NEW PRODUCT DEVELOPMENT
MARKETING 7218
Spring 2014

Professor: Dr. Deborah Mitchell
Office: Fisher 512
Contact: mitchell.1120@fisher.osu.edu (email); (614) 531-9995 (cell)
Office Hours: by appointment

Course Overview

Peter Drucker, groundbreaking business writer, consultant and teacher, famously said:

“The business enterprise has two and only two basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs.”

In this class we will examine and weave together both of these functions!

Innovation is necessary for organic, sustainable growth. While there are many types of innovation—for example, innovation in processes or business models—product innovation is a high profile, high-stakes arena where the development of new offerings is the focus. New markets, and new platforms for growth, are created when new offerings are developed and launched.

While new products and services are vital to the success of all companies, innovation is risky and most new products fail in the marketplace. Very often, ineffective marketing is the primary cause of new product failure. Marketing plays a fundamental role throughout the cross-functional development process and takes center stage during launch. Thus expertise in the design and marketing of new products is a critical skill for all managers, inside and outside of the marketing department.

The development of new offerings is a challenging, rewarding activity that requires interdisciplinary skills as well as collaboration with multiple functions across the firm. The topics in this class span a range of disciplines to reflect this imperative. You will also be introduced to “design thinking” techniques and learn new creativity skills that can be applied in all aspects of life. We will focus on the tools and techniques associated with analyzing marketing opportunities and then designing, testing and introducing new products and services. Both quantitative and qualitative approaches are covered.

This is a practical, hands-on course where students go through several of the activities of new product development in small teams. Students who take this course will find immediate applications if they work in product development, program management, brand and product management, or in operations or services related to new products. More broadly, the course is intended for students who are interested in working on new product innovations, both in entrepreneurial ventures and in established companies.
Course Objectives

- To understand the new product development process.
- To learn how to integrate the customer and knowledge of the customer into this process.
- To learn and apply concepts and tools appropriate for new product development.
- To go through the new product development process by conceiving and developing a new product or service.

Course Materials

Required Readings
I have selected a defined set of articles. Some articles are posted at our Carmen course; the remainder will be available for purchase as a course packet (in both hard copy and digital format) from Harvard Business School, utilizing a link on Carmen.

Recommended Books
There are two e-books that are recommended (but not required) for the course. I will reference optional readings that can be found in these books, but again: they are not required materials that must be obtained in order to take the course. I recommend renting the Ulrich and Eppinger book rather than purchasing it. The Stickdorn and Schneider book is a paperback, available in digital format. (Note, both of these books are available in hard copy if you prefer that format for an additional price.) Titles, authors and pricing information are provided below:

1. **Product Design & Development** (5th Edition), Karl T. Ulrich and Steven D. Eppinger. This book rents for approximately $51-$66 from Amazon, available at the following link:
   http://www.amazon.com/Product-Design-Development-Karl-Ulrich/dp/0073404772/ref=sr_1_1?ie=UTF8&qid=1381333736&sr=1-1&keywords=product+design+and+development

2. **This is Service Design Thinking** by Marc Stickdorn and Jakob Schneider. This book is costs approximately $15 in digital format, available at the following link:
   http://www.amazon.com/This-Service-Design-Thinking-Basics/dp/1118156307/ref=sr_1_1?ie=UTF8&qid=1381333909&sr=1-1&keywords=service+design+thinking

Course Website
Copies of class materials, readings not contained in the course packet and other relevant content will be posted at the Course Website in Carmen.
Bases for Evaluation and Feedback

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Weight</th>
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<tbody>
<tr>
<td>1. Team Project</td>
<td>60%</td>
</tr>
<tr>
<td>2. Reflection Paper</td>
<td>25%</td>
</tr>
<tr>
<td>3. Class Participation and Other Individual Contributions (including Design Journal)</td>
<td>15%</td>
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</tbody>
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(1) Team Project

The team project is intended to replicate the entire development process of a new product/service. Although seven weeks seems to be a short time horizon, often product development must be completed in a similar window. Ideally, the progression of your project will mirror that of the course material.

