Column

Peter Leeflang looks back on 35 years of marketing

FEB Alumnus Klaas Knot new president of De Nederlandsche Bank

Energy and Sustainability Center: an important step towards a green economy?

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New in Groningen: Dries Faems

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Short news

SOM Awards 2011

Best Research Master Graduate
Shu Yu was the winner of the Best Graduate of the Research Master Economics & Business award and received 1,000 euro’s. The main selection criteria were her excellent performance and of course that she graduated in 2010. Her master thesis ‘The Effect of Trust on Trade: When does it no longer matter?’, supervised by Prof. Jakob de Haan and Prof. Sjoerd Beugelsdijk, was awarded with grade 9 and she graduated cum laude.

Best PhD Thesis
The award of 1,500 euro was for Umed Temurshoev, for his thesis ‘Interdependencies. Essays on cross-shareholdings, social networks, and sectoral linkages’, supervised by Prof. Erik Dietzenbacher. The jury awarded the thesis because amongst others, it contains a single-authored top publication, two other publications in international journals and has one high potential unpublished chapter. The subject is highly relevant across various disciplines and theoretically novel aspects have been used.

Outstanding Junior Researcher
The 2,000 euro prize for junior researcher was awarded to Robbert Maseland. He obtained his PhD degree in 2006, already published two top publications and various other high quality publications, including a co-authored monograph published by Cambridge University Press. He is also the winner of the Gratama Award 2011.

Outstanding Researcher
Peter Leeflang, Frank M. Bass Professor of Marketing, was awarded 2,500 euro by the SOM Board for his life-time performance. Leeflang, former Dean of the Faculty of Economics, Pro-rector of the RUG and author of numerous publications in top journals, held his valedictory lecture on September 19 2011. You can read more about Peter Leeflang in the interview on page 5.
Valorise Paradise

Buzzwords. Most of us use them, few of us know their exact meaning. Have you already attended the workshop on holistic sustainable teaching and learned how to benchmark your core competencies using performance metrics? Something like that. Valorisation seems to be the latest buzzword in academia. In particular in the offices of their administrators. Frequently I have asked what exactly valorisation is. One self-proclaimed expert says that it has to do with societal relevance. Someone else has understood that it is all about selling our research.

Google helps. Always. www.dictionary.reference.com gives the following definition: “to fix and maintain an artificial price for (a commodity) by governmental action.” Is this what we are aiming at? In my early days as researcher I wrote a dissertation filled with theorems and proofs. I am sure no-one would ever have paid a price for it. Not even an artificial price. For me, it was a priceless experience though.

But what is the origin of all this valorisation? Google helps. Just type “valorisation” and Wikipedia pops up: “The valorisation...of capital is a theoretical concept created by Karl Marx in his critique of political economy.” My goodness, is this where we are heading for with the valorisation of our research? Back to the seventies, a chair in Marxian economics, long haired hippies in sandals, love instead of competition?

Another helpful website that provides a lot of information (unfortunately only in Dutch) is www.valoriseren.nl.

It has several buttons, to learn more about the network approach and valorisation hotspots, for example. One specific button that peaked my interest: valorisation at universities. Clicking the button, however, yields an empty page! Do we have to conclude that there is no valorisation at Dutch universities yet?

What about universities abroad? Try a famous university in the US. MIT, for example. Go to http://web.mit.edu and feed “valorisation” into the search engine. Full of disdain and amazed about so much stupidity it answers in red letters: “Did you mean: vaporization.” Hm, a frightening but not entirely unrealistic prospect. The vaporisation of my research.

Searching the web shows that there is a surprisingly large number of hits to Dutch and to EU sites. Busy, bossy, buzzy politicians tell us: “Thou shalt valorise.” What’s new? Not much. Basically a case of old wine in new bottles. In the past, we have valorised a lot of our research, not knowing that we were valorising. So, what’s the problem then? I fear that researchers – like ordinary human beings – will behave strategically and have valorisation determine their research agendas. Also valorisation has its price though. How would Schrödinger – almost hundred years ago – have valorised his fundamental equation in quantum mechanics? I am sure our minister of education would even want us to valorise paradise, if possible. Perhaps, her civil servants could start by valorising valorisation first.

Erik Dietzenbacher is professor of interindustry economics and also coordinator of the valorised, because EU-financed, WIOD project.
Peter Leeflang: a 35-year career in marketing science
On September 19th 2011, Professor Peter Leeflang gave his valedictory lecture in Groningen. After thirty-five years, the Frank M. Bass professor of Marketing said officially farewell to the Faculty of Economics and Business, a teaching and research institute that is very dear to his heart, he says. Time for FEB Research to look back with Peter Leeflang on an impressive career and discuss the spectacular developments in his field of research.

How did you career start?

“I studied econometrics and was fortunate enough to take my courses at Erasmus University in Rotterdam, taught by scholars such as Professors Jan Tinbergen, Johan Koerts, and Pieter Verdoorn, just to name a few. The latter two professors became my supervisors. I was very fortunate to have this team as my academic supervisors and mentors. They stimulated me to approach marketing problems in a more formal and conceptual way than was common in the early 1970s.

Pushed by the idea of building bridges between econometrics and marketing, I became inspired by Montgomery and Urban’s Management Science in Marketing (1969). I read and reread the papers cited in this monograph, which also helped me find “empty cells” in the extant marketing science. In my dissertation, I therefore developed “new” Markov models that I calibrated using aggregate (annual!) data.

