Suggestion: do not delay studying till the last minute. Do not hesitate to contact me to ask questions or to schedule an appointment. I will also answer your questions via email.

Exam is cumulative but there is more weight put on the material presented after EXAM 1.

- There will be approximately 30% of questions (or total points) from Lectures 2 through 8 (excluding the cases and articles)
- There will be approximately 70% of questions from Lectures 9 through 13 (including cases)
- Remember that some of the material discussed in Lectures 9-13 actually relies on your complete understanding of prior lectures.

**Reading**

- Lecture Notes: Lectures 2 through 8
- Lecture Notes: Lectures 9 through 13
- HBS cases:
  - Advance Selling for Services
  - Pricing Information: How to Customize Both the Product and Its Price
  - Merck: Pricing Gardasil
  - The UCLA Medical Center: Kidney Transplantation

**Some highlighted topics**

Beyond the problems solved and discussed during the lectures and in HW3 and HW4 the following list should serve as a reminder of what we covered in lectures 9 through 13. Please refer to EXAM 1 handout for topics covered in lectures 2 through 8.

- Services Pricing
- Advanced booking
- Pricing with capacity constraints
- Uncertainty in demand

- How to calculate optimal booking limit
- Overage, underage costs
- Optimal protection level and critical ratio
- Cancellations, no-shows and overbooking
Optimal overbooking level

Advance Selling
New technology and facilitation of advanced selling

Quality adjusted life year and its costs
Value of Statistical life
Factors influencing pricing of Gardasil
How to calculate costs per QALY and use it to price treatments

Features of information goods and implications for pricing
Cost Structure of information goods
Market Structure of Information Industries
Information good selling and pricing strategies
Switching costs
Positive feedback and network externalities
Digital Rights Management and other excludability strategies
The long tail
Information Laws

Advertising
Advertising Elasticities
Dorfman Steiner Condition and interpretation of it
Advertising and market power
Advertising to sales ratios
Advertising and product differentiation
Advertising effects on demand
  o Persuasive view
  o Complementary view
  o Informative view

PLUS whatever else we are able to cover on Tuesday, March 13th (I will try not to cover a lot of new material).

Format of the Exam

The format of the exam will be the following:

2 questions (with subparts) where you will need to solve for something and explain results
2 questions about the cases
2 (with subparts) questions testing your understanding of the rest of the material.

Remember that I will formulate questions in such a way that there is only one correct answer