

CAVA Group, Inc. (CAVA) Q1 2026 Earnings Call Transcript

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Q1: 2026-05-19 Earnings Summary

Insights



EPS of \$0.20 **beats by \$0.03** | Revenue of \$438.27M (32.08% Y/Y) **beats by \$19.65M**

CAVA Group, Inc. ([CAVA](#)) Q1 2026 Earnings Call May 19, 2026 5:00 PM EDT

Company Participants

Matt Milanovich - Senior Vice President of Finance

Brett Schulman - Co-Founder, CEO, President & Director

Tricia Tolivar - Chief Financial Officer

Conference Call Participants

Sara Senatore - BofA Securities, Research Division
David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Danilo Gargiulo - Bernstein Institutional Services LLC, Research Division
Zachary Ogden - TD Cowen, Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
Brian Harbour - Morgan Stanley, Research Division
Patrick Johnson - Stifel, Nicolaus & Company, Incorporated, Research Division
Brian Mullan - Piper Sandler & Co., Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division
Samuel Barton - Melius Research LLC
Margaret-May Binshtok - Wolfe Research, LLC
Emir Akdogan - RBC Capital Markets, Research Division
John-Paul Wollam - ROTH Capital Partners, LLC, Research Division
Jon Tower - Citigroup Inc., Research Division
Matthew Curtis - D.A. Davidson & Co., Research Division
Sarang Vora - Telsey Advisory Group LLC

Presentation

Operator

Hello, everyone. Thank you for joining us, and welcome to CAVA Q1 2026 Earnings Call.
[Operator Instructions]

I will now hand the conference over to Matt Milanovich, SVP of Finance. Please go ahead.

Matt Milanovich

Senior Vice President of Finance

Good afternoon, and welcome to CAVA's First Quarter 2026 Financial Results Conference Call. Before we begin, if you do not already have a copy, the earnings release and related 8-K furnished to the SEC are available on our website at investor.cava.com. The purpose of this conference call is to give investors further details regarding the company's financial results as well as a general update on the company's progress. You will find reconciliations of any non-GAAP financial measure discussed on today's call to the most directly comparable financial measure calculated in accordance with GAAP to the extent available without unreasonable efforts in today's earnings release and supplemental deck, each of which is posted on the company's website.

Before we begin, let me remind everyone that this call will contain forward-looking statements. For this purpose, any statements made during this call that are not statements of historical fact may be deemed to be forward-looking statements. Investors should be aware that any forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those discussed here today. These risk factors are explained in detail in CAVA's most recent annual report on Form 10-K, as may be updated by its reports on Form 10-Q and other filings with the SEC.

Please refer to these filings for a more detailed discussion of forward-looking statements and the risks and uncertainties of such statements. All forward-looking statements are made as of today, and except as required by law, CAVA undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

And now I'll turn the call over to the company's Co-Founder and CEO, Brett Schulman.

Brett Schulman

Co-Founder, CEO, President & Director

Thanks, Matt, and welcome to the call, everyone. In the first quarter of 2026 we further solidified our position as the clear leader in the Mediterranean cuisine category, while executing against our long-term strategy with discipline and conviction. Despite today's broader macroeconomic environment and geopolitical uncertainty, we sustained strong momentum and delivered exceptional results, including positive traffic of 6.8%. Guided by the same steady focus that has shaped our business for the past 15 years, we will continue building for the long term as we gain market share with significant white space ahead while deepening our relationships with guests through a value proposition that clearly resonates.

Our first quarter highlights include a 32.2% increase in CAVA revenue, same-restaurant sales of 9.7% driven by 6.8% traffic, 20 net new restaurants, ending the quarter with 459 restaurants, a 20.2% increase year-over-year, adjusted EBITDA of \$61.7 million a 37.6% increase over the first quarter of 2025, net income of \$23.6 million and \$15.5 million in free cash flow. These results are a direct byproduct of the structural strength of our business and the dominant position we hold as the industry leader in Mediterranean, a cuisine category we have pioneered, defined and continue to shape.

Central to that leadership is a value proposition rooted first and foremost, in doing what is right by our team members and our guests. While many peers have responded to short-term cyclical pressures with discounting and promotional activity, we have remained unwavering on our long-term strategy. This past January, we took an approximate 1.4% price increase while holding base bowl and pita pricing flat. Over the longer term, we have priced well below inflation with price adjustments representing only slightly more than half of cumulative CPI since the end of 2019. These decisions, deliberate and consistent have compounded over time, reinforcing the trust we have built with our guests and strengthening the foundation of our brand.

And importantly, that value is not one dimensional. Whether a guest is looking for an accessible everyday meal or choosing to lean into one of our more premium offerings, we have created the flexibility for them to engage with CAVA on their terms in a way that fits their needs and moments. Ultimately, this all ties back to our concept essence, making Mediterranean cuisine accessible to communities across the country while delivering it with warm hospitality, hospitality that is delivered by our outstanding team members who we support with investments like our Flavor Your Future platform, which I will speak to in more detail later. The strength of our category, the competitive positioning of our brand and the power of our concept have enabled the success we saw this past quarter and that we continue to build on for the future.

It is that foundation and focus on execution that guides our work across our 4 strategic pillars, beginning with our first, expand our Mediterranean way and communities across the country. During the first quarter, we opened 20 net new restaurants, ending the quarter with 459 locations across 29 states in the District of Columbia. Our expansion continues with both intention and incredible momentum reflected by recent new market openings at Cincinnati, St. Louis and Columbus and our upcoming entry into Minneapolis, Minnesota later this year further deepening our presence across the new West. We are encouraged by the early performance of our 2026 cohort, which is tracking in line with or ahead of the strength of our 2025 class with first quarter new restaurant productivity trending above 100%.