The data that I used to calibrate my empirical analyses came from Unilever (including data about “soup in bags”) and Niemeyer (a Dutch tobacco company). I met officers of Unilever and Niemeyer at ESOMAR conferences in the early 1970s, who then invited me to present my findings at ESOMAR conferences (e.g., Leeflang and Koerts 1974). At one of these ESOMAR conferences, I met Susan Douglas (in 1972, in Cannes), who encouraged me to attend the second meeting of the European Academy of Advanced Research in Marketing (EAARM), to be held in Berlin in 1973. The conference stimulated me to find ways to bring this remarkable resource to the attention of my fellow researchers in the Netherlands.”

What was your main research at that time?

“After defending my dissertation in 1974, I pursued four main research directions. First, I continued to develop my interest in stochastic consumer behaviour models (e.g., Leeflang and Boonstra 1982). Second, considering my shared interest with Philippe Naert in models in marketing, we decided to co-operate on a book: How to Build Implementable Marketing Models (Naert and Leeflang 1978). Third, I started a conceptual, formal monograph on marketing management (Leeflang and Beukenkamp 1981). This 1000-page “Dutch” book ultimately appeared in many basic courses on marketing management across all departments of economics throughout the Netherlands. Writing this book helped me structure my knowledge of marketing in (again) a more formal way. It also stimulated me to keep up with relevant developments in marketing, particularly outside the marketing research and model building area. I rewrote and updated this book multiple times (four, to be exact). Fourth and finally, I kept reading literature on marketing models and econometrics so

5 key publications


A full list with Peter’s publications can be found at http://www.rug.nl/staff/p.s.h.leeflang/index
Peter Leeflang was my Ph.D. supervisor and hired me, shortly after I defended my thesis, as a Professor of Marketing Research at the Economics Department of the University of Groningen. For me, as well as for many others, Peter was a mentor and an example and I am indebted to him for that. He has a very impressive research record, with many top publications that are well cited. Peter wrote several standard textbooks and monographs and received numerous awards and honors. He supervised over 30 Ph.D. theses and is said to have taught over 30,000 students at the time of his retirement.

Peter Leeflang has had a major impact on the development of Marketing as an academic discipline in the Netherlands and Europe, through his research and teaching. But, what I would like to emphasize here most, is his impact on the field along a third academic dimension: his service to departments, universities, the marketing discipline, academia as a whole, and society. Peter has ‘fired on all cylinders’ throughout his career, and to me personally, has set an example of what it means to be an all-round academic. He held a large number of different administrative positions, ranging from, Dean of the School of Economics, Pro-rector, Vice President of the Board Member of the European Institute for Advanced Studies in Marketing, Vice-President of the European Marketing Academy, to Academic Trustee of the Marketing Science Institute and he founded the Dutch PhD Network (LNBE) and the NWO-marketing community.

Peter Leeflang, throughout his career, has truly been a driving force that has founded and helped shape many institutions that have made the field of Marketing and Business what it is today. From my own experience I know he has done this out of a strong sense of commitment and responsibility, and with great enthusiasm. We should never forget that academic disciplines rely on those institutions to grow and prosper, to develop new insights, educate young scholars and practitioners, and make an impact on business practice and society at large. We should also never forget that Peter Leeflang has dedicated a very significant part of his academic career to help accomplish that.

In the years that followed, I opted to include various other research streams, including those focused on competitive reaction functions (with Dick Wittink) and promotional effectiveness (with Eijte Foekens, Harald van Heerde, and, again, Dick Wittink). What we often performed were modifications of, improvements to, and developments to extend models that we had developed in the past. I call that effort “evolutionary model building” in (marketing) science (see Van Heerde, Leeflang, and Wittink 2008; Leeflang 2008). This method of research offers key advantages, in that the creation of a new, modified model (1) leads to new ideas, which (2) often can be empirically validated using the same database.”

Michel Wedel is Pepsico Professor of Consumer Science at the Robert H. Smith School of Business in Maryland, US

“You worked with Dick Wittink for a long time, how did your collaboration start?

“I was introduced to Dick Wittink at one of the early Marketing Science conferences (Chicago, 1984). Our meeting began a very happy, intense, and successful co-operation that sadly ended only when Dick passed away unexpectedly in 2005. But as our collaboration exemplifies, in modern research, it is nearly impossible to make cutting-edge, relevant scientific that I could develop and apply the emergent models to aggregate (sales) data, such as those pertaining to the German cigarette market. The German Institute “Rauchen und Gesundheit” (Smoking and Health – an ironic name if ever there was one) collected these data and offered Jan Reuyl and me opportunities to apply our models to them, resulting in publications in the Journal of Marketing, Journal of Marketing Research, and European Journal of Operations Research (e.g., Leeflang and Reuyl 1984, 1985, 1986).
progress without a “hot research line” to several U.S.-based researchers and business schools.”

**How important are these contacts for research?**

“Very important! Such contacts can help us develop the skill of looking for new research opportunities. For example, in 2002, I grew fascinated by the promise of models for pharmaceutical markets. Although it took some time to get our work published, we have established a new, burgeoning stream of research (Osinga, Leeflang, and Wieringa 2010; Osinga et al. 2010; Fischer, Leeflang, and Verhoef 2010). Another highly relevant research stream deals with the fundamental question of the role of marketing in firms (Verhoef and Leeflang 2009). Areas that also offer opportunities for more rigorous approaches include multichannel marketing, customer engagement (Bijmolt et al. 2010), and the co-operation between marketing and other departments such as sales, R&D, and finance.”

