

## PHYGITAL RETAILING: A PARADIGM SHIFT IN CUSTOMER EXPERIENCE & MARKET DYNAMICS

**Priyanka Singh Jadon**

Assistant Professor  
Oriental College of Management, Bhopal

**Vijay Kumar**

Ph.D. Research Scholar  
Barkatullah University, Bhopal

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### ABSTRACT

The profound fascination of the buying something from a retail store & the sophistication & facility of having something delivered to your home at your doorstep without putting a foot out of your house & having the similar kind of shopping exhilaration is the amalgamation & transformative experience of phygital retailing. It bridges the gap between a brick & motor stores & virtual platforms but despite achieving this fulfilment this model has certain peculiar issues associated with it. Although, there is a significant paradigm shift, where the customers expect immersive frictionless journeys, they demand the convenience & offer boosting loyalties too. But these offers also have hidden challenges associated with them especially about the privacy concerns which still persists & the digital divides. Despite these uplifting perimeters the true shopping experience cannot be undermined, the transformation & transitional role in sustaining & providing a competitive advantage in this contemporary business world cannot be diminished.

The paper summarizes & explores in detail the fugitive retailing heralds, a customer centric future & the investment of companies in these hybrid ecosystems which proved resilient even after post pandemic commerce to bring out the comprehensive insights into the new era of this business world.

**Keywords:** Phygital retailing, hybrid shopping, digital transformation, omnichannel retaining, consumer shopping experience, retail innovations, AI in retail, AR retailing, VR retailing, IoT & retaining, digital physical convergence, next generation commerce, retail ecosystem, etc.

### INTRODUCTION:

The revolutionary convergence of physical & digital era in reshaping customer experiences & changing the dynamics of this retail world across the nations by providing hyper personalized & seamless interaction while providing the ultimate unbeatable shopping experience of physical shopping digitally. The retail dealings have significantly evolved during the course of time because of the advancement in technology, the involvement of internet in sales & marketing, the adoption of cell phones from the regular phones & the changing customer expectations due to globalization of the business.

After the pandemic the digital retail became very popular. The customers experience during this period demonstrated different types of preferences, such as, much elaborated websites, much detailed explanations in creation of apps making it detailed & providing detailed information of the product-content & creation of the websites also to increase the sales. Different marketing plans were also pitched to the customers based on their shopping

preferences & habits which was created according to the multiple tier approach & level of customers in order to create & execute advancement in the sales plans.

Digital retailing claims at a seamless customer experience via internet- the online & through stores- the offline channels work together, although independently provide an advanced & elaborate the customer experience. The retailers utilize different types of technologies especially AI power recommendations, they provide virtual designs, styles & virtual trial rooms, they also provide smart shells, they have better carts, they have QR based product information systems, etc. Thus, it presents a channel available for handling all the needs of the customers, ensure the operational efficiency is not compromised & along with it shoppers are provided with an excellent customer experience.

Digital retailing has been utilized across the world. The major global players in this category include- Nike, IKEA, Zara, amazon, etc. They have excellent strategies to get customer engagement & drive their sales growth in India. Several other retailers like- Reliance Retail, Myntra, etc. are also increasing their share & integrating their digital technologies into their physical infrastructure just to make sure that they enhance the customer sales experience while generating higher revenues.

### **RESEARCH GAP:**

They are summarized as follows:

1. SME adoption barriers
2. Country specific strategies
3. Long-term effects on sales & loyalties
4. Customer perception.

### **OBJECTIVES OF THE STUDY:**

They are summarized as follows:

1. To understand the concept & importance of Phygital retailing.
2. To study the influence of digital strategies on customer buying behaviour.
3. Evaluate the impact of retail technology on sales & marketing preferences.
4. To identify the challenges & opportunities associated with the adoption of this new idea of Phygital retailing.

### **HYPOTHESIS:**

They are summarized as follows:

- H1: Phygital retail positively influences customers satisfaction
- H2: Technology integration significantly increased the purchase intention.

### **REVIEW OF LITERATURE:**

P. K. Kannan (2017) stated that the digital transformation in marketing requires businesses to integrate technology across customer touchpoints. The Phygital retailing mainly focuses on- Seamless interaction, Integrated shopping journeys, Personalized experiences, Real-time information access, Customer engagement, etc. During the course of evolution, the multichannel retailing & omnichannel retailing evolved into Phygital retailing.

## TECHNOLOGY & PHYGITAL RETAIL:

As the word stated it is a combination of physical & digital retailing. The technological advancement that led to the transformation towards Phygital Retailing includes- growth of smartphones, internet accessibility, digital ecosystem, UPI, etc.

We deal includes internet of things (IoT), smart mirrors, virtual trials, Augmented Reality (AR) & Artificial Intelligence (AI). But it includes certain technologies, such as- augmented reality, smart mirrors, virtual reality, seamless shopping experience, mobile applications, AI powered recommendation systems, contactless payment systems, digital kiosks, click & collect systems & many more making an endless trail of technologies.

