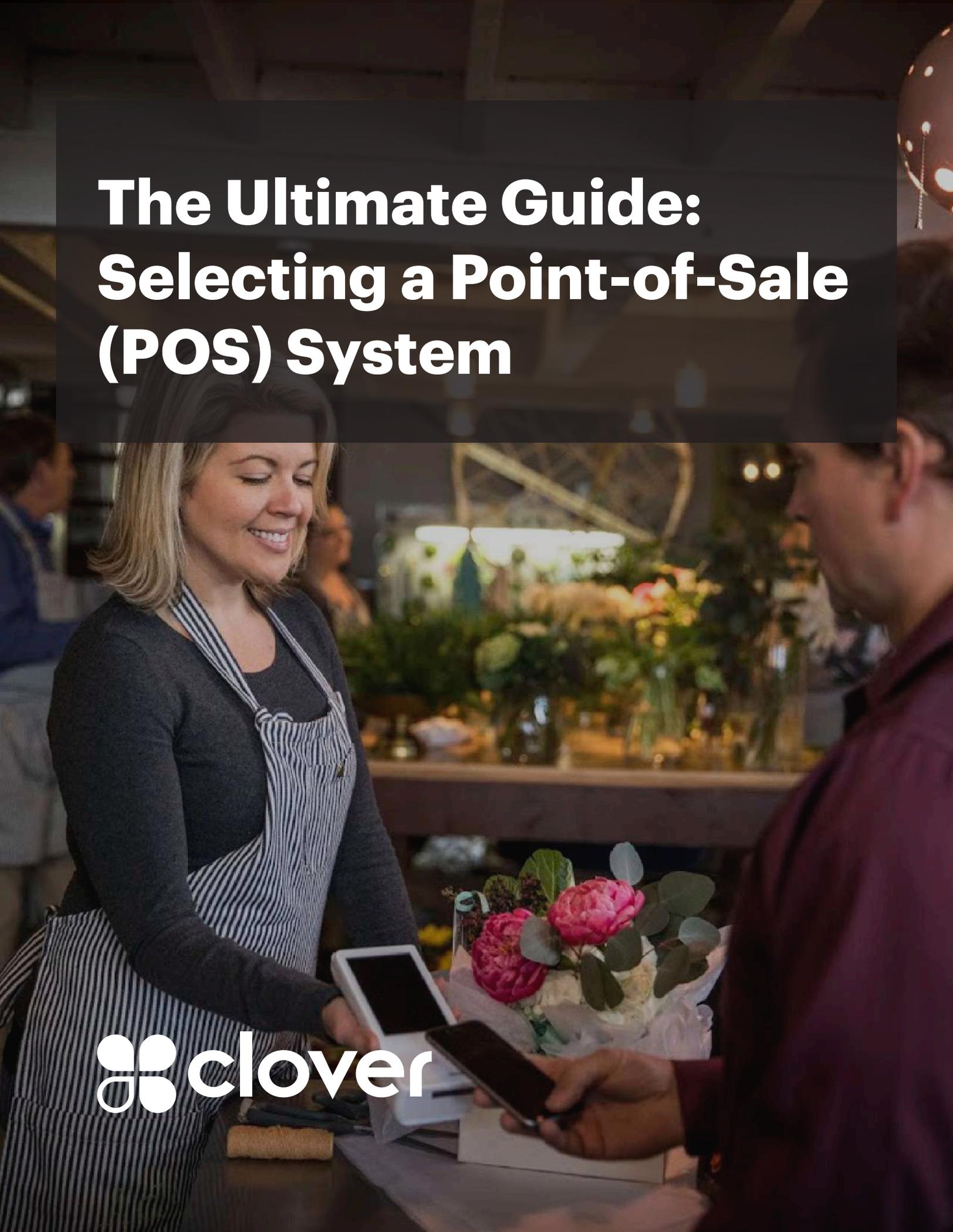


# The Ultimate Guide: Selecting a Point-of-Sale (POS) System



# The Ultimate Guide: Selecting a Point-of-Sale (POS) System

---

- 1 What is the state of your business?**.....03
  - First-time business owners can benefit from more time and less stress.
  - Merchants upgrading from a traditional cash register remain customer-friendly.
  - Existing POS users optimize for their needs.
- 2 How much can you spend?**..... 06
  - Purchasing or leasing hardware is a startup cost.
  - Software fees, credit card processing, and app fees are ongoing expenses.
- 3 How is your business configured?**.....08
  - Countertop POS systems are best for brick-and-mortar businesses.
  - Mobile POS systems help you accept payments wherever your customers are.
- 4 Are you an omnichannel business?**.....10
  - A POS solution should connect you to your customers across all your commerce channels.
  - A POS solution should offer users customization, integration, secure shopping, and payment options.
- 5 What are your business struggles?**.....12
  - A customized POS helps make it easier to supervise employees, manage inventory, and analyze competitors.
- 6 What are the key metrics business owners should track?**.....14
  - Knowing best- and worst-selling products helps optimize inventory.
  - Identifying V.I.P. customers creates opportunities for further relationship building.
  - Learning about local trends allows business owners to capitalize on them.
  - Understanding cash flow improves a business's chance of success.



## Introduction

**W**hether you're a first-time small business owner or an established merchant, one of the biggest decisions you'll make is selecting a point-of-sale (POS) system—and it's easy to get overwhelmed with all the offerings.

Gone are the days of conducting business using a basic cash register and ledger. Today's merchants must be equipped with the appropriate POS system that gives them the ability to accept all types of payments, streamlines business operations, and optimizes inventory and employee management. It must also be reliable and secure.

Here are the most important questions you should ask yourself before selecting a point-of-sale system.

A photograph of an ice cream shop kitchen. In the background, a chalkboard menu lists items like 'double scoop', 'Seasonal Sundae MP', 'Pinto', 'espresso', 'latte 4.50', and 'hot chocolate'. A worker in a black shirt is seen from behind, leaning over a counter. On the counter, there are stacks of white plates, a metal container filled with waffle cones, and a stainless steel pot on a burner. The wall is covered in white subway tiles.

