

COLUMNS

Apple's Passbook impact on retailers and brands

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When the history books and Harvard case studies on iOS6 are written, the innovation that likely will have had the most impact, especially on retailers and brands, will be Passbook.

The concept behind Passbook is simple – give users a single place on their phone, right on the home screen, that stores everything they might typically have in their wallet other than payment systems such as cash and credit cards but including loyalty cards, coupons, deals, tickets and boarding passes.

On board

You might ask why this matters: does the Starbucks' application not have a loyalty card section and does the United Airlines app not have a boarding pass function?

Sure, but there are very few retailers that have created the daily habit such as Starbucks and most phones have so many apps on them that the act of finding the app, opening it, and then navigating to a coupon/loyalty card/deal/ticket/boarding pass within the app is a 30-second to two-minute process.

Users want things that work in five seconds, maybe 10 seconds – once you get past 20 seconds, you are dead.

So, what has Apple done? It has created a single location where all items are instantly available at the tap of one button and, even more importantly, Apple orders them for you based on location and other relevance.

So if you are in an airport, yes, you guessed it, your United boarding pass will be on top, whereas if you walk into your local coffee shop, that store's loyalty card will be on top.

And here is the kicker – Apple, by default, allows the publisher of the item to make it location-based, so whenever the user gets near a location for which she has a coupon, the phone gives her an alert. This feature is easy for the user to turn off altogether or for any Passbook item.

Sticky media

Like any innovation, Passbook is starting out with its growing pains.

The main problem is how to make consumers aware of Passbook-compatible items and get the users to load them on their phones. Theoretically, email, SMS, QR codes and in-apps are all ways to do that.

Retailers and brands can add Passbook capability to any coupons, deals, loyalty cards distributed via email or SMS, or create QR codes that instantly allow users to add the Passbook item.

Data is showing that Passbook usage is incredibly sticky – once users understand how it works, they demand it.

Passbook loyalty cards can also be updated real-time.

For example, if I buy a meal and my Passbook loyalty card is scanned, it could instantly update from “5” to “4” showing how many visits are left before I earn a free offer.

OVER THE COMING months, as Passbook evolves, brands and retailers will begin tying their Passbook presence into point-of-sale terminals and other systems, enhancing the consumer experience even more.

To date, the impact of mobile has often been disruptive to retailers and brands via tools such as price comparison. Passbook, conversely, will be remembered as the platform that permitted brands and retailers to recapture the primary relationship with the consumer.

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