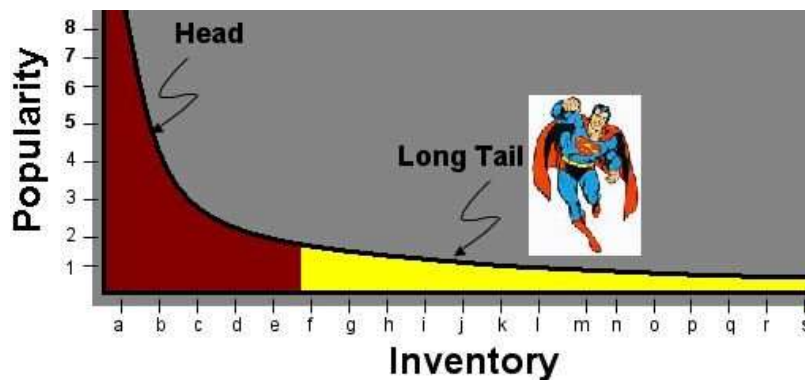


Directions for Use: Preferably to be read in the evening, after the children have gone to bed, but before you are too sleepy. Best not to be read on an empty stomach, but rather with a glass of red wine (for the antioxidants), a red pen (for scribbling and scratching), and web search (for following up on thoughts, questions, etc.).

Side Effects: Although relatively easy to read, this manifesto masquerading as a white paper has been known to cause any or all of the following symptoms: compelling interest, laughter, boredom, curiosity, irritation, light-bulb-going-off-above-the-head-ness, and general drowsiness. If you experience any two or more of these symptoms, avoid operating heavy machinery, and whatever you do, stay the hell away from your doctor. He or she will just put you on a pharmaceutical that you don't need. Instead, just lie down. The feeling will go away on its own.

Long Tail Rising

The Coming Race Among the Internet's
Big Players to Capture the Long Tail



Keywords: Flickr, Tim O'Reilly, Tom Sawyer, the Golden Long Tail, Network Effects, a Distant Rumbling, the *Really* Long Tail, Oswald Spengler, Social Cycles, Chicken Little, Our Round World, The Crucifixion and the Resurrection, Gold Speaks, the Beauty of F@#king Up, Waiting for Google

Peter Savich
April 25, 2006

Executive Summary

In this white paper, the “Long Tail” is synonymous, or at least consistent, with “Community”, “P2P”, “user generated content”, “open source”, and the “People”. It is antonymous with the “Head”, defined as entities who enjoy significant governmental and/or marketing power. This paper argues that each of the Internet’s “Big Players” (Amazon, EBay, Google, and Yahoo!) ought to make the Long Tail its top priority.

A conventional argument in support of this proposal begins with the observation that the Long Tail seems a rather popular notion these days. In his paper *Open Source Paradigm Shift*, Tim O’Reilly suggests an answer why this is happening. In his paper *The Long Tail*, Chris Andersen explains why revenue prospects are bullish in this space. Regarding costs, we observe that Tom Sawyer didn’t do so badly having others paint his fence for him. Further, embracing the Long Tail would buy network effects, a more powerful competitive advantage than even patents provide. Finally, Head vs. Long Tail conflicts in various domains suggest that the Big Players may soon lose the luxury of ambivalence between these two factions.

My unconventional argument in support of this proposal reasons that the emergence of the Long Tail is an inexorable one, driven by the forces of history. From Oswald Spengler, to latter-day Chicken Littles, to an unlikely connection between seemingly opposite political parties, the Long Tail is rearing its head most everywhere. One possible reason for this may be that, over the past 50 years or so, Business interests in America (and thus the world), have become excessively powerful in relation to the other two social sectors (Government and Community). If so, this would explain much.

For different reasons, it seems unlikely that the Long Tail of websites, or, alternatively, the super-Head websites (e.g. MSN, AOL, FOX, etc.), will beat the Big Players to the Long Tail. But among the Big Players, who will get there first? It may well prove that there is room for only one of the Big Players to capture the Long Tail. If so, each of the Players harbors a powerful, yet quite different, competitive advantage. Accordingly, the race to the Long Tail promises to be an interesting one.

Table of Contents

| | |
|---|----|
| Executive Summary..... | 2 |
| Introduction..... | 4 |
| What Ought to be the Top Priority of the Big Players?..... | 5 |
| It's the Long Tail, Stupid..... | 5 |
| What Exactly is the Long Tail?..... | 5 |
| To What is This White Paper Referring as the "Long Tail"?..... | 6 |
| Why Should the Long Tail be the Top Priority of the Big Players?..... | 9 |
| Something's happening here; What it is ain't exactly clear..... | 9 |
| Maybe Tim O'Reilly Can Explain Why..... | 10 |
| Tom Sawyer of the Internet..... | 12 |
| Big Players Auditioning as Tom..... | 13 |
| Tom is a Cheapskate..... | 15 |
| There's Gold in Them There Long Tails..... | 16 |
| Network Effects Trump Patents..... | 17 |
| Head vs. Long Tail Battles are Brewing..... | 19 |
| Summary..... | 23 |
| Why is the Long Tail Rising?..... | 24 |
| The Long Tail is So Long It Flies Way Past the Money..... | 26 |
| Oswald Spengler is Starting to Look Like a Freaking Prophet..... | 29 |
| Social Cycles Have Laid the Ground for the Long Tail..... | 35 |
| Chicken Little Says the Sky is Falling and It Will Be Up to the Long Tail To Save Us..... | 37 |
| No, Really, the World Actually is Round, and West of Left is simply East of Right..... | 43 |
| Long After Their Crucifixion, Self Reliance and Community are Being Resurrected..... | 48 |
| Gold Don't Lie..... | 56 |
| Summary..... | 58 |
| Which Big Player is Best Positioned to Capture the Long Tail?..... | 59 |
| Why Won't the Long Tail Capture Itself?..... | 59 |
| Why Won't the Head Capture the Long Tail?..... | 61 |
| The Case for Yahoo!..... | 65 |
| The Case for Google..... | 67 |
| The Case for Amazon..... | 68 |
| The Case for EBay..... | 69 |
| Summary..... | 69 |
| Conclusion..... | 71 |

Introduction

This white paper offers reasons why each of the Internet's "Big Players" ([Amazon](#), [EBay](#), [Google](#), and [Yahoo!](#)) ! ought to embrace the Long Tail – more so than they are already doing.

In this paper, you will encounter ideas of the following sort:

- Ideas that you've already thought of yourself or heard elsewhere or are actually working on (particularly if you work for, or comment on, the Big Players, or you are one of the handful of readers/listeners of [my personal blog](#) and/or [my podcast](#)). I don't mean to sound like I'm trying to teach you something you already know. This stuff is in here for the readers unfamiliar with these ideas. In any case, please forgive the "teachy" voice.
- Ideas that you hadn't thought of before, but which strike you as quite interesting. My hope is that there will be more of these than of the next class.
- Ideas that you hadn't thought of before, but you think are not interesting. I'm pretty sure there will be a number of passages in this paper that fit into this class. Please realize that this paper is merely my own spaghetti tossed against your wall. I suspect that what sticks to one reader, won't to another, and vis versa. Maybe you can just skim the passages you find less useful.

This paper proceeds in four sections. The first looks at what this paper means by the term "Long Tail". The second looks at conventional reasons why the Big Players ought to embrace the Long Tail. The third looks at unconventional reasons leading to the same conclusion. The fourth provides an explanation why it seems likely that a Big Player will capture the Long Tail, rather than the Long Tail capturing itself, or the super-Head doing so. After this, the paper looks at the respective competitive advantages of the Big Players in connection with capturing the Long Tail. The paper concludes that the race to the Long Tail is coming down to a struggle between Yahoo! and Google, and that historical forces will determine the winner.

Confusing? Well, read on.

What Ought to be the Top Priority of the Big Players?

IT'S THE LONG TAIL, STUPID

For a growing number of us in and around the Internet industry, the answer to the question posed in the title of this section is obvious. Paraphrasing the prior administration, we'd say "It's the Long Tail, stupid," if asked.

But who is asking us? No one of whom I aware. But the absence of an interested audience has never stopped me before. And I'm too old to change now. So here goes my answer to: "Why the Long Tail?"

WHAT EXACTLY IS THE LONG TAIL?

Wikipedia says that [the "term \['Long Tail'\] is derived from the XY graph that is created when charting popularity to inventory."](#) Such graphs obey what mathematicians call a "power law" distribution. The following figure depicts this:



Figure 1

The X-axis – Inventory – corresponds to discrete objects (a, b, c, etc.), while the Y-axis corresponds to measure units (ie. 4 is greater than 2, and 7 is greater than 4, etc.). For example, in the above graph, Inventory b has a Popularity score of 7.5, while Inventory p scores only 1 on the Popularity scale.

This graph has two different regions: (1) the upper left, depicted in red; and (2) the lower right, depicted in yellow. This division can be seen as one between “haves” vs. “have-nots”. So, according to this graph, {a,b, ...e} are the haves; {f, g, ..., s} are have-nots. In such graphs, there are many more have-nots than haves, and an individual have tends to have more than many have-nots combined.

The term “Long Tail” refers to the have-not portion of this graph. The have portion is often referred to as the “Head”. Thus we have the Head vs. Long Tail.

This power law distribution of Head vs. Long Tail has been observed across many domains. For example, [Amazon book inventory mapped against sales](#) is a paradigm case of this. As well, [search queries follow this pattern](#), with “Head” queries including ones like “[Britney Spears](#),” “Long Tail” ones include queries like “left amygdala conscious”.

TO WHAT IS THIS WHITE PAPER REFERRING AS THE “LONG TAIL”?

In this white paper, the Head vs. Long Tail division at issue concerns Entrenched Powers vs. Community. In other words, the term “Long Tail” is being used here interchangeably with “Community”.

“Head” refers to entities that have “G&B Power”, defined as: (1) significant governmental power (ie., the ability to direct the writing and passage of national or state laws); and/or (2) significant business power (ie., the ability to apply funds to direct desired results, e.g. toward marketing campaigns, lobbying efforts, etc.). In current American culture, Communities, and the individuals within them, tend, on average, to be “have-nots” when it comes to G&B Power – at least certainly in comparison with that wielded by the Head.

Figure 2 shows examples of this Head vs. Long Tail dichotomy across various domains. Studying Figure 2, notice that in this framework, the Long Tail includes open source and user-generated content (ie., bloggers, podcasters, Flickr uploaders). Moreover, for every type of Long Tail, there is a corresponding Head (e.g. Microsoft and Oracle vs. open source). Notice also that whereas the Long Tail has been enabled, or at least popularized, by the Internet, the Head was doing just fine without it.

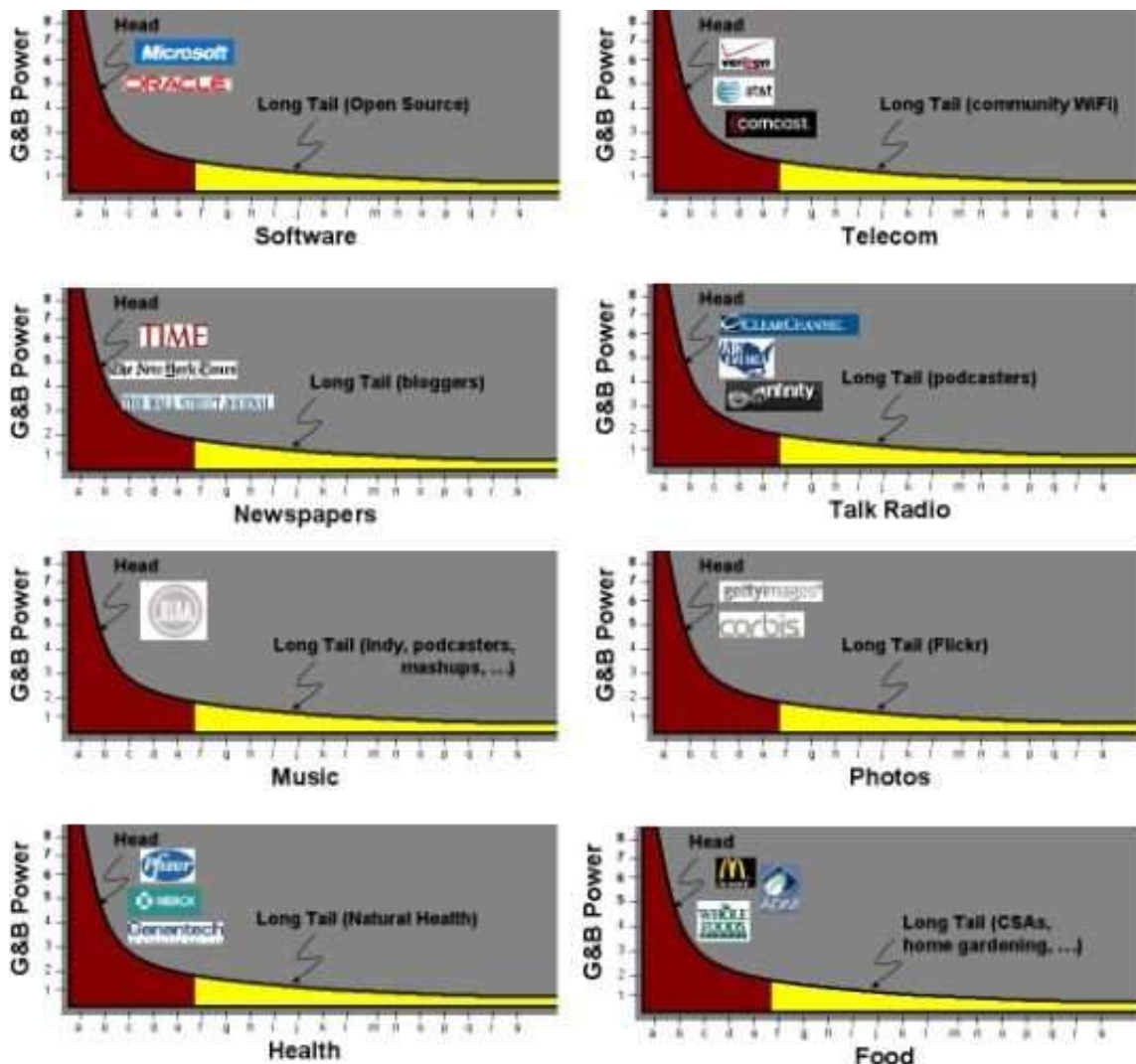


Figure 2

Finally, notice that most if not all of the Big Players is currently playing both sides of these Head vs. Long Tail fences. That is, many of their close business partners

and/or advertisers are Head entities. At the same time, one way or another, each is currently enabling and fostering much of the Long Tail activity.

Although these Players are currently having it both ways, this white paper argues that each would be better served leaning closer to the Long Tail, and further away from the Head. At a minimum, this paper argues, each ought certainly to prioritize the Long Tail at least as high as it does the Head, and keep its eyes peeled for the Long Tail rising.

Why Should the Long Tail be the Top Priority of the Big Players?

This section looks at the emergence of the Long Tail and reviews the conventional theories explaining this dynamic. Below, this paper argues that considerations of cost, revenue, and competitive advantage compel the Big Players to embrace the Long Tail as its top priority. This section concludes with a look at current Head vs. Long Tail battles that suggest these Players may soon lack the luxury of continuing to play both sides of the Head vs. Long Tail fence.

SOMETHING'S HAPPENING HERE; WHAT IT IS AIN'T EXACTLY CLEAR

[Flickr](#), [del.icio.us](#), [blo.gs](#), [upcoming.org](#), [Konfabulator](#). And these are just some that Yahoo! bought. For its part, Google has scooped up [Writely](#), [Measure Map](#), [Dodgeball](#), [Urchin Software](#), [Picasa](#), [Blogger](#), and more. Let's not forget the Long Tail phenomenon known as [MySpace](#) – bought by Fox. And then there's all the ones that the [O'Reilly Web 2.0 conferences](#) have trotted out.

