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Brinker International, Inc. (EAT) Q2 2025 Earnings Call Transcript

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Q2: 2025-01-29 Earnings Summary

Play Call

 PR 10-QEPS of \$2.80 **beats by \$0.94** | Revenue of \$1.36B (26.45% Y/Y) **beats by \$109.05M**Brinker International, Inc. (NYSE:[EAT](#)) Q2 2025 Earnings Conference Call January 29, 2025 10:00 AM ET

Company Participants

Kim Sanders - Vice President of Investor Relations

Kevin Hochman - President and Chief Executive Officer, President of Chili's

Mika Ware - Chief Financial Officer

Conference Call Participants

David Palmer - Evercore ISI

Dennis Geiger - UBS

Chris O'Cull - Stifel

Jeff Farmer - Gordon Haskett

Jeffrey Bernstein - Barclays

Brian Harbour - Morgan Stanley

John Ivankoe - JPMorgan

Brian Vaccaro - Raymond James

Christine Cho - Goldman Sachs

Katherine Griffin - Bank of America

Andrew Strelzik - BMO

Jon Tower - Citi

Jim Sanderson - Northcoast Research

Operator

Good day, and welcome to Brinker International's Q2 F '25 Earnings Call. At this time, all participants have been placed on a listen-only mode. The floor will be open for questions and comments following the presentation.

It is now my pleasure to turn the floor over to your host, Kim Sanders, Vice President of Investor Relations. Ma'am, the floor is yours.

Kim Sanders

Thank you, Holly, and good morning, everyone, and thank you for joining us on today's call. Here with me today are Kevin Hochman, President and Chief Executive Officer and President of Chili's; and Mika Ware, Chief Financial Officer. Results for our second quarter were released earlier this morning and are available on our website at brinker.com. As usual, Kevin and Mika will first make prepared comments related to our strategic initiatives and operating performance. Then we will open the call for your questions.

Before beginning our comments, I would like to remind everyone of our safe harbor regarding forward-looking statements. During our call, management may discuss certain items, which are not entirely based on historical facts. Any such items should be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All such statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such risks and uncertainties include factors more completely described in this morning's press release and the company's filings with the SEC.

And of course, on the call, we may refer to certain non-GAAP financial measures that management uses in its review of the business and believes will provide insight into the company's ongoing operations.

And with that said, I will turn the call over to Kevin.

Kevin Hochman

Thank you, Kim, and good morning, everyone. Thank you for joining us as we discuss our financial and operating performance for the second quarter as well as our outlook on the remainder of fiscal '25. Before I start, I want to share that our thoughts are those that are impacted by the Los Angeles area wildfires, and I want to thank the first responders on the ground there. I also want to recognize our Chili's VP of Operations, Dale Bullotta and his restaurant teams in California who are working hard to support the first responders with meals as well as taking care of our team members who have been impacted by the wildfires. I'm proud of how our Chili had show up for each other and our communities during times like these.

Now let's give an update on the business. Chili's delivered another positive quarter in our turnaround and significantly outperformed the industry with same-restaurant sales up 31% versus a year ago. We're pleased with our sustained momentum, the strength of the operational muscle we built and our significantly improved Chili's guest experience.

Throughout Q2, increased competitive promotional activity, pressure tested trying - pressure trying to undercut our value tested our guest experience improvements, and the results are clear. Chili's turnaround has taken hold, and it is sustainable. Our growth continues to be well balanced, driven by the introduction of a new generation to the Chili's brand and by existing guests coming more often.

The investments we have been making over the last 3 years are working. Marketing is doing a great job of bringing guests in and putting Chili's back in culture again. Operation simplification, investments in labor and facility improvements are working to get guests to return. In short, Chili's is broadly relevant again and delivering a guest experience that has restored its leadership position in casual dining. The most recent Circana Crest [ph] traffic share data shows Chili's is now the number one casual dining chain in the industry for 2024, and we don't plan to give that title up. Congratulations to Doug Cummings, as Vice President of Operations and their restaurant teams who selected traffic as their obsession metric for this fiscal and to George Felix's marketing team who has supported them with literally world-class marketing. These sustained results have been driven by continued operational improvements, which have guests coming back. So I'd like to start with an update on operations.

We are encouraged with our ability to accelerate sales results while we also continue to trim the menu. Fiscal year-to-date, we've been able to remove 13 menu items, 12 pantry SKUs and several prep sets, and we've reinvested time in doing fewer things a whole lot better. From a food standpoint, we've successfully moved to a higher-quality chicken breast on every entree, as well as guacamole made fresh in-house every day. We also upgraded our recipes for bone-in chicken wings and bacon to make them crispier. These recipe improvements continue to make a positive impact on guest satisfaction scores. Fewer things to prepare, more care executing our core menu and continually upgrading ingredients is resulting in better tasting food, which is a key piece in accelerating our results. Next on the upgrade list is fajitas in Q4 and ribs in Q1.

We also continue to challenge our processes to simplify and make the job easier for our team members. The installation of our new kitchen display systems is now complete, which has not only eliminated hundreds of pages of reference finders [ph] in the kitchen and made it easier to find recipes, it also has enabled slightly faster ticket times even with the dramatic increases in traffic. And we have just completed the KDS's first upgrade, adding all-day counters across all three cook zones, which will be a game changer for cooks to get better visibility on what they need to prepare during the busiest of shifts.

Three other impactful operational changes we've made recently include the use of steak weight to trim cook time up to 40%, the elimination of chicken portioning and the removal of the It's Just Wings station tower in the fry area Zone 1, which frees up space and time cleaning for the Zone 1 cooks. While we still offer the It's Just Wings virtual brand, we have removed enough complexity that allows us to dismantle the specific station that was simply too much space allocated for what is now just 1% of the business.

Removing the wing station seems small, but it has a big impact that is important to our operation, less items to prep, less equipment to clean and more free space up in Zone 1, where much of the incremental volume driving our business is hitting the kitchen with growth items - with high-growth items like Triple Dippers and Crispers.

To wrap up our operations, I did want to share news of an investment we have decided to accelerate to convert the balance of our restaurants to TurboChefs, which are ovens that use a combination of modern cooking methods to rapidly accelerate cooking versus conventional ovens. Today, the majority of our system uses conveyor belt ovens, to cook a variety of menu items like ribs, chicken and quesadillas.

We've been testing TurboChefs in restaurants and slowly expanding them for the past 3 years with very positive feedback from the operators. They cook food much faster and much more evenly. They put out less heat, making the kitchen more comfortable for our team members. They create superior tasting products like crisper quesadillas and ribs with a delicious crust. They save a lot of kitchen space, which helped with kitchen capacity in the future. They are much easier to clean, and they are much more reliable than the current conveyor belt ovens. We've been slowly replacing end-of-life conveyor belt ovens when they need repairs. And now with the sustained traffic increases, the time is right to upgrade the balance of our system to a piece of equipment that can properly handle our new increased volumes.

