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BJ's Restaurants, Inc. (BJRI) Q4 2025 Earnings Call Transcript

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Q4: 2026-02-25 Earnings Summary

Insights

EPS of \$0.66 **beats by \$0.04** | Revenue of \$355.40M (3.21% Y/Y) **beats by \$1.59M**BJ's Restaurants, Inc. ([BJRI](#)) Q4 2025 Earnings Call February 25, 2026 5:00 PM EST

Company Participants

Rana Schirmer - Director of SEC Reporting

Lyle Tick - CEO, President & Director

Todd Wilson - Executive Vice President & Chief Financial Officer

Conference Call Participants

Jeffrey Bernstein - Barclays Bank PLC, Research Division

Brian Bittner - Oppenheimer & Co. Inc., Research Division

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

Allison Arfstrom - Piper Sandler & Co., Research Division

Todd Brooks - The Benchmark Company, LLC, Research Division

Jon Tower - Citigroup Inc., Research Division

Presentation

Operator

Good afternoon, and welcome to the BJ's Restaurants Fourth Quarter 2025 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 2025 Fourth Quarter Investor Conference Call and Webcast. After the market closed today, we released our financial results for our fiscal 2025 fourth quarter. You can view the full text of our earnings release on our website at 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 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 Tick. Lyle?

Lyle Tick

CEO, President & Director

Good afternoon, everyone, and thank you for joining us today. Q4 was another strong quarter for BJ's, delivering our sixth consecutive quarter of sales and traffic growth as well as our fifth consecutive quarter of profit and margin expansion. From a top line perspective, in Q4, we delivered 2.6% same-store sales growth, driven by 4.5% in traffic growth. On the profit side, we delivered 16.1% restaurant-level operating margins and 10% adjusted EBITDA margins, representing an improvement of 70 and 40 basis points, respectively, year-over-year.

Given the strong performance in Q4 2024, I'm particularly proud of how the team worked together to deliver a strong finish to 2025. Worth double-clicking on is the implied check compression between the comp sales and traffic in Q4. Our traffic momentum builds on the progress we have made throughout the year and underlines the continued improvements in operations, the resonance of the Pizookie Meal Deal and BJ's relevancy in the holiday and social splurge occasion. Two additional drivers in Q4 beyond these foundational elements are the buzz around our LTO Pizookies, which brought in a hard-to-reach younger demographic and drove an increase in the number of what we call Pizookie trial checks as well as our continued outperformance in late night.

While both of these occasions carry a lower dollar check, they help us continue to introduce BJ's to new customers, give existing guests new reasons to come back and sustainably grow sales and profit dollars. For the full year 2025, on the sales side, we ended at 2% same-store sales growth, driven by 2.8% in traffic. And from a profit perspective, we landed at 15.5% restaurant-level operating margins and 9.6% adjusted EBITDA margins, representing an improvement of 110 and 100 basis points, respectively, year-over-year.

As I talked about previously, 2025 was a year of strengthening foundations and learning, guided by our 4 strategic priorities. We created alignment, understanding and shared ownership of our strategy. We built trust, improved accountability and showed resilience when encountering performance challenges. We added 3 strong new leadership team members who have integrated well and made a difference with Jen Jaffe, our Chief People Officer; Tom Kowalski, our Chief Supply Chain Officer; and most recently, Todd Wilson, our Chief Financial Officer. We clarified our growth drivers and continue to refine how to leverage them most effectively.

In Q4 specifically, the combination of better execution, value rooted in the Pizookie Meal Deal and compelling product news driven by seasonally relevant Pizookies and the renovated pizza platform allowed us to continue to deliver strong traffic-driven growth. We evolved our marketing strategy, leaning more heavily into social and word of mouth to support our product news, while leveraging broader paid channels to deliver value through the Pizookie Meal Deal messaging, further refining how we deploy media and message most effectively. Throughout Q4, consistent with 2025 overall, our key metrics continued to build confidence in our progress with improvements across our NPS scores, our team member retention, operational metrics and frequency across age and income cohorts.

Some key callouts with respect to Q4. On the team member experience side, we completed the rollout of our new manager and hourly team member training. On the menu front, we built on our seasonal Pizookie momentum with 2 successful LTOs with the return of the Monkey Bread Pizookie and the introduction of the Dubai Chocolate Pizookie, which also had an accompanying Martini. We launched the renovated pizza platform, which is resonating well with guests and performing consistently with what we saw in test markets with incidents up just under 10% and check-in margin in line with expectations. We ended 2025 with a net reduction of 6 menu items and 4 ingredient SKUs.

