



## Marketing and Consumer Studies

### MCS\*4040 MANAGEMENT IN PRODUCT DEVELOPMENT Fall 2014



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Office Hours: Monday: 1pm-3pm; Wednesday: by appointment

**Class Times and Location:** **Monday at 10:00 – 11:20am**  
**Wednesday at 10:00 – 11:20am**  
**(MACS: Room 121)**

#### **Introduction:**

New products and services are vital to all companies. Maximizing the success of new products and services can drive growth and shareholder value, lead to significant competitive advantage and leapfrog a company ahead of its competitors. However, innovation is risky and most new products fail in the marketplace. Often, failure is due to an ineffective process. Thus, expertise in the design and marketing of new products is a critical skill for all managers, inside and outside of the marketing department.

#### **Course Objectives:**

This course is designed to inform students on the innovation process and the development of new products within an evolving consumer environment. The course is based on the belief that formal market research approach is superior to informal planning for new product introduction. By the end of the course, students will be able to:

- Understand the concepts and techniques necessary to successfully launch a new product
- Identify and evaluate market opportunities using primary and secondary market research
- Perform a variety of market research approaches with the intent of creating new products based on customer insight, and
- Effectively communicate new product idea in a well-written report with realistic financial projections.

#### **Course Descriptions:**

This course will introduce the new product development process and cover three main areas of focus:

- I. Discovery - opportunity identification
- II. Design - concept generation, evaluation, and product development
- III. Delivery - innovative approaches to product launch and introduction.

The course approach uses a combination of lectures, cases, group/team project, and class discussion. Classes will be interactive and collaborative.

#### **Course Materials and Resources:**

This course uses a variety of materials and resources. One of your primary resources will be the course

website (<http://courselink.uoguelph.ca>). All announcements, required and recommended readings, assignments and updates will be posted here. Check this site often. You will also require:

1. Case Booklet: available in the University bookstore in the MacNaughton Building.
2. Software: SPSS available in computer lab MAC 311a.

Suggested Text Book: Crawford, M. and Di Benedetto, A. (2010), **New Products Management**, 10<sup>th</sup> Edition, Irwin/McGraw-Hill.

\*\*Please note that it is mandatory to purchase the case booklet as you will be receiving cases for in-class assignments as well as for your final exam. You will not receive your final exam without proof of purchase of the case booklet.

I will record your proof of purchase by the end of the first few classes. Alternatively, you may contact me directly.

### **Method and Timing of Evaluation:**

Your performance will be evaluated based on the following:

<b>Assignment/Examination</b>	<b>Due Date</b>	<b>Marks allocated</b>
Class Contribution (Readings and Cases)	Daily	30
Assignment 1: Opportunity Identification	October 6 <sup>th</sup>	15
Assignment 2: Consumer Insights Report	October 20 <sup>th</sup>	25
Final Exam – Take home exam	Due December 2 <sup>nd</sup>	30
<b>TOTAL</b>		<b>100</b>

### **Class Contribution**

I expect you to be prepared for class. Assigned cases and readings should be reviewed in detail, and you should be ready to discuss each of them. Discussion questions will be given for each class to help you prepare. You will be graded based on your attendance and the *quality* of your contribution, not the amount of time you demand in the discussion. This means coming to class thoroughly familiar with the assigned reading and cases and, therefore, prepared to raise questions, to open discussion, to identify topics of interest in the reading, and actively engage other students in the discussion.

### **Cases**

Cases are descriptions of real-world business situations that provide opportunities to define and develop new product strategies. Case analyses will illustrate how new product concepts and tools apply to these complex situations. Analyzing cases promotes your decision-making capabilities by developing a process of thinking. *Typically, there is no single “right” answer to a case, but there are many weak answers resulting from inadequate analysis.* Case discussions also provide opportunities to develop your communication skills.

*The success of our case discussions is largely up to you.* Good case discussions involve interactions among students. My role will be to introduce the case, monitor the general direction to address key issues and then facilitate the discussion, rather than direct the discussion. You collectively must raise relevant

issues and discuss. I will help synthesize the different perspectives and form a framework for decision-making.

