Supervised Machine Learning Approach to Examine the Impact of Digital Marketing Strategy in Franchising

Jun Wang
Monash University
Sudha Mani
Monash University
Bhoomija Ranjan
Monash University

Cite as:
Wang Jun, Mani Sudha, Ranjan Bhoomija (2025), Supervised Machine Learning Approach to Examine the Impact of Digital Marketing Strategy in Franchising. *Proceedings of the European Marketing Academy*, 54th, (125569)

Paper from the 54th Annual EMAC Conference, Madrid, Spain, May 25-30, 2025

Supervised Machine Learning Approach to Examine the Impact of Digital Marketing Strategy in Franchising

Abstract

Digital marketing can improve firm performance, but its effects on franchisees remain unclear. Franchisors' digital marketing strategy may increase their control, leading to conflicts and potential dissolution of franchisor-franchisee relationships. The objective of this study is to investigate the effect of digital marketing strategy on franchise performance, including both franchisor and franchisee performance. Drawing on the motivation-ability framework, we hypothesize that the effect of digital marketing on franchisor performance depends on their motivation and ability. Similarly, the impact on franchisee performance is influenced by governance mechanisms that either demotivate franchisees or enhance their abilities. We assemble a dataset of 121 public franchise firms in the U.S. from 2001 to 2022 and use a supervised machine learning approach to measure digital marketing strategy. Our findings aim to provide guidance on effectively leveraging franchisee relationships.

Keywords: digital marketing strategy, franchise performance, governance.

Track: Business-to-Business Marketing & Supply Chain Management