



# Future proofing retail

Embracing unified  
commerce

NOVEMBER 2024



Shape the future  
with confidence

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# Executive summary





# The purpose of the report

EY teams developed this report to assess the continued disruption and evolution of the retail landscape, specifically as it pertains to the interdependencies of online and offline retail and the role of a unified commerce approach to managing these systems.

Unified commerce moves beyond the concept of omnichannel. As a strategy, it centralizes sales channels, operations, backend processes and customer shopping experiences. This unification creates a better connection between in-store and digital customer experiences and is aimed at driving business growth and efficiencies while reducing costs.

EY research considered the concept of a commerce operating system (COS), which is a set of technologies that support a retail organization's basic functions in a centralized way. It became clear that having a COS is essential to executing a unified approach to commerce whereby front- and back-end processes and data are centralized for more seamless business operations and better user experiences.

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The role of point of sale (POS) systems within the COS is emphasized due to the importance of having tightly coupled POS and ecommerce platforms to unlock the most value from the COS.

As part of EY research, we used Shopify as an example of a COS, and Shopify POS as an example of a solution that unifies online and offline retail while supporting essential operational requirements of middle-market and enterprise retailers.





# Approach and methodology

The following report is authored by the EY organization and reflects the opinions and findings of EY.

## Following is how we structured our research:

- ▶ Conducted original market research to understand the retail landscape with an emphasis on middle-market and enterprise retailers.
- ▶ Analyzed transactional data from nearly 4,000 organizations to quantify the impact of a unified POS system across various business types and sizes.<sup>1</sup>
- ▶ Surveyed more than 600 organizations to quantify sentiment and cost differentials between various POS providers to assess the impact of those that enable a unified commerce strategy.<sup>2</sup>
- ▶ Interviewed senior leaders across digital solutions agencies, mid-sized to large retail enterprise organizations and senior EY advisors who support large-scale POS implementations.

## What we considered when creating this report



**RETAIL MATURITY MODEL**  
showing the progression towards unified commerce.



**COMPONENTS OF A COMMERCE OPERATING SYSTEM (COS)**  
reflecting broader ecosystem connectivity.



**KEY PERFORMANCE INDICATORS (KPIs)**  
reframing how retailers define and measure success.



**POS GUIDE** supporting retailers to make forward-thinking POS decisions for the business.



**CORE POS DIMENSIONS**  
to effectively measure the outcomes of POS systems.

<sup>1,2</sup> See footnotes at the end of this document

# Key findings and insights

Evolving buyer behaviours are changing the retail landscape quickly. Retailers seeking to keep pace with market changes are taking a unified approach to commerce technologies.

The traditional construct of distinct retail channels has created challenges in personalizing experiences for customers. Many of these challenges are the result of the lack of integration between retail technologies leading to siloed data.

Retailers are now moving away from servicing distinct sales channels to servicing customer "touchpoints" regardless of channel.

As a result, retailers are looking to unify data across offline and online commerce. This unified approach provides retailers with a comprehensive view of their business and contributes to delivering exceptional consumer experiences, leading to greater lifetime value for customers.



## WHAT IS UNIFIED COMMERCE?

Unified commerce is a strategic approach to retail that integrates all customer-facing and back-end technology systems into a single platform, providing a seamless and consistent shopping experience across all channels. This strategy aims to centralize sales channels, operations, back-end processes and customer-facing experiences to drive growth, increase business efficiency and reduce costs. True unification occurs when POS and ecommerce exist on the same platform, allowing product, order and customer data to flow from a single source of truth.



As brands seek to futureproof their business in today's rapidly evolving retail environment, adopting a COS is crucial to achieving a unified commerce strategy.

The shift to unified commerce requires retailers to rethink what and how technology is used to support their operations. It also requires retailers to rethink how to *measure* success.

Choosing the right technology components and ensuring the proper integration of back-end systems is crucial to enabling superior customer experiences, allowing for seamless data handoff between front- and back-office operations. This creates a consistent, end-to-end experience for customers.



### WHAT IS A COMMERCE OPERATING SYSTEM (COS)?

A COS is an integrated suite of software applications that support a commerce organization's basic functions. A COS provides the necessary infrastructure to centralize all components of a retailer's operations, including inventory management, data and analytics, and customer engagement. This operating system ultimately serves as the technological foundation, the backbone, of any retailer's unified commerce strategy.



## The right POS system matters.

The optimal POS solution – a critical component of unified commerce – allows retailers to integrate and align retail systems across front- and back-end operations. The POS system enables omnichannel operations, bolsters financial performance and supports data-driven insights to drive more strategic decisions and personalized customer experiences – all important aspects of unified commerce.

Of course, not all POS solutions are created equal. Retailers looking to futureproof their businesses must assess and choose a POS solution carefully, ensuring they align business goals to strategies that unify commerce operations and enable continued innovation.

Research has also demonstrated that employing a unified POS can improve total cost of ownership (TCO). Retailers are able to cut costs significantly by using shared components, removing the need for middleware and high maintenance costs, and focusing capital on development capabilities unique to their business.



### WHAT IS A POINT OF SALE (POS) SYSTEM?

A POS system is a hardware and software system that enables business transactions including sales through debit and credit, multi-tender, gift cards and cash to be conducted and processed in store. A unified POS solution enables seamless integration between online and offline channels.



Shopify POS stands out as an example of a POS system that allows mid-market and enterprise retailers to realize benefits of a unified commerce strategy.

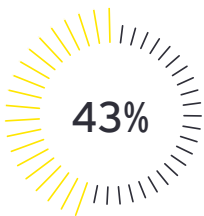
Using multiple EY frameworks, we assessed several POS solutions in the market and gained a robust understanding of how Shopify specifically enables unified commerce and creates value while on average lowering TCO for mid-market and enterprise retailers.<sup>3</sup>

EY research consistently shows how Shopify POS, when paired with a Shopify digital commerce channel, moves retailers towards successfully achieving a unified commerce strategy by having product, order and customer data flow from a single source of truth. In tandem, it shows how Shopify’s POS solution allows retailers to enhance omnichannel capabilities, accelerate implementations and unlock highly detailed customer data and insights.

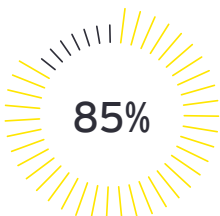
Based on the retailers we surveyed, these attributes lead to increased sales across channels and improve financial performance. Retailers can realize value quickly from Shopify’s POS solution as a result of functionality such as native workflows for buy-online, pick-up in store or endless aisle, to stay ahead of competition in an ever-changing market, while enabling technical teams to focus efforts on creating customized, value-added experiences unique to the brand.

While implementing both POS and ecommerce concurrently with Shopify may at first seem daunting for retailers, research demonstrates long-term operational and growth benefits.

THE FOLLOWING FINDINGS FURTHER REINFORCE OUR ASSESSMENT:



of survey respondents cite a **desire for a unified platform** as a key factor in their decision to use Shopify POS.<sup>2</sup>



of mid-market retailers use Shopify POS **omnichannel features to drive growth** in sales both online and offline.<sup>1</sup>



Shopify POS retailers experienced an equivalent omnichannel sales growth of **+150%** quarterly on average year over year.<sup>1</sup>



Shopify POS has a **20% faster implementation time** relative to the market set surveyed.<sup>3</sup>

<sup>1,2,3</sup> See footnotes at the end of this document

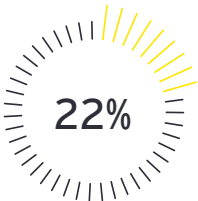
Shopify’s POS solution on average reduces the total cost of ownership while also delivering significant value for retailers through its unified commerce offerings.<sup>3,4,5</sup>

After analyzing Shopify against EY TCO attributes, we were able to validate that Shopify POS leads to cost efficiencies for both upfront and ongoing costs, and provides significant value benefits to retailers, including multiple revenue uplift enhancements, improved retail operations and mitigation of many costs normally associated with POS systems.

A broad assessment of total cost of ownership (TCO) and corresponding value creation levers helps retailers make informed choices that align with the organization’s financial and operational objectives.

To realize the full range of benefits, however, retailers must consciously invest in initiatives designed to help achieve the benefits desired. For example, Jennifer Pearson from Oak + Fort mentioned they anticipate making further investments in an order management system to enable automated “buy online, ship from store” capabilities, a task that currently requires some manual intervention.

THE FOLLOWING FINDINGS FROM EY SURVEY FURTHER REINFORCE SHOPIFY POS’S VALUE PROPOSITION:



Shopify’s POS solution demonstrated 22% lower overall TCO on average relative to the market set surveyed.<sup>3</sup>



On an aggregate basis, Shopify’s POS solution provides an 8.9% equivalent uplift in sales annually on average.<sup>3,4</sup>



WHAT IS A TOTAL COST OF OWNERSHIP (TCO)?

TCO is a financial estimate intended to help buyers determine the upfront, recurring and ongoing costs of a product, solution or system. A robust TCO framework includes all relevant costs associated with purchase, implementation and maintenance of the system. In addition to TCO, retailers should consider the overall value created through POS’s enablement of unified commerce.

<sup>3, 4, 5</sup> See footnotes at the end of this document



02

Who we are  
and how we  
collaborate





# Who we are and how we collaborate

## EY

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets. Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate. Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today. For more information, visit [EY Canada | Building a better working world.](#)

## Shopify

Shopify is the leading global commerce company that provides essential internet infrastructure for commerce, offering trusted tools to start, scale, market, and run a retail business of any size. Shopify makes commerce better for everyone with a platform and services that are engineered for speed, customization, reliability, and security, while delivering a better shopping experience for consumers online, in store and everywhere in between. Shopify powers millions of businesses in more than 175 countries and is trusted by brands. For more information, visit [www.shopify.com](https://www.shopify.com).

## EY-Shopify Alliance

The EY organization and Shopify aim to help enterprises activate and scale commerce businesses. The alliance focuses on commerce transformation programs across a multitude of industries and sectors. For more information, visit [EY-Shopify Alliance | EY - Global.](#)



03

## How is retail evolving?

The retail operating environment is not static. Ever-changing economic conditions, technological advancements and customer expectations continually impact retailers and retail strategies. These factors are shaping consumer buying behaviours and are allowing consumers to make more informed purchasing decisions. On the flip side, these factors are also creating opportunities for retailers, giving them the opportunity to establish more resilient business models, create exceptional customer experiences and foster brand loyalty.



