

Economist.com

Articles by subject: Topics: The internet

## BOOKS

What the long tail will do

### Wag the dog

Jul 6th 2006

From The Economist print edition

**A new book about entertainment, technology and statistics predicts that popular culture—and the businesses associated with it—will be transformed by the internet.**



FOR the past two years in Silicon Valley, the centre of America's technology industry, conference-goers have entertained themselves playing a guessing game: how many times will a speaker mention the phrase "long tail"? It is usually a high number, thanks to the influence of the long-tail theory, which was first developed by Chris Anderson, the editor of *Wired* magazine, in an article in 2004. Though technologists and bloggers chuckle at how every business presentation now has to have its long-tail section, most are envious of Mr



Anderson, whose brainwave quickly became the most fashionable business idea around.

Whether a blockbuster film, a bestselling novel, or a chart-topping rap song, popular culture idolises the hit. Companies devote themselves to creating them because the cost of distribution and the limits of shelf space in physical shops mean that profitability depends on a high volume of sales. But around the beginning of this century a group of internet companies realised that with endless shelves and a national or even international audience online they could offer a huge range of products—and make money at the same time.

The niche, the obscure and the specialist, Mr Anderson argues, will gain ground at the expense of the hit. As evidence, he points to a drop in the number of companies that traditionally calculate their revenue/sales ratio according to the 80/20 rule—where the top fifth of products contribute four-fifths of revenues. Ecast, a San Francisco digital jukebox company, found that 98% of its 10,000 albums sold at least one track every three months. Expressed in the language of statistics, the experiences of Ecast and other companies such as Amazon, an online bookseller, suggest that products down in the long tail of a statistical distribution, added together, can be highly profitable. The internet helps people find their way to relatively obscure material with recommendations and reviews by other people (and for those willing to have their artistic tastes predicted by a piece of software) computer programs which analyse past selections.

Long-tail enthusiasts argue that the whole of culture will benefit, not just commercial enterprises. Television, film and music are such bewitching media in their own right that many people are quite happy to watch and listen to what the mainstream provides. But if individuals have the opportunity to pick better, more ideally suited entertainment from a far wider selection, they will take it, according to the theory of the long tail. Some analysts reckon that entire populations might become happier and wiser once they have access to thousands of documentaries, independent films and sub-genres of every kind of music, instead of being subjected to what Mr Anderson calls the tyranny of lowest-common-denominator fare. That might be taking things a bit far. But the long tail is certainly one of the internet's better gifts to humanity.

Conglomerates, such as Rupert Murdoch's News Corporation, on the other hand, regard the long tail as another swing at them from a dragon-like blogosphere which resents the "mainstream media" or MSM, as bloggers often call it. Lowest-common-denominator hits, after all, are an important part of their business. Like many people connected to the technology industry, Mr Anderson (formerly a journalist for *The Economist*) clearly relishes the way the internet is challenging traditional media companies. Perhaps because of this, he is a little too dismissive of hits. Some are indeed manufactured and cynical: the music industry bribes radio stations to blitz people with tracks they have picked; book publishers pay retailers for the spot in the window; and Hollywood holds back films from honest reviewers lest a bad write-up spoil an opening. But most hits are popular because they are of high quality. As Mr Anderson's book acknowledges, there is an awful lot of dross in the tail. And the way in which the internet makes it easy for people to share likes and dislikes about entertainment will help hits as well as more obscure material.

Mr Anderson has backed away somewhat from his original article in *Wired* in which he suggested that the long tail would be a bigger market than the hits. His book says, more cautiously, that "all those niches can potentially add up to a market that is as big as (if not bigger than) the hits." Perhaps the true effect of unlimited digital distribution on individual media choices will be even more positive than he imagines. It may be that only the middling, manufactured sort of hit will fall by the wayside: the genuinely popular variety will remain just as powerful. Most hits start somewhere in the long tail and move up; so as content in the tail becomes easier to discover, the hits that emerge from it should also be of higher quality.

One weakness of this otherwise excellent book is that it tries to apply the theory of the long tail to fields far beyond entertainment and e-commerce. Offshoring, for instance, is the long tail of labour, says Mr Anderson, and there is also a long tail of national security, in which a "short head" of state violence has been challenged by niche producers such as gangs and

terrorists. In trying to find long tails everywhere, Mr Anderson risks diluting some of his idea's meaning and novelty.

The cover of Mr Anderson's book promises to answer the question: "Why the Future of Business is Selling Less of More". But his book may alarm as well as help businessmen. Karl Marx once described a communist society in which "nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes...to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner." Mr Anderson suggests that the long tail is bringing about something similar. The tools of media production—computers, desktop printers, video cameras—are now so widely and cheaply available that a generation of young people are becoming amateur journalists, commentators, film-makers and musicians in their spare time, rather as the philosopher imagined. Amateurs offering their work free of charge will contribute a significant portion of the long tail, so at the very end there will be a "non-monetary economy," says Mr Anderson. If true, that could prove to be the most fascinating long-tail effect of all.

**The Long Tail: Why the Future of Business is Selling Less of More.**

**By Chris Anderson**

*Hyperion; 238 pages; \$24.95.*

*Random House Business Books; £17.99*