As we expand our reach across the country, our culinary innovation remains at the heart of what draws guests to our brand. This past January, we brought back our fan favorite roasted white sweet potato to a warm reception with guests embracing it as a complementary meal and using it as a canvas to craft their own CAVA experience. The launch resonated beyond our existing customer base as well, driving increased visit frequency among returning guests while introducing the brand to new ones. We are pleased with the performance of the seasonal favorite, and we look forward to welcoming it back to our menu again in the future.

And from beloved returning favorites to new culinary first, our pipeline of innovation continues to move forward with discipline and purpose. I'm excited to share that we've officially launched our first ever seafood offering, Pomegranate-Glazed Salmon across all restaurants nationwide. Our roasted flaky fillet is marinated in a subtly sweet blend of pomegranate date molasses, harissa, red wine vinegar, and bold spices, a protein-rich option with omega-3s and essential vitamins like B12 and vitamin D, delivering both bold flavor and genuine nourishment in every bite. Salmon is a natural extension of our menu, fitting seamlessly within the Mediterranean diet while increasing the variety of choices we can offer our guests. This is an important culinary milestone for us and when we approached with care ensuring it stayed true to our concept essence. We have seen promising early results as guests experienced salmon for the first time at their local CAVA.

Shifting to our second pillar, deepen personal relationships with guests even as we scale. We are encouraged by the strength of our loyalty program and the increasingly creative and engaging ways we are bringing it to life for our guests. This past quarter, through our digital experience, we leaned into the cultural touch points that bring our guests together, finding intersections of joy, connection and food that feel organic to who we are. Our flavor bracket in app game and recent partnerships with WNBA #1 pick Azzi Fudd and NCAA men's basketball champion, Yaxel Lendeborg, each with their own digital exclusive bowl brought the energy of March Madness to life in the way that felt both timely and uniquely CAVA. Together, these became one of our most highly engaged digital experiences to date and we will continue to broaden our array of engagement tools and tactics like these to further leverage the loyalty program and first-party audience we are growing.

From the beginning, it has always been about showing up authentically and becoming a genuine part of what our guests already love. And it is through this kind of presence that we continue to deepen the relationships that keep our guests delighted and coming back. Bringing these relationships to life starts at a fundamental level with our people and our restaurants, which is reflected in the progress across our third and fourth pillars, run great restaurants every location, every shift and operate as a high-performing team. Operating as a high-performing team requires making foundational investments today that position us for the next decade and beyond.

We've spoken before about being on the precipice of a decade of data transformation, a multiyear transformation where data, technology and AI will reshape how we run our business. I want to take a moment to share the recent progress we have made. Earlier this year, we reached a meaningful milestone with the launch of CavaCore, our modern data platform. It establishes a unified, scalable foundation for how we manage and use data across the business, enabling fast execution today while positioning us to leverage emerging AI capabilities. Building on that, we are in the early stages of delivering our new edge-enabled operating platform CAVA Current, a modular real-time commerce platform. CAVA Current is live today, actively processing orders across our restaurants and as it scales, it will drive more consistent execution with improved visibility and faster, more localized actions.

Together, CavaCore and CAVA Current create a connected real-time system bringing data, applications and intelligence together to power our business. This enables us to deliver more meaningful personalized experiences for our guests, tailored to their preferences and behaviors while also advancing more predictive operations that help our teams anticipate demand and better align staffing and preparation in real time. By building this platform internally, we gained greater control flexibility and the ability to scale more efficiently over time. And while this is an important advancement, it is not a discrete initiative. It is a deliberate structural evolution, creating the conditions for us to operate as a real-time AI-enabled business and move faster and more intelligently across every part of our organization. The work we are doing today will allow us to continue delivering value for our guests, our team members and our business for years to come.

And finally, even the most sophisticated infrastructure only creates value when it is in service of the team members running great restaurants every location, every shift. A core tenet of the strategic pillar is investing in our team members and talent and we remain deeply committed to building the next generation of leaders across our system. Our Flavor Your Future initiative continues to show promise, focusing on attracting, developing and retaining talent across the organization. A recent key action under this platform was the launch of our new Assistant General Manager position, with the critical goal of developing a deeper bench of grow-ready leaders to support our growth as we scale. Early indicators from the AGM rollout are promising. Restaurants with AGM coverage are outperforming those without as AGMs provide additional leadership support during peak dinner and weekend shifts, strengthening operations deepening the development of future team members and building more sustainable restaurant teams over time. We look forward to sharing more on the broader Flavor Your Future platform in the quarters ahead.

And while the early results of the AGM rollout are encouraging, stories like Adriana Cervantes reflect the broader opportunity we are building toward through Flavor Your Future. Adriana joined CAVA as a guest experience manager in Sherman Oaks and through her leadership, operational impact and commitment to our values quickly progressed into the Assistant General Manager role before being promoted to General Manager earlier this year. Today, she is already working toward becoming an academy manager, helping develop future leaders across the organization. Her journey is a powerful reminder that when we invest in our team members and create opportunities for growth, we are able to build not just stronger restaurants, but meaningful and lasting careers for our people.

Before I turn the call over, I want to thank our teams across the country for delivering a strong quarter and for staying true to our mission. It's the consistency, intentionality and discipline with which we operate that have allowed us to establish ourselves as a clear leader in Mediterranean, the next large-scale cultural cuisine category. As we look ahead, we remain committed to bringing heart, health and humanity to food.

