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CAVA Group, Inc. (CAVA) Q3 2025 Earnings Call Transcript

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Q3: 2025-11-04 Earnings Summary

Insights

EPS of \$0.12 **misses by \$0.01** | Revenue of \$292.24M (19.86% Y/Y) **beats by \$288.38K**CAVA Group, Inc. ([CAVA](#)) Q3 2025 Earnings Call November 4, 2025 5:00 PM EST

Company Participants

Matt Milanovich - Senior Vice President of Finance

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

Tricia Tolivar - Chief Financial Officer

Conference Call Participants

Andrew Barish - Jefferies LLC, Research Division
Brian Mullan - Piper Sandler & Co., Research Division
David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Eric Gonzalez - KeyBanc Capital Markets Inc., Research Division
Andrew Charles - TD Cowen, Research Division
Sharon Zackfia - William Blair & Company L.L.C., Research Division
Jacob Aiken-Phillips - Melius Research LLC
John Ivankoe - JPMorgan Chase & Co, Research Division
Christopher O'Cull - Stifel, Nicolaus & Company, Incorporated, Research Division
Sara Senatore - BofA Securities, Research Division
Danilo Gargiulo - Sanford C. Bernstein & Co., LLC., Research Division
Dennis Geiger - UBS Investment Bank, Research Division
Jeffrey Bernstein - Barclays Bank PLC, Research Division
Jon Tower - Citigroup Inc., Research Division
Brian Harbour - Morgan Stanley, Research Division
Logan Reich - RBC Capital Markets, Research Division
Nick Setyan
Brian Vaccaro - Raymond James & Associates, Inc., Research Division

Presentation

Operator

Good afternoon, ladies and gentlemen, and welcome to the CAVA Q3 2025 Earnings Call. [Operator Instructions] This call is being recorded on Tuesday, November 4, 2025. I would now like to turn the conference over to Matt Milanovich, Head of Investor Relations. Please go ahead.

Matt Milanovich

Senior Vice President of Finance

Good afternoon, and welcome to CAVA's Third Quarter 2025 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 between non-GAAP financial measures discussed on today's call to the most directly comparable financial measure calculated in accordance with GAAP to the extent available without any reasonable 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. During the third quarter of 2025, we continue to strengthen our leadership in Mediterranean, a category we have pioneered and are rapidly growing while staying true to our mission of bringing heart, health and humanity to food. As consumers today face a challenging environment, the relevance of Mediterranean cuisine and the way we deliver at CAVA continues to resonate deeply. This differentiation enables strong average unit volumes, consistent value creation and the structural strength of our model. With growing market share and significant white space ahead, we remain confident and steadfast in our ability to create lasting value, build enduring guest loyalty and reinforce our position as the clear leader of the Mediterranean category.

Our third quarter highlights include a 20% increase in CAVA revenue and a 66.8% increase over the last 2 years. CAVA same restaurant sales growth of 1.9% and restaurant-level profit margin of 24.6%, 17 net new restaurants, ending the quarter with 415 restaurants, a 17.9% increase year-over-year. Adjusted EBITDA of \$40 million, a 19.6% increase over the third quarter of 2024, net income of \$14.7 million and \$23.3 million in year-to-date free cash flow. As I've shared in prior quarters, our brand proposition is strong and continues to strengthen as reflected in our expanding market share. Since 2019, while overall restaurant industry sales have grown, industry transactions have declined, yet CAVA has not only maintained but increased our market share significantly by delivering on our promise of high-quality food, brand relevance, curated guest experiences and seamless convenience.

During that same time frame, we have worked relentlessly to make our food more accessible to guests, underpricing CPI by almost 10%, while taking less than half the aggregate, 34% price increases of industry peers. At the same time, we recognize that today's environment is creating real pressures for consumers, especially younger guests who are making more deliberate choices about where they spend. It's incumbent upon restaurants to deliver exceptional experiences and differentiated value to guests. That's why the foundation my co-founders and I built 15 years ago is more important than ever. From day 1, our aspiration was simple, to make our Mediterranean cuisine accessible to communities across the country, delivering it with welcoming hospitality while serving as a platform for our team members to build a career, not just have employment. This concept essence continues to guide everything we do to this day. As we capture the white space opportunity ahead of us, our growing market share is driven by the intention rooted in our first strategic pillar, expand our Mediterranean Way in communities across the country.

