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# BJ's Restaurants, Inc. (BJRI) Q2 2025 Earnings Call Transcript

Jul. 31, 2025 9:13 PM ET | **BJ's Restaurants, Inc. (BJRI) Stock** | BJRI

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## Q2: 2025-07-31 Earnings Summary

Insights



EPS of \$0.97 **beats by \$0.25** | Revenue of \$365.60M (4.48% Y/Y) **beats by \$1.84M**

BJ's Restaurants, Inc. (NASDAQ:[BJRI](#)) Q2 2025 Earnings Conference Call July 31, 2025 4:30 AM ET

### Company Participants

Bradford Richmond - Interim Chief Executive Officer

Lyle D. Tick - CEO, President & Director

Rana Schirmer - Director of SEC Reporting

### Conference Call Participants

Alexander Russell Slagle - Jefferies LLC, Research Division

Brian Hugh Mullan - Piper Sandler & Co., Research Division

Jeffrey Andrew Bernstein - Barclays Bank PLC, Research Division

Jon Michael Tower - Citigroup Inc., Research Division

Sharon Zackfia - William Blair & Company L.L.C., Research Division

Todd Morrison Brooks - The Benchmark Company, LLC, Research Division

### Operator

Good day, and welcome to the BJ's Restaurants, Inc. Second Quarter 2025 Earnings Release and Conference Call. [Operator Instructions] Please note that this event is being recorded.

I would now like to turn the conference over to Rana Schirmer, Director of SEC Reporting. Please go ahead, ma'am.

**Rana Schirmer**

Thank you, operator. Good afternoon, everyone, and welcome to our fiscal 2025 second quarter investor conference call and webcast. After the market closed today, we released our financial results for our fiscal 2025 second quarter. You can view the full text of our earnings release on our website at [www.bjsrestaurants.com](http://www.bjsrestaurants.com).

I will begin by reminding you that our comments on the conference call today will contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements are not guarantees of future performance and that undue reliance should not be placed on such statements. These statements are based on management's current business and market expectations, and our actual results could differ materially from those projections in the forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements or to make any other forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the securities laws. Investors are referred to the full discussion of risks and uncertainties associated with forward-looking statements contained in the company's filings with the Securities and Exchange Commission.

We will start the call today with prepared remarks from Lyle Tick, our Chief Executive Officer and President; followed by Brad Richmond, our Adviser to the Chief Executive Officer. We also have Daniel Doran, our Senior Vice President of Strategy and Financial Planning and Analysis, on hand for questions, which we will take after our prepared remarks.

And with that, I will turn the call over to Lyle Tick. Lyle?

**Lyle D. Tick**

Thank you, Rana. Good afternoon, everyone, and thank you for joining us today.

Q2 was another strong quarter for the business with continued top line growth and improved profitability. Importantly, our progress is successfully balancing our short and long-term strategic initiatives. Underpinning all of our work is an unwavering focus on the guest and team member experience. Specifically, we delivered 2.9% comparable sales growth, driven by 3.3% in traffic growth, which underlines the continued resonance of the brand, particularly during our critical celebration season.

Restaurant-level cash flow margins of 17% and adjusted EBITDA margins of 11.5% represent year-on-year improvements of 150 basis points and 120 basis points, respectively, reinforcing the continued progress we're making building the foundations of sustainable and profitable growth.

As I reflect on our progress and where we are in our journey, my first 9 months have been about solidifying the foundations of the business and setting the stage as we begin to implement and drive our longer-term strategic initiatives in the back half of 2025 and into 2026.

We've clarified our brand positioning and established our 4 strategic priorities focused on the team member experience, our handcrafted food and beverages, delivering WOW hospitality and keeping BJ's atmosphere fresh. This strategic focus has helped us prioritize the key opportunities that matter most for BJ's.

We've built momentum with the compelling value of the Pizookie Meal Deal and kept our brand relevant in the cultural dialogue with the Pizookie Platter, the Snickers Pizookie, Fryckles and more. Most importantly, our gold standard of operational excellence has been the engine behind it all, allowing us to wow more guests than ever during the all-important celebration season in Q2. We're operating more efficiently and effectively across all of our restaurants, setting the foundation for profitable future growth.

As I look at the results and drivers, my confidence continues to grow in the resilience of our progress. Looking at the first half of 2025, a few things jump out. First, our traffic growth has been seen throughout the business regardless of how you slice it. Second, our sales and traffic growth has been very consistent outside of clear macro factors such as the impact of weather earlier in the year.

Third, our margin expansion has been broad-based and driven by operating our restaurants more effectively and efficiently as reflected in our NPS scores, which continue to be at multi-year highs, while our comped meals are simultaneously down significantly. Finally, our manager and team member retention continues to improve significantly year-over-year and be ahead of industry norms and ahead of our own 2019 levels.

