

DS 223, Assignment #1

Bass Model

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Libraries and Packages

```
In [1]: import pandas as pd
import numpy as np
from scipy.optimize import least_squares
import sklearn.metrics
import plotly.express as px
import kaleido
from matplotlib import pyplot as plt
import matplotlib.image as mpimg
from IPython.display import Image, display
```

Time Innovation: *ThredUp AI Search*

Similar Product: *Vinted*

```
In [2]: display(Image(filename=r'/Users/user/Desktop/Marketing Analytics/Ho
```



A past innovation that resembles ThredUp AI Search is Vinted, the peer-to-peer online marketplace for second-hand clothing that has been popular in Europe since the late 2000s. Both platforms aim to simplify and accelerate the process of buying and selling pre-owned clothing online. Vinted allowed users to list items, browse through curated categories, and find products through text-based searches and filters. Functionally, Vinted pioneered the concept of accessible, large-scale second-hand shopping online, connecting buyers and sellers in a user-friendly interface and encouraging sustainable fashion practices.

ThredUp AI Search builds upon this concept with the use of modern artificial intelligence and computer vision. Unlike Vinted's primarily keyword- or category-based search, ThredUp lets users input ultra-specific phrases or upload images to find visually similar clothing items from millions of listings. This reduces guesswork and increases discoverability, enabling users who may be unfamiliar with brands or styles to shop sustainably with ease. While both innovations have expanded the second-hand fashion market, ThredUp's AI-driven approach represents a technological evolution, improving user experience and driving higher engagement, as seen in its reported 38% year-over-year increase in searches per session.

Data extraction

For this analysis, I sourced historical data on Vinted from Statista. The original data was provided in PPTX format as plots within a presentation, which required manual extraction. I was able to convert the visual data into Excel files for further processing. However, the Excel files I found only contained data up to 2021, which was insufficient for modeling the diffusion of the innovation. To address this, I combined the extracted historical data with more recent publicly available statistics to construct a complete time series suitable for Bass model estimation and forecasting. I was also able to find data showing downloads of Vinted in 2024 by countries, which supported my answer for question N 6.

My main variable for the Bass model analysis is Gross Merchandise Volume (GMV) of Vinted worldwide from 2016 to 2024, measured in million USD. I also collected Revenue data, which served as an additional reference to validate the Bass model's predictive function. GMV was chosen as the primary variable because it reflects the total value of all transactions on the platform, capturing the overall scale, adoption, and market activity more directly than revenue alone. Revenue, while important for financial performance, depends on commission rates and business model specifics, which can fluctuate independently of user adoption. Therefore, GMV provides a better proxy for the diffusion and popularity of the platform across users, making it ideal for modeling adoption patterns using the Bass diffusion model.

Loading Data

```
In [4]: gmv_path = '/Users/user/Desktop/Marketing Analytics/Homework #1/Data/gmv.xlsx'
revenue_path = '/Users/user/Desktop/Marketing Analytics/Homework #1/Data/revenue.xlsx'
downloads_by_country_path = '/Users/user/Desktop/Marketing Analytics/Homework #1/Data/downloads_by_country.xlsx'
gmv_df = pd.read_excel(gmv_path)
revenue_df = pd.read_excel(revenue_path)
downloads = pd.read_excel(downloads_by_country_path)
```

```
In [5]: gmv_df.columns = gmv_df.columns.str.strip()
revenue_df.columns = revenue_df.columns.str.strip()

print(gmv_df)
print(revenue_df)
```

	Year	GMV
0	2016	29.5
1	2017	114.5
2	2018	506.6
3	2019	1154.3
4	2020	2424.3
5	2021	4829.5
6	2022	6487.2
7	2023	10720.0
8	2024	12564.9

	Year	Revenue
0	2017	10.0
1	2018	30.0
2	2019	84.0
3	2020	150.0
4	2021	245.3
5	2022	370.2
6	2023	596.3
7	2024	813.4

```
In [6]: full_data = pd.merge(gmv_df, revenue_df, on='Year', how='inner')

print(full_data)
```

	Year	GMV	Revenue
0	2017	114.5	10.0
1	2018	506.6	30.0
2	2019	1154.3	84.0
3	2020	2424.3	150.0
4	2021	4829.5	245.3
5	2022	6487.2	370.2
6	2023	10720.0	596.3
7	2024	12564.9	813.4

