2018 LATAM
Retail POS Terminal Study

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CONTENTS

IHL GROUP

Introduction

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 Latin / South American Retail market (LATAM 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.

Key Definitions

Segment Definitions

- **Food / Grocery** – Stores that sell food and grocery items, regardless of store size.
- **Drug Stores/Pharmacies** – Stores that sell personal care and medicinal goods.
- **Hypermarkets**– Large, austere stores such as Casino and Carrefour.
- **Mass Merchandisers** – 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 Stores** – Stores that focus on a particular fashion or hardgoods product lines. Includes Apparel, Accessories, Footwear, DIY, Auto Parts, Books, Sporting Goods, Pets, Furniture, Electronics, etc.
- **Hospitality** – Includes pubs, bars, restaurants with sit-down service, fast food restaurants, hotels, motels, resorts and other accommodation facilities (non-Casino), casinos, gaming facilities, cruise ships, and 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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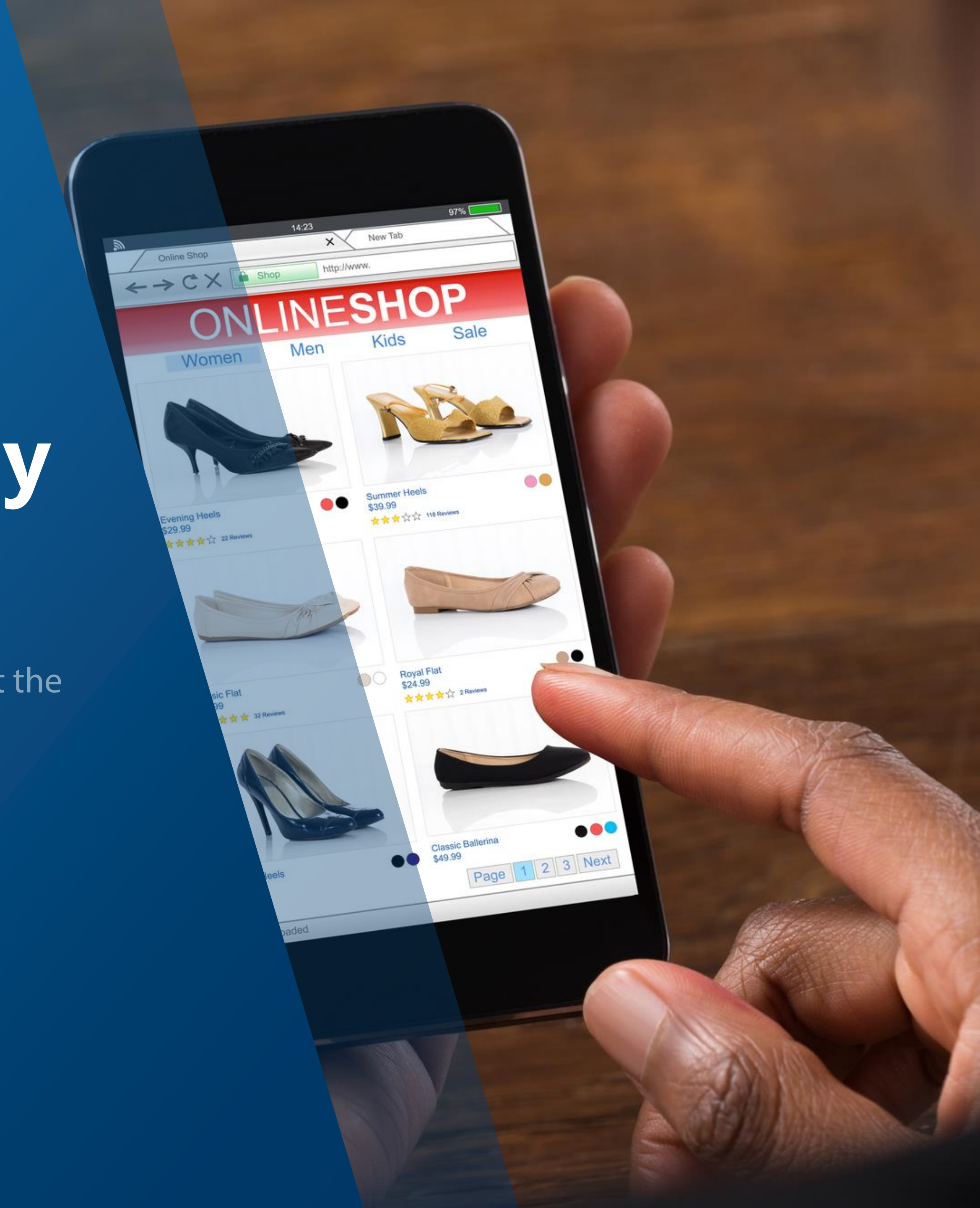
Methodology

Here we describe how we arrived at the figures included herein.



How We Got Here

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 survey End Users on their buying plans going forward.

Step 2 – 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 3 – 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 4 – 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 5 – We merge all of this together into a singular view that provides total market size.

This study represents the overall Latin 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.

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Thank You

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