

The Long Tail by Chris ANDERSON, Random House/ Hyperion (2006), 256pp., £17.99.

This book explores one of the most revolutionary developments of the 21st Century. The Internet was a product of serendipity, and its development is now spreading in surprising - and often overwhelming - ways. The author is editor-in-chief of 'Wired' magazine, and ideally placed to recognise the potential impact of broadband and limitless electronic storage on consumer markets. As he points out, the online revolution is setting economics on its head – no longer is it conditioned by scarcity and alternatives but is increasingly shaped by abundance and limitless choice.

The 'Long Tail' of the title is the 80% of factors which Pareto's Law discounts. The 80/20 rule implies that 80% of value is concentrated in 20% of items in most product ranges, which are the focus of marketing effort and comprise the major part of inventories of most goods. In marketing the focus is often narrower - often on the Top Ten or on obvious 'hits' - to which consumers can be driven. This emphasis on driving 'hits' distorts the economic returns to all market participants, and also forces consumers to share tastes which may not be their natural preference.

The broadband revolution has now begun to make available online a range of choice far beyond what shops have the space to stock, as traders like Amazon and eBay can offer many hundred times the range held by physical merchants. This is beginning to restore balance to markets, raising interest (and sales) for niche lines (the 'long tail') whose growth is accelerating and whose sales potential is many times larger than that of the 20% 'hits'.

Chris Anderson shows the development of 'long tail' markets in music, books, videos and other volume consumer products in fascinating detail, and speculates that improving technology will one day enable physical goods to be atomised, stored in bits and transmitted anywhere - pure 'Beam me up, Scotty'! This sounds fanciful - but the impact of eBay today would have seemed unrealistic twenty years ago.

The Long Tail is a very important book, but written with an engaging and understated style that makes it also extremely readable. Chris Anderson spent two years researching it, on top of his consumer market experience accumulated over a much longer time. It explores every aspect of consumer aspirations, and shows how new technology has opened the door to their fulfilment, with many compelling case studies (e.g. Lego and Google). Once you have read it you will see the world and living in multiple new dimensions.

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