

RESEARCH

Mobile POS to quadruple reach as it grows beyond micro merchants: report

August 4, 2015



Mobile payments

By CHANTAL TODE

The installed base for mobile point-of-sale is growing at a compound annual growth rate of 32 percent as the technology extends its reach into businesses, big and small, across a variety of industries and geographies, according to a new report from 451 Research.

Sign up now

Luxury Daily

At this rate, the research firm forecasts there will be 54.03 million installed mPOS units by 2019, up from 13.3 million units today. The key trends driving the growth include enterprise deployments, expansion into new vertical industries and financial inclusion in developing economies.

"With more than 1 in 3 enterprises citing sales processes as the most important activity to mobilize over the next two years, mPOS is poised to see strong upmarket traction," said Jordan McKee, senior analyst for mobile payments with [451 Research](#). "What's more, we find nearly two-thirds of businesses cite improving responsiveness to customers and providing access to existing applications to improve worker productivity as key drivers in their enterprise mobility investments, again putting mPOS squarely within the crosshairs."

"The ability to mobilize backend systems such as CRM and inventory with integrated

payment acceptance is a significant value add across a diverse range of industries – from retail to hospitality to direct selling – and many large organizations we've spoken with remain in the early stages of execution," he said.

Large-scale rollouts

MPOS has already seen large-scale rollouts from The Home Depot, Delta and Apple, among others.

However, 451 Research believes there is still significant untapped potential remaining in the enterprise sector.

Mobile POS is defined as a smartphone, tablet or other consumer-oriented mobile device that functions as a point-of-sale terminal and facilitates payment card transactions through a contact or wireless connection.

star-420

Starbucks is leveraging mobile POS at its new Express store

Originally embraced by independent sellers and small merchants, the technology has quickly been embraced by a wide range of businesses.

Online to offline

Online marketplaces are one example of a segment that has embraced mPOS.

"The 'online-to-offline' phenomenon is a significant driver of mPOS growth," Mr. McKee said. "Over the course of the past half-decade, businesses that have grown up in an online world are increasingly setting their sights on the physical-world opportunity."

"With well north of 90 percent of commerce still occurring offline, this is of little surprise," he said. "MPOS has emerged as something of a bridge technology helping e-commerce businesses extend their influence beyond their traditional boundaries."

"Recent examples of this trend are abounding in the marketplace sector, with Groupon, Shopify, Etsy and Amazon all launching mPOS solutions in the past several years."

Square's mobile POS

Additionally, Mr. McKee points to the example of grocery chain Harris Teeter, which is leveraging a Verifone mPOS device to enable curbside pickup for orders placed remotely through its HT Express Lane service.

Primary sales force tool

Rapid growth in mPOS will be most evident in emerging economies where the technology is playing a critical role in building out the electronic payments network as card penetration increases.

In more mature markets such as North America, mPOS will continue to expand as enterprise embraces it. The report forecasts that businesses with more than 1,000 employees will begin integrating mPOS more holistically across their organizations at a consistent and noteworthy pace over the next five years.

The findings are supported by a recent survey of U.S. IT decision-makers, with 87 percent feeling that accepting card payments on a mobile device and providing a real-time receipt are important.

"Many remain in early stages of their rollouts," Mr. McKee said. "Of businesses with more than 10,000 employees that have implemented the technology, 55 percent have 1,000 or fewer devices deployed."

"Similarly, 1 in 5 businesses with 2,500-9,999 employees currently using mPOS have fewer than 50 devices in use," he said. "Most large and enterprise-sized businesses are still experimenting with the technology, or implementing it for specific use cases such as line-busting, business continuity or pop-up shops."

"We anticipate that this will change, with mPOS transitioning to a primary sales force tool in ongoing operations in the near term."

Final Take

Chantal Tode is senior editor on Mobile Commerce Daily, New York

Embedded Video: <https://www.youtube.com/embed/9rl8Ii6Geqg?rel=0>

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.