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BJ's Restaurants, Inc. (BJRI) Q2 2026 Earnings Call Transcript

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Q2: 2026-07-30 Earnings Summary

Insights

EPS of $0.94 beats by $0.04 | Revenue of $388.89M (6.37% Y/Y) beats by $11.81M

BJ's Restaurants, Inc. (BJRI) Q2 2026 Earnings Call July 30, 2026 5:00 PM EDT

Company Participants

Rana Schirmer - Director of SEC Reporting
Lyle Tick - CEO, President & Director
Todd Wilson - Executive VP & CFO

Conference Call Participants

Alexander Slagle - Jefferies LLC, Research Division
Sharon Zackfia - William Blair & Company L.L.C., Research Division
Jon Tower - Citigroup Inc., Research Division
Todd Brooks - The Benchmark Company, LLC, Research Division
Nerses Setyan - Mizuho Securities USA LLC, Research Division
Allison Arfstrom - Piper Sandler & Co., Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors

Presentation

Operator

Good afternoon, and welcome to the BJ's Restaurants Second Quarter 2026 Earnings Conference Call. [Operator Instructions] Please note this event is being recorded.

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

Rana Schirmer
Director of SEC Reporting

Thank you, operator. Good afternoon, everyone, and welcome to our Fiscal Year 2026 Second Quarter Investor Conference Call and Webcast. After the market closed today, we released our financial results for our fiscal 2026 second quarter. You can view the full text of our earnings release on our website at 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 today's call with prepared remarks from Lyle Tick, our Chief Executive Officer and President, followed by Todd Wilson, our Chief Financial Officer, after which we will take your questions. And with that, I will turn the call over to Lyle. Lyle?

Lyle Tick
CEO, President & Director

Good afternoon, everyone, and thank you for joining us to discuss our Q2 financial results, operating performance, and outlook. Q2, or Celebration Season as we call it, was another very strong quarter for BJ's. It was energizing from a performance standpoint, reinforcing our relevance in the social splurge occasion, I've talked about, and meaningful from an organizational perspective. Q2 represented our eighth consecutive quarter of sales and traffic growth and our seventh consecutive quarter of profit growth. Same-store sales increased 6.5%, driven by 8.3% traffic growth, continuing to significantly outperform Black Box casual dining benchmarks.

On the profit side, restaurant-level operating margins expanded roughly 20 basis points to 17.2%, inclusive of roughly 5% of food inflation, which impacted cost of sales by 120 basis points. Adjusted EBITDA margins were up roughly $2.3 million at 11.4%, inclusive of roughly 40 basis points of deferred comp expense, which Todd will address in his remarks.

A few notable Q2 highlights. Our operators delivered outstanding performance. Mother's Day and Father's Day were up over 8% and 3% year over year, respectively, and more than 80 restaurants broke daily or weekly sales records, all while continuing to improve guest metrics, a strong reinforcement of our ability to win across multiple occasions. Our marketing plan continues to work effectively and efficiently. As I have previously shared, we shifted marketing dollars from Q1 into Q2 to optimize spend timing and drive the highest returns. For the first half overall, we invested the same dollars, but were about 20 basis points more efficient as a percentage of sales versus last year, while delivering an increase of 67% in impressions in Q2, and 146% in the first half overall, supporting our strong sales.

The results continue to reflect the progress our marketing and culinary teams are making, aligning product, messaging, and go-to-market strategies. Our Biscoff seasonal Pizookie was a hit, doubling Pizookie incidence year over year during the quarter, and we saw growth across all geographies, all dayparts, and all channels. On check and mix, there are a few key points I think are worth calling out. The majority of compression came from Tuesday and Friday. Tuesday is driven by an iconic promotion that builds acquisition and ritual amongst hard-to-reach younger guests. Friday is when the Pizookie Meal Deal has opened the social splurge occasion to more people driving both new guests and repeat visits.

Importantly, our sales growth is relatively evenly split between all of the weekdays and the weekend days. So we are not overly reliant on any one day or promotion, and our value proposition is resonating across the week. As I mentioned last quarter, as we move further through the menu renovation and continue to optimize programming, we expect more balance between traffic and mix, which we started to see in Q1. What we cannot fully plan for is when a product like the Biscoff Pizookie hits a cultural nerve and drives extraordinary trial. Thankfully, our marketing and culinary teams have a pretty impressive hit rate and have built a strong pipeline going forward. Ultimately, the key point is that we are driving profitable traffic. Even with 120 basis points of cost of sales headwinds driven by food inflation, we grew total dollars and expanded restaurant-level cash flow margins.

