

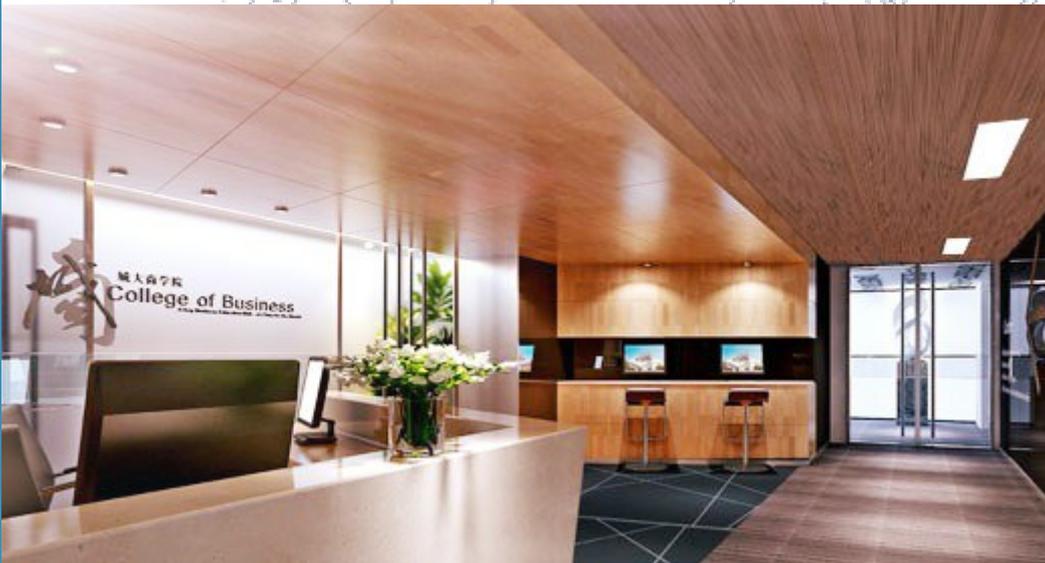
# College of Business

## *Alumni focus*

eNews for Alumni and Friends of the College of Business.

**Issue 03**

AUG 2013



**Viewpoint**

**Recent News**

**Events**

**My Story**

*A South American in the East*

**Alumni Story**

*Masters stories*

*Bachelors stories*

**Contact US**

  
**College of  
Business**



## Seller Reputation, Buyer Informativeness and Trust in the Market

### --- How does healthiness of an Online Market Impact Price Dispersion

Research Studies by Dr. Yuewen Liu, PhD of City University of Hong Kong and China University of Technology Joint Program; and Dr. Juan Feng

**Dr. Juan Feng, Associate Professor of the Department of Information Systems**

Contact: [juafeng@cityu.edu.hk](mailto:juafeng@cityu.edu.hk)

Written by Dr. Juan Feng

## Viewpoint

Price dispersion refers to the phenomenon that an identical product is sold at different prices by different sellers. It is commonly believed that price dispersion is due to the fact that buyers do not have the capability to do thorough search before making purchase. With the development of Internet economy, it is curious to understand whether price dispersion is still pervasive compared to the physical world. Because internet market features fierce competitions due to an increased number of sellers, price transparency and reduced buyer search costs, it is claimed to be a frictionless market since consumers can effortlessly locate the best deal on the Internet. According to the classical economic model, all sellers should set the same price in the "frictionless" market—the "law of one price" (LOP). However, contrary to the theoretical prediction, researchers find substantial price dispersion in online markets. In addition, there are also contradictory findings about whether a seller with higher reputation level should set a higher price.

In this project we try to reconcile the contradiction between empirical findings and theoretical predictions. We understand that Internet markets inherit much higher uncertainties compared to physical markets (for example, sellers are often hidden under the masks of meaningless electronic IDs; it is hard to inspect the product before payment; at the same time, the payment and delivery for the products are also separated, etc.). From the seller side, reputation systems developed for the internet markets greatly help alleviate such uncertainties, which also affecting the price dispersion we observe in practice. From the buyer side, whether or not a buyer knows how to search for an ideal deal determines whether or not this buyer will buy a product at a high price, which in turn affects the pricing strategy of sellers. For example, a low-reputation seller may completely give up the consumers who know how to search and compare, and sets a high price just for those uninformed buyers. However, by doing so, such low-

