Retail Applications
and Wireless M2M

Retail Applications and Wireless M2M is the third consecutive report from Berg Insight that gives first-hand insights into the adoption of wireless connectivity in the vending, parking, ticketing, ATM and POS terminal markets.

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Cellular M2M connections in the retail industry reached 18 million in 2013

The retail industry is an important vertical for cellular M2M connectivity with 18.4 million cellular connections today and a total market size of nearly 90 million POS terminals, ATMs, vending machines, parking meters and fare collection devices worldwide. Berg Insight forecasts that the number of cellular M2M connections in the retail industry will grow at a compound annual growth rate (CAGR) of 12.6 percent to reach 33.3 million connections worldwide in 2018. Shipments of cellular M2M devices will at the same time increase at a CAGR of 6.5 percent from 6.6 million units in 2013 to 9.1 million units in 2018. Cellular M2M technology enables devices such as POS terminals and ATMs to be used at new locations where fixed line connectivity is unavailable or impractical. The technology has a more transformational effect on markets such as vending and parking, where machine operators need to reorganize their operations in order to benefit from the availability of real-time information.

The installed base of connected vending machines in North America reached 0.45 million units at the end of 2013, whereas the corresponding figure for EU27+2 was 0.11 million units. The market is still in an early stage as penetration rates for North America and Europe are at 7.4 percent and 2.9 percent respectively. However, vending is also one of the fastest growing segments for connectivity solutions in the retail industry, driven by demand for cashless payment and vending telemetry solutions. The North American market is projected to grow at a CAGR of 20.7 percent between 2013 and 2018, reaching 1.14 million connected vending machines at the end of the period. Similarly, the European market is forecasted to grow at a CAGR of 29.5 percent to reach 0.4 million connections by 2018.
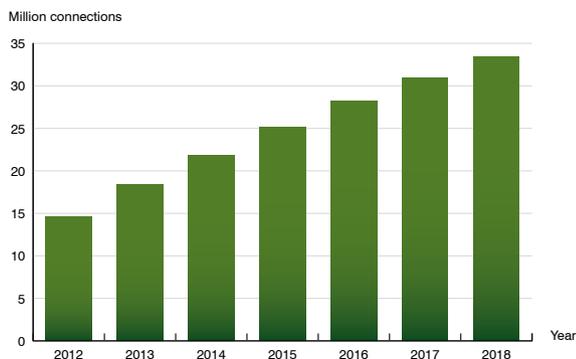
The parking industry has been one of the earliest adopters of M2M communication technology and today approximately 50 percent of the world's 460,000 multi-space meters are connected, primarily to cellular networks. This penetration rate will continue to increase steadily throughout the foreseeable future, as nearly all new multi-space meter deployments have connectivity as a requirement. Connectivity has in contrast to this only recently become an optional feature in single-space meters and today only 4 percent of the single-space meters in the world are connected. However, connected single-space meters have recently had a breakthrough in the North American market, where mixed deployments that comprise both single-space and multi-space meters are becoming ▶

common. The share of single-space meters that incorporate connectivity is as a result now increasing rapidly and expected to reach 17 percent by 2018.

Cellular connectivity has become a very popular option for POS terminals and was incorporated in around one third of the devices shipped in 2013. The wireless technology has an important role in facilitating the global adoption of electronic payments, as it enables the rollout of POS terminals to many new market segments as well as regions where the fixed line telecommunications infrastructure is less developed. Berg Insight forecasts that the installed base of cellular POS terminals will grow at a CAGR of 12.2 percent between 2013 and 2018 to reach 29.1 million units worldwide in 2018, driven especially by growth in emerging markets.

Berg Insight estimates that 27 percent of the ATMs in North America and 5–10 percent of the ATMs in Europe were connected to cellular networks in 2013. Wireless M2M is especially relevant for ATMs installed at off-site locations as it offers greater flexibility, shorter deployment times and competitive connectivity fees compared to fixed line alternatives. The number of wirelessly connected ATMs in North America is forecasted to grow at a CAGR of 6.0 percent to reach 0.17 million units by 2018. The number of wirelessly connected ATMs in Europe is similarly projected to grow at a CAGR of 10.0 percent to reach 0.07 million units in 2018.

Cellular connectivity is incorporated in an estimated 0.1 million fare collection devices worldwide today, such as on-board ticket vending machines, stationary vending machines and handheld ticket sales terminals. Berg Insight anticipates that the market potential for cellular connectivity in public transport will expand as account-based fare collection systems gain ground and increase the need for real-time communication. However, the number of fare collection devices that incorporate cellular connectivity is likely to remain relatively modest, as many fare collection devices can share a communication line with other equipment.

This report answers the following questions:

- What is the potential market size for wireless M2M communication in the retail industry?

- Which are the key applications that offer sizable business opportunities?

- Which trends and developments are shaping each vertical market segment?

- Which are the leading providers of vending telemetry solutions?

- When will connectivity become commonplace in vending machines in Europe and North America?

- How is the market for wireless ATM connectivity solutions developing?

- Which are the leading providers of connected parking meters?

- What is the attach rate for cellular connectivity in POS terminals by region?

- How is the market for public transport fare collection systems evolving?

Million connections

*Cellular M2M network connections in the retail industry
(World 2012–2018)*

Table of Contents

About the Author

Lars Kurkinen is a Senior Analyst with a Master's Degree in Strategic Management from the Aalto University School of Science and Technology, Finland. He joined Berg Insight in 2010 and his areas of expertise include Smart Homes, mHealth and Mobile Financial Services.

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