

RETAIL TECHNOLOGY TRENDS AND CHALLENGES IN 2025



EXECUTIVE SUMMARY

Canam Research partnered with Rizing and SAP on the topic of Retail Technology. The research project surveyed various companies in the retail sector, including fashion, sporting goods, beauty and cosmetics, lifestyle, grocery and convenience stores, home improvement, and specialty retail. Responses were collected from the C-level, VP/EVP/SVP, Directors, GMs, and Managers.

Research focused on



Top business and technology challenges for 2025



State of omnichannel operations and underlying technology



Foundational ERP Technologies



AI-driven automation



How digital transformation is being driven across departments

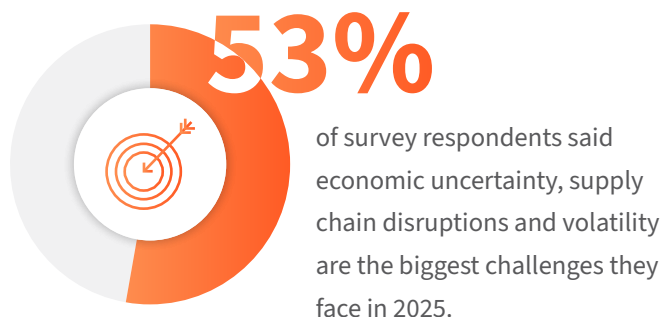


Data analytics and anticipating market trends

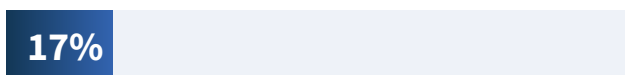


KEY OBSERVATIONS

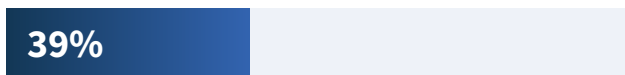
■ Top business challenges



■ Leveraging the ERP across the entire business



of survey respondents have fully integrated their ERP system across the business.



of survey respondents are planning expansions of their ERP implementation.

■ Top concerns about adopting a cloud ERP



39% of survey respondents indicated integration issues were their biggest concern.



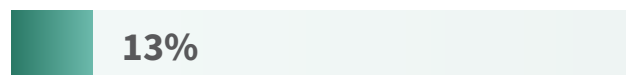
33% of survey respondents cited budgetary concerns.

■ Focus for the future

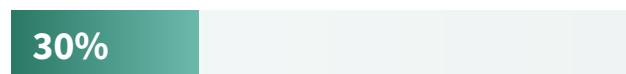


Survey respondents will be investing in a diverse range of technologies in 2025 – top investment areas are inventory and supply chain management, ERP modernization, and AI.

■ Analytics impact on anticipating market trends



of respondents have seen significant improvement.



of respondents have seen moderate improvement.



of respondents have seen slight improvement but are still building their analytics capabilities.

■ Direct-to-consumer (DTC) and multi-channel operations

For many brands, direct-to-consumer (DTC) and multichannel selling are critical to growing sales and staying competitive.

15% of retailers in the survey indicated that they are fully equipped to meet these demands.



Claim they are partially equipped but still face gaps, while most struggle with limited capabilities or completely lack the ability to handle DTC and multichannel business models.

■ A.I. driven automation



70% of survey respondents said that they are in the early stages or only beginning to explore the potential of AI to automate and improve the business.

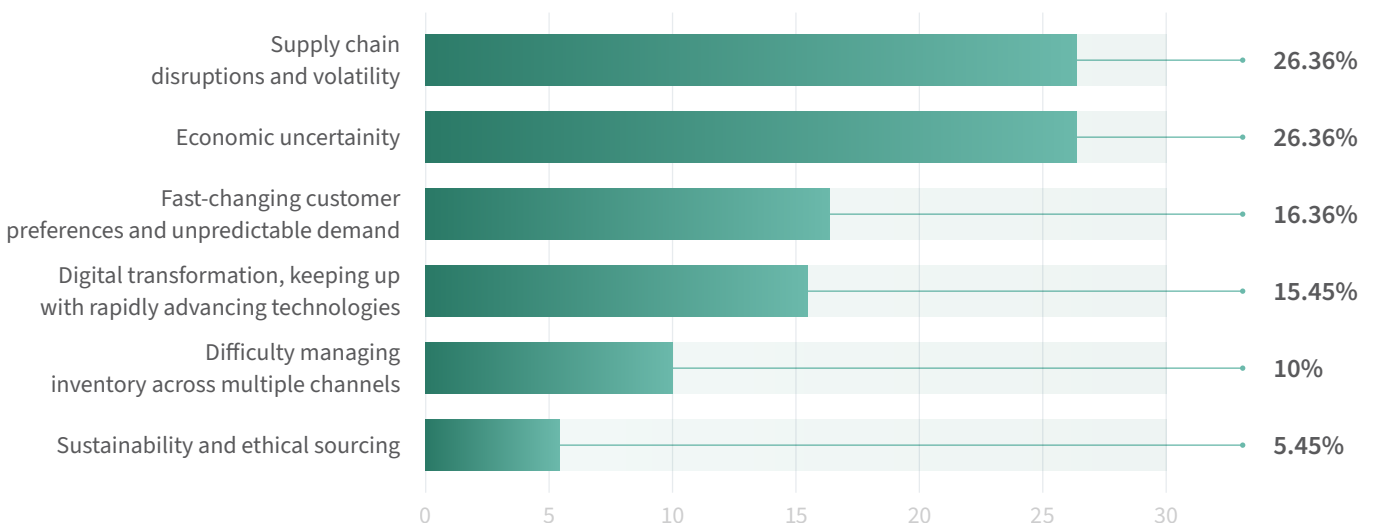
SURVEY TRENDS

■ What do you believe will be the top challenges facing the fashion and retail industry as we move into 2025?

Many of the expected challenges for 2025 fall into categories that cannot be controlled but can be managed: economic uncertainty and volatility. Once managed, the other challenges facing the fashion and retail industry can be directly solved. Improvements in data gathering and analytics would make it easier to monitor customer preferences and predict demand.

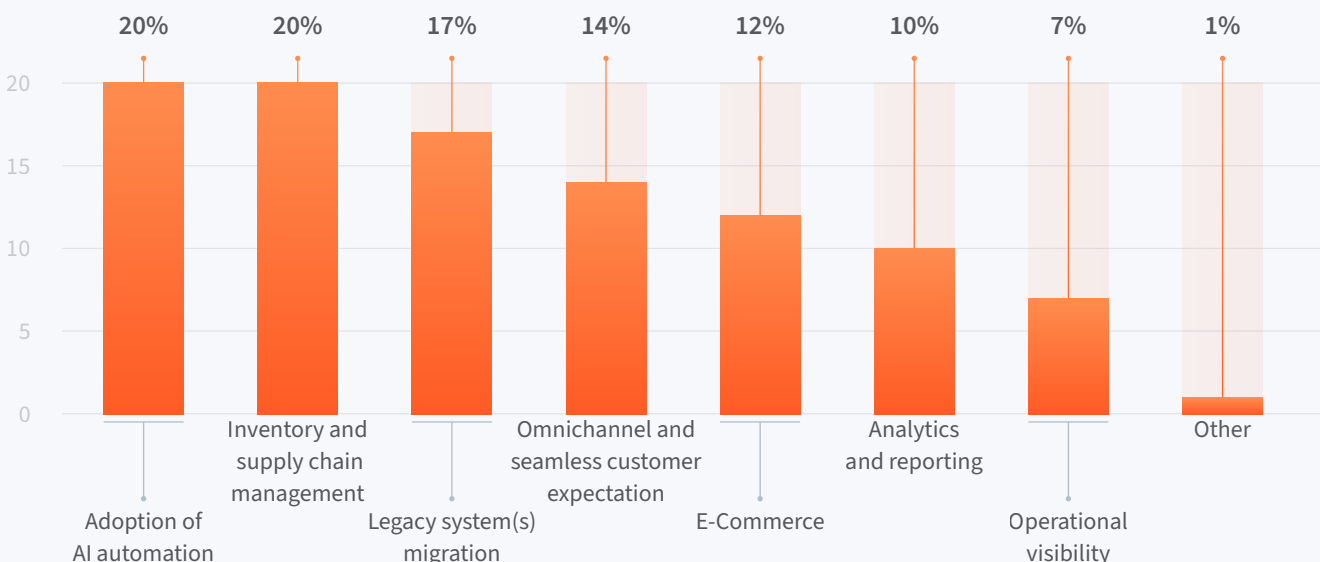


For example, upgrades to inventory management and order processing systems would solve managing inventory across multiple channels.



