

better  
together

UITPAKKEN MAAR!

sing all  
night long

UITPAKKEN MAAR!

de nacht  
wacht.

UITPAKKEN MAAR!

ik hou van  
je doos.

UITPAKKEN MAAR!

ik hou van  
je doos.

UITPAKKEN MAAR!

shake it  
shake it

UITPAKKEN MAAR!

liefde gaat  
door de maag.

UITPAKKEN MAAR!

liefde gaat  
door de maag.

UITPAKKEN MAAR!

do you  
'feel' it

UITPAKKEN MAAR!

ik hou van  
je doos.

UITPAKKEN MAAR!

sing all  
night long

UITPAKKEN MAAR!

do you  
'feel' it

UITPAKKEN MAAR!

# Connecting a younger target audience to Hallmark Cards.

Proposing a new disruptive  
value proposition

## Master Graduation Thesis

Delft University of Technology  
MSc. Strategic Product Design  
Faculty of Industrial Design Engineering

Hallmark Cards Continental Europe

Jeroen Uwland

21-02-2019



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## **Supervisory Team**

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# Executive Summary

Hallmark Cards has a long tradition as a global brand and has designed and sold a countless amount of greeting cards. However Hallmark is also under pressure, because the greeting card industry is declining and the younger target group is using more and more social media to send quick messages and to congratulate each other. Therefore, Hallmark should look for new ways to connect the younger target group to its brand.

During this master thesis a product proposal and roadmap will be created to connect a younger target group to Hallmark in the following years.

Hallmark is a creative company, with a warm atmosphere at the office. However, they are currently in a dilemma between its retail and online department. Where online sales grow by █, per year, retail sales decline by █. However, retail is still responsible for █% of the company's turnover. Hallmark doesn't have a clear strategy on its internal focus should be. Furthermore, Hallmark is already looking for ways to innovate, but these innovations are mainly variations on the current greeting card and not something completely new or different.

However, this is necessary, since the current industries in which Hallmark is active are not the most ideally in the long term. The retail greeting card industry is declining rapidly and the online industry faces a strong competition for both greeting cards and gifts. During this project, routine innovation will be conducted to explore a new industry.

This new industry should connect to the younger target group, who experience problems with relationships. They are insecure and have to deal with a lot of stress. Furthermore, they have not much close friends and this is partly due to social media. There is therefore a need to strengthen relationships. Research shows that this is done best by enjoying experiences together and based on validated models, a new experience model has been developed. This experiences model will be the basis for the new proposal. In addition, experiences must be easy to consume and fit the target group.

However, Hallmark must also be able to offer experiences, without expensive investments. Therefore, Surprise Night has been developed. Surprise Night is a monthly subscription to a date box, which contains all elements for a surprising date night. The concept is targeted at couples who have been together for a long time and are in need of new, original dates.

Hallmark is able to immediately start offering these boxes, but because the concept can easily be implemented by other parties, it is important to quickly expand to other target groups. Finally, a roadmap is provided, which enables Hallmark to grow into the activities industry, which should become a separate department within the company.

# Preface

This document is the result of my graduation project at Hallmark Cards Continental Europe. The last project of my Strategic Product Design Master, in which many things I have learned have been applied.

The reason to graduate at Hallmark comes from my desire to challenge myself and the vision of the company. Many fellow students go to companies where there are many technological possibilities and already a strategic department. At Hallmark I was aware that there wouldn't be a strategic department, few technological possibilities and an industry under pressure. This only increases my project challenge and importance for the company. Furthermore, I really wanted to help this company, that believes in connecting people and bringing love to the world. This really fits my personal belief.

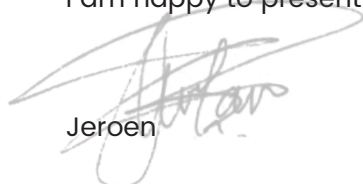
My goal was to come up with something that was immediately applicable and relevant for the company, since many student projects contain promising ideas, but end up being unused. I gave myself as a challenge to come up with something tangible, which could have a direct impact. During my master at the Technical University I also tried to apply this focus, which was rewarded with winning concepts in several study projects. Hereafter, I even strengthen this focus by establishing startups.

The focus for this project on a tangible, tangible outcome through product and service design was therefore not surprising. Just to give the company more than just a roadmap. In addition, I also hoped to learn a lot from the company. I got to know the company as a creative and warm company, with many hard-working colleagues. Colleagues who continually ask how you are doing, give support when needed and all events we have enjoyed, it was lovely.

And that is why I want to thank Jan-Willem Koch and Steven Koopmans for giving me the possibility to graduate at Hallmark, where I have had a lot of freedom to talk to everyone and to execute my own project. I also want to thank all colleagues, who have given me an incredibly good view of the whole company and have made time to talk to me.

In addition, I would like to thank Erik Jan for the critical feedback during the process, which ultimately led to new insights. In addition, Nick, for the many contacts we have had, your critical view of my report, your positivism and support. Finally, I would like to thank my friends and family and especially my girlfriend, according to whom I talked too much about greeting cards. Hopefully I compensated this with testing the surprise boxes.

I am happy to present my Master Thesis,



Jeroen

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# Reading Guide

## Glossary

- Hallmark** Hallmark Cards Continental Europe
- CEO** A Chief Executive Officer, the highest-ranking person in the company
- Cat Man** Category Management is responsible for compiling and maintaining product categories
- Web Team** The Web Team is responsible for the front-end of the website
- Dev Team** The Development Team is responsible for the back-end of website
- B2B** Business to business refers to business that is conducted between companies
- R&D** Research and development refers to the work a business conducts for the innovation, introduction and improvement of its products and procedures
- SKU** A stock keeping unit is a number assigned to a product by a retail store
- FTE** Full-time equivalent is a unit that indicates the workload of an employed person

## Problem Introduction

The whole greeting card industry has to deal with a decrease in volume and therefore is subject to a growing pressure, which is caused by social media platforms. In addition, there is an increasing online competition within the greeting card industry itself, where online services such as Greetz and Kaartje2Go (the Netherlands) are claiming an increasing market share. Hallmark is, despite its desire to become more digital, still too dependent on retail stores. Internal research shows that the younger target group especially doesn't feel involved anymore. Because of all these trends, Hallmark is currently looking for new ways to connect a younger target audience to Hallmark.

## Project Method

The model used during this project will be a variation on the classic double diamond (Nessler, 2018). The double diamond has been developed to bring structure into a creative process. For this project it was decided to add a third diamond. The first diamond describes the company and industry analysis, after which an appropriate innovation strategy is determined. Hereafter, an analysis of the target group is done to arrive at a project vision. This vision then becomes the leading for coming up with a new concept. The final phase will revolve around the implementation of the concept and continuous improvement through an agile process.

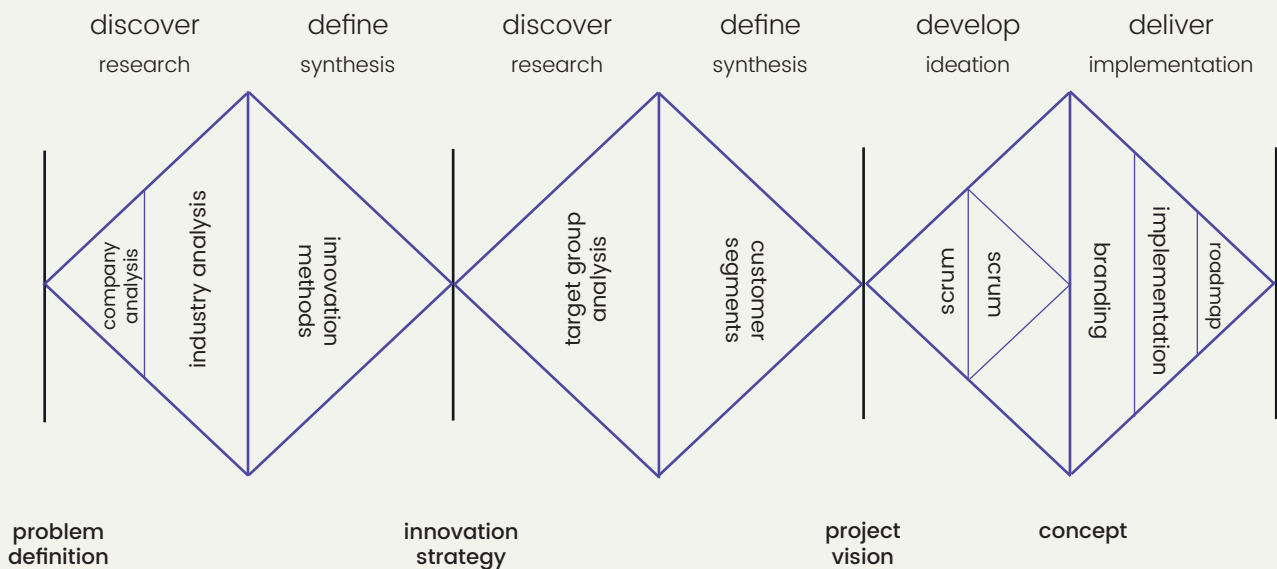


figure 1a - report structure in a double diamond shape  
adapted from: Nessler (2016)

This model does not exactly describe my process, but is a description of my report structure. My actual innovation process was based on an agile process. After conducting the company, industry and target group analysis, I focused on testing ideas quickly. This was done with help of a group of 20 respondents who could be easily consulted to validate ideas and collect information. This proved to be very valuable for gathering information and ideas for routine innovation. Many of these ideas can be found in the recommendation section. However, it turned out to be less successful to come up with disruptive innovation ideas, something that the company actually needs more. That is why halfway through the process it was decided to follow a more classic double diamond process and to use agile only when testing and ideating the concept.

○ The Scrum Cycles can be found in Appendix A

## **Report Structure**

### **1. Company Analysis**

The company analysis describes the internal qualities and weaknesses of the company. This analysis was done based on interviews with various employees of Hallmark Continental Europe. An attempt is made to achieve a as complete view as possible on the possibilities of the company, so that it can be used optimally later during the project.

### **2. Industry Analysis**

The industry analysis describes the trends and developments of the market that Hallmark is currently active in. These are the online and offline greeting card industry and the online gift industry. By means of these analyzes, it is determined whether the current markets are still the right ones.

### **3. Innovation Strategy**

Based on Hallmark's internal innovation possibilities and the potential of the market, it is determined which innovation strategies should be embrace at the moment. Furthermore, it is determined which innovation strategy will be explored during my personal project.

### **4. Target Audience Analysis**

This chapter looks at the needs of the new target group with regard to relationships. This analysis is done through short interviews with the target group and desk research. These findings are then processed into customer segments using the Job to be Done framework.

### **5. Project Vision**

Based on the customer segments, the company vision and the innovation strategy, a project vision is created in this chapter. This will ultimately be the leading vision during the ideation process deriving into a new concept.

### **6. The first steps into the Experience Industry**

This chapter introduces the Surprise Night concept, a subscription to a monthly date box targeted at couples. This chapter describes the idea, the target group, the customer journey and the advised internal implementation of this concept.

### **7. The next phases of Surprise Night**

Surprise Night should be the beginning of a different way of working and the beginning of offering experiences as Hallmark. This chapter describes how this concept can to become a new department within the company.



# 1. The Company

# Introduction

The company's current vision, as well as its strengths and weaknesses, will be analyzed to develop a new value proposition. This analysis is based on 12 semi-constructed internal interviews within all layers of the digital European department. This to understand the long-term vision and the consequences that can already be noticed.

Determining the current qualities of Hallmark is essential as innovation is most successfully built on the current qualities of a company (Eggers and Kaul, 2017). Interviews with employees were chosen as this is an effective way to obtain as much information as possible about the company in a relatively short period of time (Lee, 1999). The statements in these interviews were verified by available data within the company and research done by external parties.

## Research Questions

To obtain a clear overview of the strengths and weaknesses of Hallmark, the following sub questions will be answered in this section:

- > To what extent is there innovation freedom within Hallmark?
- > How can the current vision and culture of Hallmark be described?
- > What are the different departments within Hallmark Europe?
- > What is the importance of these departments?
- > How can the current target audience be described?
- > How is the current turnover distributed?
- > What is the current perceived brand image of Hallmark?
- > What is the international strategy of Hallmark Europe?
- > What is the relation of Hallmark with their partners?
- > What kind of succesful innovations have there been in the past?

## Approach

The conversations with the management team (Olivier Meltzer, Jan Willem Koch) were scheduled as meetings, in order to discuss the vision and current strategic goals. The remaining interviews were informal and often in-between work, during lunches, after discussions and similar. Therefore transcripts of these discussions are not available, just individual summaries.



figure 2a - hierarchical overview of the interviewees





  
*Hallmark*  
*Cards*

figure 2b - Joyce C. Hall  
source: Hallmark.com

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### Question addressed in this section

- > To what extent is there innovation freedom within Hallmark?

# History of Hallmark Cards

**METHOD** Interview with Jan Willem (CEO)

Hallmark Cards was founded in 1910 in Kansas City, US, by Joyce C. Hall. Together with his brothers he set up a store in cards, gifts, books and press-work.

Approximately 20 years later, he started a cooperation for the first time outside the United States by joining a Canadian greeting card company, in 1958 followed by an office in the United Kingdom. Today Hallmark Cards also has offices in Australia, New Zealand, Japan, Germany, Belgium and the Netherlands. Hallmark Cards is still owned by the Hall family. The company employs 27,000 people worldwide, and its yearly turnover amounts 4.5 billion dollars.

Despite the fact that Hallmark Cards Europe Continental is part of the Hallmark Cards brand, there is freedom to outline a localized strategy according to CEO Jan Willem Koch. The American board does not interfere with the product range, card designs, strategy and marketing campaigns as long as it fits the overall company vision; creating a more emotionally connected world.

The European brand is completely different compared to the American Hallmark brand, what can be considered as much more than just a greeting card company, having even its own television channels and music division.

Interviews with Jan Willem, Steven Koopmans and Olivier Meltzer have even shown that Hallmark International sees the European Headquarters as the innovation stimulators of the brand. Hallmark Continental Europe is leading the field of e-commerce and product development within the entire Hallmark company. Therefore, the American board support new innovations, provided that positive financial figures can be shown.

### CONCLUSION

There is a high degree of innovation freedom, as long as it fits within the overall vision of the Hallmark Cards Company and positive financial figures can be shown.

---

### Question addressed in this section

- > How can the current vision and culture of Hallmark be described?

# Current vision of Hallmark Cards

METHOD Interview with Jan Willem (CEO)

Being aware that the current vision of Hallmark Cards is important, the following section explicates the vision according CEO Jan Willem Koch and multiple employees, and in detail how this vision is reflected and the consequences within the company.



“The current vision of Hallmark Cards is based on the following three core values; affectionate, surprising and connecting. At Hallmark we believe that life is about valuable relationships. We as a company, want to strengthen these relationships by inspiring everyone, every single day to express their emotions towards each other. We strive to be more than just a greeting card company, it’s about expressing personal feelings for someone else. We believe that sending a card should not be perceived as an obligation, but should be intrinsically motivated, it is about giving someone sincere attention.

**“We strive to be more than just a greeting card company.”**

Jan Willem  
CEO

We have seen a modest financial growth in recent years, accomplished by focusing more on every relevant moment of someone’s life. Saying that, I do not just mean the birthdays, Christmas and Valentine’s Day, but also those occasions when a relative is moving, when the sender is feeling proud, or wants to apologize or simply send a quick “thank you“. The goal is to make the gesture, in any form, so special that a personal, positive reaction is guaranteed. Therefore either the gesture itself or the moment of giving should be unique. This core belief distinguishes us from our competitors (Greetz, Paperclip) who seem to be much more focused on the standard

moments and on simply selling as many cards as possible. I believe this vision is important not only externally, but also internally. In recent years we also started to integrate these core values within our company. This is mainly realized by creating a much less hierarchical organization with much individual responsibility, as well as an open communication between all employees. Furthermore we try to be as creative and warm as possible. The main goal of these changes was to facilitate initiation of new innovative ideas and to allow a much faster development. This change was rewarded in 2017 with the Dutch Marketing Award for Internal Branding.”

Personally I experience this working atmosphere as very open and more pleasant compared to other companies I have worked before.

Besides this internal change started in 2015, there has been a stronger focus on the online department and the creativity process within the company, stimulated by new appointments. Hereafter, the products have been innovated with the introduction of cards made of wood (2017) and chocolate (2018). This to appeal to an even larger target group. Since last year, the focus shifted to mobile conversion and gifts, with the appointment of a new web team, a new manager e-Business and an expansion of the category management team. On top of that, for the first time a new agile method for campaigns was used around Christmas 2018, in order to make campaigns more relevant and faster.

However, there are some consequences within the company and these changes are sometimes perceived as challenging. Based on discussions with employees, almost everyone indicates that this is mainly due to the changes in working methods and changes in responsibility. In addition, there are possible delays on innovations due to the high standards for privacy, security and software from the United States. However, all interviewed employees also indicate that these changes bring new energy and enthusiasm and are regarded as simply crucial to keep growing as a company.

## CONCLUSION

Hallmark is a creative and warm company, with the aspiration to be more than just a greeting card company. They are currently seeking new ways to innovate.

**We as a company, want to strengthen close relationships by inspiring everyone, every single day to express their emotions towards each other.**

---

 vision Hallmark

### Questions addressed in this section

- > What are the different departments within Hallmark?
- > How important are those departments?

# Retail versus Online Sales

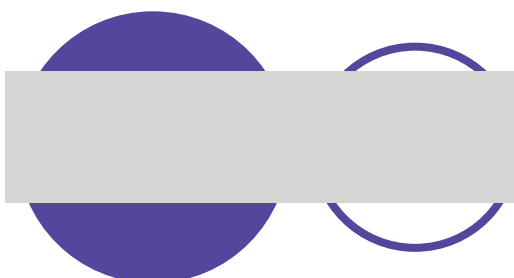
**METHOD** Interviews with Katinka (Trade Marketing) and Steven (Online Marketing)

Within Hallmark there are two different departments responsible for the total annual revenue of approximately █ million euros, the e-business department and the retail department. Hallmark's e-business department has seen an increase in online revenue last year of █ percent, where the sales via retail decreases with █ percent. However, the retail department still accounts for █% of the total revenue. This indicates the dilemma between these two departments and thus for the management of Hallmark.

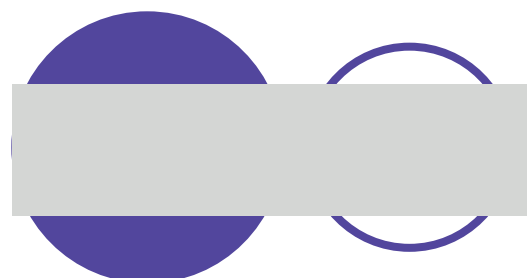
Throughout the Dutch society there is a trend of digitization and an increasing group of consumers buys via online platforms (CBS, 2017). Also Hallmark's e-business department has seen an increase in online revenue last year and as a result the company is intensifying its focus on the online market.

However, the growth is mainly thanks to the gift segment within de e-business department. There is a small decline in the number of cards sold online per year (█) within Hallmark. To encounter this problem, Hallmark has started actively selling gifts combined with cards since 2015. From that moment on there has been an annual growth of 13% in this gift segment. This trend can be observed across the entire e-commerce industry, where annual growth figures are also between 10 and 15% (Thuiswinkel, 2017).

## Online Sales



## Offline Sales



The increase of online focus is thanks to the increasing popularity of online shopping. However, it is also partly due to a decrease of traffic at the current retail stores (Primera, Bruna and Ako). Katinka states that this trend is expected to continue in the near future, resulting into the interest of other types of retail points, like coffee bars or trendy restaurants.

This development clearly shows the current dilemma for Hallmark between the two departments. Though it still earns   million euros through retail, this revenue is decreasing. Simultaneously, online sales are growing every year and the online traffic is expected to grow only further (CBS, 2017).

This dilemma is becoming more difficult as printing for retail is cheaper compared to online. Printing of individual online orders is called Print on Demand (POD). This POD is done by Pondres, the fulfilment partner of Hallmark, and is still relatively expensive compared to mass production. The mass production of retail cards is done entirely by Hallmark itself and therefore a relatively higher profit per single product can be achieved. The goal for Hallmark is to find a good balance between online and retail sales.

○ More information about Pondres in the section about Partners (p. 23)

In addition to an online and retail department responsible for online and offline sales, Hallmark also has a creative studio. This creative department creates designs and printed media for mainly retail purposes. Within Hallmark, the design possibilities of this design department are considered as unique and extended compared with competitors. This is also seen by the consumer, which indicates Hallmark's unique designs as the main unique selling point (Team4, 2017).

## CONCLUSION

Hallmark sells greeting cards via online and retail channels. Online sales are rapidly growing and offline sales are declining, however offline sales still accounts for 85% of the total revenue, which causes some discussion about the strategy to follow.

---

### Question addressed in this section

> How is the current revenue distributed?

# Unbalanced Revenue

**METHOD** Interview with Simone (Online Marketing)

Hallmark has a total revenue of approximately ■ million euros, but this is not evenly distributed. The company is dealing with an unbalanced revenue during a year, with Christmas responsible for a share of 25% in turnover. This makes Christmas Holidays by far the most important moment of the year, followed by Valentine's Day and Mother's Day. However the number of cards sold at these particular occasions (internally called: fixed moments) is gradually decreasing. According to Jan Willem Koch this decline is mainly due to social media which, also during these traditionally strong moments of the year, gradually replace the greeting card. People tend to send more christmas or birthday wishes via social media, compared to the past.

