

Kwik Trip rolls out take-home meals, continues expansions in rural Wisconsin

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Kwik Trip's latest product line, in an increasingly competitive convenience store sector, arrives Thursday with the introduction of take-home meals — an innovation sparked by a customer base adjusting to a COVID-influenced world.

The La-Crosse based convenience store has 12 options ready to go so far ranging from chicken enchiladas to meatloaf that can be heated up in the microwave in about 2 minutes. They will be available in all Kwik Trip stores.

“It’s our expectation that you’re going to see a lot of restaurants not survive the pandemic,” said John McHugh, director of communications at Kwik Trip. “We think that the consumer is going to be a little less inclined to go to a sit down restaurant for a meal. They’re going to be worried about safety, social distancing, and yet, we know that there’s a large percentage of consumers that ... don’t like to cook. Or there’s a certain percentage of people that frankly don’t know how to cook.”

The take-home meals have been available in about 40 of the 723 stores for the past year after using a former restaurant facility as a test kitchen. The new kitchen facility in La Crosse came online on Sept. 14.

This is just more good news for the La Crosse-based convenience store that’s having it’s “best year ever,” according to McHugh, despite the global pandemic and recession. Earlier this summer, Kwik Trip announced it will acquire Madison-based

convenience store operator Stop-N-Go. Kwik Trip also acquired 34 PDQ Food Store locations, a convenience store chain based in Middleton, in 2017.

But other convenience store chains are expanding in Wisconsin, too.

Casey's General Stores also thrives in small towns by providing groceries, fuel and household items. Casey's, which is known for its pizza, has had its own recent success stories. Out of 2,200 stores in 16 midwestern states, 53 stores are in Wisconsin.

Eau Claire saw the most recent store opening — on June 25, and Casey's spokeswoman Katie Petru said more stores are on the horizon beginning in 2021. Prior to the Eau Claire facility a big location was opened in Blue Mounds, between Madison and Dodgeville. She added it was an ideal market due to location and guest demand.

Hart Posen, a UW-Madison professor who specializes in retail strategy, said Kwik Trip is "remarkably innovative" compared to smaller, independent rivals due to a variety of attributes, including its centralized production of the store's key products.

"This scale, efficiency, and quality led to rapid growth before COVID, and it is an even bigger advantage today," Posen said.

Convenience stores that offer fresh food, such as Kwik Trip, are filling a gap in the rural marketplace where the number of grocery stores have been declining, according to Posen.

McHugh attributes Kwik Trip successes to innovation.

“In our industry, we’re known as the innovator,” he said. “A lot of that is really dependent upon our vertical integration. That makes a difference for us.”

Traditionally, convenience stores depended upon two sources of income: tobacco sales and fuel. In 2002, Kwik Trip changed its business model after seeing tobacco sales decline and recognizing that it didn’t have control over fuel pricing.

It began providing commodities like eggs, milk, butter and bananas at a low price for the average family. Families do major grocery shopping trips every two weeks, but often run out of those perishable items between shopping trips.

Kwik Trip has its own dairy, sweet goods, and bread production as well as distribution out of La Crosse, allowing it to compete on price with grocery stores by cutting out the middleman.

McHugh said that Kwik Trip is complementary to grocery stores rather than competitors, because the convenience store doesn’t have the selection that larger grocers offer.

“You can go any place for gas, but we’re finding ... the consumer doesn’t simply want a tank of gas, but they also want to be able to come into the store and get some of the things that they need tonight at home, whether that’s milk or eggs,” he said.

Additionally, Kwik Trip is known for its cleanliness and for being a quick trip — the

average person is only in the store for about 2 minutes, McHugh said. He argued that low prices, clean spaces and limited exposure drew in consumers and resulted in “a huge spike in our commodities.”

Kwik Trip concentrated on nothing but making loaves of white bread as it flew off of the shelves at the start of the pandemic, McHugh said. Milk sales also went up substantially, and instead of more single servings of milk, Kwik Trip shifted to more gallons and half gallons.

Ice cream sales went “through the roof,” he added. Kwik Trip has plans in place for 2021 to expand its dairy plant, specifically the part of the dairy that makes ice cream. Those plans are still in development.

While McHugh said there’s no profitability or even guest count difference between its urban and rural markets, Kwik Trip has been stressing building in rural areas, specifically in small towns. He calls them “food deserts” — where neighborhood grocery stores have gone out of business.

“We just think it’s a community need,” McHugh said. “Some of the small communities, you have an elderly population. They don’t feel comfortable driving 35 minutes to the next biggest town for their groceries; they just don’t. So if we can provide something that helps the social fabric of those small towns still exist, because a small town needs a grocery store, it needs a place where you can get the bread, eggs, milk, butter, steak. For the social fabric of Wisconsin, if we can keep small towns alive by our presence, that’s a value for us.”

He added that Kwik Trip has been looking at the rural market in Wisconsin because it’s gone well for the company in northern Iowa. Kwik Trip has 127 stores in the Hawkeye State.

Kwik Trip has to stay within a 300-mile radius of its 140-acre La Crosse campus to be able to meet current store demands and stores coming online in the next five years. Casey's however, is not limited in its expansion based on distance to a production facility. Stores that offer its signature homemade pizza, subs and donuts make them in the store.

Sparked by the COVID-19 pandemic, Casey's has increased wages for its employees by \$2 per hour in late March and expanded delivery services to nearly 60 of its stores for pizza, grocery and other household items to suburban and rural communities. On Sept. 1, it launched curbside pickup through its app.

"Safety was our top priority," Petru said. "We put in many new safety measures to keep our teams safe. We also accelerated projects like our expansion with DoorDash and curbside delivery to give our guests more choices."

-By Stephanie Hoff

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