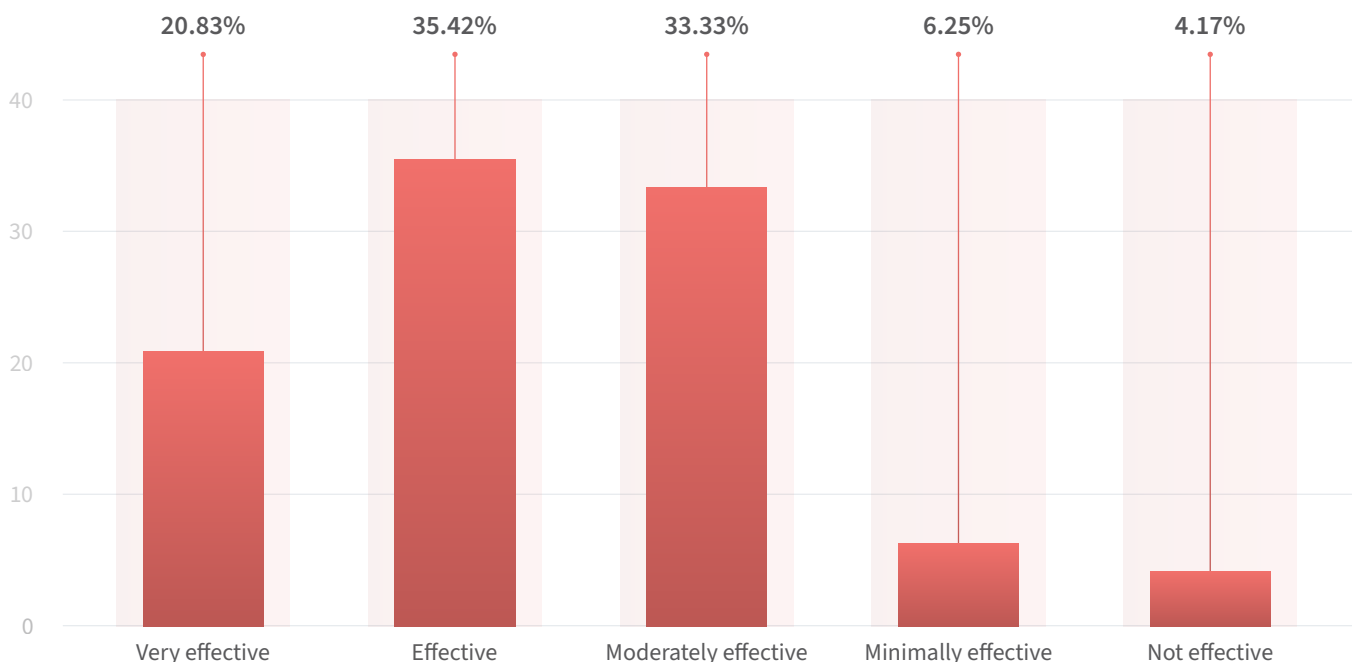
■ What are the biggest technology challenges for fashion and retail brands heading into 2025?

There is no dominant technology challenge for fashion and retail brands. The job of leadership will be to determine which technology challenge should be addressed to make the biggest impact on improving the business. For fashion and retail, solving omnichannel selling would maximize revenue growth and should be at the top of the list. Addressing inventory and supply chain issues would make dealing with supply chain disruptions easier and serve the needs of omnichannel selling. A resilient supply chain is no longer “nice to have.” It’s critical to meeting sales goals.



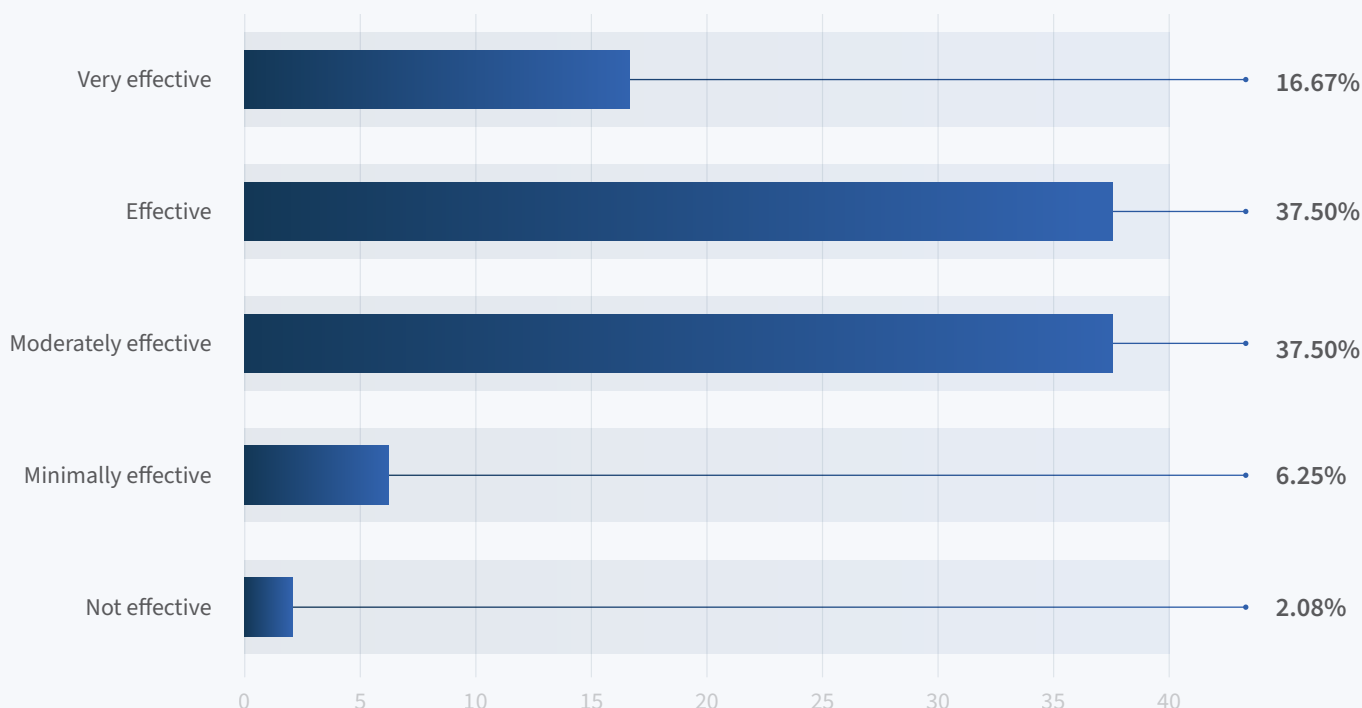
■ **On a scale of 1 to 5, rate how effectively your current systems manage real-time visibility of inventory.**

About 55% of survey respondents indicated they have the systems to effectively provide real-time inventory visibility. This means they are better positioned to operate in a multi-channel sales environment. Respondents who are struggling with real-time inventory visibility will have difficulty with multi-channel sales, and if they are competing for multi-channel sales, they are likely faced with a lot of manual effort to make it work.