# QUESTION 1: What is the state of your business?

## QUESTION 1: What is the state of your business?

**Robust POS systems are the workhorses of small businesses—the list of tasks they can perform is endless. They help you save time and run your business better.**

Omnichannel commerce focuses on providing a seamless purchasing experience whether your customers are shopping in-store, online, or via mobile app.

Merchants should choose a POS solution that provides the following tools and capabilities to conduct business across multiple channels:



### **If you're a first-time business owner**

Each year, **more than 600,000** new businesses open in the U.S. If you're a novice, chances are you don't realize there's a difference between a payment processing terminal and a POS system.

Traditional payment processing terminals are stand-alone devices used by merchants to process credit card, debit card, EMV chip, or contactless payments (like Apple Pay®). These devices can be countertop, mobile, web-based, wireless, or integrated with a cash register or POS system.

In contrast, a point-of-sale system combines hardware with software in one hub to accept payments, track transactions, manage inventory and employees, and harness data to provide insights about customer behavior.

Life as a small business owner can be exhausting and full of uncertainty. The right POS system can help add a level of efficiency to your business. Its interface should be intuitive, user-friendly, and customizable to your preferences. Its automation and data analysis can help simplify payments, bookkeeping, payroll, scheduling, and more.

## QUESTION 1: What is the state of your business?



### If you're upgrading from a traditional cash register

In today's tech-driven world, business owners can't rely on an "if it ain't broke, don't fix it" mentality. Merchants need to move at the same pace as their customers or they risk becoming obsolete.

Sure, the classic cash register provides a sense of nostalgia, but it may not be customer-friendly for those paying with mobile devices or chip cards. Not only does using a modern POS system enable customers to pay in a manner that's most convenient for them, it also helps minimize a huge pain point for business owners. The integrated software seamlessly tracks sales, which helps to eliminate discrepancies between cash register receipts and bank deposits.

