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Branding, Internationalization and Performance of Restaurant Chains

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**When does franchising boost firm value in the restaurant industry?
The role of marketing intensity and market knowledge**

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Abstract

Every year, restaurant companies try and find new and innovative ways to grow their business. Many companies look towards creating new brands and expanding internationally as a means of achieving this goal, but do multibranding and the scope of internationalization (number of countries) have an influence on firm performance of restaurant companies? We dive into this by looking at data from over 100 publicly traded companies to see what the results show.

The examination period for this study was 1997 to 2019. Data for the 2013-2019 is still being collected. Sample selection started with 118 publicly traded restaurant firms listed under Standard Industry Codes (SICs) 5810 and 5812. Financial data was obtained from CRSP/COMPUSTAT files. Other company-specific data such as number of franchised and company outlets, number of states, and number of countries were hand-collected by authors from firms' annual SEC filings.

The dependent variable in this study is Return on Assets. It is calculated as Net Income divided by Total Assets. In this study the one year forwarded value ($t+1$) is used. The first independent variable is number of brands. It is calculated as the count of brands for each firm in the dataset. The second independent variable is number of countries, which is the internationalization measure in this study. The control variables in this study are leverage, firm age, type of firm (franchising vs. non-franchising), and firm size.

As the opportunity to analyze the data has not been present, there are no finding that can be determined at this moment.