

Axiom 9

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Axiom 9 - Switching Costs and Lock-in

Small consumer switching costs can constitute large barriers to entry, especially for mass-market products (Shapiro and Varian, 109).

The total cost of switching = costs the customer bears + costs the new supplier bears (Shapiro and Varian, 112).

When the costs of switching from one brand of technology to another are substantial, users face lock-in (Shapiro and Varian, 112).

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