The Complete Guide to Choosing a POS System

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If you sell goods or services, you will need a way to accept customer payments. While some businesses can make do with a simple cash register, many others rely on a point-of-sale (POS) system. A POS system not only allows you to ring up sales but also manage your inventory, employees, and customers through a single software solution.

This article will guide you through choosing the best POS system, with details on pricing, features and factors to consider.

What is a POS system?

A POS system is a combination of hardware and software that is used to ring up sales and accept customer payments. Since a POS system collects a wealth of data, it can also be used to record employee activity and performance, track and manage inventory, implement customer loyalty programs, and generate reports.

While some POS systems are stationary, many are cloud-based and accessible on mobile devices, such as iPads and tablets, enabling you to process customer payments from multiple locations.

Who needs a POS system?

Virtually anyone selling a product or service could benefit

from a POS system. While this isn’t an exhaustive list, here are some specific examples of businesses that need a POS system:

- **Retail stores:** Retailers like clothing and apparel stores, convenience stores, grocery stores, liquor stores, pharmacies, and department stores all need POS systems that can process credit cards and show historical sales data, giving insight into profitable inventory and items that aren’t moving.
- **Restaurants:** Any type of restaurant, such as quick- and full-service restaurants, cafes, coffee shops, and bars need a POS system to ring food sales, print receipts, process customer payments, and track inventory and ingredients. Mobile POS systems are often beneficial for these types of businesses.
- **Hospitality and lodging:** If you work in a lodging business like a hotel, motel, bed and breakfast, or resort, you will need a POS system that can help you with booking rooms, managing occupancy and accepting guest payments. Typically, these businesses also have customer loyalty programs, which a POS system can help manage.
- **Service-based businesses:** POS systems can help service-based businesses, such as hair salons, spas, auto repair shops, fitness centers and medical offices, accept payments and gift cards, manage loyalty programs and track employee performance. If your service-based business allows online booking, your POS system should directly integrate with your booking tools as well, keeping service schedules up to date.
- **Mobile vendors:** Mobile vendors need mobile POS systems that can be utilized on the go. For example, a handmade crafts vendor may need a POS system with great mobile hardware and user interface/user experience to bring to trade shows and events for mobile payment processing. Similarly, food trucks and other mobile businesses need

to track inventory and process payments from varying locations.

Some other enterprises that may need a POS system include event spaces, sports arenas, wholesale businesses, nonprofit organizations and events, car dealerships, and educational institutions. Online businesses with physical brick-and-mortar stores can also find value in a POS system’s ability to keep all sales synced in one database.

How much does a POS system cost?

The overall cost of a POS system depends on what type of software and hardware features you are looking for. You’ll also have to factor in payment processing fees.

POS software costs.

Cloud-based POS software is the most popular option. Many providers have tiered POS software plans for cloud-based solutions that typically cost between $25 and $300 per month. Some POS vendors offer free software but keep in mind that you get what you pay for. Free POS systems can work for some organizations, but they often have limited capabilities and require you to process payments through that POS vendor instead of a processor of your choosing.

POS hardware costs.

Hardware prices vary. Some POS systems include hardware for free or the software works on any hardware device with an internet connection, allowing you to use whatever POS devices you already have. However, if you are looking to purchase a more robust POS register system, you can expect to pay $1,200 or higher. Peripheral equipment, such as tablet stands, cash drawers, card readers, receipt printers, barcode scanners, and display screens will cost extra.

Payment processing fees.

When you use your POS system to process a customer's payment, you'll be charged payment processing fees. Credit card processing fees typically range between 1.3% and 3.5% per transaction. Some POS system providers require you to use them as your payment processor while others allow you to connect with a compatible third-party payment processor. Comparing payment processing fees from multiple processors will help you determine which is most in line with your needs and budget.

What are the benefits of a POS system?