Estimating the parameters for Bass Model

```
In [7]: years = full_data['Year'].values
gmV = full_data['GMV'].values
rev = full_data['Revenue'].values
t = np.arange(len(years))
```

```
In [13]: def bass_model(params, t, actual):
    p, q, M = params
    Y = np.zeros(len(t))
    S = np.zeros(len(t))
    for i in range(len(t)):
        if i == 0:
            S[i] = min(actual[0], M)
```

```

        Y[i] = S[i]
    else:
        S[i] = (p + q * Y[i-1]/M) * (M - Y[i-1])
        Y[i] = Y[i-1] + S[i]
    return S

```

```

In [14]: def residuals(params, t, actual):
        return actual - bass_model(params, t, actual)

```

```

In [15]: initial_params = [0.03, 0.4, max(gmv)*2]
        bounds = ([0, 0, max(gmv)], [1, 1, 1e6])

```

Bass Model Parameteres based on GMV

```

In [16]: result_gmv = least_squares(residuals, initial_params, bounds=bounds
        p_hat_gmv, q_hat_gmv, M_hat_gmv = result_gmv.x

        print(f"Estimated parameters(GMV):\np = {p_hat_gmv:.4f}\nq = {q_hat_gmv:.4f}\nM = {M_hat_gmv:.4f}")

```

```

Estimated parameters(GMV):
p = 0.0109
q = 0.8901
M = 55352

```

Bass Model Parameteres based on Revenue

```

In [20]: result_rev = least_squares(residuals, initial_params, bounds = bounds
        p_hat_rev, q_hat_rev, M_hat_rev = result_rev.x
        print(f"Estimated parameters(Revenue):\np = {p_hat_rev:.4f}\nq = {q_hat_rev:.4f}\nM = {M_hat_rev:.4f}")

```

```

Estimated parameters(Revenue):
p = 0.0044
q = 0.5927
M = 12565

```

Forecast VS Real data

Plotting GMV model

```

In [ ]: S_pred = bass_model([p_hat_gmv, q_hat_gmv, M_hat_gmv], t, gmv)
        plt.figure(figsize=(8,5))
        plt.plot(years, gmv, 'o-', label='Actual GMV')
        plt.plot(years, S_pred, 's--', label='Bass Model Prediction')
        plt.xlabel('Year')
        plt.ylabel('GMV (million USD)')
        plt.title('Bass Model Fit to GMV')
        plt.legend()
        plt.grid(True)
        plt.savefig('bass_model_fit_gmv.png', dpi=300)

```

```
plt.show()
```

Plotting Revenue model

```
In [ ]: S_pred = bass_model([p_hat_rev, q_hat_rev, M_hat_rev], t, rev)
plt.figure(figsize=(8,5))
plt.plot(years, rev, 'o-', label='Actual GMV')
plt.plot(years, S_pred, 's--', label='Bass Model Prediction')
plt.xlabel('Year')
plt.ylabel('Revenue (million USD)')
plt.title('Bass Model Fit to Revenue')
plt.legend()
plt.grid(True)
plt.savefig('bass_model_fit_rev.png', dpi=300)
plt.show()
```

Future Forecasting for ThredUp AI Search

```
In [ ]: future_years = np.arange(2024, 2035)
T = len(future_years)

S_future = np.zeros(T)
Y_future = np.zeros(T)

for i in range(T):
    if i == 0:
        S_future[i] = p_hat_gmv * M_hat_gmv
        Y_future[i] = S_future[i]
    else:
        S_future[i] = (p_hat_gmv + q_hat_gmv * (Y_future[i-1] / M_hat_gmv))
        Y_future[i] = Y_future[i-1] + S_future[i]

# Create DataFrame for predictions
df_pred = pd.DataFrame({
    'Year': future_years,
    'New_GMV_million_USD': S_future.round(1),
    'Cumulative_GMV_million_USD': Y_future.round(1),
    'Cumulative_pct_of_M': (Y_future / M_hat_gmv * 100).round(1)
})

print(df_pred)
```

```
In [ ]: plt.figure(figsize=(10,6))

plt.plot(df_pred['Year'], df_pred['New_GMV_million_USD'], marker='o')
plt.plot(df_pred['Year'], df_pred['Cumulative_GMV_million_USD'], ma

plt.xlabel('Year')
plt.ylabel('GMV (million USD)')
plt.title('Bass Model Prediction for ThredUp AI Search (S-shaped Di
plt.legend()
```

```
plt.grid(True)
plt.show()
```

