IDC MarketScape

IDC MarketScape: Worldwide Point-of-Sale Software Vendors in Grocery and Food Store Retail 2022 Vendor Assessment

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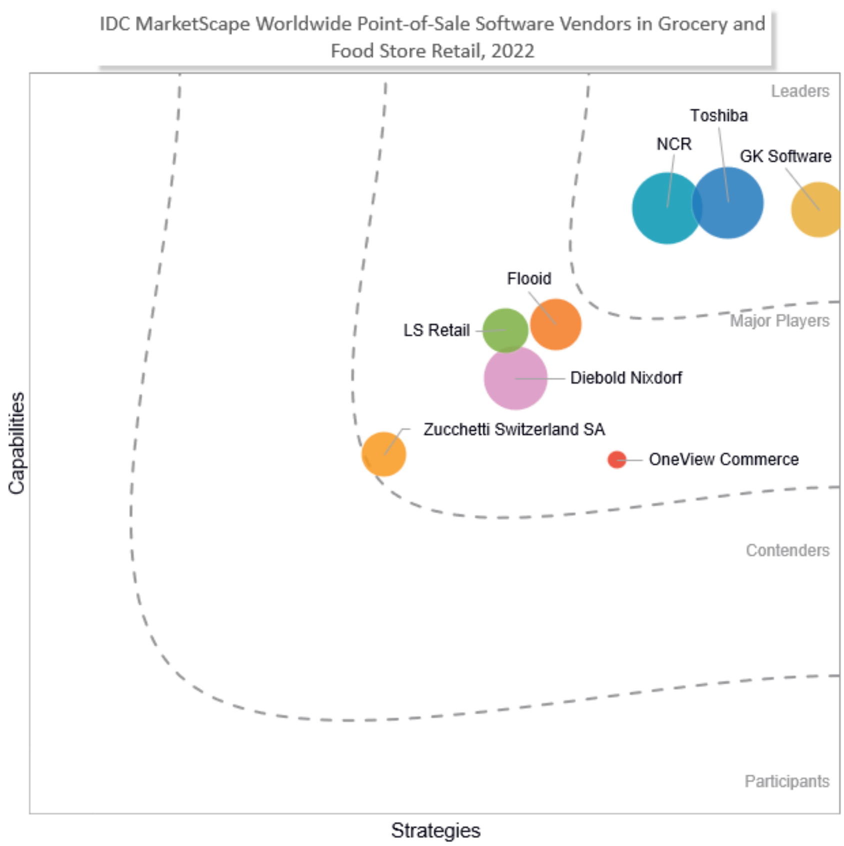
THIS IDC MARKETSCAPE EXCERPT FEATURES TOSHIBA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Point-of-Sale Software Vendors in Grocery and Food Store Retail Vendor Assessment



Source: IDC, 2022

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

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IDC OPINION

The already rapid evolution of the grocery store reached full tilt during the COVID-19 pandemic as essential retailers were even more pressured to deliver a robust slate of omni-channel options. As adoption of self-checkout (SCO), mobile and online ordering, delivery and BOPIS reach a fever pitch, grocery and food retailers need a point-of-sale (POS) solution to help them keep pace with customer demands, navigate inventory complexities, and manage workforce issues. While addressing these challenges and more, grocers maintain the same set of several key priorities including growing store-sourced revenue, increasing merchandise/assortment accuracy, and executing omni-channel fulfillment efficiently. To achieve these objectives, grocery and food stores must leverage technology that is designed to address the complexities of the grocery segment. POS providers that emerged as leaders have addressed the unique challenges grocery/food stores face. Point-of-sale software (SW) providers must adapt to be innovative in a rapidly evolving space. The need for self-service is not unique to grocery, but the scope of inventory, perishability monitoring/verification and the need to weigh certain items, creates more intricacies than simply enabling self-service kiosks and scanners. In addition, grocery has a more acute need for real-time data integration across channels as the pandemic drove bigger uptick in areas such as online grocery shopping and curbside pickup. With this, 64% of food and grocery retailers say that the top consideration when selecting technology solutions is the provider's depth of industry expertise to dovetail technology acumen.