Now let's switch gears and talk about marketing and menu innovation. We saw traffic and guest counts accelerate behind the continuation of our better than fast food TV campaign and the Triple Dipper social media campaign. As the operation gets stronger and stronger, it amplifies the return on our marketing investments through more frequent guest visitation.

So while competitors can certainly price below our 3 For Me offer, it is very difficult for them to replicate the total value proposition given the amount of time and investment we have put into improving the experience. We have a multiyear head start on the industry. Our accelerated Q2 results in the face of hotter competitive offers are a solid proof point that replicating our Chili's success will be difficult for competitors to do in the near term.

We also have big food innovation news coming in Q4 to bring excitement to the new 3 - to the 3 For Me platform within our better than fast food campaign, like the tremendously successful Big Smasher, the Q4 launch will feature a famous, very familiar taste profile. But with the high-quality, great taste and hot price point, you can only get from Chili's. I can't wait to be able to talk about it at our next earnings call as we expect the new menu item to help us grow traffic versus a year ago as we lap the Big Smasher launch from Q4 last year.

In addition to our industry-leading value 3 For Me platform, the marketing team has done an excellent job driving the Triple Dipper social media campaign that started in April 2024. In Q2, they brought news to the campaign by partnering with social media personalities Dude Perfect, who challenged fans to create the perfect Triple Dipper Trickshot. And later in Q2, the marketing team launched a Triple Dipper themed holiday bedspread collection that sold out in less than a week. Through YouGov data, we can now see how these efforts positively impact buzz with younger guests and are introducing the next generations to Chili's.

We also brought food innovation to Triple Dipper in Q2 to keep the momentum going as a follow-up to the wildly successful natural hot version of a - of our famous mozzarella sticks, the food team launched Honey Chipotle Mozz sticks may have also driven social media excitement around the Triple Dipper. The results behind the campaign are exceptional with Triple Dipper now representing 14% of total sales in Q2, a 3-point acceleration versus Q1 and an important driver of the total business results.

The campaign is bringing in a younger guest, it's driving a higher check average and guests who purchase a Triple Dipper are coming back more frequently than those who don't. New guests, higher ticket and more frequency, I'd call that a Triple Dipper win for the business.

Now I'd like to give an update on Maggiano's. We've got an established playbook with the successful Chili's turnaround, and we started deploying elements to Maggiano's with the bring the magic plan - bring the magic back plan, and it focuses on simplifying operations while accelerating improvements to the guest and team member experience.

Maggiano's President, Dominique Bertolone, has built a strong leadership team to lead the transformation. We previously announced Anthony Amoroso as Vice President of Innovation and Growth, and Michelin-star chef an Iron Chef winner who knows food and he knows how to elevate experience.

Now I'm pleased to announce two additional strong leaders to round out the Maggiano's leadership team. Ernest Perez is our new Vice President of Maggiano's Operations. Ernest was a Chili's operations leader for 13 years before transitioning to Maggiano's in 2020, and I couldn't be more pleased to announce his promotion. He's a true servant [ph] leader who is working closely with the team to simplify operations and drive business growth.

I'm also pleased to announce Mike Westley has joined the team as Vice President of Maggiano's Marketing. Mike spent the last 14 years as a marketing executive at Yum! Brands, and I had the pleasure of working with him the entire time I spent at Yum!. Before that, Mike learned leadership and brand management at the Procter & Gamble Company. He has a strong track record delivering on the fundamentals of restaurant marketing and innovation, as well as bringing big teams along for the journey.

He loves the Maggiano's brand, and he's excited to partner - to bring Dom's vision to life. The Maggiano's team has started the journey of simplification. We eliminated \$6 take-home pasta and 7 other menu items, which was 13% of the menu. We've also eliminated 17 prep steps that don't improve the guest experience, such as pounding chicken and pre-portioned pasta. This has enabled us to reallocate around 80 hours of labor every week from the heart of house, so our executive chefs and their team can focus on executing the core menu with excellence. And chef Amoroso is beginning to put a stamp on elevating the menu, starting with core items that represent over a third of the business to make the biggest impact.

Two recent upgrades are our Maggiano Caesar Salad that now features scratch-made dressing, fresh baked croutons and freshly cut romaine, as well as our meat sauce, which has been upgraded to a far more delicious beef and sausage Bolognese served with a superior pasta noodle.

Next on our upgrade list is what we think is the most delicious Fettuccine Alfredo our guests will have ever tasted, an elevated crisper chicken parmesan topped with fresh mozzarella, a 30-layer meat and sausage lasagna and our new meatball recipe that is made with American Wagyu beef to elevate spaghetti and meatballs, as well as other dishes.

In addition to operations and food innovation, the new Maggiano leadership team is working on big initiatives to improve speed of service and reimaging their estate, both of which I look forward to updating you on in the future.

I do want to remind everyone that while we started growing sales immediately during the Chili's turnaround, it did take five quarters to start turning traffic trend, and it took seven quarters to turn positive on traffic. So that should give you some type of guide on what we're expecting from Maggiano's.

In closing, I continue to be encouraged by our business momentum. Our Q2 results demonstrate we're working on the right things the right way to drive long-term growth. What's even more encouraging about our turnaround is there's still so much more runway ahead of us for improvements in growth. My executive leadership team just finished our annual strategy planning meetings, and we have a clear line of sight into our future growth plans.

While we've made great strides in areas such as food grade scores and service, we still have a lot more opportunity. Our ultimate goal is best-in-class casual dining guest experience. We see a lot more upside by staying focused on improving the business fundamentals, which includes continued upgrades to menu service and atmosphere, while also continuing to make our team members' jobs easier, more fun and more rewarding. I look forward to sharing even bigger initiatives anchored on improving the fundamentals in quarters to come.

Now I'll hand the call over to Mika to walk you through our second quarter numbers and our updated guidance. Go ahead, Mika.

Mika Ware

Thank you, Kevin, and good morning, everyone. We're pleased with Brinker's second quarter results as we delivered record same-store sales and 600 basis points of margin expansion. Our strong performance is a direct result of staying focused on the fundamentals of food, service and atmosphere.

Our investor growth strategy, combined with our industry-leading value proposition, continues to drive sustained growth in our business. It's exciting to see our cross-functional efforts deliver results in such a big way, and I'm encouraged that we have more opportunity for growth ahead of us than behind us.

For the second quarter, Brinker reported total revenues of \$1.358 billion with consolidated comp sales of positive 27.4%. Our adjusted diluted EPS for the quarter was \$2.80, up from \$0.99 last year. Both brands reported top line sales growth with Chili's comps coming in at positive 31.4%, driven by positive traffic of 19.9%, positive mix of 6.6% and price of 4.9%.

Chili's sales are a direct result of the investments we've made into marketing to drive the guest in and operations to bring guests back. We are back at the top of the consideration set, and we're committed to continuing to improve both the guest and team member experience.

