



ARC Customer Experience Glossary: Defining the Terms

Abandonment rate — In the call center context, this is the percentage of total inbound customer service calls in which customers hang up before speaking with a customer service agent. In the ecommerce context, shopping cart abandonment rate refers to the percent of digital orders in which customers leave their carts before completing the transaction.

Acquisition — The process of attracting new leads to becoming potential customers, via a range of digital, traditional, paid, and organic channels.

Artificial intelligence quality assurance (AIQA) — Refers to a system that uses artificial intelligence (AI) to automatically evaluate and score customer service interactions. AIQA tools can analyze recorded calls, chats, or emails between representatives and customers. AI, together with Natural Language Processing (NLP), assesses staff performance, overall sentiment, compliance, trend analysis, and other key metrics. AIQA enables companies to monitor 100 % of interactions, rather than a small sample, ensuring consistent quality checks and deriving actionable insights on a large scale.

Average resolution time (ART) — How long it takes, on average, to completely resolve customer service issues, from the first interaction to the last exchange.

Average speed of answer (ASA) — How long it takes, on average, to answer the customer after being contacted. Organizations typically measure this from an inside-out perspective and for live calls only. For example, many organizations start the clock after the initial interactive voice response (IVR) is completed.

Brand advocate — A loyal customer who champions the companies they love, such as by telling friends, family, and the world via social media and word of mouth.

Business-to-business (B2B) — Companies or divisions of companies whose customers are other businesses, often characterized by having an account manager or team responsible for specific customers, as well as multiple individuals as stakeholders within the buying organization. Companies who reach end consumers via distributors or intermediaries, sometimes referred to as B2B2C, have many of the same characteristics as B2B companies within their distributor relationships.

Business-to-consumer (B2C) — Companies or divisions of companies whose buyers are individual consumers.

Chatbots — An emerging artificial intelligence (AI)-powered customer support channel that can be used to help triage customer inquiries and complaints.



Channel silos — The presence of gaps or inconsistent experiences between distinct customer channels — such as a company app that says one thing and a company website that says another — which can lead to a poor customer experience, higher costs, and lower conversions.

Chief Customer Officer (CCO) or Chief Experience Officer (CXO) — A C-level executive who represents the needs of customers among the C-suite and who is responsible for setting and executing upon the company's customer and customer experience strategies.

Churn — A key retention metric for both B2B and B2C companies that represents how many customers a given company has lost as a percentage of their existing customer base; a measure of how many customers have stopped using a given company's products or services in a specified time period. In some industries, companies calculate the level of reduction in customer spending as a form of churn. Churn is the inverse of retention.

Clickstream data — The analysis of website visits used to understand customer behavior and evaluate the overall user experience.

Closed loop feedback — While many companies solicit (and receive unsolicited) customer feedback, not all organizations have a process for responding to or addressing said feedback. With a closed loop feedback approach, businesses prioritize responding to customers who shared feedback in a systematic way.

Company culture — A shared set of values and principles for everyone within a given organization, best illustrated by what employees actually do versus what the organization says should be done. One of the essentials for customer experience success is to incorporate the customer experience into your company's culture, core values, training, leadership development, employee recognition, and bonus programs.

Complaints — Negative feedback about a given company, product, service, or employee, shared via a company's website, email, customer service channels (this can encompass contact center, chat, or face-to-face at a service desk in a store), surveys, social channels, or third-party review sites. Consumer product organizations couple complaints with warranty issues to help prioritize areas for improvement.

Contact center — Customer support teams that address customer inquiries and issues via a range of channels, including phone calls, emails, live chat, social media, and more.

Conversational feedback — Feedback collected via two-way messaging with customers in real time, such as through SMS, chatbots, live chat, or some combination of these, used to optimize customer engagement and problem solving.



Conversion rate — The percentage of prospects who convert — complete a key transaction, such as making a purchase, signing up for an account, or becoming a subscriber — versus the total number of potential customers. (e.g., the percentage of people who create an account after seeing an online advertisement out of the total number of unique individuals who view the advertisement).

Cross-channel — Experiences that move from one communication channel to another during a single customer journey or objective (such as a customer who checks a price online and then calls to ask a question about the item).

Cross-sell / up-sell — When brands suggest related or complementary add-on purchases or services, either when a customer or client is in the process of a transaction or as a follow-up to a recent transaction.

Customer analytics — Data/insights garnered from customer behavior, customer feedback, customer sentiment, or supporting internal systems and measures used to make actionable business decisions.

Customer centricity — When companies commit to putting customers first to drive innovation, improve service, and deliver better experiences.

