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## **The phygital convergence in contemporary luxury: a convergência phygital no luxo contemporâneo: structuring experience ecosystems**

*A convergência phygital no luxo contemporâneo: estruturação de ecossistemas de experiência*

La convergencia phygital en el lujo contemporáneo a convergência phygital no luxo contemporâneo: estructurando ecosistemas de experiencia

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### **Abstract:**

This study investigates the transition of luxury brands from a transactional product model to an experiential value ecosystem using phygital convergence. The analysis proposes that brand legitimacy in the current environment depends on integrating real-time data with personalized physical hospitality. The methodology is based on a literature review and analysis of luxury market trends from 2020 to 2024. It concludes that brand authority is maintained by preserving core codes while adopting agility in digital and physical execution.

**Keywords:** Luxury. Phygital. Experience. Data Strategy.

### **Resumo:**

O estudo investiga a transição das marcas de luxo de um modelo transacional de produto para um ecossistema de valor experiencial, por meio da convergência *phygital*. A análise propõe que a legitimidade da marca no ambiente atual depende da integração de dados em tempo real com a hospitalidade física personalizada. A metodologia baseia-se em uma análise bibliográfica e em um estudo das tendências de mercado no setor de luxo global entre 2020 e 2024. Conclui-se que a autoridade da marca é mantida pela preservação dos códigos centrais, enquanto se adota agilidade na execução, tanto digital quanto física.

**Palavras-chave:** luxo. Phygital. Experiência. Estratégia de Dados.

### **Introduction**

The luxury industry, traditionally anchored in the tangibility of matter and the exclusivity of artisanal production, faces a paradigm shift dictated by the ubiquity of digital transformation. The contemporary consumer, who moves seamlessly between virtual interfaces and physical boutiques, demands a redefinition of value that transcends traditional luxury benchmarks. The luxury sector is no longer defined solely by the material object but by the qualitative nature of the interaction within an ecosystem that must be simultaneously digitally agile and physically intimate (KAPFERER, 2018).

This article analyzes phygital convergence as the new frontier of brand strategy in 2026. The central thesis posits that technological integration should not be viewed as a peripheral sales channel but as the fundamental infrastructure on which the entire brand experience is built. To understand this transition, one must observe how leading luxury *maisons* have reconfigured their operations to meet the demand for extreme personalization and experiential delivery that surpasses traditional retail models (BAIN & COMPANY, 2025).

Therefore, this study examines how advanced data processing—leveraging state-of-the-art

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Customer Relationship Management (CRM) systems—enables hyper-personalization previously unattainable. Through a longitudinal analysis of market trends in Paris and New York, this research elucidates the strategies that define current sector leadership, emphasizing that technology must act as an amplifier of human intuition rather than a substitute for artisanal creativity. The convergence between the physical and the digital emerges as the foundational element for enduring relevance in a volatile global market (MCKINSEY & COMPANY, 2025).

## **1. The Evolution of Value Architecture**

Value perception in the luxury market has undergone profound historical shifts, evolving from absolute material possession toward the pursuit of social distinction and, currently, toward the curation of experiences that align with the consumer's individual identity. Classic authors of luxury marketing had already outlined the importance of "aura" and "ritual." However, the technological context of the mid-2020s introduces a new dimension: the role of data in facilitating these rituals (DUBOIS, 2005).

The value strategy of market leaders is anchored in the ability to deliver an exclusivity promise validated across multiple touchpoints. While scarcity of production once guaranteed exclusivity, contemporary market dynamics demand precision in personalization. The brand does not merely sell an object; it projects the role of that object within the consumer's lifestyle through service interactions that anticipate preferences before they are explicitly stated.

Furthermore, the evolution of value architecture implies that the physical product is merely the tip of an iceberg composed of services, storytelling, and community engagement. The perceived value is increasingly associated with narrative coherence, in which every action of the brand must reaffirm its core values. Disconnection between marketing rhetoric and operational execution is the most common failure factor leading to the erosion of brand equity.

Technological integration, when executed with strategic intent, amplifies this narrative. The phygital environment allows the brand to communicate its story continuously, from initial digital interest to the final purchase in the physical flagship. This seamless journey is what the modern consumer defines as absolute luxury: the absence of friction and the constant presence of excellence in every detail.

Therefore, contemporary value architecture is a hybrid construction. It relies on an impeccable product but demands an operational ecosystem that ensures the brand's promise is delivered with the same level of sophistication, whether on the e-commerce platform or in a Manhattan boutique.

## **2. Data as a Strategic Raw Material**

If gold and leather were the raw materials of classical luxury, data is the vital input of modern luxury. The ability to capture, sanitize, and interpret consumer behavior is what separates industry leaders from followers in the global market. Luxury, which historically prided itself on anonymity or distance, now requires a profound understanding of individual preferences to provide the expected level of service (OKONKWO, 2016).

