

Adam Farmer – Student 2126992

Company – Moonpig Group PLC

Website – www.moonpig.com

Introduction to Moonpig PLC Group.

Moonpig Group has a history of innovation, growth and fun, evolving from a personalised greeting cards website into an international, cross-channel gifting platform.

The foundations for what would become Moonpig Group were laid in April 2000, when moonpig.com was launched as the UK's first online card retailer by founder Nick Jenkins. The name Moonpig came from Nick's nickname from his school in Newport, Shropshire. The original vision for Moonpig was to combine digital printing and the internet to enable customers to make a better card than they would find on the high street. With the company becoming market leaders in greeting cards, they had a strategy to become the ultimate online gifting global platform.

Brief timeline into their developments

2022 – Purchase of Red Letter Days and Buyagift which becoming the UKs largest gift experience platform ahead of Virgin experience days and Funky Pigeon.

2021 - Moonpig Group floats on the London Stock Exchange and is included in the FTSE 250 index of leading UK companies.

Moonpig Group launched its ESG strategy, commitments included planting 330 hectares of woodland, reducing emissions on purchased goods and services, to employ 45% female within technology hires and a large charitable donation through the Moonpig foundation.

2020 - The Moonpig brand celebrates its 20year anniversary with E-cards was launching providing customers another alternate for customer with relationships across the globe.

2019 - Kate Swann joined Chair and with more than 30 years' experience of leadership in senior positions including Managing Director of Homebase & Argos as well as Chief executive of SSP.

Innovation

I have decided to talk about the innovations linked to their Service strategy upgrades which are heavily linked to marketing. I have focused on the past 5 years which include the introduction of e-cards, the purchase of other companies and also the most recent innovation of video messages launched in February 2023.

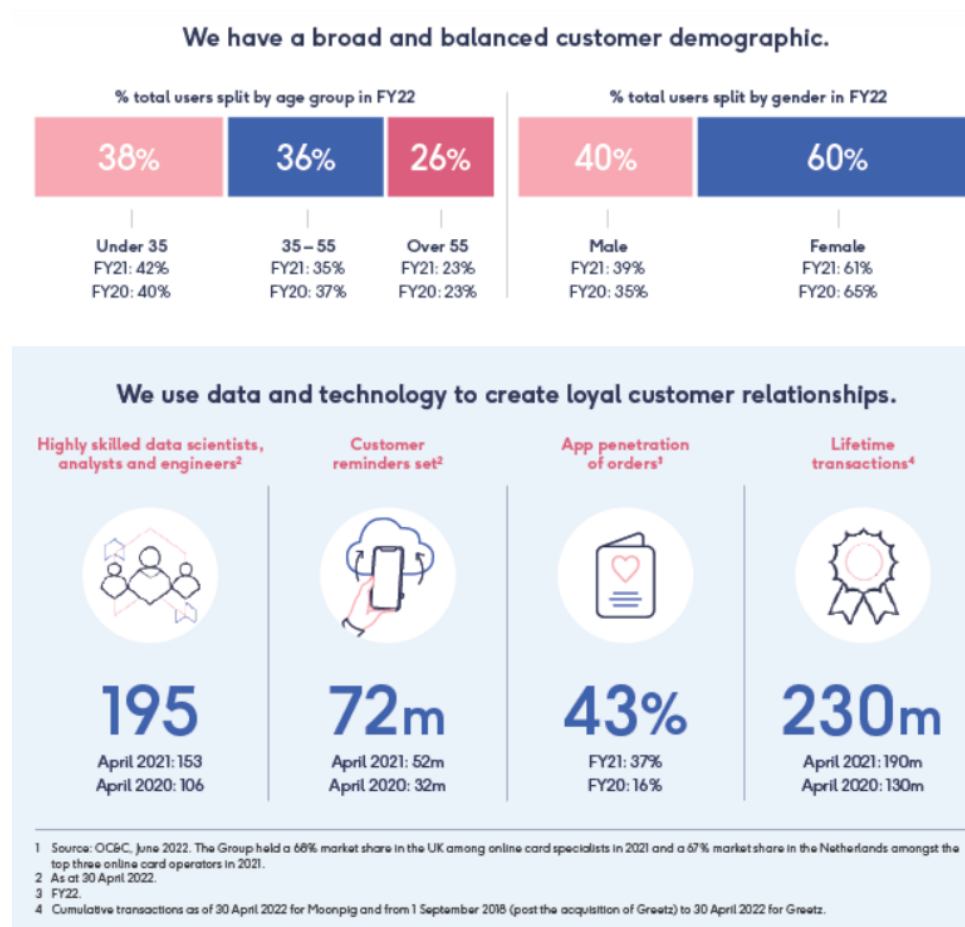
What are the Principal Driver/s for the Innovation?