Retail organizations of all sizes have realized the importance of digital strategy and capabilities. As such the point of sale must be both enabler and partner to provide the scope of rapid innovation and flexibility that the grocery space needs. The pace of change is a concern for all organizations as many admit to feeling the pressure to invest in innovation to remain competitive. This is echoed in the need for technology partners to both offer out-of-the-box solutions in tandem with the ability to integrate to other solutions. It's important for retailers that vendor partners participate in ecosystems of services that collaborate and compete. Taking all these factors into consideration, this IDC MarketScape identifies the following as key trends and differentiators for point-of-sale providers:

- Omni-channel capabilities of POS software suppliers from self-service, self-scanning, kiosk, curbside pickup, and endless aisle to delivery are in high demand and essential for both customer experience and efficiency. POS providers must address not only the omni-channel needs of today but have a strong strategy for powering the omni-channel needs of tomorrow while democratizing the data that comes from each customer touch point, eliminating silos. A key differentiator among top players in this IDC MarketScape is the ability to provide real-time, actionable data to help retailers make impactful changes at the store level.
- POS software vendors are moving to a unified commerce platform approach with data integration across operations to ensure consistent customer experience across all channels and offering retailers greater scalability and flexibility to add new features. While vendors are moving toward this platform approach, IDC notes divergent approaches in a few areas including payments acceptance, ease of updates for POS SW, and data integration strategies.
- There is significant movement to cloud-first, API-first POS platforms enabling microservices to help retailers to mix and match modules needed, allowing for ease of scaling and updates, and the ability for retailers to distinguish their brands better.
- POS software vendors are emphasizing innovation to keep up with rapidly evolving needs/demands of shoppers and infusing solutions with advanced technology including predictive artificial intelligence (AI)/machine learning (ML), store virtualization, endless aisles, cashierless technologies, smart scales, and produce recognition.

- As the POS landscape is changing rapidly in grocery, legacy providers are faced with nimble challengers that are addressing many areas that had been persistent obstacles, leading some formerly large players to back off the grocery market. With the maturation of cloud technology and moving data to the edge, retailers should seek out technology partners that understand the nuances of grocery and are addressing those specific challenges.

The intent of this research is to present an evaluation of enterprise-level vendors offering omni-channel POS software solutions globally. The inclusion criteria allows for the assessment to include providers that are all-in-one systems or a module within a unified commerce or omni-channel retail suite. In doing so, we present a view of the POS software landscape with a lens focusing on the rapidly evolving omni-channel capabilities that are increasingly vital to the grocery industry.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

To be included in this study, IDC stipulated that a vendor should meet the following criteria:

- Has an established reputation offering POS software solutions in the fast-moving consumer goods (FMCG) segment of the retail industry with significant revenue from grocery/food stores and significant revenue from enterprise-size retailers (with at least one grocery/convenience client with in-store net sales of at least $1 billion)
- Has revenue greater than $13 million annually
- Offers an enterprise-ready omni-channel POS software solution providing advanced omni-channel point-of-sale functions and capabilities (cannot just be for ecommerce)
- Has worldwide presence with significant presence in at least two of the following regions: North America, South America, Asia/Pacific (AP), Europe, and Middle East and Africa (MEA)

ADVICE FOR TECHNOLOGY BUYERS

- **Build a strong foundation:** Seek a technology partner that understands key objectives and will help align technology goals with appropriate key performance indicators. The capabilities of a vendor's offered solutions should not only address issues of today but offer flexibility to adapt to changing market conditions or demands.
- **Prioritize scalability:** In these rapidly evolving times, ensure that a POS software vendor's solution demonstrates the ability to easily scale and add/change features seamlessly. Ask your vendor to discuss the update process and frequency and how they are using technologies such as edge virtualization or digital twins to make software updates easier and more seamless.
- **Strategize innovation:** Select a vendor with an innovation-rich road map (particularly in areas of AI, computer vision, and machine learning capabilities) and a consistent track record of successful future-ready pilots. Ensure that future-ready innovations will be applied to next-generation grocery-specific capabilities, such as advanced produce recognition, smart scales, endless aisle, just walk out technologies, advanced loss prevention, inventory management and food safety, perishable identification, and intelligent promotions/marketing, and either are currently available for rollout or will be available soon.