From an organizational perspective, Q2 was a meaningful quarter. We hired Monika Saxena, who came to us most recently from LongHorn Steakhouse, as our Brand President. Monika's track record of delivering sustainable long-term results through clear brand positioning, a relentless focus on product quality and guest experience, and her ability to build high-performing teams makes her an ideal addition to our leadership team. We also recently brought in Birju Amin as our new Chief Technology Officer, coming most recently from Yum! Brands, where he led restaurant technology for Taco Bell.

These hires, along with the other leadership team changes over the past 18 months reflect our commitment to unlocking the full potential of BJ's, as we enter our next phase of growth. I'm confident their perspectives, combined with the strong existing team and tenure we have at BJ's, will help us continue to drive long-term value for our shareholders.

Overall, I'm very pleased with our Q2 and first half results and encouraged by the positive momentum we carried into Q3, including sustained significant outperformance versus Black Box casual dining benchmarks. Looking ahead, we have a deeper understanding of our business and our consumer. We've identified our core growth drivers and are clear on the levers to pull in both the short and longer term. Our strategy remains centered on ensuring our people, our food, and our atmosphere work in concert to make BJ's the brand of choice.

Everything starts with our team members. They're the ones who bring our brand promise to life, and we're committed to ensuring they have the tools they need to deliver for our guests every day. That means continuing to invest in our training, embedding the new team member and manager programs we rolled earlier this year, building one BJ's way consistently across our restaurants, and developing our leadership pipeline to support future growth. It also means making our team members' jobs easier. Through continued work on POS simplification and modernization, tablet upgrades, and tech enablement like our AI-supported activity-based labor model, which will continue to expand through year end, our priorities are informed by listening to our teams, and investing in the tools they need to deliver. These investments are reflected in our consistent guest metric improvements, continued reduction in comp food and beverage, team member and manager retention outpacing casual dining benchmarks, and ultimately in our sales and profit performance.

On the menu front, we feel good about the progress we're making and will continue taking a disciplined category management approach. We will focus on leveraging the chicken sandwich and burger category refreshes through Q3, while advancing other key category and item work across the menu. Our three culinary pillars of Pizookies, the Pizookie Meal Deal, and product news drive our culinary calendar, and we continue to optimize for more balance between traffic and mix. We have a strong Pizookie lineup for Q3, anchored in perennial favorites, S'mores and Spooky, and we'll be bringing some new flavor innovation for holiday while continually building our pipeline to drive buzz and engagement.

The Pizookie Meal Deal continues to resonate, driving both new customer acquisition and repeat visits. As I mentioned last quarter, we're testing potential evolutions, including a premium tier. The test is providing great learnings, but it's still in its early stages as we explore ways to give guests pathways to trade up while reinforcing two core BJ's equities, variety and the Pizookie.

On the product news side, I remain pleased with the category work we have done to date, and I'm excited about what lies ahead. Across pizza, burgers, and chicken sandwiches, each renovated category is driving higher incidence, more sales, higher average price, and higher dollar margin than before, inclusive of over $1.5 million of investments we've made back into product quality, particularly with pizza.

As we continue progressing across the menu, I expect us to deliver a more craveable, compelling, consistent, and profitable offering over time. Ensuring the atmosphere of our 219 existing restaurants remains a competitive advantage is another key focus. We've invested incrementally over the past 18 months and plan to continue doing so over the next 18. Getting fully caught up on deferred facilities work and ensuring our fleet, both the physical plants and equipment, is gold standard for team members and guests. This work, combined with our remodel program, is fundamental as we plan for growth.

On new unit development, the two planned openings later this year, Buckeye, Arizona, and Joliet, Illinois, are well underway and will showcase a meaningfully refreshed expression of the BJ's brand. These markets represent a mix of an established performance market in Buckeye, Arizona, and a development market in Joliet, Illinois, where we expect nearby restaurants to benefit from increased brand awareness and operational leverage. We continue to build our pipeline as we dial in the new prototype and apply a right size, right place, right cost approach to our next chapter of unit growth.