Turning to Maggiano's. The brand reported comp sales for the quarter of positive 1.8%, driven by 6.4% price, positive 0.3% mix, partially offset by negative 4.9% traffic. As Kevin mentioned, Maggiano's has started to implement its turnaround strategy. Dom and the team are closely following the Chili's playbook by eliminating discounting and improving the core menu and the service model. I'm excited about the brand's plans and the progress the team is already making.

At the Brinker level, we made considerable progress on flow-through this quarter with restaurant operating margin coming in at 19.1%, a 600 basis points improvement year-over-year, primarily driven by sales leverage from top line growth. This resulted in favorability in all categories of food and beverage costs, labor and restaurant expense.

Food and beverage cost for the quarter was favorable 20 basis points year-over-year with price offsetting 1.5% commodity inflation. Labor for the quarter was favorable 220 basis points year-over-year. Top line sales growth and favorable productivity offset wage rate inflation of approximately 3.5%.

Advertising spend for the second quarter was flat year-over-year as we moved some of our incremental spend into the back half of the year. Our marketing team continues to do an excellent job bringing Chili's back into the cultural conversation and making the brand relevant again.

G&A for the quarter came in at 3.9% of total revenues, with the year-over-year decrease due to sales leverage, partially offset by increases in performance-based compensation and ERP system costs. Q2 is our first quarter to report from our new ERP platform. So far, while we have experienced the normal bumps expected from an implementation of this scale, operations are running smoothly, and we haven't had any material disruptions to the business.

Second quarter adjusted EBITDA was approximately \$216 million, a 102% increase from prior year. Capital expenditures for the quarter were approximately \$49 million, driven by capital maintenance spend. During the quarter, we repaid approximately \$164 million in debt, almost half the amount we put on the revolver when our \$350 million notes matured in October, bringing our overall lease adjusted leverage ratio to 2.3 times. We will continue to execute our capital allocation strategy, which is to invest in the business, pay down our debt and return excess cash to the shareholders. While it's still early in the quarter, we're excited to see our strong sales momentum continue as we finish our first month of Q3.

In terms of our expectations for the balance of the year, as noted in this morning's press release, we're raising our fiscal 2025 full year guidance to include the following, annual revenues in the range of \$5.15 billion to \$5.25 billion, adjusted diluted EPS in the range of \$7.50 to \$8, capital expenditures in the range of \$240 million to \$260 million.

Our existing guidance for weighted average shares was also reiterated. Assumptions underlying this guidance include planned commodity inflation in the low single digits, wage rate inflation in the mid-single digits and a tax rate in the mid-double digits. Sustaining this level of performance takes continued focus and discipline, and we remain committed to the fundamentals, continuing to improve our food, service and atmosphere. We're proud of how far we've come. We know there's more work to do, and that's what excites us. By sticking to our strategy and making smart investments, we're confident in our ability to drive long-term success.

And with our comments now complete, I will turn the call back over to Holly to moderate questions.

Question-and-Answer Session

Operator

Certainly. At this time, we will be conducting a question-and-answer session. [Operator Instructions] Your first question for today is from David Palmer with Evercore ISI.

David Palmer

First of all, just a wow and congratulations to you guys on this brand turnaround, which probably is the best one of all time in the space. And that would be true if the comps were 15%, but they were over 30%. I know there's a lot of wonder about this level of same-store sales and the reasons for it as you sort of separate the different levers. One of those levers, I think people wonder about is just the magical social media buzz lift that you've had, particularly with Triple Dipper and people wonder and worry about that being lightning in a bottle that's difficult to replicate or repeat as you have to lap these. So could you talk about that and how you sort of try to sustain the lift that you're getting with some of this effective social media marketing and other? Thanks.

Kevin Hochman

Hey, David. Thanks for the kind comments. It's Kevin. We ask ourselves the same question. We obviously go deep on our analytics to understand the drivers of the business. And I know last quarter, we talked about - we got to a pretty precise measurement of what was Triple Dipper social media versus what was 3 For Me.

In Q2, we saw really everything continue to accelerate. So it's kind of hard to tease apart what was social media versus what was 3 For Me. You know, what I will say is to maybe help dimensionalize it is if you look at the comp, which is over 30 and then you look at like, well, what was the sales of Triple Dipper versus a year ago, we basically doubled that business, so it's about 7 points. So you can start dimensionalizing what the percentage of the total is. It probably leads you to the same numbers that we gave you last quarter. But quite frankly, it's not - it's harder for us to make a more finite comment about that. So that's kind of point one.

And then point two is, what we believe is going on in the business is that without the operational improvements that Doug and his team have led and the simplification efforts that we've made, we don't think that the virality and the impact on the business would have lasted as long. So quite frankly, this stuff really started in April of 2024. Typically, when you see something go viral, especially in food, it's probably no more than two to four weeks before you kind of see it snap back. Like I remember seeing a QSR competitor had done a promotion with a cartoon company, and they saw like big double-digit comps that first week. And then by week four, it was kind of back to where they were.

And I think that's what you would normally expect if you get the virality of something without some of the improvements that we've made. What's happening is young people are coming in and they see this on TikTok and they're like, wow, this experience is really good, and it becomes a part of the rotation. I think that's why you've seen the longevity of the results, an acceleration of the results, not just kind of a boom splat that I think you typically would see without the operational investments that we've made in the business.

So I wish I could give you more finite answer on that because I think that's what everybody's yearning for, including us. But we do believe that our strategy is working and that the frequency and the repeat rates are in a place where this is a sustainable long-term business for us.

David Palmer

Thanks. I'll pass it on.

Operator

Your next question is from Dennis Geiger with UBS.

Dennis Geiger

Great. Thanks, guys, and congratulations to the team. I wanted to ask on value and kind of the latest maybe - I'm not sure if I missed it, but as far as that 3 For Me mix goes, if maybe the 10.99 within that, if there's anything to share. And specifically sort of those value scores, it sounds like everything is trending in the right direction. And Kevin, just kind of curious if those value scores are sort of trending as strong as the sales results? And maybe if there's anything additional on your thoughts on value and opportunities from here from a value perspective.

Mika Ware

So I'll start with just the trends on 3 For Me. So the 10.99 bucket, it's up a little bit. Our overall 3 For Me, it's really - it was about 19% last quarter, and it's just a little bit above 19% this quarter. So it's pretty similar. So we still feel really great about just the menu management and the - and the ability for that platform to drive traffic into our restaurants.

Kevin, if you want to talk a little bit more about just the whole value proposition, I think our value are definitely hanging in there.