During the third quarter, we opened 17 net new restaurants, bringing our total restaurant count to 415 locations across 28 states and the District of Columbia. Amongst them was our highly anticipated Brickell opening in Miami where the energy and enthusiasm from our guests was palpable, a powerful reminder that with every new CAVA, we're not just growing our footprint, but also deepening connection and fostering community.

Recent openings also highlight projects sold, our restaurant redesign initiative that brings the Mediterranean Way to life through warm tones, greenery, natural light and softer seating, design elements that turn our restaurants into welcoming places to dine. The project sold prototype is now finished and the complete design will roll out in new openings next year. And just as our environments invite connection so do our bold Mediterranean flavors.

Earlier this quarter, we introduced our latest protein innovation chicken shawarma, juicy roasted chicken breasts marinated in a signature spice blend and hand stacked on a spit. The launch performed to our market test expectations with incidence levels that showed strong guest responsiveness and healthy engagement across our restaurants. Another example of how distinctive, innovative and satisfying flavors rooted in health continue to resonate with our guests.

That same spirit of innovation comes through with our recent salmon market test, which has shown encouraging results. Salmon is a natural fit for our menu and represents an exciting milestone as our first ever seafood offering. Our roasted flaky fillet marinated in a subtly sweet [indiscernible] barista, red wine vinegar and bold spices not only complements our Mediterranean flavors beautifully, but also broadens the variety we can offer guests. Early results reaffirm the strong potential we see and if performance continues, we will plan to expand salmon more broadly across our restaurants in late spring of 2026. While proteins like salmon and chicken shawarma remain a critical focus of our culinary innovation pipeline, we also know that smaller touches can carry just as much weight in keeping our guests excited.

Our pita chips are a perfect example. Last month, we introduced cinnamon and sugar pita chips, dusted with cinnamon sugar and the hint of cardamom paired with honey for dipping. The sweet twists on a fan favorite that brings both snacking and dessert occasions to life.

Shifting to our second pillar, deepen personal relationships with guests even as we scale. This past October marked the 1-year anniversary of our rewards, reimaged, relaunch. And since then, the program has grown by approximately 36% and has become a key platform for connecting with guests in a more personal, meaningful and creative ways. Building on that momentum, we recently introduced tiered status levels as the next phase of the program. Through our new sea, sand and sun structure, members now enjoy differentiated benefits and surprise and delight experiences designed to celebrate their loyalty and strengthen long-term engagements. As an extension of our brand spirit of generosity, we also launched status matching to welcome new members and encourage deeper participation. While status matching is a first of its kind offering in our industry, we see it simply as another way to express our concept essence. The latest evolution of our program also includes an expanded rewards catalog with seasonal offerings and fresh new ways to engage.

With every enhancement, our goal is to create a deeper sense of belonging and continuity for our guests, whether it's elevating hospitality, improving order accuracy or better speed of service at our core is our commitment to building a strong operational foundation. And regardless of near-term cyclical pressures on the consumer, we're doubling down and focusing now more than ever on delivering for the long term with exceptional guest experiences and ensuring that our restaurants are staffed with team members that are equipped, empowered and trained to run great restaurants every location, every shift, our third strategic pillar. The role technology plays in our restaurants is important and providing our team members with the tools to deliver consistently great experiences as a key focus area.

An initiative in that spirit is our new kitchen display system which we are now on track to roll out to at least 350 locations by year-end with over 200 restaurants live today. We are continuing to see encouraging results as restaurants with the new KDS are experiencing higher guest satisfaction scores, driven by improved digital accuracy and proactive guest order status notification capabilities. In addition to improvements across technology, we're also investing in equipment that makes our restaurants easier to run, such as our TurboChef ovens. All CAVA restaurants are now equipped with a TurboChef oven. These ovens allow for faster, more consistent cook times, enabling simpler execution in our restaurants while elevating food quality.

