

Walmart announces expansion of drone deliveries to 4 million households in 6 states

Description

USA: Walmart has announced it is expanding its drone delivery offering, extending the service to six states in a move that will provide four million Americans with aerial delivery of thousands of Walmart goods within just 30 minutes.

Walmart's Senior Vice President of Innovation and Automation, David Guggina, said earlier experiences with their existing DroneUp hubs have shown how useful customers are finding the service. The program was launched with a single hub in November 2021.

In a <u>blog post announcing the upcoming expansion</u>, he described the nature of the orders they've been receiving: "More importantly, we've seen a positive response from our customers that have used the service. In fact, while we initially thought customers would use the service for emergency items, we're finding they used it for its sheer convenience, like a quick fix for a weeknight meal."

Although it seems like it might be an attractive solution when someone is too unwell to go out and buy over-the-counter medications or needs to restock toilet paper unexpectedly, people are largely filling other types of <u>last-minute needs</u> with the service. According to Guggina, the most popular item to be ordered via drone at one of their hubs is the convenience food Hamburger Helper. Other popular items include diapers, hot dog buns and Tylenol.

The current cost of drone delivery is \$3.99, and they can carry items weighing a total of 10 pounds. Workers simply receive the order, retrieve the items, pack them into a box, and secure it to a drone. A trained pilot then flies the drone to the customer and uses a claw-like apparatus to drop the box onto the customer's front lawn.

DroneUp currently operates two hubs for Walmart in Bentonville and Farmington, Arkansas. The new hubs will see 32 locations added to the mix by the end of the year in states such as Florida, Texas, Virginia, Utah and Arizona.

Locations are chosen based on factors such as geographical conditions and weather as well as store

proximity to end customers. There will be plenty of opportunity for further expansion in the future as Walmart boasts 4,700 stores with more than 100,000 items situated in a 10-mile radius of 90 percent of the American population.

The current average delivery time from the time an order is placed is just 17 minutes. They are currently fulfilling deliveries within 1.5 miles of the store, but this is expected to reach 10 miles next year.

Walmart is leading the pack in commercial drone delivery in the U.S.

The expansion will see Walmart taking the lead in commercial drone delivery in America. Although companies like UPS and FedEx have been looking into drones, they remain largely in the experimental stage instead of offering them as a standard service. While Google's parent company, Alphabet, has been operating its Wing drone delivery service in Texas and Virginia, it has not announced any plans for expansion.

Amazon, for its part, has been working on a drone delivery service for many years, but recent reports indicate that they are struggling to make it work; the company is not currently delivering any packages via drone. However, it is worth noting that Amazon is using a different approach as it wants to use autonomous drones that do not rely on human pilots.

Although Walmart benefits from the significant reach and a high concentration of physical hubs throughout the country, its system does have <u>a few limitations</u>. For example, the law requires them to have a <u>line of sight to their drones</u> while they are in the air, which means control towers need to be placed in their stores' parking lots. It also means that deliveries are currently confined to a 1.5-mile radius of the store. Nevertheless, DroneUp has been hiring more operators as Walmart looks to scale up the service.

Sources include:

Corporate.Walmart.com

FreightWaves.com

TheVerge.com

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