

Phygital Luxury Experiences: Unpacking the Mediating Role of Experiential Value on Brand Associations

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ABSTRACT

This study explores the impact of experiential dimensions—hedonic, utilitarian, social, and playful—on brand associations in luxury phygital retail, highlighting the mediating role of experiential value. This study uniquely contributes by examining the mediating role of experiential value in hybrid phygital contexts, an area underexplored in existing literature. Building upon the foundations of Experiential Marketing Theory (Schmitt, 1999), Aaker's Brand Equity Model (1991), and Lazarus's Cognitive Appraisal Framework (1991), this investigation seeks to illuminate the deficiencies in comprehension regarding the influence of synergistic physical and digital contexts on brand equity. Using a quantitative survey, data were collected from 351 participants in Chengdu, China, a rapidly growing luxury market with a tech-savvy consumer base. This inquiry seeks to clarify the interactions that have surfaced among the various elements through Structural Equation Modelling (SEM). The analysis reveals that even though experiential factors have a negligible immediate effect on brand connections, the worth of experiences acts as a vital intermediary, boosting the impact of enjoyable, functional, communal, and entertaining experiences. Hedonic and playful experiences, in particular, strengthen consumer engagement with the brand, while utilitarian and social experiences gain relevance when mediated through experiential value. This study highlights the importance for luxury retailers to integrate experiential value into their phygital strategies, leveraging technologies like AR and VR. The insights are not only applicable to Chengdu, China, but also offer a roadmap for global luxury brands seeking to adapt to evolving consumer expectations in phygital retail environments. It contributes to the theoretical expansion of Experiential Marketing Theory and Aaker's Brand Equity Model in phygital contexts..

Keywords: Experiential value, Brand Associations, Phygital Retail, Brand Equity, Hedonic Experiences, Utilitarian Experiences, Social Experiences, Playfulness Experiences, Luxury Marketing.

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1. INTRODUCTION:

The luxury goods sector is undergoing a significant transformation, driven by the convergence of physical and digital experiences, commonly referred to as "phygital" retail strategies. These strategies seamlessly integrate traditional retail with modern technological advancements, creating immersive and personalized experiences that transcend conventional retail boundaries (Alexander and Kent, 2022; Batat, 2024). Phygital retail combines the sensory appeal of physical stores with the convenience and customization offered by digital platforms, fostering emotional connections and reinforcing brand loyalty (Batat, 2024; "Luxe Digital, 2023"). As observed by (Gueznai and Elboussadi, 2024), merging physical and digital interactions in the luxury retail space creates a richer customer experience, enhancing both emotional and practical aspects. (Kauppinen-Räisänen *et al.*, 2020) analysed the influence of direct-operated luxury brand store's impact on shopping experiences, which aligns with the role of phygital settings in enhancing emotional

and functional consumer engagement. Tosun and (Tosun and Köylüoğlu, 2023) add that brand origins and CSR practices greatly affect consumer behaviour in retail settings, particularly in times of crisis, which further complicates the phygital interplay. ("Bain & Co.", 2024) predicts that by 2025, luxury purchases will primarily be made through digital channels, indicating that phygital approaches are critical for luxury brands to maintain market relevance. According to (Team, C. 2024), retail sales in China continue to rise, fundamental with the growing phygital demands from modern consumers. According to China's National Bureau of Statistics (2024), sales from online retail of physical goods contributed significantly to this growth and ranged to 13.0816 trillion yuan (approximately US \$1.89 trillion), which reflects a growth of 6.5% over the preceding year. (Xinhua). This metamorphosis concurrently corresponds with (Lazarus, 1991) Cognitive Appraisal Framework, which asserts that consumers' emotional reactions to retail encounters are moulded by their cognitive assessment

of the surroundings, thereby affecting their comprehensive perception and involvement with the brand.

Phygital retail is particularly appealing to Millennials and Generation Z, who account for over 40% of global luxury spending ("Luxe Digital, 2023"). The National Bureau of Statistics (2024) of China reported a surge in online retail sales, reflecting the growing influence of phygital trends. This transformation highlights the imperative for luxury brands to modify their strategic approaches to align with the anticipations of China's technologically proficient and wealthy consumer base. Despite the increasing integration of digital tools in luxury retail, existing studies predominantly examine either physical or digital environments, failing to explore their combined impact on brand equity. This study attempts to fill this gap by exploring how experiential value mediates in phygital retail environments, thus adding to the growing literature on Schmitt's Experiential Marketing Theory (Schmitt, 1999) and Aaker's Brand Equity Model (1991) (Aaker, 2009). (Mele *et al.*, 2023) and (Guzzetti *et al.*, 2024) note that luxury brands such as Gucci and Dior are adopting innovative technologies AR, VR, and AI in a bid to enhance their relationship with clients and positively shift perception of the brand.

According to (Gueznai and Elboussadi, 2024), these technological integrations enable luxury brands to tailor their offerings, thus providing interactions that are more in sync with individual preferences. (Mele *et al.*, 2023) and (Lawry, 2022) caution, however, that AR and VR technologies might pose issues related to data privacy and disenfranchise older, less technology-savvy consumers. (García-Sánchez and García-Sánchez, 2020) highlight the role of corporate social responsibility (CSR) activities during the COVID-19 crisis, noting that such actions can reshape consumer perceptions, a consideration that is important to phygital integrated strategies used by luxury brands. Addressing these issues is important for the widespread implementation of phygital retail. (Lazarus, 1991) draws attention to the general emotional responses consumers hold towards brands as shaped by the use of digital and physical touchpoints in retailing, which directly influences their brand value perceptions.

Despite the growth of phygital luxury retail, research on the impact of consumer experiences on brand equity—particularly brand associations—remains limited. Much of the existing literature focuses on physical or digital retail environments, overlooking the integrated nature of phygital experiences. Brand associations, which are central to brand equity, include mental connections with attributes such as quality, exclusivity, and status, and are critical in shaping consumer perceptions, loyalty, and purchase behaviour (Aaker, 2009). As stated by (Gueznai and Elboussadi, 2024), phygital experiences hold the promise of enriching these associations by fostering significant, sensory interactions that greatly resonate with consumers. According to (Lazarus, 1991), these experiences are evaluated through cognitive appraisals, which shape emotional responses and, by extension, brand associations. (Tosun and Köylüoğlu, 2023) suggest that consumer perceptions in luxury retail are influenced not only by product attributes but also by the brand's CSR efforts, especially in uncertain times, which further impacts brand associations. Although some studies address the role of experiential value in luxury retail, the impact of brand associations in phygital contexts is underexplored (Mele *et al.*, 2023; Schmitt, 1999). This gap is significant, as brand associations are deeply linked to the emotional and sensory experiences in both physical and digital environments. Understanding how phygital environments shape these associations can help luxury brands refine their strategies and differentiate themselves in a competitive market (Chandra and Balqiah, 2023).