Both the TurboChef and KDS investments helped reinforce execution in our kitchens while allowing our teams to focus on what matters most, delivering a great guest experience. We are at a meaningful moment in our growth journey, and we know it is crucial to invest in training and developing our team members. Today, I'm excited to introduce our new Flavor Your Feature initiative, a holistic team member development program designed to attract, develop and retain CAVA's feature leaders. One of the first actions under this initiative is the launch of our new Assistant General Manager program, an evolution of our current general manager and training role. This role provides more experienced leadership in our restaurants on more shifts throughout the week, ensuring a clear #2 leader is always in place. It will also create a stronger pipeline of roll-ready leaders to take on the GM role as we scale and open more restaurants.

Today, about 20% of our leaders are ready for immediate elevation, 50% will be roll ready with additional training over the next quarter and the remaining 30% likely sourced externally. The AGM role is just one component of a broader leadership initiative that we are excited to share more about in the quarters ahead.

Our commitment to developing team members into restaurant managers remains a core near-term focus, and we're excited about the opportunity to build the next generation of CAVA leaders. You can see the power of that commitment in stories like that, [Angelo Miranda] at our Millennium location. Angelo started as a team member, eager to learn and grow, under the guidance of his then General Manager, Ruben Holguin. He learned the business from the ground up. He developed his leadership skills through consistent coaching, feedback and belief in its potential.

Over the years, that investment has paid off. Today, Angelo leads the same restaurant where he began his journey now as a General Manager, inspiring the next generation of team members to do the same. When I visited Millennia earlier this month, I saw firsthand the culture of growth and pride that Angelo and his team have built. Angelo was quick to introduce me to his high potential team members he is developing as future CAVA restaurant leaders. It's a true reflection of what happens when we invest in people and create pathways for them to lead. And Angelo's original GM, Ruben, he is now an area leader overseeing 9 restaurants. Our mission is to bring heart, health and humanity to food, and it continues to drive our strategy, shape our culture and inspire the work of more than 13,000 team members each day to our teams and to all of you who share in this journey. Thank you.

And with that, I'll pass the call off to Tricia to walk you through the financials.

Tricia Tolivar*Chief Financial Officer*

Thanks, Brett, and hello, everyone. CAVA revenue in the third quarter of 2025 grew 20% year-over-year to \$289.8 million and 66.8% compared to the third quarter of 2023. During the quarter, we opened 17 net new restaurants, bringing our total CAVA restaurant count to 415 restaurants. CAVA's same-restaurant sales increased 1.9%, primarily from menu price and product mix with guest traffic approximately flat. On a 2-year basis, same-restaurant sales accelerated 350 basis points to 20%. On a 3-year basis, same-restaurant sales remained relatively stable at 34.1%. Despite lapping strong prior year results and navigating macroeconomic pressures, we continue to grow our market share and are confident in the underlying structural strength of the business.

Our new restaurant productivity remains above 100%, underscoring the resonance of our brand. CAVA restaurant level profit in the third quarter was \$71.2 million or 24.6% of revenue versus \$61.8 million or 25.6% of revenue in the third quarter of 2024, representing a 15.1% increase. CAVA's food, beverage and packaging costs were 30.1% of revenue, higher than the third quarter of 2024 by 20 basis points. This slight increase reflects the impact of tariffs and our limited time-only chicken shawarma offering. CAVA labor and related costs were 25.5% of revenue, an increase of approximately 10 basis points from the third quarter of 2024.

This increase in labor and related costs reflects investments in our team member wages of approximately 2%, partially offset by leverage from higher sales. CAVA occupancy and related expenses were 6.7% of revenue, an improvement of 10 basis points from the third quarter of 2024, driven primarily by increased sales leverage. Cava other operating expenses were 13.1% of revenue, reflecting an increase of 80 basis points from the third quarter of 2024. This increase was due to a higher mix of third-party delivery, insurance costs and other individually insignificant items.

Shifting to overall performance. Our general and administrative expenses for the quarter, excluding stock-based compensation and executive transition costs were 9.4% of revenue compared with 10.8% of revenue in the third quarter of 2024. This 140 basis point improvement was primarily due to lower performance-based incentive compensation, leverage from higher sales, lower legal costs, partially offset by investments to support our future growth. Preopening expenses were \$4.9 million in the current quarter compared with \$2.8 million in the prior year quarter. The \$2.1 million increase includes a higher number of units under construction and increased costs on a per unit basis.