Specifically in Q2, the 2.9% comparable sales growth was driven by strong performance throughout the quarter, including a record-breaking Mother's Day and week, where the company broke 82 sales records, followed on by a strong Father's Day. The Pizookie Meal Deal continues to resonate with guests, providing a great value and accessible everyday splurge opportunity, driving increased traffic, recruiting new guests and driving frequency with existing ones.

The marketing team has done a nice job leveraging the power of the Pizookie driving traffic and engagement. Our limited time Snickers Pizookie was a standout success, ranking among our top 3 selling seasonal Pizookies of all time. It also became a major PR win, generating 5.8 billion earned impressions and strong engagement across social and traditional media.

Lastly, our continued focus on in-restaurant large parties aligned with our social splurge occasion focus drove a 42% increase in seated reservations compared to Q2 last year. On the margin side, our operations teams have made great progress and are focused on improving what we call the table stakes, which are the foundations of great operations and hospitality. We continue to focus on helping our team members be more effective and efficient to enable better execution and higher guest satisfaction.

As I mentioned earlier, we've seen the benefits of these efforts in our growing NPS and reduced comp meals. A few areas of operational progress I would call out for the last quarter. First, we continue to push forward with practical improvements to our POS and KDS systems, removing unneeded force modifiers, which reduce overall clicks and minimize the opportunity for errors.

These changes are some of the drivers of the double-digit reduction in our comped food and beverage year-over-year and flow directly to cost of sales. Second, we completed the integration of DineTime in our event portal, removing the need for managers to manually input reservations into DineTime. This has made managing reservations and walk-in parties much easier for hosts and guests alike.

Third, we rolled Ferry Express Pay earned wage access, giving our team members access to wages daily if needed. This may seem small, but showcases our team member-first mentality, driving significantly improved team member retention. Lastly, the continued outlier management work has brought more focus to the fundamentals and is lifting all ships. I want to thank our teams from the restaurants through to the support center without whom our results to date would not be possible. The energy, dedication and commitment they show every day give me great confidence in what is yet to come.

Looking ahead, I'm confident in what we have planned for the second half of the year to continue the momentum we have built in the business as we lap strong top line performance in the fourth quarter of 2024. While July got off to a noisy start for the category with July 4 on Friday and record travel, performance has since returned to expectations, much like it did in February and has performed in line with our initial expectations, reinforcing my confidence in the progress we've been seeing in the business and that we are focused on the right things.

We continue to make progress across all 4 of our strategic priorities, and we'll begin to roll out some of our longer-term strategic initiatives as we move through the second half of 2025. Starting with the team member experience. As we look ahead to the second half, there's really 2 main areas of focus. First, the continued journey of making it easier and more enjoyable to work at BJ's for our team members.

As I mentioned before, this will be an ongoing journey led by listening to our restaurant managers and team members. Over time, this will be supported by our menu work as we focus on our core categories and drive greater quality and consistency of execution.

The second pillar here is training. Our team members bring our brand promise to life every day and ensuring they have the training tools and support to do that is a top priority. Our new Chief People Officer, Jen Jaffe, has been partnering closely with our Chief Operating Officer, Chris Pinsak, and our field training team to refine our hourly training systems and relaunch our manager training program at our GM conference in October.

With respect to our menu and handcrafted food and beverage, we continue to make substantial progress. Our menu focus is on our core platforms and brand icons, including pizza, Pizookies, craft beverages and shareables. As part of these efforts, in the fourth quarter, we will roll out a revamp of our iconic pizza platform company-wide. Pizza is part of BJ's DNA, and we believe this is the best version we've ever had, recapturing much of what made BJ's pizza so beloved.

The dough is Detroit style inspired, yet served in a familiar round format using unbleached flower, no preservatives and New York Water, which has the perfect combination of iron and minerals to make a great dough. It's crispy, it's light and it honors the original BJ's inspiration. The sauce is bright, made from 100% vine ripe tomatoes along with oregano, Italian herbs, garlic and extra virgin olive oil. The whole milk mozzarella is rich and creamy. This is a foundational upgrade to a core platform and the consumer feedback thus far has been excellent.

In addition to the pizza launch, other core platform upgrades include a new tall 22-ounce pour reinforcing our craft beer authority, a new premium shareable Brewhouse Sampler for football season that brings together BJ's favorite bar food hits and the return of our cult favorite Monkey Bread Pizookie.

Our third priority is delivering WOW hospitality. Our ongoing work on great fundamentals has been the driver of our success to date and is the foundation that will underpin our efforts going forward. To complement that, we continue to progress our activity with our activity-based labor model test supported by our AI forecasting model.

Our ABLM test is in roughly 22 restaurants, mainly in Texas and California and continues to outperform control restaurants on labor hours. But more importantly, we've seen significant movement across pace, value, recommend and hospitality scores. We expect to have the ABLM expanded to 20% of our restaurants in Q4.