While the specific benefits you gain from a POS system will depend on your business type and the features you utilize, there are seven key advantages a POS solution can offer:

1. **It improves efficiency:** POS systems can improve your business's overall efficiency by streamlining the sales checkout process, reducing transaction times and automating inventory management.
2. **It increases accuracy:** POS systems can perform accurate calculations automatically, reducing the risk of human errors when pricing items or giving change. They can also provide real-time inventory updates, helping you maintain accurate stock records.
3. **It saves you money**: A POS system automates many responsibilities. This reduces the need for your employees to perform these functions manually, thus allowing them to focus on revenue-generating tasks. POS systems with security features can also help you save money by preventing employee theft and fraud.
4. **It enhances your customers' experience:** POS systems speed up the transaction process and quick and efficient transactions contribute to a positive customer

experience. Many POS systems can also track customer data and manage loyalty programs, enhancing your customer service.

5. **It improves employee performance:** Many POS systems have employee management features so that you can track employee hours and sales. This information can be used to create friendly sales competitions, reward top performers, and identify poor performers.
6. **It helps with recordkeeping and compliance:** POS systems help businesses maintain accurate records for tax purposes, simplifying compliance.
7. **It can aid in strategic planning:** POS systems provide valuable data on sales trends, customer preferences, and inventory turnover, enabling businesses to make informed decisions.

What are the different types of POS systems?

There are three main types of POS systems: cloud-based, on-premises and hybrid systems. Choosing between these options depends on factors, such as the business's size, budget, need for mobility, and preferences regarding control and security.

Cloud-based POS.

Cloud-based POS systems are hosted on remote servers and accessed over the internet. This is the most common type of POS system as it doesn't require complicated information technology (IT) hardware or on-site servers. This setup is often subscription-based, easily scalable and cost-effective. Since a cloud-based POS is hosted by the POS vendor, updates and new features are typically handled by the service provider as needed. However, a cloud-based POS also requires your trust in the POS provider's ability to secure your customer data since your information is stored on their servers.

On-premises POS.

An on-premises POS system involves dedicated servers and technological infrastructure. The software and hardware are installed and maintained on-site. Generally, it is less flexible, more expensive and more challenging to scale compared to cloud-based solutions. Since you are responsible for system maintenance, updates and security, this type of POS solution often requires companies to have dedicated IT personnel or external support. However, the biggest advantage of on-premises POS systems is that your business has direct control over its data and security measures.

Hybrid POS.

A hybrid POS is exactly as it sounds – it combines elements of both cloud-based and on-premises solutions. It typically involves a mix of on-site servers and cloud-based services, and offers flexibility by allowing for both on-site and remote access. Hybrid systems may require a combination of on-site and remote maintenance. Businesses may handle some updates themselves, while others are managed by service providers. This type of POS system offers companies a balance between control of on-premises data and the flexibility of cloud providers.

What are the key features to look for in a POS system?

POS systems can include a variety of tools and functions. Here are some of the key features to look for in a POS solution.

Payment processing.

Payment processing is the primary function a POS system performs. However, the type of payment processing available can vary based on the provider. For example, most POS systems

support common payment methods like credit and debit cards, mobile payments and digital wallets. Some can also process gift cards and online transactions. If you need on-the-go payment processing, look for mobile POS software that can be accessed with mobile hardware like tablets and iPads.

Employee management.

If you want the ability to track and improve employee performance, you'll need a POS solution that offers employee management features. Some POS systems permit employees to clock in and out through the software. Not only is this useful for tracking employee hours, but it can also help you monitor worker sales and performance during each shift. You can use the employee data to reward top performers and identify underperformers. If you have multiple levels of employees, it can also be advantageous to look for a POS system with user permissions that allow you to control what features each worker can access.

Inventory management.

Restaurants, retailers and any other business with inventory will want to look for a POS solution with inventory management features. Such tools can help track current stock levels so you know which items are selling, which ones aren't and which need to be reordered. If you are in food service, it can be especially helpful to use a POS system that offers ingredient-level tracking. That way, not only do your servers stay informed on what food dishes are unavailable, but your kitchen staff also knows what ingredients need to be reordered.