Upgrading to a POS system provides a level of reliability and scalability that your business needs as it grows and changes. Modern POS systems are more than just cash registers—they are complex computers that offer a variety of software apps to help conquer industry-specific needs.



### If you're switching from another POS

Many existing POS users praise its benefits, but not all systems are alike. A good POS solution should enhance your business by automating time-consuming tasks, not creating additional stressors or requiring hours of maintenance.

Busy merchants don't have time to transfer information from one software application to another. Direct integration between your POS's hardware and software allows these applications to speak directly to each other. **Clover's POS solutions** integrate directly with many of the popular business management software programs you currently use to run your business.

Security is also essential. **Forty-three percent** of small businesses are targets of cyberattacks. POS users need to be confident that every transaction is protected with end-to-end encryption and data tokenization, and that the system remains compliant with Payment Card Industry Data Security Standards (PCI DSS).

**QUESTION 2:  
How much can  
you spend?**



## QUESTION 2: How much can you spend?

**Small business owners face many challenges, but amongst them continue to be how to: increase profits, retain customers, and improve cash flow. Your POS should help alleviate, not contribute to, those problems. And, it should be efficient, budget-friendly, and cost-effective.**

When shopping for a point-of-sale system, you'll need to account for startup costs and recurring operating expenses.



### Startup Costs

Before launching your business, be sure to budget for payment acceptance hardware or software. The type and number of devices you purchase or lease should align with your business's needs. Some companies, like Clover, sell all-in-one payment processing systems. Others sell pre-configured packages or à la carte items (like readers for magstripe and chip cards, barcode scanners, cash drawers, and receipt printers). And, depending on your business's needs, you may be able to get by using a **virtual terminal** with a personal device like your computer, tablet, or phone.

