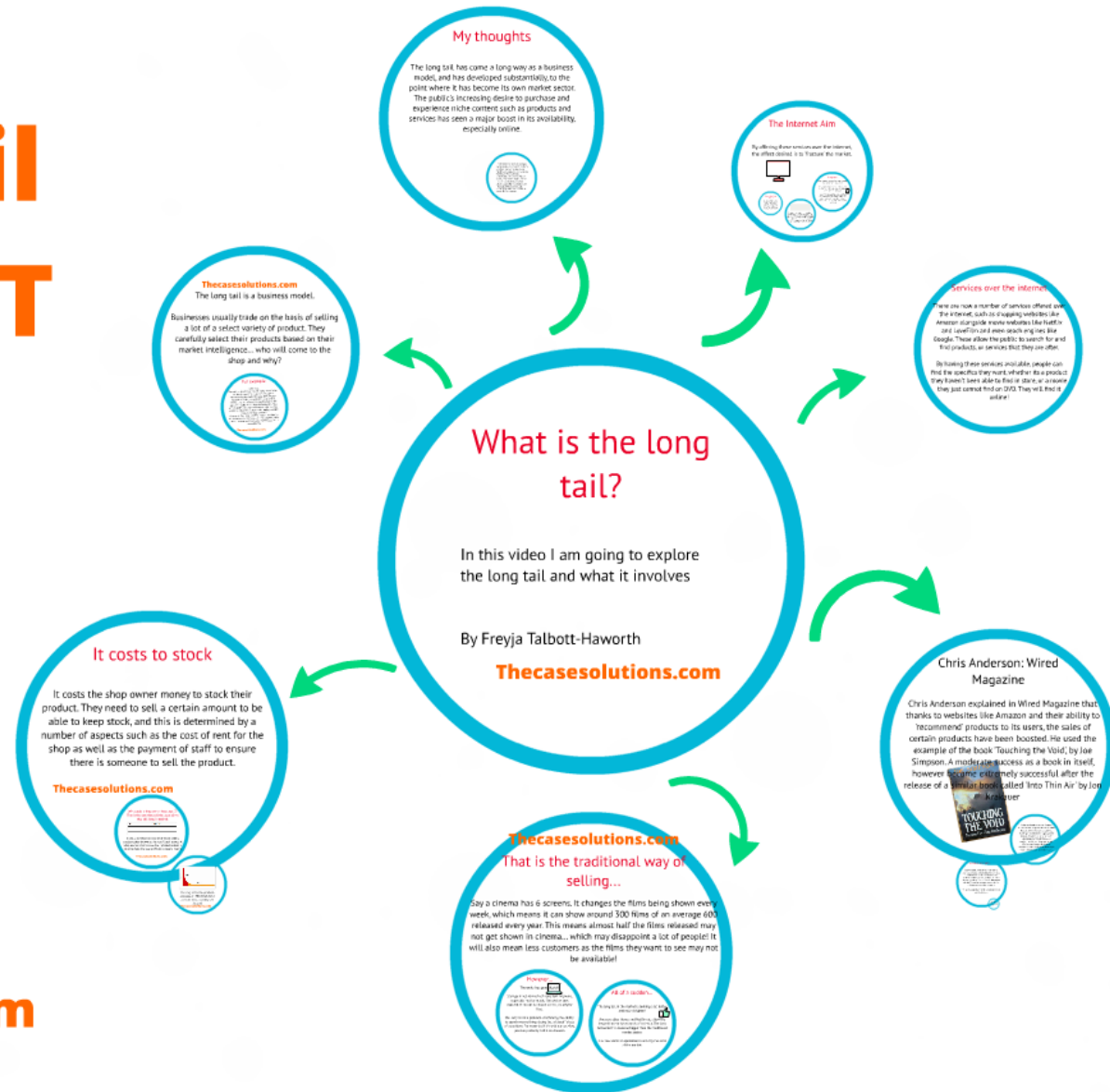


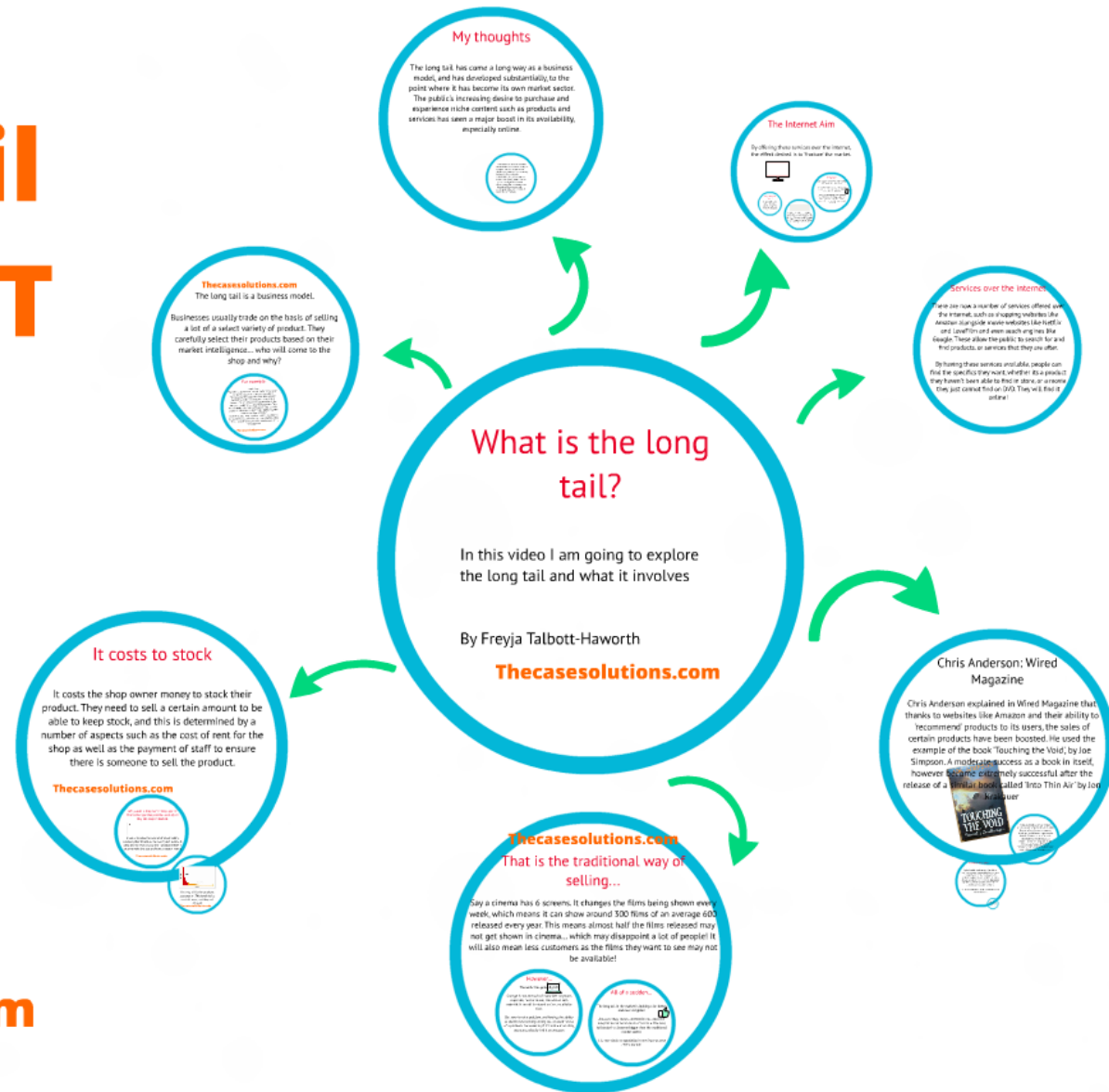
The Long-Tail Strategy of IT Outsourcing

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me to the

What is the long tail?

In this video I am going to explore the long tail and what it involves

By Freyja Talbott-Haworth

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The long tail is a business model.