This study examines how experiential dimensions—hedonic, utilitarian, social, and playful—affect brand associations in phygital luxury contexts. Guided by Experiential Marketing Theory (Schmitt, 1999) and Aaker's Brand Equity Model (1991) (Aaker, 2009), and incorporating (Lazarus, 1991) Cognitive Appraisal Framework, this research explores the mediating role of experiential value in these dynamics. In their 2024 study, (Gueznai and Elboussadi, 2024) assert that experiential value, integrating emotional, sensory, and cognitive responses, significantly mediates the enhancement of brand associations within phygital settings. The study also considers how demographic factors influence consumer responses to phygital experiences, particularly in the expanding luxury market in China. The study seeks to answer the following key questions:

How do hedonic, utilitarian, social, and playful experiences affect brand associations in phygital luxury environments?

To what extent does the value obtain from experience function as a mediator in these connections?

How do demographic factors shape consumer reactions to experiential dimensions in phygital luxury contexts?

This study not only addresses the impact of phygital strategies in emerging markets like Chengdu, China, but also provides insights applicable to global luxury markets, where the convergence of digital and physical retail is reshaping consumer-brand dynamics.

2. LITERATURE REVIEW

Phygital Retail and the Role of Technology:

Phygital retail, derived from the fusion of "physical" and "digital," represents a hybrid framework that integrates advanced technologies with traditional retail experiences to create seamless and immersive consumer journeys (Batat, 2024; Gaggioli, 2017). The recent academic research explored developments on the impact of new technological tools like blockchain, augmented reality (AR), and artificial intelligence (AI) on phygital interactions (Gueznai and Elboussadi, 2024; Guzzetti *et al.*, 2024). These technologies create satisfying shopping experiences while increasing consumer emotional involvement and loyalty toward brands. In the luxury industry specifically, phygital settings augment interactions between consumers and brands by capturing their attention through tailored, multi-sensory interactions that combine the best of both worlds: the physical store experience and online shopping (Zurlo *et al.*, 2018). These hybrid experiences not only impact the actual consumer journey, but influence brand perceptions over time, which is fundamental to building brand equity (Aaker, 2009). The latest developments in AI and blockchain technologies provides luxury brands with the ability to personally customize phygital interactions thereby heightening the emotional and sensory involvement of consumers (Guzzetti *et al.*, 2024). It enhances not only the efficiency of interactions, but also promotes deeper cognitive and emotional engagements critical for strengthening brand equity.

Experiential Dimensions and Brand Associations:

Luxury brands are increasingly enhancing brand equity through the experiential dimensions of hedonic, utilitarian, social, and playful activities framing the perception of the consumer. Luxury retailing is deeply embedded in hedonic experiences, which are heavily influenced by the emotional satisfaction and enjoyment derived from the aesthetic appeal, as well as indulgence, of the brand (Schmitt, 1999). As addressed in a parallel study, (Rahayu *et al.*, 2024) assert that brand experience and brand equity are linked through hedonic value as a mediator, thus confirming the importance of luxury branding in the context of sensory satisfaction. Digital storytelling has emerged as a transformative strategy in phygital luxury retail, enhancing

emotional brand associations which, in turn, improve brand equity. For instance, brands employing AR and VR integrate narrative and technological engagement on emotional and sensory levels, which strengthens brand associations to a greater extent (Bartoli *et al.*, 2023).

The convenience and usefulness of phygital retail environments inform brand associations as well. By providing gapless integrations of online and offline touchpoints, luxury retailers such as Gucci and Dior associate themselves with operational brand equity and consumer centricity, which enhances brand trust and loyalty (Zeithaml, 1988). Moreover, social experiences reinforce luxury branding by enhancing status signaling and social interaction, which most consumers desire. (Gozen *et al.*, 2023) has also shown how destination experience value affects brand value and behavioral intention, with self-congruity as a moderating factor, which can be explored in the phygital context of luxury. Furthermore, luxury items are quintessentially associated with their possessor's status, and these associations can easily be made from consumers sharing their experiences through social platforms (Ozen and Kodaz, 2012).

The integration of playful aspects such as gamification and AR-based virtual "try-on" features continues to grow in importance in the context of luxury retailing. They are first and foremost enjoyable; however, they also serve as important tools for fostering profitable brand associations which are pleasurable and emotionally meaningful (Guzzetti *et al.*, 2024; Mele *et al.*, 2023). Consider, for instance, Louis Vuitton which has AR powered pop-ups and interacts with customers in-store demonstrating how playful features foster positive brand associations while reinforcing emotional brand engagement and brand loyalty (Bartoli *et al.*, 2023). Such interactions enhance emotional engagement and also influence the brand associations held by consumers concerning the brand's perceived quality and exclusivity.

Experiential Value as a Mediator in Brand Associations:

Experiential value serves as a psychological mediator between emotional, sensory, cognitive, social, and brand associations as consumers interact with phygital luxuries (Babin *et al.*, 1994; Schmitt, 1999). It serves to reinforce the impact of hedonic, utilitarian, social, and playful experiences by brand-dwell encounters in these hybrid retail settings (Mele *et al.*, 2023; Walls *et al.*, 2011). Such is the case with Gucci's AR try-on features and Dior's VR immersive campaigns that incorporate technology to elevate experiential aspects to strengthen brand perceptions of exclusiveness and prestige (Bartoli *et al.*, 2023).

Experiential value deeply influences consumer behavior regarding brands and satisfaction, loyalty, and overall perception of the brand (Walls *et al.*, 2011). The potential operational capabilities of digital services through online platforms influence the perception and value ascribed to luxury brands (Kim *et al.*, 2021). Since 2020, the evolution of AR and AI technology has broadened the scope for personalization and immersive phygital controls, allowing for tailored interactions that nurture consumers and strengthen positive brand relations (Bartoli *et al.*, 2023; Gueznai and Elboussadi, 2024).

Technological Integration and Brand Associations:

The combination of groundbreaking technologies like VR, AR, and AI personalization stimulates shopping interactions which impact brand associations by augmenting the sensory-emotional level of the consumer interactions (Mele *et al.*, 2023). Within the context of luxury retail, these technologies furnish an environment where consumers can form new and stronger brand associations pertaining to modernity, innovation, and exclusivity. At the same time, while these associations are enhanced, it is important to note that not all consumers may appreciate these experiences. Scholars warn us that the incorporation of such technologies can lead to problems like data

security, privacy, and access for different levels of technology users (Lawry, 2022; Mele *et al.*, 2023). These issues must be dealt with in order to make sure brand associations created through phygital experiences are positive and constructive.

Closing the Gap: Brand Associations in Phygital Luxury Retail:

Understanding the phygital retail framework still does not fully encompass how branding is shaped through its experiential components, meaning there still remains a great deal of work to do in this area. Recent works highlight the significance of the fully immersive and hybridized experiences for consumers with luxury brands (Gueznai and Elboussadi, 2024; Guzzetti *et al.*, 2024). The phygital aspect of retailing creates the opportunity to study consumer behaviors arising from the combination of physical and digital environments, thus investigating the impact on brand perception and equity.