From a brand perspective, our marketing teams continue to do a great job optimizing how we deploy our media and messaging. In Q4, we leaned more heavily into word of mouth and social with relevant product news, which drove significant dialogue, interest and trial as reflected in our traffic numbers. Together, these launches generated a 4x increase in Pizookie impressions quarter-over-quarter, outperforming what had previously been our strongest social performance with Spooky Pizookie in Q3. It also drove overall organic social impressions up 12x year-over-year in Q4.

On the operations front, we continue to lean into our core initiatives to drive everyday table stakes improvements and made further progress across our key guest and team member metrics with NPS recommend scores up just under 10% in the fourth quarter, led by improvements in pace, value and food scores. We deployed our AI-based activity-based labor model to 30% of the system at the year-end and intend to deploy to the full system in 2026 and pilot a follow-on use case.

With respect to Keeping Our Atmosphere Fresh, in 2025, we completed 19 remodels, bringing the total to just shy of 50% of our pre-2016 fleet as of year-end. We also modernized our facilities program, tagging and tracking all of our equipment, moving from a more reactive to a more planful approach to ensuring that our team members have the tools they need to deliver on our high standards, and we can put our best foot forward with our guests.

As we enter 2026, we've continued to see positive momentum in the business. While calendar shifts and weather always create noise in Q1, I'm pleased with our performance so far in the quarter and our performance versus Black Box, which continues to outperform on both sales and traffic year-to-date. As I look ahead through 2026, I'm confident in our plans, and we remain focused on delivering consistent growth and improving shareholder value by putting the guest and team member at the center of everything we do.

Our 4 strategic priorities remain unchanged. We will continue to focus on Investing in our People, ensuring they have the tools and support needed to bring our brand to life every day. We will advance our operational excellence initiatives focused on making BJ's better and easier for both team members and guests. We will progress our menu renovation work and set the foundation for future net unit growth.

Our team members are the heart and soul of BJ's. In 2026, our key priorities with respect to the team member experience will be training, embedding the new manager and team member training, ensuring our teams have the right support to deliver for our guests, leadership development, refreshing our high-potential development programs as we continue to build restaurant and above-restaurant management pipeline to support future growth and culture, continuing to build engagement and alignment around our values and behaviors. With respect to Handcrafted Food and Beverage, we will progress our menu renovation work across our priority categories.

We kicked off the year building on 2025 momentum with the Butterfinger seasonal Pizookie, our first LTO pizza with Mike's Hot Honey, which quickly became our third most popular flavor out of 9 and a Korean Sticky Rib appetizer leveraging an existing wing sauce and ribs to create an easy and craveable new option. We also removed 2 lower-performing items that were heavy on single-use SKUs, which resulted in the removal of 5 single-use ingredient SKUs.

As we move forward in 2026, our culinary priorities will be to continue to drive buzz and engagement with seasonal Pizookies, and I'm excited about the pipeline we've built, continue to renovate our core categories, refresh strong sellers with clear NPS and executional opportunities, and continue to find opportunities to simplify while maintaining and protecting the turf coverage that allows us to win across so many occasions and consumer groups. We're currently in market in the early stages of testing refreshes to our burger category and chicken sandwiches. Our culinary team has been hard at work, and we have a pipeline of category and core item improvement tests that will follow suit. These refreshes are still in their early stages. And like we did with pizza, we will follow a structured approach to gain operational and guest feedback and make adjustments ahead of rollout. And also like with pizza, I will provide further updates as appropriate.

Our third priority is Delivering WOW Hospitality. Our focus in 2026 is to build off the foundations we've laid and continue to improve our guest satisfaction, throughput and efficiency. We'll continue to focus on great fundamentals and not seeding conceded ground by continuing to drive accountability through our directors of operations and GMs, having clear and consistent KPIs, lifting up our outliers and driving best practices. Our simplification team continues to work to remove unnecessary barriers and complications, things like integrating Apple Pay into pay at the table, simplifying split check procedures for our team members, simplifying Pizookie and cocktail ordering and ringing in processes and so on. As mentioned previously, we'll continue to advance our technology initiatives to help our GMs and managers have the right people in the right place at the right time.

