

Rethink the Long Tail

Looking at Chris Anderson's seminal book in light of new academic research

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Takeaways for media companies:

1. *Consumers have not lost their taste for hits*
2. *Heavy users delve into the long tail but infrequent buyers tend to stick with mainstream fare*
3. *Popular titles have grown disproportionately at the expense of niche titles*
4. *Digital channels may be strengthening winners' place in the market*
5. *Don't confuse availability for access*

Two years ago, the music industry was abuzz over "The Long Tail" by Chris Anderson. The book was a watershed event that changed how people thought of digital commerce and media content. Ideas espoused by Anderson seemed to capture the possibilities of the Internet. "The long tail," a term that describes the long, downward-sloping curve created when graphing the sales of many items, has become a commonly used term for all things not in the mainstream.

Last week, an important article appeared in the July issue of the *Harvard Business Review*. Written by Anita Elberse, an associate professor of business administration in the marketing unit at Harvard Business School, ["Should You Invest in the Long Tail?"](#) takes an empirical approach to studying online music and video sales. She and a colleague looked at sales data from online retailers' vast catalogs and arrived at conclusions that merit the attention of the music industry.

Elberse's research provided conclusions that are in contrast with some of Anderson's key themes of the book. If one is to believe the long tail theory as presented in the book, consumers buy and enjoy hit titles because a combination of scarcity (due to limited shelf space) and corporate muscle offers them no other options. "We are turning from a mass market back into a niche nation," Anderson wrote, "defined now not by our geography but by our interests." Our interests, he argued, were previously defined by the zero-sum game of brick-and-mortar shelf space. Now, goes the thinking, consumers are liberated from hit-driven culture.

Anderson's advice to businesses followed his belief that hits would fall out of favor. According to the book's subtitle, the future of business is "selling less of more."

But Elberse's research led her to different conclusions. She found that consumers gave the hits higher ratings than the more obscure titles. "No matter how I slice and dice the customer base," she wrote, "customers give lower ratings to obscure titles."

Heavy users, she found, dabbled in the niche titles of the long tail but gave higher ratings to the more popular titles. Infrequent buyers rarely left the short head and were content with the familiar, popular titles everybody else was enjoying.

In addition, Elberse's research found that hits are taking a disproportionate amount of sales at the expense of niche titles. By looking at SoundScan data from January 2005 to April 2007 for 3,300 random artists, Elberse found greater concentration in digital sales than in physical sales – which is at odds with Anderson's theory about the tyranny of shelf space – and that the level of concentration grew as digital sales increased. She wrote,

"...although today's hits may no longer reach the sales volumes typical of the pre-piracy era, an ever smaller set of top titles continues to account for a large chunk of the overall demand for music."

A similar trend was found in the sales of video titles. In a random sample of 5,500 titles, the number of titles that sold "only a few copies" doubled from 2000 to 2005, and the number of titles with no sales increased by 300%. "Thus the tail represents a rapidly increasing number of titles that sell very rarely or never," she wrote. "Rather than bulking up, the tail is becoming much longer and flatter."

At the same time, the number of titles in the top 10% of weekly sales dropped by 50%. This means the winners had increased their share of the market at the expense of the niche titles. "The importance of individual best sellers is not diminishing over time," she concluded. "It is growing."

These conclusions contrast wildly with the popular notions of Internet commerce. But if one takes into account the similarities between Elberse's findings with a recent study of pre- and post-purchase behaviors, these conclusions make more sense. A study by the Pew Internet & American Life Project titled "[Internet and Consumer Choice](#)" concluded the Internet helps music buyers connect with artists and discover music but does not strongly influence what music they buy or how they do it. Among music buyers, 83% find out about music from typical mass media outlets -- radio, TV or a movie -- while 64% find out about music through personal connections -- family, friends or co-workers. Of music buyers who used the Internet to learn about music, 88% of respondents said the online resource had either no impact or just a minor impact.

In the Pew Internet study, we are told that 51% of music-buying respondents said online information had no impact at all on their purchase decisions. Thirty-seven percent said online information had only a minor impact. These numbers are at odds with the idea that consumers are taking their cues from online music recommendations that assist their foray into obscure niches.

Looking at post-purchase behavior, 77% said they talk about music with friends and family and 66% said they share it with others. Most of that sharing was not done online. Only 2% of respondents said they shared a song online while 73% shared it on a CD. (I will note that the median age of the music-buying respondent was 43. The habits of younger music buyers are probably more heavily skewed toward the Internet. But this report is not about future trends and the habits of the youth generation. This is a snapshot of what music buyers are doing right now.)

Based on these findings, it can be argued that Anderson was wrong when he wrote in “The Long Tail” that lower search costs will result in demand being shifted from the short head (hits) down the tail (toward niches). Search engines and recommendation engines, he theorized, will “lower the risk of purchasing” and encourage consumers to venture further out into niches. But venturing out into the tail requires higher search costs. Artists in the far end of the long tail are there for a reason – lack of awareness. Overcoming that lack of awareness requires some kind of trigger, be it radio play, a review in a magazine or word of mouth. That trigger creates awareness and reduces search costs for listeners. Most people find out about music in very traditional ways, and recommendation engines have not replaced recommendations from humans or songs found on television or radio.

Elberse referenced the 1995 book *The Winner-Take-All Society* by economists Robert Frank and Philip Cook. In it, the two argued the speed and ease of replication allowed by the Internet means suppliers of popular titles would earn a disproportionate amount of the profits, and that consumer tastes and buying habits would converge rather than split off into millions of niches. Elberse’s findings support Frank and Cook’s theories.

The implications for businesses are profound. Call it mass culture, common culture or hit-driven culture, it isn’t going away. Media companies that aim for wide, mainstream success should not be discouraged by the level playing field provided by digital distribution. Consumers are as drawn to popular titles as they have ever been. Television shows, movies and music still provide water cooler talk – although in some cases that water cooler has moved from the office break room to online forums.

Near the end of the book, Anderson offers advice to businesses. Among the rules of the long tail era: lower your costs, think niche and trust the market do to your job (“throw everything out there and see what happens”). In reality, that advice is fine for novice enthusiasts but not for all but a few media companies. An aggregator with proper economies

of scale can throw out much content “and see what happens,” but a content producer has fewer products and costs associated with each of them.

Content producers must understand the difference between availability and accessibility. Through digital distribution, the products of all content producers may be available at any one online store. Whether or not that content will actually be accessed is a different matter. According to Nielsen, more than 570,000 albums sold at least one unit in 2007. Of those albums, 80% – or 450,344 – sold fewer than 100 units. There is little to no awareness of or intent to purchase the majority of albums on online stores. Although it is available for purchase, that vast amount of music is simply inaccessible to consumers. They will not find it. There is little to no word of mouth to generate awareness. Recommendation engines are unlikely to shine a light on such obscurity.

Media companies should know their place in the market. Producers of hit-oriented content should continue to strive for as much success as possible and continue to use mainstream means of promotion. Producers of niche content should accept that mainstream consumers are not their intended audience. They should understand that digital distribution offers a pipeline to the masses, but type of and quality of content will dictate success.

Above all else, labels should not just release music and “see what happens.” One should not substitute the “wisdom of the crowd” for a coherent, effective marketing plan. Ours is still a hit-driven culture in which crowds of people gather around common goods. Popularity does not simply come into being via availability. Popularity it is created through a myriad of efforts that span the value chain – producer, artist, manager, distributor, promoter, publicist, label and retailer. If a label has a large back catalog and decides to sell it at digital stores, something may happen but that “something” was determined back when the label and artist were promoting the albums as new releases.