Case discussions are based solely on the material presented in each case. Please do not collect any post-case information. Our emphasis will be on the decision-making process at the time of the case rather than on the decision outcome. Since managers must constantly make decisions without all the information they desire, being able to make decisions under these circumstances is a critical skill.

In preparing cases, assume that you are a marketing manager or outside consultant who has been given responsibility for the situation described in the case. Do not focus solely on a description of the facts in the case, rather focus on the following three factors: statement of the problem(s) or decision(s) to be made; description of your decisions or recommendations; supporting logic and analyses. Your recommendations should be based on quantitative and qualitative analysis of case data. Your analysis should anticipate potential objections to your recommendations and illustrate its superiority over alternative recommendations.

### **Assignment Descriptions**

You will have two group assignments in this course. The first assignment will be to develop a survey for a new product concept. You will be responsible for writing the new product concept and designing the questionnaire.

The second assignment will be a report summarizing the results of the consumer insights you collect from your survey. You will need to distribute a minimum of 50 surveys to a representative sample of the target market for your new product. We will be discussing research ethics in class. If you require clarification or have questions regarding research ethics refer to the Research Ethics website: <http://www.uoguelph.ca/research/services-divisions/ethics>.

More details on each assignment will be distributed in class.

### **Final Exam**

The final exam for this course will be a case. You will receive the exam during our last class and will be responsible for writing a case report (i.e., analysis and recommendations) which is due on December 2<sup>nd</sup> at 4:30pm.

Please note that you will not receive the final exam if you have not provided proof of purchase of the case booklet.

Unless you have discussed an extension well ahead of the due date, late penalties of 5%/earned grade/day (including weekends) will be assigned. Extensions will only be granted on the basis of extenuating circumstances.

If you are registered with the Centre for Students with Disabilities and will require some form of accommodation in the completion of the required learning activities for this course, please meet with me during the first week of classes.

Keep a copy of all of your graded work until final marks have been recorded. You may be asked to resubmit your work at any time.

## Tentative Course Schedule and Key Dates:

Date	Topic
September 8 (Session 1)	<b>Introduction to Course</b> (Form groups)
September 10 (Session 2)	<b>Overview of NPD Process</b> Objectives: <ul style="list-style-type: none"> <li>• Introduce the stages of the new product development process</li> <li>• Discuss best practices in developing and launching new products</li> </ul> Suggested Readings: Chapter 1&2 Required Readings: <ul style="list-style-type: none"> <li>• “Innovation: A Customer-Driven Approach”, in Business Fundamentals: New Product Development, HBSP, pages 23-46. – <i>(Case Booklet)</i></li> <li>• Cooper, R., “Perspective: The Stage Gate Idea-to-Launch Process – Update, What’s New, and NexGen Systems”, <i>Journal of Product Innovation Management</i>, 2008. – <i>(CourseLink)</i></li> <li>• Sawhney, M., Wolcott, r. C., and Arroniz, I. (2006), The 12 Different Ways for Companies to Innovate, MIT Sloan Management Review, 47(3). – <i>(CourseLink)</i></li> </ul>
<b>I. Discovery – Opportunity Identification</b>	
September 15 (Session 3)	<b>Opportunity Identification -- Overview</b> Objectives: <ul style="list-style-type: none"> <li>• Introduce the process of opportunity identification</li> <li>• Discuss the importance of consumer inputs in the process</li> </ul> Suggested Reading: Chapter 3 Required Readings: <ul style="list-style-type: none"> <li>• Coyne, Patricia Gorman, &amp; Renee, “Breakthrough thinking from inside the box”, Harvard Business Review, 85(12). – <i>(CourseLink)</i></li> <li>• Ulwick, Anthony, “Turn Customer Input into Innovation”, Harvard Business Review, 2002. – <i>(CourseLink)</i></li> </ul>
September 17 (Session 4)	<b>Opportunity Identification -- Exercise</b> Objectives: <ul style="list-style-type: none"> <li>• Learn the fundamentals of consumer-centered design</li> <li>• Familiarize yourselves with methods and techniques for uncovering customer needs</li> </ul> In-class: exercise on customer-centered design: <a href="http://dschool.stanford.edu/use-our-methods/">http://dschool.stanford.edu/use-our-methods/</a>
<b>II. Design – Concept Generation and Evaluation &amp; Product Development</b>	
September 22 (Session 5)	<b>Concept Generation Overview <i>(Assignment 1 Distributed)</i></b> Objective <ul style="list-style-type: none"> <li>• Introduce steps and methods in concept generation</li> </ul> Suggested Readings: Chapter 4&5 Required Readings: <ul style="list-style-type: none"> <li>• Cagan, Jonathan &amp; Crag Vogel “Creating breaking through products innovation from product planning to program approval”. – <i>(CourseLink)</i></li> <li>• Kim &amp; Mauborgne “Knowing a winning business idea when you see one”. Harvard Business Review, 2000, 78(5). – <i>(CourseLink)</i></li> </ul> In-class: will cover the topic on “how to write a product concept”, and watch a video about IDEO.
September 24 (Session 6)	<b>Concept Generation -- Case Study</b> Objectives: <ul style="list-style-type: none"> <li>• Familiarize yourself with case studies</li> <li>• Discuss details in concept generation based on a real industry example</li> </ul> Required Readings: <ul style="list-style-type: none"> <li>• Introductory Note on the Case Methods, by John S. Haywood-Farmer. – <i>(Case Booklet)</i></li> <li>• Innovation at Timberland. – <i>(Case Booklet)</i></li> </ul>