The peak in December has big consequences internally, with the need to shift capacity and hiring extra personnel. A foundation for receiving recurring revenues during a year, would result in a more stable organization and is therefore desirable (Dempsey, 2017).

### CONCLUSION

There is an unbalanced revenue and no recurring income, which isn't desirable for a stable organization. Hallmark tries to solve this problem by focusing more on less fixed moments. Diversification also seems the most viable strategy.



Christmas is responsible for

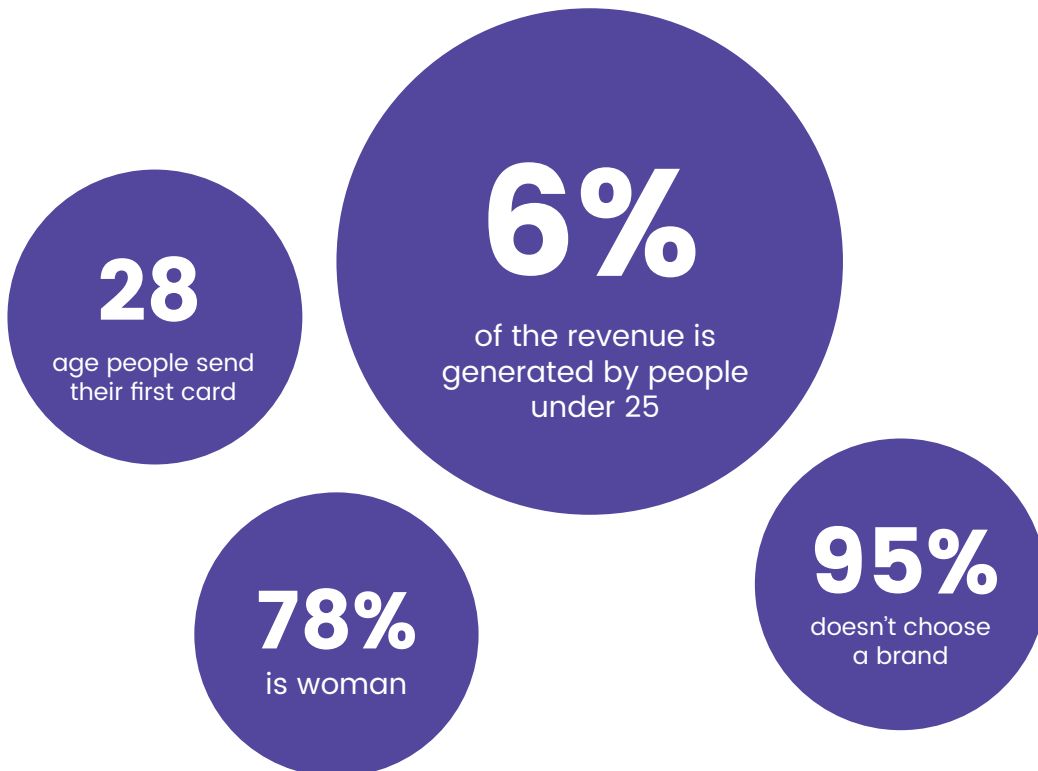
**25%**

of the annual revenue of Hallmark



## Statistics

Based on internal research and Team4



### Question addressed in this section

- > What is the current target audience of Hallmark?

# The current Target Audience

**METHOD** Interview with Jan Willem (SEO) and analyzing branding report of Team4

Internal analysis shows that only 6% of the turnover is generated by the target audience under 25. Despite different designs and different marketing strategies, there was no significant sale increase within this target group. This trend is confirmed by Jan Willem Koch, who describes that the age at which people will send their first greeting cards is constantly shifting upwards. In the last 4 years this age has gone from 25 years towards 28 years old. Internally, Hallmark expects this trend to be a consequence of the increasing competition from social media. The younger generation seems less interested in the greeting card itself, as this shift seems to be a trend for the entire greeting card industry and not just Hallmark.

The fact that the greeting card is seen as an impulse purchased type of product is another problem that applies to the entire industry. Research by Team4 shows that consumers when purchasing a greeting card, are not really aware of the brand they choose, since only 5% deliberately choose a brand when buying in a store and just 50% online. The majority is not aware which brand they choose and simply choose a card in a rack or probably visits the top page on Google. A top page that is often not owned by Hallmark (Google Adwords).

These two trends initiate that the product may need to be innovated.

○ more information about the younger target audience can be found in the Target Audience chapter (p. 32)

### CONCLUSION

The current target audience is 28 years of age and older, however this age is shifting upwards. Furthermore, only a small amount of people are deliberately choosing a brand while buying a greeting card.

## Question addressed in this section

- > What is the current perceived brand image of Hallmark?

# Brand Image

**METHOD** Interviews with Ilse (Category Management), Steven (Online Marketing), Dionne (Web Design) and Fabienne (Online Marketing)

Hallmark has a high brand awareness in the Netherlands (Team4, 2017). The value Hallmark is most closely associated with is creative, followed by original, sympathetic and warm. However, creativity is not very distinctive for Hallmark, since it is associated with the entire greeting card industry (Team4).

This may be due to the lack of distinctive power online. Though the vision of Hallmark actually differs from the competition, from a content perspective much overlap may be observed on Facebook, Instagram and other social media platforms. Furthermore, the graphic images of Hallmark are potentially better, but this advantage is not sufficiently utilized to distinguish from competitors yet. However, the new web design team aims to change this.

**The values Hallmark is most associated with are being creative, original, sympathetic and warm.**

TEAM 4

From own interviews (n = 20) it appears that young people in particular consider Hallmark as an outdated brand, partly due to the product and the classic elements and name. Besides, although the price for Hallmark greeting cards is approximately equal to its competitors,

customers do not experience this. The majority of the potential card buyers (57%) sees Hallmark as expensive (Team4).

In conclusion, we can state there should be more focus on branding. Currently there is more emphasis on sales and the online conversion ratio. This is a development that can be easily explained, since the online conversion of Hallmark is    % lower than main competitor Greetz, according to research by external agency Team4. Internal analysis done by Ilse shows that the conversion is especially lower on mobile devices.

An overview of the semi-constructed interviews can be found in Appendix C

According to Steven, the goal for the e-Business division is to make ordering greeting cards as easy as possible, from selecting the card to the payment in the end. Possibly even with a total different business model, like a subscription model. However, besides making ordering greeting cards as easy as possible, there should be extensive focus on the branding of Hallmark to express the unique elements of the company.

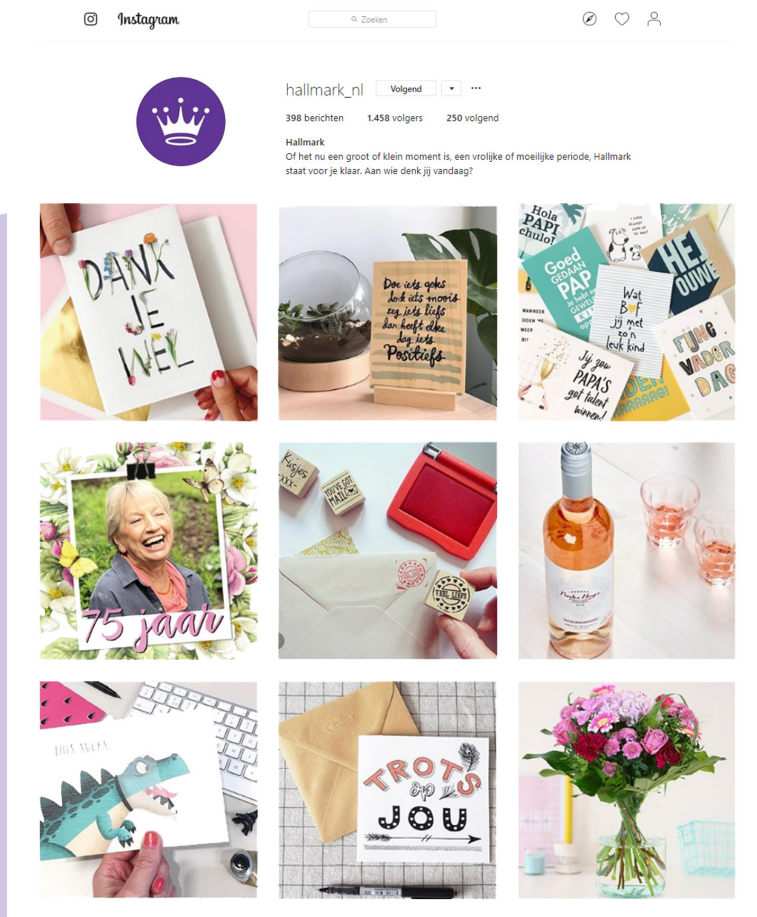


figure 2b - screenshot of Hallmark's Dutch Instagram account

Hallmark's Instagram account almost only showed its products in 2018, probably aimed at direct sales (89%)

I discussed this strategy with Tim van der Wiel (GoSpooky), and he states that a younger target group must be reached with stories and unique content. "Social Media must above all entertain, not just sell".

## CONCLUSION

Currently the emphasis of all online expressions is on sales. Because of this, the unique vision of Hallmark is not well enough expressed and there is a lot of overlap with its competitors. Hallmark should look for creative ways to better communicate its vision.

---

### Question addressed in this section

- > What is the international strategy of Hallmark?

# European

**METHOD** Interviews with Katinka (Trade Marketing) and Birgit (Marketing Belgium)

Despite the fact that Hallmark Cards refers to Hallmark Cards Continental Europe, the statistics show that the focus is very much on the Netherlands, since nearly 85% of all European sales is originating from the Dutch market.

Countries like Belgium get much less attention. In practice, Belgian campaigns and content on cards are often just translations of Dutch content, rather than campaigns particularly developed for the Belgian market. In addition, Germany is a very large potential market of nearly 700 million euros, where sending greeting cards is also deeply consolidated in the German culture (Paperworld, 2013).

This demonstrates that Europe has huge potential and by just focusing on the Netherlands, Hallmark only addresses a modest 3% of the total potential market (EuroStat, 2017). Adding Belgium would increase this to 4.3%, but the combination of the Netherlands, Belgium and Germany would immediately increase the potential outlet to 17% of the total European market. Since this is also recognized at management level, it is important that processes are already made scalable, so they can be carried out across entire Europe.

### CONCLUSION

Despite the huge potential of neighboring countries, Hallmark Cards Continental Europe is primarily focusing on the Netherlands, which represents only 3% of the total European market.

**Hallmark Cards Continental Europe is currently addressing a modest 3% of the total European market.**

---

EuroStat (2017)

---

### Question addressed in this section

- > Are there important external parties for Hallmark?

## Partners

**METHOD** Interviews with Ridwaan (Logistics), Patricia (Customer Service) and Edwin (B2B), Nadien (UX Manager)

With regard to its logistics Hallmark is partnering with third parties Pondres and PostNL. Hallmark is very dependent on these partners in today's society due to the more and more challenging demands for delivery (PostNL, 2018).

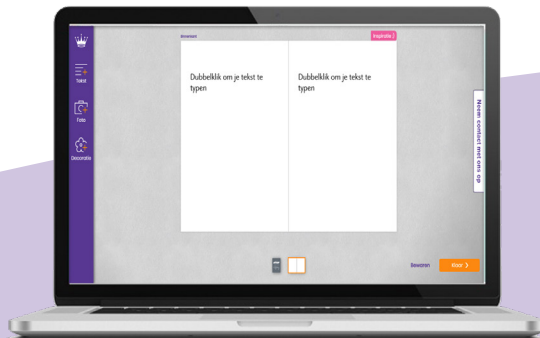
The entire online production of Hallmark is being carried out by Pondres (gifts, online greeting cards and printing on non-paper materials). However, Pondres is increasingly struggling with innovative steps, with a growing number of complications as a result. As the internal focus is more on online and on gifts, the dependence on fulfilment partner Pondres will only increase. If the stress remains during this collaboration, other parties should be seriously considered or it should be properly analysed which activities can be done in-house, in order to reduce dependency on suppliers.

PostNL is the partner for the delivery of cards and packages. The delivery usually takes place during the next day (if ordered before 22:00). However, according to the customer service department, most complains relate to the speed of this delivery. In conclusion, we can state that it is remarkable that Hallmark's customer satisfaction almost fully depends on its partners. Therefore it should be considered which new in-house activities can be done by Hallmark, to reduce this dependency.

A deeper collaboration between Hallmark and PostNL has recently started during Christmas 2018. The option to create Hallmark photo cards in the PostNL app is considered internally as a very promising step. PostNL is one of the most used mobile lifestyle applications in the Netherlands and consequently an annual increase of 200.000 – 300.000 sold greeting cards is expected.



As stated earlier, the online performance and sales are not on the required level. Besides the reasons earlier stated, this is also due to the capacity of the development team. The development team is an external party in Romania and similar to Pondres, it has trouble with the wishes of the team in the Netherlands. As a result, some ideas cannot be developed or not quickly enough. The strong competition rivalry in the online greeting card industry simply requires this. Ideas that are being developed by the development team can currently be quickly adopted by competitors according to Nadien. This indicates their development teams are currently more extensive. To eventually grow and be able to quickly introduce new, unique ideas an expansion of the data warehousing and development team is needed.



The example Nadien referred to: Hallmark launched a new editor in 2016, but within a short period of time Greetz had taken over all new functions in its own editor.

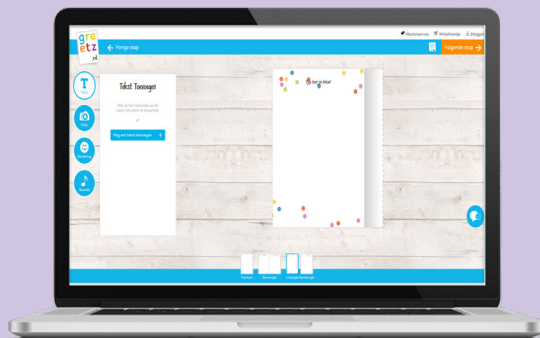


figure 2c - screenshot of Hallmark's and Greetz greeting card editor.

## CONCLUSION

Hallmark is highly dependent on their partners Pondres, PostNL and its development team in Romania. The development team and Pondres are currently having troubles with the innovation tests Hallmark wants to perform.

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### Question addressed in this section

- > What kind of successful innovations have there been in the past?

# Innovation Examples

**METHOD** Interviews with Eva (Category Management) and Jan Willem (CEO)

The presence of strong competition and the need to distinguish are elements that often appear in previous interviews. However, successful initiatives to distinguish on product level and content level already take place.



Eva: “Hallmark tries to be unique by innovating the card itself or by making the content as unique as possible. Currently, with our production partner Pondres, we are able to print cards on wood and chocolate, which is unique in this sector. The goal is to continue and expand on this, so that we can print virtually everything on everything from January 2018 onwards. However, this does impose high demands on our partner’s competence. Right now, a total of 4.500 wooden cards and 2.000 chocolate cards are sold each month and the number is increasing.”

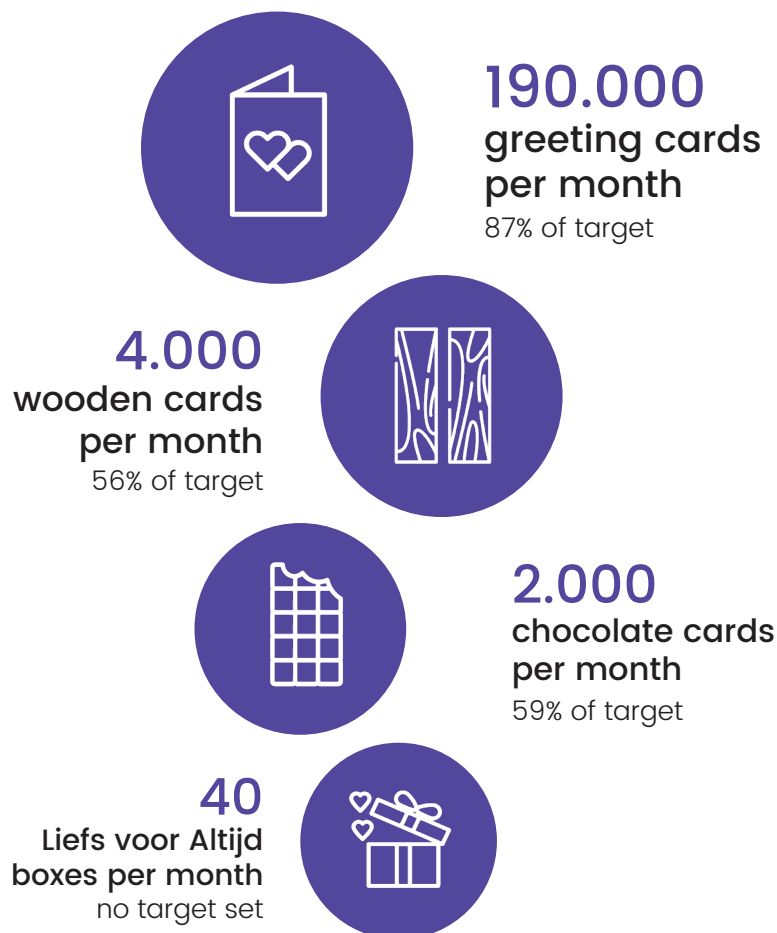
However, with this type of product innovation, the danger of cannibalism must be considered, where possibly the wooden or chocolate card will compete with the paper greeting card of Hallmark.

According to Jan Willem, other ways in which Hallmark is unique compared to the competition are its special projects, such as Liefs voor Altijd (Love Forever), a box with stationery, envelopes and seals to leave personal messages to your loved ones for special moments, even if you are already passed away. Another example is the moeilijke momentjes (difficult moments) product line, developed for difficult moments such as heartbreak, depression, burn-outs, cancer and discharge. These greeting cards contain texts that fit considerably better than that of most get well cards and besides an increase in greeting cards sold, it has led to a lot of attention in the national news.

Despite this national attention, these projects have not generated much more revenue. To accomplish that it seems to be time for Hallmark to discover other markets as well, as it has started a few years ago with the introduction of the gift segment. However, such a big change requires a big investment and is therefore with a limited budget, also a difficult step for the management.

## Success of Product Innovations

Numbers are averages



### CONCLUSION

Product innovation ideas that are different compared to the core business lead to a lot of media attention. However, sales are dissatisfying and the danger of cannibalism should be considered.

# Conclusion

Hallmark is a company with a huge brand recognition and tradition, but an increasingly less attractive product. The greeting card is increasingly becoming an impulse product and less relevant to a younger audience, which has its influence on the brand. The company distinguishes itself positively in creativity among its employees and the company culture and vision. Furthermore, there is a desire to look beyond just greeting cards.

At the same time, despite this vision, based on the interviews you can notice a certain fear of making the switch to a different market. Many (product) innovations are only variations on the authentic Hallmark greeting card. The declining market means that the urgency and at the same time the fear of investing in new opportunities increases. Furthermore, we see that the focus of the marketing team is mainly focused on sales and less on the long-term branding of Hallmark.

Hallmark has few technological opportunities to innovate, despite the size of the global brand. Moreover, the current development and data team is already substandard, compared to competitors in the industry. This finding combined with the urgency to present positive financial figures ensures to come up with innovation proposals that can be implemented without expensive technological investments.

In addition, it is important to prove the potential of the new industry by demonstrating its desirability in order to remove possible doubts of the Hallmark management.

Personally, Hallmark Cards has surprised me positively and negatively. The atmosphere, warmth and openness of the company and employees is truly unique and very valuable. However, it amazed me personally that there are few innovation possibilities. I helped with redesigning an editor, however my proposal was too difficult to build in the short term. In addition, I noticed a fear to really invest in new directions. This is due to the declining market, that is why everyone is continuously busy with the daily business and achieving greeting card sales. The management indicates that there is a desire to innovate, however you see a strong focus on short term results. The new value proposition should therefore not require expensive investments. In the next chapter it will be examined whether this should be inside or outside the current industries.

○ The presumable reasons are discussed in the chapter Innovation Strategy (p. 46)

## REFLECTION



## 2. The Industry

# Introduction

Hallmark Card is active in the Dutch Greeting Card Industry and can be divided into three segments; retail, online and gifts. These three segments will be analyzed using the Porter 5 Forces method to determine the potential of these segments. This section is an addition to the previous company chapter.

○ The Porter's 5 Forces model can be found in Appendix B

Despite the market potential outside the Netherlands, the scope for this analysis will remain limited to the Netherlands in order to allow testing ideas in practice during the rest of the design process. Hallmark also indicates that it wants to innovate in the Netherlands first, before approaching other countries in Europe to develop their markets.