The processing of this data demands ethical rigor and analytical sophistication that protects client privacy while delivering tangible value. This is not merely about traffic metrics but about applying intelligence to consumption psychology. The brand that understands the nuances of individual preferences in real time gains an unbeatable competitive advantage in the 2026 market, as it anticipates desires and eliminates the unnecessary noise of mass advertising.

However, excessive data can lead to analytical paralysis or a robotic marketing approach that alienates the discerning consumer. The strategist's role is that of a data curator, selecting information relevant to identity construction while discarding what is purely transactional. The brand must know when to use algorithms and when to rely on human judgment to make decisions that affect its reputation.

The use of Artificial Intelligence (AI) to identify behavioral patterns must not replace human judgment but amplify it. The synergy between human sensitivity and analytical precision characterizes the contemporary luxury manager. While the machine maps the pattern, the professional defines the purpose. This synergy allows for the preservation of the brand's "soul" within a digital ecosystem.

Brands that neglect data science become blind to the rapid shifts in international consumer behavior. In a globalized market, data-based agility defines longevity. Ignoring this reality is not a stance of tradition preservation, but a strategy of programmed obsolescence.

## **3. The Boutique as an Experience Stage**

The role of the physical boutique has shifted dramatically. It is no longer the primary point of sale, but the stage for brand validation. In a world dominated by e-commerce, the physical space must provide what digital can never deliver: ritualistic tangibility and specialized human contact (HENNIGS et al., 2020).

The architecture of each store must absolutely breathe the brand's narrative. Every detail, from olfactory curation to ergonomic design, is part of the construction of perceived value. The physical

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retail space survives by being imperfect and human, in contrast to the cold, impersonal perfection of search algorithms.

Associating physical space with exclusive events creates an "aura" around the product that e-commerce alone cannot reproduce. Events, masterclasses, and personalization experiences transform the store into a membership club. It is this convergence of the real environment and social prestige that makes the brand memorable to high-end consumers.

The training of store associates must also evolve to match this new reality. They are no longer salespeople, but experience curators and brand narrative ambassadors. The sophistication level of in-store service defines customer retention, as it is in the physical space that the trust bond is consolidated.

Consequently, physical luxury retail is currently a high-impact tactical branding tool. It validates the value promised by the digital realm, closing the circle of the client's journey. Without a coherent physical strategy, the digital brand loses its anchoring in reality and risks being replaced by the next ephemeral trend.

#### **4. Artificial Intelligence and Scaled Personalization**

Artificial Intelligence has enabled luxury to resolve a historical paradox: delivering exclusivity to a growing audience. Through technology, brands can now offer personalized service at a scale that previously required an army of staff in every boutique, while maintaining the essence of service (BCG, 2024).

The implementation of conversational AIs, when designed with the brand's correct tone of voice, can assist in pre-sales and post-sales support without compromising elegance. The key is for the client to recognize that an efficient system serves them, but that the system also acts as an extension of the brand's human knowledge. AI organizes information; humans provide emotion.

Beyond communication, AI assists in inventory management and predictive logistics, ensuring the right product is in the right location before the client seeks it. This operational invisibility is the purest form of luxury for the consumer, as they find what they need without the brand making a visible effort. Luxury is also the absence of logistical obstacles.

Predictive analytics capability also allows brands to personalize offers so that clients feel the brand truly knows them. Sending an invitation to an event based on preference history is not invasive; it is attentive, provided that data handling is transparent and secure. Trust is the currency in this technological relationship.

Nevertheless, it is fundamental to maintain the "human touch" as the final differentiator. Technology

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should act on the layers of efficiency and convenience, leaving the layers of relationship, empathy, and consultative advice to the brand's specialists. The error would be attempting to automate relationships, as luxury is, at its root, a human relationship mediated by technical excellence.

## 5. The Human-Centric Culture

Despite the technological fever, luxury culture remains essentially human. The strategy of 2026 places the client at the center—not as a number in a spreadsheet, but as an individual with history, aspirations, and specific values. Digitization serves to know this individual better, not to render them an anonymous data point (HENNIGS et al., 2020).

Successful brands are those that invest in the education and retention of their talent, as this talent is responsible for transmitting the brand culture to clients. Human capital is the greatest competitive differentiator in luxury, surpassing any investment in software. If the employee does not live the brand culture, the client will never feel it.

Active listening is the most important competency for the modern consultant. The luxury client seeks someone who understands their life stage and offers solutions that make sense within that context, whether through products or services. Technology should be used to facilitate this listening by organizing the client's history, so the consultant has more time for genuine conversation.

A *human-centric* culture also implies flexibility. Not every client desires the same type of service. Some prefer absolute discretion, while others desire community experiences. The brand must possess the operational intelligence to identify and serve both profiles with the same mastery.

By prioritizing the human factor, the brand creates a resilience that technology alone cannot offer. Machines can be replicated, but a high-level service culture is difficult to imitate and impossible to copy in its entirety. This is the most valuable asset of any successful *maison*.