Businesses usually trade on the basis of selling a lot of a select variety of product. They carefully select their products based on their market intelligence... who will come to the shop and why?

For example

A book shop.

They sell a wide variety of titles, but only have a limited number of copies. This is due to storage space.

The University stock just under 2000 titles, whereas Waterstones in the city centre stock around 3000.

There are millions of book titles to choose from in the world so a book shop will have to choose wisely. They will select the titles they stock based on their clientele, otherwise understood as their market intelligence. Who comes to the shop, and why?

A University book shop may stock more titles related to the course as it is a shop used by mainly students, while a shop in a town may have a wider variety based on its broad clientele.

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It costs to stock

It costs the shop owner money to stock their product. They need to sell a certain amount to be able to keep stock, and this is determined by a number of aspects such as the cost of rent for the shop as well as the payment of staff to ensure there is someone to sell the product.

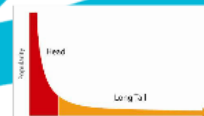
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Why would a shop owner keep type 5?
That is the type they sell the least of, yet
they still keep it stocked.

Type	Number Sold
1	8
2	7
3	6
4	5
5	2
6	4

It would be wiser to focus on the best selling product (often known as 'the head') such as type 4. Shop owners must choose their products wisely in order to make the best profit and a steady income.

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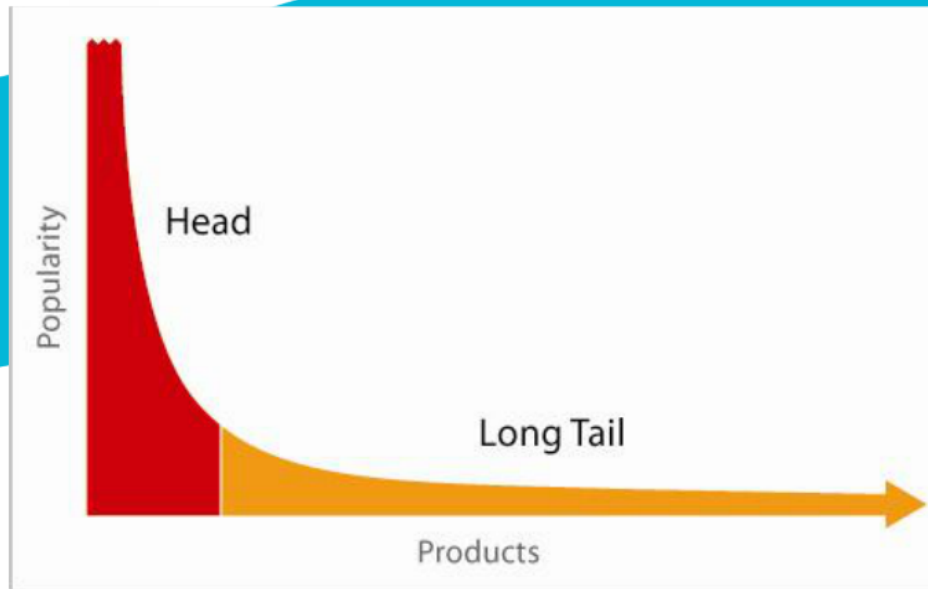
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
The long tail is the products less popular. This tends to be a lot of items, that they sell little of.

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That is the traditional way of selling...

Say a cinema has 6 screens. It changes the films being shown every week, which means it can show around 300 films of an average 600 released every year. This means almost half the films released may not get shown in cinema... which may disappoint a lot of people! It will also mean less customers as the films they want to see may not be available!


However...

The world has gone  digital!

Storage is not as much of a problem anymore, especially not for music, film and written material. It can all be stored online, usually for free.

Delivery is not a problem, and having the ability to search means things being 'out of stock' is less of a problem. For example, if it's sold out on eBay, you can probably find it on Amazon

All of a sudden...

The long tail in the market is looking a lot better and much brighter! 

Amazon, eBay, iTunes and Netflix etc. allow the long tail to not be as much of an issue. The long tail sector has become bigger than the traditional market sector.

It is now viable to specialise in serving that area of the market.