## Research Questions

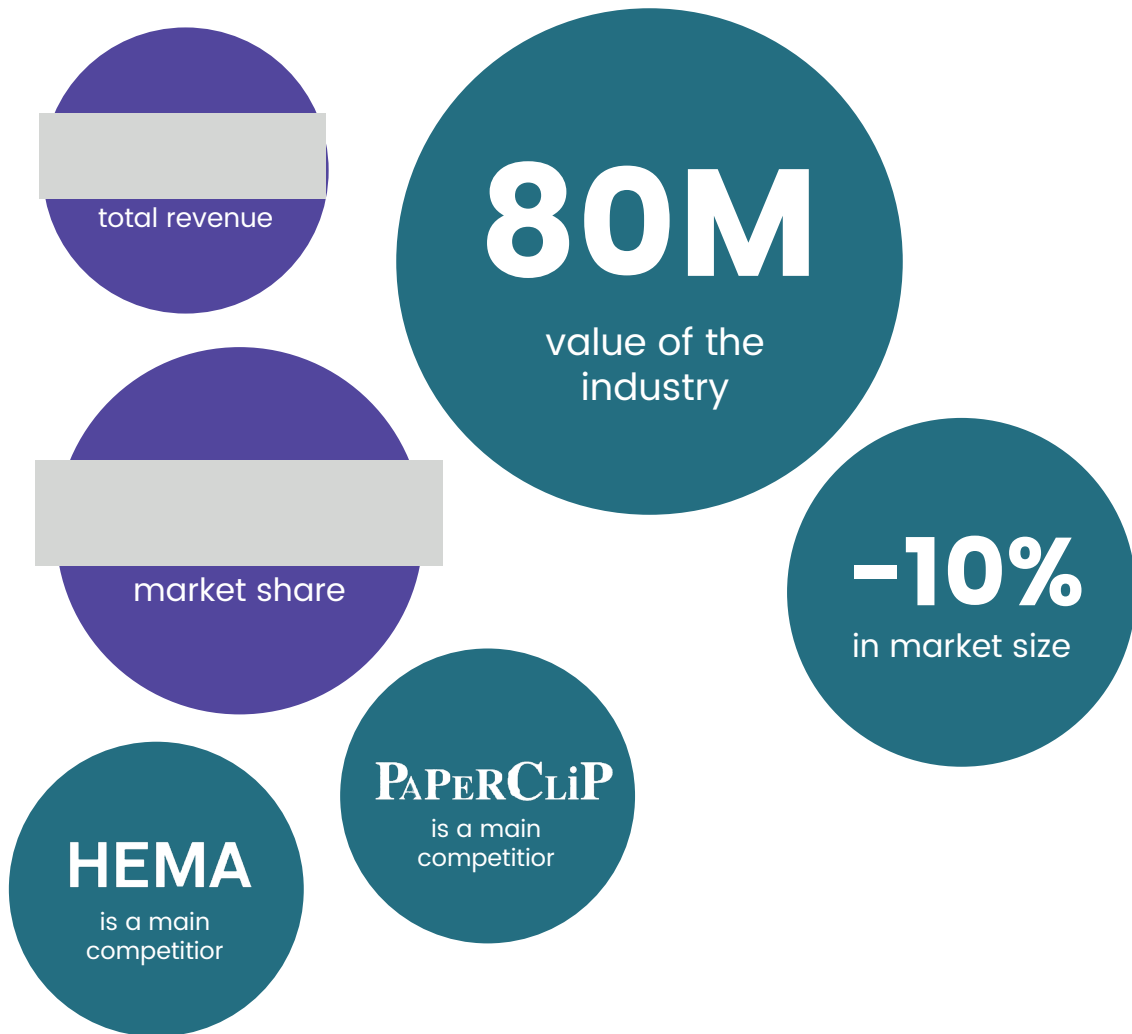
To obtain a clear overview of the potential of the current industries Hallmark is active in, the following questions will be answered:

- > In which industries is Hallmark currently active?
- > Are the current industries the right industries for Hallmark?

# The Retail Greeting Card Industry

Scope: The Netherlands  
Currency: €  
Based on internal estimations

● data concerning Hallmark



### Questions addressed in this section

- > In which industries is Hallmark currently active?
- > Are the current industries the right industries for Hallmark?

# The current Greeting Card Industry

**METHOD** Desk research (internal and external sources)

## Retail should be reinvented

The total greeting card industry in the Netherlands represents a value of 230 million euros, however this value decreases by 10% annually for the last 5 years (PostNL, 2017). Concerning Hallmark itself, despite an increase in online sales, the majority of the greeting cards are still sold via retail stores (Hallmark, 2018).

The main competitors in the retail sector are Paperclip and Hema (Team4, 2017), though Hallmark has a strong market share of [redacted] and a nationwide coverage with 9.000 sales outlets. This share is expected to remain stable, since a new competitor can't easily enter this industry due to the enormous supply infrastructure that is required for such a coverage. Hallmark is able to keep the cost price of its cards as low as possible by printing the greeting cards for retail without any other party involved.

However, the amount of traffic in the traditional retail stores such as Primera, Ako and Bruna are under pressure (Rabobank, 2018) and physical stores will in the future just be visited for the unique shopping experience or to get a better touch and feel of the product (KPMG, 2017). Greeting cards are considered more as impulse purchased type of product, which makes the experience and physical stores less relevant (Team4, 2017). Furthermore, this industry has to deal with a high buyer bargaining power, where consumers can exert pressure on new designs and low prices (Team4, 2017).

### PORTER 5 FORCES

- competition rivalry
- threat of new entry
- supplier power

- buyer power
- threat of substitution

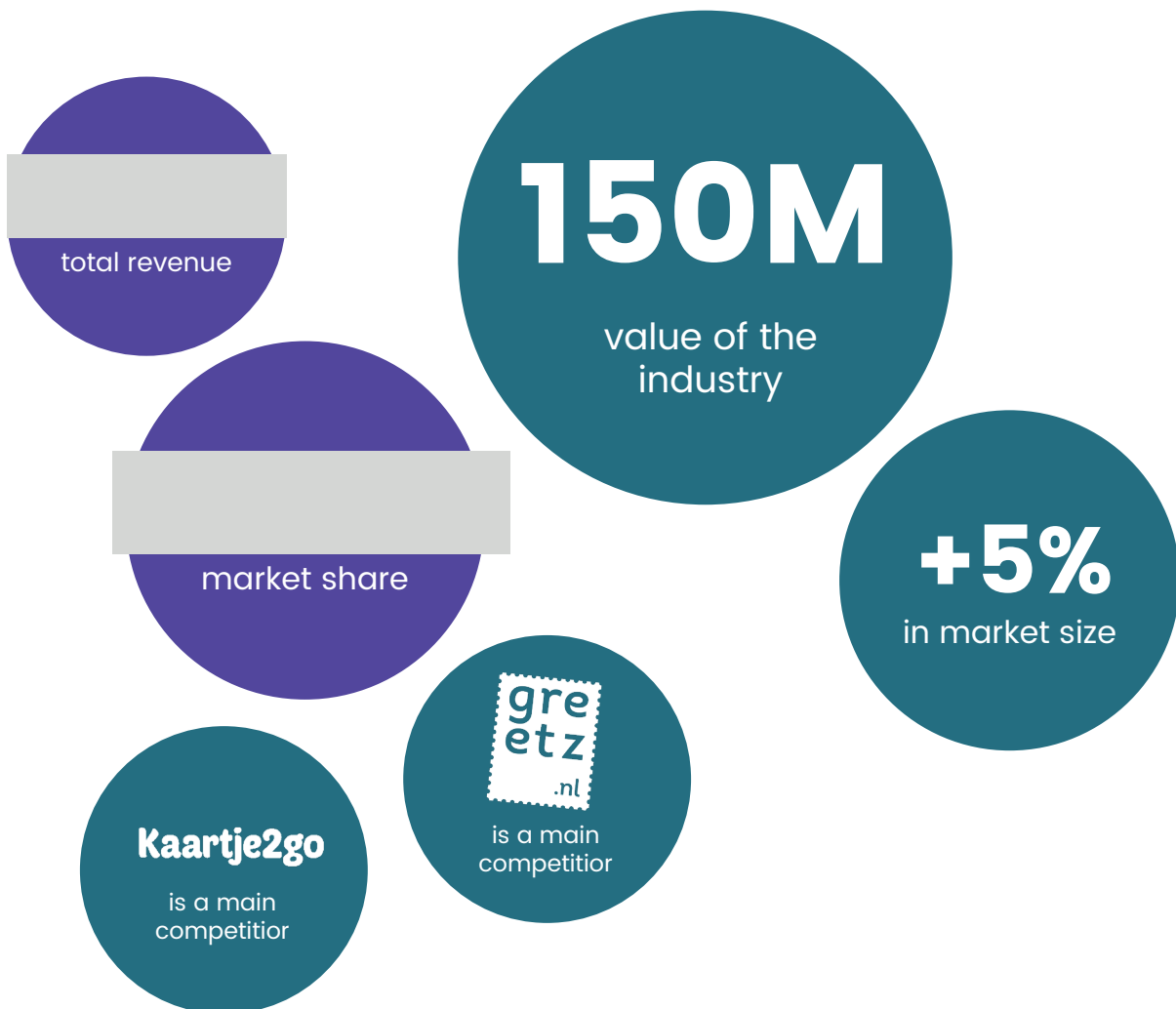
● low power    ● medium power    ● high power



# The Online Greeting Card Industry

Scope: The Netherlands  
Currency: €  
Based on internal estimations

● data concerning Hallmark








## The increasing importance of online sales

For Hallmark the internal share of revenue via online channels is increasing every year and with the growth of e-commerce, this share is expected to grow further. Hallmark puts more focus on online and with the development of a mobile application and a new website a   market share has been achieved.

However, it is experiencing competition from Greetz (50% market share) and Kaartje2Go (30% market share). These companies do not own any retail store and have their full focus on online. Furthermore, these companies are able to invest more capital and seems to have a better development team compared with Hallmark.

In addition, new competitors can easily enter the market, provided their printing process is well arranged. Greetz executes printing internally, in order to keep full control. Hallmark outsources this to an external party, which is capable of printing more advanced greeting card designs, however delays the innovation process. The power of buyers is high, because consumers can choose different parties which gives a certain pressure on prices.

### PORTER 5 FORCES

- |   |  |
|---|--|
|  competition rivalry |  buyer power            |
|  threat of new entry |  threat of substitution |
|  supplier power      |  |

The greeting card industry is a stable industry, representing 230 million euro in The Netherlands only. However, we see that greeting cards become less and less purchased, because substitutes like social media pose a major threat. Hallmark tries to solve that by focusing on small gifts.

- |   |  |  |
|---|--|--|
|  low power |  medium power |  high power |
|---|--|--|

## Gifts as a temporary solution

The Dutch gift industry annually increases by 17% to a value of 2,7 billion euros and the expectation is that this growth will continue in the next years (Thuiswinkel, 2018). This trend is also noticeable within Hallmark, with an annual increase of [redacted] in the sales of gifts. However, there are many competitors in the field of web shops, like large national parties as Bol.com, Coolblue, Wehkamp and global players such as Amazon and Alibaba (Twinkle, 2018). Supplier power is high, since they fully determine the scalability. Besides, due to the amount of competitors the power of buyers is also high. In addition, competitors like Bol.com are fully focused on growth (+30% in 2018) and are even willing to suffer loss to achieve this growth (NRC, 2018). Amazon (+49%) and Alibaba (+61%) are even growing faster and are taking over smaller parties to establish more future growth (Amazon, 2018; Alibaba, 2018).

For Hallmark, gifts have become an increasingly important source of income as small gifts are often added to a greeting card. However, the decrease in the number of greeting cards sold will ultimately also have an inhibiting effect on the number of gifts sold, as the gifts are considered by-product.

### PORTER 5 FORCES

- competition rivalry
- buyer power
- threat of new entry
- threat of substitution
- supplier power

- low power
- medium power
- high power

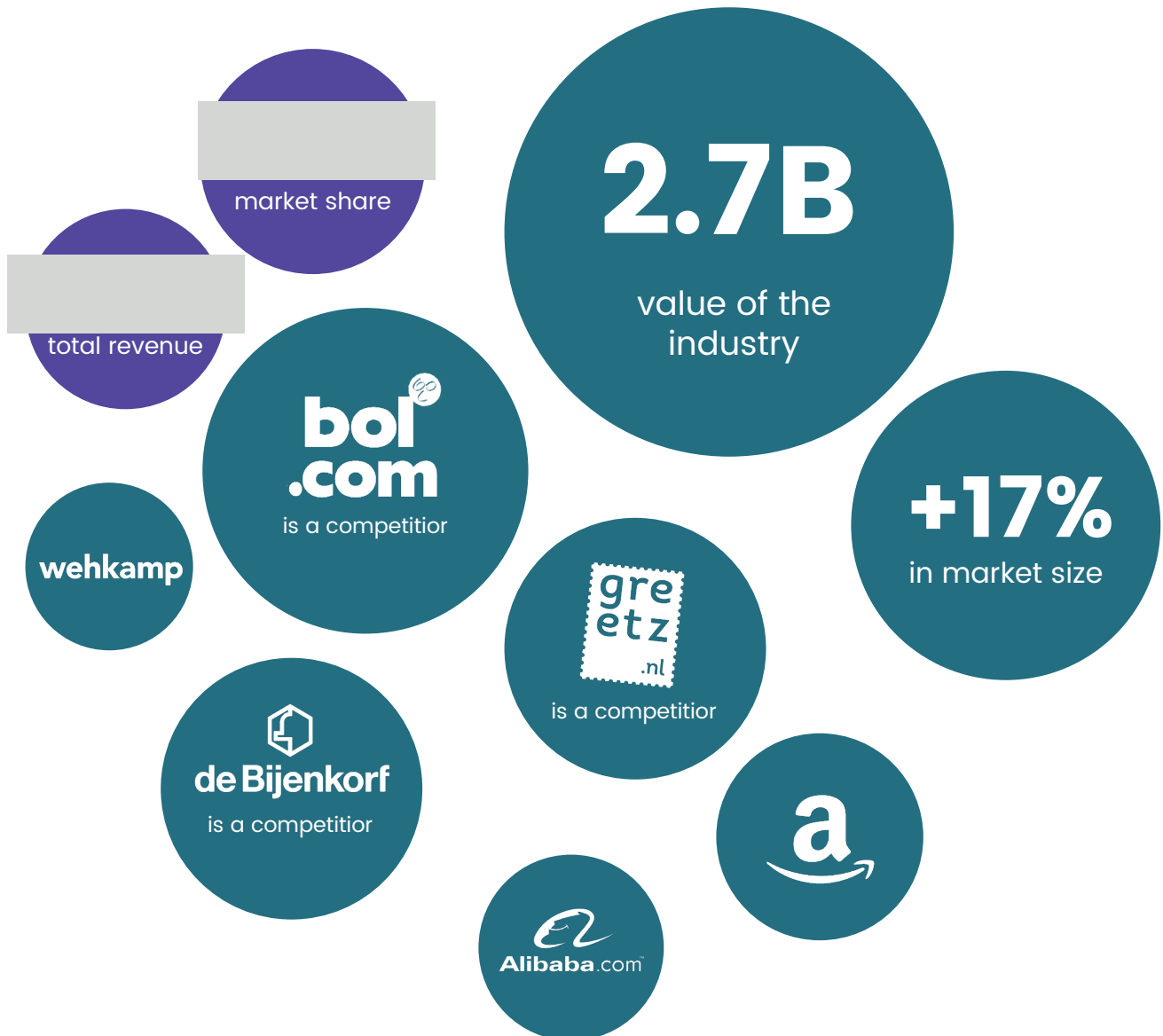
# The Online Gift Industry

Scope: The Netherlands

Currency: €

The size of the Dutch Gift industry is a combination of the following online industries: Home, Toys, Beauty and Health and Other Products (Thuiswinkel, 2018, PWC, 2017).

● data concerning Hallmark



# Conclusion

Hallmark is currently active in the greeting card industry, which represents a value of 230 million euros. However, this industry is slightly declining. This decrease can mainly be explained by the increase of modern means of communication such as social media. These are now a days used to congratulate or wishing happy holidays to each other.

In addition, Hallmark has to deal with strong competition from companies that only focus on online sales. These competitors seem to have more budget and a better development team and can, therefore, establish more growth. As Hallmark, it is important to be truly distinctive and unique compared to these companies. Because currently many digital innovations can be copied easily by direct competitors in the industry.

Hallmark has tried to focus on gifts, but this is a by-product to the card and will therefore be sold less due to a decline in greeting card sales. Furthermore, in the long term it will be very difficult to compete with major national and international web shops.

For Hallmark it is important to look beyond the current greeting card market and to explore another growing and emerging industries that fit the vision of the company.

Hallmark doesn't know its exact position within the (retail) industry. All facts and figures are based on internal estimates. However, we can state with certainty that their current markets are under pressure and new solutions have to be found. Hallmark now seems to evolve into a European gift company, but it will then be completely dependent on its suppliers. I expect the company to go this way, because of the enormous value and growth of the online gift industry. However, I personally believe that the company should look at industries, where they can add value with the internal knowledge and creativity.

## REFLECTION



### **3. Type of Innovation**

# Introduction

This section will be used to show different innovation strategies before choosing which strategies has to best fit with the current situation.

The theory of researchers Tellis (Marshall School of Business), Christensen and Pisano (both Havard Business School) will be used as the basis for this choice. In addition, it will be determined which strategy will be worked out during this project.

## Research Questions

To come up with an advice regarding the type of innovation for Hallmark, the following questions will be answered:

- > How should Hallmark innovate?
- > What different innovation strategies can we distinguish?
- > Which innovation strategy fits Hallmark?

---

## Question addressed in this section

> How should Hallmark innovate?

# How should Hallmark innovate?

**METHOD** Desk Research

First attention will be given to the situation Hallmark is currently in and which concrete steps it should take as a company (Tellis, 2013).

## Incumbents curse

Tellis (2013) describes the strange phenomenon of market leaders who have stumbled or gone bankrupt due to a failure to innovate. Companies such as Kodak, Sony, Nokia and RIM (BlackBerry) are just a few examples of recent years. Not long before they encountered difficulties they were very dominant in their market and some were even iconic companies in their industry.

Research even show that the greatest danger or failure is when a company is at the top of its success. The big question is why these companies, with enough budget, talent and internal know-how, come in trouble.

This is called the incumbents curse – being cursed by your own success. Tellis claims after researching almost 1000 companies: “The incumbent’s curse is driven by three cultural traits: a focus on the present instead of the future; a desire to protect one’s most successful products against the threat of innovation; and an aversion to risk.”

The analysis of the Hallmark company seems to be very similar to the above description. The focus on sales in the short term, the desire to continue to sell the classic greeting card and a lack of innovation.

The big question remains, however, what needs to be done to get out of this culture, a change that is not easily made. Firstly, Tellis recommends to give strong rewards for innovation with weak penalties for failure. Often, steep penalties are given when innovations fail, but such penalties lead innovators to shy away from taking risks, which is essential for innovation.



Secondly, innovations often come from employees with a different mindset within the company. However, bureaucracies and hierarchies require conformity and standards, which ultimately means that these new ideas will never be further developed. However, these champions of innovation must be encouraged by providing resources, time, talent and few penalties for failure.

Third, large market leaders will always attract a certain kind of employees, those who are looking for a certain job security and stability. However, this kind of employees doesn't come up with new innovation ideas. Therefore, to remain innovative, firms need to foster internal competition within the company.

These are all developments that can not be changed overnight, but are essential to innovate as a company and therefore to survive as a company (Tellis, 2013).

**The incumbent's curse is driven by 3 traits: a focus on the present instead of the future, a desire to protect one's most successful products and an aversion to risk.** | Tellis (2013)

#### CONCLUSION

Hallmark should take three concrete steps to improve its innovation culture: don't give penalties for failures, stimulate champions of innovation and foster internal competition.

- based on existing capabilities
- based on new capabilities

### Question addressed in this section

- > What different innovation strategies can we distinguish?

# Innovation Strategies

**METHOD** Desk Research

Although we know how Hallmark can improve its innovation culture, however we still have to decide what type of innovation suits Hallmark best. Because, we distinguish various types of innovation strategies in the literature, each having different consequences for the company. Therefore the capabilities of Hallmark will be determinative, when choosing the type of future innovation.

We distinguish four different types of innovation: routine, disruptive, radical and architectural innovation (Harvard Business School, 2015).

## Routine innovation

Routine innovation builds further on a company's current business model and technological capabilities. As a result, the outcome will in all probability appeal to just the same company's target group. An example are the new versions of the Apple iPhone, the models can contain new technologies, however can be seen as updates from previous versions (Pisano, 2015). This routine innovation is usually focused on success in the short term (Hopp, 2018).

- existing business model
- existing technology

## Disruptive innovation

Disruptive innovation requires a new business model but can be implemented with already known technologies. This way of innovation was introduced by Clayton Christensen in 1995 and described in his book *The Innovator's Dilemma*. This way of innovation is usually first focused on a small part of the total industry, before really disrupting the whole market (Clayton Christensen, 2017).

- new business model
- existing technology

### **Radical innovation**

Radical innovation is fully focused on technological innovation, often in a industry where major technological breakthroughs are involved, such as new aircraft engines in the aviation industry or new fiber technologies in the telecommunication industry. In order to make radical innovation possible, large R&D investments are required, mostly funded by high margins of some products (Pisano, 2015).

 existing business model       new technology

### **Architectural innovation**

Architectural innovation is the combination between new technologies and new business models and therefore often also the most risky and hardest. A classic example is when Kodak entered the digital photography industry. This meant they had to develop new cameras, new technologies and new software. In addition, they had to develop a new business model, since Kodak was first focused on the incomes of film rolls and services and these had now become superfluous (Pisano, 2015). However, Kodak had all the knowledge about the digital photography industry and yet was too late to innovate the company, mainly because they were fully focused on its current analogue products and failed to innovate, resulting in a loss of 90% (Tellis, 2013).

 new business model       new technology

Ultimately, a combination between multiple types of innovation will often be needed to successfully innovate in the long term. Google innovates almost every day its search engine and at the same time is engaged in radical and architectural innovation, resulting for example in the development of a self-driving car. This mix of innovation types will ultimately be based on the intended industry, the technological possibilities of the company and its competitors and the fit with the consumer needs (Pisano, 2015).