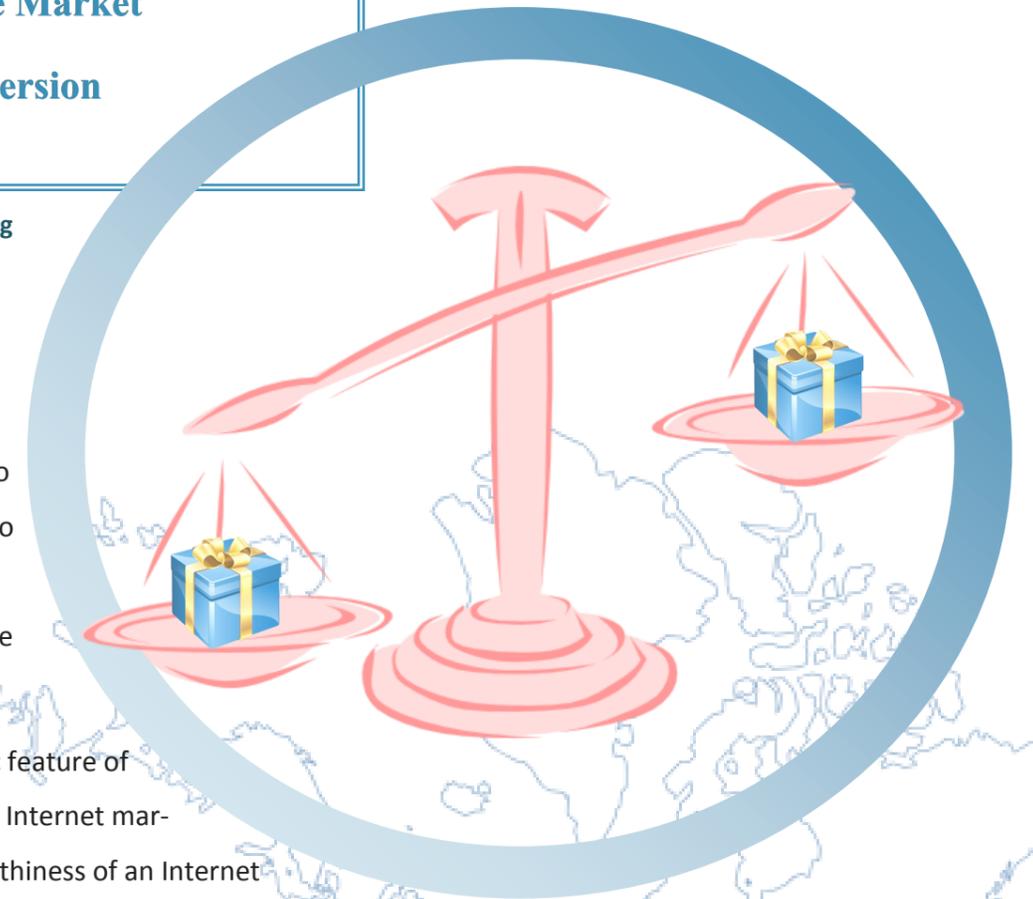


reputation sellers forego the opportunity to sell to more buyers and they may always remain to be low-reputation sellers.

To capture this dynamic feature of reputation growth in an Internet market, we include the healthiness of an Internet market in our model. No matter how perfect the existing reputation system is, it cannot capture the true "quality" of a new seller who just joins the market. A "healthy" market should help those "high-quality" new sellers with low reputation under the current reputation system to develop into a high-reputation seller. The chance that a low reputation seller may be a "good" seller gives confidence for some "informed" buyers to buy from a low-reputation new seller. This in turn gives incentive for a low-reputation seller to grow into a high reputation one, which also boosts the "healthiness" of the market. How likely a low-reputation seller is a "good" seller is determined by the internet market, and this in turn determines how likely an "informed" buyer will buy from a low-reputation

seller.

Our model finds that online price dispersion depends on both the seller reputation, buyer informativeness, as well as the healthiness of the Internet market: (1) A high-reputation seller may set a lower price compared to a low-reputation seller when there are many informative buyers; (2) online price dispersion reduces when more buyers are informative who can search and compare between multiple offers; (3) online price dispersion is smaller among sellers with higher reputation; (4) online price dispersion reduces when the internet market is more healthy, that is, when there is less chance that a low-reputation seller is a "bad" one, or, when the internet market attracts less "bad" sellers.



