

MARKETING DEPARTMENT

The Wharton School
University of Pennsylvania

Marketing 221-001 New Product Development Fall 2007

Professor Jehoshua (Josh) Eliashberg
Telephone: 215-898-5246
744 JMHH
Email: eliashberg@wharton.upenn.edu
Office Hours: Weds 3:30 - 5:00 pm
and by appointment

TA: Nicole Verrochi
727.5 JMHH
Tel: 215-898-4795
Email: verrochn@wharton.upenn.edu

Course Objectives

This course focuses on New Product Development and Management and *not* on Established Product (Brand) Management. In today's increasingly competitive marketplace, survival and growth of a firm are largely dependent on its ability to develop new products effectively. New products considered in this class are either revolutionary or evolutionary. New product introductions are expensive and often prone to failure. A systematic approach to the new product development process can significantly reduce the risk of failure.

The New Product Process is comprised of a sequence of stages: opportunity identification, new product ideas/concepts generation and evaluation, designing the new products, pre-testing, test-marketing, launching the new product, and managing the new product after launch. The course will focus more on the early rather than the later stages of the process. Some of the concepts and procedures to be covered in the class are strategic and correspond to the operations of a large corporation. Other concepts are more tactical, and have been employed by entrepreneurs. We will examine and discuss both types of concepts. Special attention will be given in this class to the entertainment industry.

The key objectives of this course are to present students various issues, concerns, and opportunities faced by new product/business managers, to expose students to practical methods employed to facilitate the innovation process, and to give them an opportunity to generate, develop, and test their own ideas. Students will participate in a major team project in groups of *four- five* students.

Readings Packet

In the course we will use a variety of readings, cases, and applications. The most important readings and complete list of cases are contained in the course bulk pack. In addition, lecture notes will be made available on the **course WebCafé**. The readings range from the popular press, to industry practice, to state-of-the-art methods and applications. *Please note that some of the case studies will be discussed only*

if a guest speaker will have to cancel the visit. The level of class discussion and how much you gain from it depend in large degree on your preparation of the assigned readings. To provide you with the incentive to prepare well, you will be graded on class participation. Note, however, that not *all* readings will be covered in class. Some of them have been selected for independent readings that you will find helpful as you go through the project. Additional readings may be assigned for class discussion as the term progresses.

In addition to the readings packet, the following books have been placed on reserve in the library. They will give students an opportunity to learn more deeply about topics discussed briefly in the class.

Books on reserve in the library:

Urban, G. L. and J. R. Hauser, Design and Marketing of New Products.
Cooper, R. G., Winning at New Products.
Crawford, C. M and A DiBenedetto, New Products Management.

Grading

Evaluation of your performance will be based upon the following:

A. Individual	Class participation	25%
B. Group	Project Part 1-Opportunity analysis	25%
	Project Part 2-Developing a business plan	45%
	Project: Class presentation	5%

Group Project

To facilitate learning, interest, and involvement, you are required to participate in a major group project, which is divided into two parts. There will be a deliverable for each part. The project is meant to help each student apply the classroom learning and independent readings to practical applications. This “learning by doing” will help each student synthesize the class discussions as well as relevant readings-based concepts and sharpen his/her understanding of the material. Due dates for each part of the project are indicated in the course schedule. In practice, many new products or services are developed by new product teams which usually consist of diverse members drawn from R&D, engineering, production, marketing, finance, and line management. To simulate this environment, form your own group but try to keep it diverse in terms of backgrounds and interests. Peers evaluation will be taken into account in determining the individual grades. Also, choose a project leader. Finally, the nature of the projects is such that it is highly recommended that each group will have at least one member possessing marketing research background.

Each group of *size 4-5* will be asked to define the organization that they represent, (e.g., a major packaged goods firm, or an entrepreneur). To begin the project, you will be asked to identify a promising market in which your organization can successfully innovate. I strongly recommend that you start thinking about the project right away.

Class Discussion and Participation Grade

Each student is expected to contribute regularly to class discussion, as called upon by the instructor and on a voluntary basis. To a substantial extent, the benefit that a student derives from the course is related to his/her viewpoint with respect to the critical judgment of the class, and to his/her active participation in building upon the ideas of others.

The class participation grade comprises 25% of your grade. As you know, this grade is subjective. The factors that will go into consideration of the determination of this grade include: *managerially useful analytical interpretation* of case facts, making *insightful comments* rather than repeating case facts, *relevance and depth of comments* rather than frequency of comments, *ability to synthesize and add* to others' comments, *how well you respond* to my questions, etc.

The grade will not be a function of “air time.” I shall try to be as fair as possible in giving equal “air time” to every member of the class. In any class there are some who would like to speak more often than others. I do not like the idea of a few monopolizing “air time.” I would like to provide an opportunity for those who are “minimum talkers” to speak out during the discussions.

I believe that your attendance in the class is a very important factor that shows your basic level of interest in the subject matter. I shall *not* mark you down if you are absent from *only one* class, but I shall mark you down significantly for every subsequent class that you miss.

I am aware that some of you may have to miss class occasionally. I expect that you will let me know in advance when you have to miss class. Such notice would not constitute being absent. *If you would be absent from a case discussion class, you have the option of emailing me a one page single spaced write-up of the case before the class meets. If I get it on time, I shall use the write-up in lieu of class participation to assign points to you for that class.*

Course Prerequisites

Completion of Introduction to Marketing. Individuals who have had Marketing Research will be more at ease in some parts of the project.