# Conclusion

Radical and architectural innovation require the development of new technological means, but Hallmark doesn't have the R&D budget needed or the capacity and knowledge to develop these radical technologies.

That is why routine and disruptive innovation should be further developed. Since Hallmark is already established in the greeting card industry, they have to switch to sustaining innovation. Hallmark has to find out how to leverage existing strengths to generate value to consumers. By looking at the current pain points combined with the qualities of the company, it's possible to innovate successfully on the short-term and to position the company differently (Pisano, 2014).

However, Hallmark should also research the possibilities to enter a new market to achieve growth on the long-term. These industries must fit within the vision of Hallmark and the possibilities of the company. To make this happen an alternative value proposition and disruptive strategy has to be created. That will become the goal of this project, because with my external vision on the company I am able to create this alternative strategy. I will try to become an innovation champion, by focusing on the future of the company, by taking risks and by testing new concepts without the bureaucracy of Hallmark.

Internally, Hallmark is able to conduct routine innovation to improve the current offer.

I haven't made the distinction in innovations straight away, but during the beginning of this project I realised the importance of the difference between incremental and long term innovation. Because of this, in this first months I mainly did scrum sessions and I made editors, developed new marketing campaigns and other incremental innovation solutions. However, I only realized afterwards that Hallmark can better explore a different industry and that because of my external vision I might be the ideal person to do that. Many others employees are inclined to see the limitations of ideas because of the fear of innovation. I am still able to take risks and get out the building to test new concepts and explore different target groups. The results of this exploration is elaborated in the next chapters.

REFLECTION



## 4. Target Group

# Introduction

The goal of this project will be to develop a disruptive innovation strategy and new value proposition that fits a new and younger target group. In this section we will first elaborate on the specifics of this target group. Hereafter, we will try to define on the basis of literature research and 20 interviews with which circumstances this target group has to deal and what they desire. Finally, the Job to be Done Framework will be used to create customer segments.

## Research Questions

To define the needs of the target group and the current pain points they face, the following questions will be answered:

- > What is the scope of the new target group?
- > In which segments can this target group be divided?
- > Which are the important trends that affect this target group?
- > What are the important desires regarding friendships?



figure 4a - Texting Couple  
photographer: Dean Moriarty

## Question addressed in this section

- > What is the scope of the new target group?

### Scope definition

Hallmark aims at appealing to a younger generation, that currently doesn't send any greeting cards. Internal research shows that this shift approximately takes place once people are over 28. Therefore the maximum age of this scope will be 27 years.

Research shows that a brand can really make an impact on a target group if it can offer some value to the target group (Deloitte Innovation, 2015). This makes it easier for cookie brand like Oreo to make an impact on a younger target group than for example a car brand such as Audi.

As a result the minimum age for this project depends on the minimum age at which people purchase gifts online. Online is chosen as defining factor based on the internal focus of Hallmark on online. Based on data of CBS and Nibud, there is an observable interest in buying online gifts from 16 years of age and a significant amount of sales from 18 years. (Nibud, 2015; CBS, 2017).

As a minimum age for this project scope, the age of 18 will therefore be retained in order to generate significant sales. This is important to maximize the chance that Hallmark will invest in a new concept, given the limited budget. However, because of the noteworthy interest from the age of 16, the goal is to communicate the new concept to this audience as well. In the future the concept could be further developed to also fit these youngest audience.

More information can be found in the Company Chapter (p. 14)

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**Teenagers**  
between the age of 16  
and 18 years old

They will not be the initial target group due to the lack of purchasing power



figure 4b - Teen Street  
photographer: Timothy Choy



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**Students**  
between the age of 18  
and 22 years old



### Question addressed in this section

- > In which segments can this target group be divided?

# The target group further defined

**METHOD** Desk Research

In the Netherlands the target group between the age of 16 and 27 consist of 2,6 million people, of which 2,2 million are between 18 and 27 years old. About half (44%) lives in the Randstad (South Holland, North Holland, Utrecht) and it's important to realize that this target group is very diverse, with a fifth being of immigrant origin (CBS, 2017). During the following interviews and research this uneven distribution has to be taken into account.

One third of this group is highly educated (CBS, 2018), a number that rises each year. This trend increases the average age at which people have their first job, whilst the age at which the majority of people work over 20 hours a week shifted upwards to 21 years old (CBS, 2018).

A major consequence of being (fully) employed is an increase in income, from 1000 euros to 1700 euros per month (median - CBS, 2017; Nibud, 2018). In addition, internal research (Hallmark, 2014) shows that relationships tend to change when you no longer see each other. In practice this will usually coincide with starting working full-time, whereupon meeting e.g. school friends or study friends will no longer occur on a daily basis. Taking this difference into account, the target group can be subdivided in three groups.



figure 4c - Girl Festival  
photographer: Calderón



figure 4d - Couple Drinking  
photographer: unknown

### Working Twentysomethings

people between the age of 23 and 27 with a job

## Question addressed in this section

- > Which are the important trends that affect this target group?

# The trends that affect this generation

METHOD Desk Research

First, the general desires and circumstances of the segments that are just defined will be identified. These findings will later affect the requirements, vision and branding of the new concept. Of course this list is limited to only the relevant circumstances for this project.

## Desire to change the world

Almost all young people (91.2%) have a kind of bucket list (Periyakoil, 2018), on which traveling (79%) and achieving a personal goal (78%) are the most important types of goals. It mainly revolves around activities, events and once-in-a-lifetime experiences (Expedia, 2017). Besides 85% also wants a desire to change the world (Deloitte, 2018).

Thanks to a growing multicultural, minority population and global communication possibilities, the people under 20 can be seen as more diverse than members of any other target group (American Academy of Child and Adolescent Psychiatry, 2011). That also explains why they are more open to diversity, equality and characteristic personalities (Nichols, 2018). Besides, being unique and able to express oneself is very important for this target group (Patel, 2018).

This is also reflected in their preference for brands. As a brand, you appeal to this generation by focusing on social and connecting values and being outspoken. As a brand you have to express stances on social issues and take risks (Business Insider, 2018). Popular values among this target group are sustainability, equality and your personal identity (Deloitte, 2018).



desire  
to change  
the world



desire  
to travel and  
visit events



love  
brands that  
take a stand

## Used to Technology

Almost all Dutch inhabitants in the age of 16 to 24 have access to the internet and conduct online purchases (Eurostat, 2018). The average time the target group spends online is estimated at a minimum of 7 hours per day (Frankwatching, 2017), mainly on mobile devices. This target group has even never known a society without mobile phones and social media (Turner, 2015). This makes them expect immediate and continuous feedback on their actions, as well as technologies being flawless (Buro Heron, 2018; Business Insider, 2018; IBM, 2017).

These conclusions make it obvious to choose for an online solution as outcome for this project. However, this generation recognizes the downsides of social media and state that most of them are addicted to technology and encounter problems with conversations and maintaining relationships (Business Insider, 2017; NPR, 2018).

Besides, they love print. Research has shown that the authentic feeling of printed media is preferred over social advertisement or expressions (FedEx, 2018; Brown, 2017). Generally speaking, it seems that a combination of online and offline should be the focus of Hallmark to address this target group.

## Stress in their daily life

This generation is very sensitive to depression. Research has shown that the youngest employees experiences the highest amount of stress at work, lowest vitality and burn-outs in comparison with other age groups (Schouten and Nelissen, 2017). Furthermore, only 19% of the young employees state they are satisfied with their first job (Kununu, 2016), due to a lack of personal appreciation and an unsatisfying workplace culture (Deloitte, 2018).



experience  
a lot of stress



used  
to tech and  
online



love  
printed media

---

### Question addressed in this section

- > Which are the important needs this target group has regarding friendships?

# The importance of friendships

**METHOD** Desk Research

Because Hallmark's mission is to strengthen close relationships, the main focus of this target analysis will be on how this target group currently relates to friendships and relationships.

## The importance of friendships

Gradually, we tend to have fewer friends and become less social (Lieberman, 2014). While in 1993 we had an average of 3 close friends (people to discuss difficult topics with), the members of the current target group indicate that they no longer have such friends (Lieberman, 2014). This is a serious issue, since several studies (Vernon, 2005; Rath, 2006, Lieberman, 2014) have shown that having friends is an essential factor of happiness in life. The mission of Hallmark to strengthen as many relationships as possible, is therefore more relevant today than ever before.

## Uncertainty

More than 40% of the teenagers and students shares videos and pictures of their life to build a personal brand (Wayne Parker Kent, 2017). This is also reflected in the enormous popularity of mobile applications like TikTok (former Musical.ly), Yellow, Snapchat and Instagram, which are aiming at capturing yourself. Especially on Instagram there is another trend on the rise; Teenagers tend to create two social media accounts, one for their best friends and one for building their own personal brand with often more than a thousand followers (Somention and Zandbeek). This personal branding arises from a sense of uncertainty and the need to be relevant and loved. By continuously sharing a perfect image of oneself, the target audience attempts to remain popular (Lenhart, 2014).

Half of all girls between 16 and 18 in the Netherlands indicate that they consider the opinion of others about them as really important (48%, n = 2530) and they use social media mainly to influence these opinions (Wayne Parker Kent, 2017). They are not only uncertain about themselves and the opinion of others, but also about their friendships and relationships (Pew Research, 2014; Fox, 2014). Nearly 50% state that social media has a significant negative influence on their relationships and can lead to paranoia (Forbes, 2018; Pew Research, 2014). This uncertainty is also expected to be a major cause of the high number of depressions (30%) among this target group (Wayne Parker Kent, 2017).

### **Influence of Social Media**

One of the main characteristics of true friendship is reciprocity. This means that there must be cooperation and both parties should invest in the relationship (Pentland, 2016). This social confirmation is experienced as very stressful by the younger generation. The TV program *Netiquette* (NTR, 2017) examines how young people can get online confirmation of their friendship. The most important medium is social media and currently mostly Instagram, where in the amount and kind of comments, the type of emoji or the location of a tag in a post all have different meanings and value. All this exposes publicly the value of the friendship and can be read by other teenagers. Subsequently this online status determines one's social status offline at school and at sports clubs. However, the TV show also mentions the high amount of stress, caused by the fact that people are continuously uncertain about their friendships. The main reason for this lies in the fact that each single online post, where you don't get a special tag or special comment can influence your social status (NTR, 2017).

This uncertainty is a factor that increasingly applies to the entire target group. Even under people who are 25 years and older there appears to be a growing fear of commitment in a relationship. For example, the number of relationships, marriages and couples living together is decreasing (CBS, 2018). Furthermore, we see that many relationships end relatively quick, with nearly 40% of the couples indicating that they have no longer fun together and have been bored (CBS, 2014). The question that arises is whether this is due to the high demands on the partner, the lack of new activities that have been under-taken or the possibilities to easily meet new people thanks to dating apps.

## CONCLUSION

The target group is uncertain about their friendships and experiences stress due to this uncertain. Social Media do not seem to be a solution for this problem, but just the opposite. Therefore Hallmark's vision of strengthen relationships is more relevant than ever. To develop a new value proposition for this target group the Job to be Done Framework will be used to create specific customer segments based on their needs.

we have less  
friends and

**30%**

of the target group has  
**depressive feelings,**  
is uncertain about their  
relationships and

**50%**

believes social media  
has a negative  
influence



---

### Questions addressed in this section

- > What is the Job to be Done Framework?
- > What are the customer segments?

# The Job to be Done

**METHOD** Job to be Done Framework

The Job to be done Framework is a method that defines competition and target groups beyond the scope limits and therefore gives a more realistic idea of the possible success of new concepts. The Job to be Done Framework was developed by Clayton Christensen, widely recognized as one of the experts in innovation. He developed this framework because he found that his theories about company failures and disruptive innovation did not include well enough the needs of consumers.

## Theory behind Job to be Done framework

Christensen states that companies should ask themselves: “What job do consumers want to hire a product for?” Because Christensen states that when consumers buy a product, they actually hire something to do the job for them. When the job is done properly, the same product will be hired in the future. If the product does not do the job properly, it will be fired and the consumer will find something else that can accomplish the job.

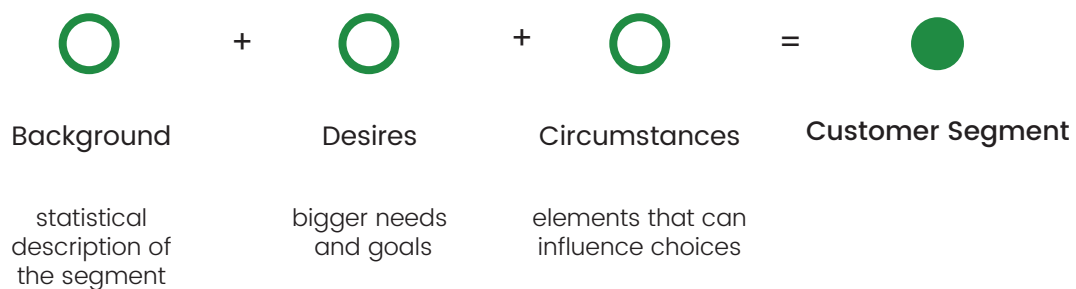
For example, Uber has seen urban transportation not doing their job well and found a way to enable consumers to call taxis within minutes. Christensen states it is even better if companies are able to sell experiences to multiple people, instead of just a product. He gives as example the American Girl dolls in the United States, which are hired by girls to validate their self-worth. Actually their mothers spend more than \$100 dollars per doll to connect with their daughters. As a result, the company earned more than \$500 million a year.

This method is opposed the classic method of making personas. Because, only we as a consumer having a few characteristics does not mean that we are going to buy a certain product. There will be some correlation, but my age, place of residence, relationship and income do not determine whether I am going to buy a certain product. The things I want to achieve determine if I want to buy a product.



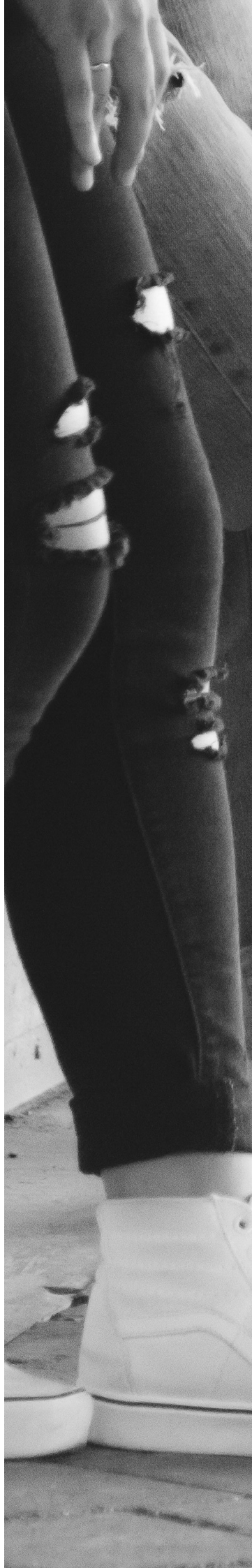
Therefore, as a company you have to look for bigger needs that consumers have and where they are currently already looking for alternatives. Performing that particular job as well and easily as possible, is the succesful way of innovating. Be the company that comes and says, “I can get this job done perfectly for you”, and people will be willing to pay more for it. Finally, Christensen states that it is about offering the total experience. Only offering the solution is not enough, it is about how the consumer experiences every small step of the process (Christensen, 2016).

The Job to be Done Framework can be used in the entire design process and will be used later in this project while analysing the competition of the new concept. The method will now be used to compose customer jobs. These jobs are needs of the target group, and can be created by combining three type of elements; background elements, circumstances and desires (Wunker, Wattman, Farber, 2017).




---

Teenagers between 16 and 18 years old	High social status and certainty	A lot of friends	Customer Segment 1
Students between 18 and 22 years old	New unique memories	Some best friends	Customer Segment 2
Couples between 23 and 27 years old	Quality time with their partner	Busy and stressed	Customer Segment 3



# Conclusion

The target group that will be reached during this project is aimed to be a younger target group than Hallmark is currently used to. As a result, the maximum age for this project is 27 years, the age at which people start sending greeting cards. The minimum age is determined on 18 years, because we see a significant increase in purchasing power at this age. This is important because Hallmark ideally generates turnover with the new project.

This target group uses a lot of social media to maintain its relationships. However, this social media gives no real certainty about their relationships, due to the lack of confirmation. That is why many young people doubt who their real friends are. Besides we also see a strong need for new, unique and shared experiences to confirm relationships. We see this strong need for quality time especially among couples who have been together for more than a year and are both busy and stressed.

To conclude, based on the analysis in these section, we can divided the target group in into three different segments:

- › Teenagers between 18 and 20 years old who want to give the best gift ever to their best friends to proof their bond and to achieve a higher social status.
- › Students between 18 and 22 years old, who want to undertake something unique with their best friends to create new memories.
- › Couples aged between 23 and 27 years old, who want to give their partner a unique surprise and by this get quality time in a period in which they are busy and stressed.

I am in the target group myself, which could have influence on my analysis and conclusions. Therefore, I gathered a group of 20 respondents, which I could consult, ask questions and propose ideas to. I am convinced that they are honest, but since they are friends and family, this group is still biased. That is why, in addition to these interviews, desk research was also carried out in order to ultimately develop 3 customer segments. I personally believe strongly in these needs and the problems and uncertainty concerning relationships. That is why I also believe that Hallmark Cards could really add value to this target group.

#### REFLECTION



## **5. Project Vision**

# Introduction

In this section a project vision will be established focussed on a younger audience. The project vision will be based on the current vision of Hallmark combined with the needs of the target group. Based on this, it will be examined which new market Hallmark will have to explore in the coming years.

## Research Questions

Before defining the future vision the following questions will be answered:

- > What is going to be the vision and goal for this project?
- > How to create a maximum impact?
- > What are the elements of the perfect (gift) experience?
- > What is the project vision?

---

### Question addressed in this section

- > What is going to be the vision and goal for this project?

# Project Vision

Based on the research among the target group we can conclude that there is an uncertainty concerning relationships. From there comes a need for confirmation and a maximum impact. Among the youngest target group this mainly concerns the confirmation of being close friends. At the same time, among couples this maximal impact is more needed to reinforce their relationship.

The strive for maximum impact fits perfectly within the current vision of Hallmark, where the greeting cards are also made to really enrapture people.

The new value proposition will not be aimed at improving the greeting card, because research shows that the card is not the ideal way for this target group to make a maximum impact. The project will be aimed at finding a replacement for the greeting card, that can be an addition to Hallmark's current product offering.

### New feasible direction

The goal of this project will be to set up a new feasible direction within Hallmark. A new industry, which has a right to exist without the greeting cards and gifts. In this way it is also possible to think of new concepts, including a product and branding that is really tailored on the target group.

### Position of this project within Hallmark Europe

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## Question addressed in this section

> How to create a maximum impact?

# How to create a maximum impact?

**METHOD** Literature Research / 20 Interviews

The goal of this project is to find a replacement for the current greeting card, which can create a maximum emotion impact among the target group. We will explore how this maximum emotional impact can be achieved.

## Experiential gifts

Scientifically speaking, a relationship is maximally enhanced if as much oxytocin as possible is produced in the human body. Research shows that this happens during sex, the birth of a child and during physical contact. In addition to this, oxytocin is generated during acts of human generosity and the greater the effort, the more is generated (Sinek, 2014).

Research conducted by the Toronto University demonstrates that experiences are the ideal gift to strengthen relationships because more emotional impact is evoked while consuming the gifts (Chan, 2017). This is confirmed by Mogilner (2013), who states there is no difference in impact between the moment of receiving a materialistic or experiential gift, but recipients experience much more emotion while consuming an experience.

Besides, research shows that giving a gift gives more satisfaction than receiving something (Langer, 2009; Teigen, 2010). Not wanting to receive gifts can therefore have major consequences on close relationships as this prevents others from thinking about you and strengthen your relationship (Langer, 2009). That is why, experiential gifts provide greater satisfaction for both the recipient and the giver (Chan, 2017) and really reinforces the total relationship.

Another proof of the potential of experiences is the growth of services in relation to products. We see that services worldwide show a growth in the last 10 years of 65% percent compared to 37% growth for products (Deloitte, 2018). We are currently living in a service economy, where it is no longer just about the product, but more about the entire experience and services you provide (Gallouj, 2014; Mavenlink, 2017).





figure 5a - Rafting Experience  
photographer: Tom Fisk

Physical contact, **sharing experiences** and **experiential gifts** provide maximum emotional impact for both the recipient and giver

However it is also more difficult to plan and harder to find a tailored experiential gift

| Chan (2017), Mogilner (2013), Sinek (2014)  
Langer (2009), Teigen (2010)

| Goodman (2018),  
own research

### **Why do we still give so many material gifts?**

Nearly 80% of the target group indicates that they would rather undertake activities than buy something (Eventbrite, 2016) and we see a 25% increase in the industry for activities (Stubhub, 2016). However, we still give more materialistic gifts than experiential gifts. Research shows that this is due to the social distance to the recipient. Because experiences are considered to be more unique than materialistic gifts, it is believed that the first requires more insight into the preferences of the recipient. This is because, in case of a mismatch, the social risk is much greater in bad experiences than in inappropriate material goods (Goodman, 2018).