Recent News

May 2013

【Articles from CB IS department- JMIS】 To celebrate 30 years anniversary, Journal of Management Information Systems (JMIS), one of the top three journals in the IS field, have made a **special issue by choosing 12 representative articles out of some thousands of papers** published in the journal over the past three decades. <http://www.mesharpe.com/mall/results1.asp?ACR=mis>



**Prof. Christian Wagner and Dr. Yulin Fang from the Department of Information Systems each have an article included, signaling the significance of the scholarly contribution of the articles.** Congratulations to both Professors!

May 2013

【Alumni Xi'an Cultural Exchange Tour】 Around 50 guests enjoyed the "CityU Alumni Reunion@Xi'an" event held by the Alumni Relations Office (ARO) of City University of Hong Kong (CityU) in Xi'an on 19 May. The gathering aimed to strengthen connections among alumni.



June 2013

【CityU ranked 5th in top 50 under 50】

CityU has been ranked 5th in a QS survey of the world's top 50 universities under 50 years of age, i.e. universities founded in 1963 or after, and we have been ranked 12th in Asia, and 4th in Hong Kong, in the latest QS University Rankings: Asia.

"CityU has proved once again that it is among the best of the best in the region," said Professor Way Kuo, CityU President.



【College of Business Management Team 2013-16】

Associate Deanships

**Prof DOU Wenyu**, Professor of Department of Marketing, serves as Associate Dean (Graduate Programmes); and **Prof Julie LI**, Professor of Department of Marketing (effective 1 July 2013), as Associate Dean (Undergraduate Programmes); **Dr Mary PANG**, Associate Professor of Department of Management, has been reappointed as Associate Dean (Internationalization); **Prof Kelvin YAU**, Professor of Department of Management Sciences, has been appointed as Associate Dean (Research and Faculty).

【4th Best University in Hong Kong】

CityU ranked 4th from 5th place in the "Hong Kong's Best University Rankings 2013"! This is the result of the efforts by our professors, faculty members, alumni, and students. Thank you all!

\*results generated by the University of Hong Kong and Education18.com; based on public opinion surveys of adults above 18 years of age; [http://www.education18.com/ranking/hk\\_ranking\\_3\\_2013.html](http://www.education18.com/ranking/hk_ranking_3_2013.html)

Bachelor of Business Administration  
"Connecting Learning to Career"



【Most Popular Programme】 The most popular undergraduate program applied is the Bachelor of Business (BBA). There are 4586 applications for BBA 2013/2014 school year. Baptist University of Hong Kong and Lingnan University, have 3992 and 3973 applicants respectively. The Hong Kong University of Science & Technology's BBA program has 2098 applicants.



Assistant Deanships

**Dr Gang HAO**, Associate Professor of Department of Management Sciences, has been reappointed as Assistant Dean (International Programmes and Executive Education); **Dr Ron KWOK**, Associate Professor of Department of Information Systems, serves as Assistant Dean (Assurance of Learning); and **Mr Alex THAM**, Senior Teaching Fellow of Department of Marketing, serves as Assistant Dean (Admissions and Promotion for Undergraduate).

June 2013

July 2013

July 2013



Aug 2013

【MKT: Supply Chain Seminar】

Date: Thurs, Aug 1, 2:30 – 3:30pm

Topics: Supply chain relationship management and supply chain integration

Speaker: Prof. Baofeng Huo, Professor of Operations Management, School of Management, Director of Institute of Supply Chain Management, Zhejiang University

Venue: G5-133, 5/F, Green Zone, AC 1, CityU

## Upcoming Events

Aug 2013

【MKT Retail Sales Seminar】

Date: Mon, Aug 12, 2:30 – 3:30pm

Topic: Retail Sales Advisory and Compensation in a Distribution Channel

Speaker: Prof. Yunchuan Liu, Professor in Marketing, College of Business & University of Illinois at Urbana-Champaign

Venue: G5-133, 5/F, Green Zone, AC 1, CityU



Sept 2013

【Honorary Fellow of CityU 2013】CityU will confer the title of Honorary Fellow on five distinguished persons in recognition of their significant contributions to the development of, and service to, the University. Recipients are **Mr Rex Auyeung Pak-kuen**, **Ms Maggie Chan Man-ki**, **Mr David Fong Man-hung**, **BBS, JP**, **Mr Francis Ngai Wah-sing** and **Mr Wong Kai-man**, **BBS, JP**, in recognition of their significant contributions to the development of, and service to, the University. The Honorary Fellow Presentation Ceremony will be held on 16 September.



