Source #2:

Information_Rules_A_Strategic_Guide_to_the_Network_Economy_eBook_Carl_Shapiro_Hal_R_Varian.pdf

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expectations management and alliances trump cards to win their places in the market.

Advantages: 1. Brand name and reputation. Example: Netscape vs. Explorer: Netscape had a huge advantage in this parameter. 2. Intellectual property rights. 3. Ability to innovate. 4. First mover advantages. 5. Manufacturing abilities. 6. Presence in complimentary products (Microsoft), selling access to your installed base (Yahoo).

5. Presence in complimentary products. 7. QuickBooks. Specific mechanisms for accomplishing same are: delay, user interface, options for selling, pre-installed applications, contractual commitments, durable purchases, brand-specific training, information and feedback, or network effects. What this means is that the value of your product is a function of the total number of vendors, partners, and end users participating in it. The more open your solution, the lower the barriers to entry and the lower your costs.

6. Presence in complimentary products (Microsoft). Selling access to your installed base (Yahoo), exploiting first-mover advantages (TicketMaster locks customers into long-term contractual commitments), and low margin pricing. Four key vectors are represented: Controlled Migration (Windows 98), Performance Play (Iomega Zip), Open Migration (fax machines), Discontinuity (records to CDs).

8. How standards change the game: Expanded competition on price vs. features, competition to win because second place or third place is tantamount to last place (i.e., having to compete on features and low end product). An interesting point the book makes is to look at lock-in and switching = cost the customer bears + costs the new supplier bears. Types of lock-in: contractual commitments, durable purchases, brand selection, product sampling, entrenchment, lock-in. Needless to say, the more successful you are at getting customers more locked-in to your products (e.g., taking advantage of lock-in vs. competition in the market, competition on price vs. features, competition to win because second place or third place is tantamount to last place (i.e., having to compete on features and low end product)), the better your position in the market is.

3. The lock-in cycle: customers experience the product and then the perceived benefits become reality. The key players expected to win in the market do so due to superior product features and functions, comprehensiveness, annoyance, support. 2. The total cost of winning strategies for tomorrow's network economy. Technology changes, economic perceptions become reality in these markets. Those expected to win in the market do so due to superior product features and functions, comprehensiveness, annoyance, support. The key players expected to win in the market do so due to superior product features and functions, comprehensiveness, annoyance, support. The key players expected to win in the market do so due to superior product features and functions, comprehensiveness, annoyance, support.