September 29 (Session 7)	<p><b>Concept Generation – Analytical Attribute Approach</b></p> <p>Objective:</p> <ul style="list-style-type: none"> <li>Familiarize yourself with concept generation approaches, both qualitative and quantitative</li> <li>Get hands-on experience of perceptual map analysis</li> </ul> <p>Suggested Readings: Chapter 6&amp;7</p> <p>In-class: perceptual map illustration (SPSS)</p>
October 1 (Session 8)	<p><b>Concept Evaluation Overview (Assignment 2 Distributed)</b></p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>Introduce concept evaluation system</li> <li>Discuss concept testing methods</li> </ul> <p>Suggested Readings: Chapter 8&amp;9</p> <p>Required Readings:</p> <ul style="list-style-type: none"> <li>Lees &amp; Wright, “The Effect of Concept Formulation on Concept Test Scores”, <i>Journal of Product Innovation Management</i>, 2004. – (CourseLink)</li> <li>Martinsuo &amp; Poskela, “Use of Evaluation Criteria and Innovation Performance in the Front End of Innovation”, <i>Journal of Product Innovation Management</i>, 2011. – (CourseLink)</li> </ul>
October 6 (Session 9)	<p><b>Concept Evaluation – Conjoint Analysis (Assignment 1 Due!)</b></p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>Understand the concept of conjoint analysis and how to interpret results</li> <li>Get a feel for the merits and limitations of conjoint for product evaluation and design</li> </ul> <p>Required Readings:</p> <ul style="list-style-type: none"> <li>Go to <a href="http://www.sawtoothsoftware.com/solutions/conjoint_analysis">http://www.sawtoothsoftware.com/solutions/conjoint_analysis</a> and click through the demo conjoint surveys and come prepared to discuss their pros/cons</li> <li>Green, Paul E., and Yoram Wind, “New Way to Measure Consumer Judgments”, <i>Harvard Business Review</i>, 1975. – (CourseLink)</li> <li>Dolan, Robert J., “Analyzing Consumer Preferences”, <i>Harvard Business Publishing</i>, 1999, with Spreadsheet. – (Case Booklet)</li> </ul>
October 8 (Session 10)	<p><b>Guest Speaker</b></p> <p>Sandy Auld, Director of Research Ethics Board</p>
October 13	No Class (moved to Nov. 28 <sup>th</sup> )
October 15 (Session 11)	<p><b>Concept Evaluation – Case Study</b></p> <p>Objective:</p> <ul style="list-style-type: none"> <li>Understand how market research and techniques have been used for new product introduction in a specific industry</li> </ul> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>Rangan &amp; Yong: TruEarth Healthy Foods: Market Research for a New Product Introduction. – (Case Booklet)</li> </ul>
October 20 (Session 12)	<p><b>Concept Evaluation – Forecasting &amp; Financial Analysis</b></p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>Understand how to use concept test feedback in the product development process</li> <li>Learn about common sales forecasting tools for nondurables</li> </ul> <p>Suggested Readings: Chapter 10&amp;11</p> <p>Required Readings:</p> <ul style="list-style-type: none"> <li>Kahn, “An Exploratory Investigation of New Product Forecasting Practices”, <i>Journal of Product Innovation Management</i>, 2002 – (CourseLink)</li> </ul>
October 22 (Session 13)	<p><b>Guest Speaker (Assignment 2 Due!)</b></p>
October 27 (Session 14)	Presentation
October 29 (Session 15)	Presentation
November 3	Presentation