2026 is an important year for our fourth strategic pillar, keeping our atmosphere fresh. We're going to continue to invest in our remodel program, which has shown strong results and pilot a refreshed BJ's prototype, setting the foundations to grow our restaurant portfolio. With the progress we're making on the core business, we're now laying the groundwork to reignite net unit growth. We're actively building a flexible pipeline as we target up to 2 new openings in the second half of '26 to pilot a refreshed prototype and set the foundation for further growth in 2027 and beyond. You will see this reflected in our capital allocation for 2026, which Todd will talk about in more detail.

Before I close, I would like to once again express my thanks to all our BJ's team members from our restaurants through the support center for their passion and commitment. I'm proud of the progress we made in 2025 and excited about the road ahead. I will now turn it over to Todd to provide further color on how we closed the year and our 2026 outlook.

Todd Wilson*Executive Vice President & Chief Financial Officer*

Thank you, Lyle, and good afternoon, everyone. As Lyle has just outlined, the BJ's brand and business are healthy and thriving. In fiscal 2025, BJ's delivered growth across all key financial measures, sales, traffic, restaurant level profit, net income, EPS and adjusted EBITDA. Comparable restaurant sales increased 2%, restaurant-level profitability increased 110 basis points to 15.5% and adjusted EBITDA increased 14.5% to \$134.1 million.

Turning now to the fourth quarter. In the fourth quarter, we generated total revenue of \$355.4 million, a 3.2% increase versus last year. Comparable restaurant sales increased 2.6%, led by 4.5% traffic growth and a 1.9% lower average check led by the drivers Lyle outlined earlier. Restaurant-level operating profit increased from 15.4% last year to 16.1% this year, led by the leverage benefit of growing sales and continued efficiency gains captured by our operators. Cost of sales was 25.5%, 40 basis points favorable to last year.

The favorability was led by menu price increases and continued gains from our gross to net initiative focused on simplifying the efforts of our team members and more consistent execution for guests. This favorability outweighed food cost inflation led by beef costs of approximately 14% higher than last year and increases in produce costs, partially offset by favorable poultry prices.

Total labor expense is 35.8% of sales in the fourth quarter. While this result is unchanged versus last year, our restaurant teams continue to operate more efficiently while also delivering higher guest satisfaction. The efficiency gains are a credit to the great work of our operators and overall simplification efforts with contribution from the activity-based labor management tool that is rolled out to approximately 30% of the system at year-end. These efficiency benefits were offset by increased bonus costs for restaurant management as a result of the sales and profit growth, and we continue to see higher workers' compensation expense due to rising medical costs despite our progress in reducing the number of claims.

Occupancy and operating expenses, which include marketing, was 22.6% of sales in the fourth quarter, a 30 basis point improvement versus last year. Sales leverage more than outweighed inflationary pressure across the category. General and administrative costs are \$25.1 million and 7.1% of sales, an increase of 20 basis points compared to last year.

The increase is a result of 2 primary factors. First, we determined that certain previously capitalized expenses no longer held future value and expensed them in the quarter. Second, we incurred costs related to different aspects of leadership transition, particularly in the finance function. Excluding these unusual expenses, our run rate for the quarter would have been approximately \$22 million or 6.2% of sales, in line with expectations.

Depreciation expense increased 30 basis points compared to last year as a result of our investments in restaurant renovations and new restaurant openings. These components delivered growth across all profitability measures. Net income in the quarter increased to \$12.6 million in 2025 as compared to a loss of \$5.3 million in 2024. Adjusted EPS increased 40% to \$0.66 per diluted share from \$0.47 last year. And adjusted EBITDA increased to \$35.6 million, a 7.4% increase compared to \$33.1 million last year.

In the fourth quarter, we repurchased and retired approximately 167,000 common shares for \$5.4 million. During fiscal 2025, we repurchased approximately 2 million shares at an average price of \$33.80. With over \$90 million of Board authorization to purchase additional shares remaining, we have significant capacity funded by the business' durable and growing cash generation to repurchase shares when the market price is at a meaningful discount to its intrinsic value. Importantly, our balance sheet remains healthy as we ended the fourth quarter with net funded debt of \$61.2 million, comprised of a debt balance of \$85 million and cash and cash equivalents of \$23.8 million.