Specific attention needs to be given to understanding hedonic, utilitarian, social, and playful dimensions and how they interact to form brand associations. There is a lack of focus in scholarship suggesting that gained value from experiences, particularly aided by AR and VR technologies, actively shapes the perception of brand esteem and loyalty (Bartoli *et al.*, 2023; Mele *et al.*, 2023). These studies suggest that luxury brands can harness these findings to adapt their marketing tactics in alignment with the evolving consumer shift towards personalized, immersive, and technologically advanced experiences (Jerome, 2019).

This research seeks to address this gap by examining how experiential value mediates the relationship between these multifaceted experiences and brand associations within the phygital luxury setting, adding to the growing body of literature on phygital marketing and luxury branding. The immersive experiences provided by the application of cutting-edge technologies such as AI, AR, and VR within phygital environments not only deepen emotional and sensory engagement, but also strengthen innovation, exclusivity, and consumer engagement brand associations (Pantano *et al.*, 2017). By analyzing the combined effect of these experiences, this study contributes to the understanding of the role of experiential factors on brand perceptions in the luxury retail environment, which is undergoing a shift towards a more integrated hybrid approach.

Theoretical Foundation:

This investigation stems from three critical components: the Experiential Marketing Framework, Aaker's Brand Value Proposition, and the Theory of Cognitive Appraisal. Collectively, these theoretical constructs provide an elaborate understanding of the relationship between consumer experiences and brand associations in an ecosystem of luxury phygital retail. They design a framework for examining how experiential value functions as a bridging variable among disparate consumer experiences and the development of brand affiliations.

Experiential Marketing Theory (Schmitt, 1999) stresses the emotional, sensory, and mental bond brands establish with their consumers. Unlike traditional marketing strategies that offer a range of functional benefits, EMT underscores the importance of attending to the emotional needs of clients through holistic brand engagements, coupled with attaining deeper associations and loyalty to the brand. (Pina and Dias, 2021) acknowledged the impact of brand experiences on consumer-based brand equity and emphasized the ability of emotional and sensory experiences to forge robust brand bonds within hybrid retail environments. In luxury phygital retail, EMT robustly guides the analysis of the strengthening of value through integrated multi-sensory and emotional experiences.

Aaker's Brand Equity Theory (1991) (Aaker, 2009) explains how brands create value for consumers, emphasizing that brand associations play a vital role in perception formation. Brand associations are the mental connections consumers make with a brand, shaped by its design, as well as its sociometric and emotional status. In phygital retail, where digital and physical experiences merge, these brand associations are further developed as consumers interact with the brand at numerous touchpoints, building stronger and more meaningful connections (Aaker, 2009). The smooth blending of physical and digital experiences strengthens these associations, making them more pronounced and emotionally integrated.

(Lazarus, 1991) Cognitive Appraisal Theory explains the ways consumers assess their experiences in relation to their emotional value and, in turn, how that assessment affects their behavior towards luxury goods. The multi-sensory components of phygital environments can evoke stronger emotions, thus improving the cognitive appraisal of the brand. Consumers' emotions associated with premium brands are shaped by the status and image one projects to society as well as self-actualization, all of which contribute towards strengthening brand relationships. These nurtured emotional relationships, in the case of phygital environments, are fundamental to brand loyalty and consumer participation (Lazarus, 1991).

As such, the aim of this research is to combine the three previously mentioned frameworks to analyze brand associations in relation to consumers' experiences within phygital retail spaces created for the luxury goods market. Experiential value

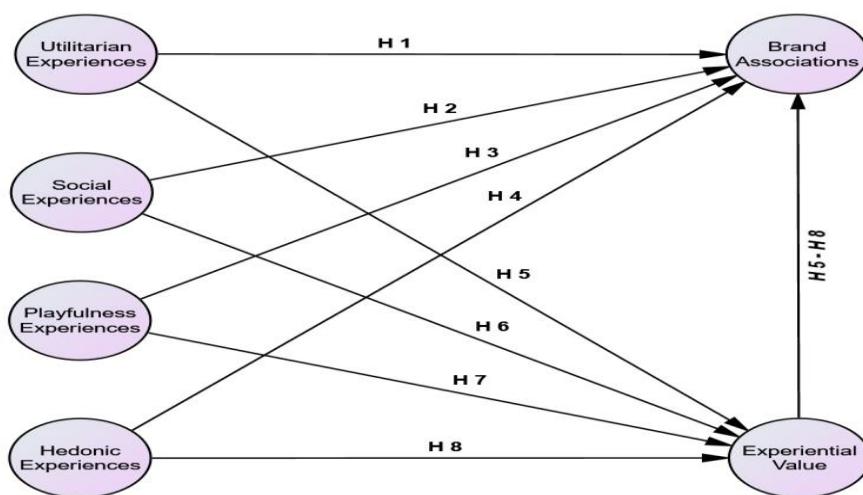
mediates the relationship as it increases brand associations through emotional and sensory stimulation. The study hopes to shed light on how premium brands may better utilize phygital retail experiences to improve associations formed with the brand and build long-lasting relationships with consumers.

3. RESEARCH MODEL

Building upon the theoretical framework and literature, the research aims to analyze the consumer experiences (utilitarian, social, playful, and hedonic), their experiential value alongside brand associations within a luxury phygital retail context. The model further argues that different dimensions of experiences determine perceptions of brands and also act as key determinants of brand associations in the luxury market.

Using the lens of Experiential Marketing Theory by (Schmitt, 1999), Aaker's Brand Equity Framework from 1991 (Aaker, 2009), and Cognitive Appraisal Theory by (Lazarus, 1991), this framework aims to demonstrate the importance of experiential value as a primary mediating factor that strengthens the relations among the consumer experiences and brand connections to enhance the interrelations among various consumer experiences and brand connections. The following figure outlines the logic in the research model portraying the relationships among consumer experiences such as utilitarian, social, playful, hedonic and brand loyalty, long-term as well as short-term equity in value.

Fig. 1: Research Framework



4. HYPOTHESIS DEVELOPMENT

Based on the suggested framework of the research in Fig 1, this section outlines the hypotheses that link the following experiential dimensions: brand associations are connected through a mediating variable—experiential value. These dimensions are utilitarian, hedonic, social, and playful. Each hypothesis stems from Aaker's Brand Equity Model (1991), Schmitt's experiential marketing theory (1999), and Lazarus's Cognitive Appraisal Framework (1991), which highlights the rationale for the expected relations.

The luxury retail sector has been increasingly influenced by phygital experiences, wherein digital instruments are seamlessly incorporated into the physical retail milieu, resulting in a hybrid consumer experience (Mele *et al.*, 2023). Following the ideas of experiential marketing theory (Schmitt, 1999), the experiences that consumers go through are key in moulding brand

perceptions, especially in luxury retail, where emotional connections and sensory interactions hold great value. Given that brand associations are integral to brand equity (Aaker, 2009; Keller, 1993), it is logical to assert that affirmative consumer experiences—be they hedonic, utilitarian, social, or playful—should serve to enhance brand associations and consequently, brand equity within phygital contexts.

