

Hong Lee

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EDUCATION

- **Kelley School of Business, Indiana University** Bloomington, IN
Ph.D. in Business Economics and Public Policy; Minor in Statistics May 2025 (Expected)
 - Thesis: “How Buybacks in Secondary Market Drive Sales in Primary Market Forward” (*Committee: Jeffrey T. Prince (Chair), Andrew R. Butters, Mike R. Baye, Boyoung Seo*)
- **Sungkyunkwan University** Seoul, South Korea
M.A. in Economics February 2019
 - Thesis: “The Incumbents’ Quality Response to Entry by Low-Cost Carriers: Evidence from Airline Industry” (*Advisor: Minsoo Park*)
- **Sungkyunkwan University** Seoul, South Korea
B.A. with Highest Honors in Global Economics August 2016

RESEARCH INTERESTS

Industrial Organization, Applied Microeconomics, Antitrust Economics, Economics of Digitization

RESEARCH PAPERS

- **“How Buybacks in Secondary Market Drive Sales in Primary Market Forward” (Job Market Paper)**
 - *Abstract:* This paper examines how primary market firms engage as buyers in the secondary market to affect their primary market sales. I explore the conditions under which firms may offer higher trade-in prices than sellers in decentralized secondary markets to bolster the resale value of their products. I consider the countervailing forces where secondary markets can substitute primary market sales but also increase the willingness to pay for new goods through resales. Exploiting the exogenous removal of the used car sales ban in the South Korean automobile industry, I find that when new goods are highly valued over used ones (*ex-ante* high depreciation), firms are willing to pay price premiums in the secondary market to enhance the resale value of used products. Conversely, when used goods retain high value (*ex-ante* low depreciation), the higher value of used goods is already reflected in the initial prices of new goods, leaving firms with no incentive to pay premiums. This strategic intervention enables manufacturers to appropriate higher prices for new cars exclusively for the models where they paid higher trade-in prices. I confirm these findings empirically using administrative data on Vehicle Identification Numbers (VIN) for new and used car registrations in South Korea from 2017 to 2024.
- **“Competitive Effects of Joint Ventures in the U.S. International Airline Industry,”** with Jaehak Lee, Jeffrey Prince, and Daniel Simon, 2024.
 - *Abstract:* This paper examines the competitive effects of joint ventures and antitrust immunity (ATI) in the U.S. international airline market. We quantify the extent to which joint ventures and ATI facilitate partial collusion among participating airlines and the consequent impact on market outcomes. Our structural model captures the changes in prices, capacities, and consumer welfare resulting from these partnerships. Our counterfactual analysis highlights that while joint ventures, while providing efficiencies similar to mergers, enable substantial coordinated behavior that can lead to higher prices and reduced competition. However, we didn’t find anti-competitive effects caused from ATI agreement. The unique dataset which covers multiple joint venture agreements and market conditions in the international transatlantic market offers robust empirical evidence on the dual nature of joint ventures as both collaborative and collusive entities.
- **“Persistence of Tacit Collusion During Cartel Periods: An Empirical Approach,”** with Jungmin Kim, 2024.
 - *Abstract:* We examine the phenomenon of During-Cartel Tacit Collusion (DCTC) within the context of government public procurement in South Korea. Despite claims by firms involved in collusion that some procurement bids during the cartel period were conducted competitively, it is possible that firms implicitly learn about each other’s behavior during explicit conspiracy, enabling tacit collusion in allegedly competitive bids. We test this hypothesis using a difference-in-differences method to evaluate if there’s any significant drop in bids allegedly

made in a competitive environment when cartel collapses. We use comprehensive administrative bidding data from 2000 to 2024 in South Korea. The findings suggest that cartel overcharges might be underestimated if the subnormal markup created by DCTC is not accounted for in antitrust litigations.

