

*Climatic pattern: Higher order systems create new sources of worth*

An idea is something with social value and it is the implementation of that idea as a new act which can create economic value when that act is useful. This process of transformation from social to economic value is known as *commodification*. It describes a modification of relationships, formerly untainted by commerce, into commercial relationships.

As that activity evolves, various iterations of it will diffuse throughout society and the activity will become more common in its market. Eventually, these goods or services that have economic value become indistinguishable in terms of attributes (uniqueness or brand) in the eyes of the market. This evolution is the movement of a market from differentiated to undifferentiated price competition and from monopolistic to perfect competition where the differential benefit of the act reduces towards zero. This is the process of *commoditisation*.

I specifically use two different terms — commodification and commoditisation — to describe these two very different changes. They are not the same, try not to confuse them.

At the same time that the differential benefit of a component declines, it also becomes more of a necessity and a cost of doing business. For example, the once wonder and differential of telephony has become a necessity for most. This creates a situation where the unit value of something maybe declining but the total revenue generated is increasing due to volume. Alongside this, we also see the cost of production of each unit change as it evolves. For example, the cost of