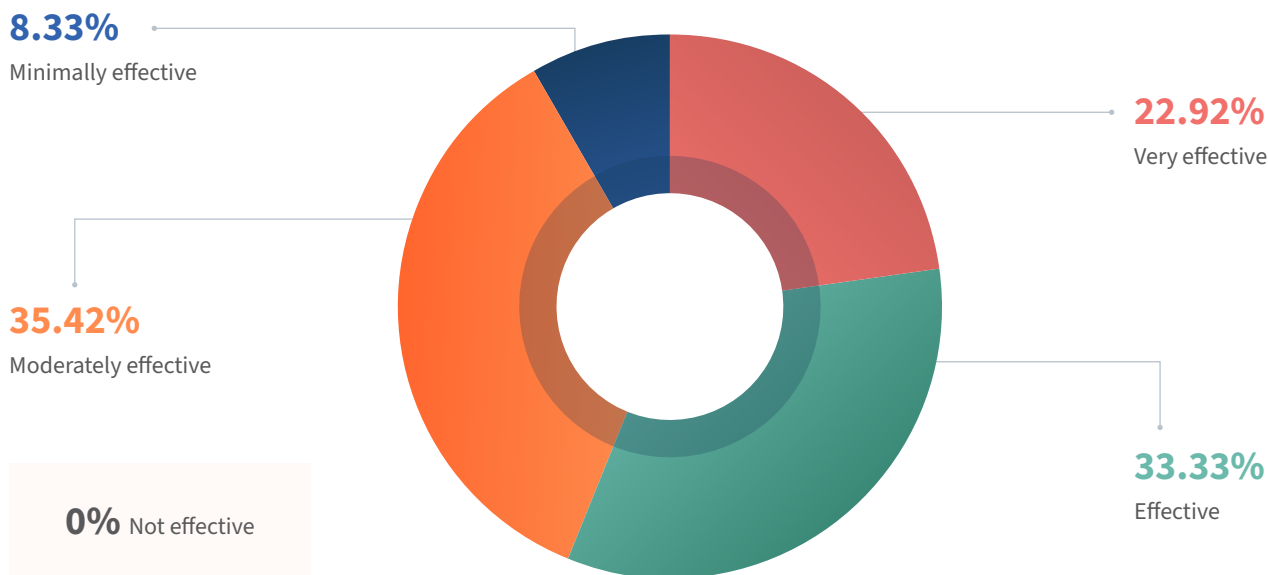
■ **On a scale of 1 to 5, rate how effectively your current systems manage customer data.**

Over half of the survey respondents said their customer data management systems are effective, which means these companies are more competitive and better positioned to serve their customers. A sizable cohort of respondents don't have effective systems to manage customer data. An effective customer data management platform is the foundation for effective replenishment and assortment planning and for implementing successful pricing and promotion strategies.



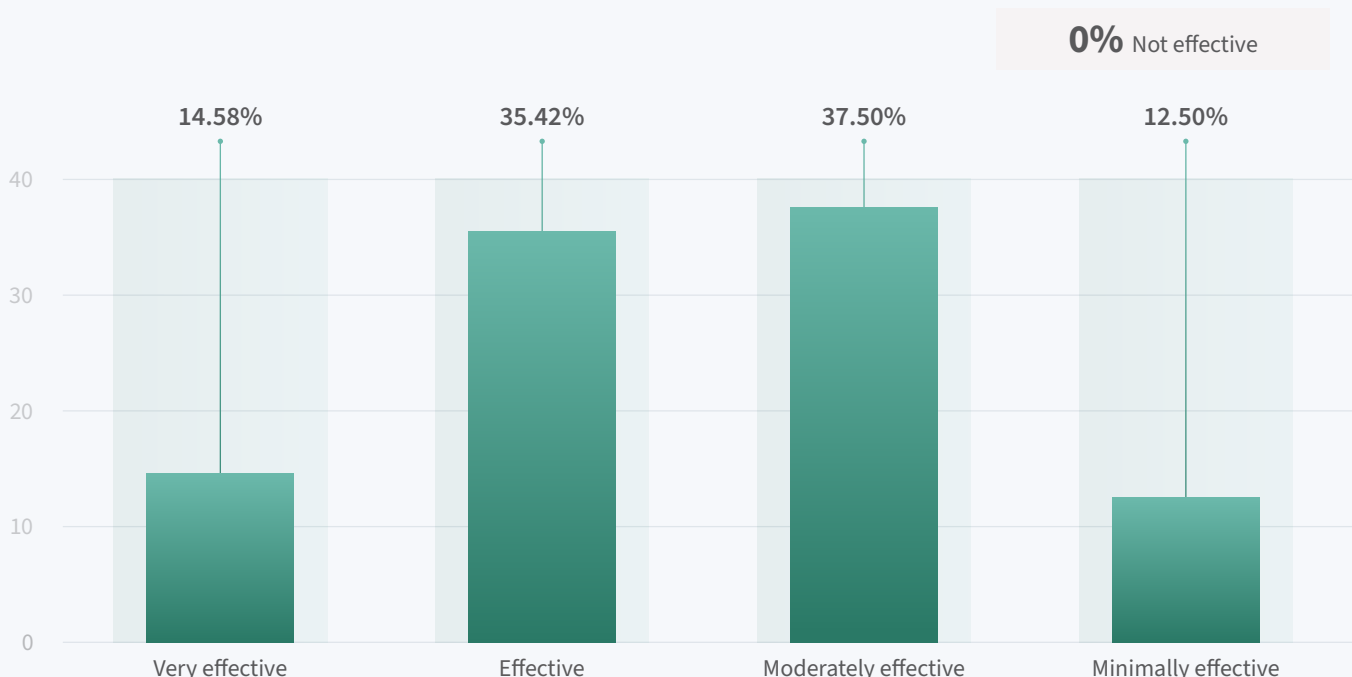
■ **On a scale of 1 to 5, rate how effectively your current systems manage merchandise and inventory management.**

Having effective merchandise and inventory management directly impacts sales, carrying costs, customer loyalty and the ability to respond to market trends. The fashion and retail brands with the right technology in place are going to see better performance vs. brands that have not made the investments to achieve effective merchandise and inventory management. Over 40% of survey respondents appear to be struggling with merchandise and inventory management and will eventually have to address this technological shortfall.



