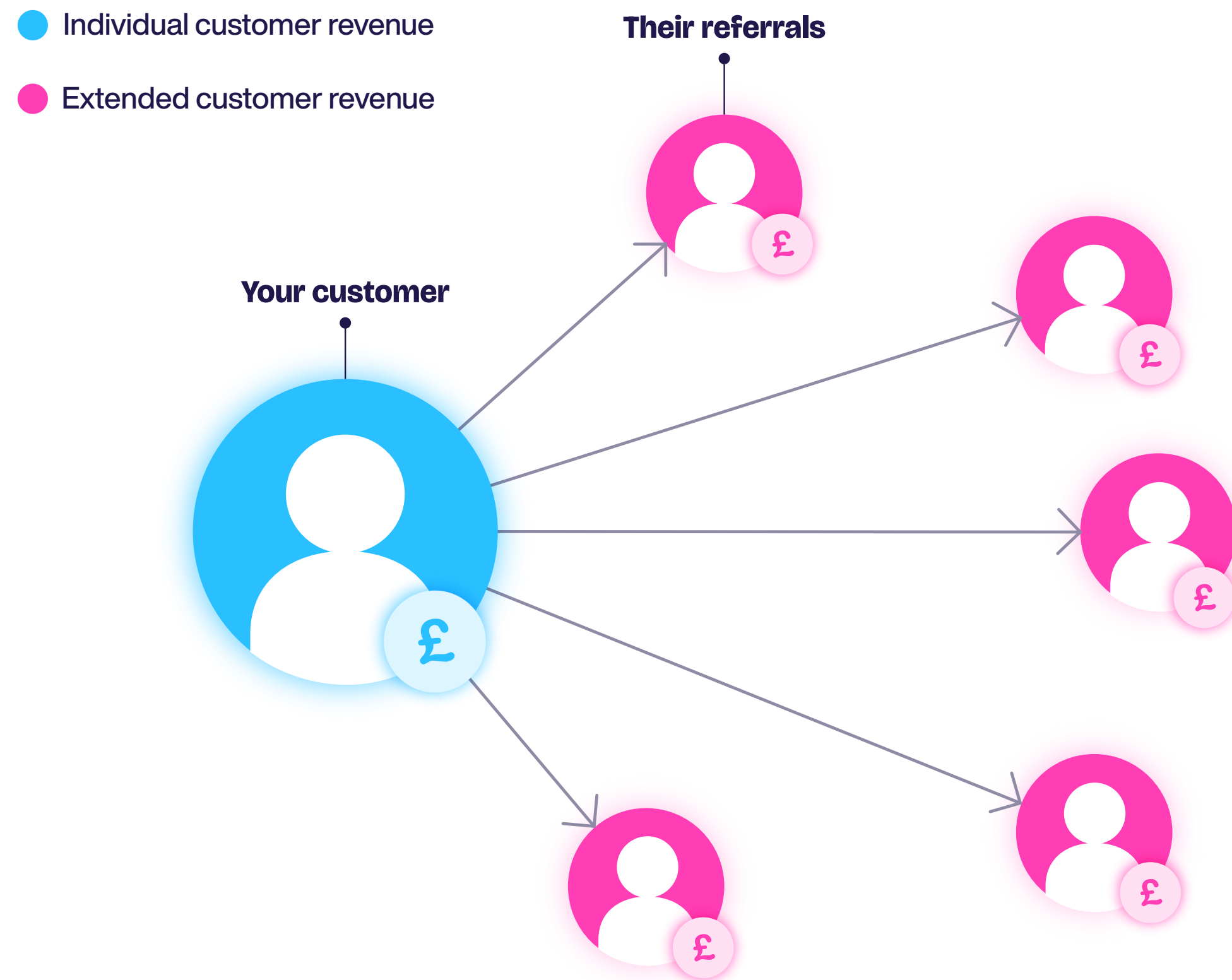
92% of customers trust recommendations from friends and family over any other type of advertising.