Kevin Hochman

Yes. From a value score standpoint, we are very, very strong. And it's very clear that it's not about the lowest price point because we actually had a lower price point 3 years ago. We used to have 3 for 10, not 3 for 10.99 with the trade-up. And what's the difference in the business today than 3 years ago was you're getting a much more consistent experience. You're getting much more delicious food and you're getting it in a much better atmosphere with friendlier service. And I think that is a huge part of the value equation that I think people underestimate. And we were getting a lot of questions, I don't know, 13 weeks ago when our competitor came out with a - I was - maybe 8 weeks ago, competitors coming out with a lower price point.

And I mean, I'll tell you the story. I'm talking with my Vice President of Operations. We had a meeting with them a few weeks ago. And I said, are you guys worried about that number, the 999? And they all just started laughing. And I was like, why are you guys laughing? And they're like because we know how strong. We've been in the gym, we've been working out, and we are not afraid of competitors undercutting us. And I think that's what you're seeing in these results.

I think everybody on this call, we were asking questions about how is this sustainable? Why can't someone go beneath you on price point? And the answer is they can, but can they deliver the overall value equation that we're delivering right now? I think that's going to be difficult to do in the short term.

Dennis Geiger

Got it. Great. I appreciate that. One quick follow-up, if I could. Just on the traffic success and it sounds like it's new customers as well as increased frequency from the existing. Is there any more color you can give on that? Maybe how that's changed over the last many - several quarters you've had this level of success where it's more of the increased frequency versus the newer customers? Any sense on a breakdown or any kind of other positive behavior shifts from your customer that you've observed over these last several quarters? Thanks very much.

Kevin Hochman

The only thing we can share with you in the last couple of quarters, Dennis, is that the frequency is getting better and there's more new guests coming into the business. We can't give you any other granularity on it. It's just - it's a new discipline for us, and we're using tokenized data, and we just want to be careful about giving anything that's exact without really fully understanding how all the data works.

So we're very hesitant to give versus like when we give you the traffic numbers and sales numbers. These are tools that we've had for a very long time and are very confident in. So we can say directionally, frequency is up, new guests are up. But to give you that kind of detail, it's just going to be difficult to do right now.

Dennis Geiger

Makes sense. Thanks, guys. Congrats.

Operator

Your next question for today is from Chris O'Cull with Stifel.

Chris O'Cull

Thanks. Congratulations, guys. Kevin, you mentioned a couple of product innovations coming in the fourth quarter, one being a big 3 For Me innovation. Just given the results you're seeing, why is the fourth quarter the right time to bring a new product to the platform? And then what gives you the confidence you can maximize the impact of really two new items, right, the 3 For Me innovation and then the Fajita upgrade in the same quarter?

Kevin Hochman

Yes. Hey, Chris. Thanks for the question. So from a 3 For Me standpoint, we'll have been running basically that advertising for a full year, and we feel like the time is right to bring some new fresh news 3 For Me. Obviously, if we see a change in business trend, we turn on advertising, we'll go back to the other advertising. But it's going to be in a similar vein of better than fast food campaign, familiar taste profile that people know and love, but with the great taste and the hot price point of Chili's.

So we're pretty confident that it's going to be sufficient to roll over the results. So - but obviously, we're not going to be myopic about that. We're going to watch the results closely, and we can always flip back if we need to. So that's kind of point one.

And then how can we support both. So the Fajitas launch is really going to be focused on the operational improvements, the food improvements and through menu merchandising only. So think about that as a thing that could really help our mix in the short term. And obviously, if the business takes off on Fajitas, we could then potentially advertise it in the long term.

So we're not - we don't think our advertising budgets right now are big enough to have two mouths to feed, so they have two things on TV. And we know that value is continuing to work. So we are not willing to move off of that right now, even if we are refreshing the message. So think about Fajitas as kind of a ground war with menu merchandising, operational improvements and food improvements. And then our new 3 For Me innovation will be the air war where we use advertising to drive traffic inside the building.

Chris O'Cull

That's great. That's very helpful. And then just one other one. I wanted to ask about Chili's longer-term margin potential. I'm curious if you know what a sustainable store level margin could be once the chain gets to, let's say, above \$4 million in AUVs.

Mika Ware

Hi, Chris. It's Mika. So really good question about margins. So I want to take the opportunity to talk a little bit about Q2 expectations for this year and then the longer-term expectations. So I will say the 19.1 for Brinker margins was excellent in Q2. I think it is a little bit of an outsized earning just for this quarter. There are a couple of things I wanted to point out.

We had a really big change in our sales from Q1 to Q2 in the trajectory. And we did - it did take us a little bit of time to really ramp up our labor spend in that quarter. So we were a little light in the beginning. We exited where we wanted to. We felt really good about the labor then coming out of the quarter. So that, in turn, caused us to have some really favorable labor that I still think we will definitely leverage labor as we move forward, but not at that magnitude.

The second thing is the advertising. We were flat year-over-year. We did reallocate some of those dollars to the back half of the year. So I do think, again, that the 19 will be the peak. And then I think we will moderate a little bit on ROM in the last two quarters, probably coming in for the year at that mid-teens to even upper teens ROM for full year expectations. So really pleased with all the progress we've made over the last few years.

You mentioned AUVs. Just a few years ago, AUVs were at \$2.9 million. Last year, they were at \$3.6 million. And now we are over \$4 million at \$4.2 million. The great news is we think we can continue to grow these AUVs. So we actually have Chili's out there that are \$8 million, \$9 million volume restaurants. So these are all basically in the same box.

We also watch our guest counts, our dine-in guest counts really closely, and we know we still have a lot of upside there to continue to grow these AUVs. So the point of that is if we can continue to grow the AUVs, we know we still have upside in the margins. So really pleased with this year, the progress we're making, back to historical high ROM, probably even better if you adjust for some of the historical changes and still think there's upside from here if we continue to grow the AUVs.

Chris O'Cull

Great. Thanks, guys.

Operator

Your next question is from Jeff Farmer with Gordon Haskett.

Jeff Farmer

Thank you. And incredible quarter to say the least. I want to focus a little bit on the free cash flow. Obviously, you guys paid down some debt. CapEx is going up a little bit. But assuming that your operating sort of cash flow run rate at a higher level moving forward, how are you thinking about using cash moving forward?

Mika Ware

You know, Jeff, that's a great question. So really, we're going to do more of the same because for us, the most important thing is we continue to invest in the business and have the base business grow. So we're not going to take our eye off the ball there. We're going to continue to pay down our debt, especially into the third quarter. I think we're going to continue to do that. And then any excess cash from there will be used to return the cash to the shareholders.

We did some share repurchase to offset dilution. We'll continue to evaluate that and do that as we move forward. So the priorities haven't changed. It's going to be invest in the business, continue to pay down that debt, and then we'll return some cash to the shareholders after that.

Jeff Farmer

Okay. That's helpful. And then on the follow-up, you touched on it earlier, but as it relates to the increase in new guests that you're seeing, in Chili's. I'm curious how you monitor that and sort of what are some of the data points that you've seen over the last nine months with - or from new guests, I should say?

