

The Wharton School
University of Pennsylvania

MKTG 221-002: New Product Management
Fall 2009 Room GMHH 260 3:00-4:30

NOTE: This syllabus is tentative. Minor changes might be made.

Administrative details

Professor: Renana Peres, Room: 753, Tel: 898-7777
Email: peresren@wharton.upenn.edu

Office Hours: By appointment (I am around most of the time, email or call and we set a time)

Web Café Address: <https://webcafe.wharton.upenn.edu/eRoom/mktg/221-fa09-1>

Overview and objectives

Successful introduction of new products to the market is the daunting task of many marketing executives. Millions of new products are introduced to the market each year. Whether you work for a startup or a large company, whether you sell products or services, and whether your customers are individual consumers or companies – most of the chances are that you will be involved in the development and marketing of a new product throughout your career. This is no an easy task, and unfortunately, 90% of the new products fail.

All the marketing tools you acquired so far are relevant to new products. In this course we focus primarily on state of the art frameworks, concepts and tools that have been *recently* validated by innovative companies. We structure our learning around the following basic steps of the innovation process:

1. Opportunity identification
2. Idea generation
3. Design
4. Testing
5. Launch
6. Growth of markets of new product

In summary, this course is intended to

- Familiarize you with the concepts new product design and development.
- Introduce you to the important managerial issues in new product design

- Present you with the state-of-the art methods for in new product ideation, design, development and marketing.

Learning methods

The course uses a combination of lectures, cases, class discussions and readings.

Lectures will be used to introduce new concepts, frameworks and tools that are important for conducting a thorough marketing analysis and developing marketing strategy and programs. These lectures will be interactive rather than simply a monologue.

Lectures will be used to introduce new concepts, frameworks and tools that are important for conducting a thorough marketing analysis and developing marketing strategy and programs. These lectures will be interactive rather than simply a monologue. Typically, the slides are not complete and will need to be annotated during the lectures, so if you miss a class you will need to get annotations from a colleague.

You will be asked to read the required material from the reading list below before each class. You are expected to be able to participate in class discussions based on these readings. The lectures will complement the text and will not attempt to cover all points raised in the reading.

In addition, we discuss cases, which illustrate managerial dilemmas and market scenarios. The cases are contained in the course reading packet. Additional material will be posted on the course Website.

Assessment

- | | |
|------------------------|------------------|
| 1. Class Participation | 20% (individual) |
| 2. 2 Case Write-ups | 30% (pairs) |
| 3. Summary problem set | 10% (individual) |
| 4. New Product Project | 40% (pairs) |

Class participation

Regular class participation is expected and will be a part of the grade. Grading class participation is necessarily subjective. Basically it will be based on my impression on your reading and understanding the material in your reading list, and on your ability to articulate it in class discussions.

1. Readings:

You will be asked to read the required material from the reading list below before each class. The lectures will complement the text and will not attempt to cover all points raised in the reading. Much of our discussion in class is based on the readings.

Your course Reading Pack on Study.net contains the cases and some of the material. Papers that do not require royalties clearance are posted on the course Web site.

2. Class Discussions:

Some of the criteria for evaluating effective class participation include:

- a. Is the participant prepared? Do the comments show evidence of deep case and readings analysis (vs. stating the facts)?
- b. Is the participant a good listener? Are the points made relevant to discussion?
- c. Is the participant an effective communicator? Are concepts presented in a concise and convincing fashion?

You should be prepared for all case discussions on the cases and the reading materials. In addition, be expected to be “cold called” during a discussion, either about a case or a reading.

Case Write-ups

You will be asked to submit 2 case reports. The cases describe managerial scenarios which require strategic decisions.

Case1: Timberland

Case2: Genomic Health

In each write-up, describe the main managerial dilemma, and analyze the situation based on the course terminology and the tools learned here and in other marketing courses. Choose one or two relevant analysis frameworks or models and apply them to the case. Specific guidelines for each case will be posted on the course Web site. *Reports will be submitted in pairs*, the typical length of a case report is 3 pages written in 1.5 lines space, font 12.

The cases will be discussed in class. The case discussions are a critical component of the learning process for this course. You should be prepared for all case discussions. You will be evaluated on both the quantity *and* quality of the participation.

New Product Project

Many new product courses ask you to come up with an idea and a marketing plan for a new product. However, this is a mini course, and it is hard to come up with a good plan in just seven weeks. Instead, you will be asked to choose an existing product that you like, and that you think you could have information on its early days.

Using the tools learned in this course and in other courses, you will be asked to analyze the development process of the new product – from the ideation stage, through the development, launch and early stages of growth.