As quoted in Tidd and Bassant on mass customization - "The trouble is that markets are not made up of people wanting the same thing – and there is an underlying challenge to meet their demands for variety and increasing customization." (Tidd and Bassant, 2009). This supports the activities of the Moonpig group over the two decades of trading like the purchase of Red letter days in 2022 for £124million upgrading the packages available to customers.

When the global pandemic hit, Moonpig was forced to adapt its product offering and focused on what was possible with a quick turn around and less storage, this moved the project of e-cards up their timeline which had been in discussions for some time. As Camila Diaz Head of Product design and research quoting in a piece from [Rebecca Sentence in April 2021](#) – “There are lots of ambitious goals – we all get very excited about goals, and we want to do everything, but the reality is resources are time and finite, so you need to get better at choosing what you’re going to work on, and what is not going to get done.”

For innovations their main driver is their customer centric approach which is at the heart of their business. They focus on creating a personalised touch to each individual customer on every occasion thinkable and continue to add new innovations to their offerings for customers. They adapt Greg Satell 2017 Innovation matrix looking at breakthrough innovations, such as e-cards and occasionally disruptive innovations. Their user-friendly technological platform allows customers to personalise their cards and gifts with numerous options like photos and names in a short time period.

On their website they report key figures as shown below which proves that another driver for their innovations is Data captured. The below reflect the percentages split by age group and gender within the financial year of 2022, this would work towards the companies target audience. The offering of reminders via emails is an effective tool and as per the table from Moonpig website, they have set up 72million of these all for customer loyalty and ultimately re-orders. Reported on their website on key figures that 87% retention of revenue from existing customers is very impressive.



(Moonpig Group)

Finally, even though the above numbers show the continued growth within the market, they do not stop there and rest. Continuous improvements is the final drive I am going to cover. With the introduction of e-cards this widened their market worldwide for customers family and friends, what a superb innovation within a global pandemic for customers! Following on from this, their services strategy continued in 2022 purchasing the experience day's brand Red letter days which already held a position in the experience market and customers that may not be familiar with Moonpig. To maintain their position as market leaders, they continue to invest with the most recent innovation of Video messages in time for Valentines Day. Like [Greg Satell](#) said "innovation needs to have an impact" which supports after launching on 120 cards this has since been rolled out to over 13,000 designs/occasions following the success proving the impact. All of these examples support the management service strategy that Moonpig offer their loyal customer base. These drivers kept the group ahead of their competitors. [Greg Sattell](#) Innovation Matrix from his book Mapping Innovation 2017 methodology is a successful tool to use and parts which relate to Moonpigs actions as their innovations are Breakthroughs. ([Greg Satell 2017](#))

The Barriers and Risks faced by company in developing this Innovation

One of the biggest threats faced when introducing innovations is competition and what they were up to. Competition within this market is very tight with well-known UK brand Funky Pigeon being a fierce competitor with TV adverts and other methods used to catch customers attention. Moonpig must continue to innovate and differentiate themselves from competitors like Funky Pigeon to maintain their 68% market share. The service of experience days and video messages both differentiate from their competitors.

Another huge risk behind Moonpig business is the limitations behind technology. They have invested heavily in technology-based functions which carry business critical risks like cyber attacks, system failures and data breaches. The impact of this to the Tech giant is today would be huge, preventing orders to be processed, app to be used by customers and risk of customer personal information being hacked. On a personal note, Moonpig has saved me numerous times with last minute orders thanks to their quick turnaround, which is likely to be common for other customers, any impact to their services preventing orders to be sent out have huge impact to customer satisfaction. However to trump all of these, Moonpig uses many features of AWS and as Trott quoted - "Service firms that have insufficient capabilities to develop a particular technological service may outsource service production." (Trott, 2016) One risk that cannot be forgotten is that Amazon is powering Moonpig using Amazon web services and without it Moonpig infrastructure is at a high risk.