Trust levels across advertising channels

Trust Completely / Somewhat   **Don't trust much / At all**

Recommendations from people I know
| **92%** | **8%** |

Consumer opinions posted online
| **70%** | **30%** |

Editorial content such as newspaper articles
| **58%** | **42%** |

Emails I signed up for
| **50%** | **50%** |

Online video ads
| **36%** | **64%** |

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Understanding ECR

Individual customer revenue

Extended customer revenue

Their referrals

Your customer

£

£

£

£

£

→ What is ECR?

Extended Customer Revenue (ECR) measures the value of a customer's individual spend plus the overall spend of their referrals. Unique to Mention Me, ECR provides a more comprehensive view of a customer's overall value beyond monetary spend, unlike traditional metrics that only consider the value or frequency of direct purchases.

→ How is ECR calculated?

We calculate ECR by adding the revenue from a customer's direct purchases to the revenue from any new customers they refer. It shows you which customers are not only spending money themselves but also driving new business growth by introducing others to your brand.

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→ Why is ECR important?

While your customers may not always be making purchases, they can consistently be referring their friends, providing a steady and powerful stream of new customers. This ongoing advocacy is crucial, as demonstrated in the SodaStream case study, where referrers generated 200% more revenue than non-referrers.

ECR is a valuable tool in identifying these key customers—those who buy from you and actively bring in new customers through your referral programme. By leveraging ECR data, you can uncover high-value segments previously unnoticed, helping you reduce CPA and focusing your efforts on acquiring quality customers who offer more than just one-time purchases.

Enhancing RFM with ECR can help you recognise your most important advocates, refine target segments, and optimise marketing strategies effectively. Referrers for one leading online fashion retailer soon proved their value, with a 4x higher ECR than other customers.

ECR highlights your most valuable customers and opens doors to untapped potential, identifying a customer base that continuously contributes to your bottom line through both direct purchases and expansive referrals.

By treating your high ECR customers as VIPs, you can encourage them to increase their spending and make more referrals. This is because 73% of consumers report that positive experiences are a crucial factor in their purchasing decisions, even more than price and product quality.

sodastream®

200%
More revenue by referred customers than non-referred customers

4x
Higher ECR for a leading online **fashion retailer**

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ECR vs other customer value metrics

CLV

Customer lifetime value

CLV estimates the total revenue a customer is likely to generate during their entire relationship with your business. However, CLV doesn't consider indirect revenue, overlooking the impact of referrals made by current customers.

ECR combines a customer's own purchases with the revenue from those they refer, giving a fuller picture of their true value to your brand.

NPS & CSAT

Net promoter score and customer satisfaction score

NPS and CSAT are central to measuring customer loyalty and satisfaction, but they're primarily sentiment-based metrics and don't track the actual revenue generated through customer advocacy. In contrast, ECR translates customer referrals into bottom-line contributions, turning mere sentiment into actionable insights.

RFM

Recency, frequency, monetary model

RFM looks at how recently and often customers make purchases and the amount spent, which helps segment customers based on their buying habits. However, RFM doesn't consider the valuable impact of referrals. ECR offers a fuller picture of a customer's value, highlighting those who spend and bring in new customers, making ECR essential for identifying top brand advocates and building profitable growth.

ARPU

Average revenue per user

ARPU calculates the average revenue generated per customer, reflecting current revenue streams. Although valuable, ARPU is limited to existing customer behaviour and does not account for a customer's potential or actual contribution to long-term business development. By incorporating referrals, ECR provides a more comprehensive view of a customer's potential for future revenue generation and business expansion.

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Supercharge segmentation with ECR

48% **of customers spend more** when their experience is tailored to their needs.

[Source]

➔ Treat your true VIPs

Use ECR insights to significantly improve your customer segmentation. With ECR, you'll stop prioritising one-and-done spenders and start treating your true VIPs (your high-value referrers) to exceptional experiences like vouchers or exclusive previews — whatever it takes to keep them bringing their friends. Just wait until you hear how Huel treats their most valuable fans later in the paper.

Whatever you do, don't drop the ball on your true VIPs — it takes 12 positive experiences to make up for one unresolved negative customer experience.

➔ Target ready-made segments

Within the Mention Me platform, easily export ready-made, highly valuable customer segments based on ECR measurements, saving time and reducing CPA. You'll also get recommendations on how to drive even more value from these segments.