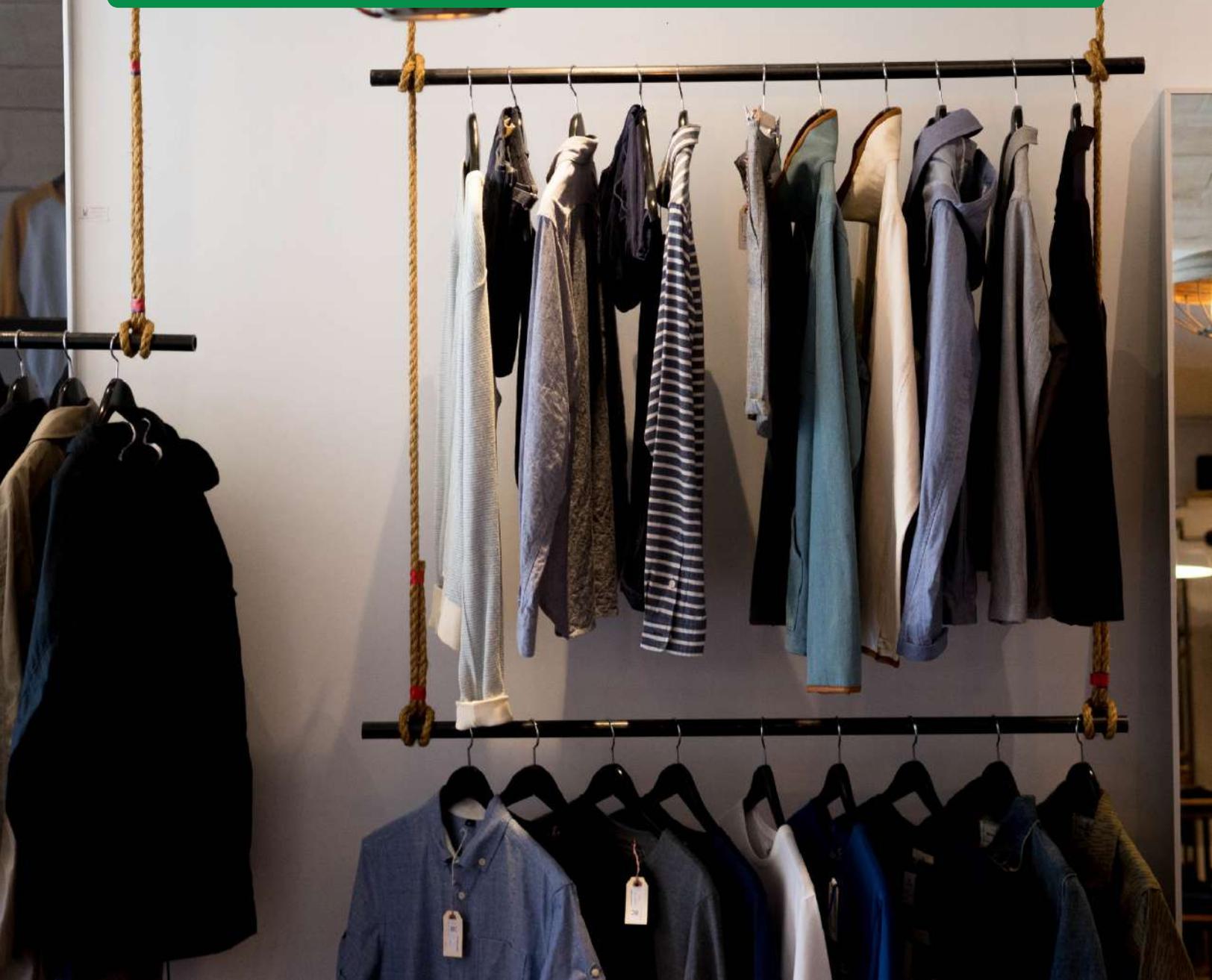


### Operating costs

You're open for business. In addition to a monthly software fee, you'll also be responsible for processing fees for each credit or debit card payment you receive. Typically, credit card processing rates are a small percentage of the total purchase price, plus an additional, nominal flat fee. If a card number is keyed in (versus swiped or dipped), expect the processing fee to be slightly higher.

POS systems may also be customized with apps and digital tools. While some are free, a number of them may have one-time, monthly, or annual usage fees. Be sure to check the terms and conditions for each app.

# QUESTION 3: How is your business configured?



## QUESTION 3: How is your business configured?

Providing standout customer service means something different depending on the type of business you run. Customers in a café or soft-serve yogurt shop have different needs than those shopping in a clothing boutique or gift store. As a small business owner, your point-of-sale system should cater to these differences, while also matching up with your business's physical space.



### If you want a fixed payment spot

A traditional set-up consisting of a full-service POS is ideal for nail and beauty salons, retailers, dry cleaners, and quick service restaurants. Countertop POS systems are available in several sizes, all of which are sleeker and more space-saving than traditional cash registers. When opting for a full-size device, be sure the space around it is free of clutter. You'll want room for the customer-facing order screen and card reader.

For merchants with a steady stream of customers coming in the door throughout the day, a single device may suit your needs. If your business experiences surges of customers, you might need more than one device to handle the rush.



### If you want mobility

Does your business take you away from your brick and mortar? Or, are you constantly on the go? If you operate a food truck, sell often at festivals and fairs, or provide services in the field, then a **mobile POS** gives the flexibility to process payments wherever your customers are. And, cloud-based POS systems allow you to see your data, track transactions, and accept payments anytime, anywhere.

A close-up photograph of a person's arm and hand. The person is wearing a white t-shirt with thin blue horizontal stripes. On their left forearm, there is a black tattoo of the African continent, with the word "Africa" written in a cursive font above it and "Pygmy" written below it. The person is holding a smartphone in their right hand and looking down at the screen. The background is a blurred outdoor setting with a brick wall and some foliage.