You will need to form a 5-7 person team. Please take the time to put together a team that will work together well in terms of schedules, work places, and different skills. As a team you will identify a market opportunity, gather ethnographic data, brainstorm ideas and translate the identified customer needs into a product concept. Then you will refine and validate the concept by building a prototype (as realistic as you can get, sketch or mock-up is fine) and conducting tests with the target users. Finally, you will formulate a viable marketing plan for the product launch. Each week you will turn in a deliverable, and receive feedback on it. At the end of the Term you will make a presentation as well as turn in a document weaves together the individual deliverables you have completed each week of the Term.

Here is an overview of the different steps, milestones and weekly deliverables for the team project. (Each deliverable should be emailed to me by the date listed below):

<table>
<thead>
<tr>
<th>Date</th>
<th>Milestones and Deliverable (the latter are due by 5:00 pm via email)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 6</td>
<td>Due: List of team members and a team name (you don’t want to be just a number!)</td>
</tr>
<tr>
<td>March 20</td>
<td>Due: Consumer Insights (Outputs of Observational Research Related to Your Project; 5 pages max)</td>
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To conduct the observational research:
- As a team, choose a category for new product development. Be specific in your definition of product category (e.g., think ‘Oral Care,’ not ‘Personal Care’ or CPG).
- Individually, find a venue for observation that will tell you something interesting about people’s needs when using products in your chosen category. Pick a place where you can see mainstream needs, extreme needs, cultural attitudes and/or analogous behavior.
- Take 3-5 (or more) photos or shoot some video. Make notes about the place and how people are interacting in the space.
- Make three interpretations of what you see. Don’t just stay at the observational level. Peel back the layers. Go deep. If you talk to any consumers, utilize the principles of “empathic inquiry.”
- Print out your data, interpretations and summary P.o.V. (problem statement).
- As a team, summarize your process, what you learned and your most valuable insights.

March 27 Due: Outputs of Ideation and Preliminary Testing: Top 3 Concepts (5 pages max)

To generate ideas, utilize a variety of methods as discussed in class and readings. Based on preliminary testing and screening, identify three concepts that merit further consideration.
April 3  Due: Proposed Concept with Initial Value Proposition and Supporting Rationale (7 pages max)

Based on subsequent screening and evaluation of the three concepts selected previously, select your project concept and research the marketplace in which it will compete.

Your April 1 deliverable needs to include an analysis of the category, initial value proposition (which may be modified later), and a description of your concept screening and evaluation process (Why did you choose that concept? What are the advantages and disadvantages of the product concept compared with the status quo or other options? etc.).

April 10  Due: Outputs of Prototyping and Testing (Photo or other representation of prototype plus 2 page max summary)

A central part of new product development is the creation of a physical prototype and research plan. The prototype may be a mock-up made with cardboard, plastic, clay, or whatever else you may wish to use to "form" your idea (if it is a service it may be a storyboard of the experience). Turn in a summary (one page max) on what you have learned from consumer feedback regarding your product prototype; including descriptions of any modifications or other responses you’ve made in light of the consumer feedback.

April 17  Due: Preliminary Launch Plan (10 pages max, not including appendices)

By this date you will have collected your customer feedback and made appropriate modifications to your prototype. Turn in a revised value proposition, your year one marketing plan and also your market forecast; these should be informed by your previous market research and the consumer feedback on your product prototype.

April 22  Project Presentations

Please make sure to fully document the development process, including ideas which are not subsequently acted upon. Your team project grade will be based on ongoing deliverables, the final project report (created from weaving the weekly deliverables into one document), the in-class presentation during the final session, and peer evaluations. An outline for the presentation as well as your final project write-up is shown on Pages 9-11 of this syllabus.