Mr Wong Kai-man    Mr Francis Ngai Wah-sing    Mr David Fong Man-hung    Ms Maggie Chan Man-ki    Mr Rex Auyeung Pak-kuen



【EF International Conference on Economies】

Date: Thurs, Dec 19 – Fri, Dec 20

Topic: International Conference on Pacific Rim Economies and the Evolution of the International Monetary Architecture

Call for Papers: The conference invites researchers to present their original works on contemporary issues related to the evolving roles of Pacific Rim economies in shaping the International Monetary Architecture.

Venue: CityU

Dec 2013

# My Story

**Mr. Yvan Castro, Master of Science in Marketing**

Contact: [ycaastro@adrachina.org](mailto:ycaastro@adrachina.org)

*Written by Yvan Castro, revised by editor*



## A South American in the East

I am currently working as a Program and Planning Director in the Adventist Development and Relief Agency ([ADRA China](#)) based in Hong Kong. My organization is a humanitarian and international charity with a presence in more than 120 countries in the world. It works with environmental protection, public health, and emergency management programs in China. Previously, I have also worked for ADRA as Director in Peru, Bolivia, and Nepal.

When I arrived in Hong Kong, I noticed that my job description and the requirements of my office needed to change; especially the points related to marketing and fundraising. The main focus at that time was on project execution in China. However, I realized there was a big potential to raise funds in Hong Kong so I started to develop a fundraising program. It was quite a new ex-

perience for me, with many challenges. Two of the most important challenges were how to gain a good understanding of Chinese culture and how to apply state-of-the-art marketing knowledge in the non-profit sector. Thus, I decided to study a Masters in Marketing.

I chose CityU and it was a privilege to study Marketing there, because CityU is ranked 5th in the [Top 50 Universities under 50 years of age](#) QS University Rankings\*. At CityU, I came into contact with people from different cultures; I learned different perspectives of marketing, from both the Western and Eastern cultures; I met with professors who had vast experience and were from different top universities around the world. The interactions among students, professors, and companies made the learning experience interesting and rewarding.

\*Based on the [QS University Rankings: Top 50 under 50](#); news article: <http://wikisites.cityu.edu.hk/sites/newscentre/en/Pages/201306110900.aspx>

My job was blessed with this experience; I applied several concepts, tools, methods, and software I learned at CityU to my work, such as those taught in marketing strategy and planning, applied marketing research, database marketing, electronic marketing, and consumer behavior courses. They changed my perspective of the world and **I came to understand that marketing is a process that crosses all the core areas in one organization**. My organization went from zero in fundraising in my first year of work to almost 8 million Hong Kong dollars in my third year.

### Words of Advice

**If you are working in the non-profit sector and you feel the need to improve your knowledge in marketing and business, the College of Business at City University will be a rewarding experience, as it was for me.**





**Impact of Hong Kong**

“My time in Hong Kong was short, but the experience was an important turning point in my life. It opened up my mind and changed my thoughts. My study at the College of Business gave me more courage and confidence. Life in Hong Kong let me experience a different culture and learn about the differences among people. I became more open-minded and interested in listening to others, which has greatly benefited me in my personal and professional lives.” Kelly Zhang, born and raised in Shanghai, said as she recalled her Hong Kong experience.

**Election for the Board of Trustees**

During Kelly’s initial year at CityU, the Board of Trustees called for an election which invited a student representative to sit on the board for the first time. As the vice-president of the Masters of Science in Marketing Association, Kelly was nominated by her classmates to run for election. Kelly, who considered herself an introvert at that time, was reluctant but with the support of her class, she decided to participate. Dorm by dorm and classroom by classroom, she went and solicited votes. This was a big milestone for Kelly who, as a traditional Chinese

person, needed to overcome the cultural barrier of “face” (Chinese dignity) when soliciting strangers for votes. Even though Kelly lost the election by a few ballots, the overall experience made her stronger in speaking and communication.