Our fourth priority, keeping our atmosphere fresh. We've completed 13 remodels so far this year with another 7 to 10 planned for the remainder of the year. Our remodeled restaurants continue to perform as expected with improved performance versus control. Building from the current remodel program and the brand positioning work, we're making good progress on our prototype design to ensure that our atmosphere continues to be the most powerful manifestation of our brand DNA and brand promise.

I would expect the evolve design work to be piloted in market through remodels and NROs in 2026. Our capital expenditure in 2025 related to new restaurant openings continues to be driven by the pace of our pipeline development, ensuring that new locations align with our refined criteria. As we look ahead through the second half of the year, we continue to feel confident in our earnings expectations and comparable restaurant sales growth of approximately 2%.

Thank you. And now I'm going to turn it over to Brad to provide more details on our second quarter.

**Bradford Richmond**

Thanks, Lyle, and good morning, everybody. In the second quarter, we generated \$366 million of sales, a 4.5% increase versus last year. On a comparable restaurant basis, Q2 sales increased by 2.9%, driven by a 3.3% traffic growth. This quarter includes 2.4% of year-over-year pricing. So the compression in check is really driven equally by the Pizookie Meal Deal and the higher growth rates in dayparts and channels, principally delivery and takeout, along with late night that have a lower check average.

The 160 basis points of higher total sales growth compared to comp sales growth is from the elevated sales level from new restaurants not yet in the comp base until they have 18 months of operations. On restaurant level cash flow margins of 17% in Q2, which represents 150 basis points year-over-year of improvement as we effectively leveraged our sales growth and improved our operational execution. This was achieved while investing in approximately \$2.5 million of incremental marketing relative to last year.

Our restaurant-level operating profit increased to 15% to \$62.1 million, marking our most profitable quarter ever. And as Lyle alluded to earlier, the overriding theme around our margin improvement is focused on efforts on what we call table stakes, beginning with improvements in our guest count forecast. The more accurate forecast enables labor scheduling to more closely match guest count flows, thus lowering direct labor as a percent of sales while also enabling better product planning to reduce food waste. Combined, this leads to a better in-restaurant execution and higher guest service as reflected in our P&L with lower cost of sales and lower hourly labor as a percent of sales and all this while achieving record guest satisfaction scores.

Another key component is what we call gross to net. This initiative attacks the sales deductions from gross sales to net sales. A key component of this initiative centered on comp meals. We determined the root causes of our unusually high comped meals and have addressed them. The result has been a 16% reduction in comp incidents. The net result is guests win with a better experience, the servers win with ease of execution and higher server engagement and the P&L benefits from 100% flow-through to earnings from the avoided comps.

There are other similar initiatives at various stages currently underway that mimic this type of approach to our business. On a line item basis, our cost of sales was 24.8% in the quarter, which was 90 basis points favorable as compared to a year ago. Food cost inflation was approximately 2% year-over-year, and that's down from about 3% in Q1, driven by lower sequential costs for bone-in wings, partially offset by higher beef and seafood impacts.

Cost of sales also benefited from our gross to net initiative. Labor and benefit expenses were 35.4% of sales in the quarter, which was 70 basis points favorable to last year. Our restaurant teams continue to operate at a heightened level from better labor scheduling and managing to the schedule plus the gross to net initiative I mentioned earlier.

Occupancy and operating expenses were 22.8% of sales in the quarter, which was 10 basis points unfavorable compared to the second quarter of last year. The difference versus last year was due to investing approximately \$2.5 million in marketing, half in media to -- for additional markets to aid traffic growth and the other half in additional agency brand work that's underway.

Excluding these investments, occupancy and operating expenses were 60 basis points favorable to last year. We reported net income of \$22.2 million and diluted net earnings per share of \$0.97 on a GAAP basis for the quarter. Diluted net income per share increased by 35% compared to the 72% -- \$0.72 per share last year. During the quarter, we repurchased and retired approximately 438,000 shares of common stock at a cost of \$15.1 million. At the end of Q2, we had approximately \$57 million available under our share repurchase authorization.

Turning to the balance sheet. We ended the second quarter with net debt of \$34.5 million, comprised of a debt balance of \$60.5 million with cash and equivalents of \$26 million. This was a reduction in net debt from the beginning of the year of \$5.9 million, which reflects our strong cash flow to support our share repurchases and investments in new remodels as well as reducing debt sum.

And on guidance, we expect annual comp sales of approximately 2%, which represents the realized impact of July 4 noise to our initial forecast and greater visibility into the timing of initiatives for the remainder of the year. Outside of these impacts, the business is operating in line with our initial expectations, and we are pleased with the normalization of our comp trends post the July 4 holiday.



We expect our profitability improvement initiatives to continue to improve margins in the second half of the year and accordingly, have raised the low end of our earnings expectations by \$1 million. We now expect restaurant level operating profit of \$211 million to \$219 million and adjusted EBITDA of \$132 million to \$140 million.