And with that, I will hand it over to Tricia to walk you through the financials.

Tricia Tolivar

Chief Financial Officer

Thanks, Brett, and hello, everyone. CAVA revenue in the first quarter of 2026 grew 32.2% year-over-year to \$434.4 million. Same restaurant sales increased 9.7%, driven by traffic growth of 6.8%. During the quarter, we opened 20 net new restaurants bringing our total CAVA restaurant count to 459. As Brett noted, we are very pleased with our new restaurant openings, which are tracking ahead of or in line with the strength of our 2025 class.

New restaurant openings continue to exceed expectations in both top line and margin performance with new restaurant productivity above 100%. Our overall systemwide average unit volumes are now \$3 million. CAVA restaurant level profit in the first quarter was \$108.9 million or 25.1% of revenue compared to \$82.3 million or 25.1% of revenue in the prior year period, representing a 32.3% increase. CAVA's food, beverage and packaging costs were 29.1% of revenue, lower than the first quarter of 2025 by 20 basis points, largely driven by favorable mix.

As a reminder, we anticipate CAVA's food, beverage and packaging costs to increase as a percent of revenue for the rest of the year as a result of the recent salmon launch. CAVA labor and related costs were 25.7% of revenue, approximately flat to the first quarter of 2025. This was driven by sales leverage, offset by a 2% investment in team member wages which includes the expansion of our AGM role. CAVA occupancy and related expenses were 6.9% of revenue, an improvement of 50 basis points from the first quarter of 2025 due to sales leverage. CAVA other operating expenses were 13.3% of revenue, reflecting an increase of 80 basis points from the first quarter of 2025. This increase was primarily driven by a higher mix of third-party delivery and other individually significant items.

Shifting to overall performance. Our general and administrative expenses for the quarter, excluding equity-based compensation and executive transition costs were 9.9% of revenue compared with 10.5% of revenue in Q1 of 2025. This 60 basis point improvement was driven by leverage from higher sales, partially offset by investments to drive future growth and higher performance-based incentive compensation. Preopening expenses were \$6.2 million in the current quarter compared with \$4.5 million in the prior year quarter. The \$1.7 million increase includes a higher number of units under construction. Adjusted EBITDA for the first quarter was \$61.7 million, a 37.6% increase versus Q1 of 2025. The increase in adjusted EBITDA was driven by 9.7% same-restaurant sales growth, the number and continued strength of new restaurant openings partially offset by investment to support growth, including higher preopening costs.

For the first quarter of 2026, equity-based compensation was \$7.7 million. We continue to expect equity-based compensation, which includes our new programs to provide equity grants to GM and performance-based LTI to be between \$22 million and \$24 million in aggregate for the full year. In the first quarter, our effective tax rate was 21.5%. For the full year fiscal 2026 we expect our effective tax rate to be between 23% and 28% with the rate in Q2 being consistent with Q1 based on the timing of equity-based vesting. As a reminder, the increase in our tax rate in 2026 versus the prior year is due to the lower permanent benefit from equity-based compensation. Our cash taxes will continue to be immaterial until we fully utilize our net operating losses.

During the first quarter, we reported \$23.6 million of net income compared to \$25.7 million of net income in Q1 of 2025. Diluted EPS was \$0.20 in the first quarter compared with \$0.22 in the first quarter of 2025. The decrease in net income and diluted EPS is due to the previously mentioned higher permanent benefit from equity-based compensation within income tax in the prior year, partially offset by nearly 50% higher earnings before taxes.

Turning to liquidity. At the end of the quarter, we had 0 debt outstanding, \$403 million in cash and investments and access to a \$150 million revolver with an option to increase our liquidity if needed. Cash flow from operations for the first quarter of 2026 was \$64.1 million compared to \$38.6 million during Q1 of 2025. Free cash flow during the quarter was \$15.5 million.

Now to our outlook for full year 2026 we are raising our guidance to expect the following: 75 to 77 net new CAVA restaurant openings, same-restaurant sales of 4.5% to 6.5%. CAVA restaurant level profit margin between 23.7% and 24.3%, preopening costs between \$22 million and \$22.5 million and adjusted EBITDA, including the burden of preopening costs between \$181 million and \$191 million.

I'd like to provide some additional thoughts on our outlook. Turning to same-restaurant sales. We increased our full year outlook to 4.5% to 6.5% growth. Our updated guidance reflects the continued strength we are seeing across the business while remaining appropriately balanced against the current macroeconomic and consumer backdrop. We remain confident in the underlying health of the business, supported by the strength of our unit economic model. While same-restaurant sales trends in the second quarter are in line with the first quarter and tracking above our revised full year guidance, our updated outlook contemplates a more moderate mid-single-digit comp assumption for the balance of the year. Overall, we believe our guidance appropriately balances the momentum we're seeing in the business today with a prudent view of the external environment.

Shifting to restaurant level margins. Our outlook reflects the strength of our business and incorporates a 20 to 40 basis point headwind to capture a more cautious view on elevated energy cost impacts given ongoing geopolitical uncertainty. On the labor front, our guidance embed further investments in team member wages and other opportunities to deliver on an exceptional guest experience. As a reminder, beginning in the second quarter, we introduced Salmon nationally, which we expect to be a margin rate headwind of approximately 100 basis points. Reopening expenses reflect increased investments in operator readiness, including onboarding general managers earlier to allow for more comprehensive training ahead of opening. We believe these investments help position our teams to execute consistently at a high level.