# Which disruptive forces are making the greatest impact on the retail environment?

## 01

The expectation of speed and convenience are blurring the lines between channels.

### WHAT'S HAPPENING?

Where customers are purchasing continues to evolve, which means *how* retailers interact with customers is also evolving. The lines between retail sales channels have become less distinct as customers expect to find what they need whenever they need it and purchase it immediately.

### IMPACT FOR RETAILERS?

The blending of physical and digital channels requires retailers to invest in integrating digital infrastructure. Retailers need omnichannel solutions that share information across all channels, online and offline, to provide a seamless customer shopping experience. This includes:

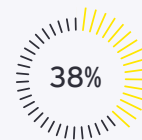
- ▶ **Advanced inventory management capabilities** to support multichannel purchasing, like real-time inventory synching, product availability and stock optimization.
- ▶ **Flexible services**, such as ship from store, instant delivery and endless aisle capabilities.
- ▶ **Tailored pricing and payment options** to support dynamic discounts and promotions based on channel.
- ▶ **Centralized data storage** across all channels through a cloud-based architecture.



Of consumers want to see, touch, and feel items before they buy



Of consumers actively decide to not shop online because they feel it gives them less control of the purchase



Of consumers buy items online and then collect them in-store

## 02

# More knowledge and less disposable income are eroding consumer loyalty.

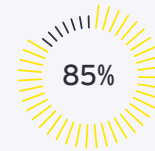
### WHAT'S HAPPENING?

Unlimited access to information and uncertain economic conditions are giving way to fragmented consumer behaviour as the market becomes more conscious of, and selective about, purchases. Consumers are quick to switch between brands, products and retailers based on price, accessibility and quality perception, eroding the strength of consumer-brand relationships.

### IMPACT FOR RETAILERS?

Retailers need to be more intentional in building brand loyalty and understanding their customers. Retail now is less about the transaction and more about the experience retailers are creating behind their brand. Retailers need to:

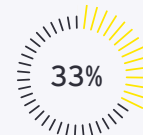
- **Get to know customers better** through access to insights, actionable data and artificial-intelligence (AI)-driven analytics.
- Improve **marketing strategies** through personalized incentives, subscriptions and customer programs.
- Provide **personalized product recommendations** based on order history to drive up-selling and cross-selling opportunities.



Of consumers are concerned about their finances



Of consumers do not see brands as very important in shaping purchasing decisions



Of consumers are trying new brands to reduce costs



Of consumers say personalized offers and promotions from brands they've interacted with improve their shopping experience

### 03

The democratization of technology is creating unprecedented competition — and expectations — in retail.

#### WHAT'S HAPPENING?

The democratization of technology is intensifying competition in the retail sector by providing businesses of all sizes with access to advanced tools and platforms that were once the exclusive domain of larger enterprises. This levelling of the playing field is prompting retailers of all sizes to better integrate technology systems in an effort to bolster operational efficiencies and elevate customer experiences.

#### IMPACT FOR RETAILERS?

Retailers must seize the opportunity to use technology as a business enabler and choose partners who prioritize innovation on their behalf. Better technology and streamlined business processes can help retailers enhance customer experiences, driving online and brick-and-mortar efficiencies through strategies that unify commerce strategies. Technology should improve experiences across all parties – customer, employee and brand:

- **Elevate the customer experience** through improved checkout efficiency and in-store interactions.
- **Empower employees** to continually shape customer experiences through optimized, user-friendly technologies.
- **Strengthen the brand** through seamless, behind-the-scenes technology integration that leads to better operational performance.

“

The simplification of, and increased access to, technology allows retailers to innovate more quickly and effectively as employees and customers alike have greater technology sophistication which enables an enhanced customer experience and increased operational efficiencies.

**WARREN TOMLIN**

EY-Shopify Global Alliance Leader,  
EY Canada





## 04

Economic pressures and growing operational complexity are forcing retailers to honestly assess the cost and return of investments.

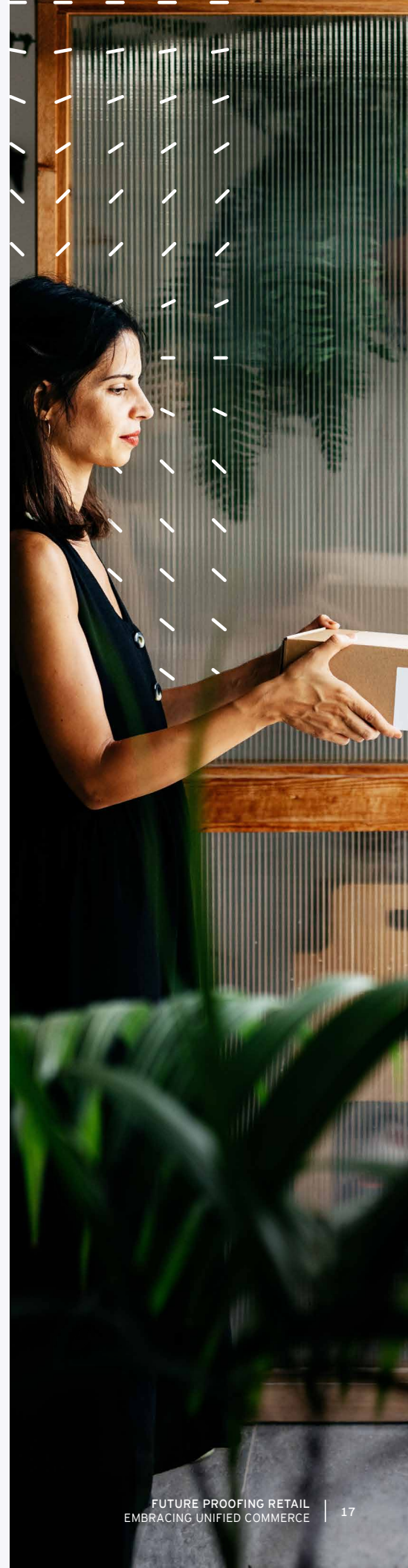
### WHAT'S HAPPENING?

Inflation, reduced discretionary spending, geopolitical instability, as well as potential continued supply chain disruptions are reshaping the cost landscape. At the same time, the need to manage multiple systems and data sources is adding layers of operational complexity and cost to retailers' activities.

### IMPACT FOR RETAILERS?

Together, these challenges highlight the importance of taking a holistic approach to business and technology investments – an approach that goes beyond considering the initial upfront costs of technology choices and considers a true cost of ownership of any investment. When making purchasing decisions, retailers should prioritize long-term gains over short-term convenience. With this in mind, retailers should:

- ▶ Invest in integrated technology solutions that will reduce the **cost of complexity** by streamlining processes and improving efficiency.
- ▶ Assess the impact purchasing decisions have on an organization's ability to **scale and drive innovation** in the long term.
- ▶ Consider how solutions **integrate with pre-existing systems** to avoid silos and enable the smooth flow of data.



## As these forces redraw the playing field, they are also moving the goalposts

Research suggests that a new retail operating environment is emerging. There is now a need for retailers to move away from targeting specific channels or locations to sell products, and instead adopt a holistic approach to commerce focused primarily on the customer journey. Retailers must engage with customers in their preferred environments, on their terms, rather than expecting consumers to come to them.

This requires a deep understanding of the customer journey and a commitment to being present and engaged at every customer touchpoint. Letting go of fragmented infrastructure, whether legacy or new, and adopting a unified commerce strategy is a meaningful step to making customers central to all business activities.

## Now, retailers are looking to adopt a unified approach to commerce — one capable of providing line of sight into business operations and new experiences for consumers.

The retail landscape is always changing and has evolved into a technology-driven, omnichannel experience for consumers. In 2020, retailers hit a critical turning point in developing their omnichannel strategies as the need to quickly adopt new approaches to digital sales became essential to their survival. In response, retailers have evolved business processes to transact more seamlessly across channels, removing fragmentation where possible. Retail strategies have only continued to transform as disruption continues.



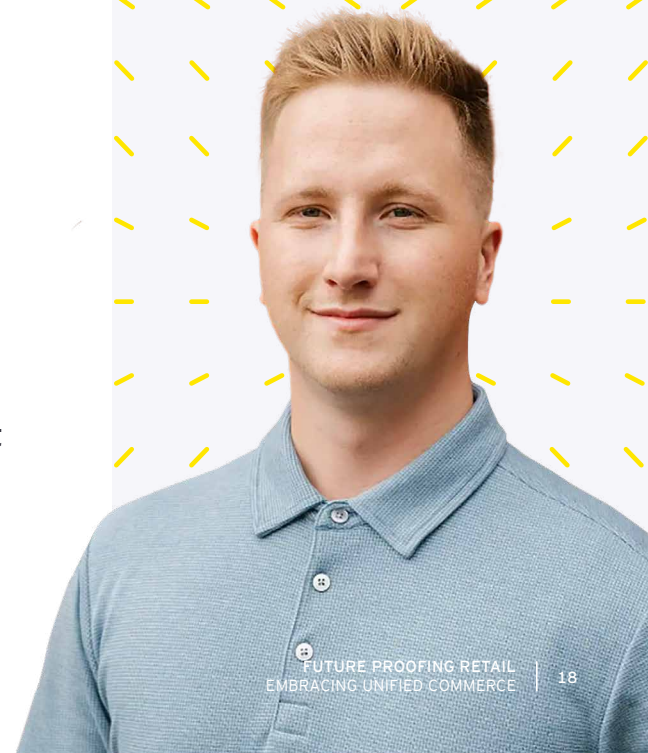
**Important to note:** we've moved away from the concept of channels towards the idea of customer touchpoints.

“

Businesses have chased omnichannel for years, but unified commerce is the end game.

