Marketing Innovation, Spring 2020
Action Learning Assignment

Marketing innovation is based on understanding the customer to find the right segment, target that segment effectively, and position your innovation for maximum success (STP). STP provides guidance to selecting the 4 P’s of marketing – product, place, promotion, and price.

At MIT Management, we seek to help you learn proven frameworks so that you can market your innovation successfully and so that you can leverage the various innovations in marketing. The best way to internalize these lessons is to apply them – Action Learning. You will have many questions as you develop your skills. We are here to help you find the answers.

Milestones

As one of the most important deliverables of Marketing Innovation, the Action Learning assignment spans a semester. It is an ambitious learning opportunity that requires extensive work. We decompose it into a series of concrete phases to help you navigate the assignment. Below is a summary of the milestones.

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Phase 1. Ideation

It is often said that innovation is not “know how,” but “know what.” Please discuss with your team and select an innovation you want to market. Please make your selection as early as possible, so that you can incorporate what you learn from each session into your assignment.

Each team should choose one innovation from any of the following categories

- An innovation owned by you, one of your teammates, or a colleague who provides access.
- An innovation from a company one of your team members in the “tell us about yourself’ survey (Question 3: “If you were to pick one company to analyze in this class, which company would that be?”
- An innovation from Kickstarter (www.kickstarter.com)

Use the three criteria for successful innovations to guide your choice.

- Ability to understand customer needs
- Ability to serve customer needs
- Ability to derive value from serving customer needs

The innovation itself can be an existing product, but your marketing must be new. You are also welcome to bring in innovations from other courses, as long as your work for this assignment is new and does not repeat earlier work.

We will hold a feedback session in class on February 18. Each team should come to class with a preliminary idea of what innovation to market. It’s good practice to have an initial report ready, which you can then revise. Be prepared to state and explain your choice of target innovation. (You may pivot after customer research, but we need an initial target idea.)

Based on the feedback from the practice session, revise a one-page (1.5 spacing, 12-point font) progress report on “ideation” with answers to the following questions.

- What is the innovation your team chooses to market? Please describe the innovation briefly and intuitively.
- Why did you choose this innovation to market? More specifically, according to your preliminary assessment,
  - What is the customer need(s)?
  - How can this innovation serve the customer need(s)?
  - How can this innovation derive value from serving the customer need(s)?
- What is your STP?

Each team should submit a progress report by the beginning of class on February 19. (All progress reports and the final assignment are to be submitted as pdfs on Canvas)

**Phase 2. Listen to your customer**

To understand customer needs systematically, use at least one of the following methods we cover in Lecture 6, “Listen to Your Customer:”

- In-depth interview (at least 10 customers)
- User-generated content (at least 30 customers)
- Ethnographic observation (at least 10 customers)

The target sample sizes given in parentheses are sufficient for this class. Larger samples would be needed for a real application, but, given time constraints, you can use these sample sizes for your assignment. If you are interested in multiple segments, either focus on one segment or make sure your data span your target segments.

Summarize all critical customer needs and identify three important customer needs – besides price – for each segment. These customer needs will become those that your innovation addresses.
We cover “listening” methods in class. For those teams who wish to get a head start, we provide a note on the voice of the customer. This note is available on Study.net and Canvas.

**Very important:** Begin interviews, observations, or UGC-search early. Phase 2 must be completed by the voice-of-the-customer progress meeting (April 1).

To help you plan, and to enable us to help you, you are asked to provide on March 11 an (ungraded) summary of the interviews you have completed or plan to complete prior to April 1. Your TA will work with you to help you complete Phase 2.

Each team should submit a progress report by the beginning of class on April 6.

**Phase 3. Plan for deriving value**

We want you to derive value from serving those customer needs.

In previous semesters we found that teams that start early develop better plans for deriving value and learn more about marketing innovation. You learn the most if you use one or more of the methods we explore in marketing innovation. You must use at least one quantitative and one qualitative method.

We cover many quantitative and qualitative methods in marketing innovation. Among the methods we discuss are:

- **quantitative methods** are conjoint analysis, perceptual maps, and marketing analytics such as customer lifetime value (CLV), breakeven volume (B/E), expected value in use (EVIU) or willingness to pay (WTP), expected value to the channel (EVCh). and the (quantitative) purchase funnel.

- **qualitative methods** are a promotion plan based on a qualitative analysis of the communications funnel, example advertising (e.g., banner ads) based on an analysis of target schema, and the use of consumer-behavior theory to influence consumer purchasing.

- **other methods** that we approve in the progress meeting, e.g., web-based questionnaires using purchase intention scales

All of these methods are valuable, but not all apply in every circumstance. Furthermore, you may not have sufficient time to apply all of them in one semester. Please choose those methods that you feel are best for your assignment and propose the methods you will use during the progress meeting on April 27. We understand that you may wish to discuss alternative paths and revise your proposal after the April 27 meeting.
The progress report should list each of the methods you plan to use, why those methods are important for your assignment, and how you will obtain data or information to implement the methods.