**Over the years, the research methods have changed considerably, how has this affected your research?**

“I believe that we need to keep up our expertise with new research methods, statistical techniques, developments in econometrics, psychometrics, etc. In more recent papers, we therefore apply relatively more recent techniques, few of which have been used previously in marketing. For example, we apply Kalman filtering, spatial econometrics (see Van Dijk et al. (2004), VAR modelling, and social simulation. It is forever necessary to keep up with new scientific methodologies, particularly with regard to developments in time series analysis (TSA), which offers opportunities

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**Lisette de Vries**

is a marketing PhD student at the FEB

“My interest in marketing grew during the first year of my studies (2004) when I followed the course Marketing 1, taught by Professor Leeflang. A few years later, I met Peter Leeflang again during my student-assistantship at the department of Marketing and during several master courses. Based on our shared interest in advertising and econometric marketing models, I started a PhD project supervised by Peter and Sonja Gensler in September 2010.

I am very happy that I was appointed as a PhD student and that I have the opportunity to work with Peter. Although I know Peter for a longer period as a teacher than as a researcher, I think the way he teaches is also the way he does research. He is always friendly and enthusiastic and has a lot of knowledge about successful and unsuccessful marketing cases, but also about econometric marketing models.

The research topic of my PhD project is social media, and especially the effectiveness of social media marketing. For example, how can companies launch a Facebook campaign in such a way that it generates the highest sales? Do companies need to support the Facebook campaign with campaigns on other media channels, and what is the long term impact of social media campaigns? This topic touches upon advertising effectiveness and word-of-mouth communication, but the social media topic is new, also for Peter. That is something I learned about Peter this year; he keeps doing new things. While working with Peter, I experienced he is very precise and gives very clear comments and suggestions. Although Peter is officially retired now, I hope we will continue working together enthusiastically.”
Now, 19 years later and 18,000 kilometres apart, I still remember the marketing course that Peter Leeflang taught in the giant lecture hall at Zernike. As an econometrics student (1990-1995), I could pick one business economics subject, and I heard very positive word of mouth about Peter’s class. After attending one class I knew: this is it. Peter taught the class exceptionally well, offering rigour combined with lots of examples and anecdotes, and he managed to entertain the entire auditorium filled with 500+ students. The aspect that appealed most of all to me was Peter’s examples of econometric research in marketing he had conducted. Finally, the price elasticities we had only studied from a theoretical perspective came to live. From that moment on, it was clear to me that the combination of econometrics and marketing was my calling. It still is, even as a Marketing Professor at the University of Waikato in wonderful New Zealand.

As soon as I could, I took the course “Effectiviteitsbepaling van de Marketing Mix Instrumenten” (“Measuring the Effectiveness of Marketing Mix Instruments”), co-taught by Peter Leeflang and Eijte Foekens. This course was highly inspirational, practically relevant, and econometrically advanced. Actually, even today at the University of Waikato, I teach a course that is inspired by this course.

I was invited by Peter to become a PhD student in quantitative marketing (1995-1999). We have published several articles in Journal of Marketing Research and Marketing Science about measuring the effects of sales promotions. I am grateful to have been able to write a doctoral thesis under Peter’s and Dick Wittink’s inspiring supervision. By passing on the research skills they taught me to the next generation of researchers, I hope to contribute to the great “Groninger” econometric marketing tradition that Peter started.

Keeping your expertise up to date is vital to a career, does this solely depend on skills?

“I would say that the skills are most important, but a bit of luck is welcome. Skills and luck are not independent concepts. The probability of being lucky improves when we develop and use the right skills. The choice of a supervisor and marketing research institute, for example, is a highly relevant decision that increases the probability of being lucky. In modern science, the doctoral degree itself is less relevant than who the supervisor/supervising team is and which articles can be published in which journals on the basis of a candidate’s dissertation.

Technical skills also can be obtained through professional education. In this respect, research colloquia by, for example, EMAC, EIASM, and EDEN have been very useful for marketing scientists in Europe and abroad. Becoming a member of an international-oriented research institute with high norms and standards is critical in this respect. Note, for example, that supervision, education, the research climate, and the research tradition have led to the success of at least three marketing institutes in the Netherlands (Erasmus, Tilburg University, and the...
University of Groningen, which rank among the top five institutes in Europe. The ranking and reputation of these institutions has everything to do with scientific norms, hard-working colleagues, and an atmosphere that allows researchers to fail, even as it encourages them to succeed.

I have been remarkably lucky to enjoy intense contacts and collaborations with firms that taught me how marketing works in practice. In my opinion, such interactions with the practical side of marketing are a necessary, though not sufficient, condition for conducting effective research and for teaching students how to approach business problems appropriately. In this respect, I sincerely hope EMAC will breathe new life into the joint EMAC–ESOMAR conferences that have taken place in the past (1984–2004). I also hope that future EMAC conferences succeed in attracting not only a vast number of researchers but also those experienced researchers in marketing who have the skills from which we all can learn.”

What are your plans for the future?

“I hope to continue to perform research in marketing – one of the main passions of my life. I plan to do so at the University of Groningen, as well as in Rome (Liberal University in the Social Sciences, LUISS Guido Carli), the Aston Business School (UK), and St. Gallen.”

Peter Leeflang’s collaboration network (the thickness of the line represents the tie strength).
Klaas Knot: Invest in yourself!
On July 1st 2011, FEB alumnus and professor Klaas Knot was appointed the new President of De Nederlandsche Bank (DNB). At the time, Knot was part-time professor of Money and Banking Institutions at the FEB and Deputy Treasurer General and Director of Financial Markets at the Dutch Ministry of Finance.

Ever since you left the university, you held several positions at DNB, the IMF and the Ministry of Finance. Did these positions influence the decision to appoint you as president of DNB?

“They definitely did. At the DNB you deal with two major issues, the macro economy and the financial sector. As President, I am mostly concerned with the macro-economic issues, and as I worked on monetary budget policy issues in most of my previous positions, this made me qualified for the job. I didn’t seek out the positions, they came my way and I was able to take something from each position.”

