

The Long Tail

By Chris Anderson

Review by Michael Plasmeier

The typical book superstore has about 100,000 books. This may sound like a lot, but with 200,000 books published every year, most books (published each year) never see the shelves of your local retailer. The book Fight Directing for the Theatre has nine 5-star reviews, yet it is the 212,415 most sold book on Amazon. Your local retailer is paying for rent in a fairly expensive shopping mall, so space is limited. In addition, it only can draw people from a certain mileage around town. There may be only five theaters in their footprint. Assume each theater has a stage-fighting coach. There are 5 possible people who could buy that book, assuming they do not have a copy already. There is no way a bookstore can stock that book, hoping that one of the stage-fighting coaches lost their copy. Thus, the book store must choose books which will sell a fair number of copies a year in that local region.

But at Amazon, space is far less constrained. They only need one low-rent warehouse with the book in stock in order to be able to offer it to the whole country. At Amazon, one quarter of sales come from outside the top 100,000 titles. These books are not available anywhere else but online. But the market for these specialty books is already a third of the mainstream market.

The graph of the market for books, music, and movie rentals falls into the basic shape of a power-law graph (Figure 1). The horizontal axis is product arranged in order of sales rank. The vertical axis is the number of units sold. On the very left of the graph, a few products sell large numbers of units. On the right, a vast number of items sell comparatively few items.

you can omit this phrase in order to avoid repetition

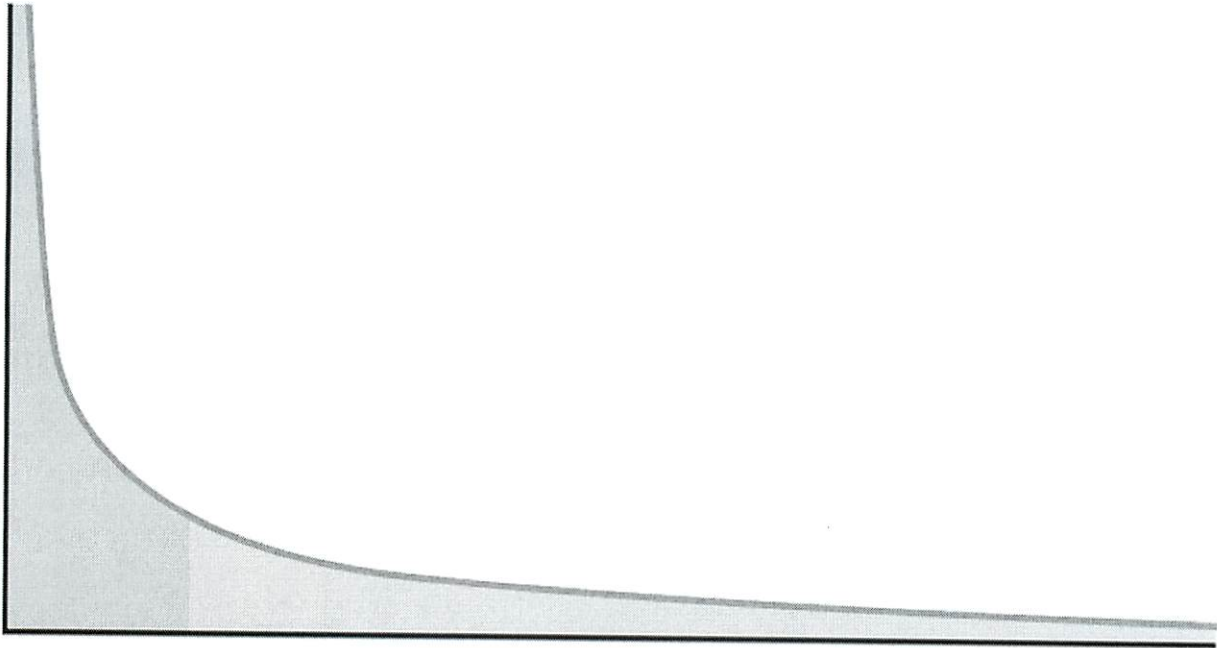


Figure 1 ^{brief} Include a description of the figure

In the past, the cost of production has been so high and the distribution channels so limited that attention could only be paid to the hits. But today, various factors have unlocked the value in **The Long Tail** of the graph. The total number of sales in the Long Tail can be as large as the hits section, but distributed over far more products. This is the basic premise of Chris Anderson's book and severs as the subtitle of the book, "[The] Future of Business is Selling Less of More." Anderson's main thesis is that America's hits culture is being replaced with a series of niches.

I recommend italics instead of quotation marks.

Although books are not exactly the best illustration of a hits culture in the United States, television is. In the 50s, almost 75% of TV households were watching one show. This led to a "watercooler effect," in which Americans talked about the shows that they watched the next day at work, leading to a shared culture. When The Long Tail was written, the top show *CSI* couldn't even pull in 15% of TV households.