The comprehension of experiential value is essential for elucidating how consumer interactions influence the nexus between consumer behaviours and brand value. The significance of experiential engagement, covering the emotional, sensory, and cognitive layers of the customer path, could play a vital role in the dynamics of consumer impressions and brand connections (Mele *et al.*, 2023). The Cognitive Appraisal Theory (Lazarus, 1991) further accentuates the emotional relevance of these interactions, elucidating the process by which individuals

evaluate and interpret emotional experiences, thereby shaping their perceptions of luxury brands.

Utilitarian Experiences:

Utilitarianism pertains to the optimization of benefits obtained from a product or service (Babin *et al.*, 1994; Hirschman and Holbrook, 1982). The practical benefits and functional priorities are centred on utilitarian experiences that influence system adoption and user engagement. The tangible benefits associated with a product are linked to its utilitarian experiences (Kringelbach, 2010). In the realm of luxury goods, utilitarian experiences emphasize attributes such as product quality, durability, and reliability, all of which significantly contribute to consumer satisfaction (Aaker, 2009). For example, upon the acquisition of a luxury item, consumers often expect that the product will demonstrate exemplary performance and meet high standards of functionality—whether it concerns a high-performance chronometer, a prestigious designer handbag, or a luxury automobile. These functional characteristics are fundamental in shaping brand associations within luxury markets.

H1: Utilitarian experiences exert a positive influence on the brand associations of luxury products.

As consumers recognize luxury goods as possessing high functionality and efficiency, their evaluation of the product's attributes is enhanced. The upgrade of practical user experiences, like ease of use and functionality, shows a positive relationship with brand association evaluations, which consequently impacts loyalty to the brand (Aaker, 2009).

Social Experiences:

The interactions occurring within brand communities serve to augment brand associations, thereby exerting a favourable influence on brand equity through the promotion of positive evaluations and the cultivation of robust customer relationships, which ultimately culminates in increased purchase intentions (Kim *et al.*, 2021). Social experiences contribute to the enhancement of brand equity by fostering customer engagement and generating content that shapes perceptions and interactions with the brand (Zailskaitė-Jakšte and Kuvykaite, 2016). In the context of luxury goods, social experiences pertain to the advantages that consumers attain through social interactions and the status conferred upon them by the acquisition or possession of luxury products. Such experiences frequently encompass feelings of exclusivity, prestige, and validation from peers, which hold significant value within the luxury sector. When consumers invest in luxury items, they engage not merely with the product itself but also with the social significance that the product embodies (Ozen and Kodaz, 2012). Luxury brands frequently leverage these social experiences by presenting products that epitomize success, affluence, or elevated status, thereby amplifying the social value ascribed to the brand.

H2: Social experiences exert a positive influence on the brand associations of luxury goods.

The favourable emotional responses elicited by social experiences are likely to affect brand associations significantly. Considering that consumers associate luxury products with social status and recognition, their perception of the brand's prestige is positively enhanced. The more pronounced the social experience, the more consumers regard the luxury item as augmenting their status, thereby reinforcing their loyalty to the brand (Jerome, 2019).

Playfulness Experiences:

Experiences characterized by playfulness can enhance brand equity by promoting customer engagement, crafting memorable messages, and developing emotional connections, ultimately resulting in increased loyalty and favourable brand perceptions

(Molesworth and Denegri-Knott, 2008). Within the realm of luxury retail, playful experiences cultivate enjoyment, creativity, and emotional attachment to the brand (Yu and Yuan, 2019). Interactive components such as virtual try-ons or gamified shopping experiences engender a sense of novelty and pleasure, further reinforcing brand associations. These components are associated with elements of enjoyment, surprise, and exploratory behaviour (Mele *et al.*, 2023).

H3: Playfulness experiences positively affect the brand associations of luxury goods.

The greater the playfulness and enjoyment inherent in the luxury experience, the stronger the consumer's brand associations. These positive emotions enhance the perceived value and desirability of the luxury item, thereby fortifying brand loyalty and engagement (Jerome, 2019).

Hedonic Experiences:

Hedonism pertains to the maximization of pleasure derived from any product or service (Babin *et al.*, 1994; Hirschman and Holbrook, 1982). The intrinsic enjoyment and sensory gratification are the central focus of hedonic experiences. In the elite retail segment, gratifying experiences boost the emotional attachment between customers and the brand. Luxury goods deliver a profound hedonic experience that enables the consumer to feel distinguished, pampered, or indulged, emphasizing tactile sensations, aesthetic appeal, and the enjoyment derived from exclusive, high-quality materials (Schmitt, 1999).

H4: Hedonic experiences exert a positive influence on the brand associations of luxury goods.

The more intense the hedonic experience, the more profound the emotional and sensory connections consumers forge with the brand, resulting in stronger brand associations. Such experiences are crucial in reinforcing brand value perceptions (Schmitt, 1999).

Experiential Value:

The concept of experiential value articulates the full value that consumers receive from their interactions with a certain brand, including their feelings, emotions, and thoughts (Batra and Ahtola, 1991). The complex nature of consumer experience in the purchasing process integrates emotional, behavioural, and sensory, cognitive, as well as social reactions to a brand (Lemon and Verhoef, 2016). Amplification of utilitarian, social, and hedonic values becomes possible through the integration of emotions and sensory delights with brand associations, stimulating increased affection.

H5: Experiential value mediates the relationship between utilitarian experiences and brand associations pertaining to luxury goods.

The moderating impact of experiential value facilitates the impact of utilitarian factors, like product performance and functionality, on brand associations. The greater the perceived utilitarian value, such as in the case of qualitative or consistent value, the emotional along with the cognitive contentment drives the consolidation of brand affiliation, thus deepening the roots of association. As such, mediates the shift of functional benefits into positive brand perception.

H6: Experiential value mediates the relationship between social experiences and brand associations concerning luxury goods.

The social aspects related to the esteem or social rank conferred by a luxury good are heightened when its experiential value is intensified. Those consumers who care more about the social aspects of luxury purchases such as attaining recognition or exclusivity are more likely to form stronger brand associations when the experience is emotionally satisfying to them. Here,

socio-psychological value acts as a bridge between social aspects and brand image.

H7: Experiential value mediates the relationship between playful experiences and brand associations related to luxury goods.

Luxury retail elements like interactive or gamified shopping encounters have a positive impact on consumer enjoyment and engagement by adding an element of playfulness. The value that is derived from the enjoyment and engagement in an experience will determine how strongly and positively a brand will be associated with. The perception of the brand is augmented by experiential value which derives from the affectionate interactions which strengthens the emotional and cognitive connection with the brand.

H8: Experiential value mediates the relationship between hedonic experiences and brand associations of luxury goods.