It all started with your PhD, what was your thesis about?

“My research concentrated on the impact of fiscal policy on interest rates in the European Monetary System, the predecessor of the European Economic and Monetary Union (EMU). When the deficit of a country was perceived as being out of control, it would trigger a speculative attack on the currency of that country, resulting in a devaluation of its currency and higher interest rates. With the current economic crisis, you can see that even with one currency, there are differences in interest rates for countries. The fact that Italy has to pay a higher interest rate than The Netherlands is largely due to the fact that the deficit and public debt are higher. So, with a delay of approximately 14 years, you could say, that my thesis has become very topical. In October 1995, I graduated on my thesis entitled “Fiscal policy and interest rates in the European Community”. My first supervisor was Jakob de Haan, now not only my colleague at FEB, but also at the DNB, where he is head of research.”

Do you think that academia can help to foresee an economic crisis?

“I think that research can help formulate the most sensible policies once the crisis is happening. If you look back to the reaction to the crisis in thirties and compare that to the actions that are currently taken, they are much more sensible. A lot of research was done in the fifties and sixties. For example, Ben Bernanke, the chairman of the Federal Reserve, wrote several articles about the way the FED reacted to the crisis. You can tell from his policy reaction to the crisis that mistakes made in the thirties have not been repeated. For academia it is difficult to be pro-active, but researchers can help reduce the impact of the crisis. An interesting field of research would be financial behavioral theory. A lot of factors that influence financial markets are psychological and can lead to inefficiencies, herding behavior, and noise. These are issues that we have to take into account. Without researching the human psyche in relation to financial markets, several phenomena on financial markets will be hard to understand.”

You choose not to proceed in academia.

Do you think that doing a PhD is still worthwhile?

“Definitely! I did a PhD after my Masters and think that is one of the best investments I have made. Even when you do not aspire a career in academia, having done research yourself is very useful. It sharpens your analytical skills and will enable you to judge research results presented to you. As a policy maker it is important to be able to get to the heart of the issue, to know the limitations of every research and properly appreciate the results. Economics is not an exact science, so you have to make your own judgments. Being able to form your opinion quickly and to recognize incorrect logic will be a lot easier if you have done research yourself. The generation studying now, will most likely work until they are aged 70, if not longer. They need to invest in themselves; it would be a missed opportunity if they start working at 23 and discover at 40 that they are at the end of their career options. My career shows that it does pay off to invest in yourself and to take a few more years before you join the working force, even if it means you have to pay 20,000 or 30,000 euro’s for your study.”

How do you look back on your time in Groningen?

“The University of Groningen is my Alma Mater and since it was the start of my career I can be nothing but positive. I have enjoyed my time in Groningen, as a student and PhD student, but also as a professor, very much. If time allows me I would be very happy to do something for the university in return.”
Green business
This summer, the Energy and Sustainability Centre was launched, a joint research centre of the FEB and the social and spatial sciences faculties in Groningen. An important step towards a green economy? We talk to the centre's director, prof. Bert Scholtens.

You are the director of the Energy and Sustainability Centre (ESC). What is the goal of this centre?

“One of the great challenges we face, is how to get to a greener, more sustainable and energy-efficient economy. This is important because we want to mitigate climate change and switch from depletable fossil fuels to renewable energy sources. However, the policies to achieve this goal have been unsuccessful so far and I believe this is because they do not mesh with human behaviour. Most policies have taken a top-down and very technical approach to reducing emissions and stimulating renewable energy sources, while ignoring how people and firms make decisions in real life.

That is why in the newly founded ESC, we take a cross-disciplinary approach. The centre includes a broad range of economics and business researchers, but also researchers in social psychology (Linda Steg and her team) and spatial sciences (Gert de Roo and his team). In contrast with most research in energy and sustainability, we take an integrated approach to markets, firms, households and the landscape. For example, we study how to move to a more renewable energy system. The starting point is technical innovations that allow for more decentralized production and distribution of energy that connects with local and regional energy projects based on biogas, renewables, and excess heat. While such a decentralized system is technically feasible, we want to know how such a system can be realized in practice, taking into account economic, social and spatial challenges. What are the consequences for energy supply and demand? Will this be socially acceptable? What incentives are needed for firms and households to stimulate this development?

More in general, the research in the centre will focus on the interaction of energy and sustainability issues with firm and consumer household behaviour, policy and accounting for the spatial dimension. In some cases, energy and sustainability are connected, for instance in research on solar and wind energy or energy efficiency. But in most cases, they are very distinct and unrelated and that is fine with us. There is no need to force the research to focus on the combination of the two. More broadly, there is not a great deal of centralized direction of the ESC. I see it more as a forum to connect a diverse array of researchers and bring the two together where possible. For instance, marketing researchers at the FEB, such as Wander Jager, can benefit from insights of social psychologists on energy and sustainability issues, while those psychologists can in turn benefit from the expertise of marketing. Furthermore, the ESC banner can serve as a useful point of recognition for those outside university, such as policy makers, firms and civil society.”

Key publications
B. Scholtens, R. Wagenaar (2011), Revisions of international firms’ energy reserves and the reaction of the stock market, Energy, 36, 3541-3546.
Is the ESC mostly focused on academic research or on a broader societal impact? How do you try to combine these aspects?

