



# “THE RISE OF PHYGITAL COMMERCE: HOW BRANDS ARE BLENDING PHYSICAL AND DIGITAL EXPERIENCES TO REVOLUTIONIZE CUSTOMER ENGAGEMENT”

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## **Abstract:**

In the rapidly evolving retail landscape, phygital commerce has become a pivotal force, integrating online and offline experiences. This groundbreaking approach allows organizations to craft immersive, interactive and personalized customer journeys, driving loyalty, sales and growth. Though cutting-edge technologies like Augmented Reality (AR), Virtual Reality (VR) and the internet of things (IoT), businesses are redefining the customer experience. The physical-digital Hybrid era has dawned, heralding a seismic shift in customer engagement. Brands are remaining physical and digital touch points, crafting seamless, intuitive and immersive experiences. As business to make an effort to create more customized and immersive experiences, the synergy between physical spaces and digital engagement is becoming increasingly critical. From the enhancing customer engagement to streamlining operations, the hybrid experience management experiences is paving the way for digital revolution across industries. Phygital experiences blend the tactile nature of physical engagement with the boundless potential of digital innovation and merges online and offline channels, creating a cohesive and immersive customer journey. This article examines the phygital phenomenon, highlighting successes from pioneering brands and examining emerging trends, technologies and strategies.

**Keywords:** Phygital, hybrid Era, Digital touch Points, Augmented Reality (AR).

## **Introduction:**

In the era of interconnected consumerism, brands are challenged to transcend the soils of physical and digital realms to create cohesive, memorable experiences. Phygital marketing, the harmonious convergence of online and offline channels, has emerged as a transformative force in marketing landscape. by synchronizing digital innovation with tangible, real –world

interactions, businesses can craft immersive brand narratives that resonate with customers on multiple touch points. The revolutionary approach not only amplifies brand visibility but also fosters meaningful connections, driving loyalty, advocacy and ultimately, sustainable growth. As the phygital frontier continues to evolve, forward-thinking marketers must leverage its limitless potential to reimagine customer engagement, forge unbreakable brand bonds and redefine the future of marketing. A phygital strategy is one where businesses combine elements from both physical and digital elements to create a seamless, integrated and immersive customer experiences. The retail landscape is undergoing a profound transformation, driven by the unstoppable force of digital innovation. As consumers increasingly expect effortless, personalized and immersive experiences, forward-thinking brands are blurring the lines between physical and digital worlds. Welcome to the era of phygital commerce, where the fusion of tactile and digital interactions is revolutionizing customer engagement. From smart stores and virtual try-ons to augmented reality experiences and social media-driven shopping, phygital commerce is redefining the way brands connect with customers. By seamlessly integrating physical and digital touchpoints, companies can now deliver cohesive, intuitive and memorable experiences that drive loyalty, advocacy and growth.

Phygital has become a crucial strategy for modern businesses, responding to the growing demand for seamless and consistent customer experiences. This approach integrates the physical and digital dimensions of a brand, fostering a robust brand identity and cultivating lasting customer loyalty.

Today's consumers crave the convenience of digital exploration coupled with the tangible authenticity of in-store experiences, often researching products online before testing them in-person. Or they could look for in-digitially enhanced shopping experience.

Throughout this article, we will explore the phygital phenomenon, examining the strategies, technologies and success stories that are reshaping the retail landscape. We'll discover into the benefits of phygital commerce, from enhanced customer insights to increased operational efficiency and discuss the imperative for brands to adapt to this new reality.

### **Objectives of the study:**

1. This study aims to investigate the influence of phygital commerce customer engagement and explore how brands can effectively integrate physical and digital experience to drive business growth.
2. To examine the current state of phygital commerce and its evolution in various industries.
3. To identify key drivers and challenges of phygital adoption among businesses.
4. To analyze successful phygital strategies and case studies from pioneering brands.
5. To investigate the role of emerging technologies (AR, VR, AI, IoT) in enabling phygital experiences.
6. To assess the impact of phygital commerce on customer engagement, loyalty and retention.

7. To explore the future directions and trends in phygital commerce and its implications for businesses.

**Scope of this study:**

This study explores the interconnected experience in online and offline various industries focusing on:

Industries:

1. Retail (apparel, electronics, home goods)
2. Banking and financial services
3. Healthcare
4. Hospitality and travel
5. Food and beverage

Geographic scope:

1. Global trends and insights.
2. Regional focus: North America, Europe, Asia-Pacific, Latin America.

Phygital commerce aspect:

1. Omnichannel integration
2. digital signage and displays
3. mobile payments and wallets
4. Augmented Reality(AR) and Virtual Reality (VR) experiences.
5. Social media and influencer marketing.
6. In-store digital experiences (kiosks, tablets, smart mirrors)
7. E-commerce and online shopping platforms
8. Customer relationship Management (CRM) Systems.