Adjusted EBITDA for the third quarter was \$40 million, a 19.6% increase versus the third quarter of 2024. The increase in adjusted EBITDA was primarily driven by the number of and continued strength in new restaurant openings and leverage in general and administrative expenses. Equity-based compensation was \$3.3 million in the third quarter compared with \$3.5 million in the prior year quarter. We anticipate full year equity-based compensation to be between \$18 million and \$20 million, which includes the 2025 grants as well as the impact of forfeitures.

In the third quarter, our effective tax rate was 28.6%. For the full year fiscal 2025, we expect our effective tax rate to be between 10% and 12%. As a reminder, our cash taxes will continue to be immaterial until we fully utilize our net operating losses.

During the third quarter, we reported \$14.7 million of GAAP net income compared to \$15 million of adjusted net income in Q3 of 2024. Diluted EPS was \$0.12 in the third quarter compared with adjusted diluted EPS of \$0.13 in the third quarter of 2024. The slight decrease was due to the allocation of income taxes in the prior year, excluding the release of the valuation allowance, partially offset by higher earnings before taxes.

Turning to liquidity. At the end of the quarter, we had 0 debt outstanding, \$387.7 million in cash and investments and access to a \$75 million undrawn revolver with an option to increase our liquidity as needed. Year-to-date Q3 cash flow from operations was \$144.5 million compared to \$131.2 million during the year-to-date period in 2024. Year-to-date, Q3 free cash flow was \$23.3 million.

Now to our outlook for full year 2025, we expect the following: 68 to 70 net new CAVA restaurant openings. CAVA same restaurant sales growth of 3% to 4%. CAVA restaurant level profit margin between 24.4% and 24.8%. Preopening costs between \$18 million and \$19 million and adjusted EBITDA, including the burden of preopening costs between \$148 million and \$152 million.

I'd like to provide some additional context around our updated guidance. As we exited the second quarter, we saw same restaurant sales reaccelerate and we're encouraged by the sequential improvement. However, as the third quarter progressed, we experienced a moderation in trends reflecting broader macroeconomic pressures. Entering the fourth quarter, we're seeing further moderation as we continue to lap stronger same restaurant sales from the prior year. As such, we have incorporated these trends into our outlook for the remainder of 2025. Our same-restaurant sales guidance reflects both the benefit of our recent chicken shawarma launch, which performed in line with market test expectations and the ongoing macro headwinds impacting the industry. Despite these macro pressures, our 2-year same-restaurant sales stack accelerated by 350 basis points to 20% underscoring the resilience of our brand and the strength of our guest engagement.

Looking ahead, we remain confident in the long-term structural health of the business reaffirmed by our strong AUVs and new restaurant performance. Our most recent 2025 cohort is trending above \$3 million in AUV, with new unit productivity continuing to exceed 100%.

Turning to restaurant level margins. Our guidance reflects dynamics we experienced in the third quarter and the anticipated impact of seasonality on margins. As we look ahead to next year, we remain confident in the structural foundation of the business while being mindful of ongoing macroeconomic pressures. Our long-term algorithm targets low to mid-single-digit same-restaurant sales growth and we will approach our 2026 outlook with appropriate discipline, taking into consideration our strong pipeline of traffic-driving initiatives. In addition, given the health of our 2026 real estate pipeline, we anticipate at least 16% unit count growth.

As we navigate today's dynamic environment, our mission to bring heart, health and humanity to food continues to resonate with guests across the country and is more important than ever. We remain the clear leader of our category, supported by a powerful concept and competitive positioning that are both differentiated and durable. None of this would be possible without our exceptional teams across our restaurants and support centers. This dedication brings our mission to life every day to drive meaningful experiences for our guests.

With that, I will turn the call back over to the operator to open it up for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions] We will now take our first question from Andy Barish with Jefferies.

Andrew Barish

Jefferies LLC, Research Division

Last quarter, you kind of stack rank some of the choppiness in same-store sales from the steak lap to a little bit of consumer balances to the honeymoon. Can you kind of just let us know on the honeymoon side of things, if that's changed materially? And I'm assuming most of the choppiness you're seeing now is macro-related, but anything geographically you want to point out would be helpful.