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Find, retain & grow valuable segments

86%

of buyers are **willing to pay more** for a great customer experience.

Source

4-8%

growth above market average for brands that excel in customer experience

Source

→ Drive quality acquisition

Acquire and retain customers who bring more value than one-and-done shoppers. The happier your customers, the more revenue they bring through their referrals, setting your brand up for lasting success.

→ Reduce CPA

ECR identifies which customers are bringing the most value through their referrals, helping you nurture customers who love your brand. By casting a smaller, more precise net, you're more likely to catch quality customers at lower costs.

→ Reduce reliance on costly methods

ECR makes it easy to celebrate your biggest fans and keep them coming back for more and bringing their friends. It can cost 5x more to acquire new customers than to retain existing ones, so by investing in customer love, you can rely less on traditional marketing tactics that could be draining your resources.

How to improve ECR and customer quality

Improve customer categorisation: High, Medium, Low ECR

Understanding the High, Medium, and Low ECR segments is essential for categorising customers and referrers effectively. High ECR customers come from the top 5% of non-referring revenue. Medium ECR customers are those within the range of the top 25% to the top 5%, while Low ECR customers fall within the top 25%.

Find detailed ECR insights in the 'Breakdown of your referrers by ECR value' section. Downloadable reports reveal advocacy patterns and help tailor interactions and offers for maximum impact.

Use ECR insights to boost paid performance

Mention Me's Audience Builder allows you to create high-converting audiences on Meta, Google and TikTok modelled on the DNA of your biggest fans, helping increase ROAS by up to 90% and reduce costs by up to 60%. Be laser-focused on finding people who look like the customers who drive the most revenue through their own spend and their referrals.

→ **80%**
of customers are more likely to buy from your brand if you offer personalised experiences.

→ **90%**
increase in ROAS through Mention Me's Audience Builder.

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Save at-risk customers and grow future VIPs with Predicted ECR

Predicted ECR is an advanced machine learning model that uses historical purchasing data to forecast the behaviour of your brand fans over the next year, telling you which existing customers are likely to continue referring their friends, who may stop, and who may become a VIP in the future.

Save at-risk customers through reactivation campaigns and nurture your current and next biggest fans through targeted calls to action. Stop guessing, start anticipating and future proof your advocacy strategy. 77% of customers have chosen, recommended or paid more for a brand that offers personalised services.

Predicted ECR is available to those on the Optimise, Advanced, or Ultimate package — you can access it in the Advocacy Intelligence > Customer Revenue area.

Rethink standalone loyalty schemes

As Tash Reynolds, Huel's Global Head of CRM, explains, "Advocacy is the next level beyond loyalty, where customers actively refer their friends."

In other words, telling friends about your brand is the ultimate indicator of customer quality. By incorporating referral data into your loyalty programmes, you can pinpoint genuine brand advocates throughout your customer base, not just high spenders. This allows you to reward those who bring the most value and help retain dedicated brand fans who make a significant contribution.

This strategy ensures that you're not only targeting deal seekers but also rewarding people who attract new customers and have a lasting influence.

> ❝
> **Advocacy is the next level beyond loyalty, where customers actively refer their friends.**"

Tash Reynolds
Global Head of CRM, Huel

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ECR success story: Huel

Huel faced difficulty in turning its 5 million brand VIPs, known as Hueligans, into a trackable, measurable growth channel. That's where ECR came in.

By **identifying and targeting high ECR customers,** Huel achieved:

→ **New Segments**

Identified and capitalised on previously overlooked profitable customer segments using ECR data.

→ **Social Engagement**

Saw a 150% increase in social shares and a 280% rise in positive customer experiences for new product launches by giving early access to high ECR customers.

→ **Innovative Engagement**

Offered Soccer Aid tickets to high ECR customers instead of just high spenders, resulting in a surge in social engagement.

"It's really refreshing to have a new lens on our customers and to **understand their value beyond buying.** It's also great to have a CTA that goes **beyond asking customers to buy again** when they aren't ready to do so, rather than us wasting discounts."