General guidelines for successful projects are as follows:

- There should be a demonstrable market for your offering. One good way to verify a market need is to perform a competitive review and identify existing products that try to meet the need. Your product need not be a variant of an existing product, but the market need addressed by your product should be clearly evident. The product does not have to have a tremendous economic potential, but should at least be an attractive opportunity for a small firm.
- The product should require no basic technological breakthroughs. We do not have time to deal with large technological uncertainties. In fact, we are more concerned that you have a specific market need in mind for your project than that you attempt to develop new technologies.
- You should have access to more than five potential users of the product (more than 20 would be nice). You will need to talk with them, observe them and visit them with your product prototypes.
- Save any highly proprietary ideas for another context, as we will be open in discussing the projects in class and do not wish to be constrained by proprietary or highly sensitive information.
- The most successful projects tend to have at least one team member with strong personal interest in the target market.
Many products are really not very well designed. (See for example the badly designed products documented at www.baddesigns.com.) Thus, if you pick almost any product that satisfies these general guidelines, you will likely be able to develop a product that is superior to what is currently on the market!

(2) Reflection Paper

Note, please make sure your name is included on your paper

This final deliverable for M&L 7218 is designed to provide a platform on which you can demonstrate your understanding and ability to apply course material going forward.

After reviewing the syllabus, your notes, design journal, course readings and other materials please describe how you will apply what you have learned in this course to an actual project or aspect of your life. Application can be tied to your current professional realm (e.g., a current or upcoming job search; a project where you work now; etc.). Alternatively, application can be tied to your current personal realm (e.g., how you would like to apply it as part of a volunteer project or nonprofit cause), or it might be tied to an entrepreneurial, for-profit venture you would like to pursue.

As a rough guideline, the length of your write-up should be between about eight and ten pages (independent of any graphics, tables, appendices or other such content you might wish to include). You can submit your “reflection paper” anytime via email up to the April 24 deadline provided on the syllabus.

Our course is frameworks- and tools-based, and follows a multi-stage process culminating in your team’s project deliverable. So in your write-up you should make sure that you can reflect back your understanding of key frameworks, tools and process knowledge (as well as skills) you have gained over the seven weeks in the course—in the context of a project beyond the one you’re working on with your team.

(3a) Class Participation

Your class participation will be based on the following components: (a) attendance and (b) participation in class discussion.

(i) Attendance

Class attendance is an integral and obvious component of class participation. Your participation is not suggested; it is required. Unexcused absences will lower your grade.

Excused absences involve writing me (beforehand, except in cases of emergency) and obtaining my written permission to miss class. In terms of policy and practice, I make every effort to collaborate with students and accommodate reasonable needs as best as I can. Your collaboration is necessary and expected, as well.

If you have to miss class on a particular day, please make sure to get notes from a classmate. In addition, you can email me to set up a call or otherwise discuss any questions you may have regarding the material you missed.

(ii) In-Class Discussion

Each one of you is expected to contribute to class discussions when we meet as a group.

To a large extent, learning in this class is related to your willingness to expose your insights and viewpoints to the critical judgment of your classmates. To do well, you must learn from active participation in class discussions. In evaluating your participation, I use several criteria such as:
• does the comment merely restate the facts or does it provide new insights?
• does the comment add to our understanding of the issues or is it frivolous...an attempt to get "air
time" that day? (i.e., you have only one thing to say, and want to say it no matter how irrelevant it is to
the on-going discussion.)
• is the comment timely and linked to the comments of others?
• is the comment action-oriented, or simply a descriptive statement?
• does the comment move the discussion along by giving a new perspective?
• is the comment clear and concise, or obscure and rambling?
• does the comment reflect a concern for maintaining a constructive and comfortable classroom atmosphere?