**“I would like to surprise my girlfriend with a activity, however the big problem is time management, how will I ever find time in our agendas to undertake something.”**

- Peter in an interview

## Pain points with the current experiential gifts

The Job to be Done Framework states that industries should not be defined in a limited way. For example, Hallmark's competitors are not just other greeting card companies, but all products, services and companies that strengthen relationships. Companies like Durex that sell condoms to strengthen relationships or companies offering city trips aimed at couples can therefore be seen as competitors of Hallmark's greeting cards.

However, a limited view is useful to come to the current pain points of a certain product. The experience industry is currently controlled by many parties selling cheap coupons, such as Groupon, Emesa and similar. These parties are mainly concerned with offering activities as cheaply and easily as possible. To explore the current pain points of these companies 20 semi-structured interviews were conducted.

Despite the fact that research shows the positive aspects of consuming activities, the surveyed audience is divided with its opinion. According to Jarno (23), this has to do with the offer of these activities on a site such as Groupon: "there are only activities like paintball, which you end up paying a lot for, and which are really a far drive away. It's just a not surprising and suited enough offer." Furthermore, Peter (24) emphasizes that it is difficult to consume the gift, because it simply takes time: "I would like to do something unique with my girlfriend and surprise her, but the problem is time management, when will we ever find time in our agenda where we both can undertake some-thing? We are always busy, so I wouldn't know." To conclude, the results show the importance of offering convenience and a tailored offer. These requirements should certainly be reflected in the final concept.



The results can be found in Appendix D

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### Question addressed in this section

- > What are the elements of the perfect (gift) experience?

# Designing the perfect (gift) experience

**METHOD** Models of Clarke and Vogler

An experience is the ideal way to strengthen close relationships having the maximum emotional impact and the value is equal for both the recipient and the giver. However, the question remains which key elements constitute the perfect experience. To find out, the model of Clarke (2005) and the Hero's Journey will be analyzed.

## Four S's

J. Clarke is a researcher at Oxford University in the field of marketing, tourism, consumer behavior and has done extensive research into experiences and activities. She states that experiences are optimized through the implementation of four elements: surprise, suspense, sacrifice and sharing (Clarke, 2005).

## Hero's Journey

The Hero's Journey is the modified version of the Monomyth by Campbell (1949), by Hollywood executive Christopher Vogler (Disney Company) and describes the stages of an ultimate experience. This model describes all steps a screenwriter could follow in order to establish the perfect action story. Many writers and directors use this as a basis for their script.

The Hero's Journey is a guide to make successful action movies, it can also describes an ultimate experience and is used by Airbnb (Airbnb Trips, 2016) and in the marketing industry (Frankwatching, 2017).

## The experience models combined

### Four S's (Clarke, 2005)

- > **build suspense**  
give hints to build the tension
- > **moment of surprise**  
make it as personal and original as possible
- > **sacrifice made**  
the more effort is made the greater the experience
- > **share the experience**  
consume the experience together

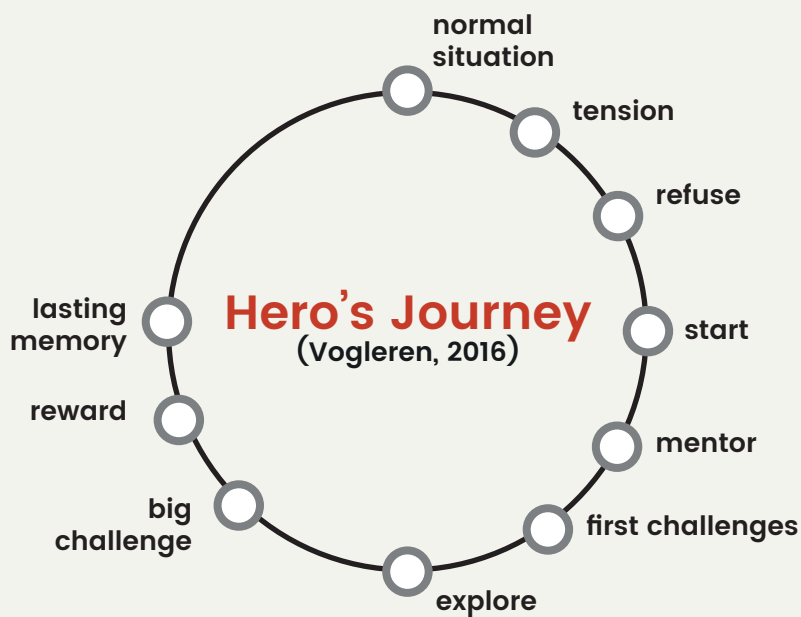


figure 5b - The stages of the Hero's Journey

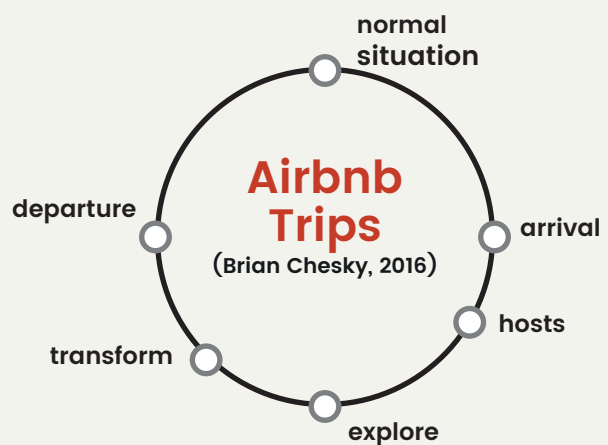


figure 5c - The modified version Airbnb uses as framework for their new value proposition *Trips*.

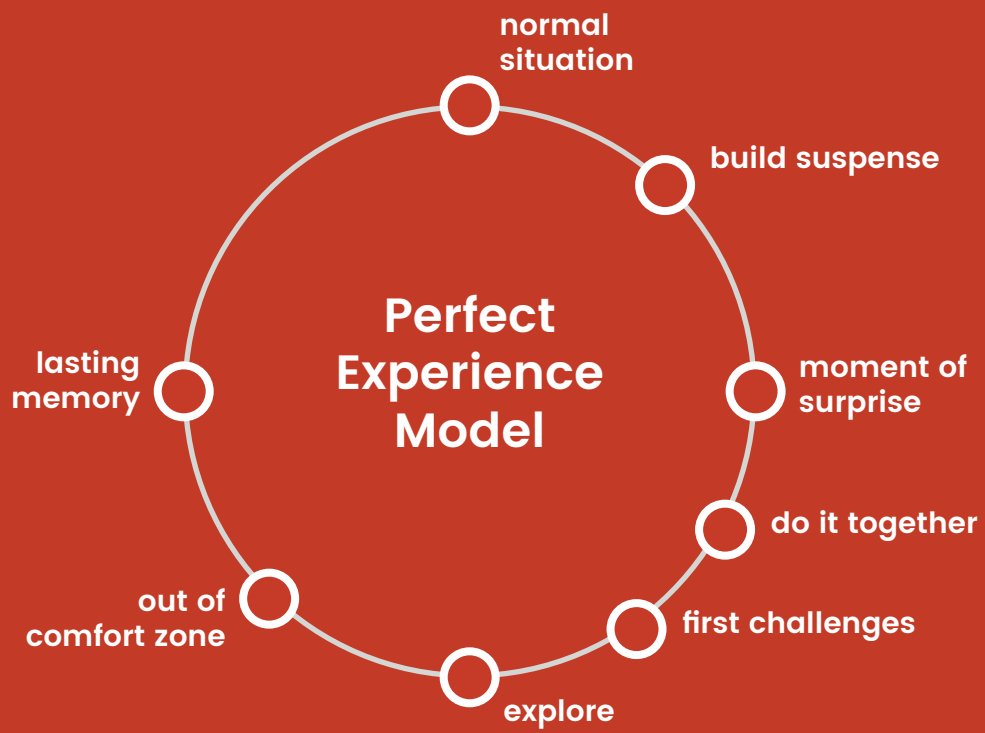


figure 5d - The models combined into one Experience Model

We can conclude that experiences and sharing activities generate a maximum emotional impact and thereby maximally strengthen relationships. Hallmark must therefore find a way to offer experiences to make this maximum impact. This must ideally be set up as a separate direction within the company.

Furthermore, the experiences must be built up following the designed Experience Model and serve all stages of this model. It is important that the focus is on making the experience as personal and as original as possible. Hallmark must look for a way to offer this to the target group within its capabilities.

**Hallmark enables the younger generation to build deeper relationships by offering tailored, creative and unique experiences that comfortably surprise.**

Project Vision

# Conclusion

To create the project vision, the wishes of the target group are combined with the company's abilities to find a new market. The experiential gift industry was chosen because of the maximum emotional impact that will be achieved, which is in line with the current vision of the company. Providing convenience and an tailored offer are seen as requirements. With validated models from the tourism and entertainment industry, a model has been created to design the perfect experience.

The project vision strives to introduce Hallmark in the field of personal, valuable surprises with a great expertise in relationships, which can be seen as an extension of the current product offer. This gives less grip than routine innovation, but it does offer the possibility to rediscover itself as a company. The project vision is as follows: Hallmark enables the younger generation to build deeper relationships by offering tailored, creative and unique experiences that comfortably surprise.





## **6. First steps into the Experience Industry**

# Personal Note regarding my Ideation Process

The ideation process is a process of trying things out, testing, exploring and conducting brainstorms about possible ideas. All of this is based on the information and expertise that you possess in order to arrive at a feasible concept.

However, getting an idea happens often suddenly, it's like getting a spark, which can happen during any time of the day. Personally, I even believe that my sparks most often arise when I am totally uninvolved in my project. The moments my sparks arise are when I am on the road, in the shower or sleeping in the middle of the night. These sparks consist of the creativity needed to come up with new ideas.

The confirmation that offering experiences is a good direction also comes from a personal experience. I wondered myself what achieved a maximum emotional impact in my personal life and therefore actually did a mom test to myself. My answer brings me 3.5 years back to Slano, a small village in Croatia, where I was on holiday with my girlfriend. Here I was surprised on my birthday with just a phone number, which I had to call. Less than 10 minutes later, we were in a car with a Croatian man I have never seen before, who drove us into the mountains. Exciting and totally worth it, since we were brought to his restaurant Gastro Vista on top of a mountain, with a view over the Adriatic Sea and with delicious food.

That's how I realized that making an impact is more than just giving a gift or a greeting card, but it's about all different facets in the journey, which had to come back in a model. My insight was confirmed by many studies in the gift giving industry and of course, I verified my personal experience with the target group through a questionnaire among 58 people.

○ More information can be found in Appendix D

After this, I really started the ideation, on how to find a way to sell experiences. That is how I started looking at other companies, and especially srprs.me, a Dutch startup that offers surprise holiday trips. This led to the idea to also offer this surprise for other activities. The problem is that you have an excess of activities that the target group can easily conduct and arrange themselves, so no added value can be created by a company like Hallmark.

The activities must, therefore, be even more original and easier to do. And on the way in the train was the moment that the idea arose; HelloFresh for date night. All elements for a date in a box delivered to your home. This was my moment of the spark.

And hereafter it was time to work out and prove the idea in such a way that all the elements of the experience model would be incorporated, Hallmark could carry it out and the target audience would really want it.

I present you Surprise Night.

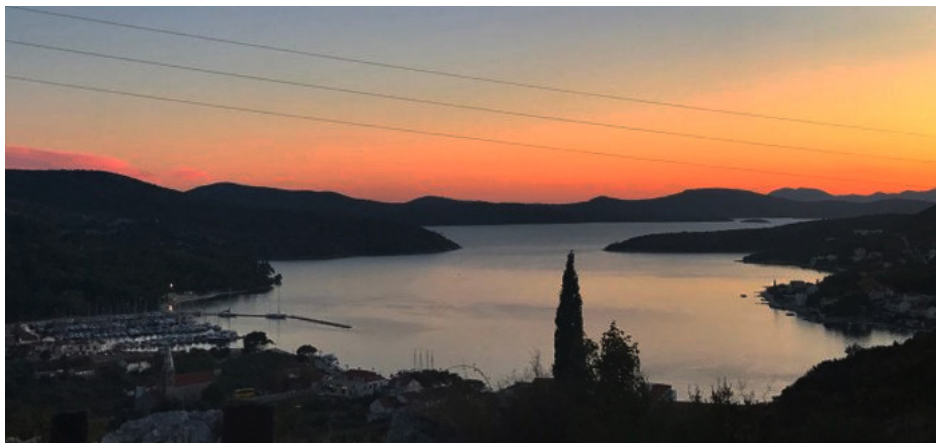


figure 6a - Gastro Vista in Slano



figure 6b - Couple  
photographer: Joao Silas

# With Surprise Night we give your date night priority again

Unique moments arise by doing unexpected things that are just out of your comfort zone. Therefore, I am convinced that unique dates are also created by doing things different than normal. So, this time no Netflix or that standard restaurant, but something new, something original and surprising.

That is why Hallmark should start offering surprise boxes to young couples, where they don't know what's inside. With this surprise Hallmark bring the tension back into the date and the relationship. Some couples have already experienced this unique surprise and we should have set ourselves the goal to repeat this 100,000 times within 2 years.

A box contains a date manual, which helps you through the date, elements that set the mood like a Spotify playlist and all the attributes for the challenges. Surprise Night uses validated models which guarantee a good build-up of the date. Furthermore, it is not only the night itself, but the tension is also built up in advance by sending text messages with hints to the couple. Everything is orchestrated in such a way to make the experience even more enjoyable.

Surprise Night is offered as a monthly subscription, with the ability to try it out first. The box will initially focus on young couples, who are both too busy to undertake new, fun things together.

Although it is a surprise date, the date will be adjusted to the type of couple. The type of couple will be determined based on 15 questions on the website. These questions will result in a couple profile and suited date boxes.

## what

a monthly subscription on a surprise date box

## goal

selling 100.000 boxes within 2 years

**“Unique moments arise by doing unexpected things that are just out of your comfort zone”**


---

 belief Surprise Night

**liefde gaat  
door de maag.**

UITPAKKEN MAAR!

## Hallmark Cards

- › **core values**  
surprising  
connecting  
affectionate
- › **vision**  
inspiring people
- › **main colors**  

- › **font styles**  
Poppins  
HmkHandstand

## Surprise Night

- › **core values**  
surprising  
connecting  
open to everyone
- › **vision**  
inspiring / helping couples
- › **main colors**  

- › **font styles**  
Poppins  
Open Sans

A extended overview and argumentation for all brand elements can be found in the separate style guide.

# The Brand

## Surprise Night

The concept Surprise Night fits perfectly with the vision of Hallmark Cards because the goal of this concept and Hallmark's vision is both to strengthen relationships. The concept itself seems to fit even better with this vision than the current greeting card. With this new concept, the direct goal is to give a new impulse to relationships and thus to strengthen them. This new impulse will be achieved by doing new activities together.

More information can be found in the Target Audience Chapter (p. 53)

Hallmark's core values are affectionate, surprising and connecting. The core values surprising and connecting have been adopted, but more emphasis is being placed on connecting and surprising. Especially the surprising effect is maximized to connect to the target group. Therefore Surprise Night can also be more exciting and bold in their product development and branding. Something that is currently not possible within the gentle brand image of Hallmark.

This new focus will also be reflected in all designs and expressions of the brand. The brand should radiate fresh and modern. In addition, rebranding projects done by famous design agencies such as design studio, totaldesign and pentagram were analyzed. By reading cases, projects and style guides, you notice that a rebranding is about consistency in all expressions. This has been tried to implement in the style guide developed for Surprise Night. Alongside the color palette, the modern feeling will also be reflected in the used typefaces and media expressions. All choices and elements are explained in the Style Guide.

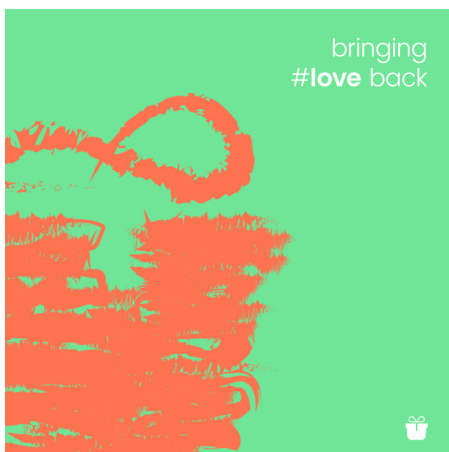
More information can be found in the separate style guide

Hallmark implemented a restyle in August 2018 on the website, which makes it look a lot fresher and more modern. Some elements as the modern Poppins font and the colors purple and orange as main brand colors are adopted. Dit is om de link met het huidige merk te behouden. However, the other colors are made brighter and more noticeable than the current color palette to fit the target group better.



 **surprisenight**

 **surprisenight**



○ More information can be found in the separate style guide

## Open Sans

ABCDEFGHIJKLMNOPQRSTUVWXYZ  
abcdefghijklmnopqrstuvwxyz  
1234567890!@#%^&\*()\_+=":?'><

## Poppins

ABCDEFGHIJKLMNOPQRSTUVWXYZ  
abcdefghijklmnopqrstuvwxyz  
1234567890!@#%^&\*()\_+=":?'><

Surprise Night also needs to take a stand in social issues, standing for equality and uniqueness, in line with the relevant themes of this target group. For example, branding expressions should involve the LGTB community and other potentially controversial topics. Surprise Night should be young, open and providing love for everyone. In addition, it must be studied how the impact on the climate can be reduced as much as possible, by choosing sustainable box and print materials.

Hallmark has a very open and warm-hearted atmosphere at the office. This fits very well with the wishes of the target group, but isn't reflected yet in the branding of Hallmark. Now is the chance to express these values in the branding of Surprise Night.

Not only the branding, but also the content of the boxes is determined by these values. The elements in the box must be as sustainable as possible and not just limited to straight couples. In this way the core brand value *being affectionate* is mainly translated into being open to everyone and responsibility towards the environment.

○ More information can be found in the Target Audience Chapter (p. 53)



figure 6c - Men Couple  
photographer: Shevtsova

## Suprise Night

modern, open and taking responsibility



figure 6d - Datebox 'de nacht wacht'



figure 6e - Datebox 'de nacht wacht'

# What's inside the Surprise Night box?

## Boxes

Surprise Night offers couples a box with all the elements required for a date. These boxes are designed following the style of the brand guide and the theme of the specific box. The designs must look qualitative and surprising. Because of the importance of the environmental aspect, different sizes of boxes will have to be purchased, so the boxes can be packed as efficiently as possible. These boxes will have to be purchased at the current Hallmark box partner Twinpack.



## Products

The box includes all elements for a surprising date, which naturally differs per date idea. The unique value of the box will be in the quality, uniqueness and the combination of the different products. If there is just one regular product in the box, people would be able to buy it themselves. The combination of many surprising high-end elements makes it worth buying. The margin on products will increase as a result of scaling.

### priority regarding purchase of products

1. Uniqueness
2. Quality
3. Completeness
4. Diversity
5. Margin

## Date Guide

Each surprise box will also contain a guide for the date. This ensures the date is experienced to the maximum, it contains challenges, instructions and questions and it is executed following the same brand guidelines.

The structure of the challenges and therefore the guide is based on previous research in this chapter. The first challenges are easy, not too extremethey and they have an emphasis on the sharing aspect. This is then built up via some game elements to a final challenge that is more out of the comfort zone. Finally, there will always be a small lasting memory of the date. This structure ensures that the date will be as enjoyed as much as possible. On the basis of this model, it is also possible to easily come up with successful, new date ideas. This method will be explained later in this chapter.

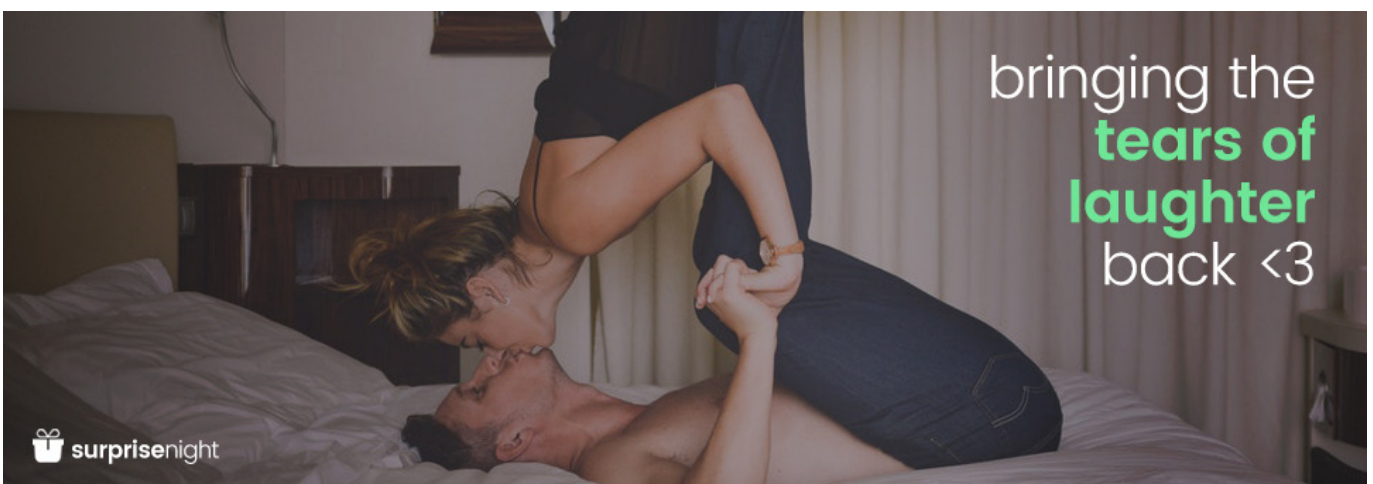
More information can be found in the Project Vision Chapter (p. 69)





## The new Target Group

- > **consists of**  
couples between  
20 - 27 years old
- > **who are**  
longer than 1 year together
- > **there are**  
260.000 couples in  
The Netherlands
- > **in need of**  
original dates
- > **who experience**  
stress in their daily life



# The Target Group

The target group was determined based on the target group analysis, as previously done in this report. The results shown the need for quality time among the target group of 20 to 27 years old, who experience a high pressure in their daily life.