All of these startup businesses have in common some or all of the following attributes: Long Tail, Community, and user-generated content. They all have something else curiously in common: there's no obvious business model.

In some ways, it's as if these startups never “got the memo” about the dot com crash that said: Don't come in here with that stupid idea unless you can show me a clear path to revenue.

Despite ignoring this lesson of the crash, these startups are being scooped up left and right by the Big Players, and toasted at the Web 2.0 conferences. In fact, these startups *are* “Web 2.0”. Hell, even [Newsweek got excited about them recently](#), its cover featuring the Flickr founders under the headline: “Putting the WE in Web”.



It looks as though the Long Tail has reached the status of “rave”. The patterns of acquisitions of the Big Players in this space certainly seem to have acted as a catalyst of this dynamic.

But why is this dynamic happening in the first place? Perhaps Tim O’Reilly can explain why.

MAYBE TIM O’REILLY CAN EXPLAIN WHY

Tim O’Reilly, founder of O’Reilly Media, Inc., is a leading Internet “prophet.” In 2004, he published an influential paper titled [*The Open Source Paradigm Shift*](#). This paper provides one rationale for the emergence of these Long Tail startups.



Essentially, the argument of Tim’s paper begins with the dynamic of “progressive commoditization.” As recently as the early 1980s, IBM held monopoly power in the business of Tech hardware. But during that decade, the arrival of the PC, increases in the efficiency of hardware manufacture, plus the emergence of offshore manufacturing, combined to commoditize hardware, and thereby suck value out of that business sector.

But that value didn’t simply vanish. Instead, it migrated “upwards” to the software Tech business. The mid-1980s to the early 1990s witnessed the software wars. By the mid-1990s, Microsoft had emerged victorious from these wars, wielding monopoly power every bit as great as IBM once enjoyed.

But at the same time that Microsoft was achieving its hegemony in Tech via its software monopoly, the seeds of software commoditization had already been sown and taken root. Those seeds go by the name “open source”.

O’Reilly argues that open source is doing to Microsoft what the PC and hardware manufacturing efficiency did to IBM before it. Just as the hardware value migrated to software, O’Reilly argues that the software value is presently migrating to the keepers of

online data and networks. The software used for managing this data and operating these networks is decreasing in value.

O'Reilly's vision is proven out by the Long Tail startups. These startups generally employ commodity open source software in their businesses. In fact they had to because venture capitalists, still smarting from the dot com crash, were not interested in listening to grand visions of user generated content "businesses" in which no money is flying around.

In the absence of this money, these startups did the only thing they could do. They used open source software, and invited users to generate and moderate the content they served up. Essentially, these Long Tail startups are latter day Tom Sawyers, who have convinced coders, creative types, and folks with a bent for organizing, into "painting the fence" that they own and operate.

Judging by the acquisition activity of the big Internet players over the past couple years, it looks as though this Tom Sawyer strategy has paid off handsomely for these founders.



Well, that's all well and good for them. But what about their Big Player sugar daddies? Are these Players just another set of gullible rubes fooled by Tom Sawyer into over-paying for his fence? Or, alternatively, do these acquisitions lay the groundwork for transforming one of these Big Players into the Mother-of-all-Tom-Sawyers?

We who believe in the Long Tail subscribe to the latter appraisal.

TOM SAWYER OF THE INTERNET

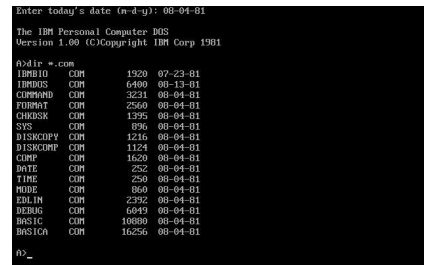
The O'Reilly 2004 and 2005 Web 2.0 conferences expressed different points of emphasis. The 2004 conference emphasized the theme of “Web as O/S”; the 2005 conference focused instead on “mash-ups” and Long Tail businesses that rely on this O/S.

It is as if O'Reilly held these conferences for the people who can't read, plus the people who can read but who lack imagination. This is because these conferences merely illustrated what O'Reilly was writing about in *Open Source Paradigm Shift*.

For the purposes of this white paper, these conferences highlighted an interesting distinction between a sparse vs. rich Web O/S. Although not an explicit distinction drawn by the conferences, it was evident nonetheless.

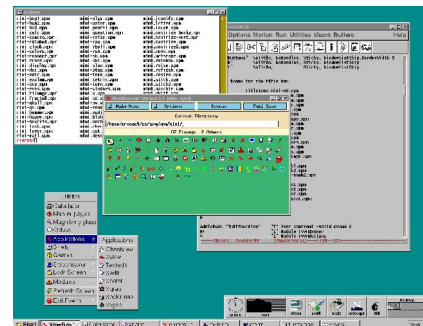
A sparse Web O/S comprises the basic toolset of open source Web software (e.g. the “[LAMP stack](#)”, etc.) and open Web protocols (e.g. [XML](#), [RSS](#), etc.). Many of the Long Tail startups relied solely upon this sparse Web O/S in developing their companies.

These startups were akin to the PC software application development companies of the early/mid-1980s. Back then, the Microsoft operating system was MS-DOS, a sparse PC O/S. These early app companies required significant engineering expertise.



But as the years passed, Microsoft made its O/S richer and richer. In fact, Microsoft would regularly obliterate one software business or another by incorporating that functionality into Windows.

By the mid-1990s, Microsoft provided a rich PC O/S, and, accordingly, the software developer community that developed upon the Windows platform was enormous and vibrant. Effectively, this developer community worked to lock Microsoft into its monopoly position.



Now, moving over to the Web O/S world, it as if we are back in the days of MS-DOS. But the difference in this world is that we don't have to wait for one company to spend two decades growing MS-DOS into Windows Vista. Instead, the Big Players are already stepping up to serve the role of the rich Web O/S.

BIG PLAYERS AUDITIONING AS TOM

Becoming an Internet Tom Sawyer requires hosting collaborative, community-centered web apps and data, and providing rich access to those apps and data via simple [web forms](#) (for lay users) and [APIs](#) (for skilled hacks). The latter are especially important for empowering the Long Tail. That is, APIs realize William Gibson's dictum that “the street finds its own use for things.”

Google's API program and Amazon's Web Services both seem relatively well developed. For its part, EBay provides an SDK programmer interface to its relatively narrow class of services. Of course, all three companies are still, primarily, in the business of developing web applications, not merely operating them as a true Tom Sawyer would

Google APIs

Google offers a wide range of APIs that developers can use to integrate their applications with Google services and data. These APIs are designed to be easy to use and to provide a high level of security. Here are some of the most popular Google APIs:

- Google Analytics API**: This API allows developers to integrate their applications with Google Analytics, enabling them to track user behavior and generate reports.
- Google AdSense API**: This API allows developers to integrate their applications with Google AdSense, enabling them to display ads and track ad performance.
- Google Maps API**: This API allows developers to integrate their applications with Google Maps, enabling them to display maps and location data.
- Google Drive API**: This API allows developers to integrate their applications with Google Drive, enabling them to access and manipulate files and folders.
- Google Calendar API**: This API allows developers to integrate their applications with Google Calendar, enabling them to access and manipulate calendar events.
- Google Contacts API**: This API allows developers to integrate their applications with Google Contacts, enabling them to access and manipulate contact information.
- Google Photos API**: This API allows developers to integrate their applications with Google Photos, enabling them to access and manipulate photo data.
- Google Translate API**: This API allows developers to integrate their applications with Google Translate, enabling them to translate text between different languages.
- Google Custom Search API**: This API allows developers to integrate their applications with Google Custom Search, enabling them to search for content across the web.
- Google Cloud Platform APIs**: These APIs allow developers to integrate their applications with Google Cloud Platform services, such as Google Cloud Storage, Google Cloud Compute Engine, and Google Cloud BigQuery.

For more information about Google APIs, visit the [Google APIs documentation](#).

Browse Amazon Web Services

Amazon Web Services offers a variety of new services that allow you to build interactive businesses.

Amazon EC2 Commerce Service

The Amazon EC2 Commerce Service ([EC2CS](#)) exposes Amazon's elastic data as e-commerce functionality. This allows developers, web site owners and merchants to leverage the data and functionality that Amazon uses to power its own e-commerce business. EC2 CS allows it extremely easy for developers to build rich, highly effective web sites and applications.

Amazon Historical Pricing

The Amazon Historical Pricing tool provides developers programmatic access over three years of actual pricing data for books, music, video, and other products (see [Tool Party](#) entry on Amazon.com). Sellers can use Amazon Historical Pricing to make informed decisions on pricing and purchasing.

Amazon Mechanical Turk (Beta)

Teddy Lamarc still specifies another one of the most powerful computers at completing such tasks as identifying objects in photographs – something others can't do more before they learn to speak. However, even if you're not looking for a computer to help you identify objects, there are many other things that the one creature that is capable of task completion, and thus the name: completing that task and providing the results, which if the process were reversed and a computer program could ask a human being to perform a task would be the result. What if it could coordinate many humans to perform a task?

Amazon Mechanical Turk does this, providing a web services API for companies to integrate artificial intelligence directly into their processing.

Amazon S3*

Amazon S3 is the storage for the internet. It is designed to make web-related computing easier for developers. Applications across a single web service interface that can be used to store and retrieve any amount of information from anywhere on the Internet. Amazon S3 was developed by Amazon.com to provide a reliable, fast, inexpensive data storage infrastructure that Amazon uses to run its own collection of web sites.

Amazon Simple Queue Service (Beta)

Traditionally, Amazon staff manually queues orders, handles cancellations or returns, and manages inventory between distributed application components. Using the simple Queue Service (SQS), developers can decouple their applications and have them run independently. SQS provides the message management between the independent components. Any component of a distributed application can store any type of data in a reliable queue at Amazon.com. Another component or application can retrieve the data using queue messages.

Amazon Simple Storage Service (Beta)

Amazon Simple Storage Service (Beta) offers a reliable, highly scalable hosted space for buffering messages between distributed application components. Using the simple Queue Service (SQS), developers can decouple their applications and have them run independently. SQS provides the message management between the independent components. Any component of a distributed application can store any type of data in a reliable queue at Amazon.com. Another component or application can retrieve the data using queue messages.

Alexa Top Sites

The Alexa Top Sites web service provides access to lists of web sites ordered by Alexa Traffic Rank. Using the web services developer kit, you can retrieve ranking numbers from the largest to the smallest site. The service enables users to page through the list 100 web sites at a time, and by making multiple requests, to retrieve the entire list of the top 1,000, 5,000, or 10,000 web sites.

In addition to Alexa Traffic Rank, the informational retrieved for each web site includes the number of pages the site receives per million users, the average page views per user, and the number of Alexa users visiting the site.

Alexa Web Information Service

The Alexa Web Information Service offers developers a platform for creating innovative applications around a wealth repository of information about the Web.

Alexa Web Search Platform (Beta)

Alexa Web Search Platform (Beta) provides programmatic access to search engines created by users of the Alexa Web Search Platform ([http://websearch.amazon.com](#)). The Platform provides a large web crawler, powerful computers for processing, and tools for analyzing the content of the web and building custom search services.

do. Still, all three have taken significant Tom Sawyerian strides toward becoming a Web O/S. Note that whatever the absolute depth and breadth of the developer programs provided by these three Big Players, relatively speaking, these programs pretty much span the set of services offered by these players. In other words, all three players have more or less papered themselves with APIs. As such, they are driving the migration from the sparse Web O/S to the rich Web O/S.

The gaping hole in this Big Player migration concerns Yahoo! True, Yahoo! does offer its own developer program, and it does provide [APIs to a modest collection of web apps](#). But compared with the breadth of Yahoo!'s full set of services, this collection is nothing more than a mere teaser.

Yahoo! does not have the popularity that Google enjoys in search. Nor does Yahoo! have the beautiful and lucrative marriage between commerce, network effects, and addiction that EBay has enjoyed these past 10 years. Yahoo! doesn't even enjoy the clever "synthetic" network effects sown by Amazon.

All that Yahoo! has to show for the past 10 years is a rag-tag collection of countless products and services. Hell, over the past 10 years, that company has probably closed down and abandoned more products and services than EBay has even launched. Yes, 10 years in, compared with its streamlined competitors, Yahoo! is a [messy, sloppy, boisterous, and disorganized Elephant caravan](#). The best and brightest scheme it has come up with for organizing this unruly caravan is the one we learned on Sesame Street (ie. "A" is for "abashed", "B" is for "baffled", "C" is for "confused", etc.). What a sad state Yahoo! is in.

And what a lucky bastard Yahoo! is. It holds the freaking rich Web O/S right under its own nose. All Yahoo! needs to do is to slap a full set of useful APIs on this hog, trick it out, and let its users take it for a ride. They'll organize it any which way they

Yahoo! Products

These Yahoo! properties and services include APIs or interfaces for JavaScript:

Yahoo! Maps - Create Macromedia® Flash®-based maps with JavaScript using our [JS-Flash API](#). Or use DHTML and JavaScript to place maps on your web pages using the [Maps AJAX API](#). In addition, the building block APIs ([Geocode](#), [Map Image](#), [Traffic](#), [Local Search](#)) provide REST interfaces which can be accessed through a JavaScript XMLHttpRequest object (see our [AJAX HOWTO](#) for more info). With these APIs you can also use the optional request parameters `callback=json` and `callback=function` to get JSON (JavaScript Object Notation) output from the search web services instead of XML. Don't know from JSON? Check out our basic [JSON documentation](#).

Yahoo! Music Engine - Plugins enable you to add functionality to the Yahoo! Music Engine, the application that plays music from the Yahoo! Music Unlimited subscription service. Web Plugins are web pages that interact with and control the Yahoo! Music Engine through JavaScript. The [Yahoo! Music Engine Plugins Web Site](#) is the central plugins site; see the [YME Web Plugin Quickstart](#) for specific information on developing Web Plugins.

Yahoo! Widgets - Yahoo! Widgets can be used for anything from alarm clocks to quick-access search boxes to tell you the weather. Widgets are written in XML and JavaScript. The XML defines the widget's structure; JavaScript its behavior. Visit the [Widget Workshop](#) to learn how to develop your own.

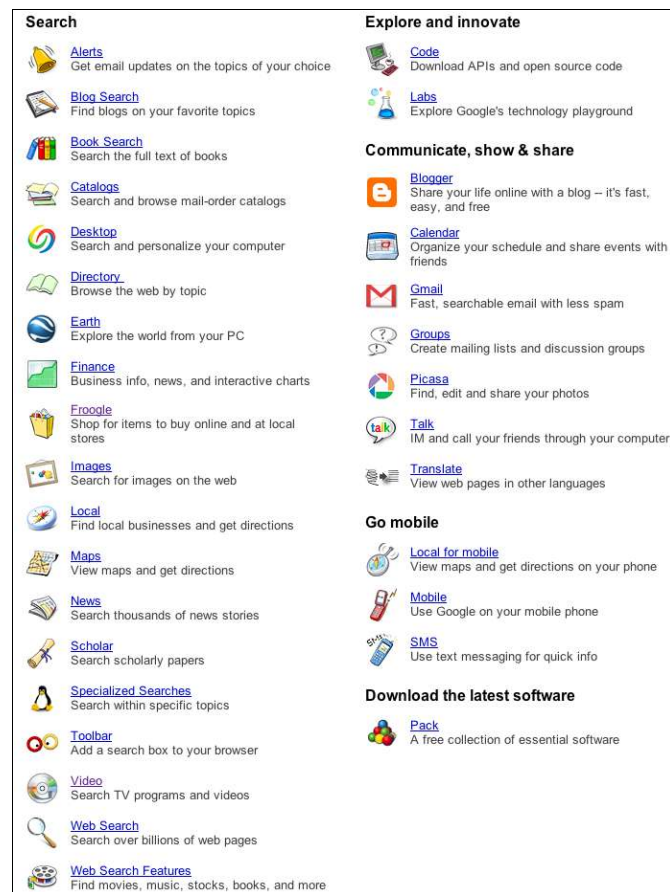
Yahoo! Search - All the Yahoo! Search Web services provide a REST interface. As with the Maps building block APIs you can use XMLHttpRequest to access these APIs, and get output in XML or JSON format.

