

The Retailer's Holiday Readiness Guide 2026

Know, Avoid, and Recover
from Seasonal Challenges



TABLE OF CONTENTS

The Most Error Prone Time of the Year	3
Prepare your Workforce	4
Factor in Digital Commerce	5
Prioritize Review of Promotional Funding	6
The Returns Challenge: The Hidden Cost of Holiday Success	7
Holiday Fraud: Spotting the Signals in Vendor Payments	8
Consider a Full Recovery Audit & Preventive Approach	9
About PRGX	10

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

The stakes have never been higher. In 2025, holiday spending surpassed \$1 trillion for the first time – and the pace is only accelerating.¹

Five-day spree: A record 203 million consumers shopped from Thanksgiving Day through Cyber Monday in 2025, eclipsing the previous record of 200.4 million set in 2023.² Cyber Monday alone attracted 75.9 million online shoppers – an 18% jump over the prior year – with nearly two-thirds completing purchases on their mobile devices.²

Holiday closers: Over the Thanksgiving weekend, consumers spent an average of \$337.86 on holiday-related purchases, up 7% from the year before and the strongest figure since 2019. Roughly two-thirds of that total went directly toward gifts.² Yet even with 84% of shoppers already underway by late November, more than half of their holiday buying still remained – fueling weeks of high-volume transactions through year-end.²

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 makes it too important to let losses occur.



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

¹ CNBC/NRF Retail Monitor, January 2026. <https://nrf.com/media-center/press-releases/cnbc-nrf-retail-monitor-s-december-data-shows-strong-holiday-season-spending>

² National Retail Federation, December 2025. <https://nrf.com/media-center/press-releases/thanksgiving-holiday-weekend-draws-a-record-203-million-shoppers>





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.³

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 out 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.

³ US Bureau of Labor Statistics, September 2024.

<https://www.bls.gov/opub/ted/2024/retail-trade-holiday-employment-buildup-and-layoff-2017-2024.htm>

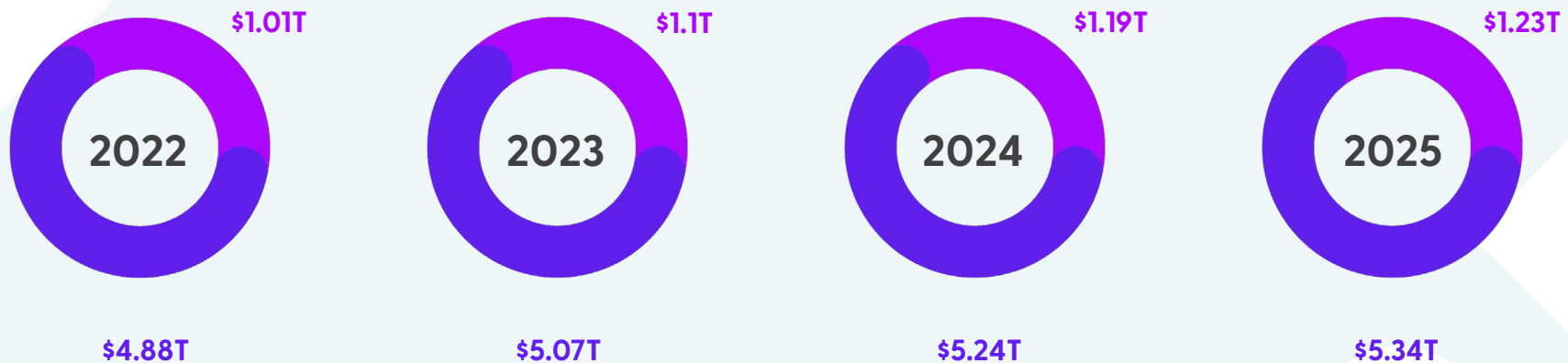


Factor In Digital Commerce

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

FULL YEAR 2022-2025⁴



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.

⁴ 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

Each program carries its own pricing structures, rebate triggers, and lump-sum agreements – and each is an opportunity for setup errors to slip through during the holiday rush. The pressure of the season can also strain supplier relationships, with the surge in transactions leading to an increase in deductions and disputes between suppliers and retailers. Strong communication channels and clear documentation become essential to resolving issues quickly and maintaining trust on both sides.

Increasingly, leading retailers are moving beyond just post-season auditing to also validate promotional funding before billing – catching issues like wrong funding rates, missing items or stores on contracts, and price misalignments while the teams who negotiated the deals are still available to resolve them. This approach not only recovers more cash in-year but also reduces the friction that surprise deductions create with suppliers.