In closing, I'm confident in our plans, excited about what lies ahead, and committed to continuing to invest in our people, ensuring they have the tools and support to bring our brand to life every day, advance operational excellence, making BJ's better and easier for team members and guests, elevate our food and beverage offering, and set the foundation for future unit growth. Q2 delivered another quarter of sustained traffic-driven growth and share gains. While the environment remains dynamic, we enter Q3 with strong positive momentum, clear plans, and significant outperformance versus Black Box casual dining benchmarks.

2 years into our journey to unlock the full potential of BJ's Restaurants and Brewhouse, our performance speaks to the progress we've made. Going forward, we remain focused on our strategic pillars and on making sure BJ's continues to be the restaurant of choice when people want to get together with those they care about most.

Before I close, I want to thank all our BJ's team members, from our restaurants through to the support center, for their passion and commitment. We talk a lot about being better every day and stronger together. And once again in Q2, our teams took care of each other, our guests, and our restaurants, and delivered another strong result for BJ's. Thank you. I'll now turn it over to Todd for more color on our financial results and outlook.

Todd Wilson

Executive VP & CFO

Thank you, Lyle, and good afternoon, everyone. We delivered strong second quarter results led by 6.5% comparable restaurant sales growth. We achieved 20 basis points of restaurant margin expansion despite a 120 basis point commodity headwind and delivered a $4.7 million increase in restaurant level operating profit and a $2.3 million increase in adjusted EBITDA. Total revenue for the quarter was $388.9 million, a 6.4% increase versus last year. The comparable restaurant sales increase of 6.5% was led by 8.3% traffic growth and included 1.8% average check compression. Traffic growth was driven by several initiatives, including the success of our seasonal Pizookies, PMD offerings, and menu innovation, all of which benefited from the shift in marketing investment. In addition, our operators continue to do a great job driving increased guest satisfaction and remodeled restaurants are delivering traffic growth that exceeds the rest of the portfolio.

Lyle commented earlier on the check compression, growth in both traffic and sales across the week underscores the breadth of our performance. Guests are responding to our total value proposition as our promotional offers, combined with an improved overall BJ's experience, are driving growth across all days of the week and across all dayparts. Restaurant-level operating profit was $66.8 million, and margins increased 20 basis points to 17.2%. Cost of sales was 25.5%, a 70 basis point increase versus last year. The increase primarily reflected a 120 basis points margin headwind due to approximately 5% inflation in our commodity basket, led by an expected 20% increase in beef costs. Produce increases further pressured costs in the quarter due to severe weather and higher transportation costs, though we have seen some relief early in the third quarter.

Operationally, we continued to deliver improvements in food waste management and reduced comp food and beverage incidence, including through our efforts to support outlier restaurants. Alongside our operational initiatives, the menu work completed to date is helping us offset a portion of the commodity pressure through improved product architecture and mix. We expect the year-over-year commodity inflation rate to subside in the balance of the year and the benefit of this work to be more visible in the second half.

Total labor expense improved 90 basis points to 34.5% as sales leverage and disciplined execution more than offset a 10 basis point increase in workers' compensation costs. Our operators did an excellent job leveraging sales growth to improve margins across hourly labor, management, and benefits while continuing to increase guest satisfaction measures. We remain committed to delivering a great guest experience and expect to continue delivering labor margin gains through the remainder of the year.

Occupancy and operating expenses were 22.8% unchanged versus last year. Within this category, I would highlight three items. First, marketing. We strategically shifted dollars from the first quarter into the second to support our high volume Celebration Season. This increased second quarter marketing expense by $1.2 million or 20 basis points versus last year. On a year-to-date basis, marketing dollars were unchanged and declined 10 basis points, reflecting improved efficiency and return and driving significant traffic growth.

Second, repair and maintenance. We increased our P&L investment in repairs and maintenance during the quarter by approximately $1 million, or 14%, versus last year, as part of the journey to the gold standard physical plant and equipment Lyle mentioned earlier. This builds on incremental maintenance CapEx investments we have made over the past 18 months. We believe the condition and atmosphere of our facilities are important drivers of guest traffic and repeat visits, as well as team member satisfaction and retention. We expect to continue investing at a measured pace over the next several quarters, consistent with our updated financial outlook. Third, the remaining expenses in this category leverage sales growth, improving by 20 basis points versus last year.