The emergence of online retail platform revolutionised the shopping experience because the shopping was not limited to a certain extent anymore. The e-commerce lacked tactile experience, the carts were facing abandonment issues & trust issues were also very prominent about payment systems. the delivery of the product & the quality of the items. The omnichannel however adapted several strategies to integrate multiple shopping channels including websites, physical stores & mobile phones. But the full experience was far better it included virtual fitting rooms, they had a based furniture placement, personalized in store recommendations, it also offered smart checkouts. Thus, it offers the top-notch customer experience which could be offered to the person without needing to step out of the comfort of their own houses. However, there were several issues, like- the retailers were facing the challenges in balancing their in-store experience, the online stores they were having personalization issues, the inventory mismatch issues, customers were also feeling dissatisfied at times & the implementation cost of the technologies was also very high.

**Table-1:** Development in Retail Sector

S.No.	Author	Year	Study Area	Major Findings
1	Davis	1989	Technology Acceptance	Ease of use influences adoption
2	Pine & Gilmore	1998	Experience Economy	Experiences drive customer value
3	Verhoef et al.	2015	Omnichannel Retail	Integrated channels improve engagement
4	Lemon & Verhoef	2016	Customer Journey	Multiple touchpoints influence decisions
5	Pantano	2019	AR in Retail	AR improves purchase intention
6	Deloitte	2021	Retail Digitalization	COVID accelerated digital adoption

## THEORERICAL FRAMEWORK:

There were there were several studies which were conducted for helping out the retail system in the market. But despite several researches conducted throughout a few decades. Several major sectors are still. Most popular theories associated with retailing are discussed below:

## 1. Technology Acceptance Model (TAM):

In this particular model Fred Davis (1989) completely focused on the user adoption technology only. This particular model was based on two major adaptations of the technology which were based on perceived usefulness & perceived ease of use. It aims to achieve efficiency & convenience of the customer.

## 2. Experience Economy Theory (EET):

This model suggested by Pine & Gilmore (1998) focuses on the experience rather than the products therefore it Studies the shopping comprehensively on the areas of- Interactive displays, personalized engagement, Gamification & Virtual fitting rooms.

## RESEARCH METHODOLOGY

This particular study utilized descriptive & exploded research method. The qualitative & quantitative analysis was performed to interviews & surveys. The primary data was collected from questionnaire survey an interview & the secondary data was collected by company websites industrial related publications journals & other retail reports. A sample size of 75 respondents belonging to the age group of up to years were approached to gather data on the basis of convenience sampling from Bhopal. The gathered data was utilized by using SPSS & excel software & correlation & regression analysis was performed.

## RESULTS & DISCUSSION:

The customers or respondents were found to be satisfied with convenience of shopping speed of shopping the ease of payment & specially personalization on the basis of qualitative analysis. They were also found to be satisfied with the size of the basket, the loyalty programs offered by the organizations & the customers retention programs. With the increase available in the level of security for the bank accounts the customers were comfortable with online transactions. The customers are also quite comfortable with using the QR codes & other transaction practices available now-a-days.

Thus, based on the interviews it can be said that the customers preferred their integrated shopping experiences, the millennials & Gen Zs were receptive to the technologies, AI, convenience & personalization heightened the shopping experience for a significant number of participants.

**Table-2: Results of Correlation**

S. No.	Particular	Values
1	Customers Satisfaction	0.54
2	Purchase Intention	0.45

The results of correlation (table-2) & regression analysis (table-3) clearly indicate that the results were found to be significant & the results clearly indicate that phygital retail positively influences customers satisfaction & technology integration significantly increased the purchase intention.

**Table-3: Results of Regression**

S. No.	Predictor	Beta ( $\beta$ )	Significance
1	Customers Satisfaction	0.43	0.000
2	Purchase Intention	0.38	0.000

$R^2 = 0.52$

Thus, based on these results both the hypothesis were accepted. Which means integration of physical & digital systems has clearly improved the marketplace ecosystem. It also indicated that shopping experience is clearly influenced by human attributes, online & offline shopping practices & when interconnected the experience was heightened.

### **CONCLUSION & RECOMMENDATIONS:**

The Phygital Retailing revolution is transformational for modern retail experience. The innovations, customer interactions, customer engagement, services offered, etc. all create a seamless experience across all the major points.

The present strategies applied provide a competitive advantage by enhancing customer engagement, sales performance & operational efficiency. They utilize the technologies properly & they have become an essential component of the modern marketing strategies & plans.

Thus, the customer centric ecosystem is enhanced by the use of digital convenience & physical experience. The transformation into Phygital Retailing is simply the pathbreaking advancement that has revolutionized the customer experience & business landscape. A better planning at digital level, infrastructure level & promotional level can surely create exponential results in the future for the marketplace.

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