**QUESTION 4:**  
**Are you an omni-  
channel business?**

## QUESTION 4: Are you an omnichannel business?

The National Retail Federation predicts that online and other non-store sales will grow **11 to 13 percent in 2022**. Even if people plan to visit a brick-and-mortar establishment, they often do advanced research online. Statistics show that **88 percent of people who search on their smartphones for something nearby visit or call the business within 24 hours, and 18 percent of those searches result in a purchase.**

Omnichannel commerce focuses on providing a seamless purchasing experience whether your customers are shopping in-store, online, or via mobile app.

Merchants should choose a POS solution that provides the following tools and capabilities to conduct business across multiple channels:



### Customization

Create an online ordering page, design a super-charged eCommerce site, or sell on social platforms and other digital marketplaces.



### Integration

Put inventory, sales data, transaction tracking, and customer engagement from your physical store and online channels together in one digital hub for easy insight into your business's performance.



### Secure shopping

Help protect your customers with advanced payment security methods like encryption and tokenization.



### Payment choice

Give customers a wide variety of **payment options**, and consider offering installment plans or subscription services if it makes sense for your business.

**QUESTION 5:**  
**What are your**  
**business struggles?**



## QUESTION 5: What are your business struggles?

**It's an understatement to say that owning a small business is hard work. This is especially true if you're a first-time entrepreneur or if you haven't received formal business education or training. Despite this, small business owners remain optimistic.**

A personalized point-of-sale system, such as Clover, does more than just process payments. It helps merchants achieve a new level of success by highlighting potential challenges and offering automated solutions. A system can be customized with software that the merchant needs, instead of a one-size-fits-all version that might create additional work for time-crunched business owners.



### Supervising employees

Creating schedules, making payroll, handling time-off requests and shift trades: managing workers can eat up valuable hours in a business owner's day. Try apps like **Homebase**, **ADP**, and more in the **Clover App Market** to help automate these tasks.



### Managing inventory

Staying on top of your inventory is labor-intensive. Leverage your POS technology and inventory apps to track sales, returns, and restocking. You can even configure it so that popular SKUs are automatically reordered from vendors.



### Analyzing the competition

Build your business using data. With **Main Street Insights**, merchants can use charts, graphs, and heat maps to help them compare their sales to nearby competitors and understand the health of their company in relation to industry standards.



**QUESTION 6:  
What are key metrics  
business owners  
should track?**



## QUESTION 6: What are key metrics business owners should track?

**One of the biggest advantages that a point-of-sale system offers over the traditional cash register is data analytics. This information used to be costly, from a time and financial perspective, for small business owners to obtain. A POS solution helps put it right at your fingertips.**

Most provide some insights, but the quantity and quality of that data varies. Ideally, you want a cloud-based POS that creates **detailed sales reports** across all of your channels. It also should have a user-friendly dashboard that provides sales, cash, and inventory data in real time.

Some of the key metrics that business owners should use their POS system to monitor include:



### Product performance

Knowing which items and services are selling well can help you identify complementary products to cross sell. Likewise, identifying weak selling products and services can provide insight on inventory to avoid stocking in the future.



### Repeat/VIP customers

Identifying loyal customers and catering to their preferences builds a strong foundation for your business. Utilize your POS to deepen the relationship through a **loyalty program** and personalized email or text offers.



### Relevant local trends

Help protect your customers with advanced payment security methods like encryption and Gaining insight into local clientele preferences enables business owners to cater products and services. Doing so should help build momentum for your business and increase foot traffic.



### Cash flow

Using data analytics can also help provide an understanding of how to optimize your monetary resources so you remain in good financial standing. **Clover Rapid Deposit** can help you get access to your funds faster for times when cash flow is slower.

This guide is provided for informational purposes only and should not be construed as legal, financial, or tax advice. Readers should contact their attorneys, financial advisors, or tax professionals to obtain advice with respect to any particular matter.

**For more helpful tips on how to do  
business better, visit:**  
[blog.clover.com](https://blog.clover.com)

**To learn more about us, visit:**  
[clover.com](https://clover.com)

