

ANALYSIS:

North America POS Terminal Printer Study

Analyst

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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

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INTRODUCTION

Introduction / Background and Objectives

In this analysis IHL Group reviews the POS Printer Shipments and Installed Base in the North American Retail market (defined as US and Canada for this report). This is a review of the housed printer market in North America. By definition, this report reviews printers that are sold alongside Point-of-Sale (POS) terminals. It does not include printers integrated into POS, Electronic Cash Registers (ECRs), or Electronic Funds Transfer devices (EFT), which we would classify as printer mechanisms. Additionally, we did not review printer shipments associated with banking applications. We also discuss overall trends and forecasts for this market out to 2018.

Printer Definitions Used

At IHL we believe it is important that we state clearly the definitions for each of the printer devices. The types of printers summarized in this report are:

Thermal Receipt Printer - Defined as a housed printer sold alongside of a POS unit that is a single station with a thermal print head. Units now include the ability to do two-color printing. This is achieved by using special paper that has an effective printer surface at two different temperatures. At one temperature, the unit prints in black. At another temperature it prints in the color of your choice. As the choice is a factor of the unit after it is installed, we do not break out the category in this report. Instead, we discuss two-color printing in our trends discussion.

Impact Receipt Printer - Defined as a housed printer sold alongside of a POS unit that is a single station with an impact print head.

Slip-Only Printer - Defined as a housed printer sold alongside of a POS unit that does check validation and wide format printing. These are common in bars and restaurants.

Dual Station/Hybrid Printer - Defined as a housed printer sold alongside a POS unit that has a thermal receipt printer head and an impact slip printer head for slips.

Multi-Station - Defined as a housed printer sold alongside a POS unit that has multiple impact stations for receipt, journal, and slip printing. This is inclusive of the very popular Three-Station Printers that are still installed in many larger retailers.

Inkjet Printers - Defined as a housed printer at the POS that utilizes inkjet printing

technology specifically to support color printing. Unlike a desktop Inkjet, this printer is in the size and format of a POS printer.

Distribution Channel Definitions Used

We believe it is also important to state clearly the definitions of the various distribution channels.

Direct to User - Channel by which a printer manufacturer sells directly to the end user retailer.

Through Dealers - Channel by which a printer is sold through a dealer or VAR to the end user where there is likely some bundling with the POS system along with the sale of the printer.

Master Distributor - Channel by which a printer is sold through a major distributor to other dealers. Examples of a master distributor would be ScanSource and BlueStar.

OEM through POS Vendor – Channel by which a printer is sold from the printer manufacturer to a POS vendor who may or may not re-brand that printer.

Study Methodology

We approached this study from both a top-down and bottom-up approach. First, we began with an estimated sizing of the printer market based on the retail market segments and POS market size. Next, we estimated a percentage breakdown in these market segments using the printer types, vendor market strengths and company financials to obtain an estimated market view. Based on this view we interviewed vendors, dealers, and other consultants on their believed rankings of the top eight vendors in each of the printer types. From those results we were able to estimate shipments and the installed base for each of the top eight printer vendors. The results in this study were the results of the validation provided by the printer vendors tested against our overall market knowledge.

From a purely scientific approach, professors of theory would argue that we should have done the interviews first. Unfortunately, we are dealing with sensitive information that indicates a company's performance, their market position, and their strategic emphasis; relying solely on interviews would leave us open to gross errors due to exaggeration or embellishment of the individual interviewees. By having a baseline to judge interviewer's responses, we could compare their numbers against what seemed reasonable based upon their overall corporate performance and the market as a whole. We believe this helped us close in on the most appropriate answer and the most accurate data possible.

As this is our 16th annual report, our relationship with the vendors continues to improve and we want to say a special thank you to all of the vendors that have contributed to the report this year. Of the eight vendors highlighted in this report, we received feedback from all but one of them. For the one vendor that was not able to provide feedback they have a relatively well defined behavior and we are also able to use secondary sources to guide our estimates. We feel confident that the lack of feedback induces minimal error. Furthermore we have been conservative in estimating their shipments.

The core of this report is a series of tables and graphs that depict our findings. We have avoided making many qualitative judgments so that you can come to your own conclusions. However, it is our belief that this report will only be beneficial to you if you understand where the figures came from and can be comfortable with how we arrived at the data. As with all our studies, should you ever have a question as to the origin of a figure or data point, please do not hesitate to call us at +1.615.591.2955.

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