We maintain our capital expense -- expenditures of \$65 million to \$75 million, our share repurchase range of \$45 million to \$55 million, of which we've repurchased 842,000 shares at a cost of \$29.2 million through the end of Q2. And post the quarter through today, we have purchased an additional 92,000 shares at about \$3.6 million.

And finally, the tariff situation remains fluid, but given the nature of our cost basket, we continue to estimate about 30 basis points of headwind in the second half of the year. The remainder of our purchase basket continues to normalize with overall inflation in the 2% range. Beef costs are well above that, but moderated by bone-in wings and produce costs. These impacts, along with our operating efficiencies are incorporated into our improving margins and absolute earnings growth expectations.

Thank you for your time today, and let me turn it back to Lyle for a final comment before we take your questions.

### **Lyle D. Tick**

Thank you, Brad. I'm proud of our teams and the progress to date. We've made substantial improvements to our profitability, continue to learn and refine our top line growth drivers and are in a position to begin to roll out our longer-term strategic initiatives and drive continued growth in 2026 and beyond.

We're building for sustainable growth, and we'll continue to get a better understanding of the full potential of our programs and initiatives as they roll into market. While the path will likely not be linear, the energy, engagement and alignment behind our strategic initiatives has allowed us to create early momentum and lay the foundations for an exciting and ambitious agenda that lies ahead. We're right on track with where I would expect to be at this stage, if not a bit ahead on the foundational work.

Thank you very much, and now I'll turn it back for questions.

### **Question-and-Answer Session**

#### **Operator**

[Operator Instructions] And your first question today will come from Alex Slagle with Jefferies.

**Alexander Russell Slagle**

I wanted to ask a question on just value proposition and sort of next steps in refining the everyday value proposition. Maybe you could talk to the success you've seen with the meal deal and some of the other platforms, the Daily Specials and Happy Hour and just kind of where the opportunity is and how that -- you see that evolving as you move forward?

**Lyle D. Tick**

Yes, sure. Thank you, Alex. This is Lyle. I think the overriding theme here is we're looking to build platforms versus trying to go from LTO to LTO. So probably the single biggest opportunity is the continued evolution of PMD and the continued growth of that Pizookie Meal Deal platform. It continues to resonate with guests. It's driving new and repeat visits. It has a healthy check and those guests that engage in it continue to come back more often.

So we believe that, that platform is something that we can build on and evolve. Two examples of this are actually this -- going into the third quarter, we just introduced upgrade opportunities, allowing guests to add soup and salad for an upgrade appetizer to the meal or to turn their mini Pizookie into a full-size Pizookie for \$4. And we're seeing encouraging pickup on those upgrades in the early days. We think this is a big opportunity. We're still learning here and plan to continue to test, learn and scale the right trade-ups to continue to build the Pizookie Meal Deal platform. But given its resonance, we see it as a big opportunity.

The other part of that is looking to keep that menu itself fresh. So we actually just introduced a new Smash Burger and introduced it only on the PMD menu, and it's quickly become one of our top performers on that menu and so much so that people are actually requesting it and buying it at full price on the weekend.

The other thing that might not seem maybe as linear with respect to value, but I would point us to is the relaunch of our pizza platform. Pizza complements kind of our value platform in a number of ways. I think, firstly, it allows us to reinforce what I would call the value equation by pointing towards quality and craft as we've upgraded the pizza foundationally, as I mentioned. As an iconic platform for the brand, it also helps reinforce kind of the core of our brand at the beginning of our menu work.

But importantly, because of the shareable nature of pizza, it delivers on the brand, it delivers on quality, and it actually delivers a great value. So being able to lean into the pizza platform under kind of pins, I think, the strong value proposition that we have, plus pizza hits a different and complementary occasion to some of our other entrees. So I think it's both about building on those core platforms and then seeing how the other work that's coming out complements it.

### **Alexander Russell Slagle**

And I had a follow-up on just the training improvements and efforts to drive better service and guest experience. I mean what's the progress look like here? I know it's early and you have some changes kind of coming up and if you could offer some context there.

### **Lyle D. Tick**

Yes. I mean, look, the progress on that side has been -- I've been so impressed with it. The -- our operators have made such incredible progress. And it's reflected in the NPS scores being at those multi-year highs. But as Brad said, as we continue to look at ways to make things easier for our team members in the restaurant and things like comp food comes down, it becomes a better experience for the guest, a better experience for our team member and obviously better for the P&L. So I think we've been making substantial progress and more progress ahead there.

On the training side, the key is to make sure that we have one BJ's way that everyone knows and everyone lives every day. And that starts with the managers' role modeling and being champions of that. And so we need to make sure whether it's somebody that is internal and has come through our system or somebody that is external and coming out that we're preparing them to deliver the BJ's way.