Now turning to 2026. Our financial guidance for 2026 is as follows. First, comparable restaurant sales growth from 1% to 3%. We expect continued traffic growth and a marginal increase in average check as we anniversary promotions that affected check in 2025 and implement prudent pricing action to address inflation. I would note, comp sales results to date in the first quarter, including the impact of Winter Storm Ben in late January are in line with this annual guidance. Second, restaurant-level operating profit of \$221 million to \$233 million. We expect sales gains and further efficiency from initiatives, including gross to net and cost of sales, activity-based labor management and multiple initiatives from our supply chain team to drive this growth versus 2025 and outweigh approximately 2% to 3% inflation in our commodity basket, labor rates and other costs.

Third, adjusted EBITDA of \$140 million to \$150 million. In addition to the restaurant level operating profit, we anticipate total G&A costs will normalize near \$90 million or 6.2% of sales, a 30 basis point improvement versus 2025. This G&A estimate is inclusive of approximately \$11 million in stock-based compensation expenses. Fourth, capital expenditures of \$85 million to \$95 million. This is an accelerated pace from 2025 and represents incremental investments in IT and a restart of our new restaurant opening pipeline. On the new restaurant front, we expect to open up to 2 restaurants in the second half of 2026 with additional restaurants under construction in 2026 slated for 2027 opening.

Fifth, we may repurchase up to \$50 million of stock depending on market conditions. This is an important lever that demonstrates the cash-generating power of the business. We expect cash from operations to fund our CapEx, including an accelerated pace of new restaurant openings and have flexibility to return excess cash to shareholders through the share repurchase program or use it to further strengthen our balance sheet. As we demonstrated in 2025, we have the financial capacity and intent to put our capital to work, buying back stock when the market undervalues our shares.

Finally, as we model the quarterly shape of 2026, I would note 2 items. First, inflation accelerated in the second half of 2025, led by beef commodities, and we expect that elevated inflation to carry through the first half of 2026 before moderating in the second half. Second, we expect a more even spread of G&A across the quarters in 2026 than 2025, resulting in a G&A increase in the first half of the year and reduction in the second half. While we expect to increase our profitability in all quarters, as a result of these factors, we expect growth to be more measured in the first half of the year then accelerate in the second half.

In closing, 2025 was a tremendously successful year for the BJ's business. Financial results across all key measures increased significantly as the team executed across all aspects of the strategic plan. Congratulations, and thank you to our restaurant team members, field operators and everyone at the restaurant support center. As we look forward to 2026, we are confident in our strategic direction and our ability to continue to sustainably grow the business to create value for shareholders.

With that, we'll turn the call over to the operator for questions.

Question-and-Answer Session

Operator

[Operator Instructions] The first question is from Jeffrey Bernstein with Barclays.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Great. I wanted to talk a little bit about the comp components. Clearly, the traffic is very strong and seems to be driven by a lot of compelling value. But on the flip side, I guess, you talked about how the mix shift seems to be down somewhat large in the fourth quarter. I'm just wondering how you think about your mix of sales on value, however you define it, what -- where that is now versus where it was a year ago? And if you're comfortable with the balance of value versus premium or whether the value mix might be too high? Just trying to think about the mix shift in general and what your expectation is as we look through '26.

Lyle Tick

CEO, President & Director

Yes. Sure, Jeffrey. This is Lyle. I'll start off and Todd, you can build. I mean as you look at Q4, I wouldn't actually -- I mean personally, I wouldn't characterize it as value particularly in Q4, taking a larger role, right? Because it wasn't -- in Q4, it's not like the Pizookie Meal Deal suddenly took a much larger role, and that's what drove it. It's -- the Pizookie Meal Deal continues to resonate and have growth.

But actually, what drove some of that delta between sales and traffic, which is the implied check compression was the kind of resonance of the seasonal Pizookie that we had. And so we have people coming in. They're not buying the Pizookies on a discount per se. They're just coming in to try Pizookies. And you see what we see is a younger cohort coming in, which I'm pleased with, right? It's a hard group to get, and we have more of those folks coming in. You combine that with better operations, hopefully, more of those folks will then choose to potentially come back. But we are seeing more of those checks where it's them coming in and having a Pizookie or not everybody is having an entree or you're having a Pizookie in some drinks.

And so we saw a resonance and real movement there in mix. And then we continue to see the outperformance of late night in Q4. So the things that drove more check compression in Q4, I wouldn't necessarily think about as headwinds, right, so to speak, or like more from a discounting perspective. There's other small things in there like in our features for the holiday season. This year, we featured salmon over the ribeye given what was going on with the cost of steak. That carried with it a bit of a lower check but a better margin. So there's a number of little things in there, but I wouldn't say it was driven by a sudden jump in reliance on value in Q4 versus what we've been seeing.

