

The Future of ERP

6 Trends Reshaping Retail with SAP's Amanda Spencer

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[00:00:28] **Richard:** Hello, my name's Richard Howells, and this is the future of ERP, podcast where we discuss hot topics, best practices, and the latest innovations in today's global business. As always, I'm joined by my wonderful co-host Oyku.

[00:00:41] **Oyku:** Hello, everyone. I'm Oyku Ilgar marketer, blogger, and podcaster in the ERP and Supply Chain area at SAP. In this week's episode, we are chatting with SAP's Amanda Spencer about the six biggest retail trends to watch for this year. Hi, Amanda, it's great to have you here today. Let's kick things off with a quick introduction from you.

[00:00:57] **Amanda:** I'm thrilled to be here, so thank you for having me. [00:01:00] As you mentioned, I'm Amanda Spencer. I'm the global industry marketing lead for retail here at SAP. I started my career working in retail, and now for the last five years, I've been on the technology side. So I'm really passionate about the retail industry and not only how the industry has changed and how shoppers' wants and needs have changed, but especially the rapid evolution of technology.

[00:01:23] **Richard:** It's great to have you on. So I know you wrote an article a few months ago that I'm sure we can share in the show notes about your predictions for trends for 2025. But right now, what are the major trends facing the retail industry?

[00:01:38] **Amanda:** Some of the major trends that retailers are facing are AI-enabled personalization. So, no longer is that one size fits all personalization we're really seeing in 2025, retailers use AI to improve personalization at scale, building customer trust with data security. So [00:02:00] the more and more

customers are checking out online, they wanna make sure their data is secure. Three would be investing in sustainability. So, how can AI and predictive technologies help retailers be more sustainable? Omnichannel integration would be next. Consumers are clear that they want that unified shopping experience across every single touch point. So, how can retailers do that? Another big one is social commerce. So we see things like TikTok or Instagram, there are live shopping events, influencer partnerships, just different ways that retailers will drive sales this year. And finally, improving data quality. So, none of these things can happen if you don't have clean data. So, especially with AI, that's the biggest thing. Retailers need to have clean data to actually be able to leverage AI.

[00:02:54] **Oyku:** Thank you. So with this technology evolving so rapidly, it feels like every [00:03:00] aspect of shopping is becoming more tailored to individual preferences. We as consumers today expect brands to understand our unique needs unique tastes better than ever before. Right? So, how is AI personalization changing the retail game in 2025, and what tech tools will retailers use to make this happen?

[00:03:21] **Amanda:** Yep. So it's really that hyper-personalization. AI analyzes the customer data at a granular level, retailers can offer tailored content, product recommendations, shopping experiences, and promotions. I would say retailers started leveraging AI. Looking back, I always think about NRF happens in January, so say two years ago that generative AI was the hot topic, it still has progressively over the years, but I would say retailers started with things like chatbots and virtual assistance and also predictive analytics platforms as well as those [00:04:00] customer data platforms so that they could have the data and be able to make these decisions. We at SAP have been seeing this progression for retailers. So we actually just launched the SAP Shopping assistant as part of the CX toolkit. So, really being able to work with the end consumer in that natural context. So being able to chat with an assistant saying what they need, what they want, and the assistant being able to make those smart recommendations in simple language, and being able to amplify that product discovery for the shopper.

[00:04:36] **Richard:** As retailers use AI to deliver more personalized experiences, the big question comes on, and that was one of your trends about customer trust. What is my data being used for? How can I protect my personal information? So what can our retailers do to assure us as customers about data security as they ramp up this [00:05:00] personalized experience with AI?

[00:05:02] **Amanda:** Recent data reveals that 73% of consumers are concerned about AI's use of their personal data during retail transactions. So, how can retailers really be there for their customers or shoppers? I think being transparent and building that trust not only will build loyalty for your brand, but being transparent with them in times like this, to really clearly communicate about how their data is being used, how it's privacy privacy-first design. So, successful retailers are really baking that data security into their personalized strategies from the start. And at the end of the day, control is king. So, giving customers control of their data, building that loyalty, everyone has AI at the touch of their fingertips. I wanna also touch on not only how this affects the consumer, but also the employees leveraging AI. You have the consumer bit that they wanna be able to have transparent data on their personal information and how it's being [00:06:00] used. But also, employees are a big piece of retail. So, everyone has AI at their fingertips. So you can use ChatGPT or any of these applications, but how are we making sure employees are also using it securely and leveraging the right approved tools, and making sure that no customer or confidential data is at risk?

[00:06:21] **Oyku:** Let's talk a little bit about sustainability. How will AI help retailers with their sustainability efforts, especially in areas like inventory management and energy efficiency?

