WAWA
REDEFINING CONVENIENCE

QUICK FACTS

Industry
Retail

Revenue
US$6.0 billion

Employees
17,000

Headquarters
Wawa, Pennsylvania

Web Site
www.wawa.com

SAP® Solutions and Services
SAP® ERP application, SAP for Retail solution portfolio, SAP NetWeaver® technology platform, SAP NetWeaver Business Warehouse component, SAP NetWeaver Business Warehouse Accelerator software, treasury applications from SAP, SAP Collaborative Project Management application, SAP Supply Chain Management application, SAP Forecasting and Replenishment application, SAP Extended Procurement for Retail and Wholesale Distribution package

Since opening its first convenience store in 1964, Wawa Inc. has expanded to over 570 locations across five mid-Atlantic states. Today, with products ranging from award-winning coffee and sandwiches to pay-at-the-pump gasoline, Wawa is a regional icon. When the company's disparate legacy systems could no longer support this rapidly growing business, Wawa executives decided to fuel new revenue growth and manage their costs more efficiently with SAP® software optimized for the retail industry.

Key Challenges
- Support growth with integrated processes across 3 distinct businesses
- Improve cost management and business analysis with 1 version of the truth
- Maximize square foot profitability through assortments and clustering
- Enable customer focus by store associates
- Empower store managers to drive efficiency
- Replace complex, disparate legacy systems

Implementation Best Practices
- Focused on active executive engagement
- Established a program management office
- Defined project deliverables clearly
- Partnered closely with SAP to leverage technology and implementation expertise
- Executed an extended pilot in 50 stores

Financial and Strategic Benefits
- Enhanced visibility of business operations
- Better decision making with better data
- Automated business processes
- Better yield management in food services
- More efficient distribution and stock levels
- Lower store labor costs
- Improved visibility to shrink and spoilage management
- Annual inventory savings of approximately US$1.3 million
- Merchandising based on buying habits
- Enablement of direct product profitability
- Improved inventory management

Why SAP Was Selected
- Breadth and fit of software offering matched Wawa's needs
- Superior integration across SAP® modules (enterprise resource planning, supply chain management, and retail)
- SAP's commitment to the retail industry
- Cost-effective upgrade strategy
- Extensive SAP ecosystem and partners
- Strong customer references

Low Total Cost of Ownership
- Replaced multiple legacy systems
- Simplified IT infrastructure
- Reduced the cost of information management, adding $250,000 annually to net income

Projected Operational Benefits

Key Performance Indicator	Impact
Increased sales due to better store order management	+1.5%[1]
Increased sales due to better foodservice management	+1.5%[2]
Increased sales due to better category management	+1%[3]
Increased gross margin	+.35%[3]
Increased rebate collections	+1%
Reduced project cost overruns	−25%

1. All categories except foodservice, tobacco, and some drink products
2. Hot and cold foodservice categories
3. Non-foodservice categories

> "As our competition heated up, we needed to be a more process-centric organization. Wawa's success depends on self-discipline, self-reliance, and the ability to glue our three business segments together."
>
> **Howard Stoeckel,** CEO, Wawa Inc.

Stiff Competition in a High-Volume World

For millions of regional customers, a trip to the local Wawa is a daily event. Wawa Inc. – headquartered in suburban Philadelphia – is a chain of 570 convenience stores famous for its freshly brewed coffee and made-to-order hoagie sandwiches. However, as John Baldino, the company's enterprise director of program management, explains, "Wawa is really three distinct businesses under one roof. We are a convenience store, a foodservice business, and a fuel business."

Wawa has expanded dramatically in recent years. "But the bad news," says CEO Howard Stoeckel, "is now everybody wants to be in convenience." These days, the company's high-volume business segments face increasing pressure from a growing number of hungry competitors – from fast-food vendors to drugstores. To serve up continued revenue and profit growth in this environment, Wawa executives knew they had to replace the legacy "spaghetti architecture" that stifled their IT systems.

SAP® Software Is the Enabler of Change

To help Wawa become more process-centric, the company's executives chose the SAP® ERP application, software from the SAP for Retail solution portfolio, and the SAP NetWeaver® technology platform. The software's superior integration and SAP's commitment to the retail industry were key factors in their decision.

Wawa established a program management office to shepherd the effort and to ensure that the implementation started with clearly defined objectives and clean master data. Wawa went live with financials first, then piloted the retail solution in selected stores before an enterprise-wide rollout.

Richer Data and Improved Processes

Company executives now enjoy a deeper view of the business along with their morning cup of Wawa coffee. With visibility down to the category and item level, managers can focus on key retail concerns such as store stock levels, product costs, spoilage, and shrinkage.

This richer information enables better-informed decisions across the organization. In foodservice, for instance, Wawa has the tools to fully analyze the demand and yields for specific recipes and menu mixes. Greater control over total quantities and individual portioning has delivered an estimated US$4 million annual impact on the business. In another example, a single change in the distribution strategy for Wawa-branded nuts saved the company $1.5 million.

Wawa also optimizes inventory control by leveraging insights about customer buying habits. This reduces out-of-stock situations and enables the company to respond effectively to seasonal needs, such as the increased holiday demand for film and batteries. "SAP helped us to think of our processes as end-to-end and to see the interconnections between those processes and the business areas," says Baldino.

Wawa is simplifying the daily lives of customers and employees alike. In the past, associates preparing store orders roamed the floor with clipboards. Today, all Wawa stores use a single, automated ordering system. Moreover, improved processes streamline the management of highly regulated categories such as tobacco. As a result, the company estimates that store labor costs have decreased by an average of $715,000 a year.

The Future of Convenience

At Wawa, where most stores are open 24 hours a day, 365 days a year, process improvement doesn't take a rest either. Currently the company is seeking further benefits through revenue optimization, space optimization, and direct product profitability. Looking forward, Stoeckel only sees more of the same. "At Wawa, we fully expect to continue transforming our business for decades to come."

THE BEST-RUN BUSINESSES RUN SAP™

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