General and administrative costs were 6.8%, a 90 basis point increase versus last year. This included $1.4 million of incremental costs related to a legal reserve and leadership transition costs, which we excluded from adjusted EBITDA. Additionally, the liability associated with our deferred compensation program is recorded in G&A and totaled $1.5 million. Notably, this liability is offset in other income by increases in the value of the underlying investments. Excluding these items and other smaller adjustments, on a normalized basis, we estimate the quarter would have been approximately $23 million and unchanged versus last year at [5.9% of sales]. We continue to expect a normalized G&A run rate of up to [$90 million] annually. These component parts delivered an adjusted EBITDA increase to $44.4 million compared to $42.1 million last year.

The business continues to generate significant free cash flow, which we deployed across three priorities. First, we invested $23.3 million in capital expenditures, primarily maintaining our restaurants, completing 5 remodels, and constructing 2 new restaurants targeted to open in the fourth quarter. Second, we repurchased and retired approximately 64,000 common shares for $2.4 million. Third, we repaid $18 million of debt. We ended the second quarter with net debt of approximately $30 million, a substantial reduction from the $61 million we carried at the start of the year. While our cost of debt remains low at approximately 5%, strengthening our balance sheet further positions us to act with conviction on high return investments in remodels, new restaurants, share repurchases, and other investments to drive shareholder value.

Turning to our 2026 financial outlook, based on our strong first half results, we are raising guidance for select financial metrics. Our updated guidance is as follows: comparable restaurant sales growth in the range of 3% to 4% compared with our previous range of 1% to 3%. Restaurant-level operating profit in the range of $228 to $235 million compared with $221 to $233 million previously. Adjusted EBITDA in the range of $145 million to $152 million, up from $140 to $150 million previously. We continue to expect capital expenditures in the range of $85 to $95 million, and our share repurchase guidance is also unchanged at up to $50 million subject to market conditions.

I'll also provide additional color for modeling purposes. First, the third quarter is off to a good start with continued sales and traffic growth and results beating the Black Box casual dining benchmark. Second, we expect third quarter comparable restaurant sales to somewhat outpace the fourth quarter, given the shape of the sales comparison in the third and fourth quarter last year.

Finally, we launched a new menu in late June that included an approximately 110 basis point price increase. We expect total effective pricing of approximately 3.7% in the third quarter, 2.6% in the fourth quarter, and 3% for the full year. We believe average check pressure will ease in the third quarter compared with the second and anticipate returning to moderate average check growth by the fourth quarter. The performance of our seasonal Pizookies can affect these results, as we've seen in prior quarters, as their popularity can reduce average check while providing a clear benefit to guest traffic, sales, and profit dollars.

In summary, our second quarter results reflect strong traffic momentum, disciplined execution by our operators, and meaningful progress in strengthening our balance sheet. These results are only possible because of the hard work of our restaurant, field leadership, and support teams. Congratulations and thank you to the entire BJ's team.

As we move through the balance of the year, we remain focused on executing our core strategies, maintaining daily operational discipline, and investing in the guest experience, operational excellence, and high return growth opportunities.

With that, we'll now open the line for questions. Operator?

Question-and-Answer Session

Operator

[Operator Instructions] The first question will come from Alex Slagle with Jefferies.

Alexander Slagle
Jefferies LLC, Research Division

Really impressive leverage on the labor line and I guess if not for that cost of goods being elevated would have been the restaurant level margin closer to the 18% level. So curious looking at cost of goods and how much that can come down maybe versus these 2Q levels and I know you gave a guidance but is there some room for upside there if things play out?

Todd Wilson
Executive VP & CFO

Yes. Alex, Todd here. I mean, as we're looking at cost of sales for the balance of the year, we do think that Q2, to your point, obviously was impacted by a lot of commodity inflation. We get a little relief on a year-over-year basis in inflation. Keep in mind, though, sequentially, some of our beef costs in particular still increase. So we think cost of sales can improve a little bit. We're not looking for a big step down by any means, but we do think we can see a little bit of cost of sales improvement in the balance of the year.

Alexander Slagle
Jefferies LLC, Research Division

Okay, and then I think you mentioned you expect the third quarter same-store sales to outpace third quarter, if I heard that right. I was just sort of surprised if that was...

Lyle Tick

CEO, President & Director

I think it was third quarter to somewhat outpace fourth quarter based on the shape of sales last year.

Alexander Slagle

Jefferies LLC, Research Division

Fourth quarter, okay. Got it. That makes sense.

Todd Wilson

Executive VP & CFO

Yes, Alex, sorry if that wasn't clear, but yes, absolutely. Third quarter, we believe will be greater than fourth based on the year-ago compares.

