

From AI to Off-Price: How Retailers Can Win the Holiday Season



Retail's Holiday Advantage: Where Innovation Meets Expectation

Retail companies reflect culture and creativity.

These industries are also becoming showcases for technological transformation. As AI reshapes everything from inventory management to personalized shopping experiences, brands must embrace innovation to stay competitive. In a landscape defined by economic shifts and evolving consumer expectations, AI is not just a tool; it's a strategic advantage.

Here are six key trends revealing how retailers are leveraging AI and adapting to consumer priorities to win the 2025 holiday season.



1 Essentials Take Center Stage for Resilient Shoppers

Consumers are resilient, not robust. They're spending, but with intention. Despite global uncertainty, consumers continue to shop, but with more caution. Employment remains a key driver of spending, but shoppers are increasingly focused on essentials and value. This has led to:



Brands are using AI-powered personal shopping assistants to help customers find exactly what they need at the right price point



Trading down from luxury to designer or contemporary brands



Shifting from full price to off-price retailers as a proactive way to attract value-conscious customers



Pro Tip:

Use AI and machine learning to personalize promotions based on customer behavior and preferences.



2 Off-Price as a Strategy, not a Sacrifice

Off-price retail is no longer a last resort; it's a strategic lever. If a brand does not offer off-price products, it may not be taking enough creative or inventory risk. Brands that embrace off-price smartly can:

-  **Acquire new customers at lower price points with personalized interactions**
-  **Test inventory risk and design boundaries across the business**
-  **Create aspirational pathways from off-price to full-price purchases**



Pro Tip:

Deliver consistent pricing across channels, drive loyalty with promotions and coupons, and integrate payment service providers into your processes.



3 Timing Is Everything: Shifting Seasonal Spend

Concerns around tariffs, inflation, and shortages have pulled seasonal shopping earlier in the year. Back-to-school purchases, for example, are now happening as early as June. Brands are responding with:

-  Early promotions using AI-powered personalization to drive traffic and conversion
-  Strategic pricing by raising base prices, then discounting to maintain margins
-  Inventory acceleration to meet early demand



67% of back-to-school shoppers had already begun their purchases by early July, the highest since NRF started tracking consumer back-to-school shopping progress in 2018¹

¹ National Retail Federation, "[Back-to-School Season Begins Early for Majority of Shoppers](#)", 2025



51% of back-to-school families specifically cited concerns about rising prices due to tariffs as a reason for starting back-to-school shopping early (The stat is for all respondents and not only the 67% cited in the first bullet)²

² Ibid.



Centralize price management and make it easier to update and maintain accurate pricing data for products and promotions, especially as you adjust and prepare for the holiday season campaign.



4 The Evolving Role of E-Commerce and In-Store

In today's retail environment, the balance between e-commerce and in-store shopping is stabilizing. Our latest AI in Retail global report highlights the convergence between online and in-person shopping. 55% of retail purchases have been made in a physical store, and 54% have been made through an online marketplace. Retail marketers must unify their data across physical stores, digital channels, and back-end systems to:



Invest in seamless omnichannel experiences powered by AI



Leverage buy-online, pick up in store (BOPIS), and ship-from-store models



Enhance in-store experiences with personalized service, events, and tech-enabled fitting rooms



Pro Tip:

Connect data and channels to personalize omnichannel customer engagement that drives loyalty and retention.



5 From Influencers to Authenticity: The Rise of UGC

The golden age of mega-influencers may be fading. User-generated content (UGC) feels like a peer recommendation—and it performs well. Brands are shifting toward:

-  **UGC for authenticity and relatability**
-  **Niche influencers in rising cultural spaces like K-pop, F1, and the WNBA**
-  **Smarter content spend with AI-generated ad variations**



Pro Tip:

Use AI tools and capabilities to manage your product catalog in a way that saves time and expands reach.



6 AI in Retail: From Buzzword to Business Driver

Generative AI is no longer theoretical; it is helping power real results. In fact, 92% of retail marketers are already using AI based on the SAP Emarsys AI in Retail global report. Those who are using AI are reaping more benefits faster. Brands are using AI for:

-  Visual search in resale markets
-  Customer service augmentation with smarter, more human-like chat
-  Hyper-personalized experiences through loyalty data and predictive insights



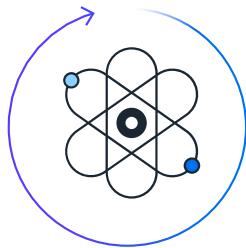
Pro Tip:

Use AI to deliver personalization that feels like a value exchange, not a privacy invasion.



Who Will Win This Holiday Season?

The winning brands this holiday season will embrace:



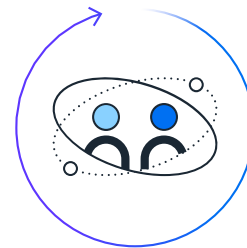
AI-powered efficiency
and creativity



Contemporary and
off-price positioning



Smart promotions powered by
AI with transparent pricing



Authentic content and
personalized experiences

The bottom line:

The brands that blend AI-innovation with empathy will come out ahead.

Ready to Rethink Retail?

Embrace the shifts, invest in seamless experiences, and meet your customers where they are—online, in-store, and everywhere in between.



Learn how

SAP Emarsys solutions >

can help you power the future of retail.