Yahoo! Travel - As with Yahoo! Maps and Search, access the Yahoo! Travel Trip Planner API through a REST interface and use the `callback=json` and `callback=function` parameters to get JSON output from the Yahoo! Travel Web Services request.

| Yahoo! A-Z Index | | |
|---|---|---|
| # 360° A Account Information Address Book Alerts Answers Anti Spyware Ask Yahoo! AT&T Yahoo! Dial AT&T Yahoo! High Speed Internet Auctions Autos Avatars B Banking Center Bargains Baseball - MLB Bill Pay Bookmarks Briefcase Business Buzz Index C Calendar Cars Chat Classifieds Courses & Degrees D Dating Developer Network Dictionary Directory Domains Downloads Driving Directions DSL E Education Elections Encyclopedia Entertainment F Family Accounts Fantasy Sports FIFA World Cup Finance Flickr | G Games GeoCities Golf Greetings Groups H Health Help Horoscopes HotJobs I Insurance International Internet Access J Jobs K Kids L Loans Local Lottery M Mail Maps Member Directory Merchant Solutions Message Boards Messenger Mobile Movies Music Mutual Funds My Yahoo! N NASCAR NBA NCAA Basketball NCAA Football News NFL NHL Notepad | P Parental Controls People Search Personals Pets Photos Picks Podcasts Points Pop-Up Blocker Premium Services Publisher Network R Radio Real Estate Reference S Search Search Marketing Security Center Shopping Small Business Soccer Sponsor Listings Sports Spyware Removal Stock Quotes T Taxes Tennis Tickets Toolbar Travel TV V Verizon Yahoo! for DSL Video Games W Wallet Weather Web Hosting Widgets Y Yahoo! by Phone Yahoo! Next Yahoo! Phone Card Yahooigans! Yellow Pages |

like. And when they do that, the Web will be Yahoo!'s for the taking. Yahoo! could become the only Tom Sawyer on the Internet that matters.

Perhaps Google is well aware of this. Maybe this awareness explains why Google has been quite active developing [its own boisterous Elephant caravan](#). However, while boisterous and Elephantine, Google's caravan is neither messy, nor sloppy, nor disorganized. On the contrary, it evidences nascent coherence. One could do worse than "Search", "Explore and innovate", "Communicate, show & share", "Go mobile" and "Download the latest software". Still, that worldview may seem a tad heavy on "Search" – perhaps for the obvious reasons.



As for Amazon and EBay, both of them seem less troubled by Yahoo!, and appear comfortable sticking close to their respective core competencies.

TOM IS A CHEAPSKATE

The Tom Sawyer approach is essentially a cost argument for embracing the Long Tail. What does any of the Big Players spend on marketing, product development, product engineering, user interface development, and editorial? I don't know the answer

to that question, but relative to the total operational costs of those Players, I would bet that the answer “a lot” would fit.

Now consider the cost to operate these Big Player businesses in the case that users and other such volunteers perform the bulk of their marketing, product development, product engineering, user interface development, and editorial for them. What would that cost be? I don’t know the answer, but I suspect it would be: “a LOT less than the current costs for these functions.”

Obviously, if any of the Big Players made the complete transition from a giant web applications company, to a rich Web O/S company, much of their product and marketing efforts would need to shift from an applications focus to a platform/OS focus. This new focus would, of course, bear its own costs.

But even if the cost of operating a rich Web O/S company approaches that of operating the web applications company that we presently are, the competitive advantage of doing so (discussed below) strongly favors this shift.

THERE’S GOLD IN THEM THERE LONG TAILS

If the costs of operating a business model that embraces the Long Tail is no greater, and probably much less, then that of a business which does not, what about revenue?

A short answer to that question is: Well, Google’s revenue doesn’t seem to be suffering terribly from that company’s embrace of the Long Tail in paid search. Of course, there is much more to that story. But it is beyond argument to observe that, in focusing its business on the Long Tail of paid search advertisers versus the Head, Google’s business has not been noticeably harmed.

A longer answer to that question is found in the 2004 Wired article by Chris Andersen, entitled [*The Long Tail*](#). That paper presents a theory explaining why a Long Tail business



that makes a little money from a lot of inventory is no worse than a Head business that makes a lot of money from a little inventory. As Andersen explains, the Web has enabled the former kinds of businesses.

Amazon, Google, and EBay are leading examples of this web-enabled Long Tail revenue dynamic. Yahoo! has a ways to go yet. Still, none of the Big Players is quite there yet.

What would the revenue of a Big Player be if it fully embraced the Long Tail and transformed itself into a rich Web O/S (ie. the Internet's Tom Sawyer)? I don't know the answer but Web history says: "None too shabby."

NETWORK EFFECTS TRUMP PATENTS

"Network effects" is a property of a service that can be expressed as: Any person's participation in the service increases the value of the next person's participation. Corollaries to this property include: (1) "user participation" tends to entail embracing the Long Tail; (2) the more participants in the service, the more valuable the service; and (3) after critical mass is reached, a sort of natural monopoly emerges.

EBay and Amazon are paradigm Web examples of this dynamic. Each additional buyer or seller in the EBay network adds to the value of the network for additional sellers and buyers, respectively. Show me another all-purpose web auction company that matters today. That's right; there isn't any.

Each additional reviewer or purchaser in the Amazon network increases the value of the network for prospective purchasers. Show me another all-purpose web book seller that matters today. Right again; there isn't any.

Now the case of Google is much more interesting. There are no network effects in the way that Google operates its algo search. That is, my participation in Google's search adds nothing to the value of your participation.

Nor are there any network effects in Google's paid search business. The value of any advertiser's participation in that network adds nothing to the value of any other advertiser's participation. In fact, for other advertisers bidding on the same keyword as I am, my presence actually *decreases* the value of the network to them.

This no-network-effects aspect of the paid search business model explains why, [at the time of its acquisition by Yahoo!, Overture had over 500 copycats](#), a handful of whom were quite viable. It also explains why, despite Overture's first mover advantage and dominant market position, Google was able, in head-spinning speed, to take the lead in this market.

Hell, [if it wasn't for Overture's patents on the paid search business, Overture might not even have survived the Google tsunami](#). But with these patents, Overture commanded a \$1.63 billion purchase price. Was that price a lot, or a little? The answer is: it depends. It depends upon to what one compares this figure.

If we compare this figure with the total amount that Yahoo! and Overture spent to acquire three algo search companies – [Inktomi, AltaVista, and Fast](#) – then we would conclude that \$1.63 billion was more than plenty.

However, if we compare this figure with the [current market cap of Google](#) – a business concern the revenue for which derives almost exclusively from paid search – then we would conclude that \$1.63 billion was a mere pittance.

Now, what if Overture had somehow created synthetic network effects (a la Amazon) around its paid search business? If these hypothetical network effects had been as rich and as enduring as those enjoyed by Amazon and EBay, then it is fair to say that Overture would have been worth well in excess of \$1.63 billion.

The lesson here is: Patents are nice, patents are good, but network effects are much, much better. Are the Big Players heeding this lesson?

Well, on the patent side, they certainly seem to be. Yahoo! is making a patent push. As its vice president for intellectual property said late last year, "[\[Yahoo!\] is of a size and a maturity that it can really begin to capture \[via patents\] for the long term its](#)

[innovation more.](#)" According to at least one blogger, this push toward patents was just a case of [Yahoo! following Google's lead in that direction](#). For its part, Amazon's activity in the patent domain has [earned Amazon the title of "Dr. Evil"](#).

What about network effects? Does any of the Big Players employ a Vice President of Network Effects the job of whom is to ensure that the company's services embody these effects? eBay and Amazon might answer: "We don't need no such stinkin' VP. That's our CEO's job 'cause our whole business is protected by network effects." Fair enough, but what about Google and Yahoo!? What do these two companies have to say for themselves on this score?

HEAD VS. LONG TAIL BATTLES ARE BREWING

To this point, someone reading this white paper might say: "Yeah, I can see why the Big Players ought to embrace the Long Tail, and foster network effects and all that. Heck, they're already doing that, to one degree or another. But I don't see why they can't have their cake and eat it too, embracing both the Long Tail and the Head. There may be gold in the Long Tail, but the Head's not too shabby either."

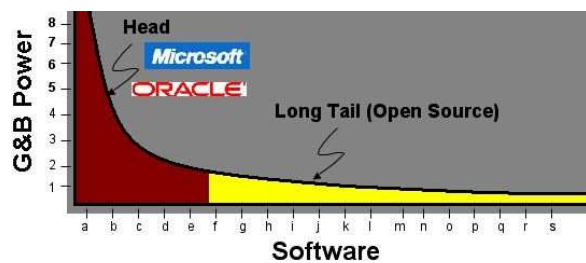
To these people I say: Look harder outside the walls of your cozy gated community. Events are unfolding in that outside world pitting Head against Long Tail. Some day soon, each of these combatants will likely, in the words of our glorious President, say to these Players: "Yous either with us, or yous against us."

Why would Head and Long Tail conflict? The answer is simple: Follow the money. That is, first, look for a mature industry, in which the leaders (the Head) are powerful, dominant, and quite profitable, and were so before the Internet emerged. Second, for those industries, consider which ones have been destabilized by the Internet. That is, in which industries have fierce competitors emerged from the Long Tail, where such competition was made possible by the Internet?

Now look back at the first section of this white paper in the subsection entitled “To What is This White Paper Referring as the ‘Long Tail’?”. That subsection illustrated the Head vs. Long Tail distinction across various industries, including software, telecom, music, photos, talk radio, newspapers, food, and health. Among these, which industries satisfy the two conditions described above?

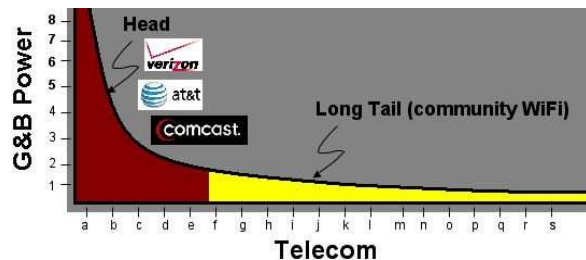
My reading leads to four such industries: software, telecom, music, and health. Sure enough, a little digging on web search reveals these four industries as raging “front lines” in the Head vs. Long Tail struggles.

Software. Microsoft sits, of course, directly in the bulls-eye of O’Reilly’s *Open Source Paradigm Shift* paper. Microsoft knows that, and apparently doesn’t much like it. After



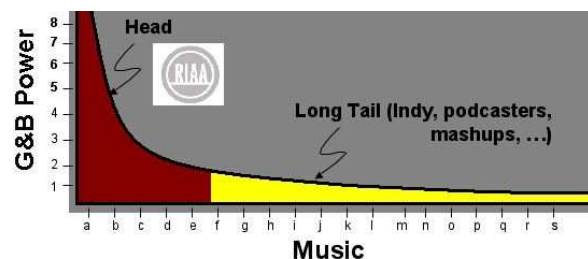
[equating open source with communism](#) and [calling it un-American](#), it seems Microsoft has settled on [a coherent strategy for defeating its Long Tail nemesis: patents](#).

Telecom. The emergence of WiFi, a cheap and easy-to-install “last mile” technology, is threatening the hegemony of the telecom industry.



Thus, proposals by local communities to provide free WiFi Internet access to their citizenry has been met with desperate opposition from that industry. For example, in 2004, [Verizon waged a fight in the state legislature to prevent the city of Philadelphia from enabling free WiFi within the city](#).

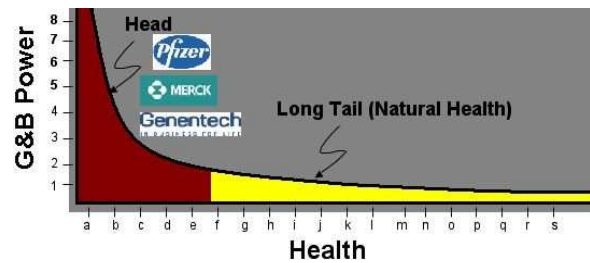
Music. Apparently having warmed to Herodotus’ tales of warfare in ancient Anatolia, the [RIAA has taken to suing grandmothers and college kids who download and/or mash-up](#), and sticking



the decapitated heads of the vanquished on the walls of the city gates as a warning to others. It’s a tossup whether the Internet or the behavior of the RIAA is the greater force

in the emergence of the Long Tail dynamic (namely, way [Indy music](#)) that promises to drive a wooden stake into the black heart of the RIAA.

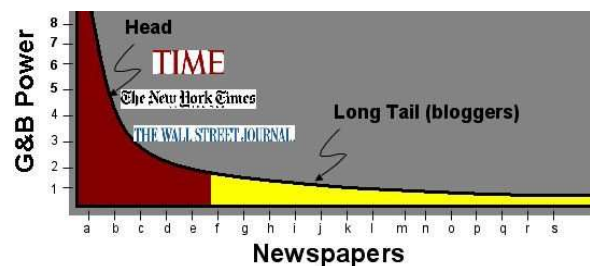
Health. The pharmaceutical companies spent decades acquiring control of medical school research, the [rapt attention of your doctor](#), prime-time advertising, and the [FDA](#). And what is their reward for all of this Herculean effort? The Internet comes along and enables the Long Tail natural health erosion of their hegemony. The response of the pharmaceuticals? What did you expect, a Disney movie? [Read up on the Codex Alimentarius](#).



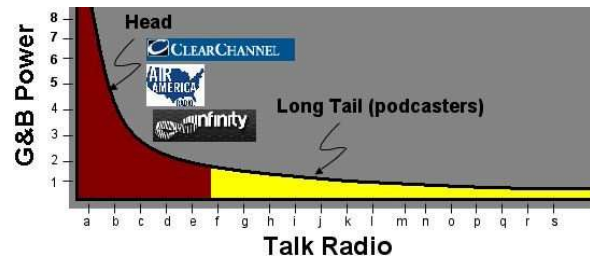
The above Head vs. Long Tail battles are currently raging largely outside the attention of major media. To learn about them, one pretty much needs to haunt the relevant web sites. Perhaps this is only appropriate given that the major media corresponds to the Heads of their respective industries, while the Internet is home to the Long Tails.

Now while the Head vs. Long Tail battles are current and hot in the software, telecom, music, and health industries, all is relatively quiet on the newspaper, talk radio, photo, and food industry fronts. The following analysis explains that these industries lack either or both of the “follow the money” conditions described above.

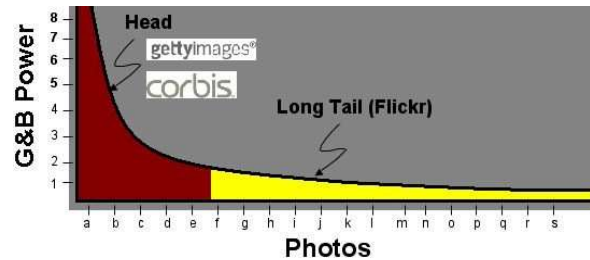
Newspapers. The newspaper business was long eroding before the Internet came along to hasten its demise. That industry is nowhere near powerful enough or unified enough to staunch the bleeding. So many newspapers are following the if-you-can’t-beat-’em-join-’em approach by promoting blogging by their writers.