**The role of phygital in branding and customer engagement.**

Phygital is a new and developing concept, it is still seen as unknown and ambiguous concept by many researchers. Phygital marketing practices related to retail credit growth in federally owned banks suggest that the in hybrid reality channels can lead higher customer engagement, gratification and reliability resulting in increased retail credit growth.

**1.phygital in marketing concept:**

1. Integration of physical and digital stores: A structure should be designed where customers will have the same experience regardless of physical stores, websites or mobile applications.
2. Channel-specific product mix- this means choosing the right product for each channel and store type and having a structure that allows product inventories to be moved across channels.
3. Customer –oriented processes: it will provide a scientific understanding of customer behavior and a high-level customer experience.
4. Efficient supply chain: it is vital to move products between supply bases, warehouses, retail stores and customers. Activating the supply chain digitally is an important step towards catching a phygital perspective.

5. **Well targeted marketing:** understanding the customers in the desired audience to which marketing activities will be directed can help businesses engage with them through relevant digital and social media channels.

6. **Future-ready technology design:** to create a holistic, future ready digital infrastructure to capture value across the entire value chain.

### **Benefits of phygital marketing for business customer:**

Phygital marketing creates excellent opportunities for branding products or services by integrating the online and physical environments.

1. **Streamlined Process/ Omnichannel marketing:** seamless phygital marketing revolutionize brand engagement by merging physical and digital environments. By embracing seamless phygital strategies, businesses can create captivating experiences, drive customer loyalty and stay ahead of the competition.

2. **Customer centric transformation :** embracing the phygital customer journey enables businesses to adapt to the evolving needs and expectations of customers, ultimately delivering exceptional experiences that drive long-term success. Enhance customer satisfaction and loyalty, drive sales conversions and revenue growth, stay ahead of the competition, and foster a cohesive brand identity, advocacy.

3. **Leveraging technology :** phygital technology integration is vital for delivering exceptional customer experiences. Key technologies such as internet of things(IoT), artificial Intelligence(AI) and machine learning(ML), Augmented Reality (AR) and Virtual Reality (VR), cloud –based platforms, mobile and web applications, customer data problems(CDPs), digital signage and kiosks and RFID and NFC technologies enable businesses to create immersive experiences.

4. **Technologies enabling hybrid physical- digital interactions:** industry specific tools and technologies include enhanced customer engagement, increased sales conversion and improved customer insights such as AL and MLplatforms, cloud based customer relationship management, mobile and web applications, data analytics and customer insights platforms, omnichannel marketing automation tools.

5. **Cyber-physical systems (CPS):** Cyber –physical (CPS) integrate physical and computational components to create a seamless interaction between the physical and digital worlds. Applied in smart grids and energy management, autonomous vehicles, medical devices and healthcare, industrial automation and control, smart buildings and infrastructure and aerospace and defense, transportation systems.

6. **Hospitality:** the hospitality industry has witnessed a significant transformation with advent of phygital technologies. Phygital, a fusion of physical and digital, enables hotels, restaurants and travel companies to create seamless, immersive and personalized experiences for guests like mobile check in and keyless entry, digital concierge services, virtual reality (VR) and Augmented Reality (AR) experiences, contactless payment systems, social media integration, Geolocation-based services.

## 7. **Q R Codes:**

QR code means “quick response system” and refers to the very fast decoding of code content. The data matrix works in integration with smart systems, especially tablets and phones. Consumers can read QR codes through the smart mobile device application go online shopping and make orders and payment opportunities via QR codes.

**8.Virtual Reality** : these virtual objects turn into an environment that creates the perception of being in reality with which we communicate through the virtual environment . virtual reality is explained as the interaction of the computer and imaginary world. This concept is also defined as mapping technology, which means the simulation of the physical world. Although virtual reality is confused with augmented reality, they are different technologies from each other.

## 9. **Speech and voice recognition technology:**

Face and voice recognition is another type of Machine learning –powered solutions that creates a phygital customer experience. Speech identification is the technology that detects human voices and converts them into text format. This technology is used in Google, on smart phones and on social media channels such as You Tube too enrich the user experience. Few banks allow their customers to ingress their accounts using voice recognition technologies to improve their security procedures and provide more personalized experiences.

## **Conclusion:**

Phygital marketing offers people some experiences in physical environments with the support of digital technologies. The rise of phygital commerce represents a seismic shift in the way brands interact with customers, combining physical and digital experiences to create immersive, memorable and personalized engagements. As technology evolves to advance and customer expectations evolve, phygital commerce is no longer a nicety but a necessity. Phygital commerce is not a trend; it’s the future of customer engagement. Brands must innovate, adapt and prioritize customer centric strategies to succeed. By embracing phygital commerce, businesses can break into new territory, drive growth and revolutionize customer engagement.

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