

G53DDB: Lecture 3

Coursework 2007

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The 20/80 Rule

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Implication: a “Hit Economy”:

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- Limited number of screens means preferable to show films that draw the large crowds.
- Limited airtime means only hits gets played as this attracts listeners which in turn brings in revenue from advertising.

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- Anderson argues that the 80/20 rule no longer holds in many market segments.
- Anderson was once asked by a CEO for a “digital jukebox company”: How many of their 10000 tracks had sold at least once per quarter?
- Answer: 98%

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- As the difference in cost between a small and large digital track library is very small, it has all of a sudden become profitable to address the low-volume end of the market.
- Anderson argues that this trend will affect more and more market segments.
- Indeed, he even suggests that (at home) 3D printing might, in the long term future, totally change even what kind of physical things it makes sense to “keep in stock” (in the form of manufacturing instructions).

The Long Tail (1)

Chris Anderson. *The Long Tail: Why the Future of Business is Selling Less of More*, Hyperion, 2006.

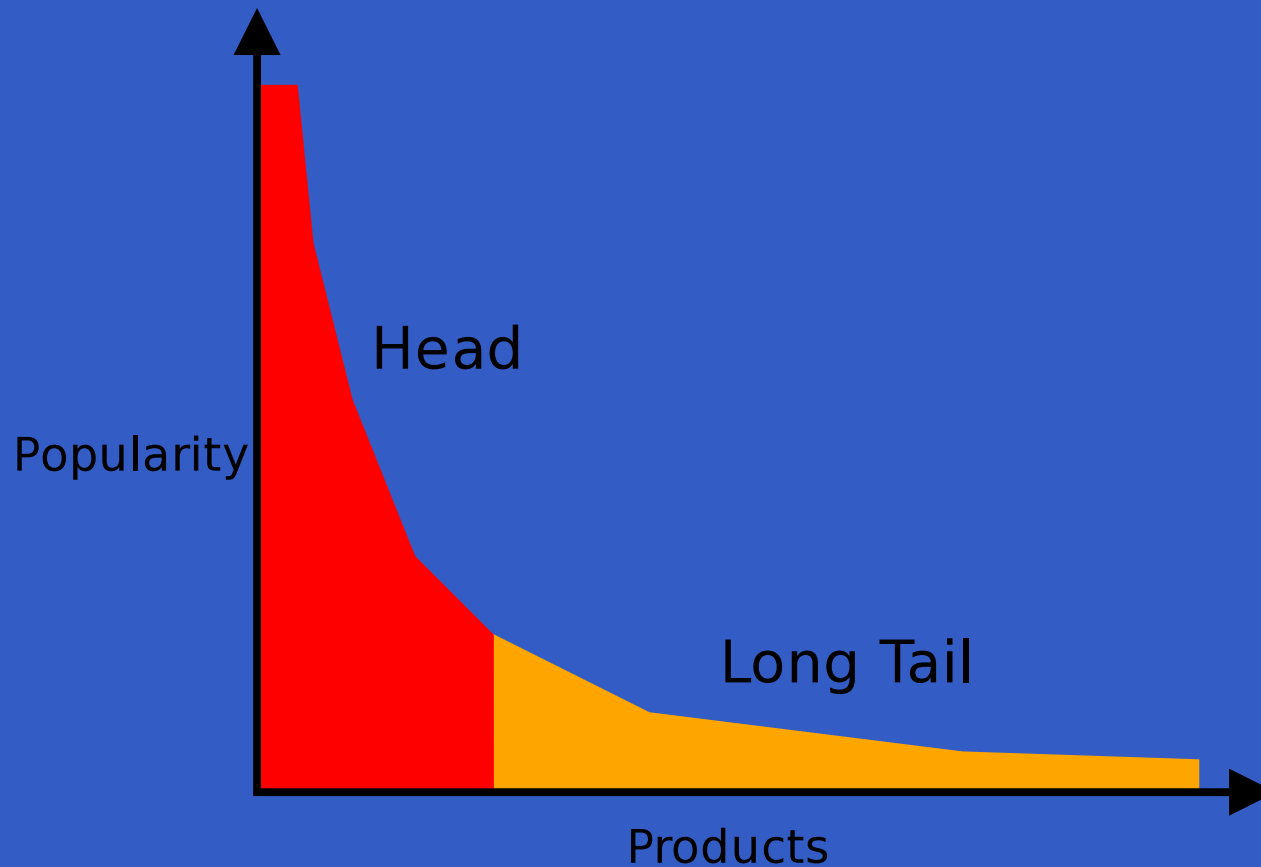
“What happens when everything in the world becomes available to everyone? When the combined value of all the millions of items that may sell only a few copies equals or exceeds the value of the few items that sell millions each? ...

The Long Tail (2)

Chris Anderson. *The Long Tail: Why the Future of Business is Selling Less of More*, Hyperion, 2006.

“What happens when . . . a bunch of kids with no profit motive can record a song or video and get the same electronic distribution for it as the most powerful corporation?”

The Long Tail (3)



Examples

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- More?

Your Task (1)

Write an Essay on the idea of the Long Tail or a chosen aspect of it.

- Worth 25% of the mark.
- Up to 4000 words.
- Deadline: **16 March**

Some starting points:

- The book *The Long Tail*.
- <http://www.thelongtail.com/>

Your Task (2)

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- Communicate your results effectively in writing.

Some Questions You Might Ask

- How new is this really? E.g. haven't people always made money out of selling few things of many different kinds? E.g.
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- In the grand scheme of things, how important can this really be or become?
 - How large part of people's income might be spent on "long-tail" products?
 - On a global scale, how large part of the worldwide trade could this really affect?

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- Good English, good structure, nice type setting, correct referencing of sources.

Finally ...

- Any spontaneous thoughts and comments?
- Questions?