ANALYSIS:

Europe, Middle East & Africa
POS Terminal Study

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IHL GROUP
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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.

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INTRODUCTION

Introduction / Background and Objectives

In For the last 17 years, IHL has been tracking the Retail POS Market in detail. In this analysis we review the POS Shipments and Installed Base in the EMEA (Europe, Middle East and Africa) Retail market. 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 2015 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

POS Definitions Used

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

Hewlett Packard: RP2, RP3, RP5 and RP7 families, PCOCD

Wincor Nixdorf: BEETLE family

NCR: RealPOS 20, 40, 50, 60, 70, 80 families and P-series

Fujitsu: TeamPOS 3000 and 7000 families

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 the devices.

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

Country Details

This report provides a summary profile of the key countries in EMEA, the purpose of which is to provide a brief educational review of the economic climate in each of the countries, what effects each economy has on the local retail scene, and the impact these facts have on EPOS shipments into these markets.

The key countries were selected based upon the combination of a) the size of the retail market, which is generally related to the country's GDP, and b) the maturity of the retail market with respect to development. The resulting key countries summarized in this study are as follows.

- Germany
- France
- United Kingdom
- Italy
- Spain
- Benelux (market-accepted composition of Belgium, Netherlands and Luxembourg)
- Scandinavia (market-accepted composition of Denmark, Finland, Norway and Sweden)
- Austria/Switzerland (due to geographic and cultural vicinity)
- Russia
- Other EMEA (all other EMEA countries)

Russia has emerged as a key country due to the significant GDP and the rapid progress of retail development. Other countries such as Turkey and Poland are just over the horizon, though they are not quite ready for prime time.

In this report, the Euro, the common currency of the European Union, is used for all countries for comparative purchases. The retail sales figures in this report are based upon the value of the Euro at year's end, so sales figures for 2014 are based upon a Euro that is worth US$ 1.2047, a decrease of 12.6% from 2013's US$ 1.3786. Due to the volatile nature of the Euro in the past few years, there is ample opportunity for confusion. For instance, in the past 5 years Switzerland, a non-EU country, has seen an 11.0% rise in retail sales (based on their local currency), but a 37.2% increase based on the Euro. Because most of the countries addressed in this report have a fixed Euro cross-currency rate (the exceptions being the UK, Denmark, Norway, Sweden, Switzerland and Russia), all numbers have been reduced to Euros for market size as well as sales figures and for per-head expenditures.

Market Segment Definitions

As this report also looks at market segment information, it is important that we distinguish the types of institutions we include in each market segment. These are:

- ***Food/Supermarket:*** Stores that sell food and grocery items and may have between 2 and 20 terminals per store.
- ***Drug Stores***: Stores that sell personal care and medicinal goods and have 1 - 5 terminals per store.
- ***Hypermarket:*** This is a broad segment that varies by country. In many, it includes a full service Food store as well as products typically included at Discounters under one roof. In other countries, stores can range anywhere from a Superstore format (think Walmart Supercenter) to a full-line Department Store (with large appliances) combined with a full-line Grocery store.
- ***Department Stores:*** Traditionally larger format stores, upscale in products and including hard and soft goods with department style checkout.
- ***Mass Merchandisers:*** Like a hypermarket format, only carrying non-food items or limited food items and using a front-end checkout. Also includes Discounters.
- ***Specialty Stores***: Stores that focus on particular product line niches. Includes apparel, news, shoes, and DIY type stores.
- ***Convenience Stores***: Includes stations and forecourts.
- ***Hospitality:*** Includes Restaurants, Bars, Pubs, Hotels, and Convenience Stores.

These are the market definitions that we used for our research. Please contact us for more details, further segmentation analysis or an alternate breakdown.

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