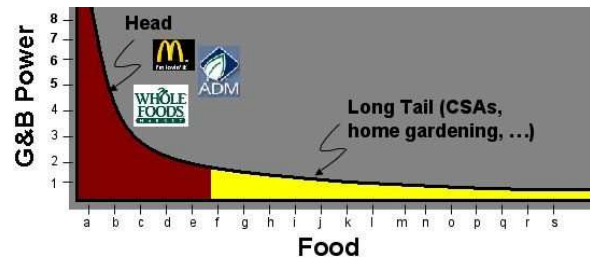
Talk Radio. The talk radio industry is in the same pickle as the newspaper business, having been eroded by other media before the Internet came along. In parallel with the newspaper industry's embrace of blogging, talk radio is embracing its own grim reaper: podcasting.



Photos. The rise of Flickr is in its infancy. Currently, it represents only a speck on the rear view mirrors of the Head players. Still, [some are predicting a coming conflict](#). Given the “hot battle zones” discussed above, one ought not dismiss these predictions out of hand.



Food. The food industry seems least likely to experience a Head vs. Long Tail battle any time soon. The only such scenario I can envision involves Peak Oil and/or other inflationary dynamics (discussed in the next section) becoming painful enough to compel many to begin home gardening. In such a world, the Internet would play a major logistics role in food production and delivery. But if things got all that bad, the last thing we'd be thinking about was Head vs. Long Tail conflicts anyway. So for now, Big Food (e.g. McDonald's) is simply fighting the Internet health critics (see, e.g. trans fats) via the standard media techniques of disinformation (e.g. Ads showing skinny, attractive girls eating at McD, with the jingle “I'm lovin' it.” I haven't set foot inside a McDonald's since the last millennium, and maybe things have changed since then. But if McD's is where the young conventionally attractive ones are now hanging out, I stand corrected.)



In the industries in which Head vs. Long Tail battles are raging, the Long Tail is there for the taking for some company that will pick up the Community banner and move it forward.

SUMMARY

Tim O'Reilly says that the Long Tail is rising for inexorable, historical reasons. But even without Tim's prodding, we can see that embracing the Long Tail could lower the operational costs of the Big Players, not harm their revenue, and create a much more enduring competitive advantage. Moreover, peering at the world outside their cloistered towers, the Big Players might notice that the salad days of their Head vs. Long Tail ambivalence may soon be coming to a close.

Why is the Long Tail Rising?

Deeper than Tim. By this point in this white paper, if you don't already agree that the Long Tail ought to be the top priority of the Big Players – or at least that this proposal bears further consideration – then this section will likely interest you even less. On the other hand, if you do suspect that there may be something to this Long Tail stuff after all, then this section is for you.

This section digs deeper than Tim O'Reilly. That is, the previous section discussed O'Reilly's "progressive commoditization" model that explains the emergence of the Internet's Long Tail. But even that elegant model leaves open some questions. Questions such as: (1) What is the common driving force motivating the development of open source software? (2) Even if we accept the existence of the sparse Web O/S as a given, what is the common driving force motivating so many of these startups to create Long Tail services on top of that O/S?

Such questions are important because the answers to them could determine whether the Head vs. Long Tail battles described in the previous section are mere aberrations and one-off anomalies, rather than a sign of things to come. This difference is crucial to considerations of priority and forward action.

But, of course, speaking of "common motivations" takes us beyond simple Tech logic and analysis, and into the murky domain of social speculation. That's precisely the ground this section traverses.

Standing. Of course, one might inquire into my qualifications for opining on social dynamics. A thorough answer to this question would take too long. So instead, I'll say one thing here. In 1996, I threw away my television set and haven't had television in my home since. It is my belief that television is the Bane of Western Civilization and the Great American Sedative. With all due respect to the Ramones, I *don't* wanna be sedated.

What does one do with no television? One reads and one does. My reading and my experiences over the past decade have led me to the thoughts expressed below. I'm

not claiming these thoughts are true. I am simply saying that this is what I see. I offer these thoughts only as a spur to your own thinking.

The Fickleness of Perception. If it turns out that some or most of what I write below is true, this may prove curious since much of what I write is generally inconsistent with prevailing public thought. So the question will arise: If what I am saying is true, why aren't these thoughts part of mainstream thought?

I suspect the answer to this question will have something to do with the fickleness of perception. The following story illuminates what this means. I once read that when Columbus' ships were approaching the shore of the New World, natives on the shore were looking out toward the ships. But these natives could not see the ships. Then the local shaman noticed the waves breaking strangely on the beach, and he announced to the crowd that strange vessels were approaching. Only then did the natives see the ships.

Maybe this story sounds too questionable for you. If so, I offer a more prosaic example. In the early 1990s, I worked at a law firm, and lived on Alamo Square, on the edge of the Castro district of San Francisco. One day at the law firm, I was in the office of a colleague. I noticed that he had this colorful rainbow flag in his pencil cup. I asked: What country is that flag for?

He gave me one of those How-the-hell-did-they-let-a-moron-like-you-into-Stanford looks. He said: "You don't know what that flag is about?"

I said: "No."

He said: "That's the gay flag."

I said: "Oh." [Thousand one, thousand two, thousand three.]

And then I said: "Ohhhh"

So later that day, I drove back up to my cozy Alamo Square apartment in the City. And that day I noticed the most amazing thing. I noticed that this pretty rainbow flag was

everywhere. It was on bumper stickers, and in windows; on jean patches, and on bill boards. It was everywhere. Pervasive. Ubiquitous.

That was the day I realized that I was retarded. I mean, these flags had been there all along. I just had never noticed them until that day when my attention was tuned to their frequency.

Well, not one to accept a diagnosis of retardation lying down, I commenced my reading activities in earnest. And I'm here to report what I have concluded after all of that reading: We are all retarded. Me, and you, and everyone else too. We all see what fits the pattern of our worldview, and we miss the stuff that doesn't fit.

So when you're reading the thoughts on the following pages, realize that if these seem strange to you, this may well mean that I am retarded. Alternatively (consistently?), it might mean also that you are retarded.

America. The last thing I'll say here before launching into the analysis is that this section primarily concerns America. This may seem strange given that the Big Players are all multinational companies with offices and users worldwide.

In defense of my relatively narrow focus on America, I'll claim here that America dominates world consciousness today. Of course, such a statement begs reasoned support. But this paper is not that paper.

Still, as a matter of disclosure, I'll disclose here that the discussion focuses on America because it is my belief that as America goes, so goes the world. At least in these early days of the new millennium. All bets are off for the unforeseeable future.

THE LONG TAIL IS SO LONG IT FLIES WAY PAST THE MONEY

The previous section discussed Chris Andersen's Wired article *The Long Tail*. As mentioned, Andersen explains nicely that there's money in that there Long Tail.

But what Andersen didn't say is that past that section of the Long Tail where the money is, there is a further section where the sun is still shining but there ain't no money. Figure 3 depicts this *Really* Long Tail.

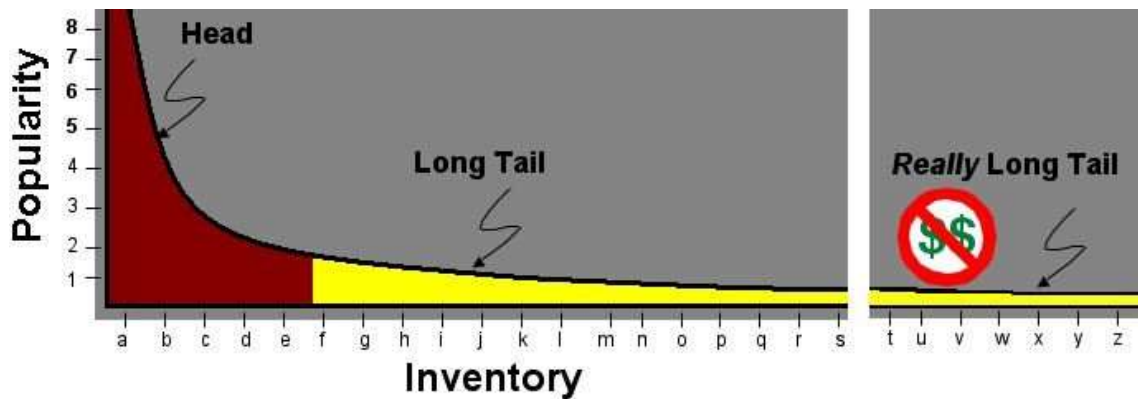


Figure 3

In the Really Long Tail, the inventory is free. The problem with this, or the beauty of it (depending on your point of view), is that free kills the money so long as quality is sufficient. That is, given the choice between inventory X and Y, consumers will tend to choose X over Y if X is free and Y costs money, *provided that* quality is comparable.

This is where the “Tragedy of the Commons” theory comes in. Prior to the emergence of open source, conventional thinking had it that if nobody owned the asset (ie. the thing was part of the Commons), the asset would be wasted. Nobody would take care of it. Quality would suffer. Blah, blah, blah.

But in the early 1990s, along came open source to put the lie to that self-serving theory. Linux and Apache are poster children for the Triumph of the Commons. History is showing that these assets,



comin' straight outta (the) Commons, are of quality at least as high, and usually higher, than that coming out of Commerce.



The effect of this is that Linux and Apache have obliterated two formerly profitable markets: (1) the market for server side operating systems; and (2) the market

for web server software. Sure, there are after-markets for these free software packages. And sure, Microsoft is still making a buck or two. But the VC money has dried up.

Consider this: In the past 5-10 years or so, how many startups have been funded by venture capital to pursue profits in these two software markets? My answer is: none that I'm aware of. Why would a VC fund such a startup? The market size for such a startup would be \$0. Zero dollars is not VC territory.

As a matter of inescapable logic, this money-obliterating dynamic that informs Linux and Apache can apply anywhere that the Long Tail is found. For example, consider the domain of music. With the RIAA desperately trying to hold onto its eroding franchise, Indy music is on the rise. Music listeners are finding out that they can discover music in the Long Tail that they enjoy every bit as much as their Head favorites.

It's like the dynamic we experienced in the archaic days of CDs. We would buy a CD because we liked one or more songs from the CD that the radio was currently playing. But the CD would contain other songs too. After listening to the CD a number of times, many of us would find that our favorite song on the CD was some song that never even made it to the radio. Such a song belonged to the Long Tail of that album.

Presently, Indy music is developing as a complement to Head music. As Andersen explains in *The Long Tail*, an iTunes listener can choose to spend her 99 cents on a Head song, or on a Long Tail song. In either case, the cost is 99 cents. Andersen then goes on to explain the economics of the thin but powerful 99 cents per song Long Tail.

What he doesn't discuss is what happens when some of these Long Tail artists provide their songs for free. Logic says that if a listener is willing to countenance listening to Long Tail music, and assuming comparable quality, that listener will choose the free song over the song that costs money.

Of course, there are a number of caveats to this logic. A big one is that our culture harbors a strong cultural belief that says: You get what you pay for. The corollary to this is: If it's free, it's worthless. Now while Linux and Apache are proving this belief to be false, many, if not most, in our culture have not yet received the news. So this first caveat concerns the slow progress of new social paradigms.

What should the role of the Big Players be here? Should they teach users about the beauty of free? Or should they hide this information from them?

I would suggest the answer ought to be: neither. Take the world as it is. Don't offend the users who understand the value of free. And for the users who equate money with value, don't try to disabuse them of that belief. It's not the job of these companies to disabuse people of misguided notions.

But keep in mind that either way these money vs. free dichotomies play out, it's a win-win for the Big Player that captures the Long Tail. That is, this Player wins if the money is flying around; and it wins if the money is sucked out for good. The reason it wins in both cases is that in both cases, network effects lock that Player in. There will always be a buck to make if the users are milling around their place rather than someplace else.

The simple point here is to caution that embracing the Long Tail in a market risks obliterating the money in that market. This may not happen any time soon, or it may happen soon. But I would argue that the Big Players ought to embrace the Long Tail in either case because if they don't, somebody else will. And then they will be on the outside looking in.

Of course, this discussion may seem unsatisfying. The hanging question left unanswered here is: Why are so many people creating things (e.g., code, music, photos, tags, blogs, podcasts, etc.) and giving them away for free?

OSWALD SPENGLER IS STARTING TO LOOK LIKE A FREAKING PROPHET

Proposing to answer such a question – ie. What is motivating so many people? – is surely an act of egregious presumption. I mean, everyone comes to beliefs on their own, and personal motivation can seem as unique as snowflakes. These considerations advise that we proceed with caution. With that in mind, let's begin.

The analysis starts with the observation that we humans are social animals. As such, we derive many of our beliefs and motivations from the culture in which we live. If you doubt this, ask yourself the following: What considerations went into the selection of the clothes you are wearing today? Corollary questions include: Why are you not wearing a burka today? A sari? A three piece business suit? A clown's outfit? I'll submit that true answers to these questions are informed by this social dynamic.

Next, realize that for many of our beliefs and behaviors, few of us ever ask ourselves why we believe that or do that. That is, many, if not most, of us are believing and doing without any thought as to why we are doing so.

This discussion highlights the unconscious aspect of many social understandings. It is through this phenomenon that a *prima facie* unanswerable question like "What is motivating so many people?" can acquire coherent answerability. With that, we are ready to sit down with Oswald Spengler.

Spengler was a German philosopher who, around the time of the First World War, wrote a book called [*The Decline of the West*](#). In the book, Spengler presented a model of human civilization. To do so, he analyzed the great Ancient Greek/Roman, Arabian, Chinese, and Indian civilizations, and also the present Western civilization in which we are living. His book concludes that just as all of the prior civilizations collapsed, so the West was going to collapse as well. Given that he was writing around the time off WWI – a war widely perceived as nihilistic – his book received a great deal of attention back in those days.



But in the 80-some years after his book, the West did not decline. On the contrary, Western civilization (under the leadership of America) has only expanded. So today, Spengler is an obscure, long-forgotten scholar.

The reason I'm bringing Spengler up here is that he said some things I've found quite interesting. One such thing was his observation that each great civilization harbored

a certain core meme or belief that informed pretty much all of social life. For example, for the Ancient Greek/Roman civilization, Spengler said that this meme was what he called the “point present.” Spengler saw this same meme reflected in the various aspects of that ancient culture, including mathematics, architecture, art, and so on.

To determine the core meme of the Western civilization, Spengler studied the same sorts of social activities. Having done so, he concluded that the Western meme is the notion of infinity, or **infinite growth**.

Another interesting thing Spengler observed was that, just before their collapse, all of the great civilizations shared the following two attributes: (1) **mega-cities**: most of the population lived in mega-cities (as opposed to the countryside); and (2) **money fetishism**: virtually all of social life revolved around or boiled down to money (including places where money ought not belong).

These notions caught my attention. So first, I considered whether this notion of infinite growth informed more than just the cultures of America and “Western Europe”. I looked at dynamics like boom and bust stock and real estate markets around the world, foreign central banks buying up U.S. treasury notes, and foreign countries setting themselves up to serve as giant outsourcing services and/or manufacturing plants for America. Looking at all of this and more, I concluded that this “Western” mirage of infinite growth had infected pretty much the whole mechanized world. So to look for Spengler’s other two factors (mega-cities and money fetishism), the whole world was fair game.

Well, turning our attention to the question of mega-cities, [Wikipedia helps us see that the mega-city condition is more or less satisfied](#). That leaves the third condition: money fetishism. To see this one, I believe we need not leave the borders of America.

This is where the introduction to this section applies. Specifically, the part about the “fickleness of perception”. Perhaps you’ve never asked yourself the following question: Are there places in American culture in which the money fetish has gone so far

that it has exceeded the bounds of decency or propriety? If you haven't asked yourself this question before, ask it now. By asking it, you will turn your attention toward it. This is just like the story I gave you earlier about the gay flag.