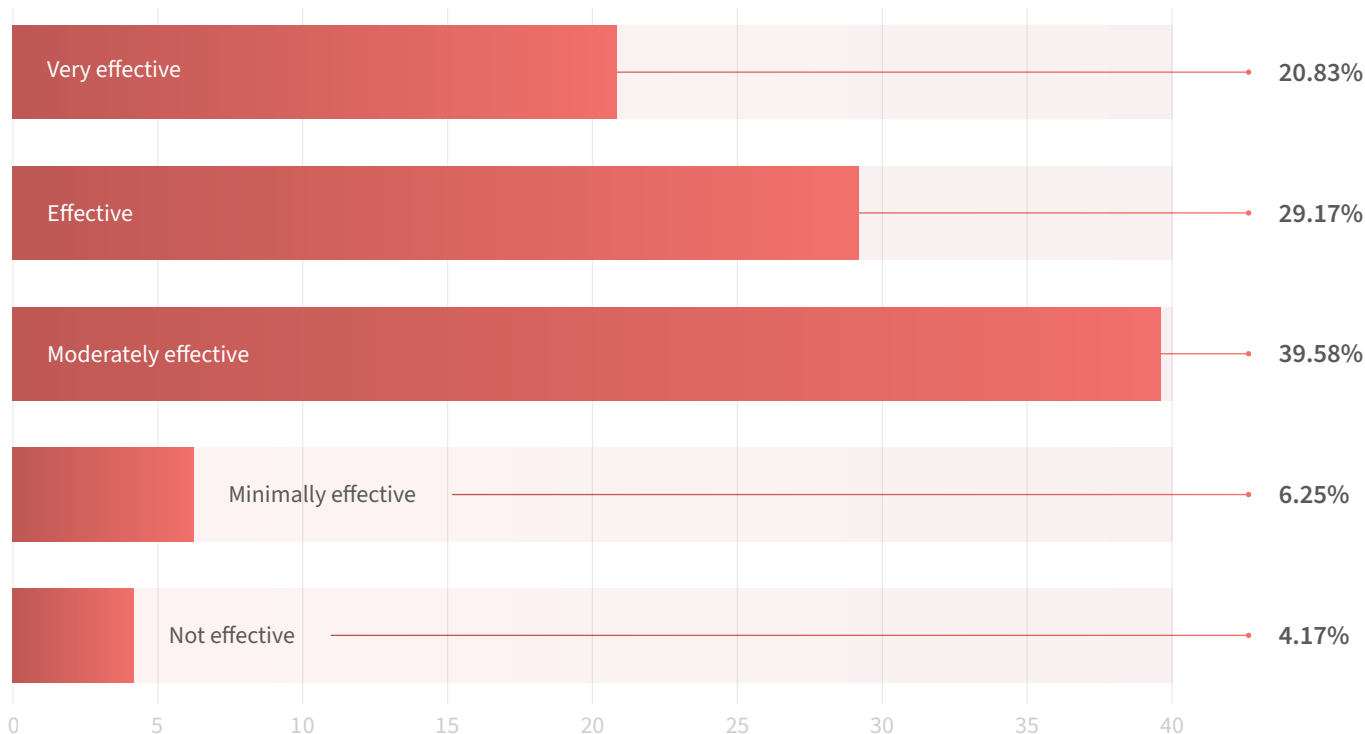
■ **On a scale of 1 to 5, rate how effectively your current systems manage e-commerce.**

Mastering e-commerce is very doable, and about half of the survey respondents are confident in their ability to manage e-commerce operations. Fashion and retail brands struggling with e-commerce will have more difficulty competing for direct-to-consumer sales and implementing omnichannel sales initiatives. The expertise and technology to make e-commerce effective is readily available—it’s only a matter of deciding to make the investments that will deliver better DTC and omnichannel sales results.



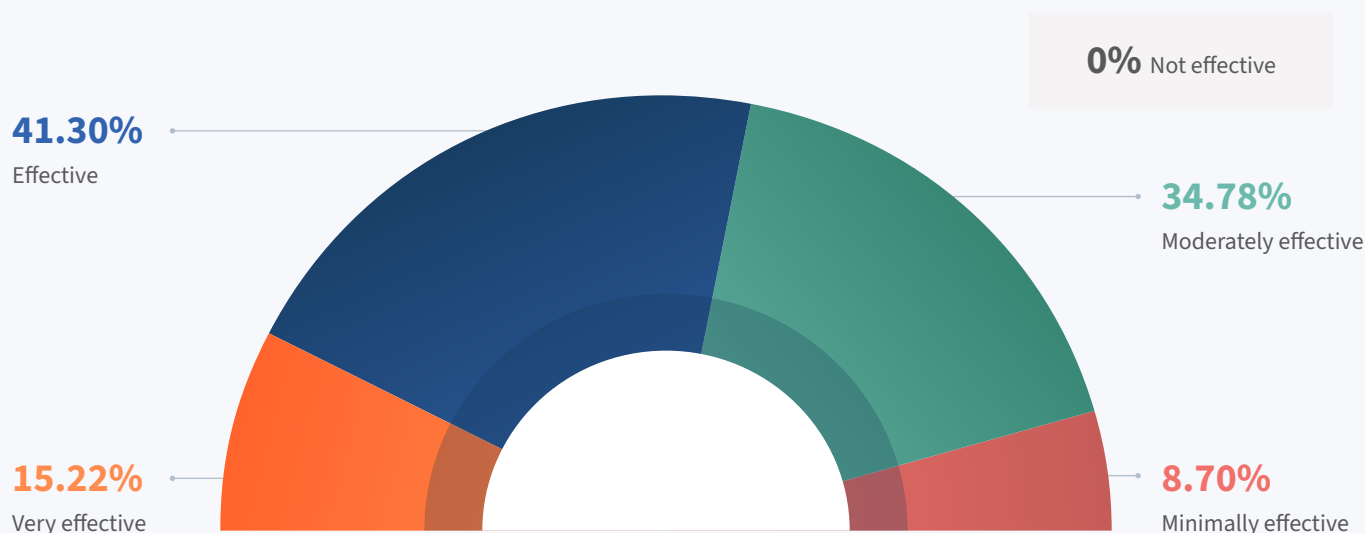
■ **On a scale of 1 to 5, rate how effectively your current systems manage suppliers.**

Supplier management is one tool for addressing many of the business challenges facing the fashion and retail industry. Less than 50% of the survey respondents indicated they have effective supplier management, which suggests that the rest are not ideally positioned to deal with supply chain disruptions, volatility, changing customer preferences, and maximizing profit margins. Brands struggling with supplier management have a significant opportunity to use the right tools to address this issue and reap significant benefits.



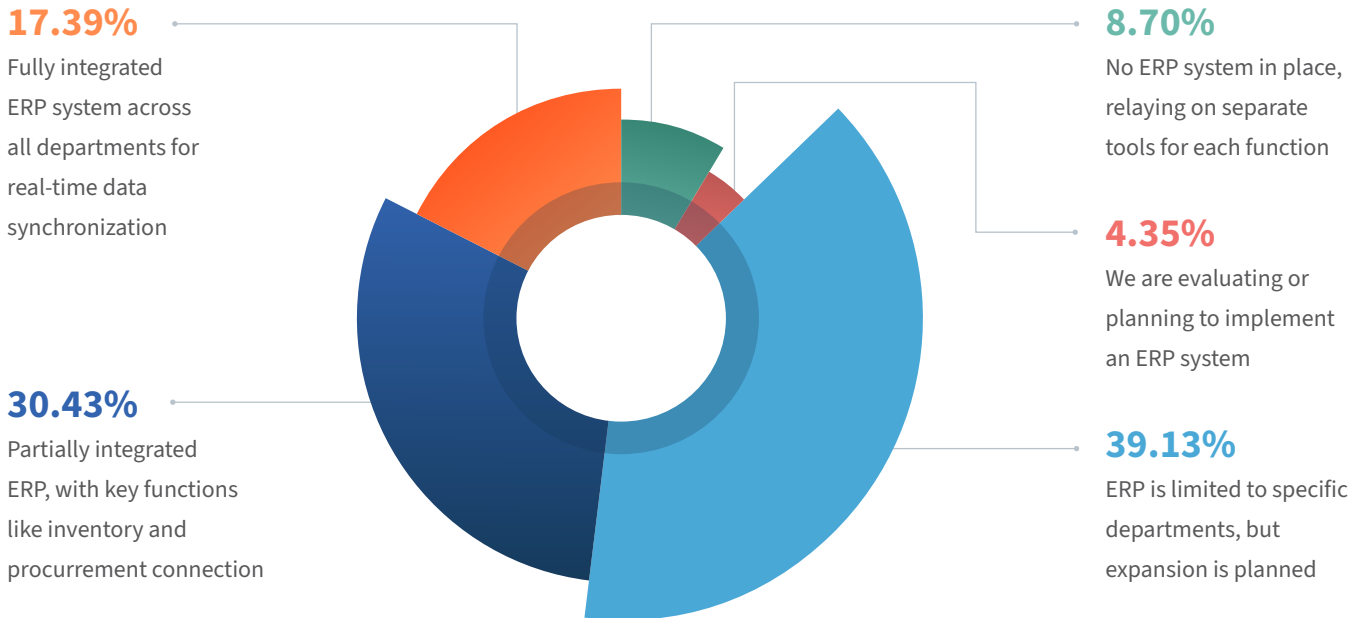
■ **On a scale of 1 to 5, rate how effectively your current systems manage pricing and promotions.**

