Customer Relevance and the Cost of Over-Standardization

Standardization creates value.

It simplifies operations, improves buying leverage, reduces complexity, and helps organizations scale more effectively.

The challenge is not standardization itself.

The challenge is believing that every store, every customer, and every community should look the same.

Most retailers have a core assortment that belongs everywhere. These products drive a significant percentage of sales and benefit from the efficiencies that scale can provide.

The opportunity often exists in the remaining portion of the assortment.

A relatively small number of products can communicate that a retailer understands the specific customers who shop a particular store. Local demographics, cultural preferences, regional tastes, and community needs do not require a complete reinvention of the assortment. They require thoughtful attention.

When organizations become overly focused on efficiency, customer relevance can slowly erode. Stores begin to look increasingly similar. Assortments become less reflective of the communities they serve. Customers may not be able to articulate exactly what is missing, but they often recognize when a retailer no longer feels like it was built with them in mind.

The strongest organizations balance efficiency and effectiveness.

They standardize where standardization creates value and localize where localization strengthens customer relevance.

The objective is not more complexity.

The objective is more meaningful complexity.