Anyway, when I turned my attention toward this question, affirmative answers popped up most everywhere I looked. Here is a random smattering of some things I consider to be examples of inappropriate money fetishism in American culture:

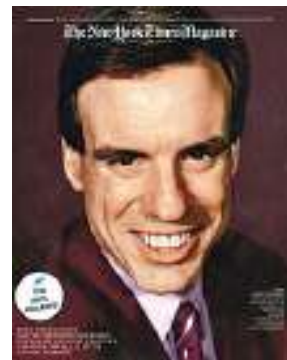
- junk mail and spam
- corporate sports stadium names (e.g. "The 'Stick" becomes "Monster Park")
- Coke and Pepsi machines in the hallways of schools
- "Who Wants to Marry a Millionaire?"
- Word-of-Mouth marketing (ie. prostituting friendship to push product)
- In his national address a little over a week after the attacks of 9/11, with the nation splayed, bleeding, and eager to hear about what we could do to help, our President gave us a clear, unambiguous answer. He said, more or less: Keep shopping¹. But that wasn't the weirdest part. The weirdest part was that nobody blinked. Nobody objected. Nobody called it a *non sequitur*. That is, no major political party nor any major media said that to speak of shopping at a time like that was to speak profanely. Nobody said that because the President was right and we all know it. In America, it's all about the money.
- It's a spooky coincidence, but I'll be damned if [Wikipedia's page on the top ten largest oil reserves by country](#) doesn't seem to serve as a tidy little road map to the top news stories on American foreign policy (e.g. nationality of most of the 9/11 hijackers; current ground zero of the "war on terror"; scary nuclear program currently in the



¹ More precisely: "[I ask your continued participation and confidence in the American economy.](#)" Read that as you will. But one thing he certainly *didn't* say was: "Start saving, for Chissakes!"

news; country at the center of that whole U.S. ports fiasco; country whose president Pat Robertson suggested we assassinate; country we liberated in 1991; country who was on our sh*# list until 9/11 after which point its leader started playing nice with our oil companies; etc.).

- In March 2006, the New York Times Magazine ran a piece entitled [*The Fallback*](#). A major premise of the piece was that Hillary Clinton is all but assured of the Democratic nomination for President for the 2008 election. The reason for this has nothing to do with Ms. Clinton's beliefs nor her policies nor her positions. Instead, it is premised on the fact that Ms. Clinton's money position is unassailable. Bear in mind, this is the party that not once, but twice, lost narrow national elections to the other party. The other party is in the midst of the first four-year stretch since the 1920s in which it controls the Presidency, the Senate, and the House. Many are speaking about the prospect of a period of political dominance by the other party measured in decades. Yet despite all this, the Democrats can find nothing they agree upon aside from the truism that the candidate with the most money will win. *Nin kai aei kai eis tis aionos ton aionon. Amin*² (picture George Stephanopoulos making the sign of the cross).



Well, the above is but a tip of the iceberg of the sorts of things that run through my odd head. But paraphrasing Oscar the Grouch: One person's moral outrage is another's person's credo. The list above comprises some behaviors and beliefs I consider to be outrageous money fetishism. You may well agree that some of the items of the list are that, but disagree with the inclusion of others.

That's fine. My only purpose is here to open your eyes to the question asked above: Where in America has the money gone too far? I suspect that if you think on it, you'll come up with many other examples.

Here's where we bring this discussion back to the Long Tail. If it is true that money considerations have gone "too far" in America, then one natural response of people sensitive to this dynamic would be a recoiling from money considerations. Another would be the polar opposite: namely, monetized addiction.

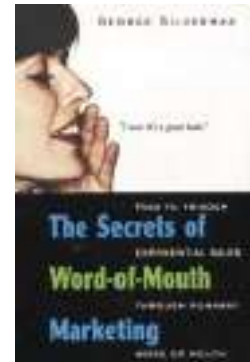
² While I'm expecting you can resort to web search for the Latin legalese, I'll forgive your stumpiness on Greek Orthodox liturgy. This one means, roughly: "Now and forever and unto the ages of ages. Amen."

Perhaps when you were a kid you remember taking a liking to a certain type of food or drink. Perhaps, one time, you ate so much of this food or drank so much of that drink that you made yourself sick. Or at least, you developed an aversive reaction to that food or drink. This is a natural human response. Too much of one thing can make us barf or at least wretch.

Alternatively, perhaps you've experienced eating or drinking something often enough that you've acquired a bit of an addiction to it. Alcohol, coffee, and/or sweets seem to fit this pattern for many of us.

It is my belief that, in the past couple of decades, the Money Culture of America has gone too far. We all have swallowed it. And a growing number of us are starting to wretch, some pathologically so. Others are reacting oppositely. That is, they are going past fetishism, and into pathological addiction.

For example, in my view, two mirror-image pathological reactions to the Money Culture among American youth are the [Black Bloc](#) and [Word-of-Mouth volunteers](#). I see these two groups as flip sides of the same coin. It is the coin of money pathology. One side reacts with pathological aversion (wretching) to the Money Culture; the other, with pathological attraction (addiction).



In my view, it is not pathology, but rather healthy aversion to the fetishized Money Culture that is driving the rise of the Long Tail. Sure, there are many other individual motivations informing this rise. And to be sure, many Long Tailers would insist that money aversion does not motivate them in any way whatsoever.

But as I said at the start of this subsection, most of social theory relies on unconscious “understandings”. And I’m certainly not the only one who is thinking about shifting social understandings.

SOCIAL CYCLES HAVE LAID THE GROUND FOR THE LONG TAIL

Various social theorists, looking at America, describe social cycles comprising shifting social phases. These phases can differ with respect to political mindset, financial outlook, religious interest, themes of popular culture, and more, and all of the above.

Phases in these theoretical social cycles typically last about a couple of decades or so. As one phase is ending, the next is beginning. These phases give rise to notions like the “Greatest Generation”, the “Boomer” generation, “Generation X”, the “Millennials”, and so on.

For the present social phase in which we Americans are living, social theorists look back to the 1920s for a parallel. The “1920s” as a social phase started shortly after the end of the First World War, and ended with the onset of the Great Depression. Theorists say that, while much has obviously changed from the 1920s to today, there also exist some striking parallels – parallels that don’t exist with any other social phase between that time and now. Here are some examples:

| Social Phenomena | 1920s | The last 20 years or so |
|-------------------------------|---|--|
| Stock market bubble and crash | The DOW enjoyed a unique (for America) spike, fueled by the new radio and auto industries, until the crash of Black Tuesday | Analysts have mapped NASDAQ from the late 1990s onto the 1920s DOW and have found a striking parallel up until about 2003. |

| | | |
|----------------------------------|---|--|
| Christian fundamentalist revival | Fundamentalist preachers barnstormed the nation, preaching to a receptive public, fomenting religious fervor, a result being the 1919 Constitutional graffiti known as Prohibition. | I once read that today, something on the order of 40% of Americans count themselves as “born again” – a fever the likes of which the nation hasn’t seen since the 1920s |
| High wealth disparity | Disparities in wealth between the rich and poor were at a local peak | <u>Some analysts say that the current degree of wealth disparity hasn’t been seen in the nation since the 1920s</u> |
| Low marginal tax rates | Between 1925 and 1931, the highest marginal tax rate on ordinary income was 25% | <u>In 1932, that rate jumped to 63%, and that percentage did not drop back down into the 20s until Mr. Reagan.</u> Even today’s mid-30s is the lowest since the 1920s. |
| Republican dominated government | Republicans controlled the Presidency, the Senate, and the House between 1927 and 1931 (the last two years of Coolidge plus the first two years of Hoover) | Since 1931, Republicans have not pulled off this trifecta – that is, until 2003. We are presently in Year 4 of Bush Junior’s historical Republican domination of the U.S. government. |

| | | |
|----------|--|--|
| Nihilism | The “ Lost Generation ” of rootless drifters was personified by flappers, and expatriate writers like Hemmingway, Fitzgerald, and Dos Passos | The nation thought it had seen the last of these “Lost” types until “ Generation X ” came along – again, a collection of rootless drifters and mercenaries |
|----------|--|--|

Scanning this table, you might say “Hmm, very interesting.” Alternatively, you might note that by 1932, the nation was deep in Depression, whereas today, our economy is not in a financial depression. You might further note that while the Prohibition amendment succeeded in 1919, the recent anti-gay marriage amendment proposal sort of fizzled. And you might say that this nation has always suffered from (or enjoyed, depending on your sensibility) recurring fundamentalist religious fevers (after all, the country was founded by those wacky gun-totin’ witch-burnin’ scripture-quotin’ Puritans).

Now, if you’re a naysayer like that, then I certainly share some of your doubt. It’s just that the more time that I spend searching the web, the more I find people who are looking at social cycles like these and, well, I suspect you’re going to find this weird, but they sound an awful lot like Chicken Little.

CHICKEN LITTLE SAYS THE SKY IS FALLING AND IT WILL BE UP TO THE LONG TAIL TO SAVE US

Referring back to the “fickleness of perception” discussion earlier, consider the following: How many people have you noticed who are claiming that things in America will be getting much worse before they get better? Let’s call this sort of thinking “social pessimism.”

Now, I can't say what's on television these days, but I do read the Sunday New York Times from time to time. And I can't say that I find this socially pessimistic point of view in that paper very often. I suspect a similar absence is true for television.

But spend a few minutes on the Internet, and, if you're so inclined, you can listen to a rising, resounding chorus of socially pessimistic voices. What is interesting to me about these voices is, collectively, their breadth and, in individual cases, apparent intelligence. They all tell a story with a graph that looks, more or less, like Figure 4.

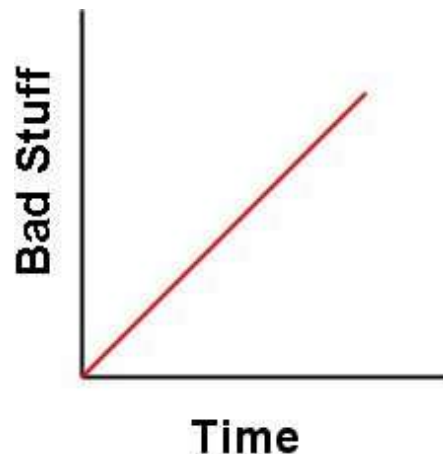


Figure 4

Now, those of us who lived through the dot com boom of the late 1990s recognize the graph of Figure 4. This is the infamous “up and to the right” graph. We saw this graph in connection with projections of users, forecasts of headcount, and, generally speaking, for any prognostication of the Holy Ka-Ching and the Grand Bling-Bling. Yes, life in the late 1990s was pretty sweet for many of us. Back then, the future was so bright, we had to wear shades.

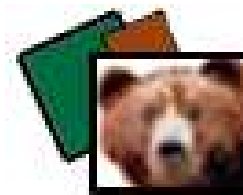
However, today, like some dark twist in the plot of the unfolding American story, Chicken Littles across the web have co-opted our beloved up-and-to-the-right graph, and retrofitted it for nefarious purposes. They are like the Gibsonian Black Bloc who retrofit cell phone text messaging (highly useful for flirting and shopping), and repurpose it for coordination of mayhem (e.g. “meet me at the corner of 4th and elm to bash in the window of that evil starbucks”). They are like “terrorists” who retrofit our marvelous airplanes (freedom!) and awesome skyscrapers (efficiency!), and redeploy them as missiles and graveyards.

What these Chicken Littles have done is to take our precious up-and-to-the-right talisman of infinite growth [hey, who shouted “Spengler!”?], and retrofitted it into a symbol of boundless despair. What’s with these party-poopers? The following is but a small smattering of some of these “Chicken Little” voices.

Bearish Finance. The tag line of prudentbear.com is “One Stop Shop for the Bear Case”. And that’s pretty much what this site is. Operated by investment manager David Tice, this site has struck



me as particularly lucid and comprehensive (e.g. dollar weakness, the case for gold, personal and national debt, housing bubble, etc.). Many others cover the same or overlapping ground. I just find Mr. Tice’s selection of articles, and especially his graphs, charts, and analyses, to be particularly useful. Useful, but scary! For the most part, these thoughts are outside the purview of major media.

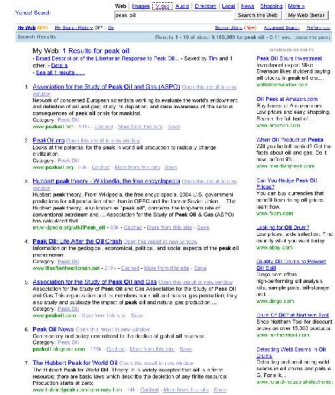


Housing Bubble. One of Mr. Tice’s pet sub-topics is the housing bubble. Of course, this topic is starting to receive major attention from Big Media. There seems to be a general understanding that the housing market in this nation has been a tad “frothy” and “bubblicious” of late. Now the game that’s been going on for the past couple years involves the Fed trying to let the air seep out of the balloon slowly, without causing it to burst. Let’s all hold our collective breath, and hope none of these other dire predictions come to pass. Because any one of them might set off the bursting of the housing bubble. We shudder at the thought.

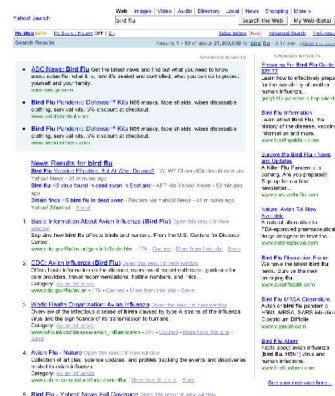


Peak Oil. This is another of Mr. Tice’s sub-topics. This one is getting frothing attention on Internet sites. On major media, from what I can tell, this topic is still mostly under wraps. The basic idea is that world oil production is near its peak, and once that

peak is reached, oil prices will skyrocket. That would be OK, if it wasn't for the fact that our entire economic infrastructure is built on the illusion of cheap, unlimited oil. So "Peak Oil" is shorthand for the rug being pulled out from under the American Way of Life. If you'd like to learn more about this, I'd recommend checking out author Jim Kunstler's blog [Clusterfuck Nation](#), and [some of the videos on Google Video Search](#) under "peak oil".

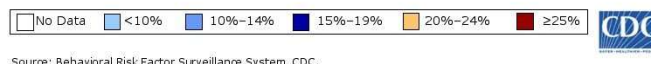
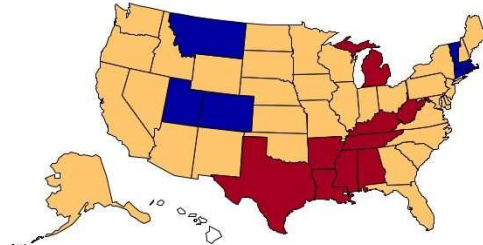


Pandemic. This is another "doomsday scenario" that's starting to get the attention of the Head media. The CDC has been ringing this bell for many years, as have bloggers. The latest predictions have the bird flu coming to America sometime this summer. When and how that flu mutates to become human transmittable is anyone's guess. I've read analyses saying there's a 1 in 3 chance that when this inevitable mutation happens and the flu becomes human-to-human virulent, it will be of a particularly lethal variety. Today, the flu, transmittable only directly from sick birds, is killing humans at a rate exceeding 50%. "Particularly lethal" would mean any rate of lethality above a percent or two. So this little H5N1 puppy has a lot of head-room to play with. What is your plan for your family in the coming years concerning this inevitable flu?



Obesity. This is another pet topic of the CDC. Of course, one needn't study CDC statistics to know that we Americans have gotten way fatter over the past 25-30 years. So fat that we are now sole claimants to the title of Fattest Nation in the History of Mankind. If you are at all interested in this topic [this CDC powerpoint showing obesity trends in the U.S. from 1984 to 2004](#) is a must-view. Run it in "show mode". Of course, the hanging question is:

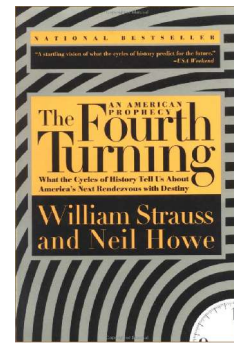
Obesity Trends* Among U.S. Adults
BRFSS, 2004
 (*BMI ≥30, or ~30 lbs overweight for 5' 4" person)



Source: Behavioral Risk Factor Surveillance System, CDC.