Kevin Hochman

Yeah. So the way we monitor, we put those - we were talking about it for a year and a half about getting the tokens into our business. So we tokenize the data now. So we know for a given period how many guests are new and how many guests have come back within the last 12 months or even goes further back to 24 months. And then we just - it's just a math equation, right? So we can tell you what - the number of guests that are - that show up new, at least the ones that we have tokenized, which is a good representation of the total population. And that gives us the confidence that we know that we're bringing in more new guests, as well as existing guests are coming back more frequently. So that's probably the amount of detail I can give you on that, but that's how we're confident knowing that it's both drivers, not one or the other.

Jeff Farmer

Okay. Thank you.

Operator

Your next question is from Jeffrey Bernstein with Barclays.

Jeffrey Bernstein

Great. Thank you very much. Two questions. The first one, just following up on the very strong comps. It seems like your revenue guidance for the full year assumes a sustained elevated level of comp with the recent trend. I know last quarter, when you gave guidance, it seemed like you took perhaps a more conservative view on the forward comps. So I'm just wondering your confidence - I wouldn't think you could imagine sustaining a 30%-plus comp. But just trying to get a sense for what your assumption is for comp through the back half of the year, just so we can gauge maybe the momentum. Can you share the monthly comp trend for October, November, December and now January, especially with the weather impact? And then I had one follow-up.

Mika Ware

All right. So I can share this. So we had a big step change in the business. We've had it, but starting in October and the second quarter, obviously, we had a big increase. What I will tell you is that happened and it is sustained. And so really, there was a little noise in the quarter just because of holiday clips, but our sales have increased and they're staying at those levels, and that momentum has continued into the third quarter.

So really, none of the assumptions have changed. We know we've talked to you guys what our price assumptions are. Mix has been elevated now Triple Dipper and the mozzarella sticks. We've added those to the appetizer menu. Those are highly incremental. We've been selling more of those. So our mix now will be in the mid-single digits as well throughout the balance of the year. And then we feel like the business has moved and it's sustaining. So we're seeing that consistently every day and as we move through.

Jeffrey Bernstein

Great. And then, Kevin, just following up, you mentioned the TurboChef. It sounds like you've already had it in some units. I'm just wondering how many more units are in need of the conversion? And any color you can provide in terms of how you would quantify the potential benefits? I know you gave a lot of soft metrics around better quality and consistency and whatnot. But anything else you can share, maybe the cost to convert or any other - any quantifiable benefits you anticipate from that full rollout? Thank you.

Kevin Hochman

It's really about a quarter to a third. We can certainly follow up after the call with an exact number. But - so the majority of the system still is yet to be converted. I'm not going to share any specific details on the speed and the overall satisfaction and food grade scores, et cetera, because there's just a lot of items that go through it would be very complex.

But generally speaking, we've been very, very pleased with all of the metrics. And when you talk to the - like we have these directors of operations and they have anywhere from like 8 to 12 restaurants and some of them have TurboChefs and some of those restaurants don't. And whenever you talk to these directors of operations and say, what's the next big investment that we need to make into the restaurant to continue to improve capacity and the team member and guest experience. The first thing they say is, can you just convert the rest of my restaurants to TurboChef.

So we are so confident now, and we've been testing this thing for 3 years. And the reality is we were pretty confident before and we were rolling it out as the conveyor belt ovens were crapping out out of warranty. And now we're at this point with the increased traffic and the ability to invest to say, let's just go make that move now so that we can really support the teams with the things they need to deal with this increased traffic. There's other things that we've been doing beyond the TurboChef, but we know the time is right now.

So we couldn't be more confident that it's a large investment, and we certainly can share with you all the numbers, but we're very, very, very confident this is the right thing to do for the business.

Mika Ware

And Jeff, we factored that into all of the current guidance. So obviously, in our depreciation and our EPS and our CapEx forecast as well.

Jeffrey Bernstein

Thank you.

Operator

Your next question is from Brian Harbour with Morgan Stanley.

Brian Harbour

Yeah. Thank you. Morning. Congratulations, guys. Kevin, I guess just the mix piece, was that mostly driven by Triple Dipper? Or maybe just comment on some of the other things that you see driving that, whether it's alcohol mix or you think anything that sort of adds to that as we go through the balance of the year?

Mika Ware

Yeah, Brian, it's Mike. So like Kevin mentioned, our Triple Dipper sales year-over-year have doubled. And when we sell more Triple Dippers, it definitely drives our mix. So I would say that is the bulk of what's driving the mix year-over-year. We do have, like I mentioned, the mozzarella sticks, those are incremental in the appetizer category. So we are seeing some mix from appetizers. So that's positive. And then there's a small amount that could be a little bit of desserts or kind of other everything rolled up, but those are the two big drivers year-over-year.

Our alcohol sales they're hanging in there. They're pretty flat or that per 100s are up slightly. So everything is pretty solid on the mix. But those are the two main drivers. The Triple Dipper is a big, big mix driver year-over-year.

Brian Harbour

Okay. Got it. Thanks. Maybe just to push a bit on that sort of uses of capital question, too, right? Mika, would you - do you think that you'll just pay off the revolver? And then I mean, like longer term, do you want to sort of go back to growing units? Are there places where you think you could build new stores? Do you think you could sort of accelerate some relocations? Are there stores that you'd want to expand? And I guess, are there stores that - is there a cohort of stores that you think need full remodels? How would you think about that sort of thing?

Mika Ware

Yeah. So Brian, good question. So absolutely focusing again on the base business. We want to invest back in the business where we think it's smart. Right now, we've been growing new units at Chili's. Obviously, when the brand continues to improve, that opens up more opportunities for that. So we'll still evaluate those opportunities.

You mentioned reimage, and that's something we're really excited about, again, with our pillars, food service and atmosphere. We think atmosphere is very important. So we are ramping up with the new prototype design, which will then lead us to our new reimage design. So more to come on that. But that is something we think we can put our cash against as we move forward with our CapEx plans in the future to keep Chili's and Maggiano's relevant. So that will be a big play there.

So again, it's going to be focus on the business because if we don't have the business growing, the rest of the strategy isn't - it's not as meaningful. So that's still the number one priority, and that's what we'll do with the cash moving forward.

Brian Harbour

Thanks.

Operator

Your next question for today is from John Ivankoe with JPMorgan.

John Ivankoe

Hi. Thank you. I wanted to - firstly, congratulations on everything. Kevin, you're going to write a great book on this someday. So we all look forward to reading it. Congratulations. And congratulations to the entire team. So the question is on CapEx, 240 to 260, I think, is the number this year. Certainly, if we go back in the history of the industry and the casual dining landscape, I mean, there are so many brands that were once good, that didn't do their remodels, that didn't do relocations, that didn't do rebuilds just because maybe the financial returns didn't pencil out at the point in that in other words, it wasn't necessarily the best use of capital from a return perspective. But in hindsight, it was necessary for the brand.