[00:06:31] **Amanda:** One of the ways that retailers can be more sustainable is really with smarter forecasting. So with smarter forecasting, you have less waste. So, AI-powered demand planning means that retailers can avoid overproduction or markdowns. We see this with [a customer], so they are increasing forecasting accuracy for better inventory. This is not only a sustainable piece, but it leads to customer satisfaction and helps them reduce food [00:07:00] waste. And really plays an important role in their decision to implement an innovative self-learning solution with AI capabilities. Another piece for retailers is sustainable sourcing at scale. So AI helps brands track ethical sourcing and their carbon footprint across their complex supply chains. And lastly, I would say that increasing regulations are one driver of retailers needing to be more sustainable, but also it's driven by the shopper. So consumers want to trace products back to their origins. They wanna be aware of the energy-efficient operations. This is a driver of commerce that we see. So, different brands are looking at an increase in secondhand marketplaces or platforms that allow them to resell or recycle their products. So at the end of the day, not only a core function for the retailers, but it's very much driven by the shopper.

[00:07:57] **Richard:** The Retail industry is a very global [00:08:00] industry.

[00:08:00] **Amanda:** Mm-hmm.

[00:08:01] **Richard:** Are you seeing companies improving their visibility into their suppliers, into their logistic service providers, and leveraging a business network?

[00:08:10] **Amanda:** Yes. And I think especially now with things like COVID or, I'll say, the word tariffs.

[00:08:17] **Richard:** That's a scary word on this podcast.

[00:08:19] **Amanda:** I know. So retailers are only going to be successful if they can be agile in their supply chains, look at their different suppliers, and be able to be flexible and leverage AI in these scenarios at the end of the day, no consumer wants increased prices or a delay in their, in receiving their product or a change in their product. So, how do you still make the same offerings to your consumer while having to be flexible within your supply chain? So I think it's crucial for retailers to really think about that.

[00:08:56] **Richard:** The next challenge you talked about was omnichannel integration. And as consumers, we're given so many choices of how, where and when we buy products now, whether it's online, whether it's in the store, whether it's a combination of the two, where I can go to the store and then order online if they don't have the size I want, example. And our expectations as consumers are only getting higher when it comes to the shopping experience. How has this increase in demanding customers and their expectations influenced retailers' strategies?

[00:09:30] **Amanda:** Absolutely. So, frictionless, seamless omnichannel is everything. So shoppers want that smooth, personalized experience with zero lag. They want it anywhere, anytime, when they need it. So really, that experience is the differentiator. Brands are investing in that emotional connection, not just the transaction. So using AI and data to understand their customer and build, not only the specific journey for them, but even [00:10:00] you look at communities. So, looking at specific markets and their needs at a local level. CVS just announced that they were designing smaller stores that meet the needs of community-specific pharmacy needs. So we're seeing a lot of retailers sort of change their strategy to fit local markets, but also that speed and convenience equal loyalty. So really, that fast fulfillment, real-time support are now those table stakes. At NRF in January, we had our big idea session with Ulta, which is a global beauty retailer, so they really focus on their guest experience and have an incredible loyalty program. So they really know their

customer. They have a great reward system. And they allow their customer to have a seamless experience across their different platforms. So, one of the areas they highlighted was that they have a new, virtual try-on that really brings the absolute best digital experience to their guests through digital channels.

[00:11:00] So, they don't have to go into a store to try products; they can try them from their own home.

[00:11:04] **Richard:** I've seen glasses manufacturers doing the same thing, and I ordered a pair of glasses. Because I could try them virtually online, which is such a cool experience.

[00:11:15] **Amanda:** It allows the shopper to shop from their own home. I mean, I just did it the other day with jewelry. All of these brands are starting to do it, and it really helps you understand what your preferences are, and then, that only gives them more data on what you like and allows them to understand you as a consumer.

[00:11:32] **Richard:** And they also provide recommendations based on the glasses. For example, based on the shape of your face or your color of your eyes, or whatever. What suits you best? And maybe it's just telling me what they have the most in stock of. I don't know. But I believe AI is recommending based on what would be best for me.

[00:11:49] **Amanda:** Yeah. Well, I always say that's the important part too, is not only being able to make those product recommendations, but making the right product recommendations that you actually have stock of. Because that's the last thing a [00:12:00] retailer wants to do is use your data to say, oh, this is the best product for you, but then it's out of stock everywhere.

[00:12:08] **Oyku:** Like you said, customers want that smooth and personalized experience, so it's a major focus for businesses aiming to keep us happy and satisfied. With that in mind, I'm curious, how do you think customization impacts supply chains, particularly when it comes to challenges like potential delays or uncertainty around the inventory availability?

[00:12:28] **Amanda:** It's the agility that wins. Retailers need to be nimble in their supply chains to really adapt to demand in real time. One of the biggest things we see is inventory. So, having that dynamic inventory customization really requires smarter inventory management to avoid those stockouts or backlogs. This is where predictive tools like AI can really help retailers balance that personalization with operational efficiency. And knowing that your customer preferences as well as what is in stock, like I was [00:13:00] saying, to

make sure that what you're offering to your customer is not only in stock, but available near them. You can get it to them at the right time and offer them the right promotion.

[00:13:10] **Richard:** The next trend you mentioned was social commerce. And social media and e-commerce have converged, creating this concept of social commerce, which again is fundamentally changing how consumers shop. You gave two examples of TikTok and Instagram. I see it on Facebook. I still use Facebook. I'm one of those older generation who still uses Facebook, and they are all turning into a shopping destination in that I'm getting recommendations for all sorts of things that I didn't realize I wanted, but I really do sometimes. So, how will this live shopping and influencer experience drive sales and change the way that retailers operate? And what tools are they using to do this?

