

MARKETING DEPARTMENT
The Wharton School
University of Pennsylvania

MKTG 221: New Product Development

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Office Hours:

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 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 a lot of Campbell's Soup new products and "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*. Current and recent David Ogilvy Award new product winners will be presented via DVD

Reading Materials

1. Course 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

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New Products Outline

1. Strategy

- Business Strategy – Porter
- Strategic Planning
- Opportunity Identification
- New Product “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/Design
- 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, Snackwells and many others)
- The new products manager

Marketing 221 Class Schedule

| Session | Topics (s) | Reading | Cases/Presentations |
|----------|---|---|---|
| 1.03/15 | Introduction, Definitions | Pg.1-50 | “Why New Products Fail” |
| 2.03/17 | Strategy/Strategic Planning Opportunity Identification | Pg. 51-104 WebCafe | Snackwells, pg.491-494 Teams formed |
| 3.03/22 | Sources of Ideas, Problem Tracking Stages and Gates, Trends | Pg. 105-146- 149 WebCafe, 535- 539 | 3M Pg.497-508, 519 |
| 4.03/24 | Ideation/Creativity | Pg. 147-235 . | Nexium, Absolut, pg.520- 521 |
| 5.03/29 | Positioning, Marketing research Tools, Qualitative, Quantitative | WebCafe Pg. 237-305 | |
| 6.03/31 | The Concept – writing, developing, screening, evaluating | WebCafe | Lipitor, “Youth Pill” Pg. 509-514 Colgate Total |
| 7.04/05 | Protocol, Design, “IDEO”, Product Testing | WebCafe, Pg.307-336 | B.K French Fries |
| 8 04/07 | Commercial Development, Package, Price, Name, Promotion | Pg.337-402, | Packaging Presentation |
| 9.04/12 | Guest, Irene Chang Britt, V.P. Campbell’s Soup | | |
| 10.04/14 | Dress Rehearsal, Models (ESP, ATAR), “Buzz,” | Pg 403-448 | “New Coke” |
| 11.04/19 | Launch and Tracking , Entrepreneurs/Venture Capital | Pg. 449-488, 531-533 541-557 | “20’s” Assignment”, Writing Assignment Due |
| 12.04/21 | Team Presentations | | |
| | | “ | |
| 13.04/26 | Team Presentations | | |

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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.).

Week 3: Meet with group. . Continue idea generation. Begin to write concept statements/boards. 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. | _____ | _____ | _____ | _____ |
| Totals: | _____ | _____ | _____ | _____ |

Your Name (please print)

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 | + |
|------------------------|---|-------|-------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
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| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| | (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 positioning (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