So I ask the question in the context of the Chili's brand, you have units that are 20 years old, 30 years old, 40 years old, maybe even a couple older than that, maybe 50 years old approaching, I guess, not quite 50, but in other words, getting up there. Talk about - since your system is so strong and people are so excited to work at your brand, how much of an opportunity we may have for Chili's to really be a brand of the future from a physical asset perspective. 240 to 260 of CapEx, where does that number go? How much of an opportunity do you want to take forward with the money that you now have to perhaps spend considerably more on the existing asset base? Thanks.

Kevin Hochman

Thanks for the question, John. So I'll start off with kind of our approach to improving the estate or accelerating reimages, and then I'll let Mika provide any color on the numbers and how we're thinking about that. So right now, we really haven't done anything on reimagining yet. So we talk about food service and atmosphere. Most of the atmosphere work that we've done so far has been in terms of repairs and maintenance. So that would be things like leaky roofs and bathrooms that need of assistance and any - we replaced 1,000 sticky tables that were during COVID damaged through the cleaning process and making sure things were really clean. And so really just sprucing up the existing estate, but not necessarily reimagining and taking it to the future of what Chili - the new Chili's that we're building, right?

That is going to be a focus for us starting next fiscal. So Jesse Johnson and Jim Fay kind of our leaders. Jesse is our Head of Advertising and Brand Image and Jim is our Head of Construction and in charge of the reimagining. They are working very closely together to figure out what's that new next-generation reimage prototype. And our hope will be - and our expectation is it will be done sometime early in next fiscal, and then we'll start being able to roll out roughly 100 buildings a year of reimagining.

And there's 200 right now that we think are like what we'd call prioritization assets that we want to get quickly because they are the ones that are much older generation. They could be not reimaged in 20, 30 years, right, and are most in need of a reimage program. So that's what we're going to focus on first. And then once we get that done, then I think you'll probably see more of a normal cadence because it may - the rest of the estate may not be in the image of what these guys are building, but it looks pretty darn good.

Like I don't go into that restaurant and go, I think this is brand damaging anyway or is this is holding us back from growing comps. It's just over time, you got to make sure you continue to update these things so that you don't get behind like we did before. So that's how we're thinking about it. I don't know, Mika, if you want to add any color on the dollars and how we're thinking about that.

Mika Ware

Yeah, John, it will be more information to come because we're still just really working on the whole scope and the cost. But we're not going to be scared about adding that to the capital allocation plan, like the CapEx budget. So we've spent millions of dollars. We've invested millions of dollars on the operations side. We're investing in CapEx. And again, the foundation of our strategy is you have to invest in the business to grow it. You can't try to micromanage every single investment because then you can get nowhere. So all great points, and we think that's a key for us as we move forward. And we'll ramp up as fast as we can as fast as the system can digest it.

John Ivankoe

And I ask this, obviously, in the context of some quick service remodels that we've seen, there's a scrape and rebuild package that's currently being talked about that's something like \$1.8 million for a legacy quick service. And obviously, eating inside of a quick service restaurant isn't nearly as important as a casual diner. So do you have - could you imagine over time that like a quarter of your units might be \$3 million or \$4 million in a quarter, just like some number materially lower than that? Like how are you kind of - I mean, if you're willing to talk about it on this call or not, just kind of the range of projects that we might be considering for Chili's over the next, I guess, year?

Mika Ware

Yeah. John, we'll consider it all. We actually have one of our first scrap and rebuilds that's happening right now. So we'll watch and see how that goes. And we have a lot of different markets, a lot of different prototypes out there. So we're open to all of it, and that's what we're looking at now.

John Ivankoe

Well, you're in a great position to consider all this. So congratulations on everything. Thank you.

Mika Ware

Thanks, John.

Operator

Your next question is from Brian Vaccaro with Raymond James.

Brian Vaccaro

Hi. Thanks and good morning. Kevin, you noted the continued strength in the guest experience you're seeing. Could you update us on some metrics that you've given in the past, GWAP percentage or anything else you have handy on that topic?

And sort of related to that, on the labor side, Mika, you mentioned adding some labor hours through the second quarter to sort of catch up to the traffic surge you've seen. Is there any way to frame or quantify sort of that catch-up investment or to think about the relationship between hours and traffic going forward?

Kevin Hochman

Yeah. Let me start with the first question, Brian, and then I'll leave it to Mika to talk about the tactical on labor question. So essentially, what happened in the quarter is in October, we got behind on staffing for a variety of reasons. The main one is that the volume really increased very quickly. And by the end of the quarter, we had caught up.

So what we saw was a little bit of a dip in scores in that first period of the quarter. And then progressively, things got better as we caught up on the labor equation. So we actually ended the quarter - last year on GWAP, we were at 3.5%, lower is better, by the way. This year, in Q2, we were at 2.9%. So that's a pretty significant drop. I mean that number, when I started, the GWAP was over 5%, and now we're talking about getting sub-3%, especially with the traffic increases that we've seen. So these are record numbers with the traffic increases. So we feel very, very good about the direction we're headed.

The thing I talk about with the team is we can't get bored of continuing to improve those metrics because that's probably why we're winning right now. Like marketing has done a great job of bringing guests in. But the reason why we're keeping guests is because the experience is really good, it's becoming a part of the rotation and consideration set.

So we're going to continue to ruthlessly simplify the operation. We're going to continue to make sure our technology is working very hard for our teams to reduce cash that technology can do. And that's going to be our hallmark is continuing to go down or not to hold ourselves accountable.

Mika Ware

Yeah. So Brian, as far as specifics on the investments, this one is a little bit hard because the labor has ramped up so significantly. So it's not necessarily that we're adding to the base model as we have to ramp up as traffic does. And so what I would tell you is we continue to add people where we think it makes sense and that we watch these guest scores. We watch how we're turning traffic through.

And so we're a little bit in flux. I mean, high level, like I said, I gave some guidance on what I thought the full year ROM would be. I would say where we leveraged over 200 basis points of labor in the second quarter, I think you'd see about half that in the last two quarters of year-over-year improvement. But still leveraging it, investing in this labor, making sure the guests are taken care of as we ramp up and that they're going to come back.

Brian Vaccaro

All right. That's super helpful. Thank you. And if I could squeeze one more in on advertising spend, Mika, I think you said the dollars were flat. I wanted to make sure you were referencing dollars there and not as a percent of sales. Am I interpreting that right?

Mika Ware

You are. So the dollar spend was flat year-over-year. Another reason our - that helped with our restaurant expense in Q2. So the incremental spend that we have planned has now shifted to the back half of the year with probably 60% to 70% of the incremental spend happening in the fourth quarter. So that's dollars are.

Brian Vaccaro

Okay. And the dollar increase, I think originally, you thought that would be up some right, \$15 million to \$18 million coming into the year, still in that ballpark?

