

At the Confluence Between Digital Marketing, Phygital CX and AI Agents

(Part II)

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Abstract

As AI integration becomes transformation and CX is reshaped by AI, CDPs are becoming a key part for CX, and organizations move to proactive engagement, considering both how customers' interaction with brands is redefined by the disruptive technologies, and better approaching performance measurement. We are witnessing how ecosystems are animated by the platforms, networks, and marketplaces as supporting and making marketing stronger. It is obvious that progress is being made at the confluence between digital marketing, phygital CX and AI agents. We valorized the partnership with a voluntary working group, ensuring an evidence-based foundation of the research necessary for an online store project design, considering the importance of crafting a compelling online store value proposition, better understanding project's channel-specific KPI, ensuring strategy and sales' alignment, a structured continuous approach required by an effective e-commerce management, and a clear awareness of AI category agents' power. And progressing on this path has required consideration of various developments, from the phygital research paradigm to the PHIVE Matrix, and the challenge of ensuring phygital environment cohesion increasingly impacting consumers' overall perception, leveraging the CX framework based on the strategic mix 7Es within the phygital space. Also, it was necessary to better understand the linkage between Agentic AI and marketing buzz, AI-driven insight generation and automation experiments, and how to valorize meaningful marketing impacts made by agentic AI starting with the so-called three E's.

Keywords: Digital Marketing, Phygital CX, PHIVE Matrix, Strategic Mix 7Es, Agentic AI, AI Agents,

Three E's, AI-Enabled Execution

JEL Classification: D83; L81; L86; M15; M31; O32; O33

From the phygital research paradigm to the PHIVE Matrix, and the phygital environment cohesion increasingly impacting consumers' overall perception, leveraging the CX framework based on the strategic mix 7Es within the phygital space

As an innovative approach introducing a fresh perspective, the phygital research paradigm ensured researchers' adaptability to hybrid contexts and their repetitively movement between the physical and digital settings and reversing the movement, stimulating new knowledge production and continuous improvement achievement from the point of view of marketing theory and practice (Batat, 2024). Very recently, Batat (2026) integrated the phygital research paradigm, the phygital customer experience (CX) model, and the extended reality technologies framework, introducing the Phygital Intelligence Value Experience (PHIVE) Matrix, this integrated outlook allowing the blending of phygital integration and degree of human-value alignment as basis for ensuring AI's experiential impact assessment, CX design being reshaped by AI. As a strategic tool for evaluating AI 's impact on value across phygital environment, the PHIVE Matrix provides the necessary framework for designing articulated, relevant, and transformative AI mediated experiences within intensifying scale of phygital marketplaces' connections as consumers are increasingly navigating phygital ecosystem.

According to Gustafsson, Öberg and Shams (2025), beyond human involvement, digitalization and automation have complicated CX understanding, an opportunity to measure CX (known as including various components: physical, social, sensorial, cognitive, and emotional) being created by phygital solutions, new touchpoints being brought in the phygital ecosystem (social media, e-commerce, and mobile platforms, for instance). Advancing on the path of successful digital transformation presupposes organizations' ability to ensure both technology valorization to create a superior CX, and human touch value recognition (being well-known that CX enhancement is a key business value of the human touch). Customers' singular and distinct, convenient experience involves, from now on, a phygital strategy impacting and upgrading all touchpoints, to meet their needs and expectations, based on intermediation and algorithmic coordination enablement, as well on customer offerings' individualization, the service encounter and people involved in it being influenced by technology implementation.

Not only stronger loyalty and higher satisfaction, but also competitive advantage are delivered by organizations delivering authentic phygital CX ensuring options working together as one system: digital touchpoints (websites, mobile apps, social media, email, SMS, chatbots, and self-service portals), physical touchpoints (branches, stores, service counters, kiosks, and in-person staff interactions); integrated data and systems shared in real time across all channels (customer profiles, interaction histories, appointment records, and service status), real-time engagement (live updates, notifications, and service tracking), seamless customer journey (as defining characteristic of phygital), without friction (Wavetec, 2026). Consequently, more seamless and personalized experiences will be characteristic for the future of phygital CX impacted by emerging technologies (such as: AI-driven personalization, predictive customer

journeys, IoT-enabled service environments, and hyper-personalized engagement. Phygital environment cohesion is one of the key components affecting overall perception, CX science being at the confluence between psychology, business strategy, and service design, while a balanced integration of human empathy and technological advancement being critical to preserve authentic connections and ensure adaptability and responsiveness to shifting demands (Decision Foundry, 2024).

New interesting research by Schleimer (2026), performed as a specific component of the American Phygital Association Summit 2025 (sponsored by AIBXD New York), was among the earliest to reply to Batat's (2026) recent request for sector-specific applications of phygital service research (PSR), combining theoretically the research streams of PSR, transformative luxury research (TLR), and transformative service research (TSR), and demonstrating how can be obtained positive online and offline physical product experiences based on second-hand luxury phygital service space (in the end being generated positive well-being outcomes). Schleimer's study showed that meaningful individual and community experiences can be delivered by second-hand fashion virtual communities (stimulating sustainable circular fashion consumption) without any brands' involvement, ensuring slow second-hand fashion trends' encouragement. Schleimer made reference in context to the more consumer/experience-centric logic described in the necessary Batat's book (a, 2019), a book in which Batat launched a new CX framework within Experiential Marketing Mix era (b, 2019), introducing the strategic mix 7Es (Experience, Exchange, Extension, Emphasis, Empathy, Emotional touchpoints, Emic/Etic process) that ensures not only immersive and emotional, but also profitable CX creation and designing within the phygital space.

