

Think Local, Act Local

Wawa's significance in Philadelphia illustrates the importance of market-level information



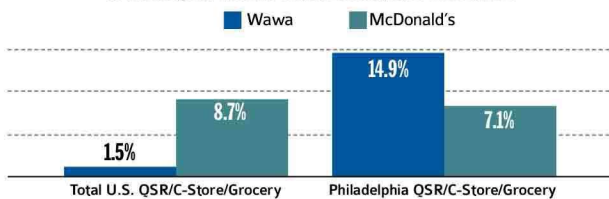
By **Bonnie Riggs**
Restaurant Industry Analyst,
The NPD Group
www.npd.com

Convenience store foodservice operations and restaurants face different competitors locally. To illustrate, the food-forward Wawa convenience stores have a low 1.5-percent national share; however, within the Philadelphia market, Wawa's importance is large — far exceeding that of McDonald's. This makes Wawa a formidable competitor in Philadelphia, and quick-service restaurants (QSRs) and other convenience store operators



Market Share of Prepared Food/Beverage Visits (% Visit Share)

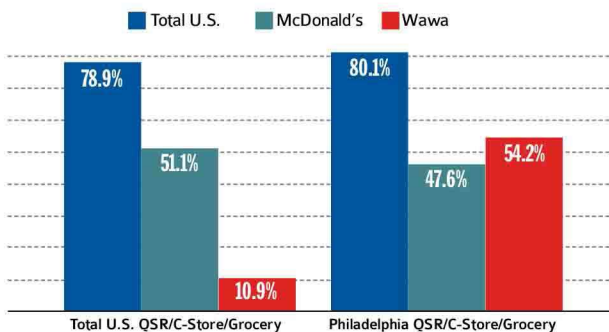
In Philadelphia, Wawa's share is twice that of McDonald's.



Source: The NPD Group; QSR Plus Retail Market Monitor

Market Penetration (% Penetration)

More than half of the DMA visits Wawa during the average month



Source: The NPD Group; QSR Plus Retail Market Monitor

need to recognize this to grow share in that market.

More than half of Philadelphians visited Wawa in an average four-week period, which is more than McDonald's reaches in the same time period. Furthermore, McDonald's attracts fewer customers in Philadelphia than its national average because Wawa is so strong. McDonald's, other QSRs and other c-store operators are challenged to compete against Wawa if they are to build their share in this market.

HIGH REPEAT BUSINESS

Not only does Wawa reach so many Philadelphians, but it also has high repeat. The typical customer reached by Wawa visits the chain a bit more than once a week (4.5 times over a four-week period).

There is a sizeable segment of Wawa customers who visit much more frequently. Close to one-fifth of consumers in Philadelphia visit Wawa 10 times in a four-week period — more than twice a week. Wawa's strong standing is supported by a large group of highly loyal customers.

QSRs and c-store operators will benefit from a greater understanding of the preferences of Wawa customers. Knowing the competition's areas of strength identifies how to defend against important competitors, pointing to defensive actions operators can consider as a means to entice Wawa customers back to



their stores.

One out of every four breakfast visits and nearly as many p.m. snack visits are satisfied by Wawa. Wawa has to compete more heavily at lunch and particularly at dinner than it does for breakfast and snacks. Still, with the exception of the dinner occasion, Wawa satisfies an impressively high share of its customers' meal needs.

KEY COMPETITORS DIFFER BY OCCASION TYPE

Dunkin' Donuts is a major competitor of Wawa for the breakfast and snack occasions, while McDonald's interacts with Wawa customers especially at lunch, and ShopRite is a preferred place for purchasing dinner meals by Wawa customers. Wawa is competing against grocery stores like ShopRite on one-stop shopping, the feature that makes a grocery store a good choice for picking up dinner on the way home. This demonstrates that Wawa needs to evaluate the meal situation to compete effectively.

Wawa competes with all other channels, with traditional QSRs receiving the bulk of their prepared meal purchases. However, the strong loyalty to Wawa is reflected in its buyers' considerably higher share of all meal needs given to the c-store channel vs. what is typical of all c-store customers.

LOCAL MARKET INFORMATION

Opportunities emerge from understanding where customers buy types of foods. Wawa's hoagies, burritos, other sandwiches, and coffee are strong draws for visits. The competition is able to satisfy Wawa customers' interests in chicken, Italian and Mexican foods. These would be food areas Wawa should develop, which could improve purchasing at dinner time, according to NPD's QSR Market Monitor.

NPD's QSR Market Monitor measures competitive strength, tells operators how their customers feel about the chain, diagnoses the current situation, and offers direction.

Wawa's Heavy/Medium/Light Users

Just under a third of Wawa's buyers account for more than two-thirds of visits where prepared food and beverages are purchased.

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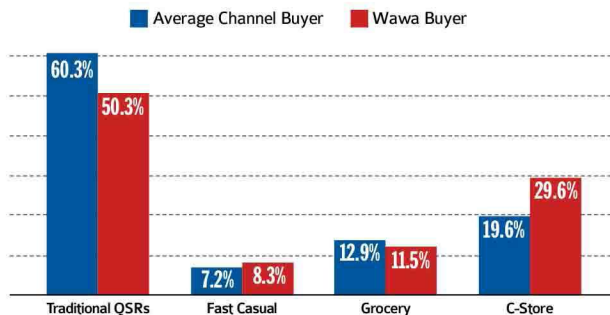


Source: The NPD Group; QSR Plus Retail Market Monitor

Visit Distribution by Channel

Wawa buyers are more loyal to c-stores than the average channel buyer.

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Source: The NPD Group; QSR Plus Retail Market Monitor

Strengths, weaknesses, and areas of vulnerability of a brand cannot be fully understood with only a national view. For convenience store foodservice operators, it's the restaurants down the road and local preferences that affect their daily business. As the most local of all businesses, foodservice operators need market-level information to inform their marketing and advertising decisions. **CSN**