Tricia Tolivar

Chief Financial Officer

Andy, thanks for the question. So certainly, the honeymoon impact is very similar to what we experienced last quarter, no change there. We're not seeing anything geographically to call out. So it's more around the macro environment and the pressure on the consumer and certainly lapping the strong same-restaurant sales results that we had in the third quarter of the prior year. So we've noted it on the call, but on 2-year stack basis, we, in fact, accelerated our same-restaurant sales by 350 basis points to 20%.

Operator

Our next question comes from Brian Mullan with Piper Sandler.

Brian Mullan

Piper Sandler & Co., Research Division

Just a question on the salmon test. Brett, in the prepared remarks, it sounds like it's going well. Just wondering if you could elaborate a bit on what you're seeing in test. Anything interesting from a daypart perspective between lunch and dinner or maybe just a guest perspective, age, gender, income just -- and also how it's going with the operations?

Brett Schulman

Co-Founder, CEO, President & Director

Thanks, Brian, for the question. We did know we have TurboChef ovens in every restaurant now, which is the equipment we use to roast the salmon. So it's a very easy cook procedure and prep and whole procedure. And we've been very encouraged by the results. We have seen it drive incremental occasions and its appeal has been broad-based from a consumer standpoint as well as a daypart standpoint. So it is a unique new menu items to add to the variety of our proteins. It's our first seafood item and excited at its potential. And if things continue to progress on the current track, as we noted, and -- as I noted in the prepared remarks, we expect to launch it in late spring in 2026.

Operator

Our next question comes from David Tarantino with Baird.

David Tarantino

Robert W. Baird & Co. Incorporated, Research Division

Brett, I had a question about the operations. So I know you made a change in leadership there during the third quarter. And I was wondering if you could just address that change and why that happened? And then I guess you mentioned also tonight doubling down on guest experience and operations. So wondering if you could elaborate on whether you're addressing specific issues or whether that's more of an opportunistic statement as you think about where the business is today?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, David, over the course of our 15-year journey, one of the things that's been instrumental in leading to our success is always being proactive and staying in front of the business and making sure we're bringing on the capabilities that we need for the next chapter of our journey and where we're going, not just where we've been and where we are. And so that true transition was in that spirit. And as it relates to the operational opportunities, this is the most intense discount environment since the Great Recession.

And our value proposition, we believe, is much more holistic than a price point. And one of the best things that we can do is deliver exceptional guest experiences. That's foundational to driving traffic over the long term and driving a competitive advantage in concert with our unique differentiated Mediterranean cuisine. And so we're just doubling down on that. It's been core to who we are throughout our journey, and we want to make sure that we're putting our best foot forward in a time when consumers are becoming increasingly discerning about where they're spending their dollars and that we also have the breadth and depth of pipeline to continue to support the new restaurant openings that are opening at record levels and opening them with operational integrity.

Operator

Our next question comes from Eric Gonzalez with KeyBanc.

Eric Gonzalez

KeyBanc Capital Markets Inc., Research Division

You talked about having a strong pipeline of traffic-driving initiatives for the next year. Maybe you could expand on that a bit. It sounds like you've got at least one protein on deck with salmon in the spring, but I'm curious if you have anything else exciting to call out so maybe pita chips size, beverages or desserts that might be interesting and worth noting.

Brett Schulman

Co-Founder, CEO, President & Director

Yes. Thanks for the question. I think the pita chip piece would certainly be relevant next year sooner than beverages and desserts. Those are definitely category opportunities for us over the long term, but our pita chip platform for innovation has been very successful, and we continue to see opportunities to excite guests through that platform as well as the salmon launch, and then we will be expanding our catering test later in '26 to a second market. We're currently testing catering in Houston. I wouldn't expect the chain-wide launch, but later in '26, we plan to expand it to a second market in concert with Houston to continue to test and learn and position ourselves for a broader launch.

And then lastly, I'd say, on the marketing front, we have been very efficient and lean in our marketing spend over time, and we continue to test and learn and understand how we can show up in those channels effectively, especially as we communicate our value proposition and our message in a heavily discounting environment. And so next year, whether through collaborations or some of the other marketing partnerships that we have opportunities to forge, that's another area that we have not -- or another lever that we haven't pulled in a meaningful way to date.