Submission date for the project is last class, Dec 9th.

On Wed Nov 11th, please submit the names of the project's team members, the product you chose, one paragraph on why you chose this product, and another paragraph on your possible information source.

The detailed guidelines for the project are at the end of the syllabus.

I look forward to meeting you on the first day of class. If you have any questions regarding the course, please feel free to contact me.

Course detailed outline

SESSION	DAY	DATE	Topic, Methods, and Readings
1	Mon	Nov 2	<p>Introduction –</p> <ul style="list-style-type: none"> • Course goals and objectives • What is a new product? • Why do most new products fail? • The new product development process
2	Wed	Nov 4	<p>Opportunity identification</p> <ul style="list-style-type: none"> • Blue Oceans and Black Swans <p>Reading:</p> <ol style="list-style-type: none"> 1. Kim, W. Chan, and Renée Mauborgne, “Blue Ocean Strategy, <i>Harvard Business Review</i>, October 2004. 2. Also: Search the Web for "The Black Swan" idea by Nassim Nicholas Taleb. <p>Optional Reading:</p> <ol style="list-style-type: none"> 1. Kim, W. Chan, and Renée Mauborgne (2005), “Blue Ocean Strategy”, Harvard Business School Press: Boston, MA. 2. Nassim Nicholas Taleb (2007), "The Black Swan", Random House, NY.
3	Mon	Nov 9	<p>Opportunity identification – from the market</p> <ul style="list-style-type: none"> • User based innovation • Open innovation <p>Reading:</p> <ol style="list-style-type: none"> 1. Browse http://www.toyotawhynot.com/#/home 2. Press releases from LEGO: “More than 9,600 people worldwide answered LEGO MINDSTORMS call for 100 “NXT” great developers”; “Hackers, get ready! LEGO group announces open source firmware, developer kits for LEGO MINDSTORMS NXT”. Browse LEGO website for an updated status. 3. The Crowd is wise, by Steve Lohr (2009) NYTimes 7/18/2009 <p>Optional reading:</p> <ol style="list-style-type: none"> 1. Malone Thomas W., Robert Laubacher, and Chrysanthos Dellarocas (2009), " Harnessing Crowds: Mapping the Genome of Collective Intelligence", Working paper.
4	Wed	Nov 11	<p>Case submission and discussion: Timberland</p> <p>Innovation at Timberland, Thinking Outside the Shoebox. 2008. Product no. : 9-306-964</p> <p>Also Submit:</p> <p>The names of the project's team members, the product you chose, one paragraph on why you chose this product, and another paragraph on your possible information source.</p>
5	Mon	Nov 16	<p>Opportunity identification – from technology</p>

			<p>A guest lecture by Mr. Shlomo Abas, SIT “Ideation templates for new product”</p> <p>Reading:</p> <ol style="list-style-type: none"> 1. Goldenberg, Jacob, Roni Horowitz, Amnon Levav, and David Mazursky, (2003) "Finding your Innovation Sweet Spot", <i>Harvard Business Review</i>, March. <p>Optional Reading:</p> <ol style="list-style-type: none"> 2. Goldenberg, Jacob, David Mazursky, and Sorin Solomon, (1999) "Creative Sparks", <i>Science</i>, Vol. 285, 3 September.
6	Wed	Nov 18	<p>Opportunity identification – balancing both methods</p> <ul style="list-style-type: none"> • Lead Users • Empathic design <p>Reading:</p> <ol style="list-style-type: none"> 1. Martin, Justine, Ignore your customers, <i>Fortune</i> 1995 131 (8) (1, May) 2. von Hippel Eric, Stefan Thomke and Mary Sonnack (2001) , "Creating Breakthroughs at 3M" <i>Harvard Business Review</i>, On Point Article Product: 6110-PDF-ENG <p>Optional Reading:</p> <ol style="list-style-type: none"> 1. Leonard Barton, Dorothy, and Jeff Rayport (1997) Spark Innovation through Empathic Design, <i>Harvard Business Review</i>, Nov-Dec 1997 75 (6). <p>Note: This class was moved from the 28th, which is a Jewish holiday.</p>
7	Mon	Nov 23	<p>Product design and development</p> <ul style="list-style-type: none"> • Optimal number of product varieties, mass customization <p>Reading:</p> <ol style="list-style-type: none"> 1. Gilmore, James and Joseph Pine (1997), "The Four Faces of Mass Customization", <i>Harvard Business Review</i> Jan. Product number 97103. <p>Optional Reading:</p> <ol style="list-style-type: none"> 1. Netessine S. and Taylor T (2007) Product Line Design and Production Technology, <i>Marketing Science</i> 26(1) 101-117.
8	Wed	Nov 25	<p>Concept Testing</p> <ul style="list-style-type: none"> • Test markets, Simulated stock markets <p>Reading:</p> <ol style="list-style-type: none"> 1. Second Life Lessons, by Reena Jana and Aili McConnon <i>BusinessWeek</i>, Oct-30th-2006 2. Second Chance for Second Life, by Scott Morrison, <i>Wall Street Journal</i> Aug-19th-2009 3. Ho, Teck-Hua and Kay-Yut Chen (2007) “New Product Blockbusters: The magic and Science of Prediction Markets”, <i>California Management Review</i> 50 (1).
9	Mon	Nov 30	<p>Launch</p> <p>Case submission and discussion: Genomic health</p> <p>Genomic Health: Launching a Paradigm Shift and an Innovative new test.</p>