Tash Reynolds
Global Head of CRM, Huel

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Stop overspending on one-and-done customers. Instead, identify high ECR customers who actively generate new business, opening the door to highly valuable segments. Additionally, Predicted ECR anticipates customer behaviour to save your at-risk shoppers and keep your biggest fans around for longer.
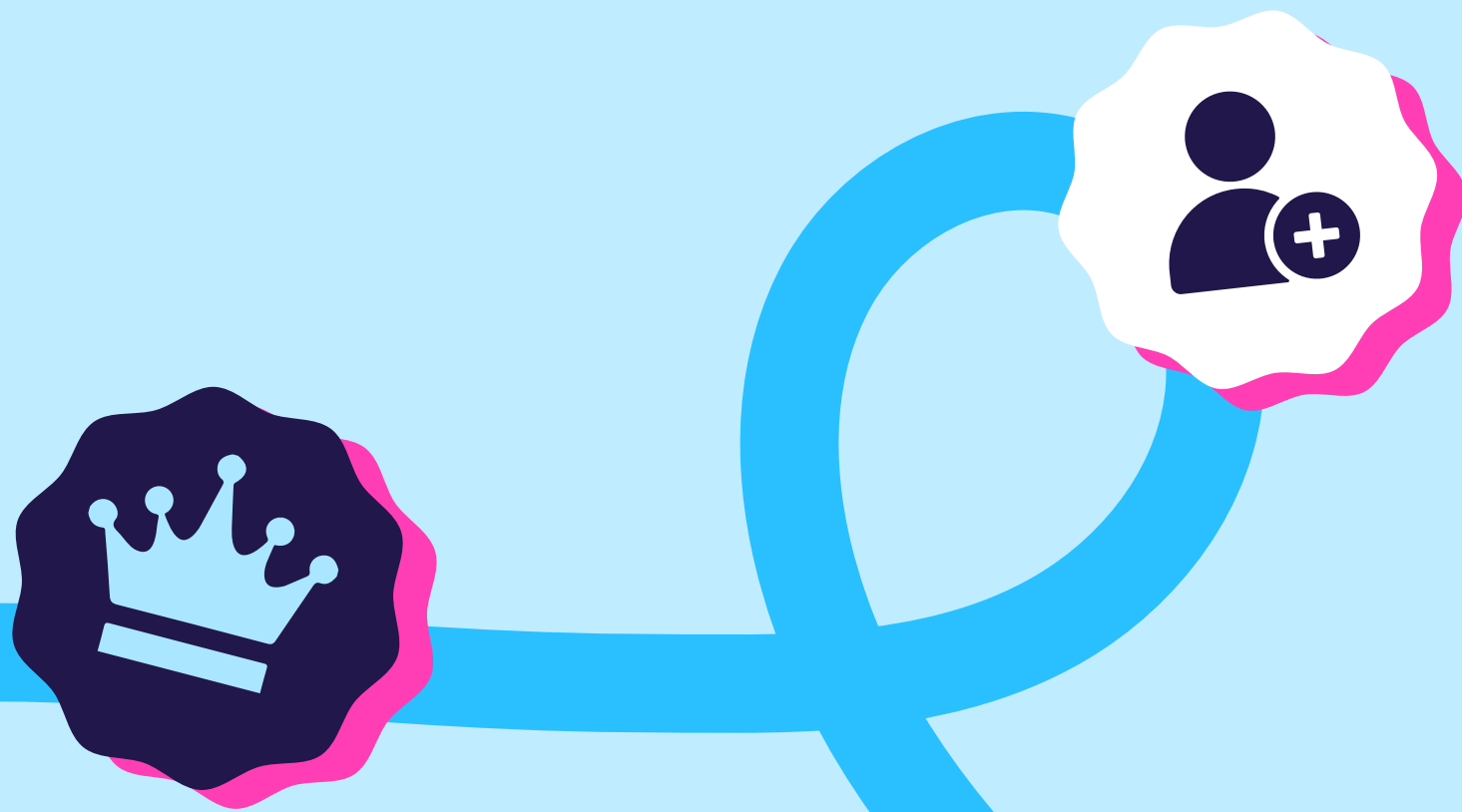
Ready to uncover and nurture your true brand VIPs and drive profitable growth?

Contact your **Customer Success Manager** or **support@mention-me.com** to get started with ECR today.

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