Todd Wilson

Executive Vice President & Chief Financial Officer

I'll just quickly add 2 items of building on Lyle's point of the any "trade down in check or lower check", it's just a mathematical equation of we drove incremental traffic at a lower check average with those -- especially those seasonal Pizookies. The other piece I'd call out, and I think it was part of your -- where you're going, as we look forward to 2026, we do expect -- we continue to see PMD grow, and that's obviously a good thing for us as that value message resonates with guests. And so we do expect to see some continued check trade down, but not to the degree that we saw in 2026, meaning we do expect some expansion of net check. And that's just a matter of the pricing to cover off inflation.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Understood. And can you share the -- just on the inflation side, I think you called out a couple of particular commodities, but just wondering what the commodity and labor inflation was in the fourth quarter and what your outlook is for full year '26?

Lyle Tick

CEO, President & Director

Yes, absolutely. So the total basket in the fourth quarter was about 2.5%. We called out beef. We called out produce as the big drivers of the commodity basket. Labor was a similar ballpark between 2% and 3% in Q4. We think the first half of the year, quite frankly, will be in the 3% to 4% range in terms of total inflation. Those same drivers really drive the start of the year, but then we see that moderating in the back half.

Operator

The next question is from Brian Bittner with Oppenheimer & Company.

Brian Bittner*Oppenheimer & Co. Inc., Research Division*

4% traffic growth in the fourth quarter, really impressive. I think it was your sixth straight quarter of positive traffic. And as you look to '26, your 1% to 3% same-store sales guidance, I think it clearly builds in a more balanced check and traffic, I think, and that's kind of what you just said to Jeff's question.

And just in your internal models, how are you anticipating the overall comp trends could be throughout the year? Do you expect them to be pretty steady throughout the year? Is there any interesting drivers we should be aware of that happened post first quarter?

Todd Wilson*Executive Vice President & Chief Financial Officer*

I don't think there's anything we call out. There's obviously some movement in our internal models, but I don't think it's enough to call out. I go back to some of the comments we made in the call, Lyle commented on this, and I did as well that we're pleased with the start of the year. I pointed to our annual 1% to 3% guide and that our results to date are in line with that. And so that gives you a sense of what we're seeing at least so far in Q1.

I know there's been thought internally and externally about anniversarying PMD, which the company did successfully back in 2025. And so we're always looking ahead to make sure that we're planful in those things. I think you see that in the fourth quarter with the seasonal Pizookies that kept that momentum going. So we try to be very planful there. But ultimately, I wouldn't call out anything as big movements within the quarters. But to be clear, we are looking to grow comp sales and expect to grow comp sales and traffic in every quarter.

Brian Bittner*Oppenheimer & Co. Inc., Research Division*

Okay. And just a follow-up on the restaurant profit guidance, I think it assumes kind of a 50-ish basis point expansion in restaurant level margins. If you can just kind of confirm that. And you've been on this really strong margin expansion path recently. What's going to keep the margins expanding as we look forward in '26? If that 50 basis points is the right kind of base case, where is that coming from?

Lyle Tick*CEO, President & Director*

Yes, I'll start, and Todd, you can jump in. The -- as we look at next year, I mean I think there's 3 components to it, right? One is delivering consistent sales growth, right, and having some leverage on the top line, which I think I've maybe been a little bit repetitive on is that we're really focused on delivering a more consistent and durable BJ's that delivers that kind of consistent growth. So that helps.

Number two would be the continued focus on the programs that I've talked about previously, which is we have a really strong core set of KPIs that we're driving accountability down through our teams. We're really focused on bringing up our outliers or kind of our bottom quartile of performance. So continuing to bring that bottom up. And so you see ideally everybody getting more efficient, but that bottom coming up and getting more efficient than the rest.

And then as you look at things like our gross to net, that is going to be a continued focus that we're pushing against with a particular focus on comp food and beverage, right? That is a continued area for us of real focus. Because for me, that is the best indication of when you're moving that, that suggests you're executing better, you have less bad conversations with guests, you can turn tables quicker. So none of that is totally wrung out.