(Session 16)	
November 5 (Session 17)	Presentation
November 10 (Session 18)	<p><b>Product Development – Design</b></p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>• Introduce the importance of design in the product development process</li> <li>• Understand the role of creativity and consumer needs in guiding product design</li> </ul> <p>Suggested Reading: Chapter 13</p> <p>Required Readings:</p> <ul style="list-style-type: none"> <li>• Brown Tim, “Design Thinking”, <i>Harvard Business Review</i>, 2008. – (CourseLink)</li> <li>• Gelb &amp; Krishnamurthy, “Protect Your Product’s Look and Feel from Imitators”, <i>Harvard Business Review</i>, 2009. – (CourseLink)</li> <li>• Leonard, Carbone, &amp; Haeckel, “Managing the Total Customer Experience”, <i>MIT Sloan Management Review</i>, 2002. – (CourseLink)</li> <li>• Chitturi, “Emotions by Design: A Consumer Perspective”, <i>International Journal of Design</i>, 2009. – (CourseLink)</li> </ul>
November 12 (Session 19)	<p><b>Product Development – Use Testing</b></p> <p>Objective:</p> <ul style="list-style-type: none"> <li>• Understand the importance of use testing in new product development</li> </ul> <p>Suggested Reading: Chapter 14</p> <p>Required Readings:</p> <ul style="list-style-type: none"> <li>• Klomphaker, Hughes, &amp; Haley, “Test Marketing in New Product Development”, <i>Harvard Business Review</i>, 1976. – (CourseLink)</li> <li>• Rust, Thompson, &amp; Hamilton, “Defeating Feature Fatigue”, <i>Harvard Business Review</i>, 2006. – (CourseLink)</li> </ul>
<b>III. Delivery – New Product Launch</b>	
November 17 (Session 20)	<p><b>Product Launch Overview</b></p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>• Introduce important steps in product launch</li> <li>• Understand marketing mix in product launch</li> </ul> <p>Suggested Readings: Chapter 16&amp;17&amp;19</p> <p>Required Readings:</p> <ul style="list-style-type: none"> <li>• Moon, “Break Free from the Product Life Cycle”, <i>Harvard Business Review</i>, 2005. – (CourseLink)</li> <li>• Deng &amp; Srinivasan, “When Do Transparent Packages Increase (Decrease) Food Consumption”, <i>Journal of Marketing</i>, 2013. – (CourseLink)</li> <li>• Dean, “Pricing Policies for New Products”, <i>Harvard Business Review</i>, 1976. – (CourseLink)</li> </ul>
November 19 (Session 21)	<p><b>Product Launch – Case Study 1</b></p> <p>Objective:</p> <ul style="list-style-type: none"> <li>• Understand the role of segmentation and positioning</li> </ul> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>• Quelch &amp; Beckham, “Clean Edge Razor: Splitting Hairs in Product Positioning” – (Case Booklet)</li> </ul>
November 24 (Session 22)	<p><b>Product Launch – Case Study 2 (Final Exam Distributed)</b></p> <p>Objective:</p> <ul style="list-style-type: none"> <li>• Understand the role of packaging and pricing</li> </ul> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>• “Metabical: Pricing, Packaging, and Demand Forecasting for a New Weight-Loss Drug”, with Spreadsheet– (Case Booklet)</li> </ul>
November 26 (Session 23)	<p><b>Product Launch – Launch Management</b></p> <p>Objectives:</p> <ul style="list-style-type: none"> <li>• Understand how best to map product benefits onto a marketing plan aimed at conveying those benefits and overcoming barriers to adoption</li> <li>• Compare various communication approaches for launching a new product</li> </ul>