**PETER TIVY**

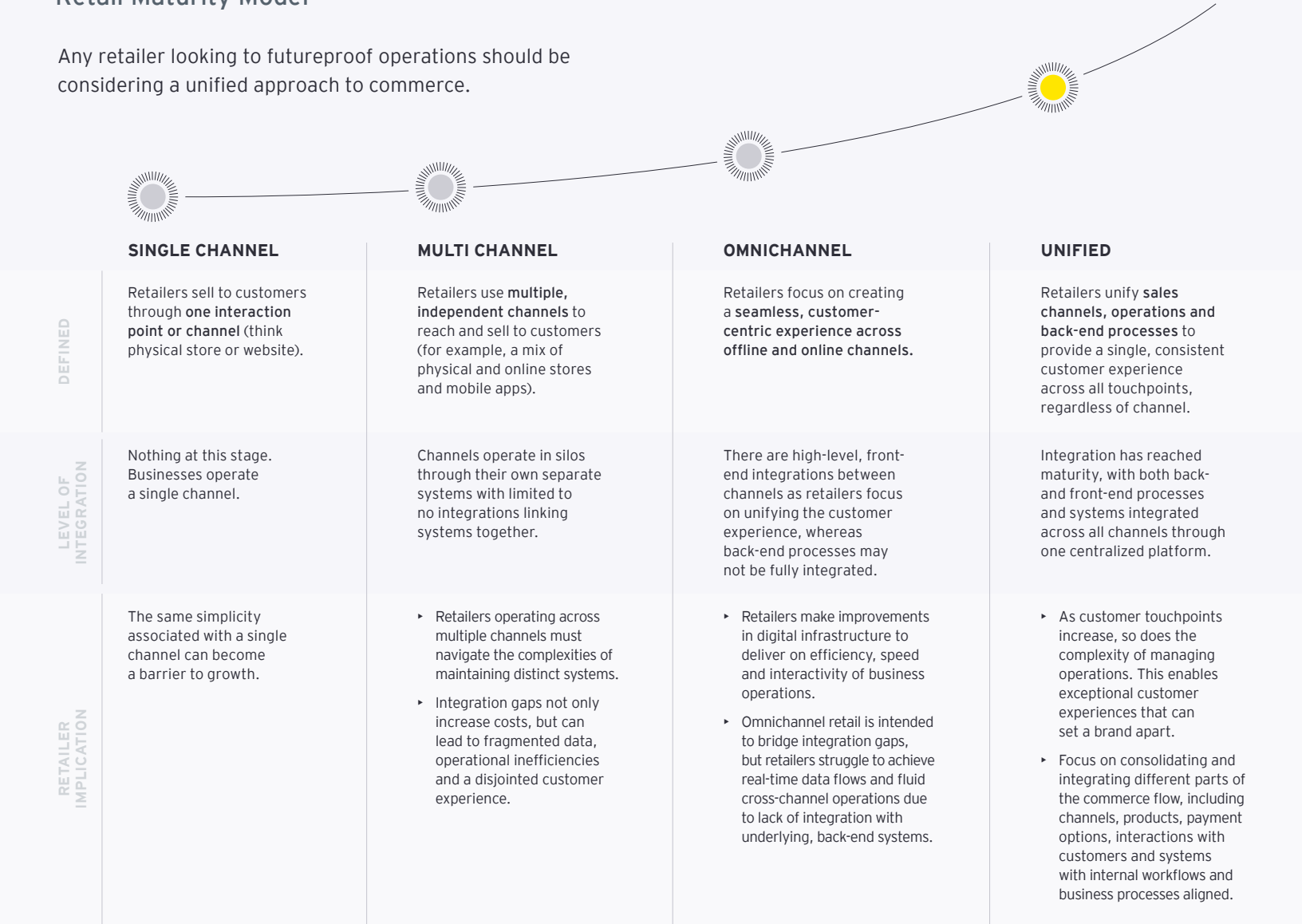
Founder of Teifi Digital





Retail Maturity Model

Any retailer looking to futureproof operations should be considering a unified approach to commerce.



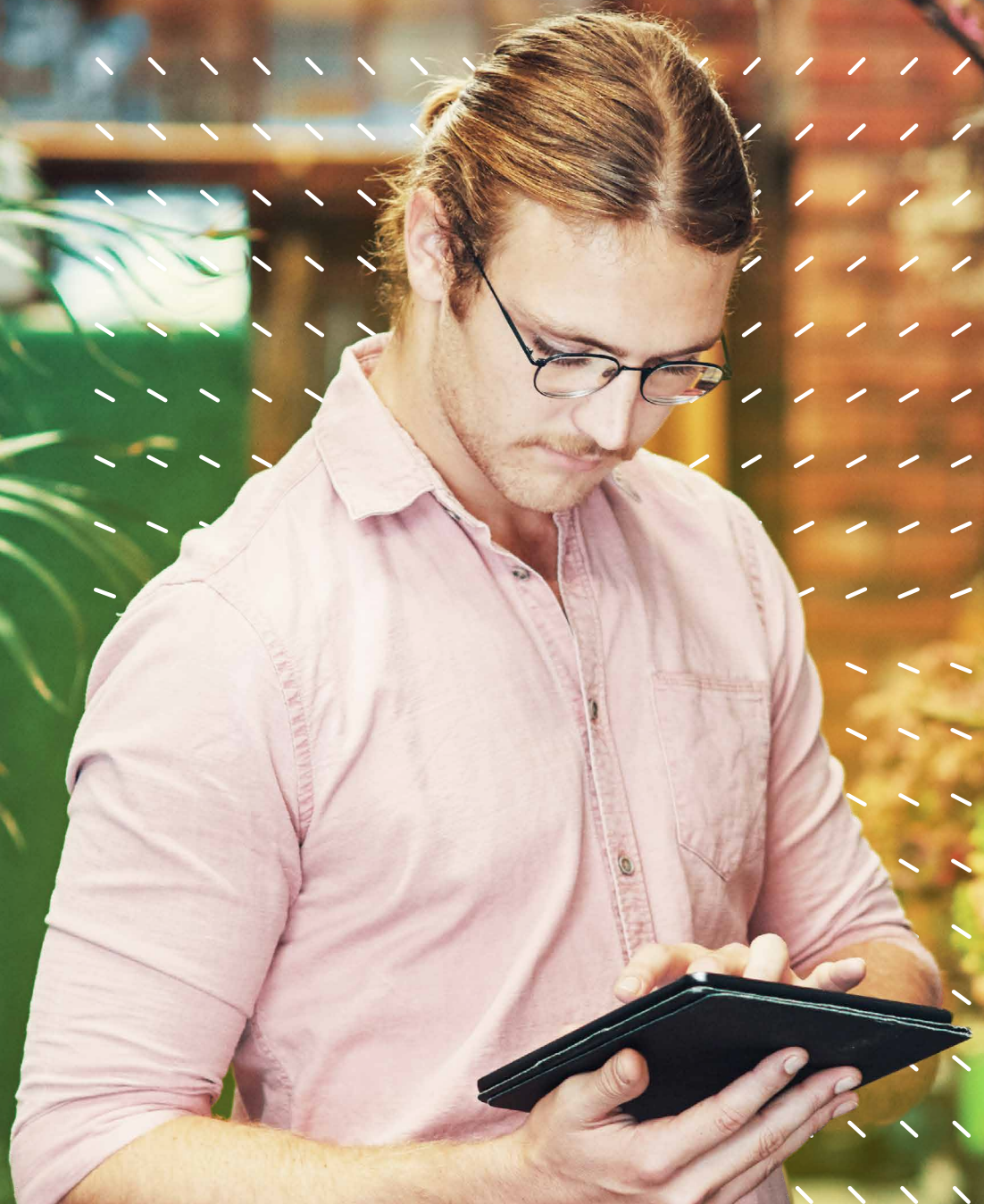
The customer **is** the channel.

A unified commerce strategy allows retailers to create seamless and personalized customer experiences. For most retailers, futureproofing the business must start by embracing a unified approach to commerce. This is how retailers can make the customer the focal point and conduit through which transactions, engagements and, ultimately, purchases, flow – even as the pace of change accelerates.

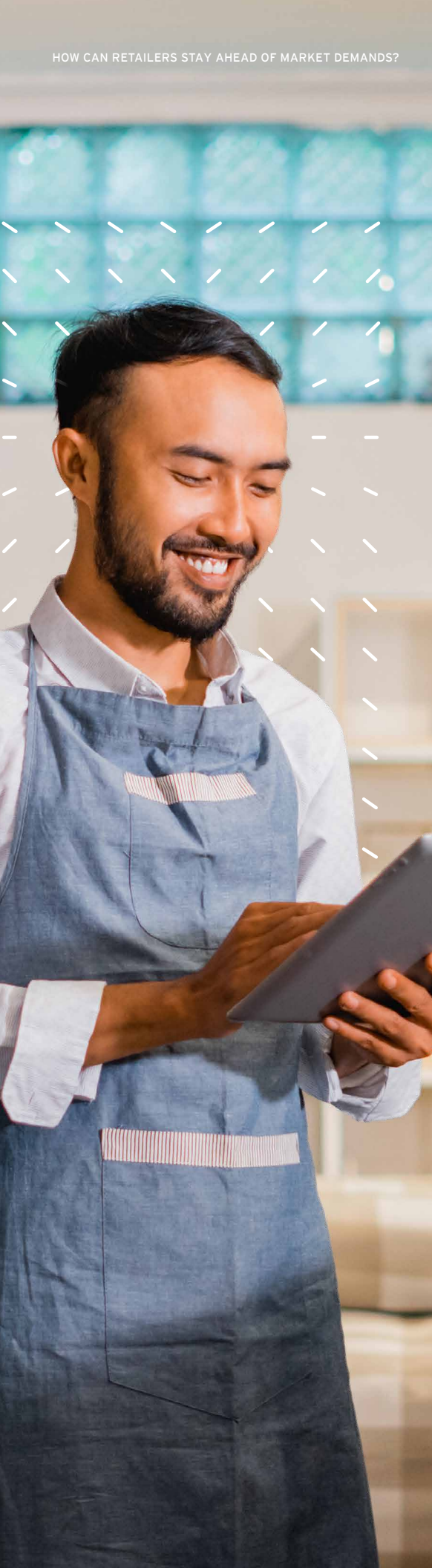


04

How can  
retailers stay  
ahead of market  
demands?







# How can retailers stay ahead of market demands?

To ensure brands are best positioned to meet their customers' needs as well as their business's strategic growth ambitions, retailers should ensure a unified commerce strategy is resilient, flexible and prepared for continued industry evolution.

Three key questions retailers must consider in achieving a unified approach to commerce:

01

How may a COS bolster operational efficiencies?

02

What technology and system architecture strategies will enable the most relevant and competitive customer experiences?

03

How can the impact of a unified commerce strategy be measured?

