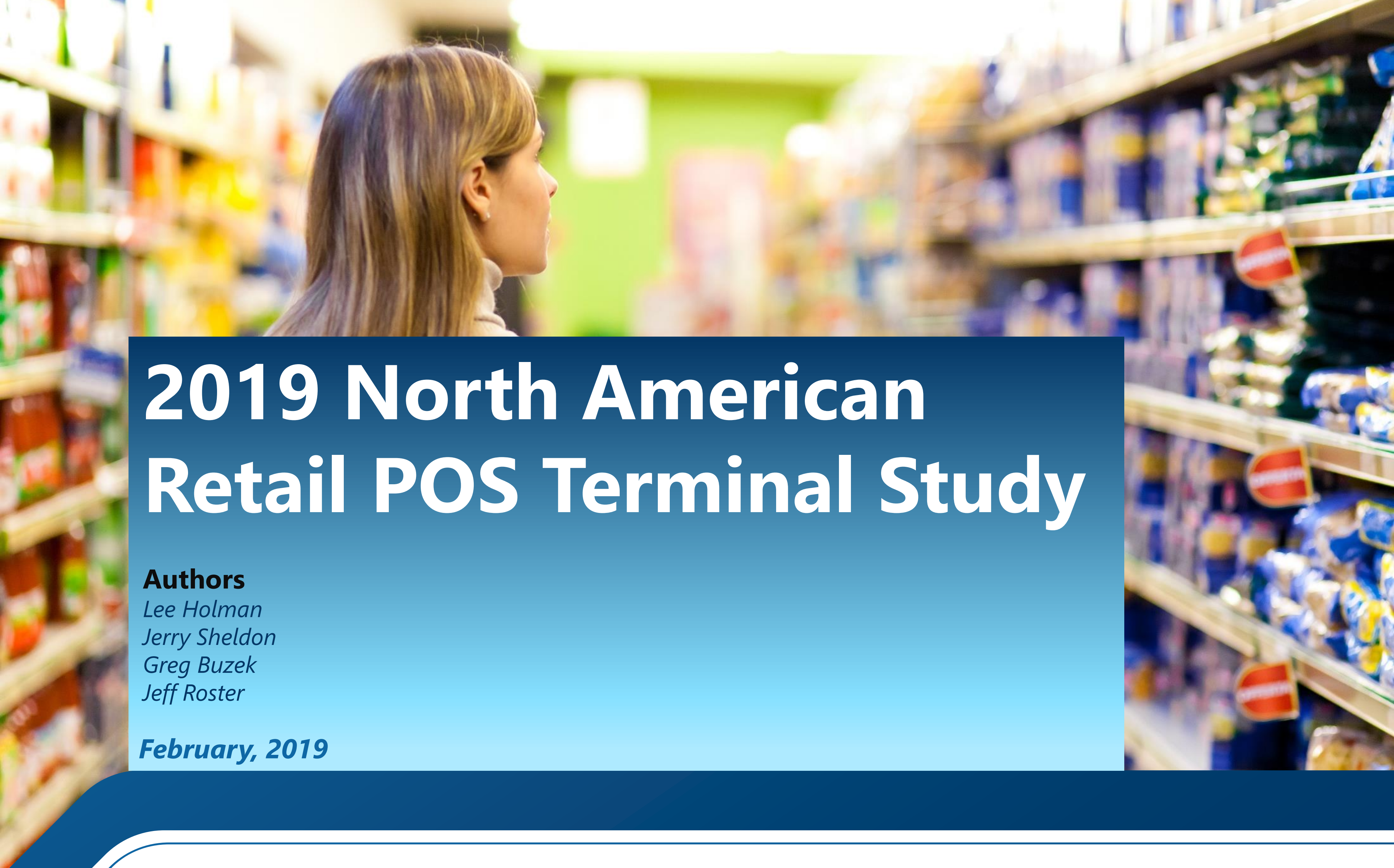

2019 North American Retail POS Terminal Study

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Introduction – What's Included

For the last 20 years, IHL has been tracking the Retail POS Market in detail. In this analysis we review the POS Shipments and Installed Base in the North American Retail market (defined as the US and Canada for this report). Specifically, we are analyzing the POS terminals that are being used per retail segment, with a focus on key barriers to entry for hardware and software providers. We discuss key trends and market forces that are affecting the buying decisions of retailers in each of the segments. And finally, we discuss overall trends and forecasts for this market for 2018 and beyond.

This report is designed for those who need to understand the nuances of the POS market in detail, leveraging trends, barriers to entry and key forces in play. It is both quantitative and qualitative in nature. Although there are a lot of charts and figures, we provide the driving issues behind these numbers.

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

This report is quantitative in units and dollars. It does not include vendor market share. This data is tracked quarterly and annually by segment in our POS Vendor Database product. Further, this does not include the Mobile POS locations. Instead that is covered in our Mobile POS Study in terms of total numbers and our Mobile POS Vendor Database for vendor market share.

Finally, this study looks at the market in total as well as segments overall. Which means in one number it includes both large and small retailers. Should your needs include detailed knowledge of number of units shipped and installed by size of retail and total available market opportunity, our SMB Sizing Sheets would include this information. Any of these products can be combined for a discounted combined cost.

Key Definitions

➢ Segment Definitions

- **Food / Grocery** – Stores that sell food and grocery items, regardless of store size.
- **Drug Stores** – Stores that sell personal care and medicinal goods.
- **Superstores / Warehouse Clubs** – Large, austere stores such as Costco, Sam's Club, also includes stores like Walmart Supercenters and Super Target.
- **Mass Merchants** – Like a Superstore, but only carrying non-food items or limited food items and using a front-end checkout. Also includes Discounters / Dollar Stores.
- **Department Stores** – Traditionally larger format stores, upscale in products and including hard and soft goods with department style checkout.
- **Specialty Category Killers** – Stores that focus on a particular hardgoods product line. Includes DIY, Auto Parts, Books, Sporting Goods, Pets, Furniture, Electronics, etc.
- **Specialty Others** – Stores that focus on a particular softgoods product line. Includes Apparel, Accessories, Footwear, etc.
- **Convenience / Gas** – Includes gas stations and forecourts.
- **Table Service Restaurants (TSR)** – Includes Pubs, Bars and Restaurants with sit-down service.
- **Quick Service Restaurants (QSR)** – Includes Restaurants generally described as fast food.
- **Lodging** – Includes Hotels, Motels, Resorts and other Accommodation facilities (non-Casino).
- **Entertainment: Casino/Cruise** – Includes Casinos, Gaming facilities and Cruise Ships.
- **Entertainment: Theme/Theater/Sports** – Includes a wide variety of facilities such as Movie Theaters, Stage Theaters, Theme Parks, Sporting Arenas, Museums, Zoos, etc.

➢ Tier Definitions

- **Tier I** – Annual revenues in excess of $1 Billion.
- **Tier II** – Annual revenues between $500 Million and $1 Billion.
- **Tier III** – Annual revenues of less than $500 Million.

POS Hardware Definitions

POS Hardware 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.

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 these devices.

Finally, a note about Mobile POS. Although we reference Mobile POS in trends and barriers, this report does not count the Mobile POS. We have several other research reports that do so. This is about fixed position, PC-based POS terminals. For a complete view of shipments of all devices reference our SMB or Mobile POS Studies.

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Thank You

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