	<p>Suggested Readings: Chapter 19&amp;20</p> <p>Required Reading:</p> <ul style="list-style-type: none"> <li>• Christensen &amp; Overdorf, “Meeting the Challenge of Disruptive Change”, <i>Harvard Business Review</i>, 2006. – (Courselink)</li> <li>• Gourville, John T., “Eager Sellers and Stony Buyers: Understanding the Psychology of New-Product Adoption”, <i>Harvard Business Review</i>, 2006. – (Courselink)</li> </ul>
November 28 (Session 24)	<b>Course Wrap-up &amp; Final Exam Help</b>
December 2	<b>(Final Exam Due at 4pm!)</b>

Note: The schedule of learning activities may require modification from time to time. Any changes will be announced in class and/or on the Courselink site.

### **Policies and Regulations**

All students are expected to abide by the University’s academic regulations in the completion of their academic work, as set out in the undergraduate calendar (see <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/index.shtml>). Some regulations are highlighted below:

#### **Academic Misconduct:**

The University of Guelph is committed to upholding the highest standards of academic integrity and directs all members of the University community – faculty, staff and students – to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring. The University of Guelph takes a serious view of academic misconduct and it is your responsibility as a student to be aware of and to abide by the University’s policy. Included in the definition of academic misconduct are such activities as cheating on examinations, plagiarism, misrepresentation, and submitting the same material in two different courses without written permission.

To better understand your responsibilities, read the Undergraduate Calendar at:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-amisconduct.shtml> You are also advised to make use of the resources available through the Learning Commons (<http://www.learningcommons.uoguelph.ca/>) and to discuss any questions you may have with your course instructor, teaching assistant, Academic Advisor or Academic Counselor.

Students should be aware that faculty have the right to use software to aid in the detection of plagiarism or copying and to examine students orally on submitted work. For students found guilty of academic misconduct, serious penalties, up to and including suspension or expulsion from the University can be imposed.

#### **Academic Consideration:**

Students who find themselves unable to meet course requirements by the deadline or criteria expected because of medical, psychological or compassionate circumstances beyond their control, should review the regulations on Academic Consideration in the Undergraduate Calendar ([http://www.uoguelph.ca/undergrad\\_calendar/c08/c08-ac.shtml](http://www.uoguelph.ca/undergrad_calendar/c08/c08-ac.shtml)) and discuss their situation with the instructor, Program Counsellor or Academic Advisor as appropriate.

#### **Research Ethics:**

Please note that if you are collecting any information from human subjects, you must follow research ethics board’s rules about use of human subjects. These are

1. The research participants must be drawn from the general adult population, capable of giving free

and informed consent and may not include vulnerable participants such as children; persons who are not legally competent to consent; mentally incompetent persons; legal wards or persons dependent upon the researcher(s) for therapeutic care.

2. The student projects must not involve any personal, sensitive or incriminating topics or questions which could place participants at risk.
3. The student projects must not manipulate behaviour of participants beyond the range of “normal” classroom activity or daily life.
4. The student projects must not involve physically invasive contact with the research participants.
5. The student projects must not involve deception.

Please note that if you plan on using on-line surveys and using SurveyMonkey then you must tell participants that your research is not anonymous, and must state that the data will be subject to US privacy laws.