More information can be found in the Target Audience Chapter (p. 53)

These couples that either live together or are often together, are more frequently in search of new ideas for dates and entertainment. The expectation is that the concept mainly appeals to women (Hallmark, 2017), but it's a conscious choice not to make the product too feminine.

It is the challenging and exciting element in the date that makes the product also attractive to men. The dates have to be done together and therefore, the target group are couples and not men or women in particular. Therefore, the completion of the dates must also be as versatile as possible. The provision of these boxes will therefore also have to take place on both female and male related channels. This will be discussed later in the launch strategy.

There are approximately 260.000 couples in the Netherlands (CBS, 2019) between 20 and 27 years of age, mainly living in cities and with a significant purchasing power. In order to get the perfect fit with this target group, a focus group will have to be set up to test the dates.

# Business Model

Surprise Night will be offered in a subscription form for €15 to €20 per box. The subscription is to ensure that it is not just an impulse purchase. The strength of the concept lies in the fact that you periodically receive a box at home to really improve your relationship.

Hallmark has previously implemented innovations such as the “Liefs voor Altijd” box, which is sold through retail channels. However the amount of boxes sold doesn't result in a lot of extra revenue. With a subscription this is more likely.

The period will be once a month, whereby a couple can indicate your day preference at the beginning of (each) month. Otherwise it will be delivered on a fixed day. Because Hallmark already knows beforehand on which day the box should be delivered in combination with the hardly negative consequences of an earlier delivery, the pressure on delivery is far less compared to the current situation.

The period of once a month is estimated, but can be adjusted after pilots with the target group.

## advantages subscription

- for the consumer
- + extra value because of monthly repetition
- + receiving a tailored product
- for the company
- + recurring income
- + less pressure on delivery

## disadvantages subscription

- for the consumer
- higher purchase barrier
- for the company
- internal investments to set up this new direction
- commitment to continuously create new date ideas



Starting with a subscription can be experienced as a barrier, therefore, the first box will be free or with a significant discount to encourage consumers. The quality and originality of the boxes has to be high to convince these couples.

The price of €15 to €20 is the average price indicated after the first pilots conducted under 20 users, after which a realistic price for this product was asked. Ultimately, in the future, we can look at different prices, which can offer a different quality of boxes.

Furthermore, the items of the box can later be reordered online, so to date can be experienced multiple times. This webpage is hidden in order to hide the contents of the box for other potential users.

After people used the box for their date, we have to ask for feedback to improve the boxes even further. If people are not pleased with the offer, they should be able to cancel the subscription easily. Locking in customers would not be very sustainable and doesn't fit the core values of Hallmark.

Six months after market introduction, it will be tested whether the targets are being met and the business model is profitable.

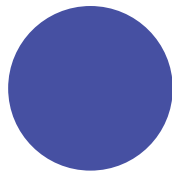
Suprise Night will be offered as a monthly subscription of 15 to 20 euros, with the option to try it out easily and the option to reorder the products.

**- Business Model**

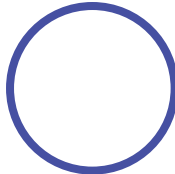
# Customer Journey

once

## Signing up



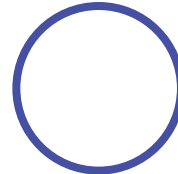
Register  
via website



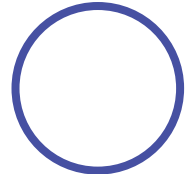
Create  
an account  
and a  
couple profile

monthly

## Date Night

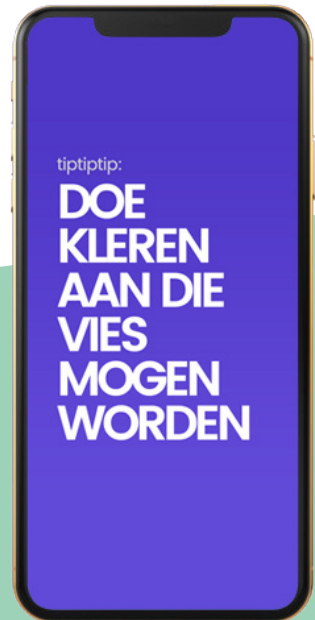
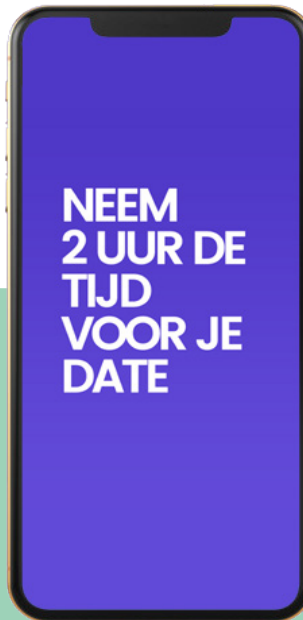


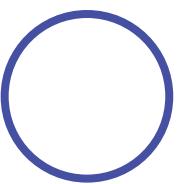
Preference for  
the date of  
the (first) box



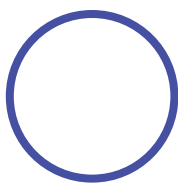
Receive some  
hints and tips

Some examples of the  
**hints and tips** that were  
sent to the test couples

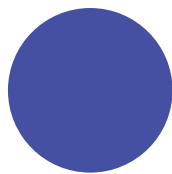




Receive delivery information

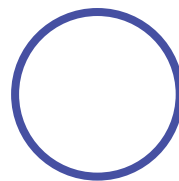


Receive the date box

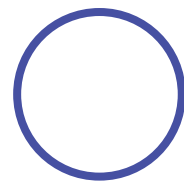


Date Night

monthly  
**After**



Give feedback



Reorder date elements

shake it  
shake it

UITPAKKEN MAAR!

The actual **box** the couples are going to receive

# 1. Enabling consumers to register online

- › **touch points**
  - website
- › **internal steps**
  - developing Surprise Night website
  - setting up data warehouse

- › **reason**

The target group is familiar with an online registration process and a responsive website is a cheaper alternative than a mobile application.

# 2. Asking to create a online profile

- › **touch points**
  - website
- › **internal steps**
  - determining profile segmentation
  - structurizing data warehouse

- › **reason**

Ultimately, this profile is used to create a tailored offer that suits the customer. This data will be used for the creation of new boxes later on.

# 3. Giving the option to try out

- › **touch points**
  - website
- › **internal steps**
  - enabling discounts or free trial testing
  - knowing the margins

- › **reason**

The registration will be an obstacle, which means that there must be experimented with discount campaigns.

## 4. Asking the preference date for date night

- › **touch points**
  - website
  - e-mail
  - text message
- › **internal steps**
  - provide the option to choose delivery date
  - sending notifications on a large scale
- › **reason**

Knowing the delivery date decreases a lot pressure on the delivery.

## 5. Sending hints and tips

- › **touch points**
  - text message
  - e-mail
- › **internal steps**
  - sending notifications on a large scale
- › **reason**

By sending hints and tips, we build up the suspense and increase the number of contact moments with the consumer.

## 6. Sending delivery information

- › **touch points**
  - text message
  - e-mail
- › **internal steps**
  - sending notifications on a large scale
- › **reason**

By sending delivery information, we remove uncertainty and increase customer satisfaction.

## 7. Receiving the date box

- › **touch points**
  - date box
- › **internal steps**
  - creating and testing the date box
  - purchasing products
  - setting up fulfillment internally
  - printing all elements
  - knowing the address details
  - setting up delivery with PostNL
- › **reason**

The target group is familiar with an online registration process and a website is a cheaper alternative than a mobile application.

## 8. Asking for feedback

- › **touch points**
  - website
  - e-mail
  - text message
- › **internal steps**
  - provide the option to give feedback
  - sending notifications on a large scale
  - saving feedback in database
- › **reason**

This creates a community and by providing the option to give feedback Hallmark can improve the offer.

## 9. Giving the option to reorder elements

- › **touch points**
  - date box
  - hidden website
- › **internal steps**
  - building the hidden website
  - extra purchase of products
- › **reason**

This gives consumers the option to relive the date and it is immediately a lead to the Hallmark website.

# geef datenight weer prioriteit

Verras je geliefde met een verrassende, originele date die helemaal bij jullie past. Wij bezorgen jullie quality time thuis in een doosje.

shake it shake it

### Yes, dit zijn nog is #couple-goals

Vergeet dat eeuwige bankhangen of het altijd gaan naar hetzelfde restaurant om de haak. Wij zorgen voor nieuwe dates - origineel, anders en een beetje out-of-the-comfort-zone.

### Een 200% het-past-bij-jullie garantie

Ieder stel is anders, dus waarom zouden dates voor iedereen hetzelfde zijn? Onze natuurlijke, dus verzinnen wij een date die bij perfect bij jullie past.

### Het is echt easy peasy lemon squeezy

Jij geeft aan het begin van de maand dan wanneer je onze date-does wilt hebben, en je hoeft niet na te denken, je gaan zorgen te maken, want hi wij regelen het!

### Klaar om volledig surprised te worden?

Wij hebben best wel crazy date-ideeën, die iets verder gaan dan alleen een wijfje drinken. En wij zijn ready om jullie die te laten beleven, simpel geleverd in een doosje.



LAAT WETEN WAT VOOR TYPES JULLIE ZIJN



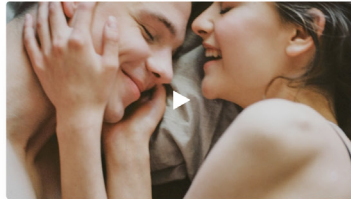
LAAT WETEN WANNEER JULLIE DATENIGHT IS



WIJ BEZORGEN JULLIE DATEDOOS AAN DE DEUR

### Hoe werkt het?

Surprised worden was nog nooit zo gemakkelijk, meld je aan, geef aan wat voor type je bent en wij bezorgen je unieke quality time aan je deur!



PROBEER HET NU

Word vandaag nog tester en maak kans op een gratis doos!

Je eigen naam*	De naam van je ware*
Je e-mailadres*	Je mobiele nummer*

IK WORD TESTER

### OVER ONS

Bij Surprisenight geloven we dat daten meer is dan bankhangen en Netflix kijken of altijd naar hetzelfde restaurant gaan. Wij geloven dat het de leukste dates ontstaan door dingen samen te doen uit je comfortzone en zonder bevreesd. Wij bezorgen daarom dates fysiek in een box, elke maand opnieuw, elke maand een andere date. Wij brengen Quality Time helemaal terug.

### CONTACT

info@surprisenight.nl  
06 - 459555  
Rietboon 48  
2008 LP Capelle a/d IJssel

The website **surprisenight.nl** isn't live yet, however already build and working.

The website is built based on my own expertise as web designer.

# Internal Implementation

Surprise Night as a product is a composition of different, combined elements. Hallmark has the capacity to perform many operations already.

	<b>How</b>	<b>Responsible</b>	<b>Partners</b>
<b>Packages</b>	Intern	Logistics	Twinpack
<b>Package Design</b>	Intern	Design	Twinpack
<b>Print Design</b>	Intern	Design	
<b>Printing Process</b>	Intern	Production Heerlen	
<b>Copy</b>	Intern	Creative Team	Conny Troost
<b>Delivery</b>	Extern	Logistics	PostNL
<b>Purchase products</b>	Intern	Cat. Management	Varies
<b>Ideation</b>	Intern*	Creative Team	
<b>Data Analysis</b>	Intern	Development	
<b>Website</b>	Intern	Web Team	Dionne van Dijk
<b>Fulfillment</b>	Intern*	Capelle Fulfillment	
<b>User Tests</b>	Intern	Creative Team	Focus Groups
<b>Marketing</b>	Intern	Online Marketing	Storm and Monty
<b>Customer Service</b>	Intern	Customer Service	

\* Ideally, however should be examined



## Creative Team

Hallmark has all the knowledge internally to realize this concept, with the exception of the Creative Team and delivery. The delivery will be done by PostNL and the Creative Team has to be created. This team will be responsible for the continuous creation of new dates, conducting user tests and guiding the other teams. The team must consist of creative employees with a feeling for the target group. Ideally, there would be enough creativity in the company to come up with new date ideas. If this is not the case, hiring external agencies is an option.

Vacancies for these Creative Team will be published internally, after which it will be possible to experiment which people are most suitable for the job. During the first period, this will probably become an addition to their current job, which depending on the success, can later become a full-time function.

## Fulfillment

It is recommended that the fulfillment is done at Hallmark internally instead of at Pondres. It is expected that the quantity of the number of boxes will initially be limited, so therefore, the warehouse in Capelle can simply be used. In addition, the importance of quality is important in the first year and by carrying out this process in Capelle, checks can easily be conducted.

For the first tests the current Hallmark boxes can be used, but when launching it is advised to come up with a new package design.



industry	Dutch Leisure Industry	Date Activities Industry	Netflix	Board Game Industry
market size	52 billion euros	500 million euros	55 million euros	20 million euros

Surprise Night will be introduced in the market as an alternative to Netflix, due to the great name recognition of this streaming service. However, the size of the market will rather correspond to that for board games. Due to the limited size of this market, it will have to be considered how activities can be implemented in the concept in the long term.

**- Long Term Advice**

data from CBS, Lexa, Telecompaper and 99games

# Industry and competition

The industry in which Surprise Night will be active is hard to define and this makes it difficult to determine what the value of this industry will be. Based on product alternatives, the potential will be indicated.

## Potential of the market

The market for date surprise boxes does not yet exist in the Netherlands, since this is a new concept. However, following the Job to be Done framework, the industry this concept will be operating in can be stated as: the industry for strengthening relationships of couples in their twenties who have been together for at least a year. Alternatives are going to restaurants, watching Netflix, activities or board games. These industries can be expressed in terms of size, to obtain a rough idea of the potential of this industry.

The total industry for leisure experiences is scaled at 52 billion euros by CBS, but this also concerns visits for example to football matches and running. More specific, the industry for having dates in pubs, bars and restaurants is slightly larger than 500 million euros in the Netherlands alone (Lexa, 2016) and it is an industry that has been steadily increasing by 5% each year since 2012 (FSIN, 2017). However, the share of value attributed to couples of 20 – 27 years old is unknown.

The Dutch industry for activities is also a stable industry, with Tui Group estimating the total value at 1 billion euros. Furthermore, this industry is still very fragmented, with more than 90% of this industry still being generated by smaller parties (Tui Group, 2018).

The market for board games has seen a strong annual increase from 10 to 30% to approximately 20 million euros in the Netherlands since 2014. This increase is a result of the growing purchasing power in The Netherlands since the financial crisis and a counter movement against the digital games (999games, 2017). I expect Surprise Night to be active in an industry which can be compared with the board game industry.

The biggest competition of this new concept will be streaming services such as Netflix, where half of all Dutch couples in their twenties have a subscription on. This represents an annual value of 55 million among this target group alone (Telecompaper, 2018).

The huge adaptation of streaming service Netflix means that this product can be introduced in the market as an alternative to Netflix. Because the size of the initial market probably appears to be limited, the concept should find a way to include activities within the future.

### **Direct competition**

Currently, there are no other parties offering this kind of surprise boxes in the Netherlands. Furthermore, there are no indications that parties are setting up such a concept. However, the concept does not contain advanced technology, which makes it easy to copy for other parties. Companies like the HEMA, Greetz, Lexa or Heineken and Albert Heijn could be able and interested to replicate this concept.

# Launch Strategy

The first period will revolve around setting up and testing the Surprise Night concept. The whole strategy for the following years will be described in the next chapter. However, this overarching strategy is not too specific and doesn't include the launching strategy.

This launch strategy will have to be implemented around September 2019, after internally everything has been prepared for scaling and the first boxes have been worked out. The quality and originality of the product is the most important, if it is not yet in order, the launch will have to be postponed. The launch strategy is timed just after the summer holidays, because the expectation that work pressure and stress will increase and therefore the demand for this concept.

The launch of the concept is aimed at getting a reputation and subsequently gaining a large market share. This will be done by obtaining as much media attention as possible from relevant channels. Relevant channels are channels that appeal to the same target group and are perceived as fresh and positive. Examples of channels are magazines such as Linda and &C. In addition, there could be collaborations with influencers that are surprising and outspoken like Geraldine Kemper, Kaj Gorgels and similar.

Hallmark should appeal to its own customer base, connections and partners to further launch the idea. Collaborations with a firm such as Bruut Amsterdam, specialized in addressing this target group, should be considered. They have successfully introduced Srprs.me, which is a similar concept (surprise holidays for a younger target group). After reaching hundreds of thousands of views online it was even decided to also publish it on national television, contributing to an 36% annual growth last year for the travel start-up (srprs.me).

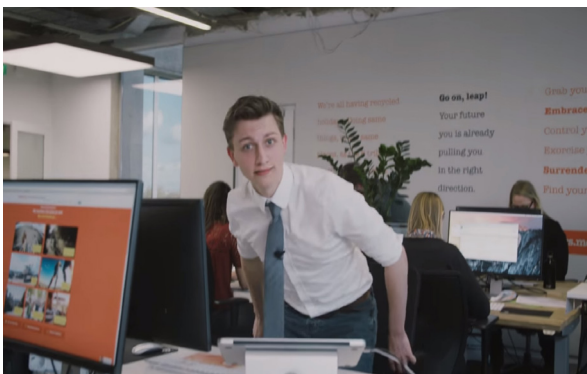


figure 6f - Screenshot of srprs.me campaign

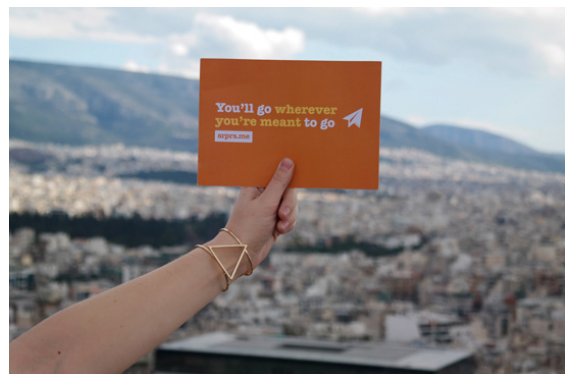


figure 6g - Social campaign of srprs.me

# Date Night Ideation Model

A new method has been developed in order to develop new creative date ideas. This method is based on the gamification principals as devised by Yu-Kai Chou (Octalysis), who is internationally regarded as the absolute expert in the field of gamification. His model helps to come up with new small challenges, which can be combined into a date with the experience model as designed before. This method will be taught using internal workshops. The steps of this workshop will be described in this section.

- 1** An extensive list is created with major themes. These themes describe some broad directions for dates. Some examples of themes are food, cooking, sport and romance. These themes are still abstract, to come to as many options as possible. The idea is that these suggestions will be placed on a wall, where employees can continuously add new post-its. This is an ongoing process.
- 2** The workshop starts when the creative team (and possible stakeholders) come together to choose the direction for the new date. For this purpose a theme of the wall will be selected and then a brainstorming session is held to come to sub-directions based on this theme. For example, the theme *drinks* can include various sub-directions such as cocktails, drinking games, picnic, coffee tasting and more. It is important to emphasize that nothing is wrong here. Hereafter, one or more directions are chosen by means of voting. In this specific situation, cocktails could for example be chosen.



figure 6h - Abstract date themes



figure 6i - Brainstorming on drinks

The Gamification model can be found in Appendix E

**3** Hereafter, the goal is to come up with challenges for within this box. This is done on the basis of the 8 gamification principals of Yu-Kai Chou. By combining the selected direction with these 8 principles, game ideas will originate. For example, when combining scarcity with cocktails, it could result in a game with only a limited number of ingredients. Learning how to make cocktails could be the outcome of combining empowerment with cocktails. In this way there are a lot of challenges that can be easily imagined.

**4** Ultimately, only 5 challenges are needed for a date. This means that a choice must be made. This is done by ranking the ideas on the basis of originality and feasibility. This is because, it must be as original as possible and still be realized by Hallmark.

**5** If the challenges have been chosen, it is important to put them in the right order. The already created experience model is used for this. This model consists of the following steps:

**1. Hints**

> building suspense

**2. Date Box**

> surprising moment

**3. First Challenge**

> together  
> comfortable  
> setting the mood

**4. Break**

> game  
> building suspense

**5. Second Challenge**

> out of comfort zone  
> original

**6. Lasting Memory**

> tangible

**6** Hereafter, it is important to make the entire date into a whole experience. Therefore, the box must be designed, the guide written and attributes purchased.