Alexander Slagle

Jefferies LLC, Research Division

Okay. Was there anything sort of one time in nature in that second quarter comp and traffic? I mean, I know that the seasonal Pizookie was really big, and I don't know if there was anything with the World Cup or the lapse from last year, if there was anything [hanging] aftermath from the L.A. fires or anything like that?

Lyle Tick

CEO, President & Director

No, I mean, there really wasn't, Alex and Todd, you can build on this, but any of that L.A. fire stuff was really Q1. And with respect to Q2, there really wasn't. And World Cup, I would say, you saw kind of individualized bumps in some individualized restaurants around individualized games. But it was really nothing that was materially visible or differentiated when you look at all restaurant performance across geographies, dayparts and channels. So there wasn't anything anomalistic. It was really the kind of programming and I think the progress.

Operator

The next question will come from Sharon Zackfia with William Blair.

Sharon Zackfia

William Blair & Company L.L.C., Research Division

I guess I wanted to ask about the implied comps for the back half. So I think the math suggests like 1.5% to 3.5%. And it sounds like you had some durable results in the second quarter. And it sounds like trends were off to a good start in July. So just curious on your thought process as you enter the second half with that implied guidance?

Lyle Tick

CEO, President & Director

Yes, I'll start, and Todd, you can pick up. What I would say, Sharon, is I am very pleased with the trends and momentum the business has thus far in Q3, much like we were -- when we were on the Q2 call. And our teams continue to do an awesome job executing. And I'm really pleased with what I'm seeing across the business and confidence in the performance.

You guys have probably gotten to know me a little bit in the past two years. And my predisposition tends to be I want to ensure that we do what we say we're going to do and maybe not get too far out over our skis. But I feel really good about the performance we have and how the business is performing today.

Sharon Zackfia

William Blair & Company L.L.C., Research Division

And then I know you've been doing a lot of menu innovation and seems like that's been going really, really well. Is there anything else we should expect you to refresh before the end of this year? Like what's on the short list at this point?

Lyle Tick

CEO, President & Director

I mean, in terms of rolled out category refreshes, I wouldn't expect more rolled out category refreshes. We're right now in test on a number of different both category work as well as some item work. So I would expect more category work coming through next year. What you do see this year, and it's kind of how we've used it a little bit throughout the past couple of years, is you start to see some of the seasonal work that we're doing, almost preview a little bit of work that's coming. And also, it provides us an opportunity to get kind of scaled learning about some of the work we're doing. So the Wagyu Burger found its way first onto a PMI earlier in the year. You know, I think about some of the work we did around something like the Buffalo Chicken Sliders, those types of things. These things we start to get learning on and go into the bank and then inform the future rollout.

So we do both kind of the ops test, the market test, and then also use our seasonal platforms to get kind of scaled learning about it. So you'll see some of that in the fourth quarter reflected through some of our seasonal programming, but I wouldn't expect another category rollout this year beyond what we're doing with burgers and chicken sandwiches from a category perspective.

Operator

The next question will come from Jon Tower with Citi.

Jon Tower
Citigroup Inc., Research Division

Maybe I didn't quite pick it up in the transcript so far, but -- or the prepared remarks. But I'm curious if you could just speak to what drove the negative mix in the quarter. It sounds like some of your seasonal Pizookies might have been the primary driver of it. But if you can maybe expand upon that, that would be great.

Lyle Tick
CEO, President & Director

Yes, I mean, it's not a new story, but it's a codified story, which is a lot of it is driven by the seasonal Pizookie and when that really hits a nerve, right? And we've kind of mapped the curve of that. And so you saw some of the things I said about Biscoff being, you know, double the incidence or double the size of last year. When you see that kind of hit that nerve, you get a lot of these trial checks, right? So we're bringing a lot of people in, not necessarily buying on discounts, but buying a smaller check as they're, you know, young people trying the Pizookie.

I think when I take a step back, I think about it as kind of not all mix is created equal, right? We continue to drive outsized traffic with some of these programs like the Pizookie, like the PMD. Those people that we see come into there come back more often, and we're flowing more profit through to the bottom line. So as I think about it holistically, I feel really good about how our programs are working. And I think as we continue to do the work across the menu, we continue to expect to see that moderate over time. You know, but the thing is with some of these seasonal products when they hit a nerve and trial spikes, you know, you'll often see some mix impact with that.

