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Exploring the Use of Managerial Intuition in Retail Site Selection Decisions

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ABSTRACT

This study empirically investigates the process by which retailers make site selection decisions. As Craig, Ghosh, and McLafferty (1984) note in a special edition of the *Journal of Retailing* devoted to locational analysis, “the choice of a store’s location is perhaps the single most important decision a retailer has to make... even slight differences in location can have a significant impact on market share and profitability” (pg. 5). Recent changes in the retail landscape make the continued study of retailer site selection a worthwhile pursuit (Mejia and Benjamin 2002, Wood and Reynolds 2013).

Among the many variables included in contemporary site selection theories, one notable gap is the use of intuition. Most theories rely heavily on quantitative inputs at the expense of qualitative retailer experience. Although many researchers have noted the importance and widespread adoption of managerial intuition in choosing retail sites (e.g. Clarke, Horita, and Mackaness 2000; Hernandez and Bennison 2000; Simkin, Doyle, and Saunders 1985; Wood and Reynolds 2013), few empirical studies consider the construct and those that do tend to examine it in isolation from the other more quantitative variables (for an exception see Blattberg and Hoch 1990). This gap is addressed in the present study.

This study provides empirical evidence as to how managerial intuition, or what is often called retail nose within the industry, is incorporated into the decision making process. Intuition is investigated in conjunction with the more quantitative variables typically used to model site selection and it is found to make a significant, albeit small, contribution to the choice process.

ABOUT THE AUTHOR

Kendra Fowler is an Assistant Professor of Marketing at Youngstown State University, Youngstown, Oh, USA. Before obtaining her Ph.D. in Marketing at Kent State University, she was the senior marketing research analyst for a daily newspaper and worked as a freelance research consultant. Her primary teaching and research interests include services marketing and retailing.