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Wal-Mart says it is 6-9 months from using drones to check warehouse inventory

Nandita Bose

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The logo of Down Jones Industrial Average stock market index listed company Walmart is shown on one of its stores in Encinitas, California April 13, 2016.

Mike Blake

BENTONVILLE, Ark. (Reuters) - Wal-Mart Stores Inc (WMT.N) said Thursday it was six to nine months from beginning to use drones to check warehouse inventories in the United States, taking a step closer to using the technology to compete better with rivals.

In October 2015, the world's largest retailer applied to U.S. regulators for permission to test drones for home delivery, curbside pickup and checking warehouse inventories as it planned to use drones to fill and deliver online orders. Federal regulators are still considering rules for commercial operation of drones that would be involved in package delivery - viewed as the next frontier for big retailers such as Walmart and Amazon Inc (AMZN.O).

Walmart's Vice President of Last Mile and Emerging Sciences Shekar Natarajan demonstrated the use of drones to reporters in one of the company's regional distribution centers.

"We are still in early phases of testing and understanding how drones can be better used in different types of business functions," he said.

The remotely controlled drone captured 30 frames per second of products on aisles and alerted the user when product ran out or was incorrectly stocked. Natarajan said drones can reduce the labor intensive process of checking stocks around the warehouse to one day. It currently takes a month to finish manually.

Finding ways to more efficiently warehouse, transport and deliver goods to customers has taken on new importance for Wal-Mart as it deals with wages costs while seeking to beat back price competition and boost online sales.

Wal-Mart said the camera and technology on top of the drones have been custom-built for the retailer.

Reporting by Nandita Bose; Editing by Frances Kerry

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