Hedonic experiences, which involve sensory indulgence and pleasures, actively shape the experience of luxury shopping. Spending on hedonic consumption results in elevated levels of satisfaction, which enhances positive emotional responses, and improves their evaluation of the brand. This process is mediated by experiential value, which in turn, makes hedonic experiences not only enjoyable, but also, important drivers of deep-rooted brand associations and loyalty.

This research contributes to the theory of Experiential Marketing by highlighting the role of experiential value as a mediator in phygital luxury retail settings. (Lazarus, 1991) Cognitive Appraisal Theory broadens the scope of analysing emotional reaction within phygital contexts by demonstrating how

emotional judgments affect brand image. This study, combined with Aaker's (1991) Brand Equity Model, emphasizes the evolving significance of brand associations as a principal element in hybrid retail environments. I aim to expand the framework of Experiential Marketing Theory by discussing its application in phygital contexts and illustrating how experiential value operates between consumer experiences and brand associations in luxury retail.

5. METHODOLOGY

Experiential dimensions, experiential value, and brand associations were studied in this research through a quantitative survey method. Chengdu is an ideal study site for phygital retail because it has a developing luxury market and a young, technologically adept population. This rationale enhances the applicability of the results to other emerging markets with analogous socioeconomic structures (Jiang and Xie, 2022). The research was conducted in Chengdu, China. The data were obtained from 351 respondents using a structured questionnaire administered through QR codes placed in high-end retail outlets. The analysis of the accumulated data was carried out using AMOS and SPSS version 25.

The questionnaire captured brand associations, experiential value, and consumer experiences. These constructs were measured using previously validated scales. All items, other than those concerning demographics, employed a 5-point Likert scale where 1 represents 'Strongly Disagree' and 5 represents 'Strongly Agree'. Alongside these, demographic data such as gender, age, and educational level were collected using closed-ended multiple-choice questions designed to enhance the contextual interpretation of the results.

Table 1: Characteristics of Respondents Profile

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	183	52.1
	Female	168	47.9
Age Group	18 – 25	264	75.2
	26 – 35	62	17.7
	36 – 45	21	6.0
	46 – 55	3	0.9
	56 or above	1	0.3
Education Level	Undergraduate	268	76.4
	Graduate	73	20.8
	Post Graduate	10	2.8

This study focuses on Chengdu, China, considering its emerging luxury market along with its high technology index consumers, thus serving as an ideal candidate for exploring phygital retail experiences. The city's emergence as a luxury market hub is a reflection of global shifts from (Jiang and Xie, 2022) where increased disposable income coupled with higher penetration of digital technologies is transforming consumers' expectations in the emerging economies. With the rapidly developing luxury

markets, Chengdu provides rich empirics to analyze consumer behavior in phygital spaces.

The goal for this study was to collect a representative sample that matched the technology-focused urban demographic of Chengdu. To better explain the findings and to link them to broader consumer trends within urban China, comprehensive demographic information including age, gender, and education level was analyzed, providing rich context to the study.

Table 2: Measurement Scales and Sources

Construct	Number of Items	Source(s)	Description
Perceived Quality	3	Aaker (1991); Keller (1993)	Measures the extent to which consumers are aware of and recall the brand.
Experiential Value	4	Mathwick et al. (2001); Schmitt (1999)	Captures the perceived value derived from engaging with the brand experience.
Utilitarian Experiences	4	Babin et al. (1994); Zeithaml (1988)	Assesses the functional and practical aspects of consumer experiences.
Social Experiences	4	Veblen (2017); Schmitt (1999)	Evaluates consumer feelings about the social aspects of their connection with the brand.
Playfulness Experiences	4	Hoffman et al. (1996); Mathwick et al. (2001)	Measures the extent of fun, creativity, and engagement experienced during brand interactions.
Hedonic Experiences	4	Babin et al. (1994); Holbrook & Hirschman (1982)	Evaluates emotional engagement and enjoyment derived from interacting with the brand.
Personal Information	7	-	Captures demographic or personal details of respondents to contextualize the data.

To improve reliability and strengthen the statistical rigor, data were collected from 351 respondents, which exceeds the minimum requirement. This sample size intersects with the demographic characteristics Chengdu has to offer and is appropriate for the different statistical methods that would be used, SEM and regression analysis. (Hair *et al.*, 2010) claims that SEM should work with a minimum of 200 samples, while (Kline, 2023) argues that models of similar complexity should be proportioned between 200-500. With the number of respondents, the study significantly builds the chances of finding meaningful relationships between the investigated variables.

Data Analysis and Results:

The Structural Equation Modelling (SEM) approach was selected for its effectiveness in assessing intricate mediation structures within the scope of consumer behaviour research. Brand associations can be mediated through experiential value along with other experiential dimensions and SEM makes it possible to study all these relationships at once. Data analysis was conducted in SPSS version 25 for computing the reliability testing and crosstabulations of the data; Confirmatory Factor Analysis (CFA) and mediation analysis were conducted with AMOS software (Hair *et al.*, 2010).

Table 3: Reliability Test Results

Variable	Cronbach's Alpha(α)
Brand Associations	.700
Experiential Value	.863
Utilitarian Experiences	.832
Social Experiences	.763
Playfulness Experiences	.861
Hedonic Experiences	.799

The internal consistency of each construct was substantiated and assessed using Cronbach's alpha which ranged from 0.700 to 0.863, indicating a span from acceptable to high level of internal consistency. For Brand Associations, the calculated Cronbach's

alpha was 0.700 which is the minimum threshold required. Experiential Value scored high at 0.863, Utilitarian Experiences followed closely with 0.832, Playfulness Experiences reached 0.861, and Hedonic Experiences came in at 0.799, all

showcasing significant reliability, while Social Experiences marked a respectable 0.763 in terms of reliability. These findings substantiate the integrity of the measurement scales, thereby **Confirmatory Factor Analysis (Model Fit Indices):**

guaranteeing precise and consistent quantification of the constructs, as posited by (Hair *et al.*, 2010).

