Wawa Food Market: Making Convenience Fresh and Inviting

While Wawa Food Markets can only be found in 5 states, it is one of the top convenience stores in the US. Serving over 195 million cups of coffee and 52 million built-to-order hoagies (wedge, grinder, sub, hero, insert your regional name here) annually, this retailer clearly goes beyond the traditional convenience store. With 575 stores today, Wawa is continuously expanding, both filling in its current markets as well as expanding into new states. Wawa also invests a great deal in their stores with continuous innovation, renovation, and new product selections. This report outlines some of the interesting and unique characteristics of Wawa Food Market that make it a loyal destination for millions of loyal customers.

Key Points to Consider

- Converging channels to create a fresh convenient experience
- “Coffee Unplugged” makes Wawa more environmentally conscious
- Increasing private label penetration while maintaining national brand presence

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The Ultimate in Convenience

Wawa is the third largest US convenience store retailer (RNG 2010E sales) and operates in three different business segments: convenience, foodservice, and the fuel business. While this channel convergence is one of Wawa’s most unique and profitable characteristics, it also poses a constant challenge to the retailer. Wawa must create and maintain an atmosphere that is fresh and inviting while also remaining a full service convenience store.
Thus, Wawa uses essential techniques to lure shoppers past the “not so fresh and inviting” fuel stations, cigarettes and automotive products. To do this, Wawa stores feature warm colors, upscale lighting, wide open aisles, and various fresh fruit and vegetable displays. Wawa’s fresh and ready-to-eat food makes it so shoppers do not have to compromise quality for quickness.
In addition to the fresh cut fruit and vegetables, Wawa offers shoppers a full deli equipped with touch screen ordering kiosks. While these kiosks are by no means new additions to the Wawa ordering process (established across stores in 2002), they personalize the Wawa experience as well as allow Wawa to track deli sales and inventory.
Wawa’s Full Service Deli with Touch Screen Ordering Kiosk

All of the typical convenience store products are found near the entrance of the store. Thus, the warm and attractive feel is used to draw customers towards the back of the store where they will find the fresh assortment of food.
Automotive and “Wellness Center” Products Found Near the Entrance along the Racetrack

In an effort to maintain the balance between a typical convenience store and a foodservice provider, Wawa has refused to sell lottery tickets in its Pennsylvania stores for the past two decades. Recently however, Wawa agreed to install self-service lottery ticket kiosks in all of its PA stores by spring 2011. According to the PA Governor, the installation of these Play Central Terminals in Wawas throughout the state could boost lottery ticket sales by as much as $37 million annually.

Coffee Unplugged

Wawa entered into a new era of coffee with the introduction of newly designed coffee stations. Innovative thermal coffee containers replaced glass coffee pots. This transformation was intended to reduce waste, conserve energy, and improve the quality and freshness of the coffee. Now, Wawa is able to serve fresh, hot coffee at any time throughout the day (most Wawa stores are open 24 hours a day). Wawa held “Brew Tours”, or specialized events, in the first Wawas to convert to the “Coffee Unplugged” concept in each of its five markets.
Old Coffee Pots
Success of the Wawa Brand

Wawa continuously experiments with new branded products, having added over 100 new Wawa branded SKUs over the last few years. Dating back to the 1900s, the Wawa brand is very well known and admired by Wawa shoppers. Despite this rapid penetration of private label products, Wawa's head of consumer insights and brand strategy, Lisa Wollan, claims that “national brands will always have a place [in Wawa]…We have three buckets: national/regional brands, our own brand, and control brands that are not really recognizable brands.” Wollan continued to state that “Our foodservice products will always be our own brand.”

The Wawa branded beverages began with milk and now include bottled water, teas, juices, and energy drinks. Despite the presence of Wawa private label beverages, Wawa also carries the biggest national branded beverages.
Wawa displays its private label alongside national brands, and seems to reserve certain price points for private label. For example, Wawa branded bottled water is on sale for only 99 cents and national branded tea is 20 cents more expensive than Wawa branded tea.
While Wawa prominently displays national branded soda beverages, they also heavily market their Wawa soda fountains with large, vibrant signage.

Thus, while Wawa is definitely *brand friendly*, their clever marketing and pricing strategies enhance the Wawa private label brand.
Conclusions & Implications to Retailers and Suppliers

With some of the most loyal customers, Wawa is positioned to continue to grow and to continue to strengthen the Wawa brand. With its unique convergence of convenience, fresh and prepared food, and fuel services, Wawa takes convenience to another level. Unlike some traditional convenience stores, Wawa maintains a feeling of freshness and cleanliness while still providing fast and convenient services. Their goal of upholding quickness without sacrificing quality has been successful across its 5 states. It will be interesting to see if Wawa can gain the loyalty and respect of shoppers in other states as it begins to expand into new markets (plans to enter Florida by 2012).

Retailers:

• The addition of fresh and prepared foods and coffee into convenience stores is beginning to become the norm across the channel. As shoppers are constantly looking for ways to simplify their lives, convenience stores like Wawa are a perfect one-stop-shop for fuel, snacks, and a fresh, yet quick, and maybe healthier meal.

• Maintaining all the perks of a convenience store while also creating a fresh and inviting atmosphere is a difficult task for retailers as the perfect balance is often difficult to strike.

Suppliers:

• As the Wawa brand continues to expand and strengthen, suppliers must be aware of their pricing and marketing strategies in order to successfully compete with them.

• Suppliers should take note of Wawa’s private label strategies. Instead of expanding across all product types, Wawa carefully experiments in various categories before creating a private label product.

• The Wawa brand has proven to be very strong and draws many loyal followers. Thus, it might be more successful for suppliers move towards product categories that Wawa has chosen not to enter with its brand.

As always we appreciate your comments and feedback
Let us know what you think!

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