**Rebuilding Trust**

Kelly joined a free Cantonese tutorial class designated for mainland students, hosted by [JNMD Club](#) in the community. She was happy to meet so many kind-hearted people. “Trusting others and ‘opening’ your heart to accept others is tough.” Kelly said. Not long after joining the class, she started to see things differently. She saw the gen-

erosity of people helping others. This was when she started to open up and trust other people.

**Impact of Hong Kong**

Her experience in Hong Kong made a significant impact on Kelly’s personal and professional life. She is now an active member of various non-profit organizations in Shanghai. Previously, she thought that charity was a practice only for wealthy people or for celebrities; that the role of the general public was only to donate small amounts of money. After studying in Hong Kong, she realized that each of us can do something to help.

**Ms. Kelly Zhang, Master of Science in Marketing**  
Contact: [Kelly.Zhang@kcs.com](mailto:Kelly.Zhang@kcs.com)

**Alumna**

**Understanding Cultural difference**

In the Western societies, news releases of corporate events are normally published shortly after the event on the same day. In China, the practice is different; event news is usually published one to two days after the event due to the multiple approval processes. It is important to recognize the different practices in different regions.

Kelly experienced such an incident when she was working at Morgan McKinley, a recruitment consultancy, in China. She was working on a national event hosted in China, welcoming the visit of the Irish Prime Minister Enda Kenny. Kelly worked with a UK colleague who had over ten years of public relations experience in the UK. The event news report was published in UK on the same day as the opening event (late afternoon, UK time), thus the colleague insisted that the news

report in China must also be released on the same day. To this colleague, it was a normal practice that all media groups would follow. She forgot to take into account the cultural differences and time difference between the two countries. This stubbornness may taint their business relationships with the China Medias. Kelly took immediate action to solve this conflict. She spent time to explain the cultural differences to her UK colleague and the incident was successfully resolved.

**Words of Advice**

**Learn to think from different perspectives and understand that people have their own perspectives because of their unique experiences. - Kelly Zhang**

“Once you are good at something, you will find it much more enjoyable.”

Mr. Micah Tsang, Master of Science in Marketing Candidate  
Contact: let\_play\_bass@yahoo.com.hk

For Micah, the responsibility of making a living partly for his family had motivated him to work hard. As for his life philosophy, he tries to turn things that he does not like into something enjoyable. He never thought that he would like studying, but once he decided to learn to work hard and study, he gradually became good at his studies. He feels that when one is good at something, one tends to find it enjoyable.

Micah highlights that not liking something may not mean that one is not good at it. Therefore, thinking that “we don't like to do something” may not always suggest that we are not good at it.

Our likes and dislikes, harshness and smooth passages, feelings of depression and joy, triumph and failures are all part of a learning cycle that one must encounter.

#### Words of Advice

“Being lazy is a feeling. ‘I am tired today’ is an excuse for procrastination; the question is: are you really that tired? Set a goal and be determined to achieve it despite any barriers along the way.” – Micah Tsang

## Alumnus

### Life Responsibilities

One day in his post-secondary year, he felt the need to work hard and get better grades to enter university. As the only child in the family, Micah Tsang began to realize the responsibility of caring for his parents in the long term.

Describing himself as “not a good student” in his secondary school years, Micah confessed to having poor English foundation. He had then resorted to rote learning method to improve his grades when he was working toward his ‘top-up’ degree.

When he was pursuing his BBA and Master's courses, he realized that the rote learning method was inadequate to meet his needs. “Memorizing” can help to improve a student's grades, but not his profound understanding of the context and knowledge covered in a course. Undeclared, he decided to read lots of journals,

books, and articles to improve his English ability. He also prepared and finished projects early before deadlines, as well as previewed materials before each lecture.

According to Micah, extensive reading and being well prepared early do not just apply to university life, but also our day-to-day practice. Preparation and the desire for knowledge are key qualities of a successful person.

#### Motivation

Responsibilities, which are often associated with pressure, stress, and fear, tend to have negative connotations. Looking at the flip side of the situation, what was once perceived to be ‘unwelcome responsibilities’ can in fact indirectly and subtly motivate us to become stronger and more able than we used to be.





## Putting the Planet first.

Last June, Francis Ngai went to the [Gobi March Ultra-Marathon](#) (250km), one of the Four Deserts Marathon. He physically carried the dreams (written on paper) of his colleagues and friends to the race, hoping to call forth their dreams and the perseverance needed to fulfill those dreams.