Finally, shifting to general and administrative expenses. While we experienced leverage in the quarter driven by outsized sales performance, our general and administrative outlook for 2026 remains unchanged, and we continue to expect G&A as a percentage of revenue to be relatively flat year-over-year as we remain committed to making targeted investments to support the long-term growth of the business.

Before we open the line for questions, I want to thank our team members across the organization for their continued hard work and commitment to delivering for our guests every day. It is because of their passion and dedication that we are able to fulfill our mission of bringing heart, health and humanity to food and create meaningful experiences for our guests.

With that, let's open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from the line of Sara Senatore from BOA.

Sara Senatore

BofA Securities, Research Division

Just I guess a question about the new store productivity. Obviously, very impressive. I think in the past, we've talked about a honeymoon period. It's been a relatively modest drag. I don't want to overstate it, I think, maybe 100 basis points. But I guess anything you can share about the new stores? Any commonalities across which markets have the highest MSP based on a 2025 cohort, are those highest volume stores, the ones that have the honeymoon periods? Or are the 2 things, I guess, not correlated? Just trying to think through as we think as they enter the comp base?

And then just a quick clarification. You said, I think, CAVA's food beverage and packaging costs will increase for the rest of the year because of salmon. So does that mean you plan to keep it on the menu through the end of the year? I guess I thought that initially is targeted through 3Q?

Tricia Tolivar

Chief Financial Officer

Sara, thank you for the question. So we're talking about new store productivity first. We are very pleased with the opening of our new restaurants. Again in 2026, our new restaurant openings are exceeding our expectations with AUVs of \$3 million and performing at 100% or greater productivity. We are finding that across all geographies, all types of formats, all markets and can't find any commonalities in terms of tying them to particular behavior overall other than we haven't done a market yet that doesn't love CAVA, and we're very happy with their performance.

What we are seeing with those 24 openings as they come into 2026, while we talked about the honeymoon last year, what we're seeing with the 24 and entering into the comp base or in the comp base in 2026 that they're outpacing our expectations. And then they are performing better than we expected and after 18 months continue to show positive momentum and are contributing significantly to overall same-restaurant sales performance. The '25 vintage in '26 is performing very similar to 2024. So no significant difference there, and we would expect them to perform like '24 as we move forward, and that's how we reflected it in our guidance.

Your second question was regarding COGS and the impact of salmon. So yes, we launched salmon at the beginning of the second quarter. It's anticipated to run in the second quarter and third quarter, and our guidance reflects that impact in the fourth quarter as well.

Operator

Your next question comes from the line of David Tarantino from Baird.

David Tarantino

Robert W. Baird & Co. Incorporated, Research Division

Great. My question is on the margin outlook, Tricia. You raised the comp guidance, which is encouraging but didn't really touch the restaurant level margin guidance very much. And I think you called out energy costs. But I guess are there other factors that are limiting the flow-through on the additional revenue that are worth calling out? Or is this all about an assumption that energy costs will be higher for the balance of the year?

And then secondly, I wonder if you could just comment specifically on the other operating cost line because I think that line surprised at least some of us this quarter. And maybe just if you can unpack the fairly big variance in that line versus maybe where we had it modeled.

Tricia Tolivar

Chief Financial Officer

Yes. I appreciate that, David. So regarding the margin outlook, our model is incredibly robust and has tremendous flow-through. And we're seeing that continue to perform. But there are a number of factors that we included in our guidance that we want to specifically touch on, one is salmon. So that's certainly going to have an impact overall on margin rate. But remember that salmon is priced to be penny profit neutral, so the dollars will be the same.

The other piece is the energy cost impact. And it hits a couple of different line items. And as we called out in the prepared remarks, we're contemplating an additional 20 to 40 basis points of an impact related to those, that would likely more -- be more significant in the third and fourth quarter as fuel surcharges will kick in. We're starting to see early signs of that, but that -- if it persists it'll continue to escalate as you go into the remainder of the year. And then you're also going to see some potential utility impacts on the other operating expense line. And then within input costs related to food, beverage and packaging, you've got polyethylene costs that are anticipated to also be impacted, and we built all that into our guidance which does have an impact on the overall flow-through.

To a lesser extent, we did layer in some additional average wage investments and some flexibility to make some investments in our guest experience in terms of labor that will be less impactful, but is included in our guidance overall. And keep in mind, David, we did increase the top end of our restaurant level margin guidance range by 10 basis points, going back to the robustness of the model itself, but contemplating the uncertainties that are out there and how they might impact our performance overall.

The other OpEx lines as we called out, digital mix is impacting that. And so you're seeing some increase in overall fees on that line. Digital is designed to drive profit neutrality. So it's a little bit of an optics impact as you look at that. And then other fairly immaterial amounts across a number of different categories between other operating expenses. And those are fairly onetime in nature. However, as we think about other OpEx as we go through the remainder of the year, it will be a little bit above where we were on a full year basis as a percentage of revenue versus 2025, and that's largely due to the digital mix that I mentioned earlier.

Operator

Your next question comes from the line of Danilo Gargiulo from Bernstein.

Danilo Gargiulo

Bernstein Institutional Services LLC, Research Division

First of all a clarification on -- Tricia, on your statement that April or the recent data is tracking -- on track with the first quarter actual. So I was wondering whether you were referring to the others that you have achieved in the first quarter or whether you were referring to the exit. And then stepping back, maybe this is more for Brett. Like if you were to think about the swinging factors that you have at your disposal for this year, what do you think is going to be driving you to get to the high end of the guidance versus the low end given that you have significant opportunities ahead of you and you've already demonstrated that in the first quarter.