Virtual goods have an even lower cost than physical goods sold online. There is almost no cost to offer a music track for sale. At Real Rhapsody, 40% of sales were from songs that were not available at the local

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Wal-Mart. Imagine a Tower Records dedicated to just eighties hair bands. A physical store could not find enough business within 10 or 20 miles to support itself. But online, the audience is almost infinitely broader, and the costs are far lower, so that there is now a viable market for this content.

Mr. Anderson does concede that the Long Tail is full of crap, but that does not matter because of filtering techniques. Mr. Anderson suggests search engines and recommendation engines are the key to discoverability in the Long Tail. In fact, Netflix's whole business model is based on using recommendations to push the Long Tail. Because Netflix must ship DVDs to a customer's house, it cannot compete with Blockbuster in new releases. In addition, new releases are more costly to Netflix in licensing fees. By convincing its customers to rent the back catalog, Netflix is providing more value to its customers, while increasing their profit margins. Mr. Anderson's view of filtering is centered in 2004, where recommendations engines and ratings based on demographic data were all the rage; in 2010, marketers can't resist telling you what your friends' bought.

I recommend this shift in phrasing

Chris Anderson wrote The Long Tail in 2004, to explore the phenomenon of the power-law graph, its history, and its potential in great detail. Mr. Anderson is the Editor-In-Chief of Wired magazine, a business and geek culture magazine with a circulation of about 680,000. The Long Tail was originally a magazine column that he wrote. The column was extended into book. Unfortunately, this becomes clear quickly, as the book repeats the same basic concepts over and over again. Various chapters cover every angle of the Long Tail, from the history of hits to the problem of too much choice. The book is filled with anecdotes and case studies. It is written in an easy to understand style, which makes it easy to read or skim over an extended lunch period. Many readers would be satisfied by just reading Mr. Anderson's original magazine article in Wired. Those looking to make money off of the Long Tail may be interested in reading the whole book. But unfortunately, Mr. Anderson has left out the section on how to market ^{the} long tail; one has to read the revised version of the book, The (Longer) Tail for that section.

Mr. Anderson continues telling anecdotes on the book's companion blog, thelongtail.com. Although the blog has been recently put into hiatus, it still has 5 years of stories that back up the book. For a reader who is interested in more details, without buying the book, the archives of the blog can be read for free.

In the 6 years since the book came out, the power of hits has not disappeared; hits can still sell a lot of product. Big artists, such as Miley Cyrus, can capture the hearts of wide swaths of the population. This past year, Avatar was the most expensive film ever made, but it was also the most successful film at the box office ever, pulling in over \$2 billion. As Mr. Anderson correctly points out, these hits are not accidents. They are picked and groomed by executives following a well-researched formula for being a hit. Although Mr. Anderson never suggested that the head of the long tail is going to go away completely, Avatar showed that hits are just as powerful as ever.

On the internet, YouTube was very popular at first. Sure, YouTube has clips of funny cat videos uploaded by users, but many people come to watch the TV shows uploaded illegally. Some of the top viral videos on YouTube were accidents, but others were made by marketers following a clear formula. For instance, they knew that YouTube would pull a thumbnail from the immediate middle of the video, so they would make sure a good clip was in the middle. Although viral videos seem like they come from the Long Tail, they can be easily created by experts aiming for the head.

People also want professional content. The TV industry set up Hulu, a site with traditional TV shows supported by advertising. The site is now the #37 most visited website catering to a US audience, according to Quantcast. Although Hulu still lags behind YouTube, its relative popularity shows that people still want a high-quality hits experience.

Even the watercooler effect is offset by the internet. Online discussion forums have connected fans of a certain show together. Even if none of your colleges are watching the same shows as you are, you can find plenty of people online who are interested in the same shows. We still have very popular shows as

well. For example, *American Idol* and *Lost* may not have as many people watching them as shows did in the 70s, but there are still a significant number of people watching. The phone network peaks near capacity during *American Idol* call-in voting.

Ultimately, The Long Tail is an intriguing and increasingly significant idea. However, the idea can be conveyed in one sentence. The book does a good job of adding clear supporting details, but by the middle of the book, one should skim to the interesting headlines. The book has much in common with Wikinomics, The Tipping Point, and Anderson's Free in that they cover a simple economic idea from every angle. The topic sounds compelling, but there is only so much that you want to read about it. Unless you are a high school student being introduced to the business world for the first time, stick to the magazine article.

This is an interesting and engaging review.
It has a clear thesis and it's well structured.
The mechanical errors ~~are~~ (especially the typos/mispelled words) undermine its overall good qualities.

Grade: A-