Customer management and loyalty programs.

Fostering customer loyalty can be a key driver in increasing sales. POS systems help with this through their customer management features. You can use the software to create customer profiles and store customer information to be used

for personalized and targeted shopping experiences. For example, you might offer birthday gifts or anniversary discounts, send targeted coupons based on purchase history, or create loyalty programs to reward returning customers for their patronage.

Reporting and analytics.

The best POS systems can record data and generate reports on various aspects of your business automatically, helping you facilitate strategic planning and optimization. Detailed transaction logs and reports from a POS system can also help support accountability and audit requirements.

Integrations.

POS systems can oftentimes integrate with other business solutions like scheduling and accounting software. This is ideal for companies looking to streamline their time tracking and payroll functions. Also, if you want to offer online ordering capabilities, you may want to look for a POS system that can integrate with popular online ordering platforms like Grubhub, Uber Eats and DoorDash.

What factors should you consider when choosing a POS system?

Although many POS systems include similar functions, each has its own pros and cons. There are several factors you should consider before choosing the right one for your business.

Pricing

Pricing is a big factor to consider when deciding between different solutions. Once you identify what POS hardware and software features you need, evaluate vendor plans and add-on costs based on those specific requirements. Be sure to

consider pricing for software, hardware, payment processing, and any add-on features you might want.

Features

POS systems can be used for many different functions and the POS features you find valuable will depend on your specific industry and business needs. For example, a retailer may want features to track clothing inventory while a restaurant may need more granular monitoring from meal inventory down to ingredient-level tracking. Look for a POS that has the features to meet your current and future business needs.

Hardware

When choosing your overall POS system, it’s important to consider what type of devices you will need. Do you need stationary terminals? What about kiosks, card readers or a mobile POS? The type of hardware you need can play a significant role in determining which POS provider you go with because, although some POS software can work on any device with an internet connection, others will only work on specific hardware.

Usability

Most of the top POS providers have intuitive software, but some are more user-friendly than others. Look for a POS system that not only has the features you need but also displays them in a way that is easy for your employees and admin to access. Add-on features and integrations can also make a platform more user-friendly, so it’s critical to consider which of those you need as well.

Customer support

POS vendors offer varying levels of customer support, so look for one that matches your needs. Do you think you’ll need help

with implementation? Do you want access to a support service that is available 24/7? How important is it to have a dedicated account manager? In addition to asking the provider about the support they offer, you can read customer reviews to see how helpful they are.

What are the top POS system vendors?

There are many great POS systems on the market. However, after extensive research and testing, I've identified the following providers as some of the best POS systems available:

- **Clover:** This comprehensive solution has credit card processing and POS features all in one system. It works with a variety of hardware devices and has features to help you process payments, track sales, manage employees, and do inventory.
- **Toast:** The Toast POS is available via multiple-tiered plans for restaurants of all sizes. It's a cloud-based platform with an offline mode, online ordering, and delivery services and 24/7 customer support.
- **Lightspeed:** This POS provider can support restaurants, retailers, e-commerce, and golf organizations. It has features for payment processing, inventory management, marketing, reporting, and more.
- **Cake:** Cake by Mad Mobile is a user-friendly restaurant management software and POS system. It has front-of-house and back-of-house features as well as loyalty and marketing tools. The vendor offers implementation training and provides excellent customer service.
- **Shopify:** This popular POS system is great for retailers, hospitality organizations, and e-commerce businesses that need a scalable POS solution. It's loaded with many useful features and integrations.
- **Lavu:** This POS solution is ideal for restaurants that

want an iPad-based POS system. Although it already has many essential POS features, it can be customized through many native and third-party integrations.

- **Helcim:** Helcim is a payment processor first and foremost, although it has many POS features to help you manage your business. If needed, you can even take advantage of virtual terminal capabilities.

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