So we have a redesign program that we're launching in October. It's streamlined. It is very role specific, and it's a blend of really BJ's cultural immersion and operational excellence tailored to both those internal and external candidates. So to me, the tools and training that we can provide our team members to make sure they're delivering our brand promise every day, that is fundamental to the future of this business.

So I think we've made a lot of progress in that foundational stuff that's making it easier and more enjoyable to work at BJ's and therefore, deliver a better experience. And now we've got to follow on by kind of reinforcing the systems and the tools we're providing and training to allow that to be sustainable and for our team members and our managers to take that hospitality to the next level.

### **Alexander Russell Slagle**

Congrats on the CEO role.

### **Operator**

[Operator Instructions] And your next question today will come from Jon Tower with Citigroup.

### **Jon Michael Tower**

Maybe just following up to the question around value. Just in general, I know Pizookie Meal Deal relatively new for the brand in general. But as a percentage of mix today, where does that sit maybe as a percent of sales? And then just as incidence, where does it sit today? I'm just broadly trying to think about how a consumer comes to your stores when they walk in there, they might get drawn in by the meal deal, but how many are coming in because of that and then trading up when they come in because they see something else on the menu that they're attracted to once they get in the door?

### **Lyle D. Tick**

Yes. So it's about 15% when you look at the week -- when you look at the total week and about 22% when you look specifically at the week. Interestingly, when you look at those checks, the checks remain really healthy. They're kind of in the high 40s. And so what you see on a Pizookie Meal Deal check is not just everyone coming in and getting a Pizookie Meal Deal, but either people getting the meal deal and hanging stuff off of that or some people at the table getting the Pizookie Meal Deal and some people at the table getting other things.

The thing that we've really liked about what we're seeing is that these guests have shown that they're coming back more often. So the Pizookie Meal Deal is bringing in new people. But once those people come in, we're seeing them return at a higher rate than folks who previously came in.

### **Jon Michael Tower**

And those folks that are coming back, are they just going back to the Pizookie Meal Deal? Or are they coming back and then trading around the menu when they're coming back?

**Lyle D. Tick**

No, it's really interesting. We are seeing them trade around the menu. We're seeing them during the week and not the week. And interestingly, a high percentage of them are becoming omnichannel customers. So we're seeing them on and off. And actually, our omnichannel customers tend to be our highest value customers. So we're seeing a big percent of those customers become omnichannel customers, which we're encouraged by.

**Jon Michael Tower**

That's great. Okay. And then maybe just going back, Lyle, you talked a little bit earlier about the activity-based labor test that you've done in 22 stores and you're expanding it to about 20% of the system by the fourth quarter. Can you just talk about what you expect to get from that? It sounds like hospitality pace value, but from a high level, how should we expect it manifesting itself from an economic standpoint in the model?

**Lyle D. Tick**

Yes. Look, I mean, I think the core driver of this model is about getting the right people at the right place at the right time to get a better experience and drive sales. So our core metrics that we are looking for are around pace, recommend, hospitality scores and ultimately, as leading indicators seeing that in sales, which, of course, takes more time given our frequency.

We are seeing some benefit from a labor hours point of view, mainly around efficiency in the shoulder hours, where sometimes in our kind of peak hours, it's actually suggesting we need more labor. But net-net, it has provided some efficiency. But I would say the bigger get on the ABLM is going to be the improvement in our hospitality, our pace, our recommend, our throughput and ultimately, its impact on sales over time.

**Jon Michael Tower**

Okay. Cool. And maybe just lastly, broadly on the industry, curious specifically in your markets heavy in Texas, California. When thinking about the competitive backdrop, have you seen much by way of changes specifically on the independent side? Or you could speak to chains as well, but any changes in the landscape? We can see at high level that it seems to have gotten more promotional, but are you actually seeing any changes by way of door closures or frankly, even doors opening up more than in the past 24 months?

**Lyle D. Tick**

You know what, Jon, I haven't personally seen a precipitous change in closures or a precipitous change in openings. What I can tell you is that our consumer and what we're seeing has been really, really consistent outside of, as I mentioned, the February weather and that very beginning of July with the travel that were a couple of macro things. Outside of that, we've seen a lot of consistency from our consumers. So that's -- I mean, maybe not a direct answer, but kind of the best I have.

**Operator**

And your next question today will come from Jeffrey Bernstein with Barclays.

**Jeffrey Andrew Bernstein**

Great. And again, congrats, Lyle, on the formal title. Curious to start with the mix shift. I think you mentioned it was down, I guess, 280 basis points seemingly with the greater value focus on the meal deal. I'm wondering how long you think something like that lasts, maybe what your expectations are for the back half of the year, whether you think something like that should moderate or whether you're comfortable with that if it's driving the traffic?

**Lyle D. Tick**

Yes. Well, so I mean, on balance, when I look at our growth and the shape of what we're doing right now, I mean, I am comfortable having traffic-driven growth with less check and our value scores continuing to improve because that, to me, is a strong foundation that gives you more levers to pull from.