## 6. Sustainability and Digital Authenticity

Sustainability has transcended marketing to become an intrinsic value requirement. In luxury, sustainability is synonymous with longevity. Products that last, can be repaired, and maintain resale value are aligned with the expectations of a more conscious consumer (ALTAGAMMA, 2024).

Technology plays a crucial role here through Digital Product Passports (DPP). The possibility of tracing raw material origins and verifying item authenticity via blockchain technology grants a new level of confidence. For the 2026 client, knowing an object's history is part of the purchase experience.

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Digital authenticity protects the brand against the quickly evolving counterfeit market. A brand that adopts these traceability solutions demonstrates transparency and commitment to the truth—values that form the basis of any luxury relationship. Transparency is the new luxury.

Companies that still treat sustainability as something parallel to the core strategy are doomed to failure. Sustainability must be integrated into design, supplier selection, and product lifecycle management. It is a governance decision that impacts all levels of the value chain.

Therefore, investing in digital authenticity is investing in the brand's own longevity. By ensuring the product is recognized as original and ethical, the company protects its brand value and strengthens the bond of trust with its consumers.

## **7. Strategic Governance of the Ecosystem**

The governance model for luxury brands in 2026 requires a structure that balances creative vision with the financial discipline of a high-performance company. The federalist model, which allows autonomy to local markets while maintaining unified core values, has proven to be the most efficient for facing the current market's cultural diversity.

Governance is not merely about control, but about creating an environment where innovation is encouraged and risks are managed. The organizational structure needs to be agile, with transparent communication channels that connect creative direction to technology and operations teams. Silos are the enemy of the phygital brand.

Ecosystem management also involves coordinating external partners. Whether collaborating with technology firms, hospitality groups, or specialized consultancies, the brand must impose its standards of quality and governance. Every partnership must reinforce, not dilute, the brand identity. Financial discipline, often ignored in creativity-driven companies, must be the foundation. Growth must be sustained by solid margins, allowing the brand to invest in constant innovation without depending on excessive leverage. Luxury is the demonstration of management that dominates complexity without becoming enslaved by it.

Finally, strategic governance means having a long-term vision. In a market of instant gratification, the luxury brand must be the safe harbor of constancy. This stability, generated by sound governance, is what allows the brand to resonate with generations of consumers with enduring relevance.

## Conclusion

The convergence between the physical and digital spheres does not represent the end of traditional luxury, but its expansion into a dimension where relevance is measured by the quality of connection and the precision of experience. Throughout this article, we observed that technology, far from dehumanizing the sector, acts as the central nervous system, allowing the modern luxury brand to remain human, personalized, and attentive in a world of massive scale. The success of the *maisons* dominating the 2026 landscape is directly linked to their ability to orchestrate this duality masterfully.

Leadership in the sector no longer belongs solely to the holder of the most coveted design, but to the manager who masters the data infrastructure and operational governance required to transform that design into a client experience. The ability to transit between aesthetic sensitivity and cold analysis of operational performance is the fundamental requirement for the contemporary luxury executive. The trajectory of professionals who integrate these visions confirms that technical rigor is the greatest ally of creativity in the global luxury market.

Ethics and sustainability, once secondary themes, now define a brand's very capacity to be accepted in an increasingly demanding global market. Conscious luxury is not a trend; it is a foundation. Brands that fail to demonstrate transparency in their supply chains and responsibility in their impacts will face not only market rejection but the obsolescence of their business models in the face of new regulations and social values.

The role of the luxury manager has thus become a constant exercise in cultural curation. It is necessary to know how to distinguish technological noise from structural advancement. This curation, applied systematically and grounded in sound governance, ensures that brand prestige is not eroded by excessive exposure or poor experience management. The brand remains a beacon of excellence in a sea of undifferentiated offerings.

Technology, by democratizing access to information, has made the luxury consumer better educated and, consequently, more critical. This new level of demand is excellent news for brands that possess mature processes. Mediocrity no longer has a place to hide. The 2026 market punishes a lack of preparation but rewards exponentially those who build their reputation on solid, ethical, and technologically advanced foundations.

The trajectory of expansion and success of the companies we observe suggests that agility does not imply a lack of depth. On the contrary, the most agile organizations are those with the deepest, most well-documented processes. The phygital structure is the result of mature governance that does not fear innovation. However, it subjects it to the scrutiny of quality and brand identity, ensuring that



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luxury ultimately remains the pursuit of absolute excellence.

We conclude this analysis by reiterating that the journey of luxury in the 21st century will be marked by brands that embrace complexity. Instead of fleeing from digital convergence, these brands integrated it to elevate their service, refine their curation, and protect the integrity of their name. May we be ready to continue this evolution, always grounded in rigor, science, and the relentless pursuit of the incomparable.

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