MARKET PENETRATION: IS YOUR GROWTH ON TRACK?

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EVENTBRITE
MARCH 14, 2011
Two Case Studies in Market Adoption

Case Study Objectives

1. trace historical market penetration
2. forecast future growth
3. predict market saturation
4. determine which campaigns accelerate market penetration

Case Study 1
- Broadband in Australia

Case Study 2
- Online Ticketing in US Metro
The “Bass Model” describes the process of new product adoption

- Widely used in forecasting, especially product forecasting and technology forecasting
- Proposed in 1969 by Frank Bass, a founder of Marketing Science, and Nobel prize nominee
- “One of the most famous empirical generalisations in marketing”

Market adoption drivers
- innovation (p)
- imitation (q)

1 Uncles et al., 1995, Marketing Science
Innovator vs. Imitator Adoption

**Consumer Electronics**
- Calculators: p = 0.143
- Personal computers: p = 0.121

**Medical Equipment**
- Ultrasound imaging: p = 0.000
- Mammography: p = 0.000
- Computed tomography scanners: p = 0.036

Stronger Innovator adoption

Weaker Innovator adoption
Case Study 1: Broadband in Australia

“Australia has long lead the Asia Pacific region in terms of Internet penetration, however, the country has lagged in broadband adoption”
[emarketer.com, Australia Online, February 2011]
Case Study 1: Broadband in Australia

Case Study 1
Raw Data: 12 Years

Charts show available historical data

Total market adoption is 25 households per 1,000 inhabitants
Case Study 1: Broadband in Australia

Case Study 1
Year 4

Model applied to first 4 years of market adoption

Market size estimate is near 2

Model severely underestimates market size
Case Study 1: Broadband in Australia

Case Study 1
Year 6

Model applied to first 6 years of market adoption

Market size estimate increases to 25

Model estimates market size fairly accurately
Case Study 1: Broadband in Australia

Case Study 1
Year 8

Model applied to first 8 years of market adoption

Market size estimate increases to over 30

Market is transitioning from high-growth to saturation

Model over-estimates market size
Case Study 1: Broadband in Australia

Case Study 1
Year 12

Model applied to all historical data

Market size estimate declines to 25

Market in saturation phase

Model estimates market size accurately
Case Study 1: Broadband in Australia

**Bass Market Size Estimation**
- Innovator adoption: 0.00 (Industry 0.03)
- Imitator adoption: 1.00 (Industry 0.38)
- Estimates decline

**Case Study Findings**
- Market in saturation phase
- Good estimate of market size
- Sell to imitators
CASE STUDY 2
ONLINE TICKETING IN US METRO
Case Study 2: Online Ticketing in US Metro

“With Eventbrite, organizers can create a customizable event page; spread the word with social media; collect money; and gain visibility into attendees and sales.”
Case Study 2: Online Ticketing in US Metro

National ShamrockFest 2011
Saturday, March 12, 2011 at 1:00 PM (ET)
Washington, DC

Ticket Information

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When
Saturday, March 12, 2011 at 1:00 PM (ET)
Add to my calendar

Where
RFK Stadium
2400 E Capitol St
Washington, DC 20001

Yahoo | Bing | Microsoft

Hosted By
GoCity Events
Case Study 2: Online Ticketing in US Metro

Social

Other Adoption
Case Study 2: Online Ticketing in US Metro

Case Study 2
Raw Data: 5 Years

Charts show available historical data

Market adoption continues to increase exponentially
Case Study 2: Online Ticketing in US Metro

Case Study 2
Year 2

Bass model applied to first year of available data

Total market size estimate is less than 15% of current adoption

Model severely underestimates market size
Case Study 2: Online Ticketing in US Metro

Case Study 2  
Year 3

Bass model applied to first two years of available data

Modeled market size increases from less than 15% to 40% of current adoption

Model continues to underestimate market size
Case Study 2: Online Ticketing in US Metro

Case Study 2
Year 4

Bass model applied to first three years of available data

Modeled market size doubles from 40% to 85% of current adoption

Model continues to underestimate market size
Case Study 2: Online Ticketing in US Metro

Case Study 2
Year 5

Bass model applied to all available data

Modeled market size more than doubles from 85% to over 215% of current adoption

Model likely continues to underestimate market size
Case Study 2: Online Ticketing in US Metro

Bass Market Size Estimation
Innovator adoption: 0.01 (Industry 0.03)
Imitator adoption: 1.00  (Industry 0.38)
Estimates increase

Case Study Findings
Market in high-growth phase
Difficult to estimate market size
Sell to imitators
Case Study Summary

Bass Market Size Estimation
Estimates rise during high-growth phase, and decline near market saturation
In markets dominated by imitators, sell to imitators, even in high-growth phase

Case Study Findings

Case study 1:
saturation phase, sell to imitators

Case study 2:
high-growth phase, sell to imitators