

Major retailers form company that will create a mobile app for faster, easier shopping

The Associated Press

NEW YORK (AP) -- A bevy of big-name retailers including Wal-Mart Stores Inc., Best-Buy Co. and Target Corp., are teaming up to create a company that will give customers another way to make purchases: with their cellphones.

The businesses said Wednesday that the new company, Merchant Customer Exchange, is developing a mobile application that will be available for nearly any smartphone. The app is expected to integrate a variety of coupons, rebates and loyalty programs.

With the announcement, retailers are entering an already crowded arena where different industry groups are jockeying for position on the smartphone screen, which everyone expects will be the new way to pay.

Among the competitors is Internet giant Google Inc., which already has a smartphone payment app in use on some Sprint phones. Three of the biggest cellphone companies - Verizon Wireless, AT&T and T-Mobile USA - have a competing platform. Payment networks Visa and MasterCard each have their own designs and apps. Square, a startup, recently struck a deal to become the cellphone payments processor for Starbucks. PayPal, eBay's payment service, is on cellphones, too.

Retailers have a strong position in the arena, since they can decide which forms of payment to accept.

"As merchants, no one understands our customers' shopping and payment experience better than we do, and we're confident that together we can develop a technology solution that makes that experience more engaging, convenient and efficient," Mark Williams, president of financial services for Best Buy, said.

Mike Cook, corporate vice president and assistant treasurer for Wal-Mart, said in a statement that using a mobile app will help to cut down costs and make shopping faster and more convenient.

Other retailers included in Merchant Customer Exchange are 7-Eleven, Inc., Alon Brands, CVS/pharmacy, Darden Restaurants Inc., HMSHost, Hy-Vee Inc., Lowe's Cos., Publix Super Markets Inc., Sears Holdings Corp., Shell Oil Products US, and Sunoco Inc.

The initial retailers that are part of the new company account for about \$1 trillion in annual sales. More retailers are expected to be announced as new members in the coming months, the group said.

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