01

# What does a unified approach to commerce look like?

## The role of a COS

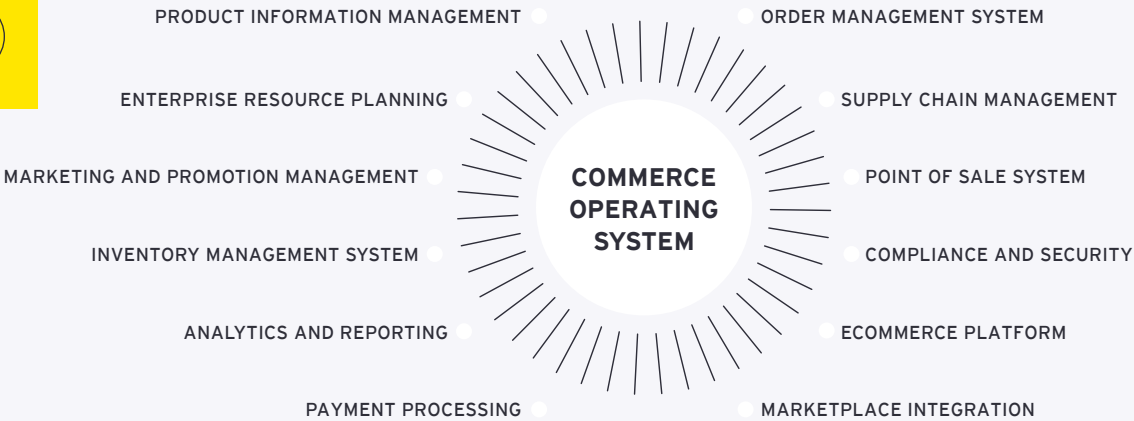
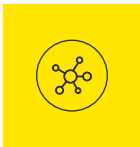
Retailers face the challenge of integrating multiple channels, platforms, and sales and marketing programs into cohesive customer experiences. This is where a COS adds significant value. A COS can serve as the backbone of a retailer's digital strategy, enabling seamless unification across POS, ecommerce and business-to-business (B2B) sales channels. It provides a centralized platform for managing inventory, pricing, promotions, customer interactions and analytics, ensuring operational consistency and efficiency.

Growing consumer demand for seamless and personalized shopping experiences has reinforced the need for retailers to centralize and manage retail operations more effectively. Today's consumers expect to move seamlessly between online and offline channels, receiving the same level of service, having access to the same inventory and taking advantage of the same pricing strategies a retailer offers, regardless of how they shop.

“

Bringing everyone into the same ecosystem and getting them familiar with Shopify has been an unplanned and unexpected but really beneficial part of this experience for us. We just naturally trained 300 people on how to think about how the Shopify system works.

**EVAN STANFIELD**  
ecommerce and Operations  
and Manager at Rudsak



To effectively implement a COS, retailers must consider what technologies and system-wide architectures support their target customer experiences.

## 02

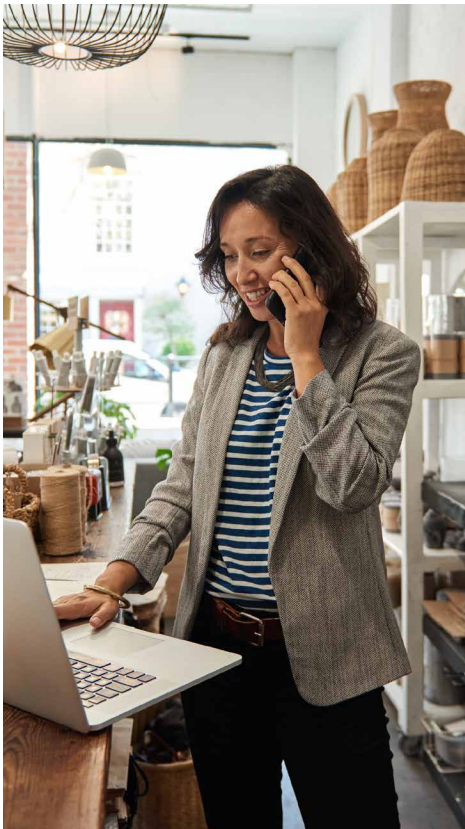
# How can retailers achieve a unified approach?

## Choosing the right technology and architecture.

Adopting a COS is a strategic decision that can significantly influence a retailer's ability to adapt, grow and meet customer expectations. There is no one-size-fits-all architecture of a COS, and the optimal configuration depends on each retailer's specific needs and circumstances.

For the purposes of this report, there are three general technology approaches to choose from:

- **OFF-THE-SHELF:** optimized for small retailers or similar
- **MODULAR & EXTENSIBLE:** optimized for scalability, growth, ease of use
- **PURPOSE BUILT:** optimized for large bespoke deployments



## Off-the-shelf solutions

### WHAT ARE THEY?

A single solution where all application components are tightly coupled and operate as a single service

### CONSIDERATION FOR RETAILERS

- Typically optimized for smaller retailers with fairly uncomplicated requirements
- Simplifies development and deployment processes and can act as a basic COS
- Difficult to account for nongeneric retail processes and can limit a retailer's ability to adapt to new business requirements

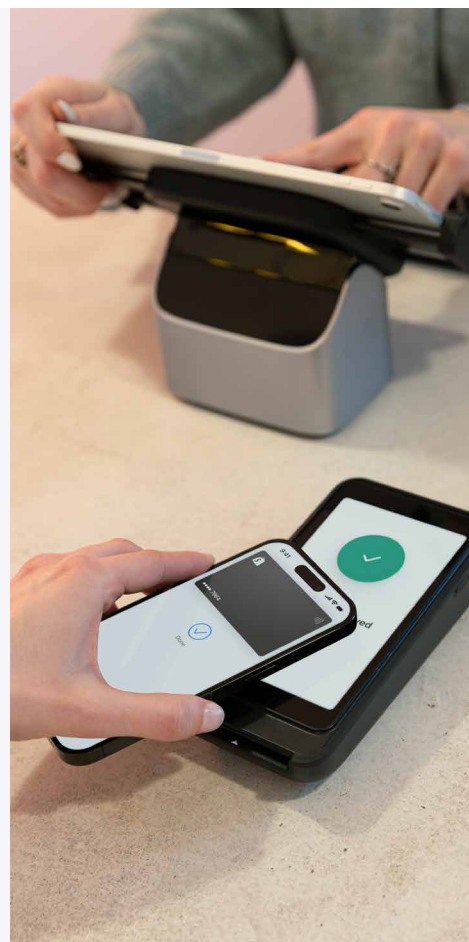
## Modular & extensible solutions

### WHAT ARE THEY?

A system comprised of separate, interchangeable modules, each with specific functionality designed to be interoperable and extensible

### CONSIDERATION FOR RETAILERS

- Typically optimized for mid-sized and enterprise retailers that have a requirement for and deploy more sophisticated business processes
- Promotes flexibility and customization, as retailers can swiftly extend the system's capabilities
- Retailers can select purpose-built modules and technology providers to support specific business needs
- Complexity increases as the system develops, leading to integration requirements that support the retailer's unique contexts



## Purpose-built solutions

### WHAT ARE THEY?

System architectures where applications are divided into multiple, interdependent services

### CONSIDERATION FOR RETAILERS

- Typically optimized for large retailers with unique and customized business processes and needs
- Supports fully customizable development and deployment strategies, improving business flexibility and resilience
- Customized technology systems may require businesses to invest significant time, energy and capital to implement, grow and maintain







When it comes to determining the right technology architecture and making decisions about technology investments, retailers must weigh the need for flexibility and the costs involved.

The choice should reflect the retailer's current needs and account for future growth requirements. An organization's strategic focus, particularly on customer experience, can and should shape the direction of its technology investments.



#### SPOTLIGHT EXAMPLE: SHOPIFY

Shopify is a technology provider that supports retailers across all three technology architecture models.

Over the past several years, Shopify has increasingly focused on supporting the specific needs of enterprise retailers and is extremely well positioned to support retailers interested in a modular or extensible approach to building a COS and executing a supporting unified commerce strategy.

“

Shopify as an ecommerce platform was built as a very malleable solution. They have continued this philosophy with Shopify POS. The APIs that you have access to are very expansive, creating a developer-friendly environment. Shopify gives you the tools to build something that really fits your business.

**CHRIS POINTER**  
Creative Director at eHouse

## 03

# Measuring the impact of a unified commerce approach

## Reframe measurement for today's realities.

Retail KPIs and metrics must reflect this new operating paradigm. What constituted a retailer's success 2, 10 or 20 years ago, no longer applies. Traditional KPIs might have typically covered outcomes such as average transaction value, units per transaction, sales growth, conversion rate or online versus in-store sales and checkout speed, among others. As retailers shift to a more customer-centric, unified approach to commerce, however, these KPIs must change.

We now see the need for retailers to measure the lifetime value of a customer, redefining what success is for the brand. Financial metrics will always matter, but brands must increasingly adopt KPIs that measure impact against ever-developing customer needs, behaviours and expectations.