“We are academic researchers first, so our point of departure will generally be to increase knowledge and understanding. But given the topics the ESC deals with, it goes without saying, that the impact on society is never far from view, as both energy and sustainability are inextricably linked with external economic effects: the actions of firms and households in this area have almost inevitable effects on others. But of course, the impact of our work on policy and the broader society should be stimulated too. We are already involved in industry-university partnerships as part of the Energy Delta Gas Research (Edgar) program and we try to team up with different European Framework Programmes to strengthen the policy relevance of our work. In addition, we are developing an expert panel to build bridges to civil society and the media. This expert panel is being jointly developed with the other two research centres in the university on energy and sustainability, ESRIG (Energy and Sustainability Research Institute Groningen), the research institute from the Science Department and GCEL (Groningen Centre for Energy Law), the energy research centre in the Faculty of Law. The expert panel should be active by spring 2012.”

How does your own research and research agenda fit into ESC? Can you discuss some recent related research and/or planned research of your own?

“I try to focus on the themes of FEB’s research programme on Economic, Econometrics and Finance as much as possible, but always connect this with my expertise in finance research. For example, together with Lammertjan Dam and Michael Koetter, I study the efficiency of environmental and social policies of firms in the manufacturing industry. Our main aim is to find out why firms engage in socially responsible behaviour. They could be doing this as a form of window-dressing (‘greenwashing’), so announcing socially responsible policies but carrying on with business as usual. We find, though, that firms implementing socially responsible policies suffer in terms of higher costs and lower profits. These firms are not altruistic either; we conclude that they implement these policies to appeal to the environmentally conscious consumer.

With scholars from the University of Saint Andrews and Hitotsubashi in Tokyo, I investigate energy intensity and firm performance. Here, we analyse the relationship between energy return on energy investment in relation to financial performance measures and assess the sensitivity of firms to particular types of energy inputs (prices and volumes).”
Wander Jager – associate professor in marketing

“One of the key challenges in energy research is unraveling the processes that hamper or stimulate the diffusion of new technologies among consumers. Social forces are critical here, as information – correct or incorrect – spreads through social networks and normative influences define the “coolness” of a new technology. People are different in how they are influenced by social networks, and sometimes a single person can have a strong impact, e.g. Jeremy Clarkson of Top Gear reviewing electrical cars.

I study the often-unpredictable turbulences in such social systems using agent-based simulation, a technique that simulates the behavior of an artificial population of consumers in a virtual environment.

I run simulations that identify and manage the social dynamics of technology diffusion based on empirically fed models. In the Honours Bachelor course of Sustainable Markets, I confront the students with the multidisciplinary nature of sustainability research. In a field project associated with this course the students investigate the possibilities of using social forces in stimulating the diffusion of energy saving techniques, this in collaboration with a municipal government. This research falls under both the ESC and the Groningen Center for Social Complexity Studies (www.rug.nl/gcscs/index), which studies the dynamics of social systems ranging from bird flocks to city planning.”

Linda Steg – professor of environmental psychology

“The research group of environmental psychology studies the interaction between people and their environment, whether this is the natural or man-made environment. We study how the environment influences our wellbeing and behaviour and, in turn, how behaviour could be changed to improve the quality of the natural environment. More specifically, we look at factors that influence energy usage of households; the effects and acceptance of government energy policies; and the effects of a transition to new energy sources on the quality of life of those involved. In our research, we look at for instance the adoption of renewable energy sources, such as solar or wind power; investments in energy-saving technologies, such as ‘smart’ energy meters or low-energy appliances; and energy-saving behaviour, such as dialling back the thermostat on the central heating system. Much of this research is done in multi-disciplinary teams, amongst others with economists. In such collaborations we look at, for instance, the importance of financial versus intrinsic motivations in saving on household energy use and finding out under which circumstances financial incentives are effective and when other, more normative, instruments work better.”

Peter van Kampen – SOM Applied Research

“The research done under the banner of the ESC is of great interest to academics and policy makers, but can also have implications closer to home. ESC can help us solve applied problems like whether we should invest in solar and wind energy production on our university campus; how we can measure our sustainable effort in terms of economic growth and what should or could be done to make a positive difference, for people in their day-to-day behaviour and for companies in their strategy; is there room for sustainable food production in our Northern region and can we make a sustainable profit on growing raw materials for building/construction materials, clothing and other types of consumption; how do policy makers influence markets and regional economy towards more sustainable investments and growth? This list shows how there is great potential interest in ESC research and SOM Applied Research will actively market the knowledge and research possibilities of this centre.”
How big is China?
Robert Feenstra is a prominent trade economist from the University of California (UC) at Davis. He recently visited the FEB for a specialized research workshop. This visit is part of a broader collaboration with FEB researchers that aims to improve our understanding of income levels and growth around the world.

What does your collaboration with FEB researchers involve?
“Research into the comparative wealth of countries and the size of their economies has been going on for a long time already. Indeed, the International Comparisons Project (ICP) under the leadership of the World Bank has been collecting and compiling data on relative prices, and hence, relative incomes across countries since the late 1960s. But what researchers need is not just a comparison of incomes across countries but also over time. Furthermore, researchers are not just interested in relative income but also in relative production and productivity. Finally, the World Bank results are partly influenced by political considerations, while we strive to provide an independent answer to such sensitive but important questions as ‘how big is the Chinese economy?’ Some fellow researchers and I conclude that, for a variety of reasons, the Chinese economy is actually as much as 50 percent larger than suggested by the most recent official World Bank estimates. So an independent source for cross-country income data has clear value. For years, researchers at the University of Pennsylvania have maintained such a source in the form of the Penn World Tables (PWT). Starting in 2012, the University of Groningen and UC Davis will take over the development of this important database on relative income across countries and over time. I am already working closely with Marcel Timmer and Robert Inklaar at FEB to prepare this handover, which will involve a substantial revision of PWT and an expansion into new areas, such as comparisons of trade prices and productivity.”