### Religious Holidays:

Should a student need to miss scheduled tests, mid-term examinations, final examinations, or requirements to attend classes and participate in laboratories for religious reasons, please advise the instructor within two weeks of the distribution of this course outline so that alternate arrangements can be made. For further information see

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-accomrelig.shtml>

### University Grading Scheme:

This course follows the University grading scheme outlined in the University Calendar:

A+	90-100%	<b>Excellent:</b> An outstanding performance in which the student demonstrates a superior grasp of the subject matter, and an ability to go beyond the given material in a critical and constructive manner. The student demonstrates a high degree of creative and/or logical thinking, a superior ability to organize, to analyze, and to integrate ideas, and a thorough familiarity with the appropriate literature and techniques.
A	85-89	
A-	80-84	
B+	77-79	<b>Good:</b> A more than adequate performance in which the student demonstrates a thorough grasp of the subject matter, and an ability to organize and examine the material in a critical and constructive manner. The student demonstrates a good understanding of the relevant issues and a familiarity with the appropriate literature and techniques.
B	73-76	
B-	70-72	
C+	67-69	<b>Acceptable:</b> An adequate performance in which the student demonstrates a generally adequate grasp of the subject matter and a moderate ability to examine the material in a critical and constructive manner. The student displays an adequate understanding of the relevant issues, and a general familiarity with the appropriate literature and techniques.
C	63-66	
C-	60-62	
D+	57-59	<b>Minimally acceptable:</b> A barely adequate performance in which the student demonstrates a familiarity with the subject matter, but whose attempts to examine the material in a critical and constructive manner are only partially successful. The student displays some understanding of the relevant issues, and some familiarity with the appropriate literature and techniques.
D	53-56	
D-	50-52	
F	0-49	<b>Fail:</b> An inadequate performance.



## Code of Conduct – The Top Ten

As a student in the Department of Marketing and Consumer Studies, College of Management and Economics at the University of Guelph, you are a member of a scholarly community committed to improving the effectiveness of people and organizations, and the societies in which they reside, through groundbreaking and engaging scholarship and pedagogy. We seek to promote a comprehensive, critical and strategic understanding of organizations, including the complex interrelationship between leadership, systems (financial and human) and the broader social and political context. And, we prepare graduates for leadership roles in which organizational objectives, self-awareness, social responsibility and sustainability are primary considerations.

In keeping with this commitment, we expect all of our students (indeed – all members of our community) to act in a professional and respectful manner to fellow students, staff and faculty, as well as to members of the broader university and local community. This expectation is very much in keeping with your preparation for a professional career.

The following conduct is expected of all of our students:

1. Come to class prepared to learn and actively participate (having completed assigned readings, learning activities etc.).
2. Approach your academic work with integrity (avoid all forms of academic misconduct).
3. Arrive on time and stay for the entire class. If you happen to be late, enter the classroom as quietly as possible. At the end of class, apologize to the faculty member for the interruption. If you have to leave class early, alert the faculty member in advance.
4. If you know in advance that you are going to miss a class, send an email to the faculty member letting him/her know that you will be absent, with a brief explanation.
5. While in class, refrain from using any written material (e.g., newspaper) or technology (e.g., the Internet, computer games, cell phone) that is not relevant to the learning activities of that class. Turn off your cell phone at the start of each class.
6. Listen attentively and respectfully to the points of view of your peers and the faculty member. Don't talk while others have the floor.
7. Raise your hand when you wish to contribute and wait to be called upon. Challenge others appropriately, drawing on reason and research rather than unsubstantiated opinion, anecdote and/or emotion. Keep an open mind and be prepared to have your point of view challenged.
8. When sending emails to faculty, apply principles of business writing; use a professional and respectful style (use a formal salutation, check for spelling and grammatical errors, and avoid slang and colloquial short forms).
9. When making a presentation, wear business dress.
10. Provide thoughtful feedback at the completion of all courses (we are committed to continuous improvement but need your input to help us decide what to focus on).