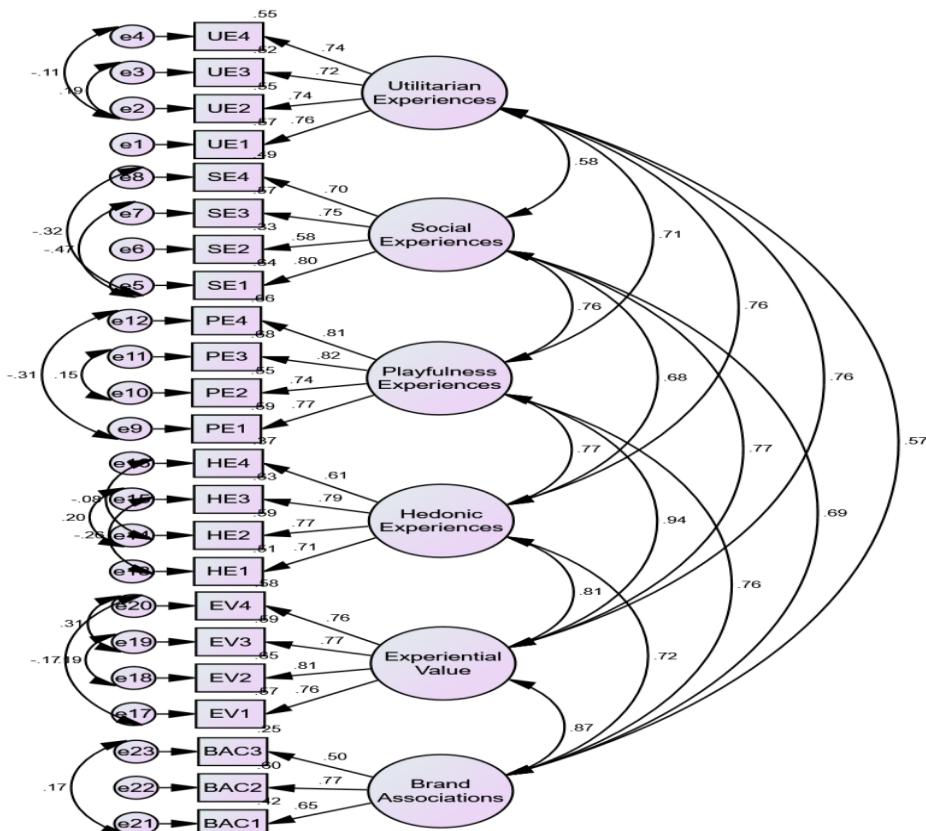
Tabel 4: Model Fit Goodness

Measure	Estimate	Threshold	Interpretation
CMIN	559.878	--	--
DF	202.000	--	--
CMIN/DF	2.772	Between 1 and 3	Excellent
CFI	0.920	>0.95	Acceptable
SRMR	0.049	<0.08	Excellent
RMSEA	0.071	<0.06	Acceptable
PClose	0.000	>0.05	Not Estimated

The CFA was conducted to validate the measurement model by assessing how well the observed data fits the proposed factor structure. Different fitness indices were reviewed to judge the model's effectiveness. The CMIN/DF ratio, a measure of model parsimony, was 2.772, which lies within the recommended range of 1 to 3, indicating an excellent fit. The Comparative Fit Index

(CFI), reflecting the congruence of the model with a foundational model, was documented at 0.920. Although this value marginally falls short of the criterion of 0.95 indicative of an exemplary fit, it nevertheless suggests a satisfactory degree of model alignment.

Fig. 2: Confirmatory Factory Analysis Model



The SRMR, a metric used to assess the discrepancies between actual and forecasted correlations, was recorded at 0.049, which is below the 0.08 cutoff, indicating a superb fit. The RMSEA stands at 0.071, marginally surpassing the desired 0.06 but still acceptable overall. However, the associated PClose (0.000) indicates that RMSEA did not meet the ideal conditions for fit.

Overall, these indices suggest that the measurement model is robust, with acceptable fit levels for most criteria, justifying its use for further structural analysis.

Structure Equation Modelling

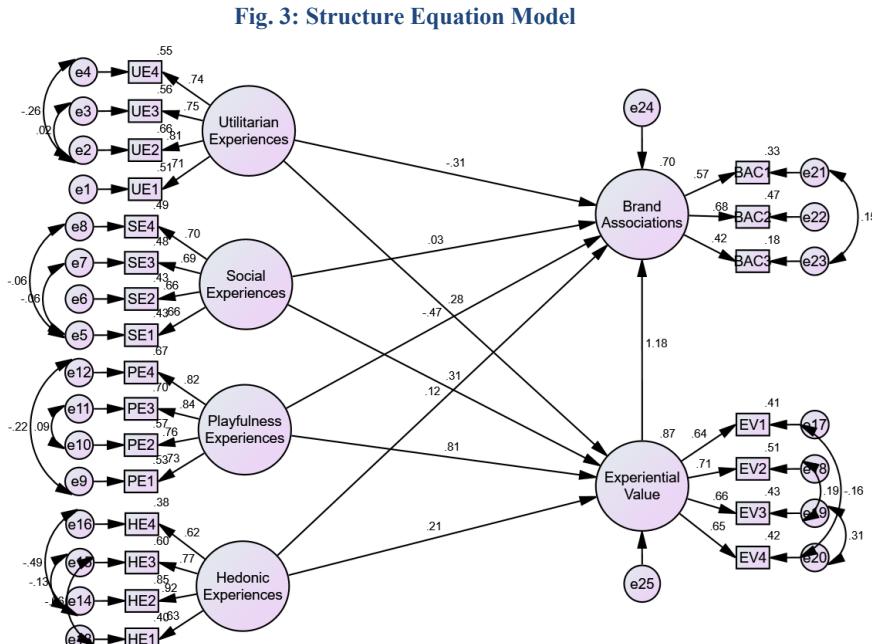


Table 5: Regression Weights

		Estimate	S.E.	C.R.	P
Experiential_Value	<--- Utilitarian_Experiences	.205	.037	5.572	***
Experiential_Value	<--- Social_Experiences	.243	.047	5.220	***
Experiential_Value	<--- Hedonic_Experiences	.183	.041	4.519	***
Experiential_Value	<--- Playfulness_Experiences	.646	.064	10.113	***
Brand_Associations	<--- Utilitarian_Experiences	-.214	.113	-1.901	.057
Brand_Associations	<--- Social_Experiences	.020	.130	.151	.880
Brand_Associations	<--- Playfulness_Experiences	-.355	.317	-1.119	.263
Brand_Associations	<--- Hedonic_Experiences	.098	.103	.949	.343
Brand_Associations	<--- Experiential_Value	1.109	.484	2.293	.022

(H1): Utilitarian experiences positively influence brand associations of luxury goods

The hypothesis testing revealed that the direct relationship between utilitarian experiences and brand associations was not significant ($p = 0.057$) with a negative regression estimate of -0.214. This suggests that utilitarian experiences alone do not directly enhance brand associations, possibly because practical benefits may not be immediately tied to emotional or cognitive perceptions of the brand.

(H2): Social experiences positively influence brand associations of luxury goods.

The direct path between social experiences and brand associations was insignificant ($p = 0.880$), with a regression estimate of 0.020. This indicates that social experiences, such as

interactions or community-based engagements, do not directly influence brand associations. It may be that social experiences need to be evaluated as valuable by the consumer before influencing brand perceptions.

(H3): Playfulness experiences positively influence brand associations of luxury goods.

The direct effect of playfulness experiences on brand associations was also insignificant ($p = 0.263$), with a negative regression estimate of -0.355. This result suggests that fun and engaging experiences do not directly contribute to forming brand associations without an intermediary factor like experiential value.

(H4): Hedonic experiences positively influence brand associations of luxury goods.

The direct relationship between hedonic experiences and brand associations was not significant ($p = 0.343$), with a regression estimate of 0.098. This implies that emotionally driven or sensory-rich experiences alone may not directly create strong brand associations.

