



The Retailer's Holiday Readiness Guide 2025

Know, Avoid, and Recover
from Seasonal Challenges



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The Most Error-Prone Time of the Year...

Twenty percent of the typical retailer's annual revenue comes from the winter holiday season.

Though the buying frenzy begins early – nearly 40% have started their holiday shopping before November and it intensifies as it goes.

Five day spree: In the 2024 season, 197 million Americans shopped from Thanksgiving Day to Cyber Monday.* From November 1 through the end of 2024, NRF estimates \$989 billion in sales. On Cyber Monday alone, Adobe Analytics estimates over \$13 billion in online sales, the single biggest day in online shopping ever.

Holiday closers: A full 67% plan to hit the stores immediately after December 25, finishing up the season with pre-planned and last-minute deals driving a final push for sales.*

The level of activity occurring on a short timeline increases the chance of errors, yet the significance of the period's revenue to annual totals make it too important to let losses occur.

Tip: Manage the timeline. Set aside time to establish processes and controls well ahead of the rush.



*Data from National Retail Federation <https://nrf.com/insights/holiday-and-seasonal-trends/winter-holidays>





Prepare Your Workforce

The estimated half a million temporary employees that join the workforce each holiday season are among the most visible factors affecting business outcomes. *

Yet employees at all levels have a role in reducing leakage. It is the typically more long-tenured executives and buyers who set strategy and negotiate, often with an array of funding and pricing deals to close of the season.

Their work putting processes and training in place play a vital role in the outcomes for the managers and workers, both permanent and seasonal, who will tag merchandise through all planned markdowns and complete all point-of-sale transactions.

Tip: Conduct a live training session on best processes for transactions. Include as many employees as feasible once holiday schedules are set. Consider recording and uploading it to your corporate intranet for access by any employees that cannot attend.

*Data from National Retail Federation <https://nrf.com/insights/holiday-and-seasonal-trends/winter-holidays>

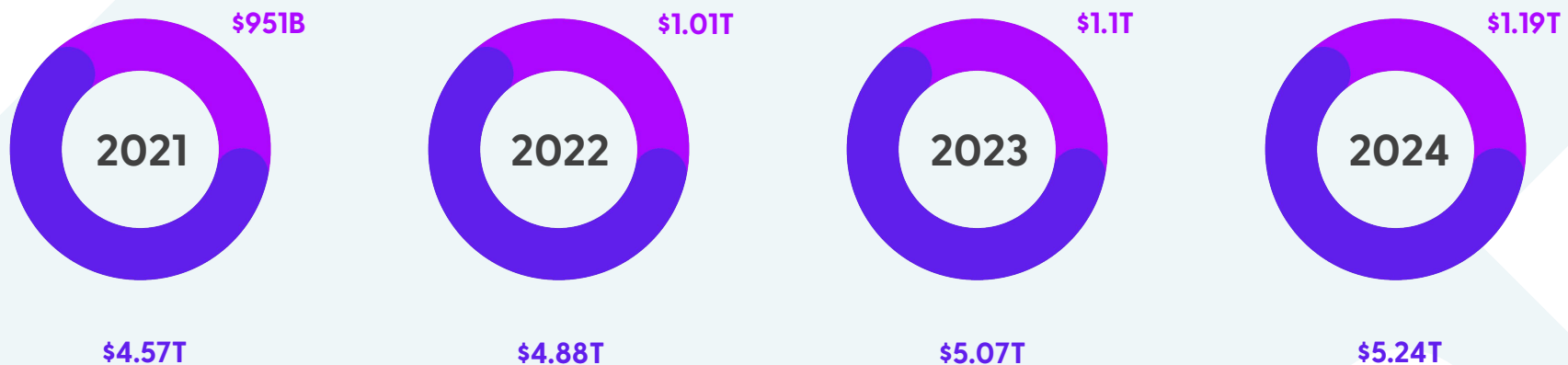


Factor In Digital Commerce

Online US retail sales continue to grow and to represent a larger percentage of total revenue. For retailers, this means not only an aggressive competitor but an explosion of new programs to leverage digital assets to drive retail revenue.

U.S. ECOMMERCE VS. TOTAL RETAIL* SALES

2021-2024



Tip: Aligning and following through on these emerging policies are vital to controlling revenue leakage. These include decisions such as whether to allow or exclude things like matching of online prices or to allow in-store returns of online purchases.

Source: Digital Commerce 360 (formerly Internet Retailer) analysis of U.S. Department of Commerce data.

* Total retail figures exclude items not normally purchased online such as spending at restaurants, bars, automobile dealers, gas stations and fuel dealers.



Prioritize Review of Promotional Funding

From special purchase offers to events and giveaways, promotional funding can take many forms and run on multiple, often concurrent timelines.

Tip: Make a point to re-examine markdown windows and special merchandise programs, from pre-season incentives to post-holiday clearance programs.

Track Pricing Programs Carefully

Supplier relationships play a vital role in ensuring the smooth operation of companies by maintaining reliable supply chains, ensuring cost efficiency, and upholding quality control. Collaborative partnerships with suppliers foster innovation, mitigate risks, and promote long-term sustainability, thereby enhancing competitiveness and stability in the dynamic business landscape.

In recent years, supply chains have faced unprecedented challenges, leading to an increase in deductions and disputes between suppliers and retailers. These issues have compelled organizations to build stronger communication channels, implement software solutions to streamline processes, and enhance negotiation skills.