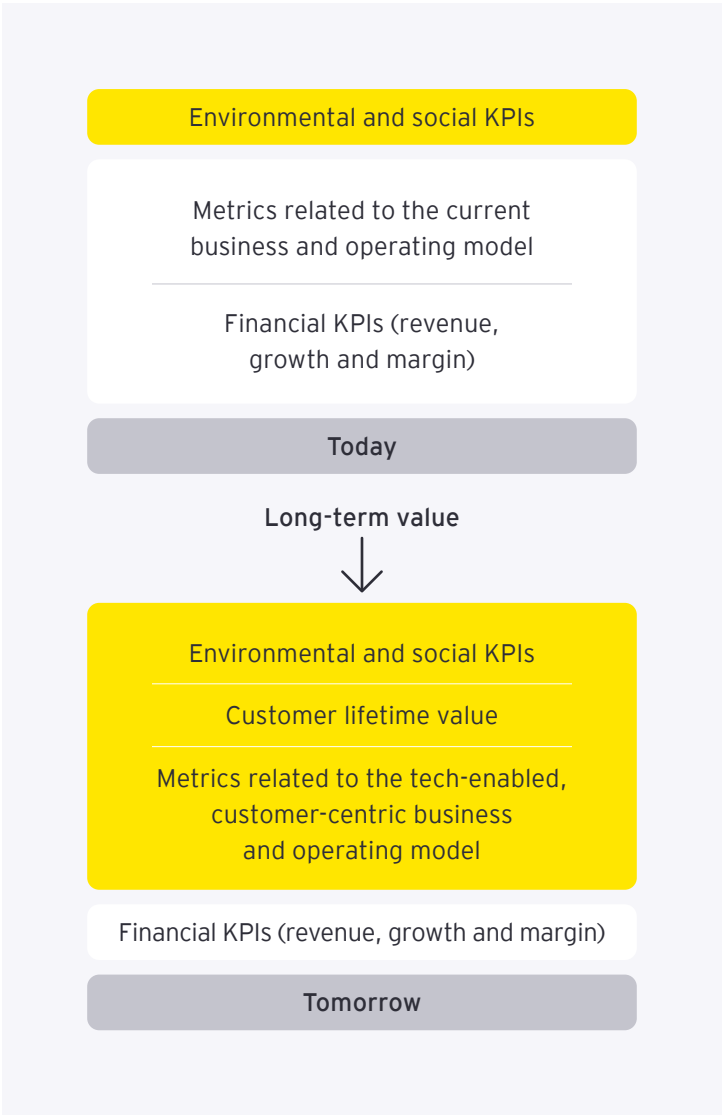


## Which KPIs are now important?

- ▶ **NUMBER OF CUSTOMER TOUCHPOINTS:** Experience across all touchpoints, including customer engagement, retention strategies, loyalty programs, community building, time savings
- ▶ **RETURN ON INTERACTION:** Engagement with the brand online and offline, on social media, through digital platforms and related impact of customer involvement on sales and brand advocacy
- ▶ **PERSONALIZATION OF PRODUCT AND EXPERIENCES:** Degree to which products and services are tailored to individual customer preferences, effectiveness of recommendation engines and customized marketing, plus related customer satisfaction and conversion metrics
- ▶ **DIGITAL MATURITY:** Level of integration between digital and physical retail experiences as well as a digital infrastructure's adaptability to market evolution, efficiency gains from digital investments in operations and level of interoperability of systems
- ▶ **BRAND GOODWILL:** Measurement of brand reputation and its influence on customer acquisition and retention, impact on corporate social responsibility and ethical practices on brand perception, calculation of a customer's full, long-term value to the brand

The technology platform is important, but without the right KPIs retailers cannot accurately measure impact.

While a robust COS is a cornerstone of modern retail, KPIs that enable retailers to measure and adapt their retail strategies are essential to succeeding overall. These KPIs are the compass that guides decision-making, helping retailers refine operations, optimize customer experiences and, ultimately, validate the impact of technology investments. Without the right KPIs, even the most advanced technology platform may fail to deliver intended value or drive business growth.





05

# How the right POS system can enable better business operations



# How the right POS system can enable better business operations

A POS system is a critical component of a COS and foundational to unified commerce strategies.

A POS platform is more than just a transactional hub; it's a vital component of the broader COS that powers a retail business.

In 2020, many retailers indexed heavily to ecommerce to service online channels. Physical retail, however, has since become increasingly important as consumers continue to elevate their expectations of brands and how they interact with them. Today's consumers expect seamless interactions, whether shopping online or in store. A modern POS system is integral to delivering a cohesive retail experience that integrates digital and physical retail.

Overhauling or upgrading entrenched, legacy POS systems can be a massive challenge. Retailers frequently grapple with complex, deeply embedded systems that appear too daunting to disentangle and modernize. At the same time, many POS solutions have evolved to cater to an ever-expanding set of demands, resulting in systems that are over architected, burdensome and expensive to maintain.

In contrast, modular and extensible POS systems offer flexibility and are customizable to meet specific retailer needs. Solutions such as these can simplify retail operations and reduce maintenance costs.

Retailers must recognize the strategic value of their POS platform and invest in systems that are agile, scalable and capable of adapting to the evolving retail landscape and consumer expectations. This forward-thinking mindset leads retailers to provide a modern and relevant shopping experience for customers while streamlining retail operations.

“

Legacy POS systems, once the backbone of retail operations, now risk becoming relics in an era of unified commerce. The shift towards systems that enable a cohesive retail experience is not just a trend but a strategic imperative. Retailers must embrace POS platforms that are designed for flexibility, capable of bridging the gap between traditional and digital channels, and agile enough to adapt to the rapid pace of consumer behaviour. Investing in such technology is not merely an upgrade — it's a reinvention of the retail ecosystem for a future where unified commerce is the standard.

**AUDI ROWE**

Partner, Business Consulting, EY US





## The following is a POS guide supporting retailers to make forward-thinking POS decisions for the business

CATEGORY	GUIDE
<b>Hardware compatibility issues</b>	<ul style="list-style-type: none"> <li>▶ Existing POS hardware is outdated or frequently malfunctions</li> <li>▶ New hardware is not compatible with current POS system</li> </ul>
<b>Software limitations</b>	<ul style="list-style-type: none"> <li>▶ The current POS software lacks updates or support</li> <li>▶ Significant time investment required to update POS software</li> <li>▶ The software cannot integrate with new or existing business applications</li> <li>▶ The POS system does not support omnichannel sales (e.g., in store, online, mobile)</li> </ul>
<b>Scaling challenges</b>	<ul style="list-style-type: none"> <li>▶ The current system cannot handle increased transaction volume</li> <li>▶ The POS provider does not offer solutions for multi-store management</li> <li>▶ The system cannot scale quickly with the business as it grows or expands to new locations and regions</li> </ul>
<b>Unified commerce</b>	<ul style="list-style-type: none"> <li>▶ Online and brick-and-mortar operations are run entirely separately</li> </ul>
<b>Cost concerns</b>	<ul style="list-style-type: none"> <li>▶ The total cost of ownership for the current POS system is too high</li> <li>▶ The provider increases fees or charges for essential features and innovations</li> <li>▶ There are hidden costs or fees that were not initially transparent</li> </ul>
<b>Customer experience shortfalls</b>	<ul style="list-style-type: none"> <li>▶ The POS system does not support loyalty programs or CRM</li> <li>▶ The checkout process is slow or cumbersome, leading to customer dissatisfaction</li> <li>▶ There is a lack of options for customer payment methods</li> <li>▶ There is a lack of order fulfillment options</li> <li>▶ There is disjointed or inaccurate inventory data</li> </ul>
<b>Data and reporting inadequacies</b>	<ul style="list-style-type: none"> <li>▶ The system does not provide real-time data or comprehensive reporting</li> <li>▶ The system does not provide unified, standardized data</li> <li>▶ There is limited or no access to analytics to make informed business decisions</li> <li>▶ Inventory management is inefficient or inaccurate</li> </ul>
<b>Security and compliance issues</b>	<ul style="list-style-type: none"> <li>▶ The POS system is not compliant with the latest Payment Card Industry Data Security Standard (PCI DSS)</li> <li>▶ There are concerns about data security or frequent breaches</li> <li>▶ The system does not provide sufficient user controls and permissions to control access</li> </ul>
<b>Technical support and service</b>	<ul style="list-style-type: none"> <li>▶ The provider offers poor customer service or technical support</li> <li>▶ There are frequent downtimes or system outages without timely resolution</li> <li>▶ The provider does not offer training or resources for new features</li> </ul>
<b>User experience and usability</b>	<ul style="list-style-type: none"> <li>▶ The POS interface is not user friendly or intuitive</li> <li>▶ Staff training on the POS system is difficult or time consuming</li> <li>▶ The system does not support mobile POS or tablet-based systems for flexible use</li> </ul>
<b>Regulatory changes</b>	<ul style="list-style-type: none"> <li>▶ The POS system cannot adapt to new tax laws or regulatory requirements</li> <li>▶ The provider does not update the system to comply with local business regulations</li> </ul>
<b>Vendor relationship</b>	<ul style="list-style-type: none"> <li>▶ The relationship with the POS provider has deteriorated</li> <li>▶ The provider is unresponsive to requests for customization or specific needs</li> <li>▶ There is a lack of trust in the provider's ability to deliver on promises</li> </ul>
<b>Market evolution</b>	<ul style="list-style-type: none"> <li>▶ Competitors are using more advanced POS systems that offer a competitive advantage</li> <li>▶ There are new technologies or trends in the retail industry that the current system cannot support</li> </ul>



Having worked with retailers across the globe, EY teams have developed a deep understanding of what is most optimal and how to effectively measure outcomes of POS systems across organizations.

In EY analysis, three core capabilities emerge as critical for a POS system to effectively support unified commerce:

► **EFFICIENT IMPLEMENTATION AND ONGOING SUPPORT:**

The ease of implementation and the quality of ongoing support are vital, enabling optimal time to value, little disruption to business operations and facilitation of continuous improvement.

► **RICH CUSTOMER DATA AND INSIGHTS:**

Access to detailed customer data and actionable insights is crucial for personalizing the shopping experience, developing robust loyalty programs and making informed business decisions.

► **SALES AND REVENUE ENHANCEMENT:**

A superior POS system directly contributes to increased sales and revenue by streamlining transactions and optimizing the customer checkout experience.



In the context of unified commerce, we evaluate POS systems not as standalone solutions but as integral components of a larger COS. This perspective is important. A POS system that operates in isolation is likely to limit the potential outcomes of the above-stated objectives. Conversely, when a POS system is fully integrated within a unified commerce strategy, it can exponentially enhance its value, contributing to a more cohesive and powerful retail ecosystem.



## The nature of the business determines what a retailer requires from a POS solution.

Business size matters where POS is concerned. Retailers will find that platforms can – and should – be tailored to a business's current and future size and shape. Small to medium-sized businesses and large enterprises each have unique POS capability needs tied to:

- Complexity
- Scalability
- Customization
- Integration

The table on the following page can help retailers identify which category their business falls within and assess which POS solution would best cater to their needs. In the spirit of futureproofing, retailers should also consider the speed at which growth is anticipated. Why? This is not only a decision that impacts technology but also change management. Getting it right matters.





