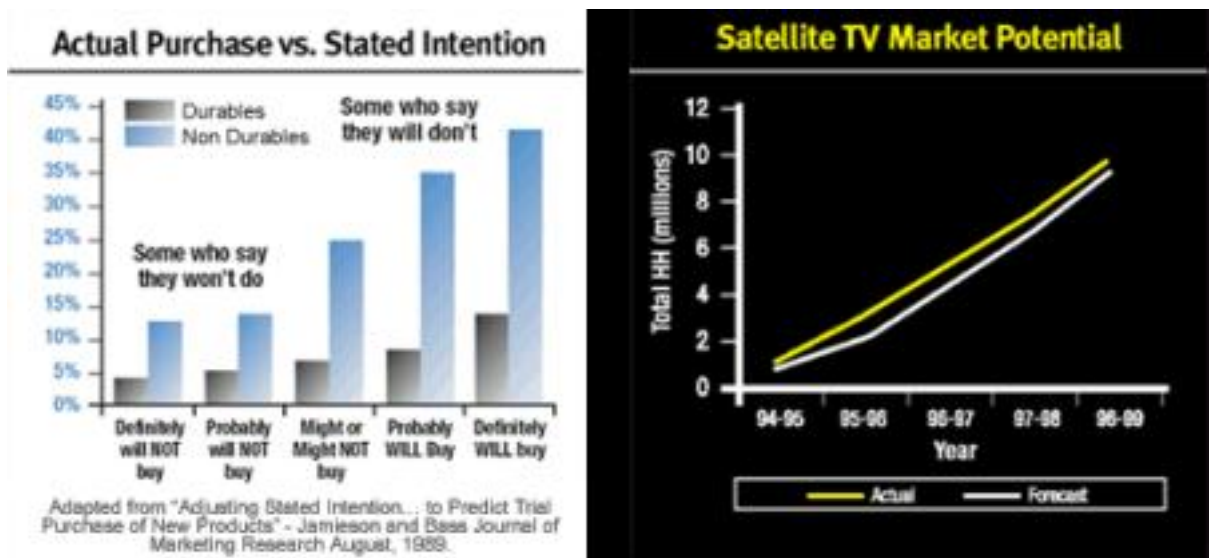


How Bass Diffusion Predicted Market Size for Satellite TV

In 1992, when satellite TV was still in its infancy, Professor Bass was asked to assist DirecTV in developing a forecast for the market potential. Here's how they did it ...

1. Conducted a research study (phone-mail-phone) to determine consumer purchase intentions. Panel was initially qualified by phone, then mailed a brochure with features and price points, then called again to determine purchase intention.
2. Factored down the reported purchase intentions based upon years of research in correlating intentions to actual behavior in both durable and non-durable goods categories (below).
3. Used the reduced intentions data to forecast the potential size of the market over time, making assumptions about the availability (65% U.S. household coverage area) and affordability (price point) of the service.
4. Reviewed multiple "benchmark" products/service diffusion curves to determine which were most likely to have had adoption patterns similar to what Satellite TV might expect. Ultimately selected cable TV as the benchmark and used the innovation and imitation scores from cable TV penetration to build the satellite TV forecast.

The result was a forecast which closely (and conservatively) predicted market penetration for the next eight years:



Read [Forecasting Market Size for a Unique New Product](#).

Additional resources and information on Bass diffusion can be found at: [New Product Forecasting](#).