

**MARKETING DEPARTMENT**  
**The Wharton School**  
**University of Pennsylvania**

**MKTG 221: New Product Development**

Spring 2008

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This course is a total immersion in the New Product Development Process, from the sourcing of new product ideas and innovation through to new product sales and profit forecasting. The focus will be on *collective learning* and *sharing* of best industry practices, what works, what doesn't and why. Numerous case histories from bulk pack *and* from the instructor's experience (yes, we will discuss "New Coke") will be used to illustrate key issues.

Guest lectures from leading practitioners will further the objective of bringing the *marketplace into the classroom*.

### **Reading Materials**

1. Bulk Pack, available from Wharton Reprographics
2. (Optional) Students are encouraged to "keep up" with current new product events by reading the *WSJ*, *Ad Age*, *Business Week*, *Adweek*, etc.

### **Course Schedule**

A course schedule is attached along with the team project. Our journey will take us from strategic planning to concept generation, evaluation systems, product or service protocols/specifications and commercialization. There is no textbook as we will utilize a bulk pack and a myriad of past and current case histories. New Product Development is a dynamic process— rules of thumb and history are helpful, but creative thinking, timing, and "serendipity" also play a strong role.

Everyone is expected to contribute to class discussions. It is especially important to read and prepare discussion issues for the case studies prior to class. I am comfortable calling for participation from anyone at any time—so if you are not prepared, please let me know before class to avoid embarrassment.

I want to get to know you—and not just for grade purposes. Please use the name cards regularly in class and take the same seat in class. This is a "compressed" course of only 12! classes; therefore, missing classes can be a major challenge.

## Grading

Grades will be weighed as follows:

- Team project (includes peer “bonus”/“penalty”) 50%
- Individual writing assignment 30%
- Class Participation 20%

Class Schedule to follow

# Marketing 221

## New Products Outline

### 1. Strategy

- Business Strategy – Porter
- Strategic Planning
- Opportunity Identification
- Product Innovation Charter, Stages and Gates

### 2. Concept Generation

- Innovation
- Sources of Ideas
- Tools
  - Perceptual maps/Gap analysis
  - Problem tracking
  - Conjoint/choice modeling
  - Ideation/Creativity: Syntectics, Doug Hall's "Jump Start Your Brain," Others

### 3. Positioning, Concept Screening, and Evaluation

- Positioning
- How to write a concept
- Concept screening/optimization
- Concept evaluation

### 4. Product Development and Evaluation

- Product protocol
- Product optimization/testing

### 5. Market Development, "Commercialization"

- Packaging
- Pricing
- Communication/advertising

### 6. Pre-launch Forecasting

- Simulated test market
- Test markets

## **7. Launch**

- Tracking

## **8. New Product Issues**

- Speed to market
- Case studies (3M, Lipitor, Frito Lay, New Coke, Today's Taste, Intelligent Cuisine, , Peapod, Webvan, Amazon, Benecol, Snackwells)
- The new products manager

## Marketing 221 Class Schedule

Session	Topics (s)	Reading	Cases/Presentations
1.10/26	Introduction, Definitions	BP1, 2, pg. 1-40	“Why New Products Fail”
2.10/31	Strategy/Strategic Planning Opportunity Identification	BP 3, 4, WebCafe Pg. 41 -91	Snackwells, pg.443-445 <b>Teams formed</b>
3.11/02	Sources of Ideas, Problem Tracking, Stages/Gates	, WebCafe Pg 92-134, 489-493, 509-513	3M, D.O. Winners, Pg. 454-465
4.11/07	Ideation/Creativity	Pg. 135-218	Nexium, Absolut, pg. 482-483
5.11/09	Positioning, Marketing research Tools, Qualitative, Quantitative	WebCafe Pg. 219- 265	WOW! Pg 466-470
6.11/14	The Concept – writing, developing, screening, evaluating	WebCafe	Lipitor, “Youth Pill” Pg. 471-474 Colgate Total
7.11/16	Protocol, Design, “IDEO”, Product Testing	BP, WebCafe, Pg. 267 -294	BK Fries, pg. 475-480
8.11/21	Commercial Development, Package, Price, Name, Promotion	BP9 Pg. 295-346	Packaging Presentation
9.11/28	Guest, Lisa Walker, New Business Director, Campbell’s Soup		
10.11/30	Dress Rehearsal, Models (ESP, ATAR), “Buzz, Launch and Tracking	BP10, 11 Pg 347- 440.	“New Coke” <b>Writing Assignment Due</b>
11.12/5	Team Presentations	“Start Me Up!”	
12.12/07	Team Presentations		
		“	

## Marketing 221

### Team Project Description

#### Project Definition

Develop a detailed product/service concept and preliminary business plan in one of the following markets:

- Financial services or other service market
- New beverage, food product or health or beauty aid
- High tech/communications product/service
- New toy/game
- Health and beauty Aid

Each proposal should be supported and a **solid evidence** of:

- Strategic analysis of the category
- Creative brainstorming
- Primary and secondary research including **concept screening and/or evaluation**
- Positioning statement/formula and a “Concept Board”
- Year one (1) marketing plan and pro-forma P&L

#### Objectives

Obtain a *hands on* experience in the total new product development process – from new product strategy development to idea generation, marketing research, positioning, sales projection, advertising, and preliminary financial planning. Prepare the plan as if it were to be presented to a venture capital firm for financing or the owner/company of the brand you are launching. A “personal progress” sheet is attached. It is optional, but if turned in at the beginning and end of the course could positively affect your class participation grade. A team member/peer assessment sheet is also attached.