- **Ensure manageable and effective upgrades:** Communicate clearly with vendor partners to understand the number and frequency of upgrades to expect. Make sure that all locations operating the software are all on the most current version of technology and are making appropriate use of features and capabilities, rather than running an outdated and less efficient or effective version of the solution.
- **Put customer data at the forefront:** In omni-channel POS platforms, data integration is paramount. Ask your vendor to demonstrate how its POS software solution offers a real-time single point of truth of the customer across all channels including customer data, shopping cart, promotions/loyalty, and inventory.
- **Evaluate POS through the lens of ancillary and new revenue streams:** Consider the vendor's ability to easily integrate modules such as deli, catering, fuel forecourt, and pharmacy giving customers a common experience across operations and the retailer integrated customer data across modules.
- **Future proof payments:** Review the vendor's payments module to consider how it is integrated within the POS platform and if it can use the vendor's payment gateway and offers an option to use third-party payment gateways. In addition, ensure the POS vendor can use the wide range of payment options that are important to specific demographic groups including QR codes, crypto, and mobile wallets.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Toshiba

Toshiba is positioned in the Leaders category in this 2022 IDC MarketScape for worldwide point-of-sale software vendors in grocery and food store retail.

Toshiba Global Commerce Solutions, a wholly owned subsidiary of Toshiba TEC, is based in Durham, North Carolina, with nearly 3,000 employees, more than 3.5 million POS systems deployed, 1 million lanes of POS software installed, and in use by 500+ retailers globally. Toshiba TEC is 50.02% owned by Toshiba Corp., and the two companies are separately publicly traded companies. Toshiba was formed as a result of Toshiba TEC's acquisition of IBM's Retail Store Solutions (RSS) business and point-of-sale solutions in August 2012 and is now one of two retail organizations within Toshiba TEC. The Retail Solutions Business Group (RSBG) serves the domestic Japan retail market, while Toshiba Global Commerce Solutions is the primary organization that serves the rest of the world outside of Japan.

With 50 years of experience in the POS market and retail overall, Toshiba has firmly established itself in the upper echelon of POS software systems installed. Since 2017, Toshiba has pivoted to a platform-centric focus, first with the introduction of its TCx Elevate in 2017 and currently with the all new ELERA open, modular commerce platform, launched in 2020.

Toshiba's POS solutions are a component of the company's broader, cloud and digital-native, ELERA end-to-end modular, unified commerce platform. The platform is designed to alleviate the problem of traditional monolithic application architectures in which store, mobile, and ecommerce apps are developed independently, leading to data silos and fragmented experiences for customers.

The ELERA platform embraces modern technologies to take unified commerce to the next level including microservices, retail store digital twin, IoT, edge, data analytics/visualization, and computer vision.

ELERA's microservices architecture, with more than 50 microservices and over 550 APIs, utilizing API first principles, allows for seamless interaction between applications, devices, and services across channels — enabling a common, consistent consumer experience across all channels, whether head or headless. ELERA also simplifies management for retailers providing a comprehensive view of the entire retail infrastructure and one source of customer data (one source of truth).

Modules built on the ELERA commerce platform currently include POS, self-service, ecommerce, loyalty and promotions, frictionless store, shelf inventory/queue management, item recognition, and commerce analytics. Payments and experience are the other two main modules of the platform, including areas such as payment analytics, alternative payments, and customer analytics. Retailers can take a "mix and match" approach, selecting the modular components best suited for their operations, as well as utilize their own or third-party applications.

Toshiba has infused the platform with a range of modern technologies such as IoT and edge control that allow retailers to enable a range of use cases built using computer vision and AI/ML and edge devices such as item recognition, loss prevention or shelf monitoring, unified data lake, and data visualization/analytics. ELERA also includes self-enablement tools that allow retailers to develop, experiment, trial, and scale their own unified solutions, enabling them to respond quickly to shoppers' changing preferences and needs.

Toshiba traditionally focuses on the high-volume retail segments where speed is essential, including grocery, mass merchandise, and drugstore, targeting tier 1 retailers. It serves tier 2-4 customers through an extensive partner program and network supporting other software applications for hundreds of tier 2-4 retailers. It is currently engaging partners to extend ELERA to these customers.

Geographically, Toshiba has a global focus with clients around the world and provides end-to-end support for its customers. Its biggest regions are North America and Europe. With a focus on cohesive customer experiences across channels and retailer control and empowerment, Toshiba has steadily introduced a stream of new features and enhancements for ELERA over the past two years, including produce recognition, self-service kiosks, enhanced loyalty and promotions, and mobile applications. Toshiba's road map moving forward includes furthering the company's vision for building new and enhancing existing platform solutions such as frictionless store, shelf monitoring, consumer mobile applications, and new payments abilities.

Strengths

- Toshiba Global Commerce Solutions stands out with its global presence, large installed base of POS systems, strong omni-channel vision and road map, long record of innovation, and demonstrated ability to meet evolving business needs, making Toshiba a formidable competitor.