This April, Francis went on his second extreme marathon, the [North Pole Marathon](#) (42.2km), the world's coolest marathon at minus thirty degrees Celsius. This time, Francis ran for a social cause, for [Green Monday](#): to encourage all Hong Kong citizens to go meatless on Mondays, one day a week. If the

seven million Hong Kong citizens were to pledge for the cause, it would be equivalent to removing 86,000 cars from the streets.

*One baby step at a time, and soon it could have a great impact on the world through collective action.*

### Why the North Pole Marathon?

Francis Ngai and Kason Fok, graduates of Quantitative Analysis for Business in 1994 and Public Administration and Management in 2003 respectively, and six other teammates joined the North Pole Marathon together for a mission. Many

people cannot see the physical impact of global warming and the urgency of environmental protection. "I hope to grab this opportunity to provide Hong Kong citizens with first-hand information on global warming." Francis said.

### HK Facts

In the [2013 Travel and Tourism Competitiveness Report](#), Hong Kong's Environmental Sustainability score is ranked [one hundred eighteen](#) among the one hundred forty regions/countries (118/140). The index suggests that the level of environmental protection is insufficient to maintain Hong Kong's future environment.

**Mr. Francis Ngai, BBA Quantitative Analysis for Business  
Honorary Fellow 2013 of City University of Hong Kong  
Contact: Francis.ngai@sv-hk.org**

## Life Marathon

## Alumnus



Mr. Kason Fok, BA Public Administration and Management

### Words of Advice

**"To Environmental Protectionists and Social Entrepreneurs of Hong Kong: When you feel lost and bitter, pause and think, there are many people along the same path as you, pragmatically moving forward, step by step. Let us use our lives to change the lives of others."** – Francis Ngai

Given that Hong Kong is the world's top meat consumption city and that meat consumption is one of the major causes for global warming, Francis feels the urgency for changing the habits of Hong Kong citizens. He is the founder and CEO of [Social Venture Hong Kong \(SVHK\)](#), a non-profit organization that provides all-round support to social enterprises such as [Green Monday](#). This was also Francis's mission during the North Pole Marathon.

### Life as a marathon

Francis started running marathons twelve years ago. Apart from being the simplest and most convenient form of exercise, he believes that marathon is the "fairest sport in the world." You can complete it irrespective of where you come from and the profession you are in. The most important factors are constant training and perseverance to keep moving forward.

There is no single-winner in a marathon; everyone is a winner. Runners can choose their own pace, attitude, and goal in each marathon. **This is like a reflection of our daily lives.**

When asked about the difference between extreme marathons and working at a social enterprise, Francis said, "There are no differences between the two!" **Life journey is like running a marathon. It is a long lasting battle; one must persevere until the end.**



## Alumna

### Importance of Alumni Networking

Ms. Leah Ya Li, BBA in Quantitative Finance and Risk Management  
Contact: liyatea@gmail.com

Zunyi City, China is a historical city where former Chairman Mao Zedong was first elected as the First Chairman of the Central Committee of the Communist Party of China at the “Zunyi Meeting.” Apart from its political significance, Zunyi is also known for its famous rice liquor, Maotai.

Leah Ya Li, born and raised in this historical site, loves the city. But with the increasing significance of globalization, Leah’s parents felt the need for her to gain international exposure beyond China. Leah left the city after secondary school for a mission to explore the world.

Leah has loved finance as a subject since she was young. Therefore, Hong Kong, as one of the world’s main finance hubs, became her chosen location for university studies. She did two internships during her BBA program at CityU. One of them was with a hedge fund company which required Leah to work long hours. She loved the job and strongly believes that “If you like a job-, you will work hard on it.”

#### Personal Network

Before graduation, Leah was admitted to the Imperial College London’s Master’s program (Imperial)

with Women’s Scholarship. Dr. Anson Au-Yeung, former professor of the Department of Economics and Finance, introduced two CityU alumni to Leah before her departure for London. The two alumni had attended the same Master’s program at Imperial two years ago. The two seniors gave Leah advice on course elective selections and student society choices. They also introduced their friends in London to her. It then dawned upon Leah --- the importance of alumni networking. It helped her to adapt to a new culture quickly and gradually become comfortable in the new country. “When you meet more people, you will soon realize that this network of connection is the

most powerful asset you have.” Leah emphasizes that network building is crucial in life as well, and is not limited to work only.

