

Market Study:

Latin American POS Terminal Study

Analyst

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About IHL Group

Who We Are

IHL Group is a global research and advisory firm specializing in technologies for the retail and hospitality industries. The company, based in Franklin, Tenn., generates timely data reports, offers advisory services and serves as the leading retail technology spokesperson for industry and vendor events.

What We Do

IHL provides customized business intelligence for retailers and retail technology vendors, with particular expertise in supply chain and store level systems. Our customers are retailers and retail technology providers who want to better understand what is going on in the overall technology market, or wish to identify specific equipment needs for the retail market.

When We Started

Greg Buzek served as Product Development Manager for two Fortune 500 retail technology suppliers for 6 years. Faced with making recommendations to senior management with spotty reports stuffed with technical jargon and unsubstantiated data, in 1996 he left to form IHL Group as an arms length consulting firm that delivers exacting research to corporate managers.

How We Work

Reliable market analysis is essential for corporations to accelerate revenue and expand their market share. Most research providers do not disclose data sources or statistically defend the validity of their assumptions. We do. We disclose in precise detail exactly how and why we reached our conclusions so that our customers can be comfortable with the data they are using.

What We Know

Our associates and advisors have over 100 years combined years of retail technology experience. Our associates have worked as product managers, sales representatives and executives in the retail market. We have the relationships, tools, and experience to meet your research and consulting needs.

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INTRODUCTION

This report, focusing on Latin America and the Caribbean (LATAM) is one of a series of market studies that focuses on the global Retail Point-of-Sale (POS) market. IHL has previously released reports this year that focused on North America, EMEA (Europe, Middle East and Africa) and the Asia/Pacific regions. The specific focus of these reports is to analyze the POS terminals that are being used in each retail segment. Key to our analysis are barriers to entry for hardware and software providers; analysis that is informed by key trends and market forces that influence buying decisions in the retail industry. We also include overall trends and forecasts for this market for 2015 and beyond.

While LATAM represents the smallest concentration of POS technology of the regions IHL studies, it has steadily grown and has a continued, untapped potential for further expansion.

- LATAM's financial position has long been tied to prosperity (or the lack thereof) in the United States. North American and Western European retailers view LATAM as an underserved market, and foreign entrants have aggressively pursued expansion in the region over the last decade.
- Nearly 10% of the world's population lives in this region.
- Domestic retailers must engage in technological investment to be competitive with
- This region is highly dependent upon economic trends in both the North American and Asia/Pacific regions. Prosperity in the United States has had a huge positive impact upon Mexico, Brazil and others, while the recent lifting of China's textile quotas tends to work in the opposite direction. Technology investment depends upon available capital, and that available capital comes from consumers (9% of the world's population lives in Latin America). Retailers in this region are learning how to compete with Western European and North American entrants.
- The market as we look at it is in agreement with the way the major POS providers look at their operations, linking all of these countries together in a single region.

POS Definitions

At IHL we believe it is important that we state clearly the definitions of what we are classifying as a POS device. For the purposes of our analysis, we are defining POS as PC-based workstations, namely PC-class Processor-based and LAN-available terminals. Although others might include Electronic Funds Terminals as POS, we do not include them here. Perhaps the best definitions come from the use of the current model names of the top vendors that we are including:

ToshibaGCS: SurePOS 300 500 and 700 families

Hewlett Packard: rp5xxx and ap5xxx families, PCOCD

Wincor-Nixdorf: BEETLE family of terminals

NCR: RealPOS 20, 40, 50, 60, 70 and 80 families

Fujitsu: TeamPOS 3000 and 7000 series

In our research, we also include PC-on-Cash-Drawer devices (PCOCD), however, we do not attempt to distinguish between vendors. We do include Self-Checkout units in our figures but do not break these out in the discussion.

We do not include Electronic Cash Registers (ECR) in our study. Although the lines have blurred as to POS and ECR in terms of processors and connectivity, we believe there is a clear distinction in functionality, expandability, and serviceability between the devices.

For the purposes of this report we do not count units that are in labs; we only count those in pilot or in rollout.

Finally, we do not distinguish between legal and illegal licensees of these operating systems. The Latin America region has highest very high level of counterfeit software. We do not have a reliable way of distinguishing which is legal and which is not, thus we leave that to others that focus on such things. Instead, we simply refer to what is showing on the screen and/or being shipped by major vendors.

Country Details

This report provides a summary profile of the key countries in the Latin America region, the purpose of which is to provide a brief educational review of the economic climate in each of the countries, what effects each economy has on the local retail scene, and the impact these facts have on POS shipments into these markets.

The key countries were selected based upon a combination of a) the size of the retail market, which is generally related to the country's GDP, and b) the maturity of the retail market with respect to development. The resulting key countries analyzed in this report are as follows.

- Mexico
- Brazil
- Colombia
- Chile
- Argentina
- Peru
- Venezuela
- Other Latin America (all other Latin America countries)

- **Convenience Stores:** Stores selling a limited variety of food and pharmaceutical items; open long hours for the convenience of customers
- **Hospitality:** Includes Restaurants, Bars, Pubs and Hotels.

These are the market definitions that we used for our research. Please contact us for more details, further segmentation analysis, or an alternate breakdown.

Pricing and Purchasing Information

<i>Description</i>	<i>Price</i>
<i>2015 LATAM POS Terminal Market Study</i>	<i>Single User License</i> <i>USD \$3,295</i>
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The seven countries listed above are head-and-shoulders above the next tier in terms of GDP, if not retail technology sophistication. Having said this, it should be noted that there are some countries, especially in and around the Caribbean, that have a high level of retail technology sophistication, but the overall market for these countries is comparatively small.

In this report, the US dollar is used for all countries for comparative purchases. This is in line with accepted comparisons done in other circles, and avoids the ample opportunity for confusion in the use of the various local currencies.

We are indebted to Euromonitor and Planet Retail for their research in these areas, as our figures, some of the analysis and portions of the language were verified by data provided by them. This summary was compiled by using other publicly available resources, including the US Department of Commerce and The International Trade Association, among others.

In each country, we also provide our own perspective in brief summary form of the POS shipments for that country, and any key changes researched or observed that have occurred from year to year.

Market Segment Definitions

As this report also looks at market segment information, it is important that we distinguish the types of institutions we include in each market segment. These are:

- **Food/Supermarket:** Stores that sell food and grocery items and may have between 2 and 20 terminals per store grocery format.
- **Drug Stores:** Stores that sell personal care and medicinal goods and have 1 - 5 terminals per store.
- **Hypermarket:** This is a broad segment that varies by country. In many, it includes a full service Food store as well as products typically included at Discounters under one roof. In other countries, stores can range anywhere from a Superstore format (think Walmart Supercenter) to a full-line Department Store (with large appliances) combined with a full-line Grocery store.
- **Department Stores:** Traditionally larger format stores, upscale in products and including hard and soft goods with department style checkout.
- **Mass Merchandisers:** Like a Hypermarket format, only carrying non-food items or limited food items and using a front-end checkout. Also includes Discounters.
- **Specialty Stores:** Stores that focus on particular product line niches. Includes apparel, news, shoes, and DIY type stores.

Other IHL Reports Available Include:

- [North American Retail POS Terminal Market Study](#) - \$3,295
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