Tricia Tolivar*Chief Financial Officer*

So regarding your question about our same-restaurant sales assumptions and what we're experiencing, our same-restaurant sales trends in the second quarter are in line with our overall same-restaurant sales in the first quarter and tracking above our revised full year guidance.

Brett Schulman*Co-Founder, CEO, President & Director*

And Danilo, the second question. We're going to stay steadfast in our long-term strategy with consistent radical menu innovation to excite our guests that doesn't create operational complexity. Tricia talked about some of the potential investments that we've accounted for in restaurant level margin to continue to lean in and elevate warm Mediterranean hospitality and continuing our operational execution while mitigating menu price increases. We are very focused on making sure we don't have to pass through any inflationary pressures to our guests. And that has been something we've worked very hard on in recent years that whether it's underpricing peers by more than half, whether it's taking less than half the price increase of CPI. That has delivered great value every day that we think drives that traffic over the long haul. So we'll continue to focus on those.

And again, also, we've talked in the past about the opportunity to continue to lean in and pull our marketing lever. It has been a smaller portion as a spend of our percentage of revenue versus our peers, and we see opportunities to continue to be very cost effective with our marketing, but elevate the awareness. We've grown our awareness now from 62% to 66% across the country. So that certainly helps drive more people to try CAVA and when they try it, they like it and they come back more frequently.

Operator

Your next question comes from the line of Andrew Charles from TD Cowen.

Zachary Ogden

TD Cowen, Research Division

This is Zach Ogden on for Andrew. So the acceleration you saw in same-store sales to start the year is contrary to what most of your peers saw. Do you stack rank the drivers of that acceleration between white sweet potatoes, any marketing investments, any improvement in your consumer or maybe some other factors as well?

Tricia Tolivar

Chief Financial Officer

So certainly, when we look at same restaurant sales in Q1, we believe it's a combination of our amazing culinary spring and cuisine where taste and health unite for guests across the country at a time where it's meeting the needs of the modern consumer and meeting their desires from an experience standpoint, also bundling that with warm hospitality and delivering on what Brett talked about, is a great value every day. And those things together are a significant contributor to the overall performance. You mentioned white sweet potatoes. We brought back a fan favorite of white sweet potatoes and our guests just love it. It drove frequency, brought in new guests and created a unique option for our guests as a complementary main item. It doesn't appear to be a single factor that was driving the overall same-restaurant sales performance.

When you look at the comps across the country, you saw great strength in every region of the country. You see great strength across all of our vintages. And in fact, when you look at our restaurants based on their median household income in their market, all of those cohorts are performing very well, and our lower income cohorts continue to outperform as we bridge this K-shaped economy.

Operator

Your next question comes from the line of Gregory Francfort from Guggenheim Securities.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

I just wanted to maybe unpack the digital sales, and I think you hit almost 40% this quarter. And just a few years ago, that was maybe 35% and -- how much of that is being driven by 3P delivery versus your 1P digital channels? And I guess what's the strategy or goal for that breakdown over time?

Tricia Tolivar

Chief Financial Officer

Yes, Greg, when we look at our digital mix, we are seeing improvements and going back to what I said earlier, we designed our channels to drive the same level of profitability on a dollars basis across the board regardless of how they choose to dine with us. And when we look at the quarter itself, we are seeing improvement in third-party delivery mix overall and we're seeing improvement in other channels as well with digital that are driving to that increase from the 36% level in prior years, closer to 40% today.

Operator

Your next question comes from the line of Brian Harbour from Morgan Stanley.

Brian Harbour

Morgan Stanley, Research Division

I guess could you comment on what you've seen from salmon so far? I guess the quarter-to-date comments suggests it's doing well. But anything about new customers, about frequency, are you sort of happy with the consistency of the product when you look across your store base? And then I guess, it sounds like you expect it to sort of remain there through the balance of the year. So is the assumption that this is kind of the permanent seafood offering at this point?

Brett Schulman

Co-Founder, CEO, President & Director

Brian, we are pleased with the performance of salmon, and it is in line with what we saw in our market tests and to our expectations. I'm very proud of the team. They did a rigorous stage gate process to test and ensure that we could execute a delicate protein at a high level for our guests. And so we've been very pleased with the execution across the fleet. And have not committed to salmon being an everyday item but do expect it to run through the fourth quarter at minimum.

Operator

Your next question comes from the line of Chris O'Cull from Stifel.

Patrick Johnson

Stifel, Nicolaus & Company, Incorporated, Research Division

This is Patrick on for Chris. Brett, I know you talked about testing roasted garlic shrimp last quarter. And I was curious if you could give an update on where that is in the stage-gate process and we've seen some e-mails here in our local market, but I'm not sure if that's indicative of the fact that you rolled it out nationally yet or if we're in the test. And just more broadly in -- on the LTOs in general, how are you guys thinking about the pace and sequencing of LTOs maybe relative to past years when a lot of peers have seemed to accelerate the pace of innovation. And clearly, you have a lot of momentum, but curious to get your thoughts on what your customer is telling you what the business is telling you in regards to what that right pace is for CAVA?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, I'm guessing you might be in Northern New Jersey. That is where -- or I'm sorry, or Nashville, where our market tests are going on, on roasted garlic shrimp. So that has moved to the next stage of the stage gate process. Originally it was a market test -- or sorry, an operations test. We are now in a market test, which is a broader test, which would be the last stage of proof points before we would take it to a more national launch.

