Ke Cheng HSU (Clio)
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Recruiting Committee
Graduate Institute of Industrial Economics
National Central University
No. 300, Zhongda Road, Zhongli District
Taoyuan City 32001, Taiwan

Dear Members of the Recruiting Committee,

I am writing to apply for an Assistant Professor position in the Graduate Institute of Industrial Economics. I am a Ph.D. candidate in Economics at the Hong Kong University of Science and Technology. I expect to graduate in June 2027. My fields are Empirical Industrial Organization and Digital Economics, which match the Institute's focus on empirical industrial organization and applied microeconometrics. I grew up in Taiwan and can teach in both Chinese and English.

My job market paper, "Designing Return Policy in E-Commerce: A Trade-off between Purchase and Return Efficiency," studies whether a return policy encourages efficient returns and purchases. A stricter policy curbs inefficient returns after delivery, but the lower return rate makes a higher product price more attractive for the seller and can exclude efficient purchases. Using transaction data from a Taobao apparel retailer, I estimate a structural model of purchase, return, and whether to buy return-shipping insurance under monopoly pricing across six categories. Automatic coverage of return shipping performs better when the margin, net scrap value, and uncertainty are high, because it expands efficient purchases. Optional coverage performs better when those attributes are low, because it curbs excessive returns. A menu that pairs a discounted price with a medium restocking fee balances the two margins and performs better than both insurance policies for most categories.

A second working paper, "Product Design with Heterogeneous Search Costs" (with Pak Hung Au), studies how firms choose product design when consumers differ in search costs. Search costs shape which products consumers search. Consumers with low search costs seek niche products, and consumers with high search costs seek standardized products. A fall in search costs can raise prices when this shift in which product consumers search outweighs the effect that encourages more search. I also have two ongoing projects. With Kohei Kawaguchi and Kei Kawai, I use Japanese bookstore data to study how resale price maintenance encourages retailers to hold inventory in low-demand states. However, unsold copies cannot be cleared by cutting the price, so they are returned and discarded at an environmental cost. With Ce Bian and Liang Zhao, I study pass-through when products can be returned, and show that a tax can lower the equilibrium price and raise welfare by reducing the return rate.

At HKUST I was a teaching assistant from 2020 to 2025 for undergraduate macroeconomics, the economics of uncertainty and information, and Ph.D. microeconomic theory, with an average evaluation of 4.72/5. In 2026 I designed and lectured the mathematics camp for the MSc in Economics, receiving 4.53/5. I am prepared to teach industrial organization, microeconomic theory, information economics, and econometrics in Chinese and English.

I will email this letter and my CV as one PDF. I will mail the full package, including my job market paper, a second research paper, my transcript, and proof of my expected graduation date. A doctoral diploma is not yet available. Pak Hung Au, Kohei Kawaguchi, and Kei Kawai will email their letters separately. You can reach me at khsu@connect.ust.hk or +852 6840 9753.

Sincerely,

Ke Cheng HSU
Ph.D. Candidate, Department of Economics, HKUST

Ke Cheng HSU (Clio) 許可證

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BUSINESS ADDRESS

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RESEARCH FIELDS

Industrial Organization, Digital Economics, Quantitative Marketing

EDUCATION

Hong Kong University of Science and Technology

Ph.D. in Economics	2022 – 2027 (expected)
M.Phil. in Economics	2020 – 2022
B.Sc. in Mathematics and Economics (Minor in Actuarial Mathematics)	2015 – 2019

WORKING PAPERS

- "Designing Return Policy in E-Commerce: A Trade-off between Purchase and Return Efficiency" *(Job Market Paper)*

  Abstract: We study the effect of return policies by asking whether they encourage efficient returns and purchases. A stricter return policy curbs inefficient ex-post returns, but the resulting lower return rates make higher product prices more attractive for sellers, leading to possible exclusion of ex-ante efficient purchases. We compare automatic coverage that reimburses return-shipping costs (RI) with optional coverage (CI) by estimating a structural model of purchase, insurance, and return decisions under monopoly pricing across six apparel categories. A lenient return policy like RI performs better in high-margin, high-salvage categories by expanding valuable purchases, whereas a strict return policy like CI performs better in thinner-margin categories by curbing excessive returns. Partial RPD, a menu pairing a discounted price with a medium restocking fee as penalty, performs better than RI and CI for most categories by better balancing purchase and return efficiency.

  Presented at (for scheduled):* APIOC 2026*; 2026 Econometric Society Australasia Meeting (ESAM 2026)*; 中國經濟學年會夏季論壇 2026; HKUST Business School PhD Conference; CEP Brownbag in HKUST.

- "Product Design with Heterogeneous Search Costs", with Pak Hung AU

  Abstract: Building on Wolinsky's (1986) sequential search model with differentiated products, this paper

introduces search cost heterogeneity to analyze how firms leverage observable product designs to influence consumer search behavior. In equilibrium, consumers' search patterns form a partitioned structure: those with low search costs tend to seek niche products, while consumers facing higher search costs gravitate toward standardized products. In the case of two product designs, a reduction in search costs may lead to higher prices for both if the endogenous shift in consumer search modes—the composition effect—dominates the search-encouraging effect. Additionally, we demonstrate that prices respond asymmetrically to decreases in search costs based on the relative position within the distribution where the shock occurs.

Presented at: APIOC 2023; AMES 2023 NTU Singapore.

WORK IN PROGRESS

- "Too Much Unsold Stock?: Environmental Consequences of Price Commitment", with Kohei Kawaguchi and Kei Kawai

  Abstract: Resale price maintenance is procompetitive because it encourages sellers to carry inventory in the low-demand state. When realized demand falls short of that inventory, however, the seller cannot lower the price to clear the market, and the unsold copies are returned at an environmental cost. We build a dynamic oligopoly model with demand uncertainty, estimate it on monthly bookstore data, and ask how much unsold stock is due to price commitment and how a deposit-refund tax can reduce waste.

- "Pass-Through and Incidence with Product Returns", with Ce Bian and Liang Zhao

  Abstract: We study pass-through and incidence with product returns. In contrast to the case without returns, a tax such as a platform commission fee or a sales tax can create negative pass-through and improve social welfare. When a high price significantly raises consumers' return probability, the seller reduces the quantity supplied because of a lower effective margin. This downward-sloping supply curve can lower the equilibrium price in response to a tax increase, raising social surplus by reducing the return rate.

EXPERIENCE

Research

Research Assistant for Prof. Benjamin Bernard, National Taiwan University 2020

Teaching

Lecturer, Math Camp for MSc in Economics, HKUST (4.53/5) 2026

Teaching Assistant Coordinator, Business School, HKUST 2025 – 2026

Teaching Assistant, Department of Economics, HKUST (average 4.72/5) 2020 – 2025

ECON2123 – Macroeconomics (4.53/5)
ECON4134 – Economics of Uncertainty and Information (4.83/5)
ECON4999T – Economics of Uncertainty and Information (4.56/5)
ECON5210 – Microeconomic Theory I (4.85/5; 4.82/5)

FELLOWSHIPS AND AWARDS

Research Travel Grant	2023; 2026
Red Bird PhD Award	2022
Postgraduate Studentship from the HKUST	2020 – present
Academic Achievement Medal	2019
University Scholarship (730K HKD)	2015 – 2019

SKILLS

Technical Skills: R, Python, C++, LaTeX, AWS

Languages: English (fluent), Mandarin (native), Cantonese (basic)

REFERENCES (THESIS SUPERVISION COMMITTEE)

Pak Hung AU
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Kohei Kawaguchi
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Kei Kawai
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