



# The Quick Pivot to mPOS

## How COVID-19 Radically Changes mPOS Landscape

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# CONTENTS

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- 3** Introduction, Definitions, Management Summary
- 8** Mobile POS Market Overview
- 18** Trends, Drivers and Barriers
- 21** Retailer Purchase Plans
- 25** What We See Ahead
- 27** Methodology

## ➤ Growth Continued in 2019...and major changes for this year

- **NA Retail Sales** – Grew 3.5% in 2019. Sales were up 5.3% through February 2020 over the same period in 2019, but are expected to end the year down 3.9% as a result of COVID-19.
- **Mobile POS Shipments** – Up 7.2% for 2019, expected to grow 3.9% for 2020, which is subdued due to COVID-19 which is changing the mix of mPOS shipments specifically.
- **Retailer Purchase Plans** – Specialty retailers have highest current adoption, but Hospitality and FDC retailers are making big plans for 2020 as BOPIS and Click and Collect continue to be deployed. Nearly one-third of Tier II retailers are making a decision in 2020 according to recent research.

## ➤ A Sea-Change for 2020

- Historically, smaller retailers (Tier III) have been the most aggressive adopters of Mobile POS, mainly due to costs, user friendliness, flexibility, and the fact that they are seriously under-served by the leading POS vendors. As a result, in 2019 retailers with less than 10 locations were responsible for 59% of shipments and 65% of the installed base.
- But the story changed for 2020. COVID-19 related shutdowns have had a disastrous impact upon retail and hospitality in general, and small mom & pop merchants in particular. IHL forecasts that more than 278,000 small retail and restaurant locations will close as a result of these shutdowns. These closures will result in a sharp decline in the mobile POS shipments and installed base for small merchants.
- The situation is different for Enterprise retailers, however, as they have had to perform a quick pivot to adopt Click & Collect and Curbside initiatives in response to COVID-19. These retailers and restaurateurs expect to see a 20.7% increase in mobile POS shipments for 2020, which means that, at least for the time being, Enterprise retailers are driving mPOS shipments.

## ➤ First Things First

- **Back-end Systems** – The best approach for the benefits of mPOS to be realized is for the back-end systems to be operational, integrated, and up-to-date. Retailers moving to Unified Commerce delayed some shipments as a result, but in the long run it's for the best.
- **Bandwidth** – Deploying mPOS without first ensuring that one has sufficient bandwidth is a recipe for disaster.
- **Mobile First** – Retailers are considering a platform for POS and their mPOS that is the same platform.

Mobile technology in retail, more particularly Mobile POS, has been the source of a tremendous amount of buzz since coming on the scene a handful of years ago. When it first arrived there was a great deal of talk about how Mobile POS would replace traditional POS. To a significant degree, it has done just that among the smaller mom and pop retailers. At the enterprise level, however, we have seen more of an “in-addition-to” role, and this has affected the numbers. Shipments to smaller retailers have been leveling off, but for enterprise retailers we are just getting started.

Since its arrival, mobility has been transforming how retailers and hospitality providers interact with customers. The seminal moment was the release of the iPad. And it was not so much the device, but the price point of \$499 that opened the door for retailers to begin looking at mobile devices for associates and potentially as a replacement for POS. This is true in spite of the fact that the device is neither retail-hardened nor enterprise-friendly.

In this report we have our traditional categories of Retail Hardened Handhelds, Consumer Handhelds, and Tablets. We also extend the data to show shipments and installed base for two classes of devices; those that we call truly mobile devices, and those that we call fixed mobile devices. Fixed mobile devices are iPads or other tablets that are fixed in place in the store rather than being truly mobile. As such, they simply act as a replacement for traditional POS, and are typically selected due to their overall lower up-front price point than POS.

For the first time we are seeing enterprise retailers start to adopt a mobile first approach to POS. To date most mPOS has been additive to the total number of units in the enterprise, however, there are several trends that are causing retailers to consider single platforms across all of their devices. COVID-19

In all, the reader will get shipments and installed base across North America as well as a forecast through 2024. While we mention vendors in this report, we do not provide market share or units for those vendors. For this information we refer you to our [Mobile POS Vendor Share](#) study that comes out quarterly for hardware share that actually reviews total shipments by vendors and by segments around the world. We also offer a [Mobile POS Software Share](#) study that provides market share by software vendor.

## ➤ Segments

- **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 soft goods product line. Includes Apparel, Accessories, Footwear, etc..
- **Convenience / Gas** – Includes gas stations and forecourts.
- **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 – 3 Each

- **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.

## ➤ Mobile POS Hardware Definitions

- For this study, we define Mobile POS as a handheld device deployed primarily for transaction processing purposes. The POS application may be running on the handheld device or running on other terminals in the store (or in the Cloud). The device may be used for other functions (messaging, inventory counts, price checking, etc.), but its primary purpose is to allow employees to check customers out with their purchases.
- We identify three specific types of devices.
  - **Tablets** – Touch-enabled devices that have a form factor ranging roughly between a DVD case and a marbled-cover school composition book. These are typically manufactured by those who also manufacture PC's, notebook computers or cell phones.
  - **Consumer Handhelds** – These are typically consumer-grade cell phones or PDA's.
  - **Retail Hardened Handhelds** – Typically manufactured by POS manufacturers, they are designed to withstand the environmental and drop testing that typifies retail hardening.
- We identify two ways in which mobile POS is used.
  - **Fixed Position Mobile** – This is typically a consumer-grade tablet-like device that is simply used as a fixed-position POS replacement. Peripherals are connected as a way to lower upfront costs for POS. These devices tend to be replaced 2-3x faster than traditional POS but frees up capital in startups.
  - **Truly Mobile Devices** – As the name implies, these are mobile devices that are used in a mobile scenario for POS, not fixed to a single location.
- Finally, we count only those devices that are actually deployed in the enterprise; we do not count those devices that are in pilots or labs.

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# Thank You

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