Each team should submit a progress report by the beginning of class on April 29.

**Phase 4. Develop a marketing plan**

You’ve come a long way. You are ready to develop a marketing plan based on the work you accomplished in Phases 2 and 3. Structure your marketing plan by providing clear answers to the following questions.

1. **Introduction**
   
   a. What is the innovation you are trying to market? This step is often forgotten – a common mistake is to assume that others know your innovation as much as you do. However, do not spend too much time on technical details. Be succinct and engaging.

   b. What is the most important customer need(s) fulfilled by your innovation? That is, what is the pain point you are addressing? Again, be succinct and engaging.

2. **Marketing strategy. Based on your analysis of the 3 Cs, answer the following questions.**

   a. **Segmentation.** What segmentation variable(s) are you using? Why? Base your answer on customer needs you have identified in Phase 2.

   b. **Targeting.** Which segment(s) are you targeting? Why? Specifically
      
      i. Why is the segment attractive (consider segment size, growth, buying power, loyalty)?
      
      ii. Why is the segment compatible with your core competency, brand image, and goals?
      
      iii. What are your competitive advantage in serving this segment?

   c. **Positioning.** What is your positioning?
      
      i. Include a perceptual map to illustrate your positioning. (Do not simply draw a perceptual map—use either the qualitative voice-of-the-customer data to justify how customers perceive existing products or develop a questionnaire to measure consumer perceptions.
      
      ii. What is your positioning statement (STP)?

3. **Marketing tactics.** How do you plan to implement your marketing strategy through your

   a. **Product?**
b. Place?
c. Promotion?
d. Price?

Be thorough. Review lecture slides for issues to consider under each P. However, do not lose focus. Some Ps will be more important to your marketing plan than others; for each P, some factors will also be more important than others.

For instance, if promotion is of particular importance to you, please feel free to elaborate on related issues such as your promotion budget, objective, narrative, and testing. We encourage you to try your hand at promotional materials such as banner ads or story boards for YouTube or television advertising.

4. Can you derive value?

a. Use the methods from Phase 3 to discuss how you will derive value from your innovation.

b. What is your short-term revenue model? What is your long-term revenue model? What is your exit strategy, if you have one? What is the ultimate objective you’d like to achieve with this innovation? Be succinct, but make sure you have thought through these questions.

Describe your marketing plan of about six pages (1.5 spacing, 12-point font). You may use bullet point form, but do not provide unstructured lists or unsubstantiated claims. If you make assumptions due to limited time, label your assumptions clearly. You may include additional exhibits to support your recommendations. (We recommend at least one exhibit summarizing Phase 2 and at least one exhibit summarizing Phase 3.)

The most impactful marketing plan makes strong connection to the voice of the customer and methods to derive value. Solid research differentiates a serious marketing plan from a superficial sketch of ideas.

Phase 5. Present your marketing plan

We reserved the last two class sessions for oral pitches in class. We will give you the target time limit well ahead of those dates – it depends upon the number of teams. We will also announce the sequence of teams to present.

In your pitch, you should cover the key aspects of your marketing plan and try to persuade your audience that your plan is the most likely to succeed. You can choose to follow the structure of your marketing plan, or customize the content and flow to make your pitch more impactful. You audience should understand how your marketing plan flows from the VOC (Phase 2) and the analyses to derive value (Phase 3). Be prepared to answer questions from the audience.
To get the most out of this assignment, imagine you are pitching to potential sponsors of your innovation. This could be outside investors, or key persons within the company who can support your assignment. Keep in mind that sponsors are different from customers. Sponsors like marketing plans that are appealing to customers, and are profitable or socially impactful. Attracting customers is a necessary but not sufficient condition of attracting sponsors. You must convince your sponsors that there are important customer needs to serve and that you have solid plans on how to serve these needs profitably.

You are welcome to rely on a single presenter or to share the task among a few team members. Do not use too many presenters, but the entire group is welcome to come on stage to recognize each member’s contribution.

**Action Learning Assignment Evaluation**

We will evaluate your written marketing plan and your in-class pitches on the following criteria. Each has the same weight.

- **Voice of the customer (Phase 2).** Is there strong evidence that your market plan is research-driven? Are the research methods used appropriately and interpreted correctly? Does your research generate high-quality insight?

- **Deriving value (Phase 3).** Have you used the quantitative and/or quantitative methods well? Do they provide insight that helps you derive value? Are they integrated well?

- **Integration (Cs, Ps, and STP).** Does your analysis of the 3 Cs support your STP? Is your design of the 4 Ps consistent with your STP? Are your marketing strategies and tactics appropriate to the innovation you have chosen to market?

- **Course concepts.** In general, did you make good use of lessons from the marketing innovation course in your marketing plan?

- **Real-world potential.** Is your marketing plan creative, logical, feasible, and well-presented? How likely are we to sponsor your assignment? (It is okay to recommend that the innovation is not worth pursuing. If so, make a strong case for your recommendation.)

Best of luck with your Action Learning Assignment. Please reach out to the teaching team if you need any help.