Why do you collaborate with Groningen?
“Even though many researchers rely on PWT for their data, the skills and knowledge to maintain and improve such a database is quite scarce. This is in part because developing databases is a bit like a public good: many more benefit from such databases than only the researchers that do the work. But the Groningen Growth and Development Centre, founded two decades ago by Angus Maddison, has turned this scarcity into strength. This group, now led by Marcel Timmer, is stable and vibrant enough to take on such a project and their expertise is complementary to my own. For instance, while my team at UC Davis and I work to develop relative prices of exports and imports, the Groningen researchers focus on developing capital and productivity measures since projects like EU KLEMS have given the Groningen researchers much international credibility in the area of capital and productivity measurement. The ongoing INDICSER and WIOD projects will also be important to, in the future, provide information in PWT on industry-level output and productivity.”

Is there financial support for this work?
“For quite a number of years, the National Science Foundation in the United States has been supporting research papers and workshops on international comparisons of income and prices and we recently received a new grant from them. In addition, the Sloan Foundation has just decided to specifically support the development work for the new PWT that Davis and Groningen have undertaken. This latest grant will enable us not only to do the development work, but also support the users of the data.”

Brief Bio

Robert Feenstra is a distinguished professor of economics at UC Davis and he is the director of the International Trade and Investment Program at the National Bureau of Economic Research (NBER). He is an associate editor of the American Economic Journal – Economic Policy and he has edited the Journal of International Economics. In addition to many scientific articles and books, he is also the author of a successful undergraduate textbook on international economics and a graduate textbook on international trade.

Key publications


In April 2011, Dries Faems joined the Faculty of Economics and Business as professor of Innovation & Organization. Faems is an expert in the field of the management of innovation strategies. Of Belgian origin, Faems gained his university degree as well as his PhD at the University of Leuven and recently made the move to the northern part of the Netherlands.

Why did you choose for Groningen? “I chose for Groningen because the university made me an offer I could not refuse. Moreover, presenting a paper during my first visit to the Innovation Management & Strategy (IMS) department, I was really impressed by the amount and quality of feedback that I received from this group. I was also very excited about the creation of a new track within the research master on Innovation & Organization. For me, this was a clear signal that the Faculty is very committed to the research topic in which I am active. My wife and I also liked the idea of moving to Groningen because we really enjoy the atmosphere of the city. During our first visits to Groningen, it quickly became clear that Groningen is a vibrant student city with plenty of opportunities to go out and enjoy cultural events. In addition, we had the feeling that Groningen will be a very nice environment for our young son to grow up.”

Could you tell us more about your career so far? “In 2001, I received my masters degree in Commercial Engineering from the Katholieke Universiteit Leuven in Belgium. Subsequently, I conducted my PhD research in Leuven on the topic of ‘Collaboration for Innovation: Processes of Governance and Learning in R&D Alliances.’ I finished my PhD in 2006 and started to work as a postdoctoral researcher in Leuven to study the innovation performance implications of alliance portfolios. A year later, I got the opportunity to start as an Assistant Professor at the Faculty of Management and Governance of the Twente University and became Associate Professor in 2009. From April 2011, I started working at the FEB as a Nucleus Full Professor on the chair Innovation & Organization.”

What issues are dealt with in your research? “My research focuses on the organization of collaborative processes in innovation settings. During my PhD research, I focused on exploring the impact of contractual and relational governance strategies on the success of Research & Development (R&D) alliances. In order to do so, I conducted several case studies on R&D alliances in the advanced materials industry. More recently, I started focusing on the governance of collaborative processes when partners shift from an alliance to an acquisition in technological innovation trajectories. For this research, I received a Veni grant from the NWO in 2010. At this moment, I am conducting several case studies in the Netherlands to explore this phenomenon. Apart from conducting case study research, I have also conducted more quantitative research on (i) the impact of R&D alliances on the innovation and financial performance of firms, (ii) the impact of intra-firm collaborative structures on innovation performance and (iii) the impact of human resource practices on the financial performance of SME firms. For this research, I closely collaborated with my former colleagues in Leuven and Twente.

What can we expect of you in the future? From a research perspective, I hope to contribute to building a strong research group on innovation within our faculty that is competitive on an international level, manages to consistently publish in high level journals, and can attract excellent research master students and PhD students. In order to do so, I think it is not only important to stimulate collaboration within our own department, but also to look at interesting linkages with researchers in other departments. I already spoke with some people from the Human Resource Management & Organisational Behaviour department and I noticed that they are also doing a lot of interesting work on innovation. For instance, I was very intrigued by their experimental studies on creativity and innovation at the individual level. At the same time, I see a lot of opportunities for joint research on the topic of alliances and acquisitions between the Innovation Management & Strategy and the Global Economics & Management department. With respect to teaching, I am very happy to be involved in both the Research Master programme at our faculty and the Masters Honours programme at our university. I hope that I will be able to inspire these students and to trigger their interest in research on Organizing Innovation.”
Key publications


Please find below an overview of publications in SOM's top and very good journals and PhD theses in the period May – November 2011.

**Journal Publications**


Miriam Wilhelm

Supply Chain Management traditionally deals with the (vertical) flow of material and information between firms. Very often perspectives on supply chains are reduced to the relationship between one buyer and one seller. In my research, I argue for the need to extend this traditional view to also include relations between firms at the same level. I introduce the notion of horizontal supply chain relations, which refers to the relations between suppliers at the same stage of the value chain that are initiated and managed by a buying firm. Managers should not only acknowledge, but also actively manage such horizontal supply chain relations. This may offer several benefits for a buying firm: Horizontal supply chain relations result in denser network structures that enable a highly efficient exchange of best practices and information. From a research perspective, the concept of horizontal supply chain relations is a promising bridge between analyzing a dyadic buyer-supplier relationship and the overall supply network.