After buying Red Letter days there was many barriers for Moonpig, they inherited their customer base and field experts along with the infrastructure, website, online booking program and distribution network. A Major barrier on this would have been the integration of two companies' systems as well as when joining two companies the operational structures would have had to be considered with workload increasing and new ways of working. With this transition period they would have had to ensure customer satisfaction is maintained to a high level.

Finally on the topic of risks and barriers faced, Moonpig heavily relies on its partners. Their supply chain is large and diverse, consisting of third-party fulfilment partners and suppliers for raw materials, gifts and flowers but prints the greeting cards at that in-house facilities. The quick turn around on many of the services on offer by the company are reliant on the supply chain operating smoothly. Supply chain issues can cause a backlog of trouble and have a major impact on their customer. Moonpig take pride on customer service level and they clearly communicate this within

their code of conduct on the link below of the expectations to the supply chain. [moonpig-group-supplier-code-of-conduct-january-2022.pdf](#)

The key determinants in the process of committing to develop the innovation

With all innovations, a lot needs to be considered prior to proceeding with the innovation. A key determinant used by Moonpig is Market analysis, as they must factors such as market size, competition activity and the potential growth that could come from the innovation. Part of the purchase of Red Letter days included access to their customer database which could have included customers that were not previously using Moonpig service or aware of the service that they offer growing the potential sales. With Video messaging they had years of data regarding the size of the market and knew this was not offered by a competitor. Scaling of the growth would have been difficult beforehand but something that will be measuring now live.

To build and develop this and any innovation Moonpig would have had to consider what resources are required to be allocated to launch the new innovation. Resources come include how much time is required on the project, what budget is required to achieve the end goal and also what personnel and how many are needed on this project. Before the green button is pressed all of these factors need to be considered and confirmation that everything is ready available for this to be effective.

“Dealing with risk and uncertainty is central to the assessment of most innovation projects” (Tidd & Bassant 2009) which is why Moonpig conducted a risk assessment would prior to developing Video messages for example. The project management and board would have considered risks including technical, financial and market risks before coming up with a plan on how to mitigate these before launching or spending more time and money on the development.

The processes and technologies which the company used to carry this development forward.

A process that fits for what Moonpig have developed is the ‘Development funnel’ (Keith Goffin & Rick Mitchell 2021) putting all ideas into what is described as a fuzzy front end and filtering out ideas before advancing on the next stages.

The development team would have done a prototype on the new innovations and tested before launching ensuring that the functions work how they planned. As quoted by Wheelwright and Clarke “Prototyping can be an important vehicle in cross-functional discussions, problem solving and integration.” (Wheelwright and Clark 1992) Moonpig utilised the QR code technology which was invented in 1994 by a Japanese business to offer the video messaging service to their customers.

To upscale its operations they took advantage of the Cloud which comes with several improvement factors. The cloud offers control over scalability for Moonpig to meet customer’s needs. This was critical with the launch of Video messaging with the launch during one of Moonpig peak time of Valentines which allowed Moonpig to handle the increased traffic with investment as is only for a short duration. From this a cost saving is generated as less money is required on the infrastructure and maintenance costs for running the platform. If Moonpig introduce this internally it could be expensive whereas with the cloud they pay for the resources used on a pay as you go basis. Part of the offering from the cloud, the performance of their website and app service is improved with the latest technology improving loading times, uploads times overall improving the user’s experience.

The extent to which the development relied on resources external to the company and the way in which the development of these resources was managed.

Moonpig have used many external Technology resources including Amazon web services (AWS) to provide storage capacity to support their online operation within the cloud, this has helped the developments like spa days, track days and others coming from Red Letter days but also the storage for the personalised videos. They have also used payment processing companies like Sage Pay, Apple Pay and PayPal, these payment methods are used to high volume traffic which help the company keep development and maintaining market position with growth from innovations. Payments have a dedicated team for ensuring compliance with industry standards and regulations. This team manages the relationship with the processing companies and will address any issues. Also, external third-party suppliers play a huge role in the supply chain maintaining the high service level set by management. This includes the delivery of products, sourcing of flowers etc and warehousing. Suppliers will be checked on accreditation, references and track record within sector behind going into a contractual agreement of supply. Once up and running with supply this will be closely monitored on performance with reporting such as delivered on time and customer reviews etc.