I think also I've talked about previously, as we look at continuing to roll out the activity-based labor model, that's going to be rolled out over 2026. We're going to do that in a measured fashion because you kind of roll it out, you need to learn, get adoption from the GMs and keep going and you don't want to see conquered ground. So it may be more of a 2027 impact. But that -- as that rolls out, the [ABLM] is suggesting there are some hours that we can save. I think I've talked about this a little bit before on the shoulders and on our lower shifts and in the high times, we actually need more labor.

But the real focus for us on the [ABLM] has been consumer metrics, right? And are we seeing improvement across our pace, across our food quality, across hospitality. That's the real kind of, I think, focus on having the right people in the right place at the right time.

But I think as you observed on a lot of those initiatives, I think last year, we were able to get a lot of what was kind of more obvious, if you will. And that as we come into this year, you are seeing the level of expansion not be quite as big, right? And it's because as we come over that, while there's more to have there, each year we come over that, we expect to get more efficient and effective. But the degree of it is going to evolve over time.

Todd Wilson

Executive Vice President & Chief Financial Officer

Brian, just quickly confirming that the -- you mentioned the 50 basis points or so that we're thinking about it the same way, I'd say, in broad strokes, that's in the range of what we would expect. So your math aligns with ours.

Operator

The next question is from Sharon Zackfia with William Blair.

Sharon Zackfia

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

It's really interesting to continue to hear about the LTOs on the Pizookies bringing in younger demographics, and it sounds like it really accelerated for you in the fourth quarter. It may be too early, but what does engagement look like with those customers after they do come in for an LTO? Are you seeing kind of a tail of engagement with those cohorts?

Lyle Tick

CEO, President & Director

You're right. I mean given average frequency of our business in full service, it's too short of a time for me to feel comfortable saying, I definitively am or not. So I want to get more time under our belt. I think big picture, as we looked across 2025, we did see increases in frequency across our age and income cohorts with a little bit more on the younger and a little bit more on the older and more actually on the lower income cohorts. And I think those dynamics to me show -- and this is, again, my inference. But you look at it and you look at the growth and you look at the mix are correlative to the resonance of PMD and the resonance of Pizookie. But it's too early for me, Sharon, yet to definitively tell you that, that is true.

Sharon Zackfia

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

That's completely fair. Are you doing something different in social media? Have you augmented your capabilities there? Or is that increase that you alluded to, is that just organic and coming from your consumers?

Lyle Tick

CEO, President & Director

No, no, no. It's -- we've changed kind of the way we go to market. I mean we did bring on a new team member here who's doing a great job, who is far more socially conversant than anyone than Todd or I or Rana, anyone in this room in fairness. We also have looked at some of our agency resources.

But when you look at the shift, a lot of our social previously was what I would call kind of brand-produced top-down that we would then push out. And we've not only increased our investment as a percentage of our overall spend in social and influencer. But now that content is really influencer-produced versus brand-produced. So people speaking on behalf of us versus us just speaking on behalf of ourselves.

Sharon Zackfia

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

Great. And then last question. Now that we've kind of fully lapped the meal deal, how does the weekend traffic look versus weekday?

Lyle Tick

CEO, President & Director

As we look through Q4, we saw growth through Q4 of all dayparts grew with the highest growth coming from late night. But yes, I'm looking at it right now. So as we look at all dayparts grew and late night was the biggest grower with mid-afternoon and dinner being quite similar and lunch growing, but not quite to the same amount. So that's what we saw from a daypart point of view in Q4.

Operator

The next question is from Brian Mullan with Piper Sandler.

Allison Arfstrom*Piper Sandler & Co., Research Division*

This is Allison Arfstrom on for Brian Mullan. On the refreshes to the burger category in chicken sandwiches, curious if you could speak more about what led to the decision on these 2 platforms? And then what opportunity might be there and if we should expect a similar time line or stage gate process as the pizza relaunch?

Lyle Tick*CEO, President & Director*

Yes. I mean so working backwards, in terms of the process, yes, the process will be similar for most things that we take to market, right? We're going to identify opportunities through 2 things. One is, as we look at our menu satisfaction, intent to reorder, value perceptions, all of those things, that helps us identify areas of opportunity. We look at kind of what are driver categories, so what categories attached to a lot of checks. And then generally, upstream on the big categories, we'll do some screener work to get a sense of conceptually, are we in the right space from a consumer.

And then as we go to market, operations feedback, guest feedback. Just like with pizza, I would expect we'll have to do some tweaking when we get that and then go to market. So the process will be the same. I may have answered both questions there about kind of how we identify it. But we're too early in the -- it actually being in test market for me to have any material stuff to talk about.