Clearly, I emphasize quality of participation a lot more than quantity. It is entirely possible that you can
participate a great deal and receive a low grade for class participation. (But also, and as a reminder, you
can’t participate if you are not in the classroom—so if your participation is great when you are present, but
you miss class often—you will receive a low class participation score.)

One final note regarding amount of participation: If at any time you feel that you wish to participate
more—but feel that for some reason you are prevented from doing so—please let me know immediately
so that you and I can address the situation. For example, if the idea of speaking in front of a large class
is discomforting, or if you have difficulties with participating due to the pace of the discussion relative to
your language skills, please let me know. I will be happy to work with you to find solutions.

### (3b) Other Individual Contributions

#### (i) Individual Homework Exercises

I have assigned two individual exercises to have you play around with some of the concepts from the
course. Individual homework assignments are to be submitted via email prior to the start of class on
the day they are due. Always bring one copy of your homework to class, as I will frequently ask you to
share your results.

#### (ii) Journal

Each individual in the class is **required** to maintain a design journal throughout the term, to be turned in
at our last class meeting. This journal should include your individual thinking (both imagery and words)
pertaining to your project. Think of it as a diary of sorts. You may sketch pictures, paste in pictures, write
words, or choose any other approach that works for you to capture your ideas, thoughts, and reflections
about your product and your project. The journal should be used both to **capture ideas** about the
product itself as you move through the process, but also to **document thoughts and insights** on the
process of product development, group dynamics, project process, etc.

Inventors do this as it helps to document when they came up with an original idea (useful in the patenting
process); engineers do this to work out complex technical details; and designers do this to generate lots of
ideas (as ideas feed off of one another). In addition, project managers use journals as a management tool to
generate “lessons learned” and “best practices” to help run future product development projects more
effectively. Only I will see these journals, no one else will see them unless you choose to share.
Course Administration

If at any point during the course you have questions regarding course-related matters, do not hesitate to contact me in person, by email or by phone to arrange an appointment. Class sessions will be devoted to probing, extending, and applying the material in the readings and assigned cases. It is your responsibility to be prepared for each session. If you are not prepared to participate in the day's discussions, notify me prior to class to avoid any embarrassment.

Please also note, use of laptop computers, smartphones or other electronic devices in class is discouraged, as in-the-moment interaction and strong participation are key success factors for this course.

Three requests:

1) Please make sure to arrive on time for class. Late arrivals are extremely disruptive, both to me and to the class. If you know that you for some reason will be arriving late (or departing early) on a given day, please let me know in advance.

2) I may occasionally forget, but deep down I know that there are things going on in your lives in addition to this class! If you have to miss a class, please make sure to get notes from a fellow student, both regarding substantive and administrative issues. But more fundamentally, given that we only have seven class meetings in the term, please try to avoid missing class if at all possible.

3) Please continue to display your nameplates during the semester. I will manage to learn your names relatively quickly, but having the names displayed helps me facilitate the class discussions. Having the names visible also helps promote interaction among students.

Academic Integrity

I want to emphasize that you are not allowed to use any materials (e.g., class notes, old case reports, notes on cases) from prior sections of this course. Also, do not use materials from other schools or universities or consult students who have taken or are taking similar courses at other universities. This policy also applies to providing information to others (e.g., to students in future classes.)
Instructor Bio

Dr. Deborah Mitchell
Clinical Associate Professor of Marketing

Deborah Mitchell has a unique background that combines academic and industry expertise.

She received her Ph.D. in Marketing and Behavioral Science from the University of Chicago and began her academic career as a faculty member at the Wharton School of the University of Pennsylvania. She has held faculty positions at Stanford University Graduate School of Business and the University of Wisconsin-Madison. Her research has been published in the *Journal of Consumer Research*, *Journal of Consumer Psychology* and *Journal of Advertising*.