A majority of survey respondents are confident in their current systems' ability to manage pricing and promotions. However, a significant cohort indicated that their systems were not effective. The challenges with pricing and promotion management can be caused by outdated systems, integration challenges, and a lack of consistent data. Once a decision is made to address these issues, these problems can be solved and would likely make a significant impact on margins.



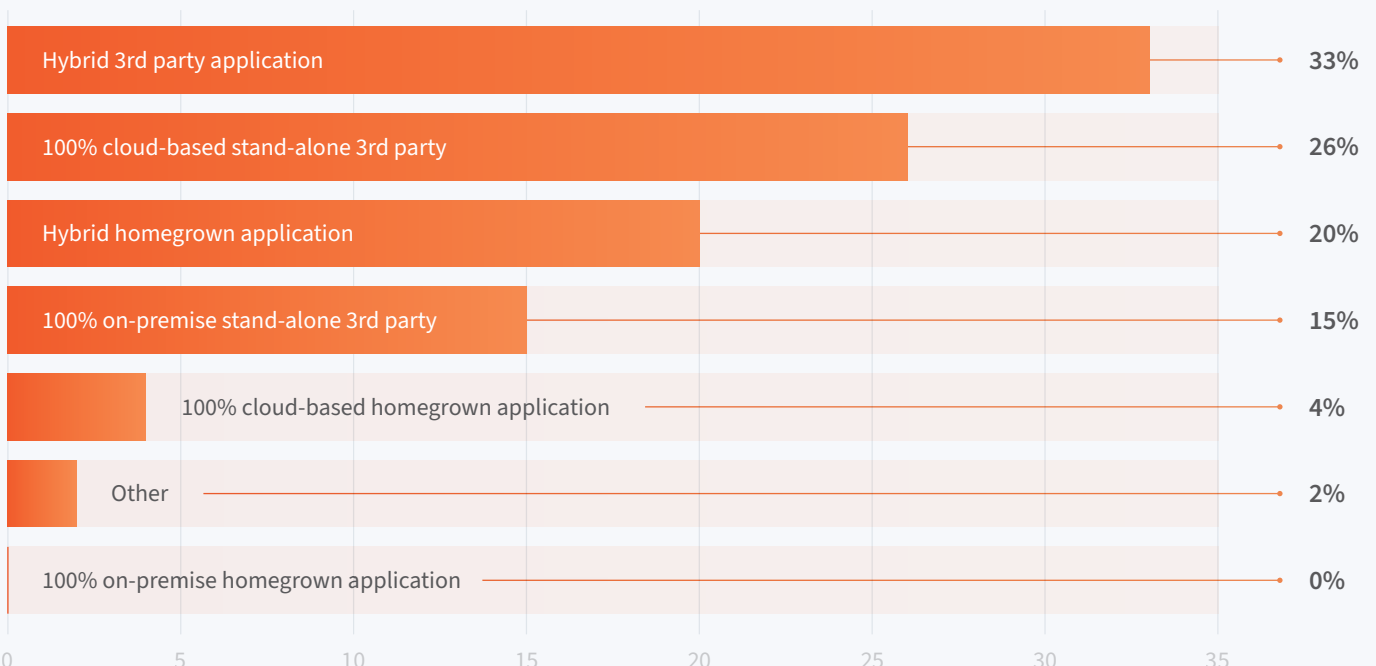
How has your organization integrated ERP solutions to drive digital transformation and streamline operations across different functions (e.g., inventory, procurement, finance, HR)?

When it comes to maximizing an ERP to transform the business, many fashion and retail brands have a long way to go. Less than 18% have fully integrated their ERP across all departments to maximize the value of company data to facilitate omni-channel sales, enhance supply chain management and improve customer satisfaction. It's notable that nearly 40% of respondents realize this is a critical business issue and are planning to improve ERP integration.



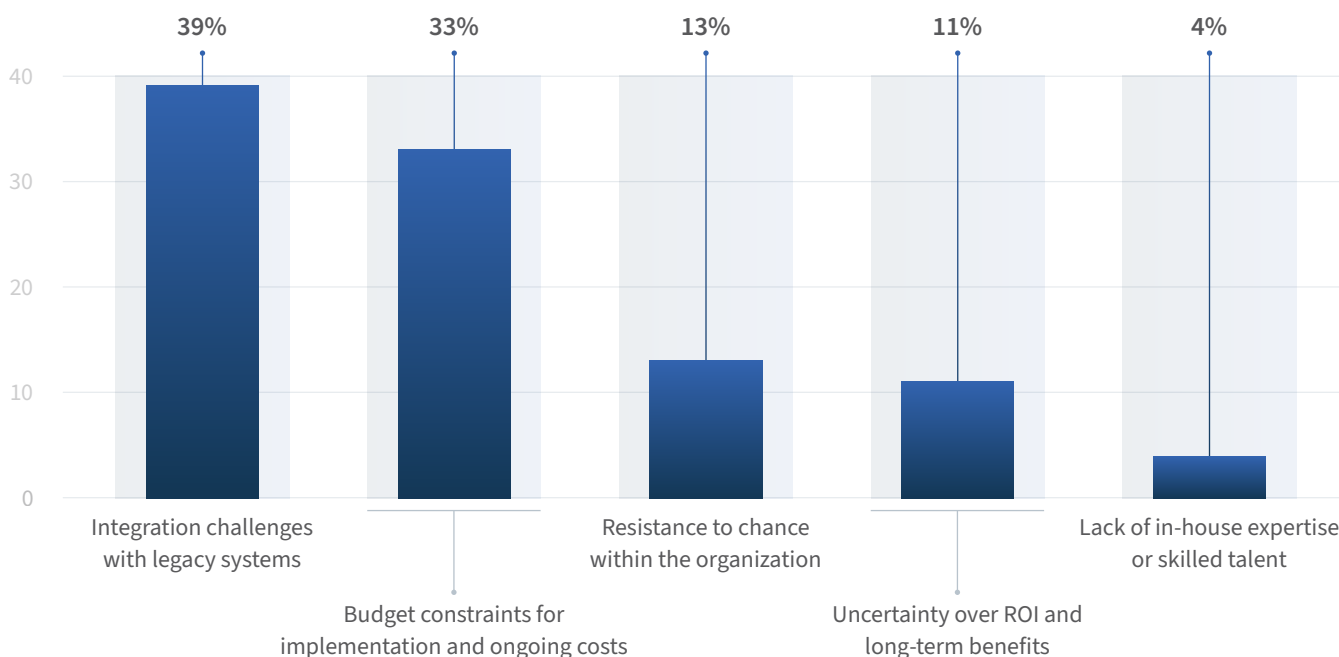
Which best describes your current ERP implementation?