Agentic AI, marketing buzz, AI-driven insight generation and automation experiments, and valorizing meaningful marketing impacts made by agentic AI starting with the so-called three E's

According to the CEO of Infragistics (Guida, 2026), marketing buzz is one of the causes (together with oversimplified explanations and lack of practical working knowledge, common perceptions around automation or confusion with internal systems managing daily operations) of the misunderstanding around agentic AI. To realize the full potential of agentic AI, organizations need to avoid treating it like a chatbot or a smarter automation tool, considering it a collaborative partner, a new operating model, ensuring the right data (not only centralized and clean, but also continuously updated), and improving performance data analysis in real time, as well as deciding smarter with the help of agentic AI.

If agentic AI (enabling autonomous decision-making and problem-solving) is the system that organizes AI agents' work, AI agents are specialized workers executing specific tasks delegated by the centralized agentic AI system within organizations' network (Brennen, 2026). E-commerce is among the early adopters (together with financial institutions and technology

providers) which are experimenting with AI-driven insight generation and automation, AI agents being used in data exploration, insights' generations and context-aware actions' taken with minimal human input within a form of data analysis so-called agentic analytics (Czaban, 2026) that is connecting AI agents (directly not only to cloud data warehouses and semantic layers, but also to orchestration tools) to ensure on the modern data stack building. Depending on both data readiness, and internal resources, agentic analytics implementation (initial pilots) take 6 - 8 weeks, organization-wide deployment of this new system (upon implementation of processes' integration, governance, and validation) commonly succeeding in 3 - 6 months.

A well-respected authority on digital marketing, Pamela Parker (2025), brought to marketers' attention how organizations can accidentally start predictable traps that generate budget's wasting and brands' damaging within the context of the extremely large gap between agentic AI's promise and its current implementation reality, being carefully when dealing with vendor's offer. That means, for instance, to demand proof of autonomous decision-making in a small-scale preliminary test to demonstrate its feasibility in the specific setting or before selecting vendors to map data infrastructure gaps, as well as to ensure current marketing operations teams' upskilling so as to better understand both marketing objectives, and AI operations.

As highlighted by Cutten, Kelly and Parducci (2026) from Deloitte, the most significant marketing impact of agentic AI's adaptable solutions can be made when coupled with human judgment, starting from clear priorities' setting and advanced technology application to ensure greatest efficiency, the marketing workflow being focused on complex strategic and creative tasks driving measurable growth. And to build a strong foundation, as well to ensure lasting impact driving, Deloitte leaders recommend organizations to start with the so-called three E's (Establish, by ensuring the primary difficulties' identification; Embed, by ensuring new frameworks, systems or tools' integration; Elevate, by ensuring resources and human capital reallocation to sustainable growth).

Instead of conclusions

According to McKinsey's estimates (Esber et al., 2026), agentic AI will take control to the same extent as two out of three of current marketing activities, ensuring tasks' enablement (in order to generate automated content, test synthetic audience testing, and plan audience-based media) so as to advance on the path to marketing workflows' reimagining and rebuilding, and this based on the development of a five-step process generating an agentic marketing workflow creation (a detailed taxonomy of key marketing activities' creation; agent archetypes' definition; a full set of agents needed across workflows' determination; a future-state workflows; definition with clear roles for humans in the loop; in waves prioritization, focusing on high-value workflows to ensure adoption driving). McKinsey's experts underlined CMO role's expansion to orchestrator not only of data and technology, but also to AI-enabled execution (compared to the

traditional role of brand and demand steward), as marketing needs to ensure insights, content and commerce integration, as well as performance in a continuous loop, in his new capacity as a real-time growth engine. In the same time, they underlined the importance of faster learning, at scale personalizing, across the full funnel optimization, and experiences' designing for both people, and AI systems guiding them.

Taking into account all the above-mentioned aspects, the voluntary working group mentioned in the first part of this approach added a series of improvements to the initial operational infrastructure and not only (beyond e-commerce store foundational strategy and planning, e-business model and budget allocation, e-commerce platform and critical e-commerce store architecture), as follows: a) free AI Agents and AI-driven personalization, considering AI features to be deployed, such as: conversational product assistant, personalized product recommendation, AR try-ons/visualization; e-commerce store inventory and fulfillment, as well as analytics and performance tracking; b) improved marketing campaign strategy to emphasize personalized discovery, and stimulate target customers to both tag, and interact with AI feature, as well as e-mail marketing used for new product highlights; c) ensuring quickly implementation of the first results regarding key performance indicators' tracking, struggling to ameliorate both engagement, and conversions by agilely adapting the alignment of personalized marketing with target customer preferences; leveraging explored phygital extensions as part of seasonal marketing; refining the week-by-week target customers retention roadmap by accelerating asking for feedback and loyalty introduction, as well as encouraging referrals (and asking for referrals at the right time) by motivating both the existing customer and the new referral, and teasing the next e-commerce drop (by building anticipation over approx. 3 weeks to shift shoppers' focus from casual browsing to purchase intent, allowing them to subscribe for new arrivals or even alerts on out-of-stock items and price drops).

And allow us to end by quoting two significant sources:

- “In a recent report, BNP Paribas Equity Research identifies agentic AI in retail – autonomous artificial intelligence agents that can browse, compare and purchase products on behalf of shoppers – as an emerging retail channel that will be complementary to the current retail ecosystem. Analysts point to this emerging trend’s potential to reshape retail by accelerating online adoption, broadening competition and diversifying marketing spend” (Strauss, 2026);
- “LLMs enable experiences that adapt dynamically to intent and context: smarter merchandising logic, adaptive landing pages, and search experiences tailored to each individual user... Customer support is becoming the first line of agent relations, and the brands that treat it that way will have a structural advantage” (Malik et al., 2026).

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