When you take a step back and then you start to think about the menu work going forward and you look at pizza, burger and chicken sandwiches, they're all growing incidence, they're growing sales, they're growing margin. Now some of that trade in there, some of it's new, some of it's trading, you'll see some of that coming from like steaks and entrees, which tend to carry a higher dollar check, but not necessarily -- well, they tend to be lower margin, but a bit of a higher dollar check.

And I think the key to remember there is on the journey so far, the category renovation work we're doing is working. It's driving the results we want. And people are moving kind of where we're driving them. And we just simply haven't gotten to those categories yet. So there's nothing, you know, from my perspective that has me not believing that as we do the rest of the work on the menu, we can continue to expect, as we do that work on the renovation, to drive similar behavior and ultimately balance things out as we go through all of the work.

Jon Tower

Citigroup Inc., Research Division

Interesting. Okay. I know you had referenced in the prepared remarks the kind of tiering out of Pizookie Meal Deals and where you are in the process, or at least you've made some progress there. I'm just curious if you could also dig into that a little bit more in terms of either what you've been finding so far as what's been resonating either from a price point perspective or product, and/or if there's any sort of things that aren't necessarily working as you've been testing and maybe even a timeline for us or where we should be able to think about a premium menu or premium tier coming through?

Lyle Tick

CEO, President & Director

Yes, I mean, it's too early for me to give you anything that I would feel like comfortable standing behind at this point on that. The shape of the work we're doing is, on PMD specifically, is twofold. One is looking at how we keep that menu fresh. So as we did the chicken sandwiches, we retired one of our items on PMD and brought in a classic chicken sandwich, which delivered a great margin, but we thought would resonate better. And we're absolutely seeing that. And then as we do the tier test, we're just really, early in that process. And so I don't have results that I feel comfortable sharing, but it's part of learning.

I think the thing that I would tell you though is while we obviously look at how do we optimize the individual programs, when I'm looking at the business, I'm trying to always take a big step back and say, are we delivering a more compelling BJ's through the combination of things that we're doing that are bringing more guests in and allowing us to grow profits. And as I kind of look at the big picture, you know, I'm really pleased with how the pieces are working together, right? We're continuing to see two years in comp growth driven by traffic. We see our restaurants continuing to make progress and execute better, deliver more restaurant profit through to the bottom line. We continue to see our ability to grow corporate profits. We're on track to open the two new restaurants that we've mentioned previously and begin building pipeline again. And we're returning dollars to shareholders.

So overall, I'm trying to make sure that we keep in mind the big picture and is the shape of everything that we're doing, delivering a more compelling BJ's. Not to say we won't optimize the parts, but I think sometimes if you get too caught in optimizing a single part, you can lose the bigger picture of how everything's working together to progress the business. So I want to be intentional about how we do it, I guess, is the way I'd say it.

Operator

The next question will come from Todd Brooks with Benchmark, StoneX.

Todd Brooks
The Benchmark Company, LLC, Research Division

A couple for you. One, it's sort of a block and tackling question, but Lyle and Todd a couple times during the call, you anchored the quarter-to-date performance to your Black Box peer group. I know you're not going to give us detail on your performance, but can you talk about where the peer group performance sits through July, just based on some of the strength we saw in the bar and grill category during the World Cup?

Todd Wilson

Executive VP & CFO

Yes, hey Todd, Todd here. Yes, I'd say what we've seen to start Q3 in the Black Box numbers is similar to what we saw in Q2, meaning traffic for the Black Box, to be clear, for Black Box, we see traffic a little bit negative, sales a little bit positive. And that's consistent with what we saw in Q2. Obviously, we had significant outperformance. We beat the Black Box traffic by our comparisons by over 9 points in Q2. So a very accelerating rate of performance. But we see Black Box very consistent to start Q3. And again, as we said, we continue to beat Black Box in these first couple of weeks of the quarter here.

Todd Brooks

The Benchmark Company, LLC, Research Division

Okay, great.

Lyle Tick

CEO, President & Director

And by the way, Todd, just specifically, that's the casual dining benchmark. I'm not sure if there is a sub bar and grill benchmark, but the benchmark we're talking about is casual dining.

Todd Brooks

The Benchmark Company, LLC, Research Division

Perfect. And then I look at the volumes and the traffic that you're able to generate during Celebration Season. And for the longest time, the mantra out of BJ's is, we're trying to grow the business. And then during Celebration Season, we're trying to hold the hill on the traffic that we always get and to see the material growth in traffic that you were able to generate at what previously have been characterized as prior peaks that you just -- you really can't drive many more people through the box. I'd love to hear some about some of the key unlocks for how you were able to service so many more customers during Celebration Season.