Having said that, when you look at that mix, I think Brad mentioned about half of it is from PMD. The other half of it is from growth we've been seeing in the late-night daypart and in off-premise, which has a bit of a smaller check. But when I kind of dig in specifically to PMD, I think I would draw back to 2 things. One is, as we look at building the platform and some of the things I talked about earlier, I actually think there's an opportunity for us to continue to build check around PMD and manage some of that mix impact. I feel really good about the foundation that it's built and the amount of attachment that it has because it gives us a platform that we can start building off of.

Having said that, if you look at the shape of this year, it's playing out as we expected it to, and we would expect in the second half, the traffic and check mix level to level off a bit as we lap PMD in Q4.

### **Jeffrey Andrew Bernstein**

Got it. And then just -- I think you mentioned the tough compare in the fourth quarter as you lead the brand. I'm just wondering, does that impact your marketing plans? I mean, is it some internal metrics or focus on sustaining positive comps? Or do you just kind of - like you said, you don't necessarily want to get into the LTO business? Because I know you mentioned the new pizza. I guess that's the fourth quarter. And then I thought you made mention to the new pour, the new Sampler, the Monkey Bread Pizookie. I don't know if those were all the fourth quarter, and that's kind of in an effort to respond to that. How do you think about the outlook as you get into that fourth quarter?

### **Lyle D. Tick**

Yes. I think a couple of things. I mean, one, we will continue to build the Pizookie Meal Deal, and we are making sure that we feel comfortable with our plans to lap kind of the media around that and the marketing around that and drive that PMD lap. But -- and I think you're right, like you're not going to see a bunch of LTOs, but I do think some strategic things like the 22-ounce pour that you talked about, which reinforces our craft beer authority, but also allows for a trade-up there.

The add-ons to the Pizookie Meal Deal, the Monkey Bread Pizookie, the Smash Burger coming on to the Pizookie Meal Deal. All of those things are about making sure that we reinforce the fourth quarter, but do it in a way that continues to build on our strategic initiatives versus kind of take us in a different direction.

And then, of course, as we roll pizza in November, that's another layer there. I would expect with pizza for that to build over time versus being kind of a onetime huge hit. That is a kind of reinvention of a core platform, and we've been seeing great response in our test markets. And I would expect as it gets in more people's mouth that, that has a kind of ongoing flywheel effect, and we'll continue to drive pizza into 2026.

### **Jeffrey Andrew Bernstein**

Your very detailed description of it made me hungry ahead of dinner time. And just lastly, I think you said new units as you look for new units and whatnot, there's a refined criteria. I think investors are always looking to see a reacceleration in the new unit growth. I know this year was more about the remodels. As we think about '26, the balance of how many more remodels versus, I guess, the refined criteria, whether you think that you have enough time to kind of really ramp up the new units in '26? Or are we looking years out from there?

### **Lyle D. Tick**

Yes, sure. So we've been actively looking at kind of building our pipeline, as I mentioned, but being pretty judicious about sites to make sure that they meet kind of the new criteria. And I think what we talked about previously, which is making sure that we're building concentric circles from where we have performance and awareness and consideration because we think we have room to grow there, and it helps us with performance.

Realistically, given the timing of new units, as I'm sure you're aware as you build pipeline, we're talking about the end of next year being kind of the first ones and then into 2027 and beyond. But we would say that new units are absolutely part of the thesis going forward. And we'll continue to work on the remodels. I'm excited about the prototype work I've been seeing from an agency that we're working with. And so we'll continue to refine what a BJ's looks like going forward and how that applies to remodels and NROs. You'll probably see it start to get applied to a remodel earlier in the year and then the NRO would be later in the year, just given the timing of that platform.

### **Operator**

And your next question today will come from Todd Brooks with The Benchmark Company.

### **Todd Morrison Brooks**



First one, Lyle, it sounds like you're far along in testing of the new pizza platform. Can you level set maybe where pizza was mixing under the old platform, kind of what you're seeing in test? Just trying to dimensionalize how big of a needle mover that this can be for the brand once you get the product where you want it and you roll it out system-wide in November.

### **Lyle D. Tick**

Yes. I mean pizza, and Daniel, keep me honest here, but pizza was mixing around like 5% to 10%, depending on where you were in the country, California on the higher end, outside of California on the lower end. What we've seen in our test markets in the restaurants that we're testing in, we've seen sales up, we've seen traffic up and we've seen profitability up in those restaurants overall. Underpinning that, we've seen a significant movement in pizza incidents and improvement in NPS overall.

So I'm encouraged about the role it can play, both in energizing kind of a core market like California, where we've heard from a lot of existing guests that it reminds them of what they loved about BJ's Pizza always, but also had pizza play maybe a little bit of a larger and different role outside of California where it hasn't gotten its footing quite yet.