[00:13:54] **Amanda:** I will start with the influencer piece. So influencer partnerships drive higher ROIs. So [00:14:00] like I said I worked in retail before I came to the tech side. We saw this, always collaborating with influencers and using especially those micro influencers or those key opinion leaders, is extremely effective. In the article I wrote, we actually say it's in between 5 and \$6 for every dollar spent on influencer marketing is the average return. So it really highlights the value of that authentic, relatable endorsement. And we see that across these platforms. Quick sellouts based on influencer partnerships. And I think it touches on the point also that retailers, when they're having these partnerships, they need to make sure they have either the stock to support the partnership. So they know that there's gonna be a high volume drive to this. But also, if they want it to be a collaboration. So we also see this sort of collaboration that sells out fast. So drives that awareness to buy it as soon as possible. So [00:15:00], really making sure that as a consumer, you get it before it sells out. The other piece that you mentioned is live shopping. So we see this, I think the success of live shopping has been seen in the APAC market. So we can really learn from them, underscoring the need for retailers to have that agile supply chain and real-time data that we see in APAC, for instance. A live event featuring Kim Kardashian in China sold over 15,000 perfume bottles in minutes. Yeah. Really demonstrates the importance of being prepared for that sudden demand change.

[00:15:37] **Richard:** So, NRF recently came up with their top 50 list of retailers. What are some of the common traits of top retailers in your mind?

[00:15:47] **Amanda:** So, looking at that list of 2025's top 50 global retailers from NRF, the one point I wanna call out is that the top 10 retailers that did not change from the last 00:16:00 year. So those are the brands like Walmart,

Amazon, Schwartz Group, and Aldi. So we see across these companies that they're investing in the right technology. So the article really calls out that many of these brands are investing in AI and automation. What we've talked about today. Not only this AI piece, but also the omnichannel integration and supply chain optimization. So I'd say, we see that these top successful companies are investing in the areas that we are saying are trends, but it will only help them in the future. So it's not just today that these are, say, hot topics, but things that these brands are investing in for the better future of their business.

[00:16:42] **Richard:** Right.

[00:16:43] **Oyku:** So we often hear on this podcast that AI is only as good as the data analysis. And why is having high-quality data so important for retailers in 2025, and what steps will retailers take to clean up and integrate their data systems?

[00:16:59] **Amanda:** It's so much 00:17:00 about that end shoppers' experience. So having the data to really back up those personalizations, knowing where your customer is, knowing when they want a product, or when they'll need a product. So I would say that's extremely important from a data quality piece. So, AI is only as good as your data as well. So when they're leveraging these AI tools, they have to have the right data in their platform. I will also say that we've seen a customer of our customers the biggest part is breaking down those silos between teams. So really having that single source of truth across those teams, whether it's marketing to be aligned with merchandising or merchandising to understand production, they need that single source of truth of clean data so that they can all work and pull the same insights or pull what's relevant for them that they can have a seamless experience for their end customer.

[00:17:55] **Richard:** So from a customer or consumer's perspective, what's 00:18:00 next, and how can retailers help get to what's next?

[00:18:05] **Amanda:** As our shoppers are evolving, and we've talked about some of these things social commerce, being able to buy when you want it. I think for retailers to really meet the customer where they are and to see where they're going is hyper-personalization. So those tailored experiences, whether it's in store or online, are really driving that customer experience. I would also say loyalty is huge. So customers will stay loyal to a brand that reflects their ethics. So, if they're a sustainable brand, that might be something really valuable to the consumer. So understanding your customer, understanding their value, so that you can really build that loyalty. And then also, just that seamless channel is an experience. So it's not just online or in-store these days. It's everywhere.

So meeting your customer where they are, not segmenting your channels, but really serving the [00:19:00] marketplace or the market that best fits the customer in that area. So we've seen pop-up stores or new store locations based on that customer data.

[00:19:10] **Richard:** We're coming to the end of the podcast, and if you've listened to any of our episodes, you'll know what the next question is. We've talked about all sorts of different things today, and all of those different challenges and trends that we're seeing in the market, but if you had to summarize in a sentence or two from a retail industry perspective, what's the future of ERP?

[00:19:32] **Amanda:** From a retail industry perspective, the future of ERP is that cloud native, modular, deeply integrated with AI and real-time data. So it's shifting from just a back office system of record to really being a dynamic, intelligent platform that powers faster decision making, that seamless omnichannel operations, and at the end of the day, that personalized customer experience at scale for the [00:20:00] consumer.

[00:20:00] **Richard:** Amanda, thanks for a great conversation. It's been really interesting, really eye-opening, and I can see that I, as a consumer, will have lots of choices moving forward.

[00:20:10] **Amanda:** Yes. No, thank you. I mean, Great conversation. Happy to be here and have this conversation with you both.

[00:20:16] **Richard:** And thanks, everyone, for listening. Please mark us as a favorite. You can get regular updates and information about future episodes, but until next time, from Amanda, Oyku, and me, thanks for discussing the future of ERP.