Lyle Tick

CEO, President & Director

Yes, I mean, look, I haven't seen that yet, right? Like, I haven't seen an indication yet that we are tapped out in our ability to accept traffic and move people through. Because the traffic growth exists during this period in our top AUV restaurants through all of our quintiles. And so, you know, once you get below the top quintile, clearly there's plenty of ability as proven by the top quintile. I think, you know, the things that help, and I know I kind of have talked about it previously, a little bit of the kind of blocking and tackling of great operations. We have continued to, during this season, shine more of a light on reservations. We have continued to see the reservation growth. That's helpful from a planning perspective.

But Chris, for example, going into this Celebration Season, he put a very big focus from his observation on the transition, like the shoulder periods and how we're transitioning in and out of shoulder periods. Oftentimes, he'd go into restaurants and see that around that early shoulder period transition, we'd be on a wait early when we shouldn't be on a wait because it's an early transition. We didn't get the transition right. He put a lot of focus on, I think, the blocking and tackling of when we know we're going to be having a lot of volume coming through. Have we planned really well for it? Are we really disciplined on how we manage the shoulders, on how we get in and out of those periods? And then moving people through. Do we have full hands in and out? Are we pre-bussing? I know it sounds, it's not like super futuristic. It is the hard work of running good shift. And I think our guys looking at, given the momentum the business has, how are they going to make sure that we're able to move the people through?

Todd Wilson

Executive VP & CFO

Todd, I'll tag in real quick. I think you probably heard it in our prepared remarks, but I think it's worth reiterating of when we look by day of week, or let me say it differently, sales and traffic grew across every day of the week, they grew across every daypart, and they grew across every geography that we operate in. And so I think the broad-based nature of that reinforces that we're winning across multiple occasions here, right? And it's the broad appeal of this brand. And you probably picked that up. I just wanted to make sure it didn't get missed.

Todd Brooks

The Benchmark Company, LLC, Research Division

That's helpful. Congrats to you both and you all.

Lyle Tick

CEO, President & Director

Thank you, Todd.

Operator

The next question will come from Nick Setyan with Mizuho Securities.

Nerses Setyan

Mizuho Securities USA LLC, Research Division

Obviously, the marketing has been very successful. Can you just remind us how you're thinking about the back half of this year in terms of marketing spend year over year? And then maybe even kind of Q3 versus Q4. And then anything kind of under the hood in terms of any -- the evolution of how you're thinking about marketing more social and digital versus national TV or not national TV, but TV on the local market, et cetera, would be helpful.

Lyle Tick

CEO, President & Director

Yes, I mean, year on year, as you look at the full year, from a percentage reinvestment point of view, we're targeting flat year-on-year percentage. Obviously, as we grow sales, that's going to throw out a few more dollars to invest in the business. But ultimately, we're keeping the same kind of percentage reinvestment rate and looking to continue to get more efficient and effective.

I think what you've seen over the past couple of years and continually have moved in this direction is we're able to bring together a relevant product calendar with our go-to-market and kind of marketing strategies and apply that to kind of the relevant channels we've continued to move more and more towards social cultural word-of-mouth marketing. And I think we've also sharpened, what I call, our comms architecture, right? A couple of times of the year when we decide to talk more broadly in broader media, that's where we might leverage Pizookie Meal Deal and a value message that gets more people in. We think the other two pillars we like to talk about, which is product news and Pizookie news, those do really well from a social and digital perspective.

The other thing that we continually do is for those markets that have traditionally, Nick, gotten kind of the broad media in those couple of windows of the year. We monitor those very closely to say, are we getting the return and we're constantly piloting how we might evolve that mix depending on those markets to drive the business. So there was -- I think there was a couple of markets that got tier 2 -- what we call tier two broader support during Q2 that we shifted to all social and saw great results there. And so that allows us to either reinvest some of that money back into the markets that really benefit from that broader media, or ultimately drive that social part harder.

So we're constantly working on optimizing both channel mix and market mix by looking at kind of the return. I think the key for this working is to have that intersection of relevant news from a product perspective that intersects with a good channel strategy. And those things work together.

