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To whom it may concern,

My name is Hongkai Zhang, a PhD student in the Department of Economics of MIT. This is my application for participation as a student in the March 2016 meeting of the NBER project on the Economics of Digitization. My basic information is provided below, and I am very happy to report an ongoing project of mine, which could benefit greatly from the experience of this NBER meeting. Thank you very much for consideration.

I am currently in my 5th year of the MIT Econ PhD program and expect to graduate in June 2017. My major fields are industrial organization and microeconomic theory, and minor fields are econometrics and organizational economics. My primary advisor is Professor Glenn Ellison.

With a strong research interest in electronic market places, I am now working on a new project investigating how competitive advertising within an online platform affects the competition dynamics and the welfare distribution among sellers, buyers and the platform itself. Such advertisements are increasingly popular these days: for example, when a consumer is searching for products on either Amazon.com or ebay.com, both websites would display sponsored results, of which sellers have paid for either impressions or clicks, alongside the usual search results generated by predefined algorithms. I am developing a theoretical framework to compare this scheme with the more traditional revenue generating scheme, which is a fixed proportional fee charged to the sellers, and will test my theory with a novel data set that is being collected on Taobao.com, the largest Chinese retail e-commerce platform that relies heavily on advertisement revenue. The NBER meeting in the economics of digitization could provide me with the much needed exposure to the latest studies in this field as well as the cutting-edge techniques that I could use to advance and refine my project.

Also in the field of digitization, I have been working on a joint project with Sara Ellison and Chris Snyder, in which we analyze the competition of small retailers on an online platform that

list their offerings by price, from low to high. We use the retailers' observed price setting behaviors to infer their managerial costs associated with monitoring competition and adjusting prices. Sara Ellison presented our working paper, titled "*Costs of Managerial Attention and Activity as a Source of Sticky Prices: Structural Estimates from an Online Market*," at the Price Dynamics meeting of the 2015 NBER Summer Institute. We are refining it in as many ways as possible, so I would love to discuss it with fellow students and researchers.

Overall I am thrilled to know about this meeting with a tutorial session, which fit my research agenda so closely, and hope to make the most of it. Thank you again for reading through and considering my application.