Customer community — A group of customers who connect to ask questions, share their experiences, and get advice about a given brand, product, or service, in an online forum, website, or online group. These forums are often driven by brand advocates, super users, and other highly engaged customers.

Customer database — A collection of customer records containing customer details — such as their name, contact information, purchase history, demographics, and more — stored electronically in a repository, such as a customer relationship management (CRM) platform.

Customer effort score (CES) — A customer experience metric created by the Corporate Executive Board (CEB) in 2008 used to measure how easy it is for a customer to complete a given activity, such as seeking help from customer service. The goal is to create a more streamlined, frictionless experience. In 2013, CEB slightly modified the questionnaire language associated with CES and expanded it to a seven-point scale.

Customer engagement — The level of enthusiasm and dedication a customer feels toward a given brand or vendor. Customer engagement is different from customer experience. Rather, customer engagement is an outcome of the customer experience.

Customer experience (CX) — Customers' perception of their experience with a brand or organization over time, which results from every interaction they have from the website to customer service to purchasing a product or service, etc. This allows companies to drive loyalty at every point along the



customer life cycle by capturing and analyzing signals to predict behavior, act, and create experiences that lead to customer loyalty.

Customer experience management (CEM) — This is the practice or discipline of how a company takes control of how it designs and optimizes interactions with its customers. CEM is about understanding key journeys from the customer’s perspective and then engaging all relevant internal teams to improve these journeys and interactions.

Customer experience platform — Technology that connects behavioral data and feedback about customers’ experiences from diverse systems, then applies analytics — such as artificial intelligence (AI) to reveal personalized insights that drive key actions and stronger business outcomes.

Customer experience strategy — A documented high-level approach and top priorities for achieving desired outcomes. This may include specific tools and tactics companies plan to use to design and optimize interactions with customers along with a timeline.

Customer feedback — Opinions, insights, and feelings customers share — via surveys, messaging channels, SMS, social media, emails, customer support phone calls, live chat, and other channels — about the companies whose products or services they use. This can include complaints, praise, and neutral statements, and both directly solicited and unsolicited commentary.

Customer insights — Findings that shed light on how customers feel about a given brand, product, or service and reveal what their top needs, priorities, and issues are, highlighting opportunities to improve customer experience, engagement, or new customer acquisition.

Customer journey — This term sometimes is used to refer to a wide range of customer interactions over time. However, a more appropriate definition focuses on the specific interactions an individual has (with your brand, your competitors, and in their own life) from the time that individual experiences a need until the need is fulfilled.

Customer journey mapping — The process of charting the key steps or touchpoints of a customer journey, using customer-oriented language to assess, communicate about, or redesign the experience to improve customer outcomes. This exercise is most beneficial when examined by unique customer types or segments.

Customer life cycle — A summary of all the phases of interaction a given customer has across their lifetime of engaging with your brand, from the earliest stages of awareness and consideration, to completing their first purchase, and eventually discontinuing use of your product or service.



Customer life cycle management — Tools, tactics, and strategies companies use across the customer life cycle to optimize key performance indicators, such as customer engagement, retention, satisfaction, and more.

Customer lifetime value (CLV, LTV, CLTV) — A measure of how much value customers contribute to the financial performance of a given company throughout their duration as a customer, accounting for acquisition cost, spending over time, cost to serve, and customer tenure.

Customer listening — How companies can learn what customers think about their brand, product, or service, via direct and indirect feedback about their experiences.

Customer loyalty — A level of customer engagement in which individuals are likely to repeat business with a given brand and forego doing business with said brand's competitors. May also refer to a customer's willingness to advocate on behalf of or promote a brand.

Customer preferences — Stated or known likes, dislikes, or expectations at the individual customer level, such as the preference to receive updates or support via email, text, or phone call.

Customer relationship management (CRM) — A technology platform that is used to track customer interactions with a brand and can integrate and share data with other key customer experience tools.

Customer satisfaction (CSAT) — A measurement of how happy customers feel about a given company, product, or service versus their expectations. Typically gathered via surveys or other forms of customer feedback.

Customer service — The process of helping resolve customer issues, answering customer questions, and addressing customer concerns, via an ever-expanding list of channels, including phone support, live chat, social channels, SMS, email, and more.

Customer signals — Data that helps to describe what customers are experiencing, thinking, feeling, and doing, collected from a wide range of direct and indirect experience data sources (e.g., surveys, transactions, chats, voice calls, website visits, social media, and more).

Customer survey — Questionnaires or forms designed to collect qualitative and quantitative data to assess and analyze how customers or potential customers feel about a given brand, product, or service.