Operator

The next question is from Todd Brooks with Benchmark StoneX.

Todd Brooks*The Benchmark Company, LLC, Research Division*

First question, on the activity-based labor, I think you talked about a ratable rollout across the course of this year, 30% was in the barn last year. I mean by celebration season this year, you think you're kind of 50% penetrated with having it rolled out?

Lyle Tick*CEO, President & Director*

I don't know if we'll be all the way to 50%. I would say celebration season is probably the season where we are most cautious about creating disruption. So I think in the first half, we'll have some more rollout. I don't know if we'll get all the way to 50%. I think our windows for rolling something out that we have to kind of intake and get comfortable with.

Q1 is a pretty good window and Q3 are pretty good windows. So it's not that we won't advance it at all, but we want to be really judicious about any disruption that we might cause during celebration season as GMs get used to it because there is a getting used to it, right, when you go now to getting that labor schedule from the AI and kind of learning how to balance the GM's overlay with AI. There's a bit of a learning process, which we've seen in terms of getting comfortable with it. So we'll be judicious about how much of that happens over celebration season.

Todd Brooks

The Benchmark Company, LLC, Research Division

And just kind of looking at some of the earlier units that have implemented the platform, you talk about wanting to see a bend higher in certain scores. Can you start to put a framework around how much improvement you do see once the store is on that platform?

Lyle Tick

CEO, President & Director

I mean I'm not going to be -- I won't give specific numbers at this point. But when I look at the shape where we're seeing improvement, we're seeing improvement pretty much when you look at the pre-post versus the control group across pretty much all of our metrics. The one that we're actually seeing move the most is pace, which is -- which I'm encouraged by because it's about getting the right people in the right place at the right time. So that's where I'd like to see the most movement. The others, we're seeing movement, but varying degrees of movement. But pace seems to be the one that's getting the most improvement, which would be, again, as you might imagine, a core metric for getting the right people in the right place at the right time.

Todd Brooks

The Benchmark Company, LLC, Research Division

Okay. Great. And the final one for me. Todd, you said earlier in Q&A that you continue to see the Pizookie Meal Deal grow. Can you talk to what mix looked like in the fourth quarter maybe versus what you were seeing in Q3 as far as percent of checks on PMD?

Todd Wilson

Executive Vice President & Chief Financial Officer

Yes, absolutely, Todd. When we look back at Q4, PMD grew almost 16% of checks in the fourth quarter. That was up almost 2% versus the fourth quarter a year ago and an increase versus Q3. So broadly, that platform continues to grow for us, which there's obviously been a lot of traffic associated with that over the last 5 or 6 quarters. So it's good to see that. That does come, Lyle hit on this. The check is just a little bit lower is what we see on the PMD checks. It's about 5% lower. So there's a little bit of a check trade-off there, but obviously, getting that traffic in is a big win for our business.

Lyle Tick

CEO, President & Director

Yes. And the only other thing I would build on there, the percentage margin of those checks looks a lot like the percentage margin of our other checks. If you look at over the course of all of 2025, it's about 15.5% of checks and Q4 was a little bit higher than that. And when you look at it as kind of a percentage mix of sales, it's more like 6%. Now that's full week, Brian (sic) [Todd]. I know we've talked about in the past, which remains true that during the week, you're in kind of a -- Todd, sorry, you're in the low 20s, Todd, when you're looking at during the week.

Operator

The next question is from Jon Tower with Citi.

Jon Tower

Citigroup Inc., Research Division

Maybe -- I'm curious to hear that you guys are seeing relatively strong late-night business. It's good to hear. I'm just curious, one, if you're doing anything special to drive it relative to what you've done in the past? And is that also inclusive of the off-premise business when you speak to the strength there?

Lyle Tick

CEO, President & Director

Well, so the -- I mean all of late night is growing. I'll let Todd pick up on the channel mix because I don't have that answer at hand. Jon, I wish I could tell you that we were doing something super unique to drive the late-night business. I think we have a great environment. I think we have a good offer because our happy hour offer we offer at late night.

And I think I've talked about this before, I do think some of it is supply and demand. I think on balance, in the past several years, if anything, you've seen less people kind of either extend or go back to kind of full hours. And I think there's less late night supply. I think we probably have some demand coming back. And I think we are a great or better alternative to a lot of folks for late night. And I think that's helping us win. But we don't have like a specific marketing push or very specific unique like offer for late night that is uniquely driving it.