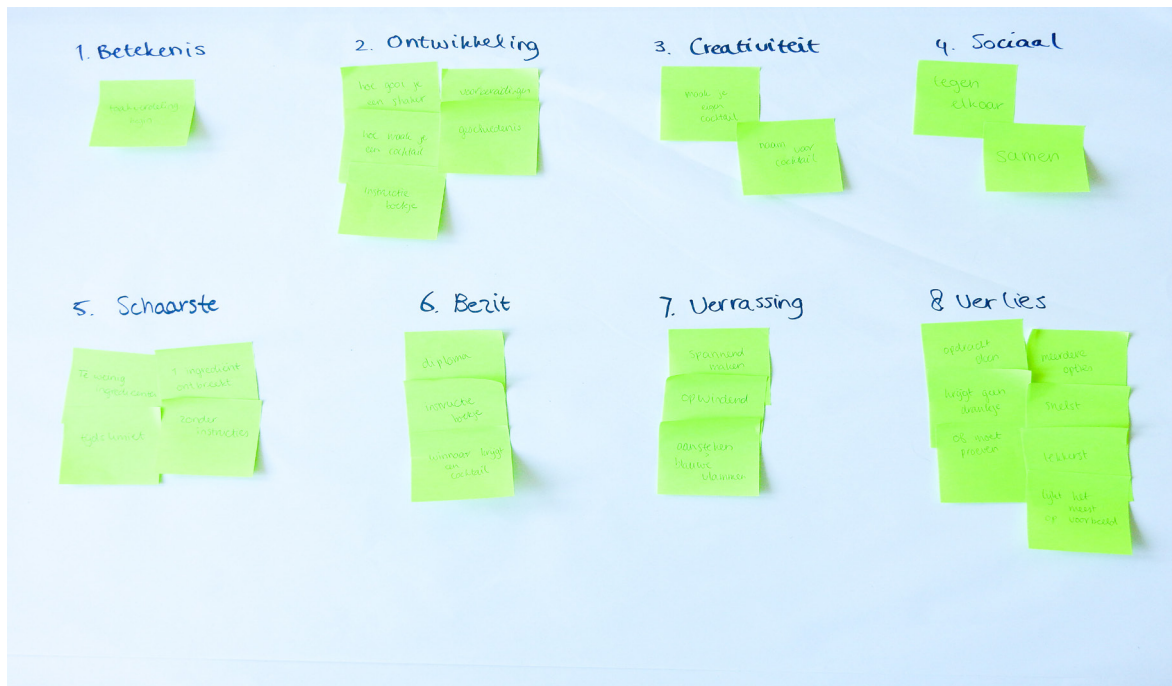


figure 6j - Gamification ideation on cocktails

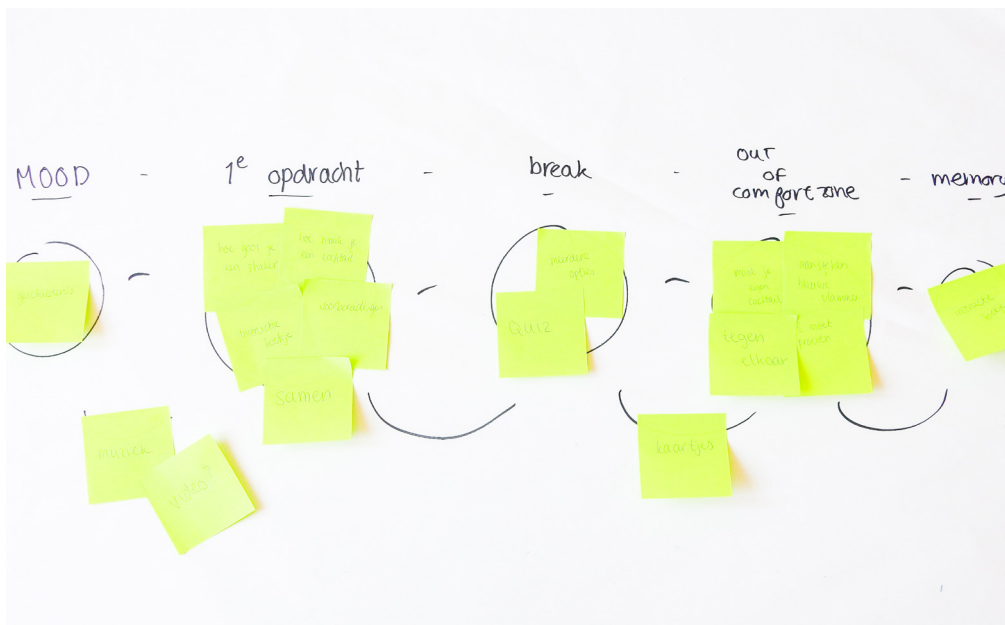


figure 6k - Game challenges combined with the experience model

# First Pilot

Based on this ideation model, several boxes were conceived and developed. All elements were personally purchased, designed, assembled and delivered to 5 known couples.

During the first pilot the box 'de nacht wacht' was sold. This box has been created with the model described earlier. An as realistic situation as possible has been simulated. All steps of the test situation are described below.

## 1. Register

The 5 couples were asked via Whatsapp or personally if they were interested to participate.

## 2. Determine suitable offer

This was not applicable because there was only one possible box.

## 3. Preference for date

The preferred date is requested via Whatsapp.

## 4. Sending hints and tips

- > The duration of the date was sent a week in advance via Whatsapp
- > The advice to buy a bottle of wine was sent a day in advance via Whatsapp
- > Tips about the choice of clothing was sent on the day itself via Whatsapp

## 5. Delivery information

During the sending we kept in touch via Whatsapp when the box would be delivered.

## 6. Feedback

After the date I did not contact the respondents, but all respondents contacted me by telephone to share their experiences. Furthermore, 80% (n = 4) paid me 15 euros and 20% (n = 1) paid 20 euros for the date via the Tikkie application.

## 7. Re-ordering

This wasn't possible.

**5/5**

gave positive feedback  
paid 15 or 20 euros  
were willing to receive another box

**4/5**

were only 90 minutes occupied  
gave tips to improve the box

**to  
conclude**

This date idea seems validated, but every date  
idea should be tested with a focus group before  
it will be produced.

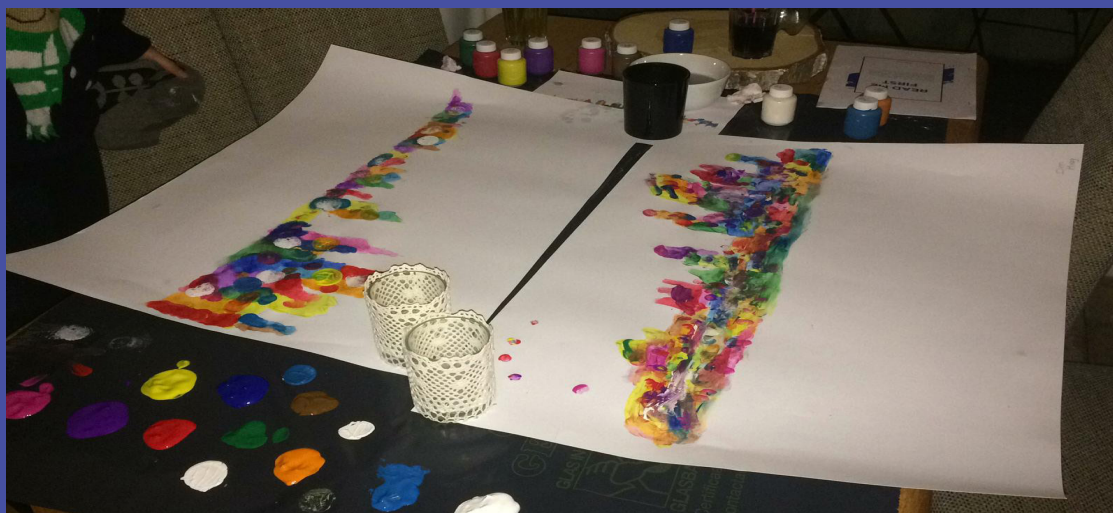
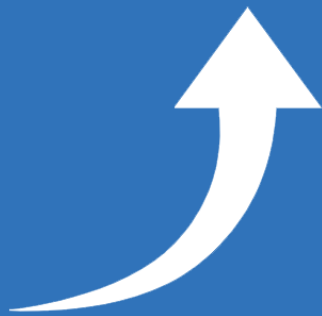


figure 61 - Picture send by a respondent



## **7. The next phases of Surprise Night**

# Surprise Night the following years

After the first year, it must be determined whether Surprise Night will be further developed. This depends on whether the project is profitable, the desirability and a substantial growth is observable. If this is not the case the concept could be added to the current gift offer, with or without a subscription. Otherwise it must be communicated to the current customers that the project comes to an end.

If the project achieves the goals, it can be further developed. This chapter elaborates in steps how the concept can grow into a stable part of Hallmark within the first years after the introduction. The goals, investments and strategy are elaborated per period.

Personally, I believe that in addition to the potential revenue, the focus on consumers and better use of data has a positive influence on the other departments in the company. In addition, Hallmark must experience that other value propositions can also fit the company.

# Phase 1

<b>Period:</b>	Feb 2019 – Jul 2019
<b>Target:</b>	41.600 boxes sold
<b>Revenue:</b>	832.000 euro
<b>Focus:</b>	setting up Surprise Night determine desirability / feasibility scaling up

The first phase will focus on setting up the Surprise Night concept. This means that all preconditions must be created, such as data warehousing and the website. A creative team must also be set up internally and the boxes tested with a focus group.

To be able to grow quickly, the data warehousing must be well set up right from the start. This is to offer every type of couple a different box. This makes it possible to create an extra well-fitting offer. Such a profile should contain information about place of residence, age, names, relationship duration, how they describe themselves as a couple and the feedback they give to the concept. These parts are going to be essential to personalize the offer and make it fit them.

Currently, the employees realize the greeting card industry is under pressure. It will be important for the company to realize that it can offer new successful value propositions. This concept could give that confirmation and trust.

- major step
- regular step

In the first phase the focus should be on understanding and testing with consumers and creating a data warehouse which can not only be used for analyzes, but with which Hallmark can really predict what consumers need.



○ **Feb 2019**  
Can Hallmark make it happen?

- > strategy

○ **Mar 2019**  
Testing the concept

- > creative team
- > demo website
- > focus group

● **May 2019**  
Start selling the boxes

- > data warehouse
- > marketing
- > design
- > delivery
- > fulfillment
- > purchase boxes and products
- > printing
- > website

● **Sep 2019**  
Ready to scale

- > data warehouse
- > customer service
- > media attention

# Phase 2

<b>Period:</b>	Jan 2020 - Jul 2021
<b>Target:</b>	100.000 boxes sold
<b>Revenue:</b>	2.000.000 euro
<b>Focus:</b>	community building expand target group premium packages

The second phase will focus on market expansion, in order to increase sales. Besides this market expansion, a community will be created around the current consumers.

## Community Building

During this stage the product has been developed and all preconditions have been realized, which means that it is possible to scale. This scaling is important in order to be able to purchase products more cheaply and to build a high-quality brand name. Surprise Night creates a whole experience and tries to keep in touch with its consumer, making it ideal for a community (Pyrko, 2016). This community can pass on its wishes, propose box themes and receive benefits. This is to ensure that the dependency on the service becomes as large as possible. This will be given priority because this will result in a stable recurring income (Reichheld, 2001).

## Extending target group

In order to increase the revenue, boxes for parents with young children will be developed. First, because the group is large with 1.5 million households in the Netherlands alone (CBS, 2018). Secondly, this target group experiences difficulties in finding new activities to do together, finding a babysitter and a possible decrease in mutual affection (EenVandaag, 2018). An additional advantage is the purchasing power of this target group. There will be boxes for these couples together and the whole family. In addition to the actual date ideas, the branding of the product will also have to be adapted to match this target group.



The above strategy may raise questions such as why this target group should not be approached first. However, approaching this target group first is not recommended for Hallmark. Because, this target group is also an important target group for Hallmark right now. If the concept does not work properly, due to some eventual and expected start-up problems, the risk of damage to the Hallmark brand is high. Now that a new target group is being targeted first, there is no risk in losing existing consumers. And after everything is set up correctly, this target group of parents will be addressed.

### **Different packages**

With the focus on new target groups, the total target audience will become even more diverse. This increases the challenge to find a suitable offer for every individual couple. The solution to this challenge lies in the development of different packages. A premium package can contain a different or more qualitative date for a higher price. The expectation is that this will be mainly be bought by the older target group because of their purchasing power.

### **Further Steps**


If the above steps are successful, boxes can also be developed for friends between 18 and 25 years of age. The concept of surprise boxes could also be developed for company outings and children's parties. In addition, it can also be investigated whether the product can be introduced in other countries. The popularity of subscription boxes is also growing in Germany, Belgium and the United Kingdom (ING, 2018). Belgium seems to be the most obvious next step, since there is already a cooperation with bpost delivery service.




In the second phase it's time to build a community and to further expand the target group. It's time to strengthen and scale the concept, so it's not only for couples anymore, but for everyone.

 **Nov 2019**  
Community building


- > customer relations
- > marketing
- > data warehouse

 **Nov 2019**  
Testing with new target group

- > focus group
- > design
- > marketing

 **Jan 2020**  
Extending target group

- > data warehouse
- > marketing
- > design
- > purchase boxes and products
- > creative team website
- > marketing

 **Jun 2020**  
Offering packages

- > data warehouse
- > website
- > media attention
- > creative team

# Phase 3

**Period:** Jul 2020 – Dec 2023  
**Focus:** offering Hallmark experiences

The third phase will focus on making the offer more unique and providing a suitable solution for all customer segments. The initial Surprise Night concept can easily be copied by other parties. Therefore, it must be considered at an early stage how collaborations with the Dutch leisure industry can be established in order to offer more unique experiences during this period.

More information can be found in the Target Audience Chapter (p. 53)

## Hallmark Experiences

An unique value for Hallmark can be created when it can enter into partnerships with local parties in the leisure industry. This stable growing industry, which represents a value of 52 billion in the Netherlands (CBS, 2016), should be included in the Surprise Night concept. Tickets for concerts and activities should be implemented in the box. These *Hallmark experiences* should be interesting for both these local parties and consumers. Local parties or events that can use more traffic and offer unique, surprising experiences will have to be approached.

## Internal Implementation

The leap to these experiences and collaborations seems a big one, but in terms of organizational structure this step is not that challenging. Currently, the retail department of the company is responsible for sales of greeting cards at almost 9000 stores. In the future, this section could also be responsible for collaborations with local parties such as restaurants, bars, sports clubs, concerts and others.

## Introduction

The introduction of this new concept should be on a small scale. This makes it possible to try and test various different collaborations. The city of Rotterdam seems an ideal first step, since many Hallmark employees live in this city and know the local food service industry. Furthermore, as a large city, it has sufficient possibilities for surprise consumers.

In addition, the various packages can be reflected in this concept. For example, a premium box can also include a taxi ride to the activity or extra special wines at the local wine tasting.

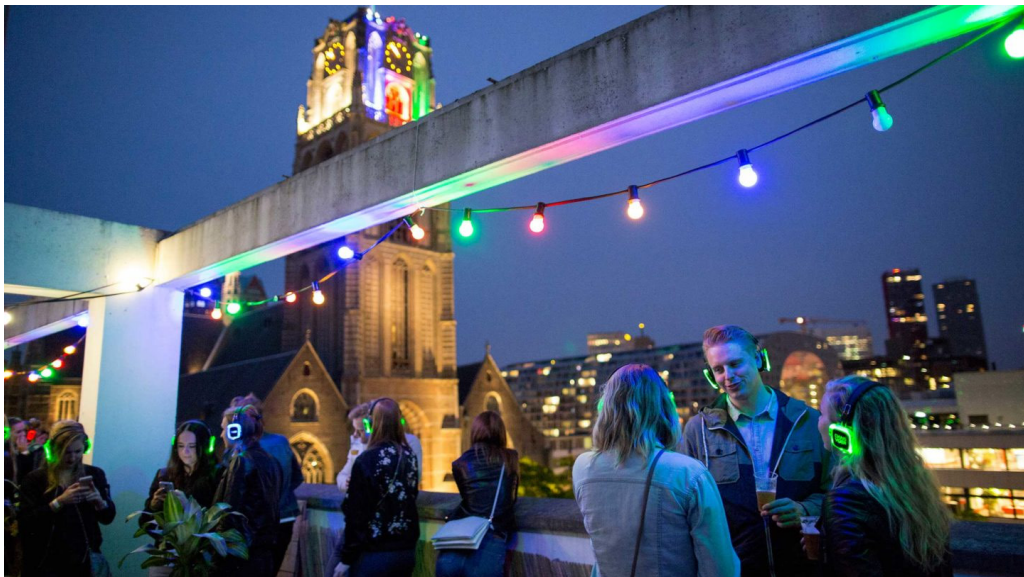



figure 7a - Surprise Night Experience suggestion  
source: Rotterdam Festivals

Through collaborations, Hallmark is able to combine products, printed materials and activities in a box. Hallmark isn't selling just a product anymore, but is selling basically creativity.




 **Okt 2019**  
Options to collaborate

- > retail
- > strategy

 **Dec 2019**  
Testing with companies

- > focus group
- > retail

 **Jun 2020**  
Offering activities within boxes

- > data warehouse
- > marketing
- > design
- > website
- > media attention
- > creative team
- > retail

# Roadmap

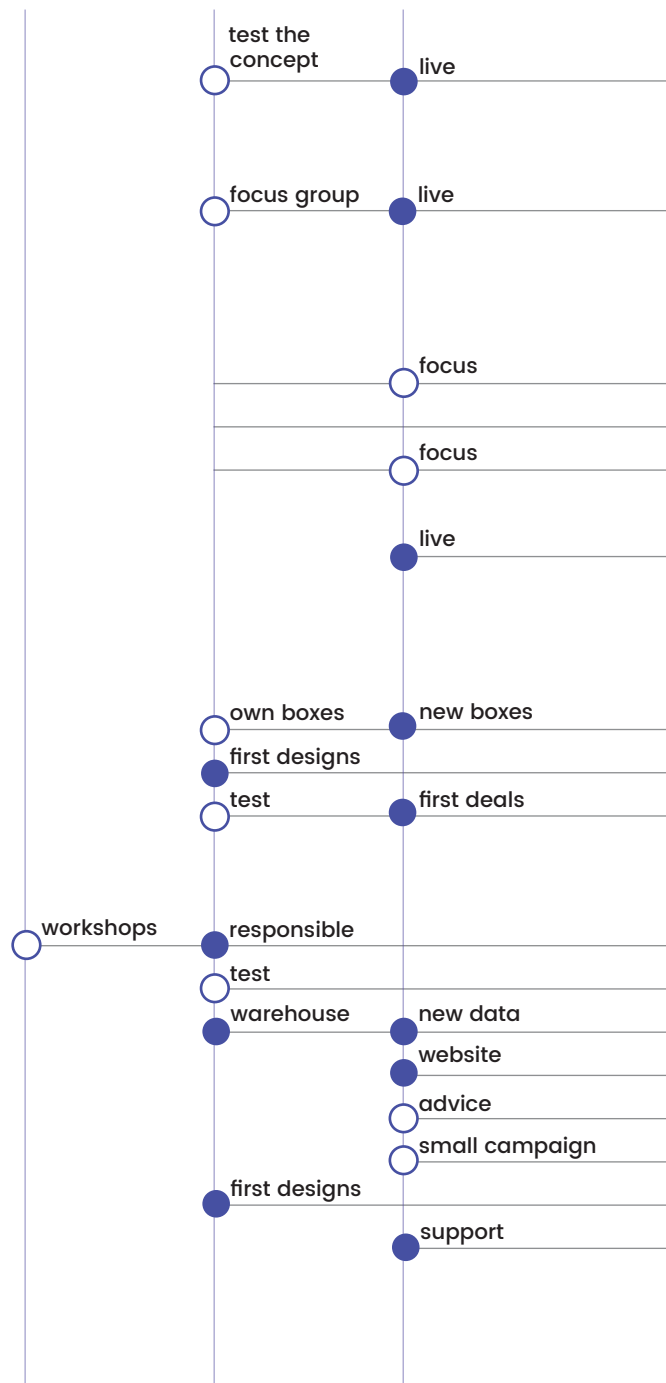
Graphical overview of the ideal implementation of Surprise Night and Hallmark Experiences

## setting up Surprise Night

- major step
- regular step

<b>Products</b>	Surprise Night Hallmark Experiences
<b>Target Group</b>	Couples Young Parents all 20 and 30s
<b>Brand Values</b>	Surprising Affectionate Open
<b>Touch Points</b>	Responsive Website Progressive Web Application Native Application
<b>Resources</b>	Boxes Printed Media Products Collaborations
<b>Implementation</b>	Creative Team Focus Group Development Team Web Development Team Category Management Marketing Design Customer Service Retail

2019



expanding Target Group

offering Hallmark experiences

2020





# Conclusion and Reflection



# Conclusion

Hallmark Continental Cards experiences pressure as a greeting card company. This is mainly due to the competition online and the declining retail greeting card industry. As a result, the company realizes that they have to innovate, however previous innovation efforts did not achieved the set goals besides media attention.