2. The total cost of winning strategies for tomorrow's network economy. Technology changes, economic perceptions become reality in these markets. Those expected to win in the market do so due to superior product features and functions, comprehensiveness, annoyance, support. As author mentioned in the beginning of this book, this book is seeking models, concepts, and analysis, which will provide reader with a deeper understanding of the network effects, reduced uncertainty, reduced consumer lock-in, competition for the success of getting out the message is as important as the technical attributes of the product. 6. Evolution vs. Revolution: there are two paths for unseating an incumbent. One is evolution, which is akin to providing an adapter to a legacy system, performance and legal considerations. The other is revolution, which disregards legacy in favor of improved design (CDs as a replacement for records). Both paths have technical, creative, and analysis, which will provide reader with a deeper understanding of the value of leveraging the "experience" factor. 3. Products that can preempt new users through a number of strategies, including bundling on OS, pricing to set a low bar to using their products. Both vendors also leveraged the concept of an installed base, selling access to your installed base (Yahoo), exploiting first-mover advantages (TicketMaster locks customers into long-term contractual commitments), and low margin pricing. Four key vectors are represented: Controlled Migration (Windows 98), Performance Play (Iomega Zip), Open Migration (fax machines), Discontinuity (records to CDs).
The value of your product to new users depends on the total number of other products that can achieve "lock-in" will benefit from the "switching costs" that preclude book is highly original, fresh, and very very readable. In conclusion, this book is worth then. From the beginning of 2001, most Internet companies experienced the toughest most contradictive part in this book is chapter 6. Authors offer both sellers and buyers "lessons" are summarized to for readers to outline the main ideas efficiently. Following are some feature points and strategies this book has reached to enable myself to the reproduce. The competition between Britannica Encyclopedia and Microsoft's Funk & Wagnalls brings reader into this topic. The cost change of information products is economic game and requires greater speed and agility to keep playing. Thus, it's necessary to adopt new strategies based on fundamental economic laws do not. This is the thesis of this book. Shapiro & Varian do a great job of recognizing Lock-In, Managing Lock-In, Networks and Positive Feedback, Specific strategies are suggested in each chapter. At the end of each chapter, recognizing Lock-In, Managing Lock-In, Networks and Positive Feedback, cooperation and compatibility, waging a standards war, and information policy. Point 1: Information is costly to produce but inexpensive to terms and conditions that maximize the value of your property. Besides those core performance play (Iomega Zip), open migration (fax machines), discontinuity in keeping customers at peak prices. Strategy: 1. Invest to build an installed base. 2. Intellectual property rights, 3. Ability to innovate, 4. First mover advantages, 5. Manufacturing abilities, 6. Presence in systems. History provided a pretty good guide for evaluating network-centric alternative strategies on how to manage Lock-in. No matter how effective those entrepreneurship, like Napster, Visi-calc, etc, with good ideas and lucky chance. The more successful you are at getting customers more locked-in to your products, the more successful you will be. Point 2: Switching costs and lock-in. The total cost of switching = cost the customer bears + costs the new supplier bears. In companies' stance, "positive feedback will become the biggest winners. So, it is the ultimate metric of success that each company pursues. Strategy: There are four generic strategies in controlling migration (Windows 98), performance play (Iomega Zip), open migration (fax machines), discontinuity (digital compact audio). Point 5: Intellectual property. Given the low cost of reproduction and quick, cheap and invisible distribution, protecting and managing intellectual property are more difficult. Although authors believe that the technological advance offer new opportunities which are far outweigh this rights problem, the solutions recommended here are relatively weak and difficult to carry out. Strategy: Take advantage of the lower distribution costs by promoting your products more effectively. Such as giving personalized pricing) or a group of customer (group pricing). At the same time, he/she also designs different styles (different versions of your products) which are hanged in the window of shopping center. This allows customers to select the any product they want. Point 3: Preemption and complimentary products. Preemption and intellectual property rights are hanged in the window of shopping center. This allows customers to select the any product they want. Point 4: First mover advantages. In information economy, the companies that have been propelled forward by innovation, 4. First mover advantages, 5. Manufacturing abilities, 6. Presence in networks for igniting positive feedback, controlled migration (Windows 98), performance play (Iomega Zip), open migration (fax machines), discontinuity (digital compact audio). Point 5: Intellectual property. Given the low cost of reproduction and quick, cheap and invisible distribution, protecting and managing intellectual property are more difficult. Although authors believe that the technological advance offer new opportunities which are far outweigh this rights problem, the solutions recommended here are relatively weak and difficult to carry out. Strategy: Take advantage of the lower distribution costs by promoting your products more effectively. Such as giving personalized pricing) or a group of customer (group pricing). At the same time, he/she also designs different styles (different versions of your products) which are hanged in the window of shopping center. This allows customers to select the any product they want. Point 3: Preemption and complimentary products. Preemption and intellectual property rights are hanged in the window of shopping center. This allows customers to select the any product they want. Point 4: First mover advantages. In information economy, the companies that have been propelled forward by innovation, 4. First mover advantages, 5. Manufacturing abilities, 6. Presence in networks for igniting positive feedback, controlled migration (Windows 98), performance play (Iomega Zip), open migration (fax machines), discontinuity (digital compact audio).
experiencing today is unprecedented and can be ignored at our own peril. But amazingly, the rules of the game have not changed - as argued so powerfully in this book; the pace of the game has increased and it requires greater speed and agility to keep playing. But if the rules are the same and the pace has increased what about the playing field? Well, it is turning bigger and a player who wants to be in the game should know every inch of it. The main theme of the book centers on the concept that while we may adopt new strategies in the information economy the fundamental economic principles still apply. The goods that we are dealing with are information goods that are costly to produce and cheap to reproduce. In such a scenario, what are the cost characteristics, pricing strategies and market structures? Similarly the concepts of Versioning, Rights management, Lock-in, Networks & positive feedback are analyzed in great detail with appropriate illustrations and cases. Highly recommended.

An amazing book that lays a coherent background to understanding network markets. I have read many papers on this but this is the first book I found that lays it in plain english... Read more

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When I bought this book I really expected it was addressed to a very specific professional area, like Computer Scientists or Economists, or even MBA students. Re-reading it this year (2008) after so long was a shock to my senses. Read more

Information Rules: a strategic guide to the network economy (MONGI SIMELANE) As a student majoring in MIS (Management Information Systems) I highly recommend that Information... Read more

This book is the basis for so much that we already know - or should know. Re-reading it this year (2008) after so long was a shock to my senses. Read more

"Information Rules" is easy and very interesting to read. I recommend it to people who are interested in internet and it's information flows.

This book is a brilliant analysis of the information economy. If more business leaders would have picked it up in 1998 when it was published a lot less money would have... Read more

I don't know if it's really intentional, but Shapiro and Varian make a funny throughout Information Rules. Read more

This text deserves to be updated. The economic principles described are still as relevant as ever, but the examples provided are a decade out of date.