In the paper, I investigate the concept of horizontal supply chain relations in the automobile industry. I chose this industry as an empirical field as it is characterized by vertical and horizontal network structures and suppliers are nowadays creating up to 80% of a car’s value. Using the case of Japanese carmakers I show how buying firms can successfully make use of horizontal supply chain relations to achieve higher levels of network competitiveness.


**PhD theses**

**Karel de Bakker**
Dialogue on risk: Effects of project risk management on project success
Prom./coprom.: Prof.dirr. J.C. Wortmann & Prof.dr. A. Boonstra
Defended on June 9, 2011

**Remco van Eijkel**
Competition and strategic behavior in energy markets
Prom./coprom.: Prof.dr. J.L. Moraga González & Dr. M.A. Haan
Defended on June 9, 2011

**Jan Willem van den End**
Credit and liquidity risk of banks in stress conditions
Prom./coprom.: Prof.dr. J. de Haan
Defended on October 27, 2011

**Rients Galema**
Microfinance as a socially responsible investment
Prom./coprom.: Prof.dr. B.W. Lensink & Prof. dr. L. Spierdijk
Defended on September 15, 2011

**Onur Kilic**
Planning and scheduling in process industries considering industry-specific characteristics
Prom./coprom.: Prof.dr. D.P. van Donk & Prof.dr. J. Wijngaard
Defended on October 10, 2011

**Gerben Meyer**
Effective monitoring and control with intelligent products
Prom./coprom.: Prof.dirr. J.C. Wortmann & Dr. N. Szirbik
Defended on June 27, 2011

**Jochen Mierau**
Annuities, public policy and demographic change in overlapping generations models
Prom./coprom.: Prof.dr. B.J. Heijdra
Defended on September 30, 2011

**Ernst Osinga**
Pharmaceutical marketing: its effects on drug sales and beyond
Prom./coprom.: Prof.dr. P.S.H. Leeflang & Dr. J.E. Wieringa
Defended on June 20, 2011

**Frouke de Poel**
Making a difference. About the mechanisms underlying effective leadership in a change-oriented organizational context
Prom./coprom.: Prof.dr. J.J. Stoker & Prof.dr. K.I. Oudenhoven-van der Zee
Defended on July 11, 2011

**Peter Schuurman**
Understanding objectivity in information system evaluation. Perceptions of information system economics
Prom./coprom.: Prof.dr. E.W. Berghout
Defended on July 7, 2011

**Jasper Veldman**
Process improvement for engineering & maintenance contractors
Prom./coprom.: Prof.dirr. G.J.C. Gaalman, Prof.dirr. J.C. Wortmann & Drir. W. Klingenberg
Defended on September 8, 2011
Occasionally, we would like to share more news with you than the normal half page you find at the beginning of our magazine. In the past months, several FEB researchers have been appointed to various positions and awards were won.

## Grantees

**EU Grant for Marcel Timmer and Bart Los**

Marcel Timmer and Bart Los of the department Global Economics and Management received a EU grant of 60,000 euro to organise a major conference on “The Wealth of Nations in a Globalising World”. This conference will be part of a series of workshops and conferences related to the topic of “Beyond GDP: Measuring Welfare and Sustainability”, a major priority of the European Commission in its Europe 2020 strategy. Many initiatives in this area are being undertaken and the project is meant to invite original contributions to the field which will lead to suggestions both for development of new statistical data and new methodological frameworks.

## Appointments

**Harry Garretsen and Peter Leeflang appointed to editorial board of top journals**

The Journal of Economic Geography has appointed FEB dean and professor of International Economics and Business Harry Garretsen as a member of the editorial board. He joined the board by July 1st, 2011. Recently also Peter Leeflang became member of the editorial board of an international top journal. The Frank M. Bass Professor of Marketing is now part of the board of the Journal of Marketing.

**FEB professors Verhoef and Bijmolt appointed by European Marketing Academy (EMAC)**

The European Marketing Academy (EMAC) has appointed Peter Verhoef as vice president member, and Tammo Bijmolt as national representative of the Netherlands. As vice president member, Peter Verhoef has also become a member of the steering committee of EMAC. The EMAC, established in 1975, is the most important scientific marketing organization in Europe. It organizes a yearly academic conference and publishes the International Journal of Research in Marketing.
Jaap Wieringa appointed Professor of Research Methods in Business

On 1 November 2011, Dr Jaap Wieringa was appointed professor of Research Methods in Business at the department of Marketing at the Faculty of Economics and Business. Wieringa is an expert in the field of pharmaceutical marketing and customer loyalty, among other things, and in both 2009 and 2010 was voted lecturer of the year at FEB.

His research in the field of industrial statistics has been published in the Journal of Chemometrics and Quality and Reliability Engineering International, to name but two. He is co-author of a book in Dutch on the Six Sigma Quality Programme. His articles on marketing have appeared in the Journal of Marketing, the Journal of Marketing Research and the International Journal of Research in Marketing. In 2009, he won the Thomas P. Hustad Award for the best article published in the Journal of Product Innovation Management in 2009.

Paul Elhorst appointed as professor in Regional Economics

On 1 October 2011 Dr. Paul Elhorst of the EEF department of FEB was appointed as professor by special appointment in Regional Economics for a period of five years.

The regional unemployment problem in the North is one of the most important research themes for the chair, which has partly been made possible by the Regional Economics Chair Foundation, set up by the three northern provinces. The chair, previously held by Professor Jan Oosterhaven, forms part of the department of Economics, Econometrics & Finance within FEB. J. Paul Elhorst (1958) studied econometrics and gained a PhD in Economics from the University of Amsterdam; he joined FEB in 1992.