(H5): Experiential value mediates the relationship between utilitarian experiences and brand associations of luxury goods.

The relationship between utilitarian experiences and experiential value was highly significant ($p < 0.001$), with a positive regression estimate of 0.205. Moreover, the path from experiential value to brand associations was also significant ($p = 0.022$), with a regression estimate of 1.109. This confirms that utilitarian experiences positively influence brand associations when mediated through experiential value, highlighting the importance of perceived usefulness in shaping brand perceptions.

(H6): Experiential value mediates the relationship between social experiences and brand associations of luxury goods.

The relationship between social experiences and experiential value was significant ($p < 0.001$), with a regression estimate of 0.243. This indicates that social experiences positively impact brand associations indirectly through experiential value. Consumers perceive value in the social interactions or community engagements offered by the brand, which then strengthens brand associations.

(H7): Experiential value mediates the relationship between playfulness experiences and brand associations of luxury goods.

The path between playfulness experiences and experiential value was highly significant ($p < 0.001$), with a strong regression

estimate of 0.646. This demonstrates that playful experiences strongly contribute to brand associations when mediated by experiential value. This highlights the role of enjoyment and creativity in creating meaningful brand perceptions.

(H8): Experiential value mediates the relationship between hedonic experiences and brand associations of luxury goods.

Hedonic experiences showed a significant relationship with experiential value ($p < 0.001$), with a regression estimate of 0.183. This confirms that hedonic experiences influence brand associations indirectly through experiential value, emphasizing the importance of emotional satisfaction and sensory pleasure in enhancing brand perceptions.

The insignificant direct relationships between hedonic, utilitarian, social, and playful experiences and brand associations underscore the complexity of consumer behaviour in phygital luxury settings. These findings align with (Lawry, 2022), who argue that raw experiential dimensions must be contextualized within a framework of perceived value to influence consumer perceptions effectively. However, the indirect relationships mediated by experiential value are significant across all dimensions of consumer experiences. This underscores the critical role of experiential value as a mediator, translating raw consumer experiences into meaningful brand associations. In order to strengthen brand equity, brands must focus on increasing the experiential value of their offerings in order to better capitalize on consumer experiences.

Crosstab Analysis:

To explain the trends concerning demographic preferences, the forthcoming figures provide graphical illustrations of brand preferences by age, sex, and academic qualification stratum, which aid in interpreting and understanding these discrepancies more profoundly.

Table 6: Brand Preferences According Gender, Age & Education

		Which brand do you like?									Total
		Burberry	Gucci	Louis Vuitton	Dior	Prada	Chanel	Hermès	Cartier		
Gender	Male	8	29	44	27	5	28	32	10	183	351
	Female	5	12	20	31	9	67	16	8	168	
Total		13	41	64	58	14	95	48	18	351	
Age	18-25	8	29	46	48	10	69	39	15	264	
	26-35	5	8	14	6	2	18	8	1	62	
	36-45	0	2	4	4	2	7	1	1	21	
	46-55	0	1	0	0	0	1	0	1	3	
	56 or above	0	1	0	0	0	0	0	0	1	
Total		13	41	64	58	14	95	48	18	351	
Education	Undergraduate	8	31	48	47	10	69	38	17	268	
	Graduate	4	9	15	8	4	25	7	1	73	
	Post Graduate	1	1	1	3	0	1	3	0	10	
Total		13	41	64	58	14	95	48	18	351	

The research indicates varying brand preferences amongst different genders where 67 females preferred Chanel which saw a feminine marketing strategy and 44 males preferred Louis Vuitton due to its masculine connotation. This stands out because it demonstrates the importance of brand imagery and marketing strategies in business.

The findings show that there is a strong focus on luxury brands between the ages 18 to 25, with Chanel, Gucci, and Louis Vuitton being stood out. This gap in age indicates that younger consumers are more fascinated by luxury brands due to growing

up in the middle of active economy, heavily influenced by pop culture, while older age groups do not seem to care, showing this as a generational gap. The tendency to lean towards certain brands is greatly influenced by an individual's level of education, for instance, undergraduate students are more in favor of Chanel and Louis Vuitton, which tends to stem from the sociocultural settings and goals associated with this life stage. Graduate and postgraduate respondents on the other hand were found to have more developed preferences suggesting that they are likely to hold more positive perceptions towards selective brands as they associate these with higher education.

Table 7: Brand Awareness According Gender, Age & Education

		How did you come to know about this brand?				Total
		From social media	From Website	From Friends and Family Members	From Advertising other than social media	
Gender	Male	99	22	39	23	183
	Female	100	15	30	23	168
Total		199	37	69	46	351
Age	18-25	150	30	51	33	264
	26-35	37	5	12	8	62
	36-45	9	2	6	4	21
	46-55	2	0	0	1	3
	56 or above	1	0	0	0	1
Total		199	37	69	46	351
Education	Undergraduate	152	29	53	34	268
	Graduate	40	7	15	11	73
	Post Graduate	7	1	1	1	10
Total		199	37	69	46	351

The analysis of brand awareness sources reveals that social media plays a dominant role in marketing luxury brands across different gender, age, and educational groups. It stands out as the primary tool for brand recognition, with 199 out of 351 respondents recognizing its crucial impact. While family connections and websites serve secondary functions, social media is highlighted as the most effective marketing channel for reaching diverse gender groups within the luxury sector.

For younger consumers (ages 18–25), social media is the leading platform for brand awareness, with 150 out of 264 respondents

acknowledging its importance. This trend highlights a generational divide, as older age groups show less reliance on social media, emphasizing its strategic value for engaging younger, tech-savvy audiences. Additionally, social media is the key source of brand recognition for undergraduates, with 152 participants identifying it as their primary channel. Although graduate and postgraduate respondents engage with a wider variety of informational sources, social media remains a vital tool for enhancing the visibility of luxury brands across all educational levels.

Table 8: Purchase Frequency According Gender, Age & Education

	How often do you shop at luxury stores?				Total
	Once in two years	Once a year	Several times a year	Once a month	

Gender	Male	122	31	16	14	183
	Female	93	42	25	8	168
	Total	215	73	41	22	351
Age	18-25	172	45	27	20	264
	26-35	32	21	7	2	62
	36-45	10	6	5	0	21
	46-55	0	1	2	0	3
	56 or above	1	0	0	0	1
	Total	215	73	41	22	351
Education	Undergraduate	168	50	31	19	268
	Graduate	43	20	8	2	73
	Post Graduate	4	3	2	1	10
	Total	215	73	41	22	351

The analysis of shopping frequency reveals distinct patterns based on gender, age, and education level:

Male participants tend to engage in luxury shopping less frequently, with 122 out of 183 indicating that they make purchases only every two years. In contrast, female respondents show a higher frequency of luxury shopping, typically making purchases annually or more often, suggesting a slight preference for luxury consumption among women.