Global or Country-specific

```
In [ ]: downloads
```

```
In [ ]: downloads = downloads.dropna()
downloads.columns = downloads.columns.str.strip()
downloads
```

```
In [ ]: fig = px.choropleth(
    downloads,
    locations="Country",
    locationmode="country names",
    color="Downloads",
    color_continuous_scale="Reds",
    range_color=[0, downloads["Downloads"].max()],
    title="Vinted App Downloads in 2024 by Country (millions)"
)

fig.update_geos(
    scope="europe",
    fitbounds="locations",
    visible=False
)

fig.write_html('vinted_map.html')

fig.show()
```

In 2024, Vinted app downloads were substantial across multiple countries, with the United Kingdom leading at 6.37 million downloads, followed by France (3.10 million), Italy (3.09 million), and Germany (2.18 million). Other countries such as Poland, Spain, Romania, Sweden, the Netherlands, and Greece collectively contributed millions more, reflecting strong international adoption. This distribution demonstrates that the secondhand marketplace is not confined to a single country but has significant usage across Europe. Consequently, analyzing the diffusion of innovations like ThredUp AI Search on a global scale is appropriate, as it captures the broad market potential and network effects evident in similar international platforms.

GMV to estimated adopters

```
In [ ]: avg_gmv_per_user = 0.0001 #as gmv is in million USD

df_pred['New_Adopters'] = (df_pred['New_GMV_million_USD'] / avg_gmv)
df_pred['Cumulative_Adopters'] = (df_pred['Cumulative_GMV_million_U
```

```
print(df_pred[['Year', 'New_Adopters', 'Cumulative_Adopters']])
```

```
In [ ]: fig, ax1 = plt.subplots(figsize=(10,6))

ax1.bar(df_pred['Year'], df_pred['New_Adopters'], color='skyblue',
ax1.set_xlabel('Year')
ax1.set_ylabel('New Adopters (number of users)', color='blue')
ax1.tick_params(axis='y', labelcolor='blue')

ax2 = ax1.twinx()
ax2.plot(df_pred['Year'], df_pred['Cumulative_Adopters'], marker='o',
ax2.set_ylabel('Cumulative Adopters', color='red')
ax2.tick_params(axis='y', labelcolor='red')

lines_1, labels_1 = ax1.get_legend_handles_labels()
lines_2, labels_2 = ax2.get_legend_handles_labels()
ax1.legend(lines_1 + lines_2, labels_1 + labels_2, loc='upper left')

plt.title('Bass Model Prediction for ThredUp AI Search – Adoption 0
plt.grid(True, which='both', linestyle='--', alpha=0.5)
plt.savefig('thredup_gmv_forecast.png', dpi=300)
plt.show()
```

Summary

Using Vinted as a look-alike innovation, we estimated the Bass diffusion model parameters for the marketplace GMV: $p = 0.0109$ (coefficient of innovation), $q = 0.8901$ (coefficient of imitation), and $M = 55,352$ million USD (market potential). These parameters indicate that adoption is heavily driven by social contagion and imitation, consistent with peer-to-peer marketplaces where word-of-mouth and network effects play a major role.

Applying these parameters to ThredUp AI Search, we forecast the GMV growth over the next decade. The model predicts a gradual start in 2024 with 600.9 million USD in new GMV, accelerating rapidly as the technology spreads: by 2027, cumulative GMV reaches 7,498 million USD (13.5% of market potential), and by 2030, adoption crosses 64.7% of M . Peak adoption occurs around 2032–2033, after which growth slows, approaching saturation at the total market potential of 55,352 million USD by 2034.

This diffusion path reflects a typical S-shaped adoption curve: slow initial uptake due to early adopters experimenting with AI-based second-hand shopping, followed by rapid growth as the tool gains awareness, and eventual plateau as most of the target market has adopted the innovation. The model highlights the potential for ThredUp AI Search to significantly accelerate second-hand fashion adoption, leveraging the same network-driven dynamics

that fueled Vinted's success.

References

1. **Statista.** (2024). *Vinted: Study Overview*. Retrieved from <https://www.statista.com/study/172216/vinted/>
2. **Statista.** (2024). *Vinted App Downloads by Country*. Retrieved from <https://www.statista.com/statistics/1447603/vinted-app-downloads-by-country/>
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4. **Vinted.** (2024). *How It Works*. Retrieved from https://www.vinted.com/how_it_works
5. **Course Slides.** (2024). *DS-223: Bass Model*. [PDF file]
6. **GeeksforGeeks.** (2025). *Bass Diffusion Model*. Retrieved from <https://www.geeksforgeeks.org/machine-learning/bass-diffusion-model/>