Tip: Mistakes happen to the best of us. Whether you review promotional setups before billing or audit after the fact, building a structured review into your holiday timeline is essential to reducing losses.



The Returns Challenge: The Hidden Cost of Holiday Success

The holiday season drives massive sales – and massive returns. Retailers processed \$706 billion in merchandise returns during 2025, with \$100 billion attributed to preventable loss from return fraud and abuse.⁵

- Buy online, return in-store (BORIS) transactions alone accounted for \$208 billion – 29% of all returns.⁵
- Common issues like wardrobing, bracketing, and empty box scams continue to erode margins
- Reverse logistics costs can reach \$20–\$30 per item.⁶

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.

⁵ 2026 Total Retail Loss Benchmark Report, Appriss Retail. <https://finance.yahoo.com/news/study-finds-796bn-total-retail-110020968.html>

⁶ Olimp Warehousing, 2025. <https://olimpwarehousing.com/reverse-logistics-ecommerce-returns-opportunities/>



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.⁷

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.



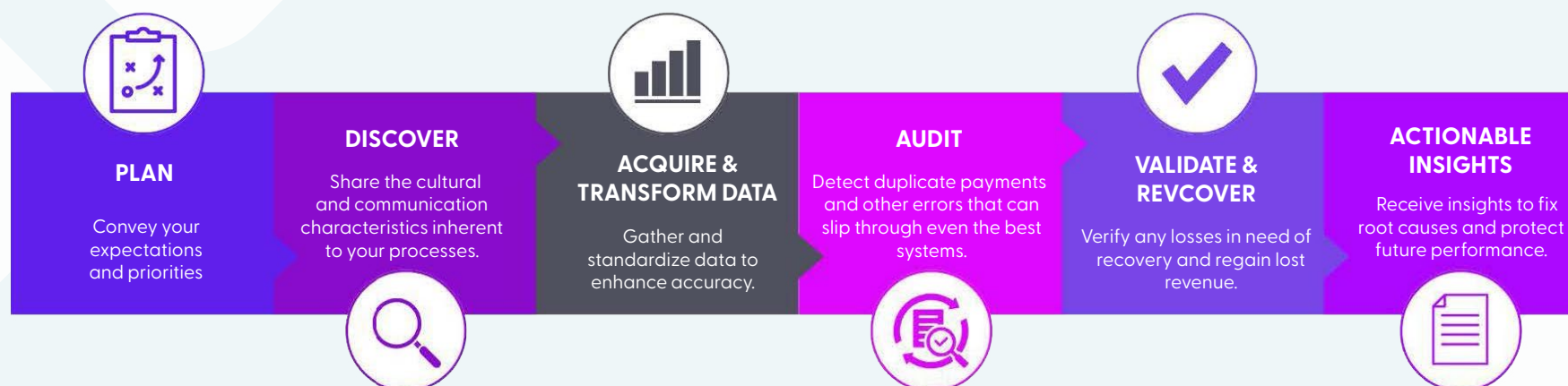
⁷ ACFE, May 2026. <https://www.acfe.com/about-the-acfe/newsroom-for-media/press-releases/press-release-detail?s=occupational-fraud-2026-a-report-to-the-nations-pr>



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.



Go Further: Prevent, Recover, and Communicate

The most effective programs don't stop at recovery. By adding AI-driven preventive audits and accelerated audits, retailers can catch errors earlier in the cycle – and recover anything that slips through with a comprehensive post-season audit. Pairing both with real-time root cause insights and clear supplier communication ensures the process isn't just about finding funds. It's about building a healthier, lower-friction relationship with vendors that strengthens performance year after year.

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 finds the value others miss. Our purpose-built AI and industry experts deliver more depth and coverage across the source-to-pay process than traditional approaches or standard tools. 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.

From Preventive Audits for Retail that catch errors before billing to Tech-Enabled Retail Merchandise Profit Recovery Audits that uncover what slips through, PRGX protects profit across the full cycle. When disputes arise, Supplier Connect can simplify resolution with real-time transparency and AI-powered workflows.

We pioneered the industry 50 years ago, and today we help clients in more than 30 countries take back US \$2 billion in annual cash flow each year.

It's why 72% of top 25 global retailers and a third of the largest companies in the Fortune 500 rely on us.

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

