

Microsoft works to cut out the grocery cashier

Company wants your cart to do all the work

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SAN FRANCISCO – If Microsoft follows Amazon's lead into the grocery business with technology that cuts out the cashier, it may revamp a previous, failed attempt at checkout-free shopping – a high-tech shopping cart.

Redmond, Washington-based Microsoft is working on technology to eliminate checkout lines at stores by tracking what shoppers add to their carts. It has shown samples to retailers and talked with Walmart about a collaboration, sources told Reuters.

Such a product would set up Microsoft to rival Amazon Go, Amazon's custom-designed store that uses cameras and tracking technology to cut out the cashier. Amazon has one store open in Seattle and plans to open more in Chicago and San Francisco.

Microsoft's challenge: An attempt at carts that tracked purchases was tried and found wanting in the past.

"Cart-based (technology) is so old school – IBM tried that over 20 years ago," said Phil Lempert, a grocery analyst who runs the Supermarket Guru website. "The problem is maintenance at the store level of the unit is too costly, and people kill the units by banging on them, trying to steal them."

Stores such as Kroger and Stop & Shop tested them, but they found most consumers used them as a calculator to add up how much they were spending, he said. Technology has evolved, so it could be time to try again. It's certainly one way to deal with the No. 1 cost facing the grocery industry: labor. As the push



Microsoft is trying to duplicate – but not copy – the Amazon Go experience. ELAINE THOMPSON/AP

to raise minimum wages to \$15 an hour moves across the country, supermarkets are looking at tech as a way to eliminate jobs so they can keep costs down and prices the same.

"The money has to come from somewhere," Lempert said. In today's environment both are difficult to pull off, especially for Amazon and Walmart, which have a difficult time raising prices, he said. Microsoft and Walmart both declined to comment.

Microsoft's intentions – if realized – would add another tech giant in pursuit of revolutionizing the grocery business, marked by low profit margins, high staffing costs and a vast physical presence.

"Microsoft especially has an opportunity to leverage their technology prowess to not copy Amazon Go but instead go after the big prize – duplicate the Amazon Go experience in much larger retail formats such as supermarkets," retail and supply chain consultant Britain Ladd said.

Contributing: The Associated Press