



# **Beyond Phygital: The Human Layer of Hybrid Retail**

## **Is experience-per-square-foot the next metric for value creation?**

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For years, phygital was retail's favorite buzzword — a shorthand for bridging the gap between physical and digital spaces. Think AR mirrors, QR codes, mobile checkout. The goal was simple: integrate tech to enhance convenience. And for a time, it worked.

But as consumer expectations continue to evolve, so do the limits of phygital. Retail is no longer just a transactional moment in a physical space. The world demands something deeper — more personalized, more immersive, more human.

Retailers are moving beyond phygital. They're designing spaces that don't just blend technology and physical presence — they center the customer's emotional, social, physical, and sensory experience. The result? Deeper engagement, stronger loyalty, and tangible business returns. There's growing evidence that human-centric hybrid experiences correlate with improved customer metrics and commercial outcomes.

### The Human Layer in Hybrid Retail

Today, hybrid retail isn't about duplicating the same experience across channels—it's about layering them to create meaning, relevance, and continuity. Physical stores aren't being replaced—they're being reimaged.

Zara's flagship in Nanjing includes a "fit check" content studio and a private shopping salon, both bookable via WeChat. It's not just a store — it's a space designed for how people shop, share, and express themselves.

Outlandish in Los Angeles merges in-store shopping with livestream culture. On one floor, creators sell to online audiences in real time; upstairs, shoppers browse and buy the same items in person.

In New York, Printemps opened a flagship that feels more like a theatrical experience than a department store—complete with mood lighting, curated soundscapes, food and beverage concepts, and gallery-like brand rooms.

In this evolution, digital doesn't dominate — it supports. It amplifies the physical, rather than replacing it. The most forward-thinking retail spaces are now hybrid by design, but human by default.

## Experience-Per-Square-Foot: A New Metric for Value Creation

So, are these immersive experiences actually driving results?

Early indicators suggest yes. Human-centered, hybrid spaces are correlated with higher engagement, longer dwell time, and improved conversion.

One study found that a 1% rise in dwell time led to a 1.3% increase in sales — a compelling case for experience-led design.

But only time will tell if these experiences are just “nice to have” or if they’re driving measurable business value.

Retailers think so. According to a 2024 Gradient study, 82% of retailers have increased their experiential marketing budgets, with many allocating up to 30% of their total spend to in-store experiences aimed at building engagement and loyalty.

Take Erewhon: The West Coast grocery chain is more cultural icon than supermarket. With celebrity smoothie collabs, wellness cafés, and a \$200-a-year membership program, Erewhon isn’t just selling groceries — it’s selling identity. And that identity translates directly into loyalty, community, and revenue.

As more retailers invest in immersive formats, there’s growing momentum around measuring value not just by sales per square foot, but by experience per square foot — a strategic lens that considers time spent, emotional resonance, and interaction quality.

## Designing Seamless, Human-Centered Journeys

To deliver on this promise, retailers must rethink physical and digital as parts of a single, orchestrated journey.

That means:

- Designing spaces that encourage discovery, storytelling, and interaction
- Empowering staff as experience ambassadors, not just sales associates
- Investing in tech that listens, learns, and adapts — in service of the customer, not the platform

It also means recognizing that every moment—online or offline—contributes to how a customer feels about your brand. The best experiences aren’t built on assumption—they’re built on insight: intent, behavior, and motivation.

## Conclusion: The Human Interface of Retail

The future of retail brands isn't about blending physical and digital content; it's about building experience ecosystems that deliver measurable results:

- Higher average order value, driven by deeper in-store engagement
- Increased lifetime value, through repeat visits and emotional resonance
- Greater brand defensibility, because meaningful experiences can't be easily replicated or undercut

The store is no longer just a place to sell. The website is no longer just a place to buy. Together, they form a connected, human-first growth engine — one that builds loyalty, drives margin, and stands out in a world where everything else feels the same.

The brands that win won't just attract customers — they'll surround them.

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## About the Author

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Ed Murphy

Co-founder and President of Imprint CX, a modern marketing and customer experience services company.

Ed has achieved a very successful career by building relationships and providing innovative solutions to meet clients' needs. With over thirty years as a global researcher, management consultant, and business leader, Ed brings his experience, expertise, and passion to every consulting assignment.

To learn more about ImprintCX contact Ed at [Ed@imprintcx.com](mailto:Ed@imprintcx.com)



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