The fashion and retail industry has for the most part embraced the cloud, whether using a homegrown or third-party application for their ERP and a hybrid or 100% cloud-based implementation. This is not surprising considering that cloud-based ERPs deliver lower costs, more readily facilitate omni-channel sales and offer stronger security and disaster recovery capabilities.



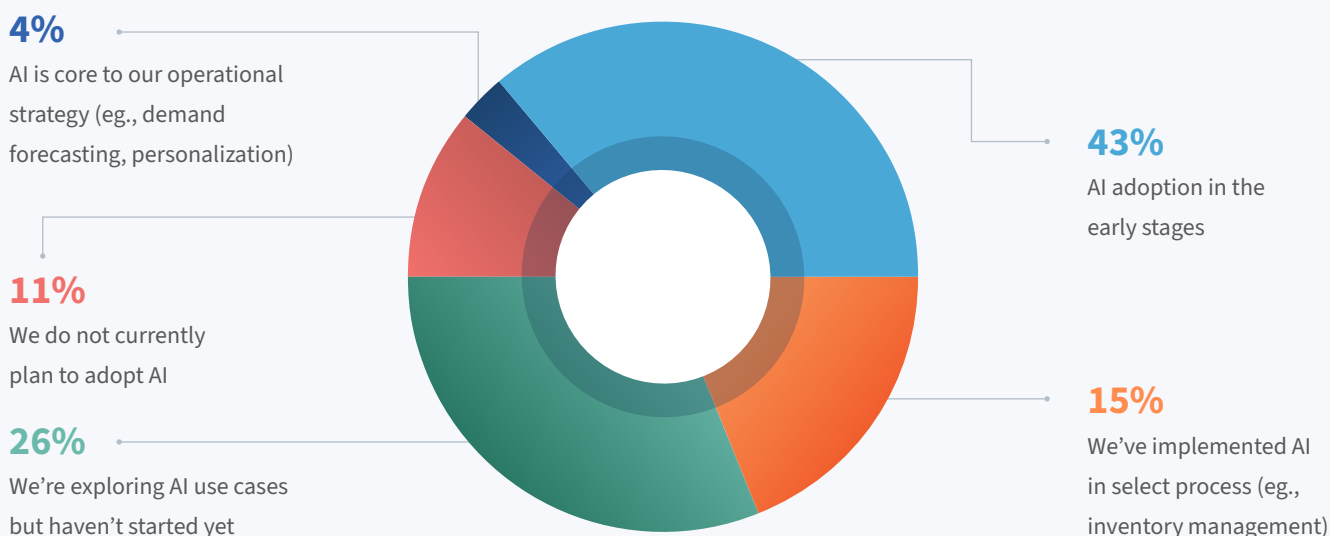
■ What are the main barriers your company faces in adopting cloud ERP and other advanced technologies like analytics, planning, and lifecycle pricing?

The biggest roadblocks to adopting a cloud ERP and other advanced technologies are concerns about integrating with legacy systems and the cost. These two issues take over 70% of respondents out of the market for cloud ERP and other advanced technologies. Does this really make sense in light of the advances made in recent years in ERP and integration technologies and the impact other advanced technologies can make on bottom-line performance? ERP vendors must find ways to reduce the perceived risks for fashion and retail brands, and brands should be able to find integrators who have the right experience to guide them through these technology implementations.



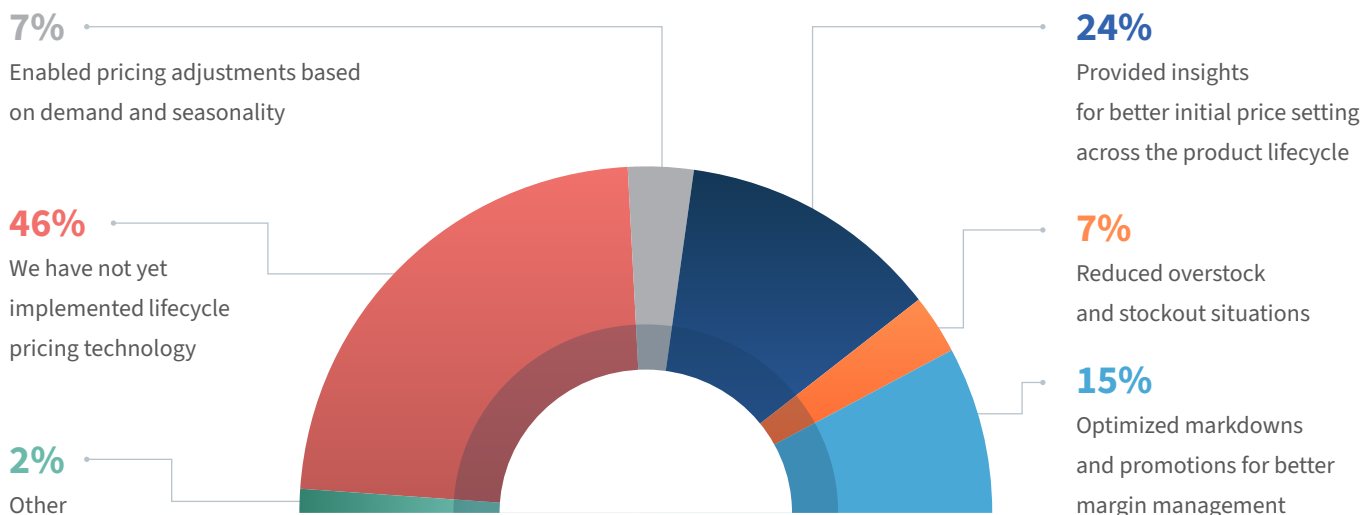
■ What is the current role of AI-driven automation in your company?

Only 4% of survey respondents said AI is core to their operational strategy, so it would appear that fashion and retail brands are behind on AI adoption. With the volume of AI product development and the rapid rate of change in the AI sector, this could change within the next couple of years and will likely be accelerated by competitive pressures to lower costs and improve customer service. If fashion and retail brands make new investments in ERP technologies, AI-driven automation will be built in, and this may be the easiest way to advance the use of AI for fashion and retail brands.