Finally, Moonpig have a strong marketing presence with tv adverts, bright website and also social media posts. To do this and promote the services on offer they work with marketing and creative agencies to create content. These agencies can offer having their adverts played at peak times on networks including ITV and Sky, arranging voice over artist like Natalie Cassidy on the current 2023 adverts and key word checks for searches on engines like google ensuring at the top of the list. On the creative side this would include sound and animations adding to content promoting new developments like the e-cards, video messages and experience days. This resource is managed by the marketing department and directors within Moonpig, before expensive adverts or marketing campaigns are published these would be authorised by the senior management.

How management overview of the development was maintained

Assigned to new developments like e-cards are a project team containing managers who are responsible for overseeing the development from start to finish. These managers monitor the development remains on time, within budget and to the high standard set by the board. In doing they used agile methodologies to break the innovation into incremental stages which are more manageably and allows more regular collaboration with stakeholders. This was first heard of in 2000 by a group of developers by Agile Manifesto. One form of agile methodology that Moonpig use was scrum framework, this is where they use sprints to build the development step by step. As mentioned within this method, collaboration and communication is very important to maintain control over a development like e-cards. The way the communication takes place is by regular meetings and discussions between teams ensuring everyone is aligned with the company's goals and objectives opening a communication channel with project staff and management. Part of these meetings reporting will be used by the managers providing a good overview of the status, key milestones passed or approaching and issues that need addressing, these issues could require approval of added support like resources – time/money as examples. As quoted in Mapping Innovations ([Greg Satell 2017](#)) "The mantra of open source software community is 'with eyeballs, all buys are shallow'" which with the team pulled together and regular collaboration helped maintain the project.

The extent to which you feel this innovation process represents best practice.

I feel that the innovation process for e-cards represents best practice based on the reputation within the industry by recognition of awards and accolades for their innovations and customer service like the UK eCommerce award in 2021 for their app ([Moonpig on LinkedIn: #ecommerce #success #award | 11 comments](#)) highlighting the best practices by their success. Their vision taken from their website () “Our vision is to become the ultimate online gifting companion in our core geographical markets.” and the best practice they use is customer-centric focus to meet their customer needs quoting on their website how ‘They believe that their large and loyal customer base’ can help achieve their objectives and goals.

I also think that best practice was used on this innovation as they used the sensible agile development method to make sure the final product was to the high standard set by the company, we know by breaking down into incremental stages that risks are reduced. With the heavy reliance on external resources, they have their own code of conduct for suppliers which strengthens the process they used to maintain the service level expected which is a great step for a best practice making the innovation within the service package even better.

Your report should also provide your own critique of the whole innovation process and an evaluation (to the extent to which one is possible in the case of very recent innovations) of the success of your chosen innovation.

I believe with the market share and awards which Moonpig have achieved over the years shows how successful they have been with their innovations using best practices to keep ahead of their competitors. They have a lot of data and have conducted basic research within their sector Like Gregg Settle innovation matrix which has supported their innovations. With the knowledge of of certainly the four top peak occasions, they have used this to their advantage on timings to launch the video messaging in time for valentines. A very effective time to launch this which is well thought of and managed by the project leaders and management. With their vision to become the ultimate online gifting companion in their core geographical markets, they maintained consistency within their social media, website and tv. adverts with bright, eye-catching themes which I think had helped grow their audience. The way they have used know technology within their innovation is a great move I feel, the QR code is effective, well known and give their customers what they want with the personal video messages. They have not had to invest in developing something themselves to repeat what a QR code can do. This is a pattern which Moonpig have followed with utilising resources internal and external with their innovations reducing costs as well as time. Moonpig have a very loyal customer base as reported 87% of revenue from existing customers just proves their impressive business and the innovations that keep the customers returning time after time.

Reference

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Greg Satell (2017) – Mapping Innovation – Page 15, 56 & 57

Keith Goffin & Rick Mitchell (2021) – Innovation Management, 3rd Edition – Figure 1.4

[\(Moonpig on LinkedIn: #ecommerce #success #award | 11 comments](#)

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[Key figures | Moonpig Group plc | Moonpig Group plc](#)

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