What the hell happened to us? Well, you know me. I've got an answer for everything. ☺ My answer includes the inter-weaving of subjects such as the transition of the American economy from manufacturing to service, women's liberation, and the application of scale and speed to food (enabled by high fructose corn syrup, hydrogenated fats, mono-sodium glutamate, and their ilk). But hey, nobody knows the answer. Still, one thing seems obvious: We can't just keep on getting fatter and fatter. Can we? I mean, the human body has its limits, no? When this fat bubble bursts, what will that look like? Will it be icky? So many questions; so many answers on web search; so little time to run them all down.

Fourth Turning. The [*Fourth Turning*](#) is a 1997 book written by authors Neil Howe and William Strauss. The book predicts that, starting around 2005, give or take a few years, America will enter a crisis phase every bit as terrifying and dangerous to the survival of the country as was the Great Depression/World War II, the Civil War, and the Revolutionary War. In fact, the authors trace these cyclical crises back to the Spanish Armada Crisis of the late 1500s when Elizabeth I ruled England. As a basis for their predictions, these authors rely on the generational models and social cycles described above. In other words, the book is full of no small amount of hand waving. However, I must confess that I found this particular hand waving to be rather persuasive. In fact, it was reading this book that put me on the hunt to find every other subject in this present "Hall of Doomsday Scenarios". Since 9/11, the message boards of their book have been hopping.



Armageddon. I know, I know. Nothing new here. Apocalyptic types have been predicting the End of Days, the Coming Judgment, the Day of the Lamb, the Lion, and the, um, Marmot³ (?), and all that stuff, since, oh, about 33 C.E. So if it wasn't for all of what I just wrote above in the previous couple of pages, I'm sure I never would have stumbled across Todd Strandberg's [*Rapture Ready*](#) site. And I sure as heck wouldn't have returned to that site, except for the fact that Mr. Strandberg takes a sort of "rigorous" or



³ Don't scoff. Marmots from Mongolia have been blamed for the Black Death.

“statistical” approach to his, otherwise, tired old topic. That’s right, good old Todd provides us with the [Rapture Index: The prophetic speedometer of end-time activity](#), which has been described, without any hint of irony, as “[a Dow Jones-type measuring tool of biblical prophecy](#).” Of course, some of his data nodes might seem, well, questionable (see, e.g., “Gog (Russia)”, “The Antichrist”, “The Peace Process” (aside: What could a “Christian” have against “peace” or “process”?)). But, somewhere between reruns of “The Apprentice” and watching the next Tom Cruise flick on DVD, surely you can spare a few minutes to add to Mr. Strandberg’s traffic numbers.



Phew. That’s enough Chicken Little to feed the multitudes for at least a long weekend. (OK, OK, I’ll stop now.)

Back to the Long Tail. What on earth could the Long Tail and the Big Players have to do with what I have been writing about for the past cluster of pages?

The answer is simple: Assume that any one of the above scenarios comes to pass. We don’t need more than one. Just one will do. We can even assume that whatever doomsday scenario we’ve picked will be only half as bad as the relevant Chicken Little is saying it will be.

Even with these conservative assumptions, the sh#\$ will have hit the fan in America. And when that happens in America, as in any other place for that matter, people do the same thing: they pull together.

Were you living in the Bay Area during the 1989 quake? Do you remember the first few days after the quake when the power was out, and systems had broken down? What did we do? We pulled together, people helping people. Same with Katrina last year. This is what crises do. They bring us people together.

That's right. It's the Long Tail rising. Imagine how many people would be hurt and confused by any of the above doomsday scenarios coming to pass. I haven't even mentioned the obvious "terrorist sneaking a nuke into a city" or "environmental crisis/global warming disasters" scenarios. Hey, we're probably going have nightmares anyway from the ones discussed earlier. Who wants to make that list longer?

Well, this is the thing. If, when, and what happens won't be of our choosing. If we could choose, we would choose things to be moving along at least as nicely as they currently are, and hopefully even better.

But there are many, many signs on the horizon that all is not well in Whoville. And since, as I claimed in the introduction to this section, America may serve as the umbilicus of the entire world, a suffering America will *de facto* mean suffering of the whole world.

Nobody wants to see that. But if it comes to pass, then the Big Players have an historical opportunity, and perhaps even responsibility. This opportunity and responsibility is about connecting people with people. This is their Long Tail story.

NO, REALLY, THE WORLD ACTUALLY IS ROUND, AND WEST OF LEFT IS SIMPLY EAST OF RIGHT

If you're still dubious about the centrality of the Long Tail to the future of the Big Players, then please go away. Stop reading. One of us is irredeemably retarded. Let's just accept that and move on.

If you're tired, put this down. When you've got the energy, pick it back up again. Because now, I'm going to take two quite different roads, both of which lead independently to the Long Tail. This subsection will cover the first such road. The next, will cover the second. At the end of the second, we will have three independent roads all leading to the same place. When all roads converge, my spider sense tingles and tells me we're onto something.

Perhaps this tingling is what I call the “Math Urge”: the compulsion toward a unified truth. I don’t mean to go all Tao or Neils Bohr on you, or start citing Goldilocks. But for me, truth is usually found on the middle path. The more apparently diverse the stimuli, the more interesting the middle path of truth to me.

For example, I’ve been musing about a path that starts with the pair (fear, desire), or more accurately stated (aversion, attraction), and walks this pair through an array of astonishingly diverse domains. These domains include (in no particular order): neuroscience, Christianity, Buddhism, Scientology, Enneagram, Biological Evolution, Evolutionary Psychology, two recent Hollywood Oscar winners (*American Beauty* and *Crash*), and one obscure Canadian documentary (*What the Bleep?*) to boot. And that’s just the obvious places.

Now this is a risky path to trod. Because either it means I’ve sliced off a nice little chunk of Capital-T-Truth, or it means I’m certifiably schizophrenic. Maybe it’s both.

But this white paper is not about that crazy path. Here, we’re going to look at a very short, obvious, but quite interesting path involving the Long Tail. This is another example of this “fickleness of perception”, gay flag notion. Earlier, I asked you to turn your attention to the notion of “money having gone too far in America”. Next, I asked you to listen closely for the Chicken Little voices. Now I’m asking you to look around you, and notice where you see Long Tail stuff going on. I bet if you did that, you’d see it in many different places.

For example, I’ve got this theory of American sports that brings in the Long Tail. Basically, since 9/11, the Long Tail has been on the rise in popular American sports. But the odds of you being interested enough in American sports to hear this argument seems slim (unless you know [who Bill Simmons is](#) and you care). So let’s try another domain. How about American politics?

Figure 5 depicts what the Head media presents as the current world of American politics. This world is characterized by the “[culture wars](#)” between the political Left and Right.

Is the American World of Politics Flat?



Figure 5

Under this worldview, centrist Democrats are reasonably close to centrist Republicans. However, the partisans in each party are keeping the culture wars going.

Then, at the extremes, we have the people who have spilled out the back end of the two major parties. The Greens are so far Left they consider the Democrats equal to the Republicans in their love of the Head corporations. Conventional reasoning says that “traitorous” Greens pretty much handed the Presidency to Mr. Bush in the disputed 2000 election.

The mirror image of this worldview has the Libertarians sitting on the Right of the Republicans. The Libertarians are so far Right they consider Mr. Bush and his administration to be just another big spending, open border Liberal, in bed with the Left.

So under this flat worldview, it seems safe to conclude that we ought not put a Green and Libertarian into the same room. At least not without a police escort. That’s what we might think, anyway, if the only source of our news was the television and the other Head media.

But, you know, there’s this crazy phenomenon called Internet blogging. Back in June of last year, the blogosphere was going nuts over a Supreme Court decision called *Kelo vs. City of New London*. In that case, the town of New London, Connecticut, used the governmental “takings” power, to seize a neighborhood of homes, give the owners what the law says is “fair value”, and hand that neighborhood over to private concerns who were going to build a mixed-use office park. The town justified its action by arguing

that, in doing so, it was revitalizing the region. The Supreme Court agreed with the town 5-4. And then all hell broke loose on the Internet.

In the days following the decision, what did the Democratic Party say about this case? Nothing that I'm aware of. Some of the partisans in that Party might have said things. But the Party itself issued no position statement that I'm aware of.

Similarly, the Republicans had nothing to say on the case at that time, except again, for a few partisans who spoke off the cuff.

The Libertarians, on the other hand, [took about 3 or 4 nanoseconds to register their categorical denunciation of the decision](#). My sense is they got no further than the words "government" and "taking", and then they flipped out.

Whither the Greens? For the first four days following the decision, the Greens stayed silent. Maybe they were sitting in committees and meetings and chewing over whether and what they should say. Whatever the case, what do you think the Greens said when they finally spoke up?

OK. I'm cheating here. I need to give you some more facts. Here they are: Pfizer, the giant pharmaceutical multinational, was looking along the Connecticut coast for a suitable location to situate a research plant. Company officials approached the leaders of the city of New London and, more or less, said the following: "We're thinking about building a research facility in your town. But next door, we'd like an office park to house our feeder businesses, and some green space and cafes for our employees. That little neighborhood over there looks pretty good to us. Either you take that neighborhood for us, or we head down the road to the next pathetic little Connecticut town, and make their day. What say you?"

Now what do you think the Greens said? OK, so this is getting easy now. You're right, [the Greens joined the Libertarians, and condemned the *Kelo* decision too](#).

And, thus, the allegedly flat American political world revealed its true nature: round as Mother Earth herself. Figure 6 shows this.

Nope. It's Round as the world we live in.



Figure 6

Perhaps you're thinking: "One case. One case, and the moron is bending an obviously straight bar into a circle."

Yes, perhaps I am a moron, but I did dig deeper. I went to the trouble of looking at the party platform of the Greens (ie. their "Ten Key Values"), and at the analogue for the Libertarians. Then I tried overlapping the two, and pruning the parts that didn't match. With me so far? Guess what I found in the overlap?

That's right. Call it Local. Call it Community. I like to call it the Long Tail.

When I saw that, I naturally started moving this thinking forward. I thought: If the Long Tail could unite political Left and Right in America, then maybe that is the future of America. Maybe the more enduring political division in America is not Left vs. Right, but rather Head vs. Long Tail. See Figure 7.



Figure 7

I'll say two more things here before moving on. First, I am not, by far, the first to stumble upon the [overlap between Green and Libertarian](#). Second, I harbor no illusions that this merger might happen any time soon – provided, none of the doomsday scenarios discussed previously comes to pass. Because if any of them do, the betting window will be shuttered and closed for an extended winter season.

LONG AFTER THEIR CRUCIFIXION, SELF RELIANCE AND COMMUNITY ARE BEING RESURRECTED

The good news is that this is the last subsection of this much-too-long section. The bad news is that here, we're going to play that old "Price is Right" Door A vs. Door B vs. Door C game. Reported side effects from playing this game include nausea, sleeplessness, and general irritation. With that *caveat emptor*, we begin.

As mentioned earlier, we humans are considered to be social animals. As such, we tend to organize ourselves into social groups. Social theorists tend to categorize these into the three large groups depicted in Figure 8.

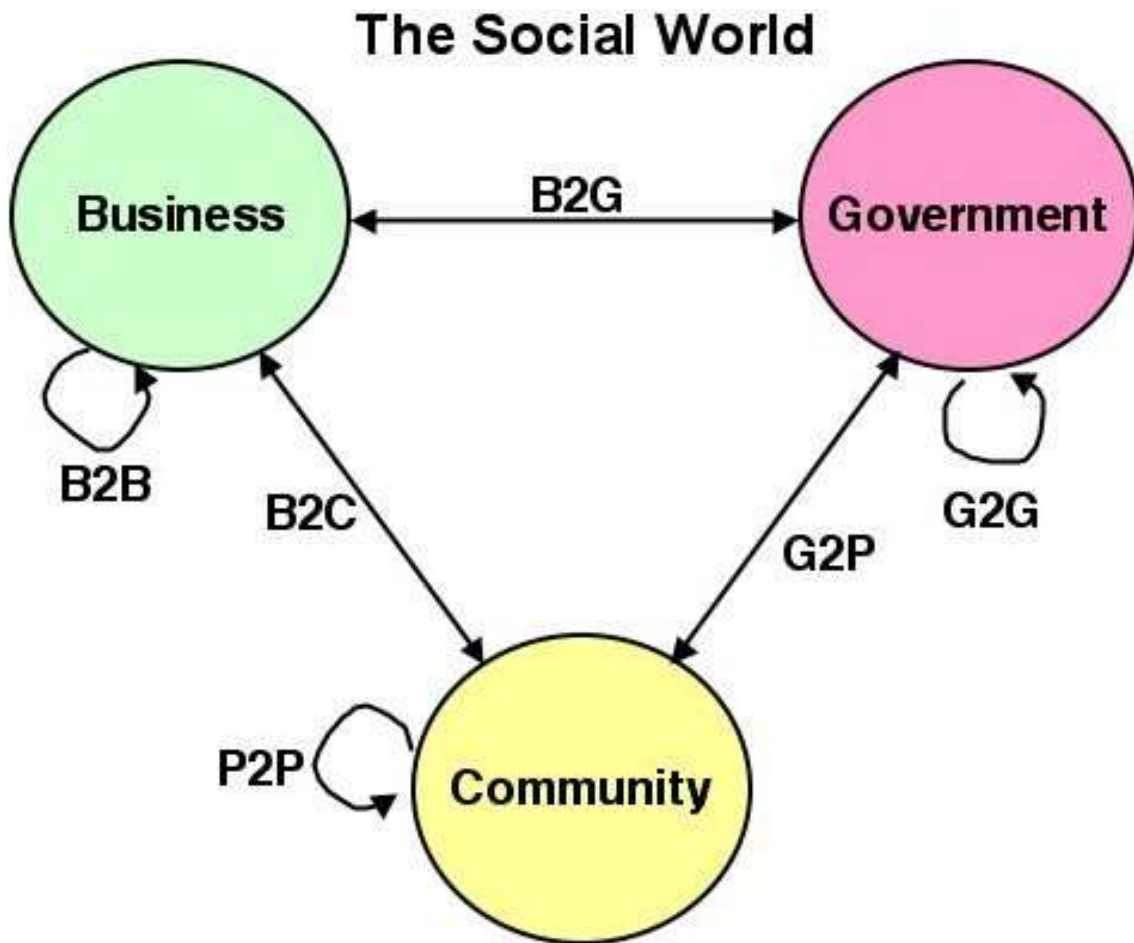


Figure 8

In Figure 8, we see the familiar acronyms from “back in the day” (ie. the dot com boom). There’s the popular B2C, widespread B2B, emergent B2G, and revolutionary P2P. Indeed, “P2P” is yet another synonym of “Community”, the “Long Tail”, and so on.

Then, for completeness, this diagram also includes G2G and G2P. G2G concerns how the various branches of government interact with themselves. Now who but politicians really care about that? Then there’s G2P, which more commonly goes by the names “muffed chads”, “IRS auditors rifling though our files”, “FBI snooping our email”, and so on.

This division of social life acquires even more coherence when we consider the “coin of exchange” that generates movement within each of the major groups. In the

Business sector, that coin is money (ie. money greases the movement of fungible stuff). In the Governmental sector, it is compulsion (ie. compulsion gets us people hopping).

What about in the Community sector? What is the coin of exchange there? I'd say it is the coin of emotion. That is, our various emotional exchanges get us people moving. (Realize that, when I say "emotion" here, I'm using [the broad definition used by neuroscientists](#). Those folks say that all decisions we make are enabled by emotions. Absent emotions, we'd all be blithering fools unable to make sound decisions.)