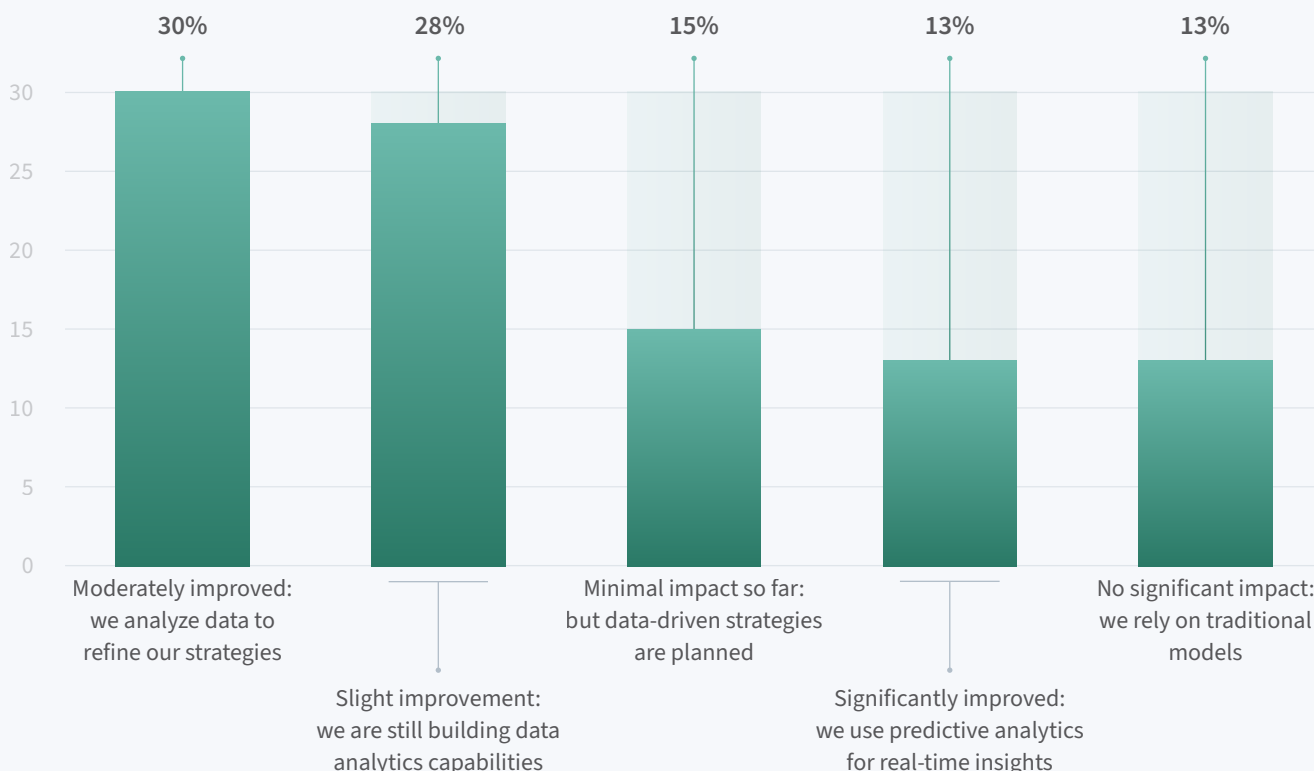
How has lifecycle pricing technology impacted your product pricing strategies?

While a significant number of respondents have yet to invest in lifecycle pricing technology, those that have invested in the technology are seeing real benefits that improve revenue and profitability. Brands that have yet to implement lifecycle pricing technology are less able to maximize revenue and reduce unnecessary markdowns. This technology also helps brands to become more agile in reacting to changes in demand and will make pricing across multiple sales channels easier to manage.



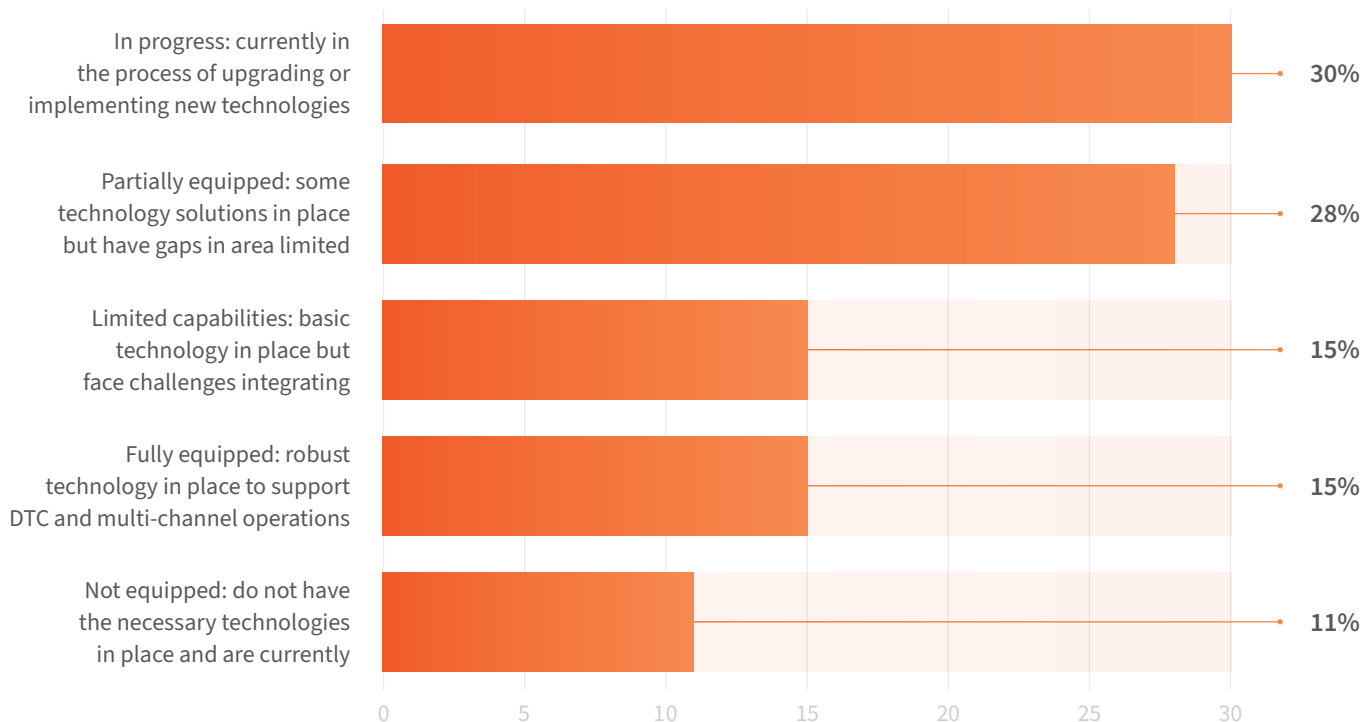
How has the use of data analytics impacted your ability to anticipate market trends and customer preferences?

Fashion and retail brands need to be able to anticipate market trends and customer preferences with the effective use of data analytics. Over 40% of respondents have seen moderate to significant improvements in the ability to anticipate trends and customer preferences; data analytics is positively affecting their bottom line in terms of sales and gross margins.



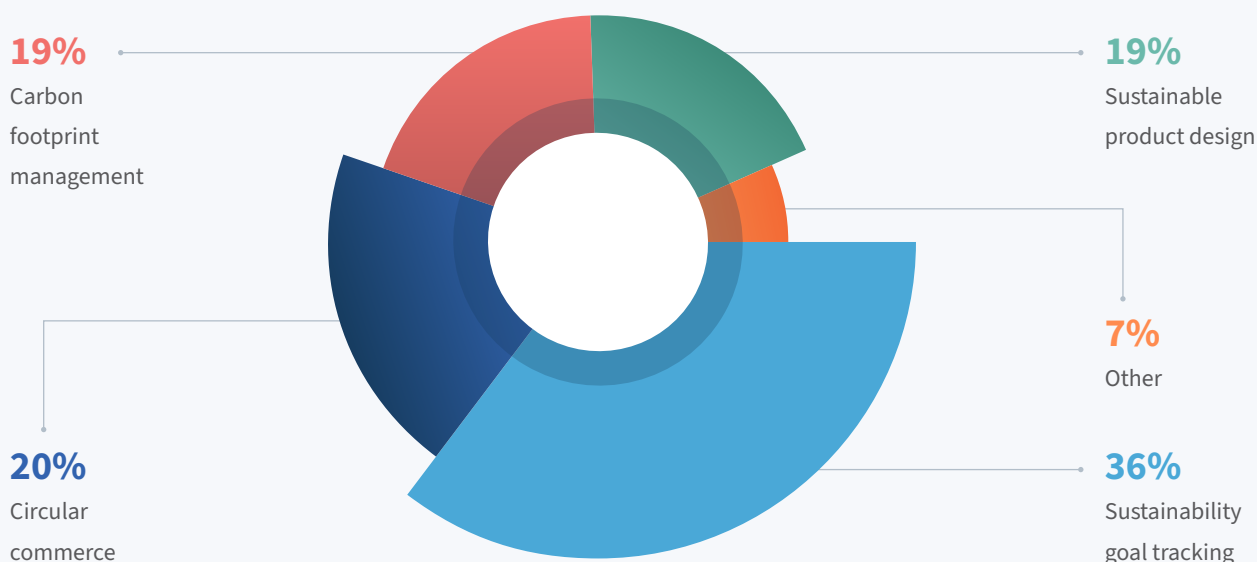
■ Does your organization have the necessary technology in place to support seamless DTC and multi-channel operations?