To solve this problem, it is recommended to apply routine and disruptive innovation. A precondition for this is that the strategies has to become more concrete, making it possible to prioritize innovations. During this project, the focus was on disruptive innovation because of my external vision of the company. Furthermore, this is the most effective way to appeal to a new target group (Pisano, 2015).

The new direction developed with disruptive innovation is about offering experiences to a younger target audience. Research among this younger target group shows that this achieves a maximum impact. The experiences have to fit the consumer, be original and be easy to order.

The solution is Surprise Night, a subscription to a monthly surprise box for dates. These dates are tailored to the couple on the basis of different profiles. The box contains all the elements for the date and a guide with instructions. The concept has been tested and validated by the target group during the first pilots.

This concept can be executed and scaled almost immediately by Hallmark. Furthermore, it fits the current vision and core values of the company. Due to the limited technological innovations required for this concept, the product is also easy to copy. That is why at the beginning the focus will be on obtaining a large market share and then the concept will revolve around offering experiences and activities.

Hallmark has to make some adjustments to realize this concept, for example the data warehouse has to be rebuilt and a creative team has to be formed. The working method of this creative team is further elaborated in this report.

In addition to the new value proposition, this report is especially valuable because it demonstrates that innovations outside the current industries are possible, that fit Hallmark perfectly and adds value to consumers. It's shows that Hallmark can be more than just a greeting card company.

## Discussion

My analysis shows that Hallmark is having difficulty in determining which strategy to execute for the following years. My proposal describes a newly formed department within the company, which focuses on experiences. As a first step, Surprise Night could be developed, in line with the current possibilities of Hallmark.

However, it is not just about this value proposition, the focus is even more on the way of working. The concept will only be successful if contact with customers is maintained and they are involved in the product. Furthermore, data must not only be used to analyze afterwards, but more to predict what customers want.

In addition, it is important to create a culture within the company that is not only focused on achieving short-term sales, but also where innovation projects and new ideas are given scope. This must go hand in hand with more testing of innovations. Both on the website, where A / B tests and new greeting card designs should be tested quickly, as well with consumers in focus groups.

The outcomes of these tests must then have an impact on the strategy and daily business. For example, the purchase of gifts, the mails that are sent or the design of greeting cards should be based on the expertise of employees and as well on the opinion of consumers.

The relevance of this report is in the realization of value and possibilities of new projects by Hallmark. In addition, Surprise Night has been developed to such an extent and fits the capabilities of Hallmark that it can be realized within half a year.

There are, some marginal notes about this proposal. The proposed branding of Surprise Night is not yet strong enough. Personally, I believe that the logo is not distinctive enough and that it has not enough unique brand elements. A experienced branding agency is probably needed to develop these assets in the longer term.

However, this is not a problem for the short term or introduction. Initially the success will be determined by the value of the concept and the branding is of a lower priority. Hallmark needs to recognize that it needs to deviate of the current rigid branding, in order to better connect with different target groups.

In addition, comments must also be placed regarding the recommendations that are given, because these proposals have not been validated with the target group. These recommendations derive from the new proposed vision. The proposals that are suggested for the retail and personalization of gifts are just examples of how this can be done.

We can conclude that this report suggests to offer experiences and activities in the long term. In addition, there must be a clearer internal strategy and room for innovation and fast failing, which will enable Hallmark to discover new markets and opportunities in a structured way.

Essential for Hallmark is how it can respond to the rapid changes of the market. The organization and working method must be set up in such a way that it is able to continuously respond to these relevant changes.

### **Further Research**

These studies and pilots were conducted under a relatively small target group. More research is needed into experiences and the exact needs of the target group, if Hallmark decides to set up an experience department. In addition, some recommendations are given concerning the internal implementation, branding and finances. However, there is a lot of expertise in the company and Hallmark itself is able to reconsider these choices. The same applies to the recommendations that are proposed in the short term, these arise from a vision on a company, but do not cover all the necessary steps to actually achieve this.

# Reflection

During this project I had many insights, things that caught my eye, concerning my own project, graduation and Hallmark itself. These insights are things that I noticed, lacking theoretical grounding.

## The company

I am most amazed by the company's rigid attitude to discovering other directions, even though people realize that this is necessary to survive as a company. It seems like at first the company is very open to innovation, but before they are willing to really invest in something new, people are inclined to think in limitations instead of possibilities. This makes it really difficult to innovate. I believe that the management should transform the company to make innovation and quick failures possible. This could be achieved by implementing the advice of Tellis (2013): don't give penalties for failures, stimulate champions of innovation and foster internal competition.

Where I had the expectation that a company like Hallmark would know who its customers are, would be able to test designs, have a strong strategic vision, this is not always clear in practice. Especially the lack of testing possibilities surprised me. For example, an innovation such as the introduction of the chocolate card has never been tested with consumers. I find it very remarkable that a project that has taken a year to set up has never been tested with the potential target group. I believe that desirability should always be tested before such an investment is made. This can easily be done by creating focus groups based on the current database.

There is a strategic vision, but in the period of my graduation there was a lot of uncertainty about which innovations have priority. Only inspiring other people is so generic that companies such as Hema or the Rijksmuseum can also have such a vision. The underlying goals of selling 5 million cards and touching 5 million people in their hearts also give little guidance. I believe that Hallmark must really stand out in the industry with a much more unique vision.

To become unique, it is also important to look broader than just your direct competitor, I am amazed by the continuous comparison with Greetz and Kaartje2Go. There is a certain fear among some employees, which leads to proposals to copy the offer of these direct competitors. A strong distinctive vision and strategy makes people look at new possibilities.

### **Own position within the company**

Hallmark does not have a strategic or innovation department, as a result of which I have been added to the online marketing team. However, this team is mainly focused on selling as much greeting cards as possible, which was not coherent with my own goal to come up with something new for the long term. This resulted in some difficulties between helping colleagues and being focused on my own research. From the beginning of the project, I did not make my role clear enough within the company, which sometimes led to irritation.

This means that during my project I worked a lot on myself and I had an individual role within the company. Because of this his colleagues have been limited informed of my progress, my method and my results. This is also because my propositions should actually be discussed within Hallmark's management team, however I had a certain reluctance to approach these people in the company.

Except for Steven Koopmans, my direct supervisor. Steven has a background in sales and clearly showed his enthusiasm during my project. We have had contact on a weekly basis and shared our vision on the company, the way of working and certain developments within the company. He has been able to provide me with a lot of information about current developments and possibilities within the company.

### **My graduation process**

At the beginning of the process, I set myself the goal of developing a tangible and validated product that fits a younger target group. This has certainly succeeded, with the design of the Surprise Night concept.

However, the other goal was to follow an agile process. However, I executed this too early in the project, so that only short-term ideas originated. Based on the advice of my chair Erik Jan Hultink, I applied scrum in the final phase of my project, to come up with more disruptive ideas. I personally believe that this has worked out very well.

All the information that I gathered during my scrum process of the target group and the possibilities of the company, ensured that I was able to determine much more quickly whether an idea would be feasible in the final phases of my project.

### **Individual development**

I certainly developed myself during this project and also learned to discover my own strategic value within an organization like Hallmark. I think that especially looking critically at the daily routine and the overall vision are added values.

With a background in Strategic Design, we are able to talk about many topics within a company, even though we sometimes do not have the specific knowledge. Because of this background we are able to look critically and ask questions about all these processes within the company. In addition, we are able to take a critical look at a company's vision and to think about the strategy that has been mapped out, and whether all choices that have been made fit within this vision.

In addition to asking only critical questions, we are also able to present our own vision, including a detailed elaboration and new concrete ideas in the short term. I think this combination makes us unique compared to students from business school.

Personally, I notice that I have difficulty making hard choices and approaching external people with more experience and expertise about a certain subject. I have a pretty outspoken opinion about the vision of a company, but I am uncertain about how it should be executed.

However, I am very grateful to Hallmark for this opportunity and the confidence that I felt regarding my own project, but also to create a new editor for the mobile website, to assess new possible marketing agencies and to organize and judge student projects at the Haagse Hogeschool.



# Recommendations on routine innovations



current situation

advice

# Company Advice

This project describes the implementation and the proposed roadmap for Surprise Night within Hallmark. However, I believe that adjustments can be made in all departments of the company and even the company vision.

## current vision

**We as a company, want to strengthen close relationships by inspiring everyone, every single day to express their emotions towards each other.**

affectionate

surprising

connecting

## underlying goals

- > touch the hearts of 5 million people
- > sell  million cards

## analysis

The vision is too generic and it's unclear how this vision will be realized.

As already has been pointed out, Hallmark is not perceived as very distinctive (Team4). This is partly due to its vision and strategic goals, which could apply to many different companies. I experienced that this results in ambiguity among employees, because it's difficult to determine what kind of innovations need priority.

### proposed new vision

## Hallmark helps everyone with finding the right message

### underlying goals

- > focus on helping and understanding consumers
- > focus on expanding and creating an unique offer
- > Hallmark must stand for quality

### proposed mission

Within 5 years, Hallmark must help anyone in Western Europe who is uncertain what to give to an important other.

### analysis

To offer the right message is about offering a well-fitting assortment. Where the focus should be on what the target group really needs. Therefore Hallmark should do extended customer research to really understand their customers.

To really help consumers, convenience has to be optimal. In doing so, the focus should be on the flow of the website, but also on helping with textual inspiration or offering gift suggestions.

The requirement to offer quality is to be distinctive in relation to the current competition. It also forces Hallmark to look beyond the current range, because the greeting card industry is very price driven. You will have to innovate your product and product range in order to avoid the high bargain power of buyers.

 current situation

  advice

# Branding

The branding of Hallmark must go along with this new vision and focus on helping instead of just being inspiring. This makes its brand expressions much stronger. This new branding should be coherent among all departments of the company.



figure 8a - campaign material to raise awareness among a younger audience for photo greeting cards

**current tagline:** who do you think of today?

This tagline is coherent with the vision to inspire people on a daily base. However, now Hallmark's role has to become more dominant, the branding of Hallmark must also change.

**current style:** (stock) photography

The creativity that the company wants to convey must also be reflected in the branding to become credible.



figure 8b - proposed campaign material to raise awareness among a younger audience for photo greeting cards

**New taglines:**

- > helping you
- > helping you with saying hi
- > helping you with saying sorry
- > helping you when you don't know what to say
- > bringing romance back
- > for everyone

Previous target group analyzes shows that it's important for a younger target groups to experience what a company promises and what (emotional) value it adds to their lives. This new branding strategy is based on this finding. The exact branding will have to be done in collaboration with a design studio, but it is advisable to come up with a branding that is more outspoken and proactive than the current style.

The Champions League doesn't have a direct link to Hallmark, it's more about the perfect brand consistency. Presenting the brand logo in a similar way, colors and the same tone.

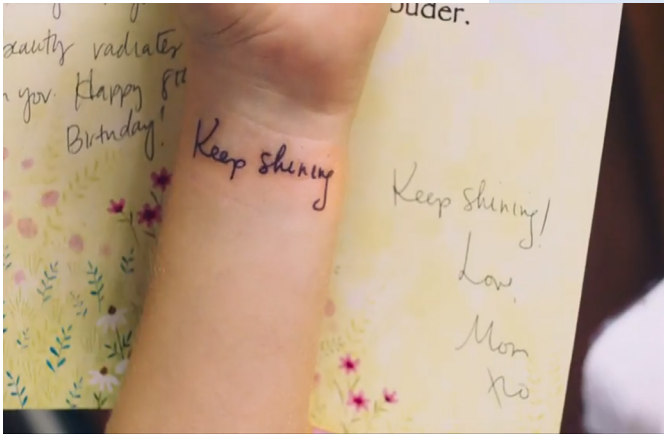


figure 8c - screenshot of the "Tattoo commercial" by American Greetings

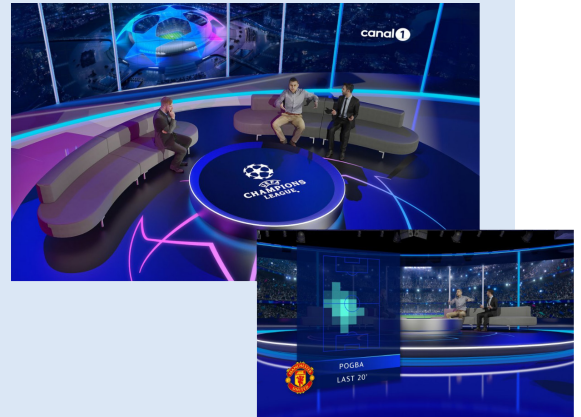


figure 8d - Impression of the restyle of the Champions League brand by design studio  
source: design.studio

## New marketing strategy

Campaigns should be more creative, with less product placement and including strong brand promises. This is to become more distinctive compared to current competitors, who primarily focus on sales.

- focus on branding instead of sales
- focus on quality, emotion and creativity
- strong brand promises

## Campaignes

The new tagline "helping you", should also be reflected in its campaigns. Some suggestions:

- › Overwhelming children in children's hospitals with a lot of greeting cards
- › Offering a service to create Sinterklaas surprises for consumers
- › Helping international students to keep in contact with their parents abroad
- › Let elderly play Greeting Card Tinder by sending photo greeting cards to each other

□ current situation

□ advice

# Retail

The retail department was out of my scope for this project, making it difficult to give advice. However, it is important that the new vision is integrated among all departments.

The biggest problem with retail points is the decrease in traffic, so Hallmark should explore other type of stores. Hallmark should look for retail points which are associated with quality. Together with these retail stores, tailored greeting card lines should be created matching their product offer.

The current Hallmark greeting card mill should be tailored to this new retail points. Besides, the store employees must be trained to offer a greeting card along with a product sold. Making each other stronger is a successful strategy into today's economy.

By focusing on the quality and the unique character of the product, it is possible to distinguish as a company. This quality should not only be represented in the designs, but also in high-quality and sustainable materials and presentation of the greeting cards.

## current retail stores



figure 8e - Primera Store  
source: primera.nl



figure 8f - The Read Shop  
source: readshop.nl

Similar is the transformation that some Dutch magazines have gone through. Football International, &C and Linda have expressed their commitment to focus more on quality of the content rather than just being cheaper. Currently their sales are increasing again after years of decline (NOM, 2018; Adformatie, 2018). Hallmark should distinguish itself as a high quality brand.

Furthermore, there is an internal discussion about live printing in stores, in order to increase the convenience. I personally expect that it will be difficult to make a device that suites the high-standard in quality and appearance of the Hallmark brand. Furthermore, I personally believe this expensive investment adds relatively little convenience in the store, so it has no priority.

## new retail proposition



figure 8g - Nespresso Store Rotterdam Meent  
source: nespresso.nl



selling cards along with products

high quality stores

tailored designs

local botiques and global / national brands



figure 8h - Louen Rotterdam  
source: louen.nl



 current situation

  advice

# Online

Online, the focus should also be on quality and convenience. This means that the quality of the products must have the highest quality and the use of better or sustainable materials should be considered. In addition, it is about offering optimal convenience on the website.

confidential

## current website flow



**website**



**select card** out of 10.000 designs



**edit** your card with stickers and text



**send**

## Editor integrated in the flow

Not all consumers will find a suitable greeting card, therefore the editor must be integrated into the flow. This editor should enable user generated designs, where people are able to create their own photo card, quote card or create their whole own design. However, since only approximately 10% is interested in such an option (Hallmark, 2017), it's should be offered as an alternative. Furthermore it's important that this editor is redesigned in the new modern style of the website and combined with offering textual inspiration.

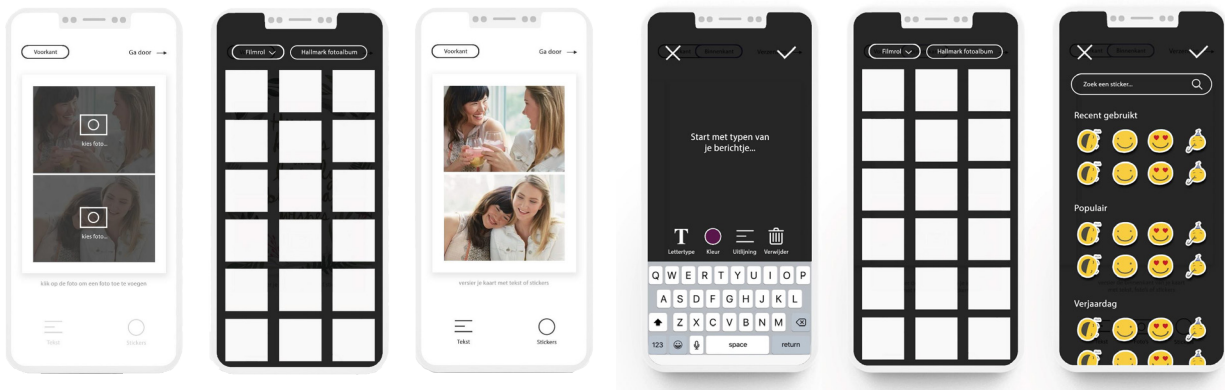


figure 8i - first proposal new editor style, with the flow below not yet fully implemented

## new website flow

confidential



□ current situation

□ advice

### Greeting cards combined with small gift upsells

Consumers who buy a greeting card often only need a greeting card. Hallmark is currently trying to add a gift of an average of 15 euros to their purchase. However, I assume the card - gift ratio would be much higher if these were smaller upsells. Hallmark should look for qualitative products of a just few euro that fit through the mailbox. Again, intensive customer research must be done to create the right product range.



current upsells

€15,45  
upsell price



€10,45  
upsell price



€10,45  
upsell price

figure 8j - Hallmark upsells  
source: hallmark.nl

€4,49  
upsell price



figure 8k - Afterpartea  
source: het-theezaakje.nl

proposed upsells



€ 1,50  
upsell price

figure 8l - brew in the bag  
source: the-coffeebrewer.com

### **Integrations in other apps**

There is little margin on a greeting card, so Hallmark has to sell millions of greeting cards. After the quite successful project with PostNL (Christmas 2018), the options of integrating in other partner applications should be further investigated. Through these integrations the target group of these partners will be targeted. Partnerships with Disney, Studio100, the Efteling or Polarsteps could be interesting.

### **Product innovation becomes less important**

Because the focus must be on quality and high-quality products, the wooden card fits better with the new strategy than the chocolate card. Other variations on the regular greeting card are currently not a priority, because offering convenience and quality are more important. If product variations are considered, the desirability must first be extensively tested.



figure 8m - personalized balloon  
source: greetz.nl

**personalized offer  
by current direct  
competitors**



figure 8n - personalized teddy-bear  
source: yoursurprise.nl



figure 8o - personalized cake  
source: greetz.nl

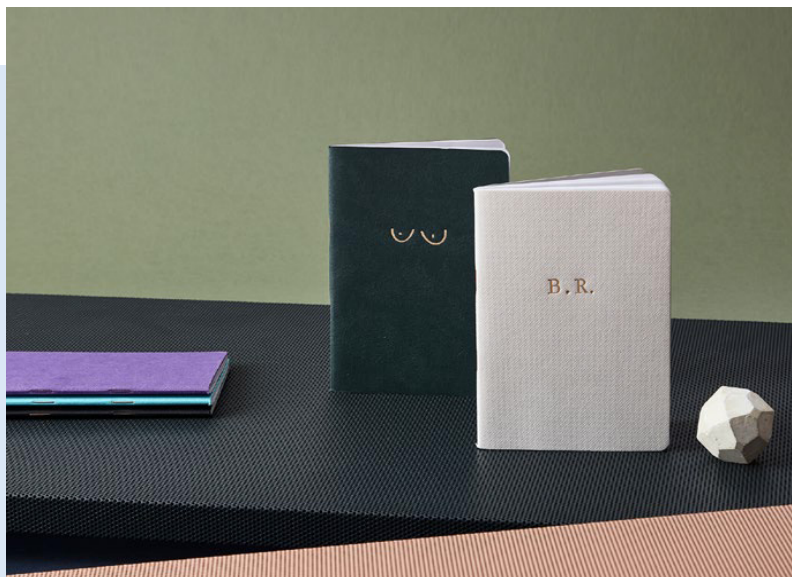


figure 8p - not another bill  
source: notanotherbill.com

**proposed new  
personalisation style  
for Hallmark**

# Gifts

Hallmark's current gift department is trying to be distinctive by offering more unique products compared to direct competition. However, there is a 80% of overlap in the product range with their current competitors.

Furthermore direct competitor Greetz has a more diverse range of SKUs. In addition, companies such as Bol.com and Coolblue also expand to gifts and there is a growing amount of specialists offering one specific type of product, such as Fleurop for flowers and Toptaarten for pastries.

The focus for Hallmark next to the current product range should be a luxurious offer, which can also be personalized. This is needed to limit the supplier power and be able to distinguish from national and international web shops.

Offering personalization is not unique, since Greetz and YourSurprise also offer some options to do so. The distinctive factor should be the quality of the products. Hallmark must be able to offer luxurious personalized gifts in addition to the current gift range. By introducing personalized gifts a greeting card is also not required anymore.

figure 8q - not another bill  
source: notanotherbill.com



# Experiences

The last department would be experiences and is already described in earlier chapters. Surprise Night and Hallmark Experiences can be seen as the replacement of the current gift card of Hallmark.



**shake it  
shake it**  
UITPAKKEN MAAR!

figure 8r - Surprise Night concept



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