#### Schedule

You should form group teams of 5-6 members. Key milestone dates include:

**Week 1:** Project briefing. By the second class, each group must submit a list of members and the name of the group *coordinator*. It is suggested that each group designate an idea *coordinator*, a *market research coordinator*, and *economic/financial coordinator* and a *presentation written report coordinator*.

**Week 2:** Meet with group; assign responsibilities, brainstorm about the category/problem/opportunity. Prepare a **New Product Development Strategy Charter** for your team (use Coca Cola format).

**Week 3:** Meet with group. Submit your strategy charter. Continue idea generation. Begin to write concept statements/boards. Attach innovative concepts and ideas to your charter if you have some. Begin secondary research and design primary research.

**Week 4-5:** Complete research, analyze results (preliminary concept screens/evaluations – telephone, focus groups, in house testing with students, etc.). Write positioning statement/formula. Begin preparation of final business report/presentation.

**Week 6:** Finalize presentation/report. The focus should be to sell the sponsor/client. The report should be typed, double spaced, no more than twelve (12) pages, not including tables, exhibits.

**Week 7:** Present on Tuesday or Thursday. Report due in last class.

Report format suggestions:

- Executive summary (1 page)
- Product positioning statement (1/2 page)
- Concept board or statement (1 page)
- Technical analysis (costs, production process if indicated (1-1 ½ pages)
- Market analysis (3 pages)
  - Consumer analysis
  - Competitive analysis
  - Market potential
- Marketing plan (up to 3 pages) (price, distribution, advertising, promotion, media, long range strategy)
- Financial analysis (sales forecast, preliminary P&L, risk analysis)
- Appendices

## Assessing Your Progress in New Product Development

Rate yourself on the following items from

*0 = poor to 10 = excellent.*

	Assessment			Your Goals Where will you be at the end of the course?"
	Start of Course	Mid- Course	End of Course	
1. I could manage a venture group.	_____	_____	_____	_____
2. I can aid the creative process in a group.	_____	_____	_____	_____
3. I know the key factors related to developing a successful new product.	_____	_____	_____	_____
4. I know how to forecast demand for a new product.	_____	_____	_____	_____
5. I know how to evaluate a venture proposal.	_____	_____	_____	_____
6. I can prepare an effective venture proposal.	_____	_____	_____	_____
7. I know how to structure a new product development program.	_____	_____	_____	_____
8. I am good at formal planning.	_____	_____	_____	_____
9. I could convince people to give me venture capital.	_____	_____	_____	_____
10. I know how to design a product.	_____	_____	_____	_____
11. I know how to examine legal and ethical aspects related to products.	_____	_____	_____	_____
12. I know how to do research to assess a new product proposal.	_____	_____	_____	_____
13. I know how to orally present a research report.	_____	_____	_____	_____
14. I know how to write an effective management report.	_____	_____	_____	_____
<b>Totals:</b>	_____	_____	_____	_____

\_\_\_\_\_  
Your Name (please print)

Fall 2006



## Team Member Evaluation Form

This is a confidential evaluation form for use by the professor. Please indicate the number or grade intervals above (+) or below (-) the group mean that you feel this person's grade should be. The averages *must* be zero. Thus, if the group averages was B+ and you assign a +1 to "Sally" and a -1 to "Jim," Sally would get an A- and Jim a B. You can use fractions. I will round the average to the nearest value. Grades are to be assigned on the basis of relative *value* of the person's contribution to your group's project. Value is a combination of quality and quantity, with emphasis on quality.

When your form is completed, put it in an envelope, seal it, and hand it in. Your evaluation is completely confidential.

Signature: \_\_\_\_\_

Your name: \_\_\_\_\_

Name of project: \_\_\_\_\_

*Do not include your name in the list below.*

Names of Group Members	-	0	+
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
	(Note: + column must equal - column)		

**If you think the members of your group are doing poorly, don't surprise them. Keep them informed. Perhaps you should help them place in another group. Or give them the opportunity to withdraw from the course. I will let them do so at no penalty.**

*Please add comments:*

## Why New Products Fail

- Me Too New Products, not unique, not new!
- Lack real consumer **benefit**
- “It’s What’s Up Front that Counts”
  - Lack of research
  - Poor or misused research
- Unrealistic time pressure(s)
- Confused poisoning (target group, main benefit, support of the benefit)
- Lack of coordination between marketing and R&D
- Product/Service doesn’t live up to its promise (result? – poor repeat rate)
- Marketing support pulled too soon (result? – low repeat rate, “sophomore year slump”)
- (For packaged goods) – ignoring trade considerations, slotting, rejection, etc.
- The “Gun’s of August” syndrome – new products pick up dangerous momentum