HONG LEE

Department of Business Economics & Public Policy

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Education

Indiana University - Bloomington
Ph.D. in Business Economics and Public Policy   2025

Sungkyunkwan University
M.A. in Economics   2019
B.A. in Global Economics *(Summa Cum Laude)*   2016

Research Interest

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

Research Experience

(1) **"Price Premium and Resale Value Effect in the Secondary Market"**
(Job Market Paper)

Present: Indiana University BEPP 2023 (Bloomington, IN)

The high resale value of durable goods can increase the perceived value of used goods and justify higher prices for new goods. This paper provides novel evidence that manufacturers of durable goods are willing to pay higher wholesale prices for their own-brand used inventory than sellers in decentralized markets via resale value effect. The context is the automotive industry in South Korea where the repeal of an entry ban authorizes automakers to operate in the sales of secondary vehicles, a practice previously prohibited. I find that manufacturers pay \$1,526 higher premium on average for cars with a 10% lower ex-ante first-year remaining value. This strategic intervention is primarily centered on luxury models which have high depreciation rates and high profit margins, leading to higher prices on new car market of these models.

(2) **"Competitive Effects of Joint Ventures in the U.S. International Airline Market"** with Jaehak Lee, Jeffrey T. Prince, and Daniel Simon (2024)

We examines the relative collusiveness of mergers and joint ventures among international airlines, focusing on their impact on market competition. While mergers are subject to thorough scrutiny, with potential benefits for consumers considered, joint ventures receive less attention despite their similar collaborative nature. Using a random-coefficients logit demand model, we analyze route-level demand between city-pairs in different countries. Our analysis includes competition, antitrust immunity, joint ventures, and mergers among international airlines, providing insights for policy-makers, practitioners, and consumers into the implications of different forms of cooperation in the airline industry.

(3) **"From Cold-Start to Warm Reception: The Impact of Knowledge Contribution as a Signaling Mechanism"** with Minsoo Park (2024)

Present: EARIE 2024 (Amsterdam, Netherlands), SEA 2023 (New Orleans, LA), Indiana Univer-

sity BEPP 2022 (Bloomington, IN)

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 stems from the notion that the marginal benefits of private quality signaling are high when no other supplemental information is available to verify the public quality.

(4) **"Comparative Advantage Signaling: Theory and Empirics"** with Rick Harbaugh and Minsoo Park (2024)

(5) **"Estimating the Economic Value of the Online Marketplace for Legal Services"** with Minsoo Park and Jungmin Kim (in Korean). *KDI Journal of Economic Policy*, 45(3), 49-73, 2023

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 stems from the notion that the marginal benefits of private quality signaling are high when no other supplemental information is available to verify the public quality.

Teaching

Indiana University - Bloomington

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

Sungkyunkwan University

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

Grants & Fellowships

Kelley School of Business Research Data Funding, *Indiana University Bloomington*	2024
Doctoral Office Travel Grant, *Indiana University Bloomington*	2023
CIBER Research Grant, *Indiana University Bloomington*	2022
School of International Services (SIS) Fellowship, *Indiana University Bloomington*	2022
Dean's Fellowship, *Indiana University Bloomington*	2019 - 2020
Doctoral Fellowship, *Indiana University Bloomington*	2019 - 2024
Graduate School Fellowship, *Sungkyunkwan University*, Seoul, Korea	2016 - 2018

Best Paper Award, *Market Economic Research Institute (MERI)*, Seoul, Korea 2014
Samsung Electronics Co. (SEC) Scholarship, *Sungkyunkwan University*, Seoul, Korea 2010 - 2016

Professional Activities

A Court Appointed Appraiser in Antitrust Litigation of Bid-rigging Case 2018
Suwon Local Court

Econometric Analysis of Estimating the Damages in Construction Bid-rigging Cases 2017 - 2018
Construction Association of Korea

Personal

Software & Tools   Python, Stata, Matlab, R, LATEX
Languages   Korean (Native), English (Fluent)
Citizenship   South Korea

References

Jeffrey T. Prince (Chair)
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