### **Todd Morrison Brooks**

And is the early testing showing that this is an easy check add-on for groups that are out celebrating that you're actually building check by having the enhanced pizza available? Or is it replacing other individual appetizers and people are opting for pizza as a way to kind of get scratch everybody's appetizer at the table at once?

### **Lyle D. Tick**

Well, no, it's actually -- the pizza check looks a little different. Again, keep be honest here, Daniel. But as we're looking at the pizza check, the interesting thing about it was it's not like replacing appetizers. The pizza is its own kind of unique occasion, and the checks are really healthy, but they're comprised a little bit differently because on a pizza check, people are actually hanging more drinks and more appetizers and more [indiscernible] off of their pizza.

So the checks are healthy because they're sharing a pizza, but doing more appetizers and doing more drinks than you might do if you sat down and nailed the Rib-Eye or a Prime Rib, for example.

### **Unidentified Executive**

Yes, that's right. Todd, this is Daniel Doran. I appreciate the question. I'll add a little bit of color. The initial tests, we've seen very little cannibalization to Lyle's point, if anything, it's neutral to slightly positive check. What's really nice is that we've seen the uplift like you mentioned, of about 10% to 15% on our pizza incidents, and that's really the check driver there. On top of that, we've seen a little bit of traffic benefit over time. I mean it's early in the test results, but again, very encouraging in terms of that frequency and that return guest.

### **Todd Morrison Brooks**

Super helpful. And then the other question I had was, you obviously came through a pretty powerful celebration season. You talked about the Mother's Day week and the number of records that you were sent. But -- as you're looking at operations as a team, what were you able to learn across that type of high-volume period that's maybe -- it was kind of a stress test for where things stand now. Any opportunities that you saw that came out of it or anything that you felt like, okay, we were better engaged and capable of handling more customers at this peak period than we were this time last year?

### **Lyle D. Tick**

Yes. I mean there's always opportunities. What I would say came out of it was I just think with the heightened focus on the fundamentals, the outlier work, forecasting and preparation. When I talk to Chris, our COO, I think he would say and the VPOs would say, it was about being prepared. And so the teams were just really dialed in, very prepared, working very efficiently and effectively together. And the result of that is you get more people through.

I think the reservations, of course, help because they help with a planning perspective. But to be honest, I think we're still at the beginning of that journey with reservations even with the growth that we've seen. But I think if you talk to the operators, they would just tell you that they're feeling more dialed in and more on top of the fundamentals and that, that dialing in is really helping them operate the restaurants better at this point.

### **Todd Morrison Brooks**

Okay. Great. Just one final quick one. I don't know the timing of a new menu drop. But as you're looking at the second half, where do you see menu pricing running relative to where you ran in the first half?

### **Lyle D. Tick**

Yes. I think we're looking at -- I think it's low 2% or 2%. Is that...

## **Unidentified Executive**

Todd, this is Daniel again. We should be seeing carried pricing of about 2.5% in the back half of the year. We're going to be lapping about 90 basis points around in September, and we're going to be taking about the equivalent this year. So neutral impact in the back half.

## **Operator**

And your next question today will come from Brian Mullan with Piper Sandler.

## **Brian Hugh Mullan**

A question on the off-premise business. I think you said it's something you'd take a look at later this year. But just can you talk about what you'll be evaluating and maybe any early hunches or suspicions of what you might find or where there might be some opportunities to improve this at the company over time?

## **Lyle D. Tick**

Yes, sure. I mean -- so we've just brought in a new Director of off-premise, who's just kind of getting his feet under him and analyzing all that. But when I look at off-premise, there's a couple of big areas that jump out for me. I think -- I mean, maybe 3. One is just overall friction. There's too much friction in our off-premise journey from ordering through fulfillment. And we need to put a shoulder up against making that easier for guests and frankly, easier for some of our third-party partners.

I think -- the other one is -- which is not unique to us, is kind of the missing and accuracy, those items. That's something I experienced in my last world. I think it's probably the biggest thing that everyone wrestles with. And so putting a shoulder up against that in a previous life, for example, we saw a lot of missing and incorrect, and we actually found it was a lot of like drinks and side items. And we found that the way the chip was printing out was creating a problem.

And so we were able to reorganize that and get after it. So I think some of that. And then the last one is if you go and you go online and you order from us, you essentially have the entire dine-in menu laid out for you. So it's not optimized towards the items that are best for off-premise, the occasions, whether I'm ordering as a single person, ordering as a group.

So I think there's a real opportunity for kind of merchandising and menu focus and organization to just get a little bit more oriented towards off-premise. We are -- I think we -- the group made great progress through COVID in growing that business. But I would say we're kind of version 1.0, which is putting our physical business online, and now we've got to optimize that for the off-premise occasion journey.

