

A Tall Tale of the Long Tail

By Barry Blesser ©2007

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My parents often reminded me that I was always asking “why” even at the age of 2. And I immediately followed their answer with another question that expanded the scope of the initial question. Readers of my *Last Word* columns may have noticed that nothing has really changed in six decades. As an adult, I appreciate the value of a deep understanding, which frequently contains a simpler explanation with more predictive value than a collection of isolated insights.

This article is yet another view of how changes in terrestrial radio are actually part of a universal transformation as pervasive as the industrial revolution. But unlike previous discussions, I now offer a very compact explanation for what broadcasters have been observing for the last decade.

Before actually delving into this new view, readers may wonder how I have been creating new ways of looking at old questions. The answer is actually very simple: rather than pretending that I am brilliant, which I am not, I constantly look for books and people who have already discovered ideas that can be applied to broadcasting. I shamelessly steal and adapt, which is a unique skill that I have acquired over the years. In this article, I am applying the ideas from Chris Anderson’s book, *The Long Tail: Why the Future of Business Is Selling Less of More*. Changes in terrestrial broadcasting are just more examples of the ascendancy of the long tail, the relevance of which will shortly become clear.

To begin, assume that there existed an infinite supply of styles of clothing, music, food, and furniture. Each of us would select individual items that best suited our personality and personal preferences. Each of us is a unique individual, and we would select goods and services that best matched that uniqueness: customized everything.

Let’s consider an example of music tracks or songs. Perhaps there are 10 million such tracks in existence. If we plot the number of people who are interested in a given track we would form a distribution curve as illustrated in the figure below. In this made up example of 100 tracks, there might be 350 people interested in the most popular track, and there might be only 10 people interested in least popular track. This kind of analysis produces a popularity distribution curve. The bulge at the front is called the head, or in marketing language, the blockbusters. And the long flat region to the right is called the tail, the niche oddball tracks that only a few individuals have an interest in.

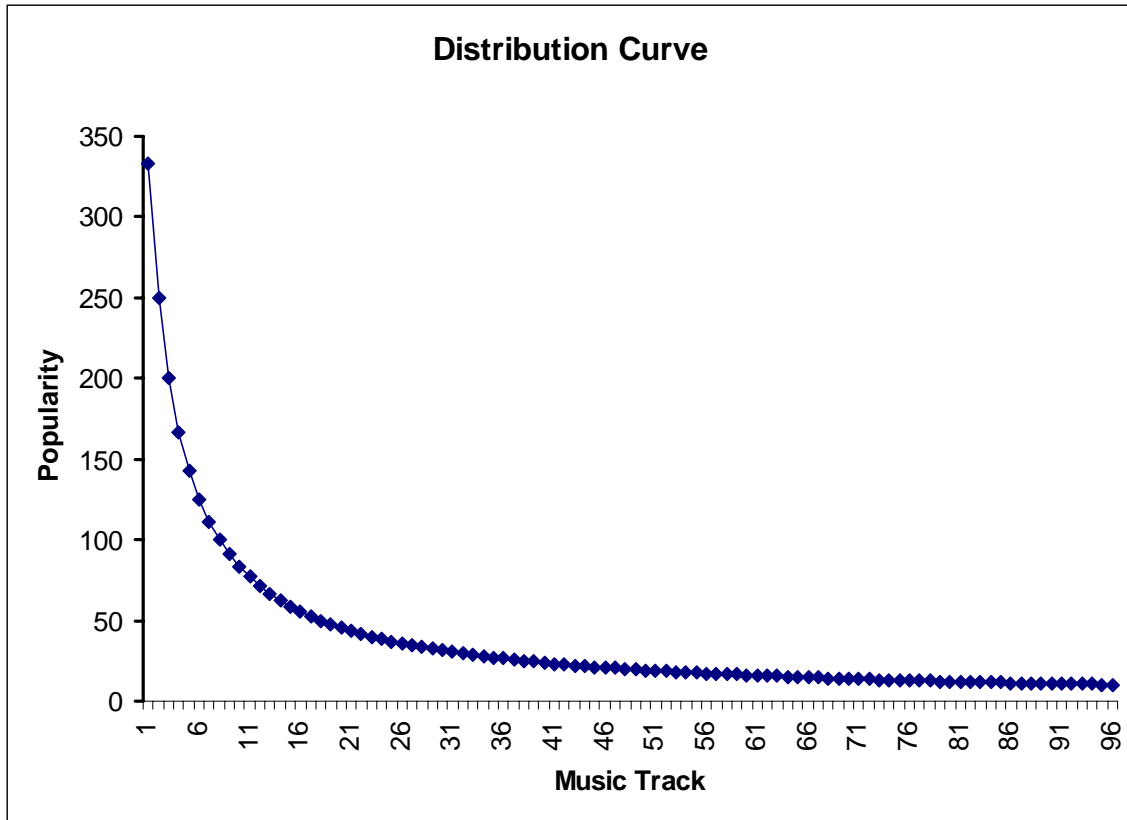


Fig. 1 Popularity Distribution of Music Tracks

To illustrate the power of the tail, Anderson provides statistics from 2005 or earlier. The Rhapsody download music company, which has an inventory of some 1.5 million tracks, receives 40% of its revenue from songs that are simply not available in retail stores. In contrast, the top 200 albums account for 90% of Wal-Mart's sales because they do not have the space to inventory songs that might sell once a month. For those organizations that use technology to cut their cost of inventory, the amount of total business for objects in the tail increases.

For example, if available I would delight in listening to some songs that I remember from my childhood in the 1950s. But I would never find them in my local store; they are rarely played on the radio. I might wait for years before I could hear them again. They are scarce. The range of music choices is limited to those that appear in the head of the distribution. Who would play a song on a radio program that was only of interest to 10 people? And a bookstore could never find the shelf space to stock 3 million books of which most only had a few readers. In other words, scarcity, whether in shelf space or broadcast channels, forces the tail to be cutoff. With scarcity, everyone looks for the blockbuster, the head of the distribution that contains the most popular objects. It has always been so—until now!

If one looks carefully at the curve, one would observe that the tail actually continues forever and that the number of objects in the tail is actually very large. Using a different language, the tail represents custom made objects suited uniquely for you and you only. If you could buy ready-made clothes that were tailored exactly for your body shape, and if the price was very low, you would buy custom clothing. If you could listen to a music track that exactly matched your mood you would. The Kings and Queens of the 17th century could request that court musicians perform a particular piece of music in a specific style at a specified time at a specific location. They could customize their musical experience. We would all like to enjoy such customization but it has not been economical to do so, or so we thought.

Recent technology advances have produced a dramatic shift in economics of storage and distribution, which now makes customization viable. Each of us can be like the royalty of the 17th century. The cost for storing on a hard drive every piece of music ever performed is small. In the 1970s, Gordon Moore first observed that the density of transistors on integrated circuits had been doubling each year. Applying Moore's law to music, the capacity of hard drives to store song tracks continues to double each year, which is a thousand-fold in one decade or a million-fold in two decades. Scarcity of distribution is no longer the controlling factor in choice.