

*The Hong Kong Polytechnic University  
Department of Logistics and Maritime Studies  
Online Research Seminar*

## **From Silver to Platinum: The Effect of Frequent Flier Tier Levels on Airline Demand**

by

**Prof. Jos van OMMEREN**  
**Professor**  
**School of Business and Economics**  
**Vrije Universiteit Amsterdam**

**Date: 5 May 2020 (Tuesday)**

**Time: 5:00pm - 6:00pm**

**Online Session in Blackboard\*: Research Seminar by Prof. Jos van OMMEREN**

**If you are interested to attend the captioned seminar, please register at the link (<https://polyu.hk/BNNZC>) by 24 April 2020 5pm HKT.**

**(Conducted in English)**

### **Abstract:**

We estimate the effect of tier level within a frequent flier program on members' demand by exploiting several thresholds corresponding to different tier levels. We demonstrate that members tend to increase demand at the end of the calendar year to reach a higher tier level. We also show that members do not manipulate demand in earlier months, which allows us to apply a fuzzy regression discontinuity approach to identify causal demand effects of higher tier levels. We show that obtaining a higher level induces members to increase their demand, but these results are tier level specific. The lowest tier level induces members to increase their annual demand by only one flight, while the highest tier level increases their demand with 7 flights. We show that tier levels create switching costs for high-demand members as these members are not affected by free flight awards.

### **Bio:**

Jos van Ommeren (1966) is Professor of Urban Economics at the VU University. He studied Econometrics at the London School of Economics, United Kingdom and received his PhD in Economics at the VU University Amsterdam. His main interests are in the economic analysis of transport and urban issues, including company car taxation, agglomeration, spatial structure, infrastructure improvements, parking policy, congestion and Airbnb.

Jos has also worked at the Dutch Central Bank, the European University Institute, University College London, Cranfield University and Frisch Centre. He is a fellow of the Tinbergen Institute.

Please note that The Department of Logistics and Maritime Studies of The Hong Kong Polytechnic University may take photographs/ video recording during these events and use such images in publicity or marketing activities. The recorded images will be handled by the Department of Logistics and Maritime Studies according to the prevailing policy of The Hong Kong Polytechnic University. Enquiries shall be addressed to [lms.enquiry@polyu.edu.hk](mailto:lms.enquiry@polyu.edu.hk).

**Please email to [anne-ly.wong@polyu.edu.hk](mailto:anne-ly.wong@polyu.edu.hk) for enquiries regarding the seminar.**

**All are welcome!**