



Has the Long-Tail Theory Been Disproved?

By Brian Wool, vice president of content distribution, Localeze

The “Long-Tail Theory” was first coined by Chris Anderson in an October 2004 *Wired* magazine article. In a nutshell it describes how the Internet makes it possible for eCommerce sites such as Amazon or Netflix to achieve significant profits by selling small volumes of hard-to-find items to consumers, instead of only selling large volumes of a few highly sought after items.

In a recent *Harvard Business Review* article, associate professor Anita Elberse contends that in the broader market of consumers buying products online, the Long-Tail Theory doesn’t exist. She argues that just because the Internet makes it possible to offer a near-infinite inventory of goods for sale does not mean that consumers will start wanting more obscure items in any great numbers. Even Chris Anderson acknowledges some of the data in her study may have some validity, but Anderson wants it to be known that the way in which he and Ms. Elberse define the “head” and “tail” are completely different.

So what does this have to do with local search marketing? In March of 2007 I wrote an article applying the Long-Tail Theory to the local search space. In the article I wrote about the opportunity niche, regional and hyper-local directory sites had to reach consumers online. Because of the further proliferation and fragmentation of newly launched local sites just 18 months after I first wrote on this topic, the Long-Tail Theory is still, if not more so, applicable to local search today. Why? It seems as though consumers have ever more choices in local directory sites today when they conduct a local search at any of the major search engines.

According to data from a comScore report, only 36 percent of users' time online is spent on the top 20 sites; a four percent decrease in just one year. This trend illustrates the tremendous opportunity for reach that is available to existing local search engines as well as all of the new sites that are launching at a breakneck speed. This gets at the heart of the Long-Tail Theory relative to local search; the “head” being the major SE’s and IYP’s and the “tail” representing new and emerging sites. Eighteen months ago data showed that about 82 percent of local search was going to the “head”, today that number is closer to this is closer to 90 percent.

If you look closely the “head” is creating the “tail” in the local search ecosystem. For example, the local results at Google for a service based business in Chicago point to 10 unique sites plus 10 local listings at the top; the so-called Google 10 Pack. But even within the Google 10 Pack the “tail” is greatly magnified.

A search for plumbers in Chicago at Google resulted in the normal results; the Google 10 Pack followed by 10 unique local directory sites. However once I clicked on the “more” link for the top business listing in the 10 Pack, I found 40 additional local sites (e.g. GetFave.com, Openlist.com, YellowBot.com). This is the Long-Tail Theory hard at work in local search.

The proliferation of local search sites creates a unique opportunity for savvy businesses big and small to maximize their online reach. However this opportunity comes at a cost; understanding and investing to ensuring your network of locations is being distributed to all of the sites hosting a local business directory that the major search engines index is no easy task. Long past are the days of investing all of your online marketing resources at the five to ten sites that garner the majority of the overall local search market-share. The Long-Tail simply won’t allow that strategy to perform the way it did 2 years ago.