Anyway, this is all just introductory stuff to get you up to speed on the model of Figure 8. The real purpose of this subsection is, as mentioned above, the old Price is Right Pick-a-Door game. The doors in this game are depicted in Figure 9. And now, Susan, please tell the audience what is behind Doors A, B, and C ...

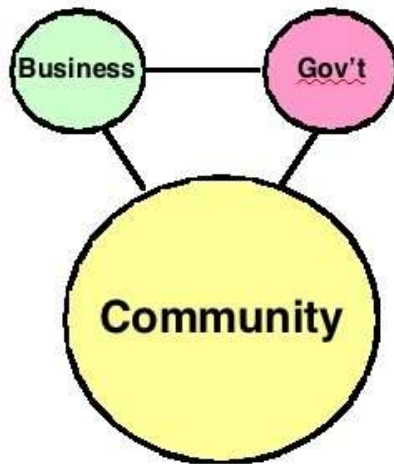
Well Bob, as you can see, Figure 9 is entitled "Classes of Imbalanced Societies". The idea here is premised upon the Goldilocks model of too-much-of-one-thing is usually bad. So Figure 9 looks at what happens when one of the three major sectors assumes a disproportionately large role in social life as compared with the other two sectors.

Door A describes societies in which the oversized sector is Community. It's a little difficult to think of examples of this in today's world. Perhaps older hunter-gatherer cultures fit this model. Maybe we don't need to go back that far. My reading of pre- and immediate post-Revolutionary life in America (ie. late 1700s) would seem to fit Door A certainly better than Doors B or C (if we had to pick a door).

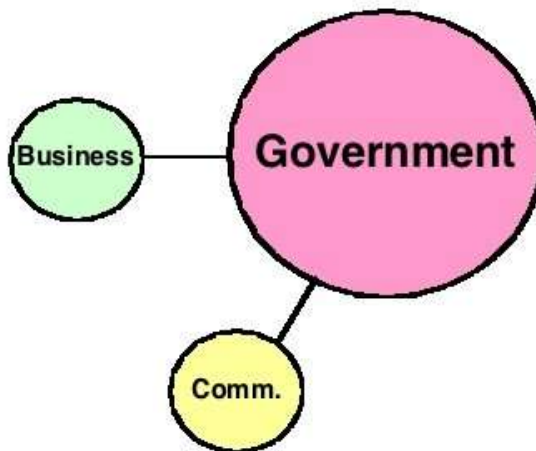
Door B describes the familiar "totalitarian regimes". These were the scourge of the 20th century, and they persist today in various locales. No need to belabor this one.

Door C references the book [*When Corporations Rule the World*](#), by David Korten. Korten is a former official from the Ford Foundation and USAID who experienced an "awakening" in his job. This led him to write up this book. The essential thesis of the book is that business interests play "too large" a role in social life in America and around the world.

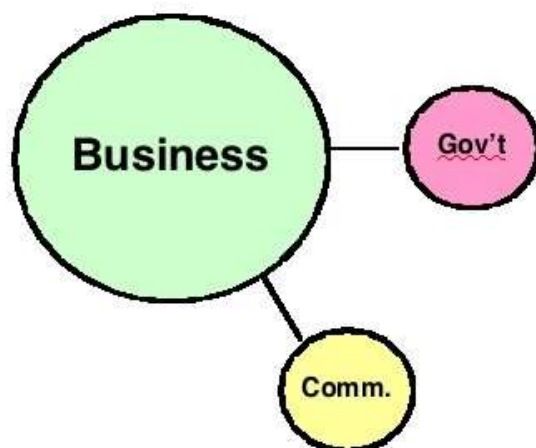
Classes of Imbalanced Societies



A. "Primitive"
Societies



B. Totalitarian
Regimes



C. Corporations
Rule the World

Figure 9

To tell the truth, I couldn't think of another name for Door C. I mean, I've probably read more history than the average bear, and I'm stumped. I just can't seem to find an example of a nation-state from history in which the Business sector dominated both Government and Community. Switzerland maybe, when the bankers were getting their mojo up? Maybe I ought to look deeper into Spengler. After all, he said all great civilizations collapsed amidst a fetishism of money. So one might expect to find overweening business interests at the tail end of those civilizations. Maybe?

Anyway, the point here is that Door C might well be unprecedented in recorded history. Of course, if it is unprecedented, that may well mean it doesn't exist today. So maybe Korten was smoking something when he wrote that book.

OK. On to the game now. The question you need to answer is: If you had to pick one of them, which Door would most appropriately describe present-day America? Now, hold onto your answer. Susan, please tell the audience what the prize will be for a correct answer.

Sure, Bob. The prize is ... [drawing open the faux velvet curtain] ... a brand new car! Of course, when [the price of crude](#) goes sailing past \$100/barrel, you won't be driving it much. But it sure will look sweet parked out front, all buffed and shiny.

I know, I know. I'm dating myself by using the "Price is Right" as an allegory. Wasn't there some game show in the past 10 years where contestants got to call a friend to ask their advice? Let's add that element to this game.

Pick me! Pick me! I've been doing some thinking on this one. Here goes.

It ain't Door A. Just read "[Bowling Alone](#)." Actually, you don't even need to do that. Notice in this white paper that we've used as synonyms the following: "Community", "Long Tail", "P2P", the "People". Maybe there are others. Here's a clue: If the thing doesn't even have a name, it ain't got no mojo. Sure, Yahweh breaks that rule. But we're talking about things here in this world that we can see and touch. And in this world in America, Community is so thin and small it is almost a mirage.

That leaves Doors B and C. This is a little tougher. If you listen to the far political Right in America, they will insist that Door B is the correct answer. And they will have a case. Since the days of FDR, the size of the federal government has only increased. Mr. Bush Junior has been no exception to this pattern.

Now while Door B seems pretty apt, I'll make a case for Door C. I'll make this case in two parts. First, note that the Community Sector equates to the Long Tail, while the Business sector is the home of the Head entities discussed early in this paper. That is, in the section in which we looked at the raging Head vs. Long Tail battles in software, telecom, music, and health, all of the Head entities were from the Business sector. None were from the Government sector.

Contrast this with China. Which social sector in China is flipping out about stuff like "Falun Gong"? From which sector is the Head emerging to attack the Long Tail in that country? This is "totalitarianism," mentioned above – ie. Door B.

What do we call it when the Head comes down from the Business sector – as in our country – to wage war against the Long Tail? Now you see the problem I had with coming up with a name for Door C.

The second argument I'll make in support of Door C as the correct answer starts by considering the basic needs of survival. This is the first rung of the Maslow hierarchy.

The basic needs of survival include:

- Food
- Water
- Clothes
- Shelter
- Warmth

- Healthcare
- Energy
- Security

Less basic, but still important needs include:

- Transportation
- Exercise
- Entertainment

Considering history, think about how different cultures today and in the past have provided these basic and important services. In hunter-gatherer clan societies, the Community provided most all of them. Sure, maybe the shaman could be considered a businessman. And maybe the joining of some clans to fight other clans might be treated as quasi-governmental. But the steady drumbeat of life in those societies involved self-reliant Communities.

In Totalitarian regimes, the government provides all or nearly all of the services. [Read Solzhenitsyn](#) on life in the early days of the Soviet Union. Boring reading to be sure. But chilling.

Now we come to the final “fickleness of perception” question. Here it is. Look at those lists above, and ask yourself: For each of these items, from which major social sector did you or do you get it? If that sector is not the Business sector, consider whether the Business sector plays at least some significant role in connection with that service.

Here’s what I suspect you’ll find: You get almost all of your basic needs from Business. There’s a little bit of Government here and there.⁴ And very little Community.

⁴ This white paper is *way* too long. So I’m not going to spend time here on this controversial statement. For example, on the “security” issue, we could look at the [downsizing, outsourcing, and procurement practices of the U.S. Military](#), and find an arrangement between Business and Government that is fairly unique in history.

That is, this will be the case if you are a good and proper citizen of this great nation, rather than an anti-social miscreant like myself.

Anyway, let's say the answer is "Door C". What does this buy us besides that useless new car?

For one, once we eliminated Door A, we could see a reason why the Long Tail is rising. Community has been squished and squashed and negated so long – crucified, one might say – that it now wants to stretch its legs and exercise its lungs – resurrected, one might say. The Internet is enabling this.

The Door C answer buys us even more. It explains why (if it is true), money fetishism goes too far in America. As noted, money is the coin of exchange of Business, not Government nor Community. When money is everywhere including places it doesn't belong, that's evidence of Door C.

The Door C answer goes further. For most of the Chicken Little doomsday scenarios, Business plays a role or the central role, in a negative sort of way. I won't belabor this point here, but [I'm happy to discuss this further.](#)

In addition, the tight call between Door B and Door C for the correct answer provides an elegant explanation of the unholy union between Green and Libertarian. A simple definition of extreme Left and extreme Right in America is: fear of world domination by Business (Left) and fear of world domination by Government (Right).

But what if Business and Government were indistinguishable? At least, what if the interests of Business and Government aligned so closely that they may as well be one entity? In that case, extreme Left and extreme Right would merge, meeting at the Long Tail. Hence, the diagram of Figure 7.

So there it is. This whole pig of a section, wrapped up in a neat and tidy bow.

GOLD DON'T LIE

OK, I lied. Earlier, I said that the previous subsection was the last one of this section. But here is yet another. What more could there possibly be to say when all roads converge to the same place?

Well, if Spengler had it right that the Money Culture is ascendant in Western society, then for a good segment of our society, the only language that holds meaning is the language of money. All else is simply talk.

Accordingly, using the language of money, it is to such people that I say: gold don't lie. For these people, we could have dispensed with everything else written in this section. Instead, I could simply have pointed them to Figure 10.



Figure 10

Figure 10 shows the price for an ounce of gold during the period running from 1975 to the first quarter of 2006. The yellow line highlights the points in time when that price reached \$600/ounce. As you can see from the graph, there have been five such points over the past 30 years, labeled A-E.

Treating the [price of gold as a sort of barometer of social fear](#), the points of the graph labeled A-D begin to make some sense. It is as if, during these points in history, society was saying the following:

- **A:** “Run for your lives! The sky is falling!”
- **B:** “False alarm, everybody. The sky isn't falling. Go back about your business.”
- **C:** “Yes it is! It's falling! Run for your lives!”
- **D:** “NO, it ISN'T. Now SHUT UP already!”

Were such sentiments reflected in the national Head media at the time? One need not search long to come upon the [Iran hostage crisis](#) and [related energy crisis](#) of late 1979 and early 1980.

What about points E and F? To what historical events do they correlate? Studying the graph of Figure 10, point F looks to be an event that “got under the skin” of people in a fairly enduring way. Not enough to suddenly freak out society, like the events of 1979-80 seemed to have. Rather, point F looks more like a pebble of fear tossed into a relatively placid social pond. The gradually spreading ripples emanating from this tossed pebble correlate to the gradual upward trajectory running from point F to point E.

Any guess yet on point F? Well, if you were at all awake on that day, you surely remember [9/11](#), 2001. On this graph, notice the “false alarms” shortly prior to 9/11: Y2K and the dot com crash. Those events merely sent temporary shudders through society – shudders that society quickly shook off. But 9/11 went deeper and it stuck. We still haven't yet shaken it off. At least, that's what the price of gold is telling us.

So what current news story does point E correspond to? Is there some current, dramatic, frightening, global news – news that means to today's society what the events of 1979-80 meant to society back then (ie. the last time gold hit \$600)?

I'll submit that the answer is “no”. There doesn't seem to be any single current story in the Head media regarding a raging social fire on the order of the 1979-80 events. Instead, as this section has noted, there are simply multiple small fires burning or smoldering most everywhere one cares to look – assuming one so cares.

The story of Figure 10 is that, as every month passes, more and more people are caring to look at these small fires. And increasing numbers of such people are buying gold to hedge against the ever growing likelihood of these small fires joining into a much scarier conflagration.

Another way to say this is that if you haven't yet bought gold, or started stocking away food and water, or started any other such preparations, then please say hello, from the growing number of us gold investors, to [your fellow mythological ostriches who also have their heads comfortably stuck in the sand](#). Tell them we'll give them a nudge when the Long Tail has completed its rise.

SUMMARY

All roads lead to the Long Tail. Even the one paved in gold. Will any of the Big Players take one?

Which Big Player is Best Positioned to Capture the Long Tail?

As explained earlier, the network effects bounty that comes with capturing the Long Tail makes it likely that only one Big Player will win. Accordingly, the first question is: Which one?

Actually, a couple of other questions precede this one. First, one might ask why the Big Players are needed at all. Couldn't the Long Tail of websites simply capture itself? And if there is a sound reason for why not, the next question is: Why are the Big Players needed for capturing the Long Tail? That is, couldn't super-Head websites like MSN, AOL, or FOX beat the Big Players to the prize?

Starting with the latter two, this section tackles these questions.

WHY WON'T THE LONG TAIL CAPTURE ITSELF?

Perhaps you've noticed something fishy about this white paper. For dozens of pages, this paper has been going on about:

- Community, P2P, and the Long Tail
- How that Long Tail is rising and being attacked by the Head
- Why the Big Players need to step up and capture the Long Tail

If you are an astute reader, or at least count yourself among the Internet “Tech” crowd, you might be asking: Aren't the Big Players part of the Head themselves? Each of them enjoys enormous market caps and out-sized P/E ratios. Moreover, as Figure 11 depicts, when it comes to users, these Big Players are the “haves”, while the rest of us are the “have-nots”.

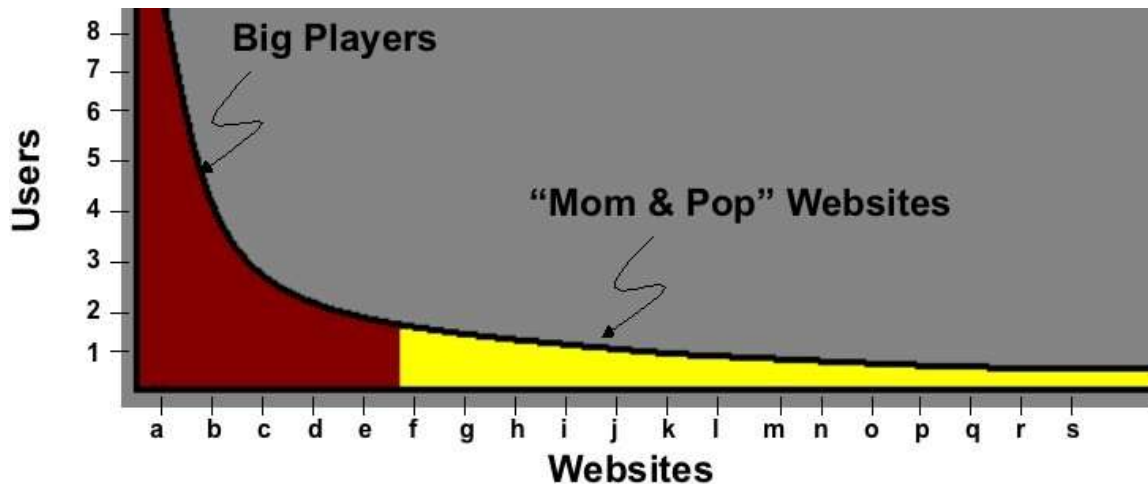


Figure 11

For example, the Internet's leader in unique users (Yahoo!) [said this month that it has 402 million unique users](#). According to Yahoo!'s CEO, that equates to “one of every two Internet users around the world”. So when it comes to unique users on the Internet, Yahoo! is the Head of Heads.

Contrast this with one of my own sites: [The Self Reliance Wiki](#). I've had this “community” site up for about six months. Thus far this month, my stats package tells me 23 unique users have visited this site. Let's assume a radical increase in traffic to this site by the end of the month such that I end up with 40.2 unique users for April 2006. That would mean that the traffic to my site represents .00001% of the traffic that Yahoo! gets. Accordingly, on the Long Tail of Figure 11, my site is well to the right of the “s”.