Design thinking — A customer-centered approach to creating innovative solutions based on prioritizing clients and consumers. Elements of design thinking may include gaining deep customer empathy, process mapping, rapid, low-cost experimentation, and co-creating solutions with customers.



Digital transformation — A process of redesigning customer journey workflows due to both customers and companies shifting away from traditional, in-person, heavily paper-based interactions to more digital, self-serve experiences. Companies are looking to improve experiences by making them easier by eliminating friction and delays, as well as saving operating costs.

Direct feedback — Feedback from customers or potential customers shared through channels designed for the purpose of gaining insights (e.g., web forms, invitations to share feedback sent via email or SMS message, invitations to participate in crowdsourcing ideas, etc.).

Empathy — In a business context, this is the ability of companies and their employees to anticipate, recognize, understand, cater, and respond to current and future customer needs. It is best developed by spending time with customers and immersing oneself in the customer’s situation or mindset (e.g., through conversation, feedback, and storytelling).

Employee experience — Every moment, interaction, and touchpoint inclusive of the entire journey employees have within an organization from the interview process to exiting a given company. Companies with high employee engagement and positive employee experiences are more likely to have strong customer engagement and positive customer experiences.

Experience design (XD) — The process of making experiences and technology easier for customers to use; leveraging user feedback, customer insights, and knowledge of customer behavior and preferences to create customer-centered designs. Design thinking techniques are often used as a primary way to deliver experience design.

First call/contact resolution (FCR) — A critical contact center key performance indicator (KPI) that measures the rate at which companies can address customer problems or inquiries upon the first call or other form of contact, such as an email or support ticket.

Help center or help desk — A location where the customer gets help (e.g., website, phone number, video session, or physical location). Increasingly, this refers to a web-based customer support center containing self-service resources, such as frequently asked questions (FAQs) and a knowledge base, as well as interactive resources, such as live chat, the option to submit a help ticket, and more.

Human-verified AIQA — Human-verified AIQA is a hybrid approach to quality assurance, in which a percentage of AIQA evaluations are reviewed, validated, and revised by human editors. Combining the efficiency and scalability of AIQA with the insight and judgment of human editors, human-verified AIQA aims to improve the accuracy and reliability of evaluation reports. Human-verified AIQA is invaluable for complex or ambiguous cases, as an AI program can misinterpret the nuances of a unique interaction.



Indirect feedback — What customers say about a company in channels that are not expressly designed to gather feedback or in channels where the feedback is not necessarily designed to go directly to the company (e.g., social media).

Key performance indicator (KPI) — An important success metric that organizations track to assess how well they are doing. In the customer experience context, these may include scores, measurements, and metrics such as retention, NPS, OSAT, CES, and other terms defined in this glossary.

Live chat — A form of customer support offered via a company’s app or website available through instant messaging with a real person, as opposed to chatbots, which are powered by AI to mimic human interactions.

Measurement framework — Tools or systems companies use to align specific, relevant KPIs with specific, relevant business goals and objectives to make insights more easily understood, relevant, and actionable.

Moments of truth — Any key interaction that the customer considers important, such as their first time visiting a store or website, or the out-of-box experience with a physical product. Typically, these events have a disproportionate impact on their overall satisfaction, likelihood to purchase more, or their likelihood to recommend to others.

Multichannel — Experiences offered through multiple channels where customers interact with a brand (e.g., via website, stores, or contact centers). Sometimes contrasted with “omnichannel” (defined below), which indicates a more consistent and seamless experience across those various channels.

Net Promoter Score® (NPS®) — The Net Promoter Score is a simple, easy-to-understand customer experience metric that gauges a customer’s likelihood to recommend a product or solution to a friend or colleague using an 11-point scale. Organizations subtract the percentage of detractors (that is respondents with a score of 0-6) from the percentage of promoters (respondents with a score of 9-10) to calculate an overall NPS score. NPS scores can range anywhere from -100 to 100. NPS is most effective when used to compare the NPS of a given brand with the NPS scores of competitors using a double-blind, independent research firm. The most valuable aspect of NPS is uncovering why customers provide a given score. In some organizations, NPS is used as a proxy for gauging overall customer satisfaction with a company’s product or service and customer loyalty.

Net Promoter System — A holistic operating framework created by Bain & Co. based on common key elements from successful loyalty leaders across many industries. Many organizations became early adopters of the NPS metric. Authors Fred Reichheld and Rob Markey’s book, *The Ultimate Question 2.0*,



contains a detailed examination of the framework, along with many stories about how companies put the framework into practice.

Omnichannel — Experiences designed to be consistent and seamless across all the major channels where customers interact with a brand (e.g., website, mobile app, stores, contact centers, etc.).