Mika Ware

Still in that ballpark.

Brian Vaccaro

Excellent. All right. Thank you so much.

Operator

Your next question for today is from Christine Cho with Goldman Sachs.

Christine Cho

Hi. Thank you for taking my question. And really a big congrats for the great quarter. You've had a big progress in gaining tokenized data. But what are some of the next steps or some major areas of additional investments required as you further progress in the digital journey and deepen your consumer insight? Thank you.

Kevin Hochman

Yeah. Thanks for the question, Christine. So there are two things we're working on there. One, we've been using a third party to help us mine the data. It's expensive and very slow. So we're trying - we have a new Head of Data leader, Alex Knight that we hired last quarter, and he is trying to build out in-house capability to be able to mine the tokenized data. So that's going pretty well.

Like I anticipate every quarter, we're going to get stronger and stronger in building in-house capability to mine the data and make it more systematized versus something that's either expensive or it takes a long time for our people to pull. So that's kind of point one.

And then point two, what I'm charged the team with is, we are not going to try to expand our loyalty program until we take the friction out of it for the guests and the team members. So when we deploy free offers, even with the free chips and salsa that you get every time you come in as long as you're a loyalty reward member and put your phone number in, there's just a lot of friction with it.

And so what ends up happening is the guest doesn't easily get their discount. They have to call a manager over. The manager takes their time away from being in the dining room or leading their teams. Eventually, we get it sorted out and they get the discount, but the guest doesn't really feel great about that experience. The server and the manager doesn't feel really good about experience, right? And ultimately, if we're doing this to drive loyalty, that's not driving loyalty for anything, right?

So the direction I've given the team is let's get that friction out of the redemption of MCR or I'm sorry, my Chili's rewards offers so that it actually is a loyalty building experience. And then once that's fixed, then we can start driving it again. So I don't really have a timetable of when it's going to get cleaned out. But the mantra for the team is unless it's supermarket easy, meaning you can just put your phone number in and all the - and whatever discount you have in your cart comes out, I'm not that interested in continuing to drive it. And I'd rather just drive loyalty through improving the guest experience the food and the atmosphere. So more to come on that because I do think it's more upside for our business, but we've got to get that thing operationally ironed out before we start really growing it.

Operator

Your next question for today is from Katherine Griffin with Bank of America.

Katherine Griffin

Hi. Thanks for the question. First, I wanted to ask if the - some of the commentary that you gave on month-to-month comp trends, quarter-to-date trends, does that apply to Maggiano's as well? Did you see like a similar cadence?

And then where does Maggiano's fit in terms of the full year expectations you talked about in terms of sustaining a level of comp growth?

Mika Ware

Maggiano's is in a different spot than Chili's, but their same-store sales were pretty similar month-to-month as well. So again, there were some holiday flips in there, but their trajectory is they're working on improving. And like Kevin said, that's going to - they're kind of earlier in the turnaround until we have more specifics on them. But there was no wild fluctuations in the results.

Katherine Griffin

Okay. Thank you. And then just with the TikTok and social media virality having continued for a couple of quarters, without giving away like any trade secrets, I'm just curious if there's a way you can contextualize the conversion rate of TikTok impressions into traffic? Is it something that happens immediately? Is there like a lag effect? Just want to understand to what extent you can forecast the impact of social media marketing and virality may be a little bit in your control more than I might assume.

Kevin Hochman

We don't really - we don't have any kind of like X amount of social media impressions equals Y amount of sales, like we just - I don't think anybody has that in the industry, and we don't have it. And if someone has it, we're going to go find that capability and get it because that would certainly make forecasting a whole lot easier.

Kevin Hochman

I mean we do have - we do know we have positive buzz, and we've seen traffic go up with positive buzz. So things like that, we know what our Triple Dipper sales are. But it's really - I think the part of the story is it's all very consistent. It's not ups and downs. It's not peaks and valley. It's a very consistent change in the business across all dayparts, across lunch, dinner, weekday, weekend. So again, it's a very consistent change that we're growing sales in all places of the business.

Katherine Griffin

Thank you.

Kevin Hochman

Welcome.

Operator

Your next question is from Andrew Strelzik with BMO.

Andrew Strelzik

Hey, thanks for taking the question. I wanted to go back to the conversation around operations. Now you have the TurboChef that's in the numbers, you're making some incremental investments in food quality. It sounds like labor exited the quarter where you wanted.

So I guess on the margin, it sounds going forward like this is more marginal or kind of incremental investment than anything chunky. Is there anything kind of larger scale that we should - that you're thinking about or considering given the strength of the traffic trends, even if it's beyond 2025 into '26 that whether from a proactive perspective or just to improve the operations as you continue to talk about investments?

Mika Ware

You know, Andrew, we talk about investments all the time as a leadership team, and we balance on what's going to have the biggest bang for the buck and what can operations handle with all the changes. So again, we've gone through all our opportunities, and we think that TurboChef was a great one to accelerate, to improve food quality, to make the team members' job easier, kind of goes in the line of simplification.

So right now, I mean, things can always change. If something great comes up, Kevin and I will evaluate it and the team, and we'll decide if we want to move or adjust in the business. But we feel we've done a good job of evaluating kind of the opportunities, and we pulled up as many things as we can to continue the momentum in the business.

Kevin Hochman

Yeah. I mean the challenge is like we're learning about the business along with you guys, right? So when we see this influx of traffic, then we're out in the restaurants trying to understand from the leaders, what more do you guys need to keep up with the traffic and then we're deploying those things like the TurboChef example where I think if you had asked me 6 months ago, are you willing to accelerate TurboChef right now, I think the answer would have been, well, let's just keep updating it as conveyor belt oven die and not worry about accelerating. And then when we get to two quarters of really accelerated growth and accelerated traffic trends and the restaurant leaders are like, hey, we need the TurboChef because we know what it does to the other restaurants that have them. And then that changes our point of view about that investment and accelerating it.

So there's nothing - there's no line of sight right now to like to be able to answer your question and say, yeah, we know this is coming. But I do expect that if we continue to see accelerated traffic trends and as the business continues to evolve and we learn more about how to deal with these higher guest counts, there might be some more investments going forward. But there's nothing line of sight right now other than the normal stuff we talked about.

Mika Ware

The good news is we're not having to hold back. So it's not like we have a great idea, and we feel like we can't pay for it or implement it, like anything that we think the business can handle and help the business, we're doing it. So we're in a great position to accelerate any expense that we think or any cost that we think is going to help improve food, service or atmosphere, and we're doing it.

Kevin Hochman

Yeah. And the other thing I would share on that is like we're just trying to be really like judicious with where we deploy dollars because like everybody's got ideas, right? Like we're in a large system and the restaurants where in the country might operate a little bit differently, right, even though we have a playbook. And so everybody's got perspectives and ideas on what we can invest in. And so we collect those all the ideas and then we talk about them as a leadership team and figure out how do we both flush these out the ones that have promise, right?