Deborah is an award-winning teacher, having been recognized for excellence in teaching at Wharton and named “Teacher of the Year” by full-time MBA students two years in a row at the University of Wisconsin. As an associate dean at Wisconsin from 2006 through 2009 she created and led the Enterprise MBA platform consisting of the Evening and Executive MBA programs. In 2007 she created a customized extension of the Executive MBA in collaboration with corporate partner Kohl’s, Inc.

In addition to her academic career, Deborah is an internationally known speaker and consultant with expertise in creating market-focused organizations. As president of CypressTree Corp. she has worked closely with industry leaders. Clients have included Time-Warner, TASC, Bristol Meyers Squibb, CNN, General Motors, TIAA-CREF and Syngenta.
GUIDELINES for THREE-SECTION PRESENTATION and FINAL REPORT

Inspiration
(outline)

I. Executive Summary

Indicate in broad terms how you arrived at a target user group, need and “Point of View.”

II. Methods of Inquiry and Research Findings

A. Observation
B. Empathic Interviewing
C. (other)

Ideation and Testing
(outline)

I. Executive Summary

Indicate in broad terms how you generated potential ideas and what methods you used to test and refine them as well as the number of iterations you went through.

II. Ideation Processes and Results from Evaluation

A. Brainstorming
B. (other idea generation methods if relevant)
C. Scoring Model(s)
D. Prototyping
E. (other testing if relevant)
F. Key Takeaways
Implementation: Go-to-market LAUNCH PLAN

(outline)

I. Executive Summary
- No more than 1 page. Be sure to indicate in broad terms what you hope to accomplish, why it’s important, and how you’re going to accomplish it.

II. Strategic Imperatives

A. Segmentation
- Method(s) used (distinguish among Top-Down, Bottom-Up, or Combo)
- Rationale for choice of Target Segment(s)
- Description of Target Segment(s)
  - Psychological (the most important = benefits sought)
  - Lifestyle
  - Demographics
  - Size
  - Trend
  - Buyer/Brand Relationship (include diagram here to help illustrate what, if anything, is in memory for the segment right now regarding the brand)
  - Buyer Decision-Making Process (map it out, and describe where you think the segment is vis-à-vis the process right now)

B. Value Proposition (by Segment)
- Who (target segment)
- What (brand promise)
- Whys (reasons to believe)

C. Competitive Analysis
- For each of the top 2—4 competitors:
  - Share
  - Trend
  - Financials (general snapshot)
  - Value Propositions (who/what/why)
  - Presumed marketing goals
  - Current marketing investment (estimated spending, as well as tools used)

D. Sales Goals (by Segment, for your brand)
- Revenue as well as share
- Method used for generating sales goals

III. Marketing Mix

A. Channel Design and Policies
- Proposed Channel Structure
  - Types & numbers of members, at each level, identified by name if possible
- Proposed Channel Policies
B. Pricing

C. Communications Goals
   • Across the integrated effort, what are your overall communications objectives (cognitive, behavioral)?

D. Communications Budget
   • Amount? (Include brief description, how you arrived at this amount)

E. Agency Selection and Roles *(if relevant)*

F. Website
   • Brief description, indicating function of website, e.g., e-commerce? Brand-building? Etc.

G. Communications Tactics *(Advertising—include all relevant media, e.g., web, print, etc.; product placement and/or sponsorship; PR and social media; sales promotions/incentives; etc. For each category of communications tactics:)*
   • Objectives and Budget Allocation
   • Implementation Plan
   • Evaluation Plan

H. IMC Calendar
   • 12-months, showing starting point & amount of time that each communications tactic will be in the field

IV. Appendices
   A. Bibliography
   B. Research Results (primary and secondary)
   C. Perceptual Diagrams
   D. Mapping of Response Process(es)
   E. Creative Brief
   F. Sample Creative Elements
   G. *(etc.)*
READINGS