So again, it's following the same disciplined process we've been doing for a number of years now and what our culinary road map has and a tent-pole moment each year bracketed by some seasonal moments, and we think that is still the right pace for us. That is the, I think, the balance we're trying to strike to have the right amount of newness and excitement for our guests without overcomplicating operations. We are focused on delivering exceptional operations every restaurant, every shift with warm hospitality. And so we want to be mindful of how much newness we drive in and operational complexity on our operators while balancing the excitement our guests have when we bring them new culinary.

So I would continue to expect a tent-pole moment each year, bracketed by a few seasonal moments like you saw with roasted white sweet potatoes. We have a few fun things coming this summer or even collaborations like we did with Azzi and Yaxel around the NCAA tournament time.

Operator

Your next question comes from the line of Brian Mullan from Piper Sandler.

Brian Mullan

Piper Sandler & Co., Research Division

Brett, you just mentioned operations. My question is on operations. With Doug Thompson having a bit more time in the role, can you just talk about what he's been the most focused on so far? What are the most important priorities for that role as you see it for the balance of the year? And if you just want to layer on your very strong growth in traffic and how that might influence timing or order of priorities? Anything would be great.

Brett Schulman

Co-Founder, CEO, President & Director

Yes. 3 main priorities. First and foremost for Doug is people development. Doug is an experienced leader of people, a developer of future leaders, very excited to have him on board. So building out our pipeline, which that AGM investment is part of future leaders, not only to help maintain operational integrity across all shifts, both lunch and dinner and weekends, but as well as building a deeper pipeline of future leaders to open those new restaurants with operational integrity. And then new restaurant opening excellence is another given the intense volumes we're seeing and new restaurant productivity. We want to make sure that we protect those guests experiences when they come in and experience the best version of CAVA and put our best foot forward. Very excited at some of the additions we've made in our recent Ohio openings that have really helped deliver better experiences on these NROs.

And then lastly but not least is hospitality. It's been core to our brand essence. It's not just our Mediterranean cuisine or taste and health unite, but it's our warm Mediterranean hospitality. And I think we're good at delivering that across the country, but we want to be great and exceptional at it. And I think we have some opportunities to do that consistently again across every restaurant, every shift. And this is something Doug has great decades of experience in delivering and excited for him to bring that experience to CAVA and help us elevate from good to great.

Operator

Our next question comes from the line of John Ivankoe from JPMorgan.

John Ivankoe

JPMorgan Chase & Co, Research Division

First, and I'm sorry if I missed this, it's an operations-related question first. On catering, Brett, can you talk about your experience of catering, particularly in some of the busier, more urban stores, if you do want to do it out of existing CAVA outlets or if maybe some purpose-built assets would kind of make sense to better achieve the catering daypart. That's the first question.

And then secondly, you guys have long talked about, I guess, human resources, developing talent is probably the #1 gating factor to the speed of growth which I think makes a lot of sense. But Tricia, you did mention on the balance sheet, you do have \$400 million of cash. You have \$150 million undrawn revolver. You're generating cash. I mean it seems like you might be in a pretty good position to maybe think about some asset types of deals that could potentially be converted to CAVA at some later date. So just as an idea. So where are we in terms of potentially using the balance sheet and your overall cash flexibility to maybe accelerate development, obviously, not this year, but over the next couple of years as opportunities arise?

Brett Schulman

Co-Founder, CEO, President & Director

Yes. John, I'll address catering and then let Tricia address the balance sheet question. We are -- we have a market test going on in Houston that we've spoken to in the past. We plan to expand that to a second city, a second market later this year. And one of the goals of the test and really, we think is a critical aspect of it is understanding capacity management and load balancing. We have tremendous demand in catering. We know there's a lot of demand that's out there, but we want to make sure we position our operators to successfully meet that demand and meet our commitment to experience on the catering front.

And so to your point, we do have 20-plus purpose-built locations that include -- we've spoken about our hybrid kitchens and our digital kitchens that have extra capacity, hub central production capacity. And we are testing in regular CAVA restaurants to understand strategically, how do we want to move forward? Is it more purpose-built centralized production complemented with the regular CAVA restaurants? Or is it just that centralized production? And we want to be very patient and methodical and disciplined because we know that, that revenue potential is out there for us, but we want to make sure when we do open the spigot or roll out catering that we meet it with operational integrity and more to come. But again, we will expand it later this year to a second market test to make sure we're understanding how we want to move forward with our load balancing and capacity management.

Tricia Tolivar*Chief Financial Officer*

And John, as it relates to our balance sheet, we are in a very strong position there that we called out and certainly at the highest and best use of our cash are investing in new restaurant openings. And as you rightfully acknowledged, the biggest governor to growth is ensuring we have a right pipeline of growth-ready leaders sort to open those restaurants successfully. So we will consider and evaluate asset deals and understanding how to own or augment our very robust real estate pipeline that we have.

But I want to be thoughtful and not go after assets that we weren't able to support. And at the same time, as we've looked at opportunities to invest in real estate through different acquisitions, we find that it's often better to just wait and acquire those assets on their own through different means, and it's a more effective deployment of capital in the end and less of a distraction to the business.

So what our balance sheet provides is lots of flexibility and optionality. We're always evaluating different investments that we can make in cash to drive incremental returns for the business. But at this time, the highest and best use of capital is in our new restaurant openings.

Operator

Your next question comes from the line of Brian Vaccaro from Raymond James.

Brian Vaccaro*Raymond James & Associates, Inc., Research Division*

You noted the strength in the third-party delivery channel and just curious what you'd attribute that to? Are there tangible improvements in execution, order accuracy, et cetera, or any changes in the agreement with third-party delivery partners that are worth noting? And then just a follow-up on the AGM program. Could you just remind us what percentage of the store base today has an AGM in place?