So it's just - we're constantly getting more ideas than we can invest in. Now all the ideas are great, some of the ideas are. And then - and that's how we're learning about the business and then we're going and deploying the capital. So I think we'll continue. I mean, I think that's been working, like using operator intelligence to drive our investment decisions has been working, and I think we'll continue to do that.

Andrew Strelzik

Great. Thank you very much.

Operator

Your next question for today is from Jon Tower with Citi.

Jon Tower

Great. Thanks for taking the question. Good morning. I guess I never heard of a cheese pull until my daughter showed me some of your customers doing it on social media. But it kind of - it goes back to the question earlier related to your social media presence and just marketing in general, obviously, you guys have had something pretty dramatic on social media platforms. And I'm just trying to think about longer term, how you think about advertising dollar spend between the channels of traditional media. Have you guys kind of reached a saturation point on linear TV and perhaps connected TV and or frankly, a level of efficiency in other mediums that just makes sense for you guys to kind of hold the line from this point forward on your core Chili's brand versus continuing to add dollars to it?

Kevin Hochman

Yeah. You know, how the marketing team thinks about it is like they're setting the menu mix based on the brand priorities - I'm sorry, the marketing mix based on the brand priorities. And right now, we feel like the mix is where it needs to be. Like there's no real reason to go change the percentage of dollars spent on TV versus social because the results are so good, right?

So the only thing we're really thinking about now is should we be deploying more dollars to marketing given the return on investment that we're getting from it, right? And we're really looking at it in terms of as we - as long as we continue to grow sales and we feel like the paybacks are there, we're going to continue to invest the advertising dollars earned through the growth of the business, right?

And maybe the marketing team is slightly tweaking and maybe putting a little bit more against social, but like I don't think there's any major media mix changes that we're going to be doing in '26 because whatever they're doing right now is obviously working really good. And so there's no reason to make a radical shift.

Mika Ware

Yeah, we're staying pretty consistent as a percent of sales, Jon. Obviously, that as the business improves, that gives us a few more dollars to invest. But we'll keep right now, we're going to keep with the program.

Jon Tower

Okay. Makes sense. And maybe just pivoting a little bit in terms of the customer usage, I appreciate everything you provided so far in terms of Triple Dipper looking better. But maybe perhaps across dayparts or weekends versus weekdays, how the business has been performing? Has there been any relative standouts? Obviously, the whole business looks like it's doing well, but curious to get any more insights there.

Mika Ware

You know Jon, that's what I love is when I look at all the pieces, all the pieces are growing. So every income level is growing, every demographic is growing, all the dayparts are growing, off-premise, on-premise, all of it. So there's no real standout of, oh, it's one region or it's one daypart. So that really gets back to we know that the fundamentals of improving food, service and atmosphere is just improving the overall business. And so all these things are working together so that all pieces of the business are getting better. And that's again why we're so confident that this is sustainable.

Jon Tower

Got it. Thanks for taking the questions.

Mika Ware

Yeah. Thank you.

Operator

Your next question is from Jim Sanderson with Northcoast Research.

Jim Sanderson

Hey, thanks for the question. And congratulations on a great quarter. I wanted to go back to some of the comments you made on operational improvements, notably adding the TurboChef, you're going to be removing the wing tower. How do these changes solve problems at the operator level? Meaning, is this a way to improve throughput? Is it a way to reduce wait times on peak periods? Does it accelerate throttling for digital orders? Just any feedback on how this translates into improved operations given the visibility you have from store level feedback.

Kevin Hochman

Yeah. Hey Jim, it's Kevin. So it really depends on the items. So maybe I'll just use two examples so you get a flavor for like how we think about these things. So let's take the It's Just Wings station -- wing station in Zone 1. So that's a pretty big tower. We've got a bunch of sauces that are housed there. There are bowls for every sauce. So if someone orders the Mango Habanero wing through It's Just Wings or through Chili's, they'll take one of the bowls out, they'll put the wings in, they'll toss it in Mango Habanero and then they'll clean up the bowl and put it back into the station. The station is like, I don't know, 5 or 6 feet tall. It takes up a lot of space in Zone 1 where we're doing all the frying.

And so that's an example where, hey, if we get rid of a couple of the sauces that are offered on It's Just Wings and Chili's, we can dismantle that station and just put bottles on the line and just have one - just have a couple of bowls that stack on the line to be able to do this, right? When you take that station out of Zone 1, it literally gives you more space to then put another body in so you can buy a weekend, right? So Friday night, Saturday night, Saturday lunch, where they actually need more people in the fry zone. You now have physical space to be able to do that, right?

So think about that example is about there's less cleaning time. There's less things to clean when we get rid of the station. There's faster throughput because the clock right now in throughput is Zone 1 because of all the Triple Dippers that we're selling and all the French fries that we're selling. So being able to put an additional body certainly dramatically speeds things up, right? So that's an example where less equipment to clean, more space to put a body there and then faster throughput. So that's one example.

Another example we talked about on the call was just using steak weight, right? So a steak weight will be able to cook depending on the cut of steak, a whole lot faster. It doesn't impact the taste or the juiciness of the steak whatsoever. It literally is just a way to cook a little bit faster because you're cooking both sides of the steak at the same time with a hot piece of metal, right? So these are examples that that will increase throughput, right, and it will make it easier for the Zone 2 cook to get all the things out faster, right?

So it really depends on the item. But what we're doing is we're sitting down with the teams and we're understanding what are the common things that they need help with. We're taking those ideas back to our leadership team, and we're prioritizing or getting after it. And I think that's having huge impacts. I mean if you talk to a general manager in a random Chili's, they're going to tell you, even with all the increased volume, it's a lot easier to run a Chili's right now.

Jim Sanderson

Understood. Thank you very much for that. Just a quick follow-up question. Looking at your promotional plan adding Fajitas, should we expect you to really leverage social media influencers on Instagram, et cetera, to support that launch in tandem with the TV advertising for the 3 For Me. Is that kind of the way to look at the marketing plan?

Kevin Hochman

Well, I don't have the marketing plan for Fajitas yet. There'll be some type of work that they do. It's certainly not going to be on TV. When we have that, those plans, we'll certainly share them out. But we don't - I don't have line of sight other than the merchandising plan and the operational and food fixes that we're doing with Fajitas.

Jim Sanderson

Understood. Thank you very much.

Operator

Thank you. We have reached the end of the question-and-answer session. And I would now like to turn the floor back to Kim Sanders for closing remarks.

Kim Sanders

Thank you, Holly. That concludes our call for today. We appreciate everyone joining us and look forward to updating you on our third quarter results in April. Have a wonderful day. Bye-bye, everyone. Thank you.

Mika Ware

Thank you.

Operator

Thank you. This concludes today's conference call. You may disconnect your phone lines at this time, and have a wonderful day. Thank you for your participation.

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