Below is EY’s overview of three business segments. Each segment has unique requirements that should be considered when purchasing a POS solution. These requirements are summarized here:

	SMALL BUSINESS	MID-MARKET	LARGE ENTERPRISE
Segment requirements	Essential systems with focused capabilities best suited for small businesses, market vendors and pop-up stores with a small retail presence and straightforward sales processes	Versatile systems equipped with enhanced features designed to support the growing needs of small and medium businesses with developed retail operations	Comprehensive, highly customizable platforms designed for large businesses and enterprises with complex workflows and high transaction volumes
By the numbers	<ul style="list-style-type: none"><li>▶ Up to \$100m revenue</li><li>▶ &lt;100 employees</li></ul>	<ul style="list-style-type: none"><li>▶ \$100m-\$1b revenue</li><li>▶ 100-1,000 employees</li></ul>	<ul style="list-style-type: none"><li>▶ &gt;\$1b+ revenue</li><li>▶ &gt;1,000 employees</li></ul>
Critical POS features	<ul style="list-style-type: none"><li>▶ Basic functionality (i.e., sales processing, cash management, receipt printing, essential reporting)</li><li>▶ Limited third-party application integration and hardware support</li><li>▶ User-friendly interfaces with minimal training required and limited customization options</li><li>▶ Low upfront costs with minimal ongoing fees (often pay as you go)</li></ul>	<ul style="list-style-type: none"><li>▶ Enhanced features (i.e., multistore management, omnichannel sales support, inventory and employee management, improved sales reporting)</li><li>▶ Moderate customization with advanced integration capabilities for third-party applications</li><li>▶ Support for a larger number of transactions and range of peripherals</li><li>▶ Capabilities that support international expansion in select regions (i.e. language localization, international shipping, multi-currency support)</li><li>▶ Moderate investment with feature-rich subscription plans</li></ul>	<ul style="list-style-type: none"><li>▶ Extensive integration capabilities to support advanced business systems and functionalities (i.e., inventory management systems [IMS], customer relationship management [CRM], enterprise resource planning [ERP], advanced reporting, sophisticated loyalty programs)</li><li>▶ Advanced API-driven customization options for specialized business needs</li><li>▶ Broad capabilities tailored for international operations (i.e., multi-currency support, global tax compliance, cross-border payment solutions)</li><li>▶ Remote management capabilities for POS hardware and software, including updates and troubleshooting (i.e., scalable cloud architecture)</li><li>▶ High-level security features and compliance with industry regulations</li><li>▶ High upfront investment costs with extensive hardware support</li></ul>



For the purpose of this analysis, EY teams focused research on the mid-market to large enterprise business segment.

Mid-market and large enterprise retailers operate in a highly competitive and complex environment, where the ability to adapt quickly to market changes and consumer behaviour is crucial. These retailers face the need for more sophisticated operational capabilities, while still requiring flexibility and scalability.

Given this focus, Shopify’s POS solution is an example in the market that offers robust support for retailers that fall within this segment. Shopify POS stands out not only for its ability to cater to the specific needs of these growing businesses, but also because of its ability to example unified commerce strategies.

06

## Shopify POS: a market perspective





# Shopify POS: a market perspective

Within the mid-market and large enterprise business segments, Shopify POS supports retailers in their unified commerce journey by acting as an integral component of a Shopify-based COS.



## SPOTLIGHT ON: SHOPIFY POS

Shopify's POS solution allows retailers to conduct in-person sales while staying seamlessly connected to their ecommerce platform. As a unified solution, the platform centralizes customer data, consolidates back-end to front-end technology – such as inventory, payments, shipping and fulfillment, security and more – offers a high degree of customization and reduces licensing and maintenance costs. That means every Shopify POS experience is unique and fully customizable through apps, partners and integrations that employ a robust API environment.

## WHAT ARE THE BENEFITS?

- ▶ Eliminates gaps between in-person and online channels
- ▶ No middleware – POS and ecommerce natively integrate by design
- ▶ Versatile, empowering retailers to conduct sales transactions and manage stores from any location



## Many middle-market and enterprise retailers have unlocked the value of unified commerce using Shopify POS.

A unified technology platform, such as Shopify POS, allows retailers to use a POS system that extends beyond the in-store environment.

Through EY assessment, Shopify POS leads retailers to realize value in the following ways:

- 01 Turnkey unified commerce capabilities
- 02 Efficient implementation and ongoing support
- 03 Rich customer data and insights
- 04 Sales and revenue enhancement

## Shopify provides retailers with a unified COS.

Shopify is the only POS on the market today that is natively built as part of a unified COS. This enables out-of-the-box unified commerce benefits like omnichannel selling, in-sync inventory, endless aisle and more. It creates a cohesive COS agnostic of the channel or market that a retailer is looking to serve. By providing an already integrated COS, Shopify is paving the way for mid-market and large enterprise retailers looking to implement a unified commerce strategy easily and cost effectively.



“

Shopify POS is a game-time ready enterprise solution.

**JENNIFER PEARSON**

Head of Technology and  
ecommerce at Oak + Fort

## Shopify POS enables retailers to seamlessly integrate retail and ecommerce operations and grow omnichannel capabilities.

Shopify is a retailer's turnkey solution for activating a unified commerce strategy, supporting both ecommerce and POS. As part of the Shopify ecosystem, retailers using Shopify's POS solution benefit from the same integrated, seamless experience that retailers have come to expect from Shopify's ecommerce platform.

This ecosystem connectivity fuels omnichannel growth for retailers, with 85% of mid-market retailers using Shopify POS omnichannel features to drive increase in sales both online and offline.<sup>1</sup>

Better ecosystem connectivity is driving omnichannel growth for retailers, which is translating into operational and real-time financial benefits for retailers as well as a better experience for customers.

# 43%

of survey respondents attribute having a unified platform as a key factor in their decision to use Shopify POS.<sup>2</sup>

\*Based on survey data from 252 respondents.

Shopify POS retailers experienced an equivalent omnichannel sales growth of

# >150%

quarterly on average year over year.<sup>1</sup>

“

Shopify delivers the ultimate unified commerce experience under one easy-to-use platform. You can't underestimate just how much easier that makes things. I've been on projects where it's taken 12 to 18 months to roll out omnichannel capabilities. Whereas with Shopify, we did it in four months.

**NAVID JILOW**

Director of Technology at Belstaff



<sup>1,2</sup> See footnotes at the end of this document

“

In a period of rapid growth, the ability to set up and control a store's POS system with a single click was a game-changer. It allowed us to open 60 new locations in a year.

**COREY HNAT**

Director of Marketing at Pepper Palace

58%

of survey respondents reported a positive business impact due to Shopify's POS implementation speed.<sup>2</sup>

\*Based on survey data from 568 respondents.

Shopify POS has a

20% faster

implementation time relative to the market set surveyed.<sup>3</sup>

\*Based on survey data from 128 respondents.

<sup>2,3</sup> See footnotes at the end of this document

As a function of having a unified commerce strategy, retailers realize positive outcomes across the following areas:

### Implementation and ongoing support

Feedback gathered from user interviews underscores Shopify's commitment to significantly reducing operational disruptions and supporting the continuous evolution of retail. Throughout conversations with mid-market and large enterprise retailers currently using Shopify POS, we heard the following sentiments:

- ▶ **Rapid deployment:** Retailers have noted that Shopify POS streamlines initial setup and integration, significantly reducing downtime and allowing brands to focus on core business activities.
- ▶ **Cloud-based flexibility:** Shopify's cloud infrastructure is highlighted for enabling businesses to grow and enter new markets more easily, without the burden of large upfront investments.
- ▶ **Responsive support:** Feedback from users reflects the value created from dedicated account management and around-the-clock support Shopify offers – emphasizing its role in swiftly addressing and resolving operational challenges.
- ▶ **Ease of use:** The intuitive design of the Shopify POS interface is recognized for easing the learning curve for new staff, driving staff productivity and contributing to a smoother operation.
- ▶ **Consistent operation:** Retailers value Shopify's high system reliability, with a 99.99% uptime on average across Shopify worldwide during the biggest sales events of the year. This enables business continuity and significantly reduces the risk of sales disruption.



## Customer data and insights

Shopify's POS system equips retailers with the tools necessary to acquire real-time, actionable customer data. The solution's integration with the Shop Audience network allows retailers to collect first-party data and gain a deeper understanding of customers' buying patterns.

In turn, this data paves the way for creating more personalized customer interactions. Data generated through Shop Audience helps retailers better understand their customers' purchasing habits through better insights, garnering more repeat purchases and higher average order values.

The value behind more actionable data is clear among Shopify POS users, with 19% of survey respondents reporting that customer data and insights provided from Shopify POS helped increase sales.<sup>2</sup>

\*Based on on survey data from 172 respondents.

### WHAT IS SHOP AUDIENCE?

Shop Audience integrates data across all channels, including products purchased through the Shopify ecosystem, allowing retailers to collect actionable customer data.

#### Shop Audience is designed to help retailers:

- Collect first-party data directly through their POS system
- Better understand customer behaviours
- Segment customers to drive personalized recommendations
- Provide more targeted marketing and promotions

“

Shopify POS has streamlined the capture of customer data, which allows us to perform extensive customer segmentation, particularly supporting more effective marketing campaigns, loyalty initiatives, online marketing communications and personalization.

**JENNI HOMER**

Director, Retail & ecommerce at Nanso Group

<sup>2</sup> See footnotes at the end of this document



## Sales and revenue

### The extensibility of Shopify POS allows retailers to pay only for what they need – and nothing that they don't.

Through Shopify POS, retailers save meaningful costs that are typically associated with custom development and third-party integrations, all while supporting a solution customized to their specific needs. Shopify's extensive app ecosystem presents a suite of tools and solutions that are readily accessible, significantly reducing the expenses typically incurred through custom integrations.

Retailers can build out capabilities as needs change and as a business continues to scale. The system's modular design allows retailers to select and implement features they need precisely when they need them, and to easily replace them if their purpose changes. This modular approach not only supports retailers in scaling their operations, but does so without introducing additional integration and maintenance costs.

In essence, Shopify POS empowers retailers to achieve a customized setup that would traditionally come at a higher cost, providing them with the functionality they require at a more economical price point.

### WHAT IS EXTENDABLE COMMERCE?

Extendable commerce offers capabilities of a commerce platform that are customized and extended through additional features, integrations and functionalities beyond its core capabilities.

### HOW DOES SHOPIFY POS SUPPORT EXTENDABLE COMMERCE?

Shopify's platform offers functional extensibility, modular composition and a large and growing set of commerce and third-party-developed capabilities to support a retailer's specific needs. Through user interface (UI) extensions, retailers can customize, integrate and introduce enhanced features to their POS platform.

### WHAT ARE THE BENEFITS TO RETAILERS?

- Reduces maintenance costs
- Allows businesses to scale more quickly
- Improves retailer flexibility

“

We've got a platform and solution that gives us 99% of what we need, at a fraction of the cost of what others charge.

**NAVID JILOW**

Director of Technology at Belstaff

Shopify's "all in" payment offering is one of the most competitive in the industry, with surveyed retailers reporting benefits equivalent to

**~0.52%**

of sales on processing fees per transaction.<sup>3,4</sup>

“

We know that Shopify is a brand that can carry us into the future. They're driving innovation, which is exciting and something you want to be part of.