Brett Schulman*Co-Founder, CEO, President & Director*

Brian, if you remember last year, we spoke about our kitchen display screen investment rollout, and that is absolutely driving better productivity, better order accuracy, better digital order management. So that's driving both growth in our 3P channels as well as our 1P channel and digital ordering pick up and pick up by car. So that, again, has helped equip our team with the tools to be more successful and deliver on our guest commitments, which is driving overall growth in the digital channels.

Tricia Tolivar

Chief Financial Officer

And with regards to AGMs in our restaurants, we are focused at those restaurants with higher volumes and placing AGMs in those locations. So haven't yet disclosed the actual number, I would say, is approaching above 50% of the locations, it's a progressive process.

Operator

Your next question comes from the line of Jacob Aiken-Phillips from Melius.

Samuel Barton

Melius Research LLC

Great. This is Sam on for Jacob. I just want to focus in on the CavaCore in the data infrastructure that you guys mentioned in the prepared remarks, as that rolled out, where do you expect the earliest material benefits to show up? Is it demand forecasting, labor deployment something else? And is the bigger opportunity near-term restaurant execution or more longer-term guest engagement?

Brett Schulman

Co-Founder, CEO, President & Director

Yes. I think it's both of those and a third, which is you've got restaurant operational efficiency, you've got guest engagement and you've got business intelligence insights at the corporate level. And what we're seeing already is some significant productivity enhancements across our enterprise from when you think about automating a lot of manual and spreadsheet type tasks, whether it's in the finance function or other functions. And then at the restaurant, what this does is it gives us a foundation to now leverage for predictive prep, predictive cook, labor scheduling and inventory management. So this sets the foundation for us to be able to pull those levers, take that complexity out of our team members' mind share and help position them to deliver, again, pressure food, mitigate waste and deliver on our operational commitments without having to do a lot of the manual computations and tasks themselves. So very excited for what this lays the groundwork for.

I've talked about in our shareholder letter over the last couple of years. This is the early stages, I think, of a decade-plus of transformation and what it will do is enhance our team members' experience across both our support centers and the restaurants. We always talk about using tech value to enhance the human experience, not replace it, and this will empower our team members to be more productive, be more powerful and be more successful. And ultimately, if the restaurants free them up to deliver that heart, health, and humanity through hospitality.

Operator

Your next question comes from the line of Margaret-May Binshtok from Wolfe Research.

Margaret-May Binshtok

Wolfe Research, LLC

I first wanted to just ask, Brett, you said that national awareness has built. I just wanted to understand how are you guys scaling your marketing investments in newer markets to build awareness ahead of unit growth? And then I just also wanted to follow up, Brett, I think a couple of quarters ago, you said that the 25- to 35-year-old cohort had lost some frequency. Would it be fair to say you're seeing that recover?

Brett Schulman

Co-Founder, CEO, President & Director

Yes. From a marketing standpoint, last year, we increased about 1% of revenue to 1.2% of revenue. So we continue to lean into it. It's not specific to new markets. It's just general across the country. We have so much pent-up demand when we open in these new markets. We haven't needed to add any additional or incremental marketing other than the general awareness and word of mouth and excitement in preparation for our openings.

At this point, though, we're focused on driving broader general brand awareness, and you saw that salmon launch campaign and a couple of activations we did or some of the collaboration. So we think this is something we can continue to lean into from a brand-building aspect, but opening new restaurants has certainly helped bring that awareness as we proliferate across the country. And you said 35 to 45, I think what I referenced in the past was the 25- to 34-year-old cohort back late last summer, early fall, where we said coming out of our last quarterly earnings that we were seeing that cohort firm up at the end of the year, and that carried into this year, and we've seen that momentum continue year-to-date.

Operator

Your next question comes from the line of Logan Reich from RBC Capital.

Emir Akdogan

RBC Capital Markets, Research Division

This is Emir Akdogan on for Logan. You mentioned continued strong momentum despite the current geopolitical and macro backdrop. I was just hoping if you could provide any color on changes, if any at all, that you might have seen in consumer behavior post the start of the Middle East conflict relative to before the start of the conflict?

Brett Schulman

Co-Founder, CEO, President & Director

We have not seen any shift in our consumer behavior. We talked about we've seen it very consistent across regions, across age cohorts and across income cohorts. And even noted, which may be a bit counterintuitive to what we've seen across some of industry peers is that the lower end of the income strata actually performed the strongest. We've seen strength across all income cohorts, but the best performance across that bottom half of the income strata. And that gets us excited to be able to welcome more people to our table. That's what we're trying to do every day, make our food more accessible, more affordable and the ability also in a sense to bridge that K-shaped economy where we have that premium offering and experience for folks maybe at the higher end of the income strata that want to lean into our new Pomegranate-Glazed Salmon or the grilled steak, but have that accessible everyday value for folks that are a bit more price-sensitive potentially.

And the other thing I would say is we have not seen any deterioration in our premium incidents or attachment rate. That has held very steady. So again, we're very mindful and we try to incorporate in the guidance of the challenges that consumers are facing around them and the uncertainty from the geopolitical conflicts and the increase of the price of the pump. So we've tried to incorporate that in our guidance but have not seen a deterioration or impact so far in the current year.

Operator

Your next question comes from the line of JP Wollam from ROTH Capital Partners.

John-Paul Wollam

ROTH Capital Partners, LLC, Research Division

If I could just ask on unit cadence, it looks like about 20 -- a little more than 25% of the full year guide came in 1Q. Just curious if that was kind of some pull forward of 2Q units that snuck in there? Or just how you're thinking about kind of unit opening cadence for the rest of the year?