### **Brian Hugh Mullan**

Okay. And then on the Pizookie Meal Deal, you talked about that platform continuing to evolve from here, things you can do with it along those lines. I'm curious, is there any consideration towards eventually offering some form of this on the weekend? Could that work for the business? Would it not work? What are the pros and cons if you thought about that?

### **Lyle D. Tick**

Yes. I mean, broadly, if I take a step back and I think about a program like that, you tend to want to put an external motivator on folks when you have capacity, right? So in other words, I have free capacity, so I'm willing to invest a little bit to fill that capacity. On those times when I have less capacity and people are intrinsically motivated to come to me, I'm probably less inclined to put an extrinsic motivator in there because the net benefit of it won't be as high.

So I feel comfortable with Pizookie Meal Deal doing its job during the week right now. So I think I won't say never as it evolves. But right now, I think it's doing the job it's supposed to do pretty well.

### **Unidentified Executive**

Brian, again, this is Daniel. I'm going to add a little color to that, too, just to kind of piggyback on the commentary from Lyle. He mentioned earlier kind of the strength of the meal deal and sort of the repeat visits. One of the notable kind of findings in that guest is that we're seeing strength in traffic and growth on the weekends as well without the meal deal, but we find again that there's a halo effect to this. And as these folks become more repeat guests, they're coming back on weekends as well. So kind of echoing what Lyle was saying around the need for this program to be really weekday driven, but there's certainly a positive impact on the weekends as well.

### **Operator**

And your next question today will come from Sharon Zackfia with William Blair.

**Sharon Zackfia**

I don't think this was addressed, but can you talk about kind of how your alcohol mix is trending? It does feel like there's been more innovation and more emphasis on certainly the core beer platform, but also you've got the hard root beer and some innovation with the margaritas going on. So I'm just curious on kind of what you're seeing there? And if there's any opportunity with that Beer Club that you have in California to replicate it, what might be working there and what isn't?

**Lyle D. Tick**

Yes. Well, first of all, I love how plugged in you are to what we got cooking, which is awesome.

**Sharon Zackfia**

If it's alcohol, I plugged in.

**Lyle D. Tick**

So thank you. I mean, look, alcohol incidents overall, not just beer, have been declining a bit for a number of years. So that has not changed. I will tell you that some of the items that you mentioned, like the hard root beer has gotten off to a super strong start for us. And so I'm really pleased with what that's doing as you start to think about like that beyond beer platform and again, kind of a low ABV platform.

And the individual margaritas that we do in future as well as our margarita platform overall does very, very well for us. And then I think the other thing that we're focused on or as I work with the team and my challenge to the team is don't just think about the alcohol platform. Think about total beverage. Nothing is changing with social drinking. People still want to come together and engage over food and drink and drink is still a crucial part of that.

The way they're doing that is evolving. And so the team has been doing some good job with mocktails and some non-alc bev, but we need to take kind of a long-term view at how we grow overall beverage, which is obviously inclusive of alcohol beverage.

**Sharon Zackfia**

And then the Beer Club?

**Lyle D. Tick**

The Beer Club. So the Beer Club in California is steady and does very well. We are evaluating that. So I don't have an answer for you on that right now. I find the Beer Club to be a very interesting proposition, and we're evaluating what that looks like potentially outside of California. But I don't have in the list of priorities and sequencing, it's on there, but I don't have an answer for you on that today.

### **Sharon Zackfia**

Okay. And then as we think about kind of ramping up unit development again late next year, are there any particular regions you're interested in kind of filling out? Or are you just kind of looking for best shot on goal, best site?

### **Lyle D. Tick**

I think it's -- like we said, it's about building concentric circles from where we already have some infrastructure, some awareness and some performance, some leverage on supply, some leverage on management. And when I look at our markets, there's no market, including California, where there's not some headroom to grow. So we're really looking at kind of our core driver markets and how we build out from there. Obviously, if an amazing opportunity comes up that is unique potentially in a greenfield, but really, we're looking to build out from our core markets.

### **Sharon Zackfia**

And then last question. There is kind of noise as we think about the back half, right? You had the soft start around July 4, but then you've got this really tough comparison in the fourth quarter. How are you thinking about comps in the back half? Are you thinking about it relatively steady between quarters? Or is there some give and take?

### **Lyle D. Tick**

Yes. I mean, as I look at the -- as I think about the year, right, we started off the year looking at about a 2% to 3% comp. And I think as Brad mentioned, as we've come through the year and now where we are, we're looking more at the 2. And what that takes into account is the impact of July and the better visibility on how our initiatives are ultimately rolling out.

So as we look at that, we've been able to kind of dial in there what that looks like for the rest of the year. But ultimately, the year really is playing out very much the way that we expected it to in terms of the shape of the sales outside of that February [indiscernible]

## Operator

This will conclude our question-and-answer session as well as conference call. Thank you for attending today's presentation. You may now disconnect.

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