In this whitepaper, we will delve into the importance of effective supplier dispute management and strategies to tackle these issues.

Tip: Mistakes happen to the best of us. Post-holiday auditing is an essential way to catch and fix errors to reduce losses.



The Returns Challenge: The Hidden Cost of Holiday Success

The holiday season drives massive sales—and massive returns. In 2025, returns are projected to hit 15.8% of retail sales, totaling nearly \$850B globally.⁷

- eCommerce returns are up to 3x higher than in-store, especially in apparel and footwear.⁸
- Common issues like wardrobing, bracketing, and empty box scams erode margins.
- Reverse logistics costs can reach \$20–\$30 per item.⁹

Tip: Some stores are adding return fees, visible tags in conspicuous locations, and more rigorous returns verification processes to deter these behaviors.

Vendor Credits: Don't Miss the Window

Only a small percentage of returned merchandise results in vendor credits—yet these can have major financial impact. Missed deadlines and poor tracking often mean lost reimbursements.

Tip: Prioritize vendor credit reconciliation during and right after the season. Early action helps capture eligible credits before deadlines pass.

⁷ Data from National Retail Federation <https://nrf.com/media-center/press-releases/consumers-expected-to-return-nearly-850-billion-in-merchandise-in-2025>

⁸ Data from Capital One Shopping <https://capitaloneshopping.com/research/average-retail-return-rate/>

⁹ Data from Zeta Global <https://zetaglobal.com/resource-center/retail-returns-reverse-logistics-challenges/>



Holiday Fraud: Spotting the Signals in Vendor Payments

The holiday season brings a surge in transactions—and fraud. While customer coupon and return fraud grabs headlines, **vendor payment fraud** quietly erodes margins.

Why It Spikes

High volume and tight timelines create ideal conditions for errors and exploitation. Temporary staff, rushed approvals, and outdated vendor records increase risks like:

- Duplicate payments
- Phantom vendors
- Manipulated invoices

Experts estimate 5% of annual revenue is lost to fraud, with holiday volume and urgency amplifying the risk.¹⁰

Apply Recovery Audits to recover lost dollars and uncover fraud signals:

- AI flags anomalies in invoice amounts and vendor data
- Benford's Law detects irregular patterns
- Cross-checking supplier and employee data reveals insider risks

Tip: Post-holiday audits can surface overpayments and discrepancies that may serve as clues to potential fraud.

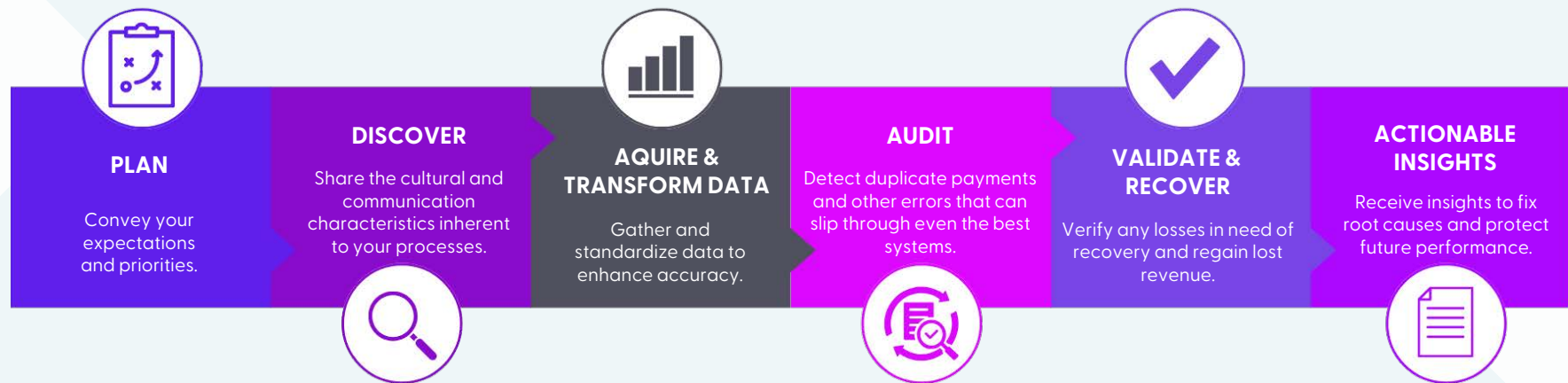
10 Data from NY CPA <https://www.nysscpa.org/news/publications/the-trusted-professional/article/report-worldwide-organizations-lose-billions-to-fraud-032124>



The Retailer's Holiday Sanity Toolkit: Know, Avoid and Recover from Seasonal Challenges

Consider Tech-Enabled Retail Merchandise Profit Recovery

Since it carries so much weight in annual revenue, the holiday season deserves a comprehensive audit. A qualified, independent auditor will take you through all the steps needed to ensure no leakage goes undetected.



Tip: You're off and running on the rest of the year. Outsourcing a comprehensive, professional audit is a best practice followed by the world's top retailers.





CONCLUSION

PRGX helps companies spot value in their source-to-pay process that traditional approaches simply can't. Having identified more than 300 common points of leakage, we help companies dig deeper and act faster to get more out of their recovery audits.

We pioneered the industry 50 years ago, and today we help clients in more than 40 countries take back US \$2 billion in annual cash flow each year.

It's why 75% of top global retailers and a third of the largest companies in the fortune 500 rely on us.

For more information, please visit www.prgx.com.