Online knowledge base — Resources companies create and share online to help educate customers about their products and services.

Operational Customer Experience Management (OCEM) — A methodology for embedding customer experience management deeply within an organization’s operations. It includes seeing your company as customers do, wiring that point of view into decision making for individual teams, ensuring accountability to customer needs at all levels of an organization, and taking actions to innovate and improve continuously based on customer needs.

Personalization — When brands collect and use customer data and preferences to tailor interactions and outreach to the individual, such as addressing customers by first name, suggesting new products or services based on prior behavioral patterns, and thanking them for how long they have been doing business with the company.

Personas — Customer archetypes that represent a company’s ideal or target end users, as grouped by similarities, such as “new homeowners who have moved within the last year” or “newly divorced singles with children.”

Referral — A new customer acquisition who has been made aware of a company via recommendation from others. For instance, word-of-mouth referrals are customers referred to a company on others’ recommendations or via other channels (e.g., social media, review sites, blogs, etc.). Other types of referrals include paid referrals (i.e., customers who are acquired via paid advertising, such as digital ads, out of home campaigns, print media, TV, etc.)

Response rate — Expressed as a percentage, the amount of people who respond to a given customer feedback mechanism versus all the total viewers or recipients of the inquiry.

Retention — The percentage of customers who are retained — or remain active — over a given time.

Reviews — Feedback and ratings customers share about companies (as well as their products, services, and employees) via third-party review websites, company-hosted sites, or other channels.

Root cause analysis — The process of finding the underlying cause of any given issue or problem. Instead of resolving customer issues, this approach prioritizes preventing them.



Sample size — In the customer experience context, the number of individuals who complete a customer feedback survey, poll, or questionnaire, for instance. For continuous data, the targeted sample size is a function of the size of the overall population, margin of error (confidence interval), confidence level, and standard deviation.

Self-service — When customers can find answers to their questions or resolve their own problems, using resources such as a company’s chatbot support, knowledge base, video tutorials, or frequently asked questions (FAQs).

Sentiment — A qualitative assessment of the positive, negative, or neutral views, attitudes, and opinions of customers and non-customers, such as website visitors or brand mentions in social media. In natural language processing (i.e., text analytics), sentences or phrases are automatically tagged with an estimate of their sentiment, using machine learning algorithms.

Service recovery — The process of recognizing a previous service issue or failure and taking steps to rectify the situation with the customer. Service recovery typically implies some level of extra care to try to “make things right” with the customer and repair the relationship.

Social listening — The practice of monitoring public comments about the brand and its products or services across social channels, review websites, blogs, and forums to gain insights about brand perceptions and the customer experience.

Speech analytics, speech-to-text — AI-powered technology capable of automatically transcribing voice conversations (such as phone calls or video feedback) to written text to provide insights about the customer experience and sentiment, assess customer service agent performance, and more.

Structured data — Organized information formatted to be searchable, such as any information that fits within a fixed field or column in a database or spreadsheet. These may include customer information categories, such as customer names, birthdays, addresses, email addresses, transaction activity, etc. This type of data is often quantifiable and more easily processed and categorized.

Text analytics — Also called natural language processing (NLP), this is a process or technology used to analyze or assess the meaning of large volumes of unstructured data (such as phone call transcripts or other written communication) to reveal common themes, insights, emerging trends, sentiment, recurring topics, and more.

Total quality management (TQM) — With a goal of meeting or exceeding customer expectations, TQM is a process-improvement approach that organizations adopt to boost quality and performance across the company, from design and development to QA efforts and beyond. The first step involved in



introducing TQM processes includes conducting customer research, aligning company objectives to customer needs, and measuring CSAT.

Touchpoint — Any interaction between customers and a company, across all channels, such as over the phone, in person, via text, on social media, or on the website or app.

Unstructured data — In the customer experience context, unstructured data is typically defined as qualitative data collected in text, audio, or video formats. Natural language processing (NLP), text analytics, and speech-to-text or speech analytics, along with other AI-powered, machine-learning technologies, can be used to quickly gain insights from unstructured data.

User experience (UX) — While customer experience refers to the overall experience a customer has when interacting with a brand across channels (in person, online, over the phone, and via other channels), user experience typically refers to the design and optimizing of self-driven interactions with devices such as websites, mobile apps, or physical products.

Voice of the customer (VoC) — This is the process by which customer feedback is collected and then shared inside an organization. The thoughts, feelings, and sentiments companies collect from customers via surveys, social listening, customer support, and other channels to learn more about — and find ways to improve upon — the customer experience.