Laurens Sloot professor by special appointment in Retail Marketing

On 1 July, Dr Laurens Sloot (1967) of the Marketing department became professor by special appointment in Retail Marketing at the Faculty of Economics and Business. The chair has been inaugurated by the Anton Dreesmann Chairs in Retail Marketing Foundation. Laurens Sloot’s expertise concentrates on issues of the retail marketing of daily consumer goods, for instance food items and chemist’s products. He researches developments in food retailing, retail branding, the rise of new channels, category management, shopping behaviour and buyer-seller relationships.

Sloot regularly publishes in academic journals such as the Journal of Retailing, the Journal of Marketing Research and the International Journal of Retailing. He is also a columnist for the professional journal Distrifood, and often gives lectures at practitioner conferences, in-company training programmes and open courses for professionals from the retail sector.

Laurens Sloot is also the founder and director of the EFMI Business School, which conducts research and organizes courses for businesses in the food sector.

Paula van Veen-Dirks appointed professor of Management Accounting

On 1 June 2011, Dr Paula van Veen-Dirks of the Accounting department became professor of Management Accounting at the Faculty of Economics and Business. Management accounting is a field focusing on collecting and analysing internal financial and other information that managers in organizations base their decisions on and use to coordinate and manage activities.

Van Veen-Dirks’s academic interest concerns the design and use of management control systems and various types and instruments of performance management. She is specialized in the relationship between strategy and performance measurement, in innovation and changes in management accounting and in the implementation of management control systems within a specific organizational or inter-organizational context.

AACSB accreditation for FEB

After a strict and extensive quality assessment, the international Association to Advance Collegiate Schools of Business, AACSB, announced this month that it will award the Faculty of Economics and Business (FEB) of the University of Groningen accreditation. Less than 5% of the world’s business schools have AACSB accreditation, which is a sign of FEB’s high quality.

FEB Dean Prof. Harry Garretsen was delighted to hear the news: ‘It’s wonderful that we are now receiving objective confirmation that our teaching, research and facilities are indeed of high quality, among the best in the world’, he said in a first response. ‘In addition, we are committing ourselves to the AACSB requirement of continually striving towards further quality improvement. This means that not only our current researchers and students but also those of the future will be guaranteed an excellent learning and working environment.’

Rankings

Economics and Business rises in ‘Shanghai Ranking’ to 76th position

In the Academic Ranking of World Universities (ARWU), a global Top 500 published annually by the Shanghai Jiao Tong University, the Faculty of Economics and Business (FEB) of the University of Groningen strengthened its research position. Groningen now figures at a shared number 76-100 in 2011, rising from a shared number 101 in 2010.

Professor Tammo Bijmolt, director of FEB’s research school SOM: ‘The ‘Shanghai Ranking’ is very influential, so we are very proud that we’ve risen among our colleague economics and business schools. It is also proof of the quality of our staff and research, and a recognition of an increasing number of publications in top journals.’
Awards

Robbert Maseland wins first Gratama Science Award

Robbert Maseland, assistant professor at the Faculty of Economics and Business (FEB), has won the Gratama Science Award 2011. The new EUR 25,000 prize is meant as an encouragement to young scientists. It was presented to Maseland by Jan Gratama, head of the Gratama Foundation, during the Summer Ceremony on 1 July, closing the academic year at the University of Groningen.

The Gratama Science Award will be awarded in alternate years to young and active researchers connected to Leiden University or the University of Groningen. Recipients must have distinguished themselves with innovative, socially relevant and high-profile research. According to the jury, Maseland has made a fundamental contribution to the field of economics by integrating values and norms into economic theory formulation. He ties together insights from sociology and psychology with economic theory, apparently with the greatest of ease, and is no stranger to controversy.

Justin Drupsteen wins EurOMA Award

At the 2011 annual EurOMA conference – Europe’s leading conference on operations management – two FEB PhD students were honored. Both PhD students are part of the research programme OPERA (Operations Management and Operations Research).

Justin Drupsteen received the Harry Boer Best Student Paper Award for his paper “Integrative practices in hospitals and their impact on patient flow”. The award is granted to the best paper written and presented at the EurOMA conference authored by a PhD student. In the paper the integrative practices concerning planning and control in three hospitals are investigated. Contrary to most studies, this study assesses the effects on a patient’s total throughput time performance, rather than performance for a single stage. The study’s results indicate positive effects on patient flow due to information sharing, capacity commitment and integrative planning.

As runner-up Boyana Petkova received the Harry Boer Highly Commended Student Paper Award for her paper Supply chain integration under resource dependence; How powerful buyers and suppliers shape integration as the value of the relationship rises.

Ig Nobel Prize for Debra Trampe

The amusing Ig Nobel Prizes were awarded at Harvard University in October 2011, and research by Dr Debra Trampe of FEB was the winner in the category Medicine. The winning scientific article is about the effect of badly needing to pee on thought processes.

The international Ig Nobel Prizes, awarded every year a week before the real Nobel Prizes, are intended for research that ‘first makes people laugh, then makes them think’.

Best Paper award for FEB researchers

Marketing researchers Peter Verhoef, Tammo Bijmolt and Hans Risselada won the 2011 Best Paper Award of the Journal of Interactive Marketing for their article “Staying Power of Churn Prediction Models”. Their paper focuses on models that predict whether customers will stay loyal to a firm or product, so called churn models. Verhoef, Risselada and Bijmolt especially tested the quality of the models on the long term, or the staying power. The models were tested using customer data of two firms from different industries, namely the internet service provider and insurance markets. An important conclusion is that churn models should be adapted regularly.

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