**CURTIS ULRICH**

Director of ecommerce at Aviator Nation



## Shopify Payments lets retailers seamlessly merge payment processes with the Shopify ecosystem while reducing costs.

Retailers can take POS integrations one step further with Shopify Payments – Shopify's fully integrated payment processing solution. Shopify Payments eliminates the need for third-party gateways, cutting down on additional transaction fees while offering competitive processing fees. This integration can lead to cost savings for retailers, contributing to a smoother, more cost-effective sales process.

## Shopify's reputation for relentless innovation and consistent enhancements is a testament to its commitment to futureproofing businesses.

Shopify delivers more than 200 features annually, providing retailers with tools and features that evolve alongside ever-changing market demands. This presents a unique opportunity for retailers to collaborate closely with Shopify by effectively participating in the product creation process. This means that as brands grow and needs become more complex, Shopify's solution evolves in parallel, growing with retailers and continuously strengthening the business against the retail landscape.

<sup>3,4</sup> See footnotes at the end of this document

07

Deeper dive:  
How retailers are  
using POS to realize  
unified commerce  
benefits in both  
cost and revenue





# How retailers are using POS to realize unified commerce benefits in both cost and revenue

## Assessing total cost of ownership (TCO) is key to realizing long-term value

In today's world, a retailer's success depends on the ability to predict and react to short-term market demands while balancing long-term strategic goals. With that in mind, selecting the right POS solution should take several factors into consideration to fully assess TCO and ROI implications.

## TCO definition

### WHAT IS IT?

TCO is a financial estimate intended to help decision-makers determine the upfront, recurring and ongoing costs of a product, solution or system.

### WHAT DOES TCO INCLUDE?

A robust TCO calculation includes many costs associated with purchase, implementation and maintenance of the system. Retailers, however, should also consider the overall value created by a solution in addition to its costs.

### WHY DOES A TCO ASSESSMENT MATTER?

A comprehensive TCO assessment helps retailers make informed purchasing decisions by providing clear line of sight into the short- and long-term financial implications of investing in a new technology or system.

### HOW MIGHT RETAILERS TAKE TCO INTO ACCOUNT WHEN ASSESSING POTENTIAL INVESTMENTS IN POS SYSTEMS?

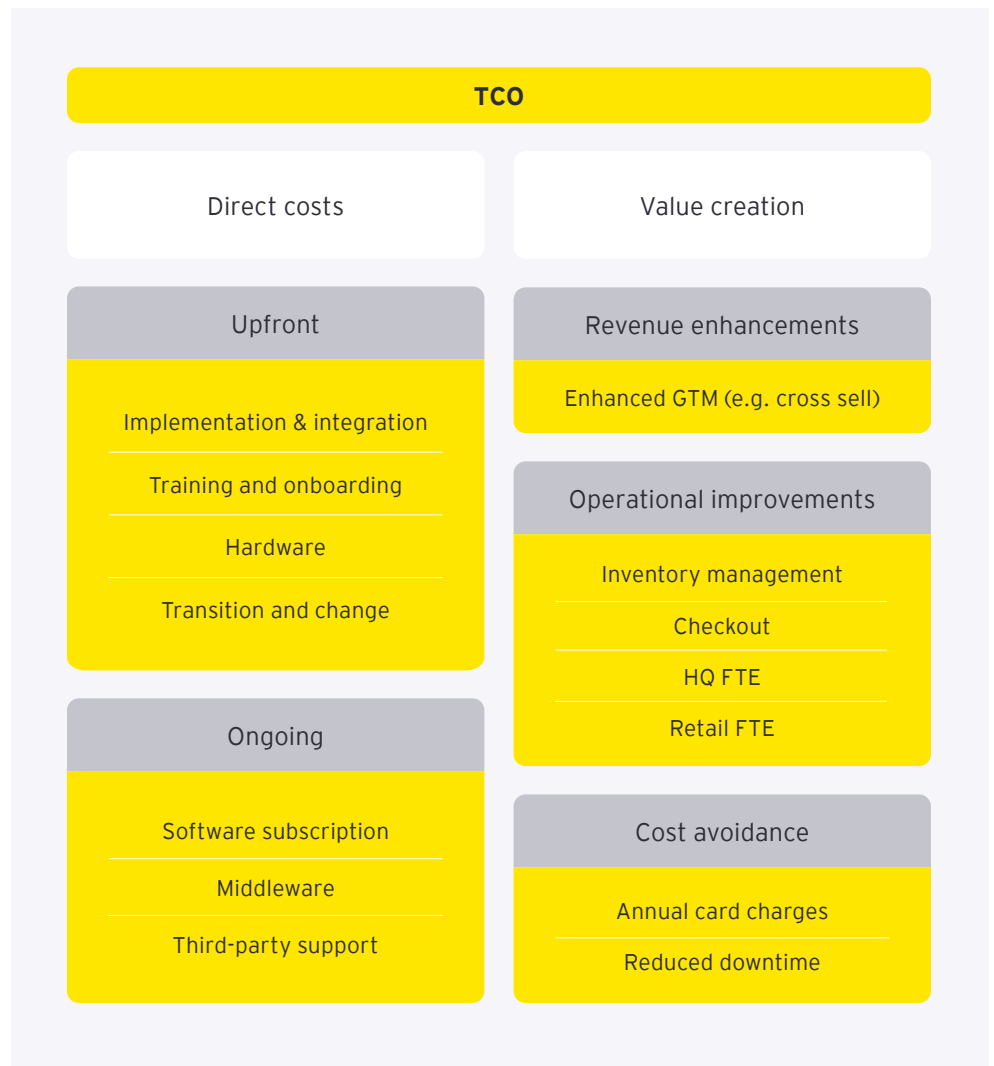
- **Assess competitive products:** Compare TCO of different POS systems to determine comparative value derived.
- **Estimate ROI:** Consider all costs and benefits of a solution and select a POS system that provides the best ROI and the highest level of value creation while meeting strategic business objectives.
- **Plan and prioritize:** Capitalize on insights into financial impacts to synchronize strategic planning, technology investments and overarching business objectives.

# EY TCO assessment attributes

Accurately evaluating TCO requires retailers to consider multiple attributes across scale and complexity in addition to the business's strategic priorities. EY approach to TCO takes both direct costs and value creation attributes into account.

## TCO Model attributes:

- **Upfront implementation and migration costs**, inclusive of technology costs and training
- **Ongoing system, support and integration costs**, often realized through annual fees
- **Operational improvements** through decreasing the time and resources required to manage a solution, reducing day-to-day operations
- **Increased revenue opportunities** through enhancement of the customer experience and bolstering marketing activities through faster and more effective customer data capture
- **Cost avoidance** through reduction in downtime and payment processing fees



# Example TCO assessment: Shopify POS

With respect to TCO, EY teams surveyed approximately 130 large enterprise retailers and interviewed numerous industry, retail and thought leaders.<sup>3</sup> The goal was to assess Shopify POS against EY TCO Model to demonstrate how integrated retail technologies — POS and ecommerce specifically — provide meaningful cost efficiencies and growth.

## UNIFIED COMMERCE SOLUTIONS OFFER TANGIBLE COST BENEFITS

After analyzing Shopify against EY TCO attributes, we were able to validate cost efficiencies for both upfront and ongoing costs. Additionally, Shopify's unified COS eliminates complexity and additional costs associated with managing separate middleware solutions designed to bring together POS and ecommerce systems that are not natively integrated.

Shopify's POS solution demonstrated a

# 22% lower

overall TCO on average relative to the market set surveyed.<sup>3</sup>

<sup>3</sup> See footnotes at the end of this document



# How does Shopify POS drive cost efficiencies?



Of the 22% overall lower TCO, Shopify POS' transition and change costs contribute to a

# ~5%

lower TCO relative to the market set surveyed.<sup>3</sup>

## Upfront costs

Of the 22% overall lower TCO, Shopify's upfront deployment costs contribute up to 7% lower TCO relative to the market set surveyed.<sup>3</sup>

### SAVINGS CAN BE ATTRIBUTED TO A REDUCTION OF THE FOLLOWING COSTS:

- ▶ **Configuration and development:** Shopify POS is natively integrated within Shopify's ecommerce platform, allowing for rapid deployment of the solution.
- ▶ **Customization:** Shopify employs a robust third-party application ecosystem to support extensibility, allowing retailers to pay for only what they need, when they need it.
- ▶ **Training and onboarding:** Shopify's intuitive POS interface reduces employee onboarding, and by extension reduces time to value.
- ▶ **Transition costs:** As POS is native to Shopify, when a retailer is already using Shopify as an ecommerce solution, there's no need to migrate POS-specific data when transitioning to the platform, reducing time to value.
- ▶ **Hardware:** Shopify uses off-the-shelf Android and iOS mobile and tablet devices for POS terminals.

<sup>3</sup> See footnotes at the end of this document



## Ongoing costs

Of the 22% overall lower TCO, recurring costs contribute up to 16% lower TCO relative to the market set surveyed.<sup>3</sup>

### SAVINGS CAN BE ATTRIBUTED TO THE REDUCTION OF THE FOLLOWING COSTS:

- **Software subscription:** Shopify's POS and software subscription licensing fees, in general, are less expensive as they are bundled within the Shopify Plus plan.
- **Middleware:** Shopify's unified COS eliminates complexity and additional costs associated with integrating POS and ecommerce as the two systems are natively integrated. Lower middleware costs contribute up to 3% of the 22% overall TCO for retailers relative to the market set surveyed.<sup>3</sup>
- **Third-party solutions:** Shopify's large marketplace of third-party applications allows retailers to extend and customize deployments easily rather than investing in development and engineering resources for bespoke capabilities.

Of the 22% overall lower TCO, Shopify POS' lower third-party support costs contribute to a

**~7% lower**

third-party support costs relative to the market set surveyed.<sup>3</sup>

“

Shopify's unified approach to data management leads to a substantial decrease in the time technical resources spend on maintenance, eliminating the need for middleware by up to 60%, or approximately \$20,000, per year.

We have also increased efficiency across functional groups. For example, our accounting team saved about 20 hours per week due to automated data management processes and advanced reporting features

**COREY HNAT**  
Director of Marketing at Pepper Palace

## In addition to cost savings, unified commerce solutions offer tangible value enhancements

After analyzing Shopify against EY TCO attributes, the assessment suggests that Shopify POS provides multiple revenue uplift enhancements, improves retail operations and allows retailers to mitigate many costs normally associated with implementing and maintaining POS systems.