Younger consumers (ages 18–25) display the strongest inclination toward luxury shopping. However, a large majority (172 out of 264) report infrequent shopping habits, typically making purchases every two years. Despite this, this age group is more likely to shop annually or more frequently compared to older generations, indicating potential growth in luxury spending within this demographic.

Undergraduates demonstrate the highest levels of engagement in luxury shopping, possibly driven by aspirational goals typical of early adulthood. On the other hand, graduate and postgraduate respondents show more selective purchasing behaviours, indicating a shift in priorities and stronger brand loyalty. This pattern indicates that undergraduate students are more engaged with luxury shopping, which may be due to the available ‘spending’ income and the general characteristics of this stage in life.

Ultimately, the results illuminate the importance that experiential value has on brand associations. Even though some impacts are minimal, the indirect effects demonstrate that value derived from experience increases its power, particularly in relation to social and utilitarian experiences. Stressing these outcomes also highlights the lack of coherence in the crafted experience systems designed to alter attitudes towards luxury products.

6. DISCUSSION & CONCLUSION:

The results indicate that luxury brands need to focus on experiential value to make consumer experiences relevant to brand associations. This goes hand-in-hand with other concepts in experiential marketing, which moves focus from the product’s characteristics to the consumer’s side (Schmitt, 1999). Not only do these findings pertain to the emerging luxury sector in Chengdu, but they also assist international luxury brands in

understanding how to deal with the modern world of phygital retailing and consumer sentiment. These findings provide international luxury brands with insights on how to design phygital strategies that integrate emotional, cognitive, and sensory dimensions to strengthen brand equity across cultures and technological environments.

This paper explores the impact of experiential dimensions—hedonic, social, utilitarian, and playful—on brand associations in luxury retail phygital settings and highlights the mediating role of value derived from the experience. The results suggest that while the direct relationships between consumer experiences and brand associations are often weak or non-existent, experiential value mediates these relationships and strengthens brand association. This proves that integrating value from the experience into phygital approaches is essential for driving equity. Weak and non-existent direct relationships between experiential components and brand associations challenge existing marketing frameworks based on phygital experience marketing’s branding strategies. This demonstrates the need to better understand how value from the experience mediates these interactions in hybrid retail settings. Supporting these findings, (Lazarus, 1991) theory of emotions, which forms a basis of consumers’ mental perceptions, focus on the consumer’s evaluation of the experience, has also been explored. The mediation of value from an experience shows that a consumer’s appraisal of the sensory, playful, and utilitarian nature of intervention deepens their emotional and cognitive bond with the brand. This re-emphasizes the role of emotional and sensory touchpoints in phygital retail environments that directly influence brand equity whereby these environments should be designed to enhance interaction.

The research underscores the importance of hedonic experiences in the formation of brand associations through their experiential value. Emotional and hedonic gratification associated with interacting with a luxurious and visually appealing environment increase brand esteem. This supports the claim that engagement on a sensory level evokes deep emotional responses to brands. Hence, we argue that it is important for luxury retailers to focus on the development of rich emotional experiences, as such experiences can elevate consumer satisfaction toward brand value. In contrast, quality and convenience as functional advantages did not have any direct impact on brand associations, although they did have significance when viewed from an

experiential perspective. This means that, in order to impact perceptions more effectively, the context of their fundamental value must be framed within an experience.

The study also found out that social interactions, particularly elements of exclusivity and social regard, did

not have a primary impact on brand associations. Instead, these interactions enhanced the value of the experience, which mediated their impact. Social perception and participation within a community greatly enhance brand equity. Experiential value had the strongest mediating impact, driven by playfulness. Brand associations were enhanced by creativity and enjoyment through

AR try-ons and gamified shopping interfaces, which are modern interactive and playful mechanisms. This consumer behavior research underlines the significance of playful interactions tailored for young, digitally immersed consumers, which ultimately changes their perception about value and prestige associated with luxury brands.

Theoretical Implications:

This research contributes to Experiential Marketing Theory (Schmitt, 1999) by showcasing its relevance to hybrid phygital retail environments with pervasive digital integration that immerse consumers in a multi-dimensional experience. Furthermore, the findings support Aaker's (1991) model of brand equity, highlighting that brand associations are enhanced when the experiential elements are mediated by emotional and mental value, as described in the model. The research also broadens (Lazarus, 1991) cognitive appraisal theory by detailing the sensory, emotional, and cognitive appraisal dynamics that drive consumer reactions to phygital experiences.

Practical Implications:

These findings can be beneficial for luxury retailers by using all dimensions of consumer experience and enhancing aspects relating to experiential value. Luxury brands need to further amplify their spending on technologies that are immersive, such as augmented reality (AR) and virtual reality (VR), for younger tech-savvy stunt consumers to engage with hedonic and playful experiences. Furthermore, the offline and online retail channels need to be integrated smoothly towards the elevation of the social and utilitarian aspects, hence fostering a seamless consumer journey. Brands can utilize blockchain to grant access to tracing the source of the products and genuineness, which answers the consumer trust and ethical sourcing demand. The use of AR and VR strengthens the immersion of ludic and hedonic activities and seamless offline and online channels gives more of social and utilitarian activities. The methodologies

described above are scalable to a wide range of cultures and technologies, making them ideal for luxury brands operating in diverse global markets. Serving Chengdu's market is especially important because younger consumers in this city keenly attend to luxury goods that are installed with innovative advertising and marketing techniques.

7. FUTURE RESEARCH DIRECTIONS:

Further research could be carried out on how sustainability and CSR initiatives can be implemented within phygital retail settings and experiences. Not only do these dimensions resonate with consumers' ethical values, but they also enhance brand equity through emotional and cognitive connections (Abdolvand and Charsetad, 2013; Kim *et al.*, 2021).

Research could focus on the differences in the Western and Asian markets' responses to phygital experiences to analyze the impact of cultural values and technological readiness on brand perceptions. Moreover, research focused on the long-term effects of phygital approaches on brand loyalty and brand equity might be beneficial. Attention to emerging technologies like AI, blockchain, and the metaverse should be focused on to understand how these innovations could add to the experiential dimensions of phygital environments, such as playfulness and hedonic engagement. There is also a need to focus on Sustainability and CSR in phygital spaces work considering the growing consumer interest in environmental and ethical issues.

Tailoring phygital experiences to individual consumers using generative AI and advanced analytics creates opportunities for future research studies. Moreover, the distinct impact of phygital strategies used in luxury retail settings on Gen Z and Millennial consumers presents another set of unexplored generational differences.

Conflict of Interest:

On behalf of all authors, the corresponding author states that there is no conflict of interest.

Ethical Considerations

"This study adhered to ethical research practices. Data were collected through a structured questionnaire after obtaining informed consent from participants. The study involved minimal risk and maintained participant anonymity and confidentiality. As the research focused on perceptions related to experiential dimensions and brand awareness, no sensitive or personally identifiable information was collected. Ethical clearance was deemed unnecessary as per the guidelines of the host institution..."

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