- **“Online Consumption Variety Over Time and Across Formats,”** with Shane Greenstein and Jeffrey Prince, 2024.
 - ▶ *Abstract:* Over the past quarter century, online engagement in the U.S. has grown to be a significant part of economic activity, with e-commerce now accounting for over 15% of total sales and Americans spending nearly seven hours online daily. We examine the impact of the shift from desktops and laptops to smartphones on the variety of online content consumption. Using data from ComScore, we compare online usage patterns across these devices from 2008 to 2019. Our analysis reveals distinct differences in consumption behavior: while desktop/laptop users increase their consumption variety with more online time, smartphone users experience a decrease in variety. The finding suggests that smartphones may lead to higher market concentration and altered user behaviors due to increased search costs and different device interfaces. Our study provides valuable insights for policymakers aiming to foster competitive digital markets and for businesses seeking to navigate and strategize within the evolving online landscape.
- **“From Cold-Start to Warm Reception: Knowledge Contribution as a Signaling Mechanism,”** with Minsoo Park, 2024.
 - ▶ *Abstract:* While reputation systems can be advantageous for well-established firms with a proven track record, they can pose new challenges for entrants who typically initiate operations without any pre-existing reputation, commonly referred to as “cold-start problem”. Building on the theoretical underpinnings of signaling mechanisms, this paper examines how attorneys in the online legal services market can mitigate this challenge via strategic signaling decision of their inherent quality through knowledge contribution in Question & Answer sessions. Our finding reveals the positive impact of knowledge contribution on the reduction of the time needed to transact with the initial customer, although this benefit is exclusive to high-quality attorneys. Notably, we did not find any significant differences in the number of signals generated between high- and low-quality attorneys. Instead, most attorneys engage in actively signaling their quality in the absence of customer reviews. This behavior appears to stem from the notion that the marginal benefits of quality disclosure are particularly low when no other supplemental information is available to verify the disclosed quality.
- **“Estimating the Economic Value of the Online Marketplace for Legal Services,”** with Minsoo Park and Jungmin Kim, *KDI Journal of Economic Policy*, Vol. 45(3), 49-73, 2023.
 - ▶ *Abstract:* This study examines the usage status of legal services provided by lawyers targeting domestic consumers and investigates empirically how much online platforms that facilitate lawyer search and consultation can increase consumers’ utility, and how much the lawyer legal service market will expand through this. To this end, this study applies a discrete choice demand model to the data collected through a conjoint survey to estimate the value of the lawyer search and consultation platform perceived by consumers, and estimates the effectiveness of the platform in expanding the market for lawyer legal services through a simulation method. As a result of the analysis, the relative value that consumers place on finding and consulting a lawyer using the online platform instead of being introduced to a lawyer by an acquaintance or searching for a lawyer offline is estimated to be about 70,414 won. It was found that the existence of lawyer search and consultation platforms could increase the market size of legal services by as little as 18.9% to as much as 70.2%. In particular, the platforms are expected to increase the accessibility of legal services to vulnerable groups.

TEACHING

Independent lecturer :

Business, Government, and Society (59 students, 6.21/7.00)	Summer 2023
Business, Government, and Society (51 students, 6.50/7.00)	Summer 2022
Business, Government, and Society (48 students, 6.46/7.00)	Summer 2021

Teaching assistant :

Econometrics (Prof. Minsoo Park)	Spring 2018, Fall 2017
Microeconomics Theory (Prof. Chamna Yoon)	Spring 2017
Introduction to Microeconomics (Prof. Heejoon Kang)	Fall 2016

CONFERENCE & SEMINAR PRESENTATIONS

23rd International Industrial Organization Conference (Philadelphia, 2025, scheduled), ASSA Annual Meeting (San

Francisco, 2025, scheduled), 94th SEA (Washington DC, 2024, scheduled), European Association for Research in Industrial Economics* (Amsterdam, 2024), IU Kelley (Bloomington, 2024), 93rd SEA (New Orleans, 2023), Korean Allied Economic Association (Seoul, 2019).

(*: presented by coauthors; †: discussant)

HONORS & AWARDS

Kelley School of Business Research Data Funding, <i>Indiana University Bloomington</i>	2024
Doctoral Office Travel Grant, <i>Indiana University Bloomington</i>	2023
CIBER Research Grant, <i>Indiana University Bloomington</i>	2022
School of International Services (SIS) Fellowship, <i>Indiana University Bloomington</i>	2022
Dean's Fellowship, <i>Indiana University Bloomington</i>	2019 - 2020
Doctoral Fellowship, <i>Indiana University Bloomington</i>	2019 - 2024
Simsan Scholarship, <i>Sungkyunkwan University</i> , Seoul, Korea	2017 - 2018
Class Aid Scholarship, <i>Sungkyunkwan University</i> , Seoul, Korea	2016 - 2017
Graduate School Fellowship, <i>Sungkyunkwan University</i> , Seoul, Korea	2016 - 2018
Best Undergraduate Paper Award, <i>Market Economic Research Institute (MERI)</i> , Seoul, Korea	2014
Samsung Electronics Co. (SEC) Full Scholarship, <i>Samsung Foundation</i>	2010 - 2016

PERSONAL

Software & Programming: Python, Stata, Matlab, R, L^AT_EX

Languages: Korean (native), English (fluent)

Citizenship: South Korea

REFERENCES

Jeffrey T. Prince (chair)

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