- Case, “Gaming the Gamers.”
- Coyne, Kevin, Clifford, Patricia and Renee Dye, “Breakthrough Thinking from Inside the Box,” 2007.
- Case: “Design Thinking at Apple.”
- Case, “Launching Krispy Natural.”
- Case, “The Launch of Bacardi Silver.”
## Course Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic, Preparation Guidelines and Deliverables</th>
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</thead>
<tbody>
<tr>
<td><strong>Week 1</strong></td>
<td><strong>The New Product Development Process and its Challenges</strong></td>
</tr>
<tr>
<td>March 4</td>
<td>READ &amp; PREPARE:</td>
</tr>
</tbody>
</table>
<pre><code>         |   This reading is available on our Carmen course website.\(^1\) |
</code></pre>
| March 6    | • Dyer, Gregersen and Christensen, “The Innovator’s DNA.”  
             | **INDIVIDUAL DELIVERABLE DUE MARCH 4:** Student Info Sheet  
             | **TEAM DELIVERABLE DUE MARCH 6:** List of team members & a team name. |
| **Week 2** | **Opportunity Identification and P.O.V.**        |
| March 18   | READ & PREPARE:                                  |
| March 20   | • CASE: Gaming the Gamers                       |
| **Week 3** | **Idea Generation and Evaluation**               |
| March 25   | READ & PREPARE:                                  |
|            | • Coyne, Kevin, Clifford, Patricia and Renee Dye, “Breakthrough Thinking from Inside the Box,” Harvard Business Review 2007.  
             | • Goldenberg, Jacob, David Mazursky & Sorin Solomon, “Creative Sparks,” Science, 1999 (posted on Carmen)  
             | **INDIVIDUAL DELIVERABLE DUE MARCH 25:** Using one of the “bugs” from your list of 20 bugs, apply the methodology described in the article “Find Your Innovation Sweet Spot” to generate a potential “solution” to your “bug.” Describe your process & outcome in 2 pages or less.  
             | **TEAM DELIVERABLE DUE MARCH 27:** Outputs of Ideation & Preliminary Testing (3 concepts) |

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\(^1\) Note, readings should be completed before the listed Session date.  
\(^2\) All readings are found in the course packet available for purchase from HBS Publishing unless otherwise indicated.
## Course Schedule (continued)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Week 4</strong></td>
<td>Design and Feedback</td>
</tr>
<tr>
<td><strong>READ &amp; PREPARE:</strong></td>
<td></td>
</tr>
</tbody>
</table>
| April 1    | • Dyer, Jeff, Gregerson, Hall and Clayton Christensen, “Discovery Skill #5: Experimenting,” excerpted from *The Innovator’s DNA*, 2011.  
| April 3    | • CASE: Design Thinking at Apple |
|            | TEAM DELIVERABLE DUE APRIL 3: Proposed Concept with Supporting Material |
| **Week 5** | Testing and Feedback     |
| **READ & PREPARE:** |                              |
• Cespedes, Frank, Eisenmann, Thomas and Steven Blank, “Customer Discovery and Validation for Entrepreneurs,” 2012. |
| April 10   | • CASE: Launching Krispy Natural |
|            | TEAM DELIVERABLE DUE APRIL 10: Outputs of Prototyping and Testing |
| **Week 6** | Launch                   |
| **READ & PREPARE:** |                              |
| April 17   | • CASE: The Launch of Bacardi Silver |
|            | TEAM DELIVERABLE DUE APRIL 17: Preliminary Launch Plan |
| **Week 7** | Applications and Lessons Learned: Project Presentations |
| April 22   | EXTENDED CLASS PERIOD (noon – 2:45 pm)  
Project Presentations and Course Wrap-Up |
THE STUDENT-PROFESSOR CONTRACT FOR LEARNING

THE STUDENT'S SIDE

- reading and synthesis of material outside of class

- the "4 P's" of involvement in classroom discussions:

  1. Preparation
  2. Presence
  3. Promptness
  4. Participation

THE PROFESSOR'S SIDE

- Preparation

- Concern and devotion to students

- Striving to make the course a satisfying development experience.