Market Study

2016 North American Retail POS Terminals

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About IHL

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.

TABLE OF CONTENTS

3 Introduction: What this report is all about

7 Trends, Drivers & Barriers: Market Drivers, Key Acquisitions

13 North American Details: Top Line

17 Retail Segment POS Details: What's Happening Where

57 Summary Tables: Quick Look

60 Market Sizing: How Big is it, Really?

63 Forecasts: What's Down the Road

66 Methodology: Research Methodology and Approach

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Type of License	*Price*	*Comments*
Single User	$3295 USD	For use by a single user, not to be shared in company
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Distributable	Call	Can be shared externally to Retail clients or used for lead generation activities

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Introduction, Background, Objectives

For the last 18 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 2016 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.

Retail 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.

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:

Toshiba GC: SurePOS 300, 500 and 700 families, TCx700, TCxWave

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 these devices.

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Key Definitions, con't

- **Tier Definitions**
  - Tier I – More than $1 Billion annually
  - Tier II - $500 Million - $1 Billion
  - Tier III – Less than $500 Million

- **Software Infrastructure**
  - **Software** – This represents the traditional view of software as being installed on a user device or on a server in the same location as the user
  - **Cloud / SaaS** – This represents those situations where the user accesses software that is located on a server that is not in the same location as the user. No regard is given as to whether the software is located at headquarters or a third party
  - **Software Maintenance** – Tied to software, this is annual maintenance revenue for installed software
  - **Software Customization** – Changes to base software. Not included here, but in Professional Services calculations

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Methodology

This study leverages a variety of resources available to IHL, including our ***WorldView IT Sizing*** model and ***Sophia***, the industry's leading technology data service. These tools, coupled with the vendor and retailer relationships we have cultivated though the years, enable us to "get our arms around" this market. Typically, our process resembles the following.

Step 1 – We leverage our ***WorldView IT Sizing*** model, a sizing and forecast tool for over 300 retail Hardware, Software, SaaS and Services categories. IHL has been sizing and forecasting the retail / hospitality market worldwide by solution for over 10 years. This provides the upper bounds of the market data and total market size.

Step 2 – We combine this with our ***Sophia*** Data Service that tracks over 4,500 enterprise retailers and hospitality providers (with a minimum of 50 locations) in terms of which vendor's technology a given retailer / hospitality provider has installed, the total lanes / licenses, the timing of those installations and when they are due to be replaced.

Step 3 – We validate the shipments, installs and business sizing for key vendors through public records and quarterly vendor interviews/queries. Customer service / traction is validated through existing customer interviews and surveys.

Step 4 – We merge all of this together into a singular view that provides total market size.

This study represents the overall North American retail and hospitality POS terminal market as defined in this study. For more information on this study, please see our ***website*** or contact us at +1.615.591.2955.

Thank You

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