Todd Wilson

Executive Vice President & Chief Financial Officer

Jon, I'll tag in on -- Jon, just to give you -- it's Todd here. I'll give you some quick color on off-prem versus on. As we look at -- if you just split our business into on-prem versus off-prem, the dine-in business, the on-prem business is incredibly strong. Obviously, that's the majority of our business in the quarter. Traffic in dine-in was up almost 7%, a little over 7%. So just tremendously strong there.

The off-prem part of our business has seen declines. That wasn't new in Q4. That has been a headwind for us for the past few quarters. And so it's a matter of -- we've got folks dedicated to work to address that, but the strength of the dine-in business is particularly strong.

Jon Tower

Citigroup Inc., Research Division

Okay. And just following up on the comment regarding late night. That anywhere near -- like if you guys were to recover, I guess, from an average weekly sales standpoint, back to peak, like how much more room do you have to go or better ask like how far has late night declined relative to your kind of peak times or peak windows or years?

Lyle Tick

CEO, President & Director

I mean honestly, I don't have the number to hand of whether we're there or whether late night, if we look back, I assume we're talking like kind of pre-COVID like what the late night AUV was. I mean what I can say is as part of what we talked about in Q1, which is the continued momentum we're seeing in Q1, the shape of that continues to see particular strength in late night. So that has continued into this quarter. I don't know, Todd, if you have [indiscernible] in terms of specific AUV.

Todd Wilson

Executive Vice President & Chief Financial Officer

Jon, maybe we can tag those...

[Technical Difficulty]

Jon Tower

Citigroup Inc., Research Division

Okay. Hopefully, you guys can still hear me. Just one last question that I had. Okay, great. Just you had mentioned, obviously, you're going to be opening new stores in the back half of this year. Can you just speak to what the new prototype might look like, high-level features that are different versus the baseline they could even just be square footage. But I would assume there's probably a little bit of a differential even off-premise access to the stores versus maybe some of the legacy asset base that you have today and even the cost to build?

Lyle Tick

CEO, President & Director

Yes. So I mean as we look at it, right, I mean from a design perspective, I think what we're ultimately trying to achieve is a contemporized expression of our brand that is familiar to the people who know and love us, but also kind of exciting to new guests. And we leveraged our brand positioning to do that design work. And so I think it will feel familiar but contemporary. And we have, I think, some branding elements that we're bringing in that are evolved and new. I think how we're using some of the nods towards our craft beer heritage with the silos is going to be evolved and new. So there's a number of things, but it won't be -- it will be a familiar but contemporized version.

As we look at the footprint of it, I'm a big believer in right size, right cost, right place. Now the first couple that you build in my experience doing this are generally relatively prototyping. And then as you kind of go forward, and so as we look into the next couple as we move into 2027, I think we will be looking to look at building them not always at the same square footage, maybe in certain markets, it would be relevant to go smaller. I think we're looking at conversions in the appropriate markets. So we're not going to be dogmatic about every time it has to be just a prototype ground-up build. And so part of that influenced the design process, whereby what we're really coming out with is a clear set of brand standards for BJ's that we can apply to different sizes, different shapes, but it always looks and feels like a BJ's.

With that on a cost to build size, I mean, really, what we look at by each individual evaluation of a new unit is do we feel like it's delivering an attractive IRR so that we're being good stewards of the capital. But we are obviously conscious of what is going on with construction and inflation. And so as we built the new design, we are looking for opportunities with that kit of parts to be able to apply them flexibly and get the kind of cost to build to sales and profit and ultimately, IRR where we want it. But I think what you'll see going forward, Jon, is in certain markets, you're going to see something that looks quite like the size of a BJ's right now because it's appropriate for that market. And in another market, you might see something of a smaller footprint or a conversion that allows us to deliver the right return for the capital we put in.

Jon Tower

Citigroup Inc., Research Division

Great. And have you shared those IRRs before that you're targeting?

Lyle Tick

CEO, President & Director

I don't know that we've -- I think that we've shared it before. I mean in the past, I think we talked about like mid-teens IRR would obviously have us at a place where it exceeds our weighted cost of capital. But I think our ambition is far better than that.

Operator

This concludes our question-and-answer session, and the conference has also now concluded. Thank you for attending today's presentation. You may now disconnect.

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