

Axiom 9

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[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 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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