			2006. Product no: OIT-49
10	Wed	Dec 2 9:00- 10:30	Guest Lecture – New fashion Products Note: Class time was changed to the guest lecturer’s constraints. It will be taken with the MBA students.
11	Mon	Dec 7	Growth of markets of new products <ul style="list-style-type: none"> • The Bass diffusion model • Saddle Reading: <ol style="list-style-type: none"> 1. Forecasting the Adoption of a New Product (HBS# 505-062) 2. Goldenberg, Jacob Barak Libai and Eitan Muller (2002), "Riding the Saddle: How Cross-Market Communications Can Create a Major Slump in Sales", <i>Journal of Marketing</i> 66 pp.1-16.
12	Wed	Dec 9	Growth of markets of new products <ul style="list-style-type: none"> • Agent based models to describe growth • International launches • Brand communities Reading: <ol style="list-style-type: none"> 1. Libai, Muller and Peres (2005), "The Role of Seeding in Multi-market entry", <i>International Journal of Research in Marketing</i> 22(4) 375-393. Submit: Final Project

Remark: Case reports and project should be submitted in hard copy in the beginning of the session in which they are discussed.

Note: Submit **summary problem set** on Dec 16th to my mail box on 7th floor, by noon.

Project guidelines

1. Choose an existing product or service that you are interested in, and was once a new product. It can be a durable, food, technology, entertainment, service, or any product you think about which was offered commercially to the public. It does not have to be a recently launched product, but choose a product you can obtain as much information on its ideation, development and launch process.

2. Gather the information on the product. Write descriptive 1-2 pages summarizing the main info about the product, the target market and the firm.
3. Using the concepts and terminology learned in our course and in other courses, analyze the process this product went through. Specifically, relate to:
 - a. Where did the idea for the product come from? Is this a technology or a market innovation? Is it derived from another product using ideation templates? Were lead users used? Did the firm use any methods of empathic design? After describing what happened, relate to the things which should or could have happened. Could the company use any of the ideation tools we learned? How they would have improved the product?
 - b. Is the product a blue ocean? Is this a Black Swan (in the sense of exploiting a trend or an opportunity that others did not see)?
 - c. How many product varieties were offered? Was mass customization used? Should the firm have used it?
 - d. How was the product tested before launch? Could the firm have used methods such as virtual stock market, or other methods we learned?
 - e. Could you forecast the growth of the market for the innovation using the Bass model? Did the product experience a saddle?
 - f. How was the product launch?
 - g. What obstacles and difficulties did the firm face during the process? Could they make better decisions? What were the mistakes? Where did the company do well?
 - h. What is the status of the product today, what would be the next steps you suggest?
4. Note that you do not have to relate to all the issues listed above. Choose those which are the most relevant. Combine nicely and elegantly the descriptive analysis (what happened), analysis using the tools we learned, and normative analysis (what should have happened). Make it a critical review.
5. Remember to use the course tools and terminology, and explain your arguments. Avoid general statements (the company could go international) and explain why (...because of the improvement in infrastructures in Africa).
6. Provide references to your sources; do not use a fact without the appropriate reference. For Web site references, the link.
7. The project will be submitted in pairs, it should be no longer than 10 pages, written in 1.5 lines space, font 12, in hard copy. Data sources and calculations can be attached in the Appendix. Tables and figures should be part of the text. No need to fancy binders and folders, just staple on the top left corner. Printing on two sides is most welcome.
8. Submission date for the project is last class, Dec 9th.
9. On Nov 11th, please submit the names of the project's team members, the product you chose, one paragraph on why you chose this product, and another paragraph on your possible information source. Once I approve it, you can start working.
10. The grading key is: 30% quality of information collection, 40% quality of analysis and using professional terminology, 20% writing, 10% originality.