
In entertainment industries such as movies, television, music, and book publishing, a few products and services are wildly successful each year. According to Chris Anderson, the search for successful “hits” and their revenue-generating capacity came to dominate the business strategies of the entertainment industries in the twentieth century. The major players preferred to allocate their resources to a few high cost productions in the hope of generating a “hit” rather than spreading their resources over a large number of modest projects with smaller potential payoffs. Until recently, this focus on generating “hits,” reinforced by physical limitations on the size of inventories or “shelf space,” favoured the abandonment of specialized products and services in favour of a few generic goods selected with the hope of attaining mass market success. The decline of U.S. independent feature film production over the last three decades of the twentieth century is one of many by-products of this phenomenon.

In The Long Tail, Chris Anderson argues that, although the U.S. entertainment industries continue to focus on “hits,” in the last decade “hits” have become a lesser economic force as a result of digitization and the Internet. Digitization has permitted the decentralisation of production, distribution, and storage so that “hits” and less successful entertainment products and services can co-exist side by side. Indeed, a flourishing retail business has arisen that focuses exclusively or predominantly on the “long tail” of specialized or “niche” product offerings.

The “long tail” refers to the distribution of the demand for each of the many variations of an entertainment product or service in a given market if each observation is represented in a graph with volume on the vertical axis. Displayed in this way, the demand for the many variants of any given entertainment product approximates a power law distribution (a sloping curve that is concave downward) with a long tail to the right. Consumer demand of this kind is sometimes identified in popular literature as a manifestation of the 80/20 rule: a large part of total revenues is generated by a few titles. Thus, for example, it is claimed that 80% of book revenues are earned by 20% of total book titles. According to The Long Tail, between 2001 and 2005 the U.S. music industry’s total sales declined by a quarter and the number of album sales diminished by a nearly a half (p. 32). As a result, the commercial music industry is experiencing financial difficulties and the hit-making component of the industry even more so. The U.S. music industry attributes this decline to “piracy” but Chris Anderson, while conceding that peer-to-peer music file trading provides a partial explanation, considers that the enormous capacity permitted by modern computers, the iPod, the Internet, and online music services, such as Rhapsody, have resulted in the expansion of supply to cover a whole new range of specialized music. Consumers are turning away from mainstream commercial music to alternative forms of professional and amateur music available in digital format.

In the pre-digital era, the major distribution channels filtered out various kinds of specialized music because of scarce physical “shelf space.” But now a new spectrum of music production, distribution, and storage has been stimulated by digital technology. This music caters to a “long tail” of specialized demand that could not previously be satisfied.
According to *The Long Tail*, the decline in commercial music sales, album sales in particular, as well as rock radio, results from all manner of music suppliers, mostly previously unavailable, mostly legal, offering digital music over the Internet.

Although Chris Anderson may have coined the expression the “long tail” as it is now used, the theoretical concept originated in more rigorous analysis that is not adequately acknowledged in his book. Leaving aside the contribution of the nineteenth century economist Vilfredo Pareto to the statistical study of social phenomena, whose contribution Anderson concedes, the idea of the long tail in the digital economy has its antecedents in Bernardo Huberman’s *The Laws of the Web: Patterns in the Ecology of Information*, the economic analysis of consumer surplus in the digital economy by Erik Brynjolfsson, Yu Jeffrey Hu and Michael Smith, and Clay Shirky’s writings about the Internet, notably his February 2003 blog, *Power Laws, Weblogs, and Inequality*. Specialists may want to look at these writings for a fuller treatment of the “long tail” concept.

Chris Anderson’s discussion in *The Long Tail* relies on a series of examples, often undocumented, that are intended to buttress his argument. There is no rigorous analysis of alternative or competing explanations. Instead, he cites a series of cases that may or may not pass the test of time. For example, Anderson says that Hollywood box office revenue declined by more than 6 percent in 2005 and uses this to illustrate his argument that Hollywood “hits” do not have the economic force they once did (p. 37). But he does not specify where this statistic comes from or to what territory it applies.

According to the data on the Motion Picture Association of America (MPAA) website, the value of total U.S. box office revenues declined by 5.8 percent in 2005 but expanded by 5.6 percent in 2006 to return to the historical levels of 2002, 2003, and 2004 (Shirky, 2004). Or was it worldwide data Anderson was referring to? (He doesn’t say.) In that case, the decline in 2005 amounted to 7.6 percent and the rebound in 2006 to 11.0 percent—an all-time high. Moreover, in 2006, the number of films that grossed more than $50 million in the U.S. increased by 12.6 percent. Evidently, the Hollywood movie business is not an optimal illustration of Anderson’s thesis and, as much as home computer users with high speed connections may be watching short films on *YouTube*, Americans are still going to see “hit” movies in significant numbers.

This said, *The Long Tail* provides very useful information about the new digital economy that is not readily available elsewhere. For a quick introduction to the history of Wikipedia, the Creative Commons, MP3.com, iTunes, or jam retailing, this is not a bad place to begin. The discussion employs the degree of rigour found in most serious magazine articles. In fact, the book expands on an article (available on the Internet) published in October 2004 in *Wired* magazine of which Anderson is the editor in chief. Like *Wired* magazine itself, *The Long Tail* is written in a lively and engaging style that is aimed at an educated, general public. “New Rules for the New Entertainment Economy” was initially the title of a speech by Chris Anderson that led to his “Long Tail” article in *Wired* and it might well have served as a subtitle for this book.

**Reference**


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