DTC and multi-channel selling is here to stay and has been a significant trend since the pandemic. These facts make it surprising that only 15% of survey respondents indicated they are fully equipped to operate in a DTC and omni-channel world. Those fashion and retail brands that have not made the necessary investments will have to eventually make these investments or see their market share eroded by competitors who do make these investments.



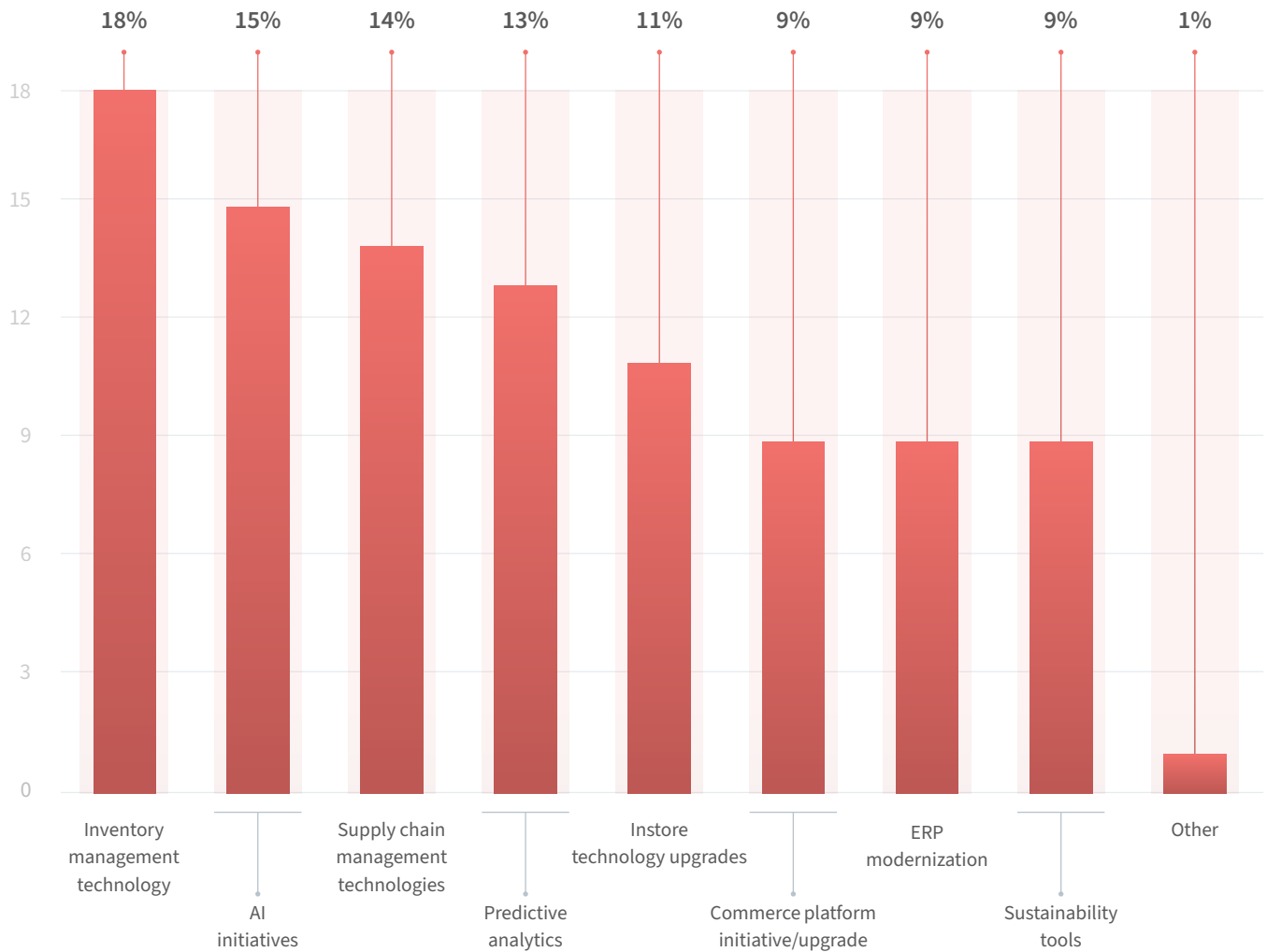
■ What are some of the challenges your company is experiencing with sustainability management?

Fashion and retail companies face some of the same challenges as other industries that want their business to be environmentally friendly. For example, it is difficult for any company to track their sustainability goals; this takes time and the right technology. However, it is a lot easier to meet and track sustainability goals if investments have been made in digital transformation initiatives.



■ What will your company focus on in the next 12 to 18 months to improve business performance?

The survey has gathered a good deal of data on the problems and challenges facing fashion and retail, so where will they invest to solve these challenges? Unsurprisingly, inventory and supply chain management top the list, to make it possible to better manage volatility and supply chain disruptions and compete in DTC and omnichannel sales environments. ERP, AI, and predictive analytics will also see significant investments, to assist in solving critical business challenges uncovered in the survey.



Retail 2025 Technology Trend Survey: Concluding Notes

As we move ahead in 2025 and beyond, economic uncertainty, supply chain volatility, and rapidly evolving customer expectations seem to be top of mind for retailers. Many retailers appear to have made significant strides in bring new technology innovation to the table. Some have started the journey. At the same time, it was observed that challenges persist in fundamental areas such as delivering omni-channel experiences, inventory visibility and supply chain modernization.

To thrive in this evolving landscape, retailers should prioritize a few key areas



Holistic System Integration:

Rather than addressing technology challenges in isolation, retailers must adopt an integrated approach that connects ERP, inventory management, order processing, and customer-facing systems.



Supply Chain Resilience:

Complex supply chain disruptions are becoming common in today's market, calling for retailers to leverage technologies that improve responsiveness throughout the value chain.



Data-Driven Decision-Making:

Real-time visibility and predictive analytics are becoming increasingly critical. Its impact on inventory optimization, pricing strategies, and personalized marketing will soon be widely prevalent, forcing retailers to reassess their data analytics strategies.



Unified Commerce:

The divide between consumer expectations and current omnichannel experiences represents both a risk and an opportunity. Investments in agile platforms that support seamless customer journeys across all touchpoints will be essential.

While economic pressures may tempt organizations to delay investments, the survey findings suggest that technology modernization is not optional but rather vital for long-term success. Retailers who will thrive in 2025 and beyond will be those who can effectively execute their digital transformation journey, breaking down legacy silos while building an integrated, data-driven foundation necessary for retail excellence.

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