- Toshiba's ELERA platform stands apart from many competitors with its embrace of modern technologies throughout the platform to take unified commerce to the next level including IoT, edge, data analytics/visualization, and computer vision. Its microservices architecture allows seamless interaction of applications of the retailer's choice across channels while maintaining a common user experience across the platform (head or headless).
- Toshiba offers retailers great flexibility for payments from the platform, acting as a connector between POS and payment gateways. Retailers can use an existing payment gateway or Toshiba gateway thereby eliminating the need for third-party vendors in the middle.

Challenges

- Toshiba is currently rolling out ELERA to its tier 2 and tier 3 customers through its extensive partner network, and the company will need to learn more about how smaller retailers can utilize ELERA. In addition, pricing structures will need to be developed to align with the needs of these potential customers as they evolve to the cloud. Today, Toshiba does have an extensive channel program and network supporting other software applications for tier 2–4 retailers that it would need to engage and extend for ELERA.
- While Toshiba's open platform is well designed to meet the needs of omni-channel retailers at any scale with enhanced next-gen technologies, it may face the challenge of interconnecting point solutions from smaller, extremely focused competitors in areas such as AI. Retailers will look to Toshiba to incorporate these solutions into their retail environment. The company is building an ELERA ecosystem that could potentially turn this challenge into a competitive advantage by enabling retailers to plug all devices and applications into ELERA and scale them across their entire retail IT infrastructure.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here, and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the estimated market size of each individual vendor within the specific market segment being assessed.

The eight vendors evaluated in this IDC MarketScape represent a majority share of spending in the worldwide POS market in grocery/food retailers, as outlined in the IDC MarketScape Vendor Inclusion Criteria section. There are other vendors that offer solutions that can be deployed in grocery/food stores but are not included in the evaluation for one of several reasons, such as the segment doesn't represent a significant focus for the overall company at this point or it did not meet the criteria for inclusion. Some of the vendors falling into this category are Oracle, Fujitsu, Veras Retail, Heartland Payment Systems, Carat from Fiserv, and ECRS.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This IDC study represents an assessment of worldwide point-of-sale (POS) vendors in grocery and food store retail. This research is a quantitative and qualitative analysis of the features, functionalities, and strategic road maps that explain the success of the major point-of-sale software providers in the grocery and food store segment, with a particular focus on omni-channel features and capabilities relevant to the grocery subsector. Grocery and food stores in IDC's retail taxonomy includes grocery stores (SIC 5411); meat and fish markets (5421); fruit and vegetable markets (5431); candy, nut, and confectionary stores (5441); dairy products stores (5451); retail bakeries (5461); and miscellaneous food stores (5499).

This IDC MarketScape is part of a series of point-of-sale software provider evaluations that will comprise large apparel/softlines, SMB apparel/softlines, and POS services.

POS software is related to the management of transactions and sales in retail, including sales reporting, sales indicators, credit system reporting, and cash accounting.

LEARN MORE

Related Research

- *How Retailers Are Investing to Combat Growing eCommerce Fraud* (IDC #US48307921, November 2021)
- *Meeting the Needs of Retailers' Rapid Transformation: Key Findings from IDC's 2021 Global Retail Core Business Processes and Applications Survey* (IDC #EUR148302421, October 2021)
- *IDC FutureScape: Worldwide Retail 2022 Predictions* (IDC #US47249621, October 2021)
- *IDC PeerScape: In-Store POS/Payments Practices to Address Today's Retail Challenges* (IDC #US47779821, August 2021)
- *IDC's Worldwide Digital Transformation Use Case Taxonomy, 2021: Experiential Retail* (IDC #US47988721, July 2021)

Synopsis

This IDC MarketScape assesses the capabilities and strategies of enterprise POS software solution providers that have a significant presence in the global grocery/food store segment. A key component of the evaluation is how IT buyers perceive the benefits of the POS software in meeting the unique and ever-changing needs of grocery stores as well as the providers' strategy and commitment to innovation to enable retailers' ongoing omni-channel success.

"The complexities of the current landscape in grocery means that POS providers must address not only the omni-channel needs of today but have a strong strategy for powering the omni-channel needs of tomorrow with the rapid innovation," says Margot Juros, research manager, Worldwide Retail Technology Strategies at IDC. "Successful players need to enable the visibility and democratization of data that comes from each customer touch point. One key differentiator among leaders in this space is the ability to provide real-time, actionable data to help grocery retailers make impactful changes at the store level."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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