Tentative Course Schedule, Readings, and Assignments

Notation: C - Case discussion; P - Project

FYI	Date	Session #	Topics/Cases/Additional Readings	Bulkpack Readings (BP)
	Sept 5	1	Introduction Course description and scope The assignments Administrative issues Key Issues in New Product Development	
	Sept 10	2	The New Product Development Process: An Overview Enhancing the likelihood of success Reexamining some conventional wisdoms Some useful frameworks and tools	<i>Business Week</i> (1993) House & Price (1991) Copper (1999, 2001) Kahn (2000)
	Sept 12	3	Challenges and Opportunities in the Motion Picture Industry	Eliashberg, Elberse, and Leenders (2006)
C,P	Sept 17	4	Analyzing and Sizing Macro Opportunities: Case Study E.T. Phone Home, Inc. Be prepared to: Evaluate the interaction with consumers employed in Cleveland by Digitron Evaluate the Demand Forecasting Model developed by Digitron <i>Due at the end of class:</i> Names of team's members	C4 Lynn, Monroe, and Paulson (1996)
	Sept 19	5	Application/Guest Speaker/Case	
	Sept 24	6	Estimating Market Potential and Forecasting Demand Methods commonly employed in practice Strengths, weaknesses, appropriateness	Bass (1969)
P	Sept 26	7	New Products Concepts Generation and Evaluation Ideas generation Ideas screening Concept development and testing <i>Due at the end of class :</i> Assignment #1: Opportunity identification at the macro (category) level and new products <i>ideas</i> generation	Rochford (1991) Stasch, <i>et al.</i> (1992) Hard up for a Plot (<i>NYT</i> 1991)
	Oct 1	8	Application/Guest Speaker/Case	
	Oct 3	9	Moving Towards Launch: Analyzing and Designing Positioning Strategies What constitutes an effective product/service positioning Methods for analyzing positioning Considerations in designing a positioning strategy	

FYI	Date	Session #	Topics/Cases/Additional Readings	Bulkpack Readings (BP)
	Oct 8	10	Application/Guest Speaker/Case	
C	Oct 10	11	Preparing the Launch Strategy and Post-Mortem Analysis: Star Wars, Time Inc and New Magazine Development, The Last of the Mohicans (1992)	C2, C3
P	Oct 17	12	<i>Projects: Class Presentations</i>	
P	Oct 22	13	<i>Projects: Class Presentations</i> Due at the end of class: Assignment #2: Developing the Business Plan for the new product idea	

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MKTG 221/753

Professor J. Eliashberg

Fall 2007

BP Readings: Table of Contents

Articles

- Flops, *Business Week* (August 1993).
- House and Price (1991), "The Return Map: Tracking Product Teams" (HBS# 91106).
- Cooper (1999) "The Invisible Success factors in Product Innovation," *Journal of Product Innovation Management*, 16, 115-133.
- Cooper, Edgett and Kleinschmidt (2001), "Overhauling the New Product Process: Stage Gate Methods-- A Synopsis," Appendix A in *Portfolio Management for New Products*, 2nd Edition, Cambridge, MA: Basic Books.
- Kahn (2000) "The PDMA Glossary for New product Development," Appendix in Kahn, *The PDMA Handbook of New Product Development*, New York: Wiley, 546-571.
- Eliashberg, Elberse, Leenders (2006) "The Motion Picture Industry: Critical Issues in Practice, Current Research and New Research Directions", *Marketing Science*, Vol. 25 (6), 638-661.
- Hard Up for a Plot? Get with the Program, *New York Times* (September 1991).
- Lynn, Morone and Paulson (1996) "Marketing & Discontinuous Innovation," *California Management Review*.
- Rochford (1991) "Generating and Screening New Product Ideas", *Industrial Marketing Management*, Vol. 20, pp.287-96.
- Stasch *et al.* (1992) "Developing a Framework for Sources of New-Product Ideas" *The Journal of Consumer Marketing*, Vol. 9 No.2, pp.5-15.
- Bass (1969), "A New Product Growth for Model Consumer Durable" *Management Science*, Vol. 15, pp.215-227.

Cases:

- C1. Honeywell Residential Division (9-689-035)
- C2. Time Inc. and New Magazine Development (A) (9-792-035)
- C3. Earnest, O.J., "Star Wars: A Case Study of Motion Picture Marketing"
- C4. E.T. Phone Home Inc.: Forecasting Demand (9-583-121)
- C5. Polyphonics HMI: Mixing Music and Math (9-506-009)

Some Other Useful Notes:

- N1. Concept Testing (HBS# 9-590-063)
- N2. Conjoint Analysis (HBS# 9-590-059)
- N3. Managing the New Product Development Process (HBS# 9-592-011)
- N4. Marketing Research (HBS# 9-585-039)
- N5. Research Methods in Marketing: Survey Research (HBS# 9-582-185)

Group Project Self-Evaluation Form

The purpose of this evaluation form is to communicate the contribution of each individual in the group. Do this by allocating points among group members: give more points to individuals who did more work or for some reason deserve more credit; give less points to individuals who did less work or for some reason deserve less credit. The total points available for the entire group **including yourself** is 100. Therefore, if there are five members in your group, and if you feel that each member did their fair share of the work, then give 20 points to each member. If you give one or more members more than 20 points, then one or more other members must receive less than 20 points. I will consider confidentially all of the evaluations turned in by the group and any other relevant information that emerges during the term in assigning points for the Individual Effort component of the project. (Of course, you may as a group decide jointly how you will make the point allocations, if you so desire.)

Project Title:

	Group Member	Points
Your Name:	_____	_____
Other Members:	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
Comments (if any):	_____	_____
	_____	_____
	_____	_____
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