

**NORTHWESTERN UNIVERSITY
KELLOGG SCHOOL OF MANAGEMENT**

**Marketing 465 – Section 71
New Products and Services**

**Professor Eyal Maoz
Summer 2009**

Course Objectives

The basic purpose of the course is to explore various issues and problems that are faced by marketing managers in making decisions on the design and marketing of new products and services.

The course is intended to: (1) acquaint students with the idea of a **new product development process** such as opportunity identification, product design, pre-test and test marketing, launching and profit management (emphasis will be placed on the first three steps); (2) demonstrate the utility of formal models and analytical approaches in solving relevant problems involving new products (with the focus being on the use of these models). This course would be very useful for those students interested in pursuing a career in marketing.

Materials

1. Design and Marketing of New Products, Glen L. Urban and John R. Hauser, 2nd ed., Prentice Hall – **not compulsory!** I find the book helpful and a great resource once the course is over but I have gotten complaints from students in the past since I don't teach or test out of the book directly – your choice! You do need the next 2 resources:
2. **Course case packet** consisting of cases, readings, and notes.
3. **Slides** which may be downloaded from the course web-site and printed as note pages or regular slides

Requirements

The course will consist of lectures, group assignments, case discussions, and a group project. Students should be prepared to discuss cases and assigned readings in class and contribute to class discussion. Each student is also expected to contribute to class discussion. The group assignments consist of a case (which you will be required to submit 5 weeks into the quarter) and a group project dealing with the design/development of a new product or service. There are no exams in this course.

Case Assignments

Children First Ltd. – due week 7

Honor Code

Students are expected to abide by the Honor Code of the Kellogg School and Northwestern University. (In the context of this course this mainly means staying away from past written cases).

Kellogg Code of Classroom Etiquette and Laptop Use

My goal is to have a classroom environment that enhances the learning environment. Students are expected to attend every class and inform me when unable to do so. They should be punctual and remain in the classroom throughout. If they have to leave early because of unavoidable circumstances, they should inform me. Students should refrain from disruptive behavior such as surfing the web, checking e-mail and holding side conversations. Cell phones ringing in class can be very disruptive. Thus, all students should turn off their cell phone before the start of class. Laptops should not be used in class for any purposes other than those directly involved with taking notes or participating in class. Those student using Laptops should make sure to be seated in the last row of class.

Grading

Grades will be computed as follows:

Children First case analysis	30%	individually adjusted for peer evaluation (max 20%)
Project	60%	
Class participation	10%	

If, at any point during the course, you have questions regarding the material covered in class, please do not hesitate to immediately contact the instructor. If the office hours are inconvenient to you, I'll be glad to arrange alternative times for meetings.

Projects

Each group is asked to produce an idea for a product or service worthy of a new business venture. The idea may consist either of a new product/service or a new way of marketing an existing product or service. The steps in the process ought to include (where appropriate):

1. Idea generation: Background on the origin of the new product. What was the impetus for its development? How was the concept generated?
2. Testing and refining the product concept: Is the original concept fully developed? How can it be refined?
3. Environmental analysis: Competition (actual and potential), economic, legislative, and consumer trends.
4. STP marketing: Segmentation, Targeting, and Positioning: What are the different segments in the market? What segment/s offer the best potential? How should the product be positioned to target that segment? What segments should be targeted in the future? How?
5. Appropriate market Research (However, this is not a marketing research project!).
6. Developing a marketing plan including:
 - a. Introduction date/s
 - b. Brand name and product positioning
 - c. Advertising messages and scope
 - d. Pricing policy and trade discounts
 - e. Distribution policy
 - f. Financial analysis (costs, sales, investment, profit, break-even, etc.)
7. Summary of issues addressed in the project and learning experiences.

All papers must be double-spaced. In writing your report, be careful to footnote all sources such as journal and magazine articles, books, company reports, and secondary data sources. The project is due by week 10. The page limit is 25, including everything!!! There will be a five-point penalty for every day by which the report is late.

You must discuss your particular product with the course instructor prior to starting work. One meeting with the instructor every two to three weeks is highly recommended!

Daily Class Schedule

Marketing 465

Prof. Eyal Maoz

Class 1+2+3

- Topic: Introduction to the course
Why a course about new products?
How to succeed with new products in the long run?
The new product development process
- Skim: Chapter 1
- Read: Chapter 2, Chapter 3 (pp. 36-51, 53-57)
Why some new products are more successful than others

Class 4

- Topic: Why some products succeed and others fail?
- Read: Chapter 3 (pp. 51-77)
- Case: Duramax

Class 5

- Topic: The new product development context
- Read: "Matching the Process of Product Development..."
- Case: Dow Chemical

Class 6+7

- Topic: Concept Evaluation
- Read: "Concept Testing"
- Case: Techsonic Industries Inc.: Hummingbird-New Products

Class 8+9

Topic: Opportunity Identification: Idea Generation

Case: Optical Distortion Inc. (A)

Class 10

Topic: Design: Positioning Strategy and Preference Analysis

Read: Chapter 11 (pp. 281-288)
"Note 4 - Conjoint Analysis: A Manager's Guide"

We will definitely get to this point. The rest is in some doubt....

Topic: Design: Product Positioning Strategy

Case: Ring Medical

Topic: Testing and Pre-testing New Products

Read: Chapter 16
"When, Where, and How to Test Market"
"Test Marketing in New Product Development"
"Pretest Market Models: A Critical Evaluation"

Case: Yoplait Custard-Style Yogurt (A)