Nerses Setyan
Mizuho Securities USA LLC, Research Division

Okay. And then just on the margin and the flow-through in Q2, I just want to understand sort of what you intend us to interpret with some of the prepared commentary. I mean, can we get in Q3, like essentially really solid comps with better flow-through? Was there something like it was one time in nature in terms of the Q2, I guess less than expected flow-through, and we should get more flow-through in Q3 and going forward?

Todd Wilson
Executive VP & CFO

Yes, Nick, I mean, I hope it came through loud and clear. Q2, obviously, on a year over year from a flow-through, the cost of sales headwind, the commodity inflation was a big factor there. If you think about the shape of our year, though, we've always tried to communicate, hey, the first half of the year, because of the shape of inflation, right, inflation started to peak in the second half of last year. That then carried through the first half of this year.

We have always expected that the first half of the year would be -- we've actually -- a little ahead of our expectations given the headwinds on inflation. The balance of the year, meaning Q3 and Q4, as those inflation headwinds subside, we do expect the dollar margin and the percentage margin to increase more substantially than they did in the first half of the year.

Operator

The next question will come from Brian Mullan with Piper Sandler.

Allison Arfstrom

Piper Sandler & Co., Research Division

This is Allison Arfstrom on for Brian. The menu mix drivers in 2Q that you outlined were clear and also that it should moderate over time, but more near term should the 2Q trend hold, is that 2Q mix level a good way to think about the back half of this year?

Todd Wilson

Executive VP & CFO

Yes, Allison, Todd here. I think the way that we are thinking about it is that the mix impact eases is the word I intentionally use, right? It eases in Q3 as compared to Q2 and then takes a further step down in Q4. As Lyle alluded to, right, the variable in that is the degree in which our seasonal Pizookies resonate, but on kind of a normalized basis, that is our baseline expectation that we see that mix ease in Q3, step down further in Q4, and by Q4, we do expect that check could be back in total to a moderately positive number.

Operator

The final question will come from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer

Gordon Haskett Research Advisors

Just two quick ones. So sorry to do it to you guys, but just one more in July. I believe you did say that Black Box, the casual dining segment, the traffic part of it was down 1% in Q2. I'm curious if you guys can share what that number looks like in July or at least sort of month to date in July.

Todd Wilson

Executive VP & CFO

Yes, Jeff, Todd here. We're seeing similar to start Q3 in the Black Box numbers. So similar on traffic, similar on sales to what we saw in Q2.

Jeffrey Farmer

Gordon Haskett Research Advisors

Okay. And then bigger picture, more strategy on the marketing front. Obviously, we heard from Cheesecake earlier this week. A lot of these casual dining concepts are getting much better at advertising across social and digital channels. So you guys have had a nice lead there, but some of these concepts are beginning to sort of, I won't say, reel you in, but they're narrowing the lead you have. So strategically, how do you stay ahead in terms of things like the digital and social channels on the marketing front that have worked well for you guys?

Lyle Tick

CEO, President & Director

I mean, I guess there's a couple of things that I I'm going to -- I might take a bigger step back before I get down to that. I think the big step back for me is I think what you're seeing and what we continue to see in our category in full service is this kind of delta between those who are winning and those who are losing, right? As exemplified in some of the Black Box data that we were just talking about, because, we're obviously very pleased with our performance. We've heard some other people deliver good performance, which obviously means that there's that delta. And I think that delta is about your holistic value proposition as a business, and are you delivering a more compelling alternative to the category? So are you winning more of that traffic, right?

And I think that we've seen our ability to do that, and I think there's a set of winners who continue to do that. And I think part of that is marketing strategies, but it's a much bigger story than that, right, which comes from better operations, better products, better atmosphere, and how the whole thing is working together. And I think we've continued to focus on improving the entire value proposition. And so I think you continue to see that at kind of a macro level, which is how we look at the business and I think important overall context.

When you get down to specifically the leveraging of digital channels and social media and influencer. Yes, look, I'm pleased with the way that we've progressed. I'm pleased with the trajectory that we're on. And as I said, I think the thing that -- the intersection there that gets you the outsized results is the intersection of your product pipeline and leveraging that channel, right? So the relevancy of that product pipeline is the multiplier on how that channel works for you. And I think we have some pretty good iconic ownable platforms that we're able to build upon. And so I feel good about our ability to continue to resonate in those channels, but overall with our value proposition.

Operator

This concludes our question and answer session as well as conference call. Thank you for attending today's presentation. You may now disconnect and have a great day.

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