#### Words of Advice

“Be appreciative of the opportunities provided by the College of Business, CityU. Have a positive mindset of appreciation: When people help you, thank them – they have no obligations to help you; when people need your help, offer them the help needed – this will create a continuous loop of positive actions which will benefit you and the society as a whole.”

– Leah Ya Li



— Zunyi City



Hong Kong —

# Class Notes

Call for Contribution

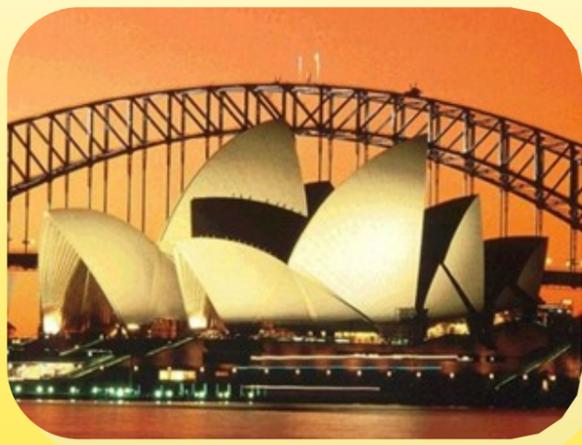
**Share your news with classmates and CB alumni!** Fill us in on the highlights of your year - family, career, accomplishments, and interests! We'll publish your news in the "Class Notes" section of the next issue of *Alumni Focus* and on the CB Alumni website.

Simply **email us** your information (name, major, and grad year) and your news! Don't forget - you can attach photos to include with your write-up!

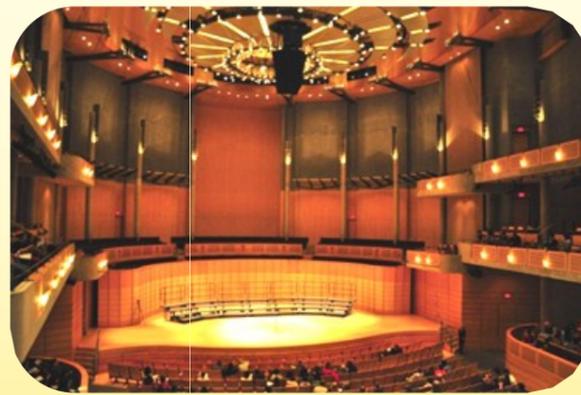
- ◆ **Submit** your story to us! — let us know your update and we'll share it with other alumni (Website/ Alumni Focus E-Newsletter)
- ◆ **Refer** a "lost" alumnus / alumna.
- ◆ Join **CB Alumni Volunteer Club** — become an ambassador and assist in CB events: Admission Interviewer, mentors, event coordinator, etc.

### Examples:

Annie H. (BBA AC 1999) and her husband, Alex J., will be performing at the Chan Centre in June 2013 at the University of British Columbia Acting Festival in Vancouver, BC, Canada.



Candy Lui (PhD in Management 2010) met her fiancé Andy Chiu at CityU during her 3-year PhD program. She and Andy will "tie the knot" this summer in Bali, Indonesia!



Jones Chan (MBA 2006) recently accepted his job offer as the CEO of XYZ company. He will be working at the head office in Sydney, Australia.

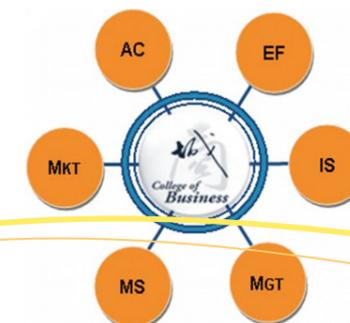


## ... Editors

- ◆ **Ms. Jane Elizabeth McGettigan**, Instructor at English Language Centre
- ◆ **Ms. Swee Gim Lauw**, Instructor at English Language Centre

## Editor-In-Chief ...

- ◆ **Miss. Anna Lee**, College of Business





## Vision

To promote a spirit of unity and loyalty among graduates, faculty staffs, and students worldwide.

## Mission

To advance the College with our former business students worldwide through meaningful programs, services, benefits, and communication.



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