Here's the question of this subsection: Why is one Head site with 402 million unique users needed for capturing the Long Tail? Why won't it suffice to have 10 million Long Tail sites, each with 40.2 unique users?

The short answer is that we Long Tailers are so out of practice at acting like a Community that we can't even get started. Even if we try to get started, how do we find each other? We find each other through the Head search engines (e.g. Google, Yahoo! Search, and MSN Search).

How do we decide which Long Tail site to visit? Again, we do so usually via the Head search engines (ie. results ranking), or by following recommendations from friends – recommendations sent via the Head email products or services.

But it runs even deeper than that. The Money Culture runs through our collective bloodstream. When Long Tail sites reach critical mass, and acquire the status of “rave”, they cash out. In the late 1990s, this meant IPO. These days, it means acquisition by a Big Player.

[Wikipedia](#) (the progeny of [Jimmy Wales](#)) and [Craigslist](#) (the offspring of [Craig Newmark](#)) are the rare exceptions that prove out this worn path. These Long Tail Community sites long ago passed the status of rave, and have become part of the social fabric. Yet they haven't cashed out. Amidst our raging sea of sloshing money, we look at Messrs. Wales and Newmark in wonderment. We wonder: “What is wrong these fellas?”

Well, maybe Messrs. Wales and Newmark are blasts from a distant past. Or maybe they are simply years ahead of their time. How many years? No one knows the answer to that question. But we'll know we've reached that place when the price of gold has blown well past \$1000/ounce.

But in these sub-[Grover Cleveland](#) salad days, the Long Tail needs the Big Players to help it rise.

WHY WON'T THE HEAD CAPTURE THE LONG TAIL?

The likelihood that the traditional Head will capture the Long Tail is comparable to the likelihood of seeing, in present day America, [a frail, used-up, old man setting himself adrift on an ice floe for the betterment of his community](#). That's not the culture in which we live. So don't expect that behavior out of [News Corp](#), [Microsoft](#), or [Time Warner](#).

But we're getting ahead of ourselves. Let's come back to the question of this subsection. That question starts by wondering why this white paper is limited to the so-called “Big Players” -- Yahoo!, Google, Amazon, and EBay. Why aren't Fox, MSN, and AOL included in this list? Who made up the invitations to this Long Tail party anyway? As anyone who has been reading the Tech news knows, it was Fox, not one of the Big Players, that bought MySpace, the darling of the Long Tail set.



The answer to this question is that Fox, MSN, and AOL are merely pieces of much bigger puzzles. And those bigger puzzles are the Head which is being destabilized by the Internet's Long Tail. That is, the closer the parents of Fox, MSN, and AOL embrace their own slice of the Long Tail, the more they eviscerate their traditional businesses.

This is the subject of the infamous Tech tome, [*The Innovator's Dilemma*](#). The parents of Fox, MSN, and AOL can all read. Surely they have read this book and are well aware of what is predicted for their future. Perhaps that explains their own Long Tail activity. In other words, maybe News Corp bought MySpace as a step toward cannibalizing its traditional businesses, and dragging that company into the 21st century – the century of the Long Tail rising.




If that's what you're thinking, guess again. Better yet, check out Figure 12. That figure displays the home page for News Corp. Notice that News Corp helpfully lays out its various business divisions across the top of its page (ie. “Filmed Entertainment”, “Television”, and so on). Above these divisions, I have included the logos of some of the more familiar members of these divisions. These logos represent a small fraction of all of companies under the News Corp corporate umbrella. But they do give one a sense of the impressive “G&B Power” wielded by News Corp.



Figure 12

Now we return to the world of game shows. A local radio station near where I live runs a contest called “My Three Songs”. The station plays three songs, and then listeners are asked to call in and guess the connection between the songs. The more diverse and remote the connection, the more interesting the contest.

Here, we're going to play “My Three Companies”. The three companies are the following:

1. [MySpace](#) 
2. [National Rugby League](#) 
3. [BroadSystem](#) (hint: a marketing analytics firm) 

There's your three companies. We'll take the 23rd caller (in honor of the number of my unique users thus far this month).

Well, time's up and it looks like we've stumped the audience with this one. For you listening at home, here's the answer: All three companies are owned by News Corp, and their owner has categorized all three under the catchy title of “Other Assets”. In other words, News Corp has no idea what to do with these companies, so it classifies them as “other”.

Have you ever had a junk drawer? You know, one of those drawers into which you throw all manner of junk – twist ties, pens, coins, elastics, random keys, etc. Many of us have at least one such drawer in our homes. Well, News Corp bought MySpace and threw that particular Long Tail Community phenomenon into its junk drawer.

Why did News Corp buy MySpace just to turn around and throw it in the junk drawer? I suspect the reasoning went something like this: “Hey, what the hell is that MySpace thing anyway? Looks to me like a bunch of post-pubescent kids engaging in mutual masturbation. What's this world coming to? Whoa! Hold the presses! Did you see [their growth in unique users](#)? Holy World Domination, Batman. Get those little pricks on the phone. Hurry! Before those bastards Bill, Terry, or Eric beat us to it.”

I don't mean to pick on News Corp here. The same story could be spun for Microsoft or Time Warner. The point here is that empires just don't go around embracing their own self-cannibalization. If that makes any sense.

That leaves the Big Players. Embracing the Long Tail is not a foreign act for these companies. In fact, each of them is simply an overgrown Long Tail Community site. That is, the Long Tail is embedded into the DNA of these companies. So embracing the rising Long Tail is, to these companies, just like embracing themselves.

Accordingly, the only remaining question is: Which one? Which Big Player will capture the rising Long Tail? The following subsections present the “case” for each company.

THE CASE FOR YAHOO!

The case for Yahoo! begins by observing that that company has by far the biggest sandbox into which to invite the rising Long Tail to play. Of course, as noted earlier in this paper, Yahoo! is well behind its Big Player fellow-travelers with respect to opening up this awesome sandbox for such play.

But one advantage Yahoo! enjoys over its competitors is that it is most capable of learning the lessons of the Long Tail rising. This assertion starts with the aphorism:

“The Lord giveth, and the Lord taketh away; blessed be the name of the Lord.” Job 1:21.

Like any text, the Bible strikes me as having some useful stuff, plus other less useful stuff. The quote above strikes me as useful. But that King James Olde English is sometimes hard to read. Here is my translation into current American dialect:

When sh#\$ goes our way, that’s good, because it feels good. But when we f&*k up, that’s good too, because it’s an opportunity to learn.

A corollary to this is:

When sh#\$ is going our way, we don’t learn sh&*. We don’t need to. Life is good. Be happy.

If you’re queasy about citing the Bible for this truism, then just read UCLA coach Ben Howland’s comments after his team lost to Florida in the national championship game earlier this month. He said the same thing in the language of basketball.

| Yahoo! A-Z Index | | |
|---|---|---|
| # 360° | G Games GeoCities Golf Greetings Groups | P Parental Controls People Search Personals Pets Photos Picks Podcasts Points Pop-Up Blocker Premium Services Publisher Network |
| A Account Information Address Book Alerts Answers Anti-Spyware Ask Yahoo! AT&T Yahoo! Dial AT&T Yahoo! High Speed Internet Auctions Autos Avatars | H Health Help Horoscopes HotJobs | R Radio Real Estate Reference |
| B Banking Center Bargains Baseball - MLB Bill Pay Bookmarks Briefcase Business Buzz Index | I Insurance International Internet Access | S Search Search Marketing Security Center Shopping Small Business Soccer Sponsor Listings Sports Spyware Removal Stock Quotes |
| C Calendar Cars Chat Classifieds Courses & Degrees | J Jobs | T Taxes Tennis Tickets Toolbar Travel TV |
| D Dating Developer Network Dictionary Directory Domains Downloads Driving Directions DSL | K Kids | V Verizon Yahoo! for DSL Video Games |
| E Education Elections Encyclopedia Entertainment | L Loans Local Lottery | W Wallet Weather Web Hosting Widgets |
| F Family Accounts Fantasy Sports FIFA World Cup Finance Flickr | M Mail Maps Member Directory Merchant Solutions Message Boards Messenger Mobile Movies Music Mutual Funds My Yahoo! | Y Yahoo! by Phone Yahoo! Next Yahoo! Phone Card Yahoo!igans! Yellow Pages |
| | N NASCAR NBA NCAA Basketball NCAA Football News NFL NHL Notepad | |

The biggest advantage Yahoo! has over its three Internet competitors is that these competitors haven't f&*ked up. At least, they have no memory of doing so. Yahoo!, on the other hand, has royally f&*ked up. And surely, it knows it.

Lucky Yahoo! Yahoo! can learn. It can change.

If that was too quick, here are a few bullet points:

- **Founding Idea of the Company:** Which one of these is not like the others? Which one of these is not the same? (1) [Pagerank](#); (2) [Bidded auction market](#); (3) [Synthetic network effects applied to book selling](#); and (4) [Directory](#). You have 30 seconds. Go ...
- **Stock performance:** Look at the “life of the company” stock charts for the four companies. Both the [chart for EBay](#) and the [chart for Google](#) look like those up-and-to-the-right infinite growth ones. Crash? What crash? Only the [chart for Amazon](#) and the [chart for Yahoo!](#) look like a mountain range I'd like to climb this weekend. This means only Amazon and Yahoo! are eligible for realizing their own fallibility, and learning something.
- **They did it to themselves.** Among the four, Google has the biggest market cap by far. Among the four, only Google wasn't even around for the crash (at least not in the eyes of Wall Street). Where the hell did these guys come from? Oops. I guess it was impolite to ask that question. Because to ask it is to end up at the uncomfortable realization that they did it to themselves. That is, [Yahoo! themselves created this monster](#) that's threatening to swallow them. Well, hey, the beauty of an epochal blunder like that is that Yahoo! is now ready for the PhD of learning. I mean, they've f&*ked up so royally, there's no limit to what they can now learn. This distinguishes them from their fat, smug, and self-satisfied Internet brethren. Ha! Yahoo! will have the last laugh yet.
- **Pandering to the Head.** Did you see the movie *Pulp Fiction*? Do you remember the scene at the end of the movie when Harvey Keitel comes in as Mr. Fox to clean up the mess? Remember when everybody was getting giddy and he famously said: “Let's not start s*cking each other's c*cks just yet.” Well, paraphrasing Mr. Fox, Yahoo! has been s*cking the c*cks of the likes of [Donald Trump](#) and [Tom Cruise](#). In my Yin Yang, opposites are complements model of the world, I believe this pandering to the Head could well be fueling the undeniable Long Tail undercurrent within that company evidenced by its Long Tail acquisition spree. That is, the more some elements of that company solicit the Head, the clearer other elements in that company are surely able to see the imperative of embracing the Long Tail. Contrast this with the bourgeoisie Prius-driving ersatz-“populist” Google. That company wouldn't know a Long Tail if it bit them in ass.

Excuse us while we yodel.

Yahoooooooooooooooooooo!

THE CASE FOR GOOGLE

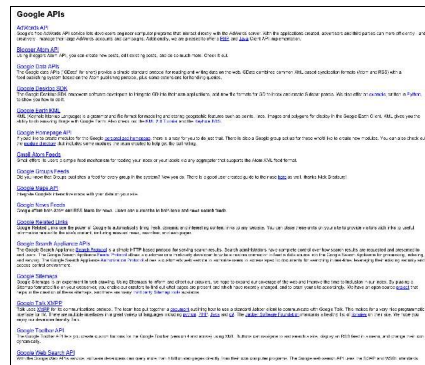
The case for Google begins with an observation: better to be an ersatz-Long Tailer than a c*&^s*&\$ing Head-fetishizer. But really, in these days of Head domination, what does it buy us to draw such fine distinctions among the Long Tail aficionado? The important thing is to recognize the importance of the Long Tail. And this is what Google has been doing from its very inception.

If nothing else, Pagerank was a nod to the Long Tail. Pagerank looked out over the whole wide web and humbly said: “You tell us what you think is important”. Google has hewed to the Long Tail line ever since.

True, its sandbox is nascent compared to that of Yahoo! But in contrast with Yahoo!, as fast as it has grown its sandbox, Google has invited the Long Tail



in to play. Google suffers from no ambiguity as to its mission. It is, and has always been, focused squarely on the Long Tail. So if, from never having f#\$ked up, Google is at a learning disadvantage, and is thereby merrily skipping along like a clueless child, at least it is skipping along in precisely the right direction.



For Google, capturing the rising Long Tail is only a matter of time.

THE CASE FOR AMAZON

The case for Amazon begins with the observation that this company's original embrace of the Long Tail was even richer than that of Google. Through user commentary and “skin in the game” purchase recommendations, Amazon revolutionized book selling, and is fast at work doing the same in other markets.

Among the four Big Players, I would rate Amazon's original innovation as the cleverest. Pagerank was, at bottom, merely a riff of the old academic citation process. Similarly, EBay simply took an ancient “brick and mortar” model and copied it onto some web pages.⁵ As for Yahoo!'s original idea, well, let's not go there.

What Amazon did was to take an ancient brick & mortar model, and then transform it into something else – something better – on the web. This was true innovation. So maybe Amazon is best positioned among the Big Four to capture the rising Long Tail.

I would think so, except for one thing. Amazon seems terminally infected by the Money Culture. That is, the mantra of Amazon seems to be: But can it make a buck? Perhaps Amazon was stung by all the criticism from Wall Street over its own dearth of profits during the early years.

Whatever the reason, look at what Amazon has given as the reason for the Long Tail to avail itself of Amazon's sandbox:

Who Can Benefit From Amazon Web Services?

Developers - Build Your Skills and Make Money

Many of the 140,000+ Amazon Web Services developers are creating AWS-powered businesses and solutions. [Create an account](#) to get started building your own application. Along the way, take advantage of input from other developers and Amazon on the [AWS Forums](#). Explore our [Reference Applications](#) and see how developers are innovating for consumers and businesses!

Associates, Sellers, and Merchants - Expand Your Business

Already have a web site or storefront? Find out more about our [Associates Program](#), and how Amazon's E-Commerce Service can help you improve your web site and [increase your earnings](#). If you are interested in selling your products on Amazon.com, Amazon Web Services can help you manage your Amazon Marketplace business.

Can't say it much clearer than that. Why play in our sandbox? So you can make a buck.

⁵ Of course, among all the myriad ancient brick & mortar models EBay could have picked to emulate on the web, those lucky bastards picked the Golden Goose.

Don't get me wrong. I have nothing against making a buck. I'm just suggesting that there may perhaps exist one or two things of interest in life outside of making money. Things such as love, learning, creativity, adventure, and so on.

I realize this may come as a shock to many of you, but many of these latter human pursuits are available for free. Shocking yes. But true. And the rising Long Tail knows it.

For this reason I'd short Amazon on the race to the Long Tail.

THE CASE FOR EBAY

“Grmph. Hack, hack.”

Oops. Looks like we've woken up EBay.

Excuse me Ms. EBay, but we've been discussing the Long Tail here, and we were wondering ...

“Huh? Wha? You mean those kids from Azerbaijan have been using us to peddle those fake long tails again?”

No, no. Nothing like that. Don't worry.

“Huh?”

It's nothing, really. Sorry for waking you. Just go back to sleep. Everything will be alright.

SUMMARY

The Long Tail is too lame and disorganized.

The super-Head is, well, the super-Head.

EBay is sound asleep.

Amazon is the poster child for Spengler's prophecies.

That leaves Yahoo! and Google. Yahoo! is certainly able to capture the rising Long Tail. But is it willing?

Google is Yahoo!'s mirror. Google is most willing, but will it be able?

I believe the answer to this last question comes down to the timing of when the sh%\$ hits the fan in America. If that happens tomorrow, then Yahoo! wins. If it happens two years from now, then Google wins.

In between then and now? Let the wrestling match begin.

Conclusion

May the more prescient Big Player win.

