Axiom 8

Recommended Citation

"Axiom 8", Global Problem Solving, December 10, 1999, https://nautilus.org/global-proble--solving/axiom-8/

axiom 1 - metcalf's law

axiom 2 - early entrants win the field

axiom 3 - significance precedes momentum

axiom 4 - standards as power

axiom 5 - producer and consumer utility

axiom 6 - gatekeepers, intermediaries, and the attention deficit

axiom 7 - positive feedback loops

axiom 8 - differentiation of products and pricing

axiom 9 - switching costs and lock-in

axiom 10 - free information: cooperation in a competitive environment

bibliography

Axiom 8 - Differentiation of Products and Pricing

The high first-copy costs of information and information technology inevitably lead to price and product differentiation (Shapiro and Varian, 298).

Information is costly to produce but cheap to reproduce therefore you must price your information good according to consumer value, not according to your production cost (Shapiro and Varian, 3).

Virtual communities are turning market dynamics upside down by creating "reverse markets" - markets in which the customer, armed with a growing amount of information to search out vendors offering the best combination of quality and price tailored to his or her individual needs. In fact, the ability to access more information and thereby extract more value from vendors will ultimately be one of the major incentives drawing members into virtual communities (Hagel and Armstrong, 17).

In the system, because of the potential diversity of contents, the message is the message: it is the

ability to differentiate a product that yields the greatest competitive potential (Castells 1996, 368).

View this online at: https://nautilus.org/global-problem-solving/axiom-8/

Nautilus Institute
608 San Miguel Ave., Berkeley, CA 94707-1535 | Phone: (510) 423-0372 | Email: nautilus@nautilus.org