Tricia Tolivar

Chief Financial Officer

Keep in mind that we had 16 weeks in the first quarter. So there was outsized number of weeks in the quarter, the rest of the year has 12 week quarters in them. And I would expect the cadence of openings to be fairly ratable over the remainder of the year.

Operator

Your next question comes from the line of Jon Tower from Citigroup.

Jon Tower

Citigroup Inc., Research Division

Maybe, Brett, you had mentioned earlier that the brand has taken a lot less pricing versus the industry versus the pre-COVID levels. And I'm curious, one, it does seem like your guests are recognizing it in the form of traffic to your stores, but I'm curious if you actually have the data behind that suggests they're choosing you over going to competitors because of that price point. And then I guess the other question I have on top of it is seeing the strength in traffic that you have on a relative and absolute basis and the pressures on the business that are picking up, it sounds like more recently on energy prices, would you consider taking some price in the balance of the year to offset some of that?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, Jon, we would not look to take price. I mean, I think we've tried to reflect in our restaurant level margin guidance that we look to absorb some of those fuel surcharges that we're expecting and some other inflationary pressures and not pass along to our guests. I think it's incredibly important. We're mindful of the pressures everyone is facing. And I think -- when you think about choosing versus peers, we've done -- we do internal brand health surveys. We do biannual brand health surveys. We just did another run of the health survey recently. And we score very well on value, and we score very well on -- we even asked a question about recreating this food at home, and we are very unique and distinct in that and so it's a good comparison to someone who's looking to make food at home. We are a differentiated unique opportunity for them to basically us be their outsourced cook.

And so we've seen that comparison in a sense, be very strong, whether it's our peers, whether it's food at home and strong value scores, and that's what we want to continue to focus on and make sure that we can invite more people to our table.

Tricia Tolivar

Chief Financial Officer

I think too, when we go back and look over time, what we have chosen not to take price. For example, a couple of years ago when AB 1228 went into effect out of California, and we chose not to increase price as many others did at the time. Our traffic based on looking at black box data out west in California was much stronger as a result of that change. So there are data points out there that would suggest that being thoughtful around it is translating into traffic performance.

Operator

Your next question comes from the line of Matt Curtis from D.A. Davidson.

Matthew Curtis

D.A. Davidson & Co., Research Division

Just circling back on the lower income cohort that outperformed. I was just wondering if you could explain why your value proposition is attractive to them, given that they are just so price sensitive. And then secondly on development. I was just wondering if you're seeing any pressure from higher energy leading into your construction costs at this stage?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, I'll take the first question and hand it to Tricia for the second question. It is -- we don't view value as just price. We view it as a combination of factors. It's the quality of the ingredients we serve. It's the relevance of our unique Mediterranean cuisine and the convenience in which our guests can access it and the experience that we deliver when they visit us and share a meal with us. And so it's really bang for the buck. We are not going to be the lowest price out there. That is not why guests come to us. We are not serving freezer to fire. We're serving fresh Mediterranean cuisine, but we need to serve it at the most reasonable price that we can deliver it with great hospitality. And that's what we've been focused on, and that's what's been resonating with guests. And so while they may be more discerning with where they're spending their dollars, our numbers reflect that they're choosing to spend their dollars at CAVA.

Tricia Tolivar

Chief Financial Officer

And as it relates to development at this point, we haven't seen any pressure from -- as a result of the energy surcharges, but the team is very active and always staying ahead of challenges that they're facing and doing the best, but they can to make sure that we're mitigating those challenges in the best way possible and continue to drive outsized cash on cash returns that they've done effectively over time.

Operator

Your last question comes from the line of Sarang Vora from Telsey Group.

Sarang Vora

Telsey Advisory Group LLC

Great. Great quarter guidance. Just connecting to the prior question about traffic trends. I was curious to know how loyalty is connected to traffic. Like you revamped the program about 18 months back. The last few quarters have been very strong. Curious to know that you are seeing increased engagement in the loyalty program that is getting converted to traffic because it seems like that can be a sustainable trend. Any color you can share on like member growth, outperformance of loyalty, contribution compared to the total company? And are members like tiering up from like CAVA Town to even Oasis. Just curious, any color you can share and connect it to the traffic trend as well?

Tricia Tolivar

Chief Financial Officer

Yes. Our loyalty programs have been effective. They have increased our loyalty pool. We are seeing improved frequency as a result and seeing progression in tiers that's meeting our expectations. So really happy with what we're seeing there. And we can see that the loyalty program can drive engagement and offers that we're creating can build excitement. And it's an opportunity for us to continue to leverage that data to build and deepen those connections with those guests to track improved performance over time as well.

Operator

There are no further questions at this time. I will now turn the call back to Brett Schulman, Co-Founder and CEO, for closing remarks.

Brett Schulman

Co-Founder, CEO, President & Director

Thanks, everyone, for joining us today and for your continued support. As we look ahead, we remain focused on building this business with the same long-term mindset and discipline that has guided us from the beginning, staying true to our mission, investing in our people and continuing to make Mediterranean cuisine, more accessible to communities across the country.

Before we wrap, I want to again thank our nearly 15,000 team members whose passion, care and commitment make it possible for us to deliver on our mission to bring heart, health and humanity to food every day. Their dedication is what makes CAVA special and we're incredibly grateful for all they do for our guests and one another. With Memorial Day weekend approaching, we wish everyone a safe and meaningful holiday weekend, and we look forward to speaking with you again next quarter.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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