On an aggregate basis, Shopify's POS solution provides an

**8.9%**

equivalent uplift in sales annually on average.<sup>3,4</sup>

<sup>3,4</sup> See footnotes at the end of this document



# How is Shopify POS creating value?

## Revenue enhancements

65% of Shopify POS users surveyed said the solution led to significant revenue enhancements.<sup>3,4</sup>

### REVENUE VALUE CREATION CAN BE ATTRIBUTED TO THE FOLLOWING FACTORS:

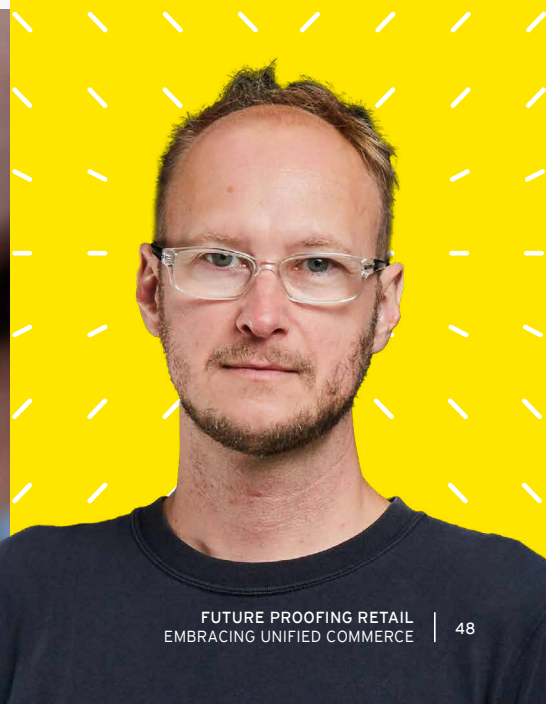
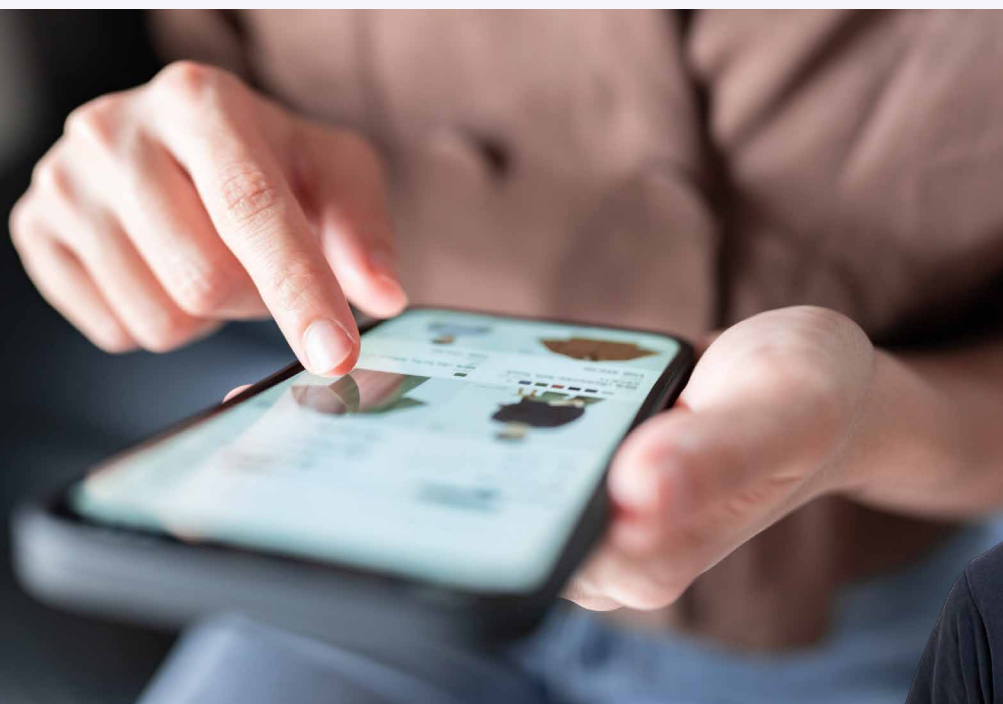
- **Enhanced impact of marketing efforts:** Improved customer data and segmentation capabilities allow for improved targeted marketing with higher return on marketing investments.
- **Repeat purchases:** Increases in customer data acquisition drive more frequent customer interactions, increasing repeat purchases and revenue for retailers.

<sup>3,4</sup> See footnotes at the end of this document

“

I think that for us, the return on this investment is really going to come from our marketing success.

**EVAN STANFIELD**  
ecommerce and Operations  
Manager at Rudsak



“

One of our greatest areas of efficiency improvement is the management of omnichannel orders. We were able to cut down a three-step process to one action. This change has reduced approximately 50 hours a week in headquarter staff time, including management, customer experience teams and IT support. Across our 42 retail locations, we're also saving about 80 hours per week of shop floor employee time.

**JENNIFER PEARSON**

Head of Technology and ecommerce  
at Oak + Fort



## Operational improvements

Operational improvements created by Shopify POS specifically contribute a benefit equivalent up to a 5% uplift in sales.<sup>3,4</sup>

### VALUE CREATED THROUGH OPERATIONAL IMPROVEMENTS INCLUDES:

- **Employee productivity:** Less time spent on resolving technical issues allows for resources to be reallocated to value-added activities like enhancing customer experiences.
- **Faster checkout:** Intuitive interface and efficiency of the system leads to reduced transaction times, allowing for a faster checkout for customers.
- **Optimized inventory management:** Centralized inventory management allows retailers to efficiently reallocate inventory, fulfill orders and optimize omnichannel stock levels.

# 0.4 FTE

per store saved when using Shopify POS due to improved store and headquarter staff productivity.<sup>3,5</sup>

## Cost avoidance

On average, retailers surveyed stated that Shopify payment fees are 0.5% lower than non-bundled payment providers and processing solutions.<sup>3,4</sup>

- **Payment fees:** Shopify POS's payment fees are bundled, reducing total transaction costs.
- **Downtime costs:** Reduced downtime from a fully SaaS-based and natively integrated POS and ecommerce platform reduces potential lost sales due to outages.

<sup>3,4,5</sup> See footnotes at the end of this document



A retailer's POS solution serves as a powerful tool to unlock cost efficiencies and enhance revenue potential.

EY assessment underscores the importance of taking a broad approach to TCO before making critical technology infrastructure decisions.

Shopify POS is a strong example of how a unified commerce strategy, supported by a unified COS, provides retailers with a range of benefits, like the ability to enhance marketing strategies, optimize staff productivity and improve customer insights and analytics compared to retailers who do not operate with a unified commerce strategy.



## 08 | Conclusion



# Conclusion

Our assessment underscores the critical importance of a unified commerce strategy in today's retail environment. As the retail landscape continues to evolve, retailers must prioritize a unified commerce strategy to futureproof the business and drive long-term growth.

A unified commerce strategy integrates all back- to front-end business processes, streamlining key business operations and equipping retailers with the flexibility to respond quickly to market changes, all in service of creating unique, valuable and relevant customer experiences.

Implementing a COS is central to a unified commerce strategy. This shift requires retailers to rethink technology choices and success metrics. Within a COS, a POS system is a critical component that is integral to delivering a cohesive retail experience, seamlessly integrating digital and physical retail. Not all POS solutions are equal, and retailers must carefully assess and choose POS solutions that align with their business goals and unify commerce operations.

Shopify's platform demonstrates how tightly coupled integration across customer-facing and back-end systems is crucial to driving operational efficiencies, creating unique customer experiences and futureproofing operations. Shopify serves as a prime example of a platform enabling a unified commerce strategy for mid-market and large enterprise retailers, with users of Shopify's POS and ecommerce solutions experiencing significantly streamlined implementation processes, improved omnichannel capabilities and more actionable customer data. Shopify also reduces the TCO of POS solutions for retailers while delivering significant value through its unified commerce offerings.

In summary, the adoption of Shopify POS is an effective cornerstone of a COS and aligns with a unified commerce strategy, providing large retailers with the tools to successfully navigate the evolving retail landscape. By focusing on the right technology and embracing a unified approach, retailers can achieve greater customer satisfaction, operational efficiency and financial performance, enabling their long-term success in a competitive market.

# Footnotes

## 01

Shopify provided data for EY analysis disclaimer: For the purposes of this report, the scope of data has been constrained to all global markets for mid-market retailers, with two years of historical data from Q2 2022 to Q2 2024 on a monthly aggregation level. Mid-market retailers include all retailers with three or more active retail locations. Quarterly data was analyzed on a year-over-year basis (e.g., Q1 2024 vs Q1 2023).

## 02

EY survey for Shopify user's data disclaimer: Please note that while the survey captured 955 responses, the number of complete responses suitable for analysis is approximately 575. This gap is due to participants who either did not finish the survey or did not consent to the processing of their data.

Due to a significant concentration of respondents reporting a gross merchandise volume (GMV) of less than \$400k, which comprised 50% of the "completes," and the lack of comparable numbers in other GMV buckets, the analysis was conducted at total average levels. The distribution of GMV among respondents was acknowledged but not used for segmented analysis.

## 03

Independent TCO survey across various retailers' data disclaimer: For the purposes of the total cost of ownership (TCO) and value creation benefit metrics provided, data was gathered through a third-party survey of approximately 130 respondents. Survey was shared with ~700 respondents, of which 130 qualified based on criteria such as GMV, industry, geography, pure-play ecommerce vs. omnichannel, etc. Competitive claims are based on 37 Shopify respondents and 92 respondents from a number of other competitors. Respondents belonged to North America (61%), EMEA (35%) and Asia-Pacific (4%). 64% of retailers surveyed reported an annual GMV of \$100M-\$500M and 24% reported an annual GMV > \$500M

## 04

GMV uplift refers to change in run rate annual GMV (i.e. after any ramp up phase) before and after the implementation of Shopify POS and is not compared directly with any competitor or market survey subset.

## 05

FTE per store is calculated through survey respondents being asked in total how many FTEs they were able to reduce due to complexity-reducing features and efficiency gains from using Shopify POS at both the retail and HQ levels and dividing the resultant number by the total number of retail stores of that respondent retailer.

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