Operator

Our next question comes from Andrew Charles with TD Cowen.

Andrew Charles

TD Cowen, Research Division

Brett, I appreciate all the context for the upcoming drivers. Two in particular, just in the current backdrop, the opportunities to accelerate investments in the near term and marketing, are there opportunities with the growing scale of the brand to really just create more brand awareness, now you've seen some nice gains last year as well as improving speed of service. And I would be very curious to know what the clearest action items are going to be for the incoming COO?

Brett Schulman

Co-Founder, CEO, President & Director

Yes. Certainly, speed of service, we've noted in the past, we know it's an opportunity. We're mindful of striking the right balance where we're not rushing people through the line too fast when it's their first time experiencing Mediterranean food or their first time interacting with CAVA let alone eating Mediterranean food. But we see clear opportunities to continue to improve on that front. There will always be operational opportunities. We hold ourselves to a high standard. And we want to make sure that we're delivering CAVA hospitality to the level and degree that we aspire to across every restaurant and having that speed of service consistently across the country.

So we think there's opportunities there. And then on the marketing front, as we gain scale in these markets, we'll continue to test more upper funnel activity that we have the ability to amortize and leverage it across a wider restaurant base. But from a new COO perspective, it's continuing to deepen and broaden out the people development pipeline. I noted we talked about the AGM role. That's in that spirit of not only helping give a stronger management complement across all shifts during the week across all 7 days, but also having more role-ready leaders in place.

Again, being proactive, staying in front and thinking about what do we need to put in place for just -- not for today but for tomorrow to make sure that as we scale to 1,000 restaurants by 2032, that all those things are already in place at that time, and we will be working on other things as we go beyond that milestone goal. So the focus will be on the people development side as well as continuing to elevate our speed of service without having people feel to rush through that line.

Operator

Our next question comes from Sharon Zackfia with William Blair.

Sharon Zackfia

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

Brett, you mentioned younger guests kind of in the prepared comments, and I don't know if that was a broader statement of the industry or if you're seeing something in particular with younger cohorts. And I'm also interested in kind of what you're learning about how you can lean into loyalty just given kind of this more volatile consumer climate.

Brett Schulman

Co-Founder, CEO, President & Director

Yes, Sharon, really, for us, we're a bit idiosyncratic in that our costs accelerated in the back half of last year when many industry comps were decelerating. So we're lapping tougher hurdles when most are having easier compares. So we don't want to overstate the challenges of the consumer, but you can look at the data. They're clearly out there, whether it's student loan repayment, consumer sentiment, just the inflationary pressures all around them, whether it's health care cost, housing costs, right? Gen Z unemployment twice the national average. When we look at the data, it's more that the younger cohort that 25 to 35 that Tricia noted in comments is that they don't have the steam that they had last year in the way that they were visiting or their frequency of visiting.

It's not necessarily they're so challenged with us. It's just that they don't have the vigor or the frequency of occasions that they did last year. And that's why it's incumbent upon us to continue to double down on our experience and our value proposition and make sure we're communicating that effectively. We're not oblivious to the commentary about the \$20 launch. Well, the reality is you can get a chicken fillet at CAVA with all the toppings included, three different spreads, greens and grains for \$10.65 to our highest price of \$12.95 in New York City. So that's a sub-\$13 bowl in the most expensive market, not a \$20 lunch. And that's an opportunity for us to continue to communicate that, but it's fresh food. It's not freeze on a fryer food or ultra processed food. And when you step back and you look at the 2-year comp of 20%, and you look at the almost 67% revenue growth on a 2-year basis, we continue to gain significant market share.

And again, I know the Technomic data. It's very interesting. The industry has lost 7% in transactions since 2019. We've grown transactions in the mid-20s since 2019. We've taken half the price of industry peers food away from 34%, we've taken in aggregate, less than 17% in price. So we are focused on the long term. We say it's a marathon, not a sprint. And we want to continue and enhance our value proposition each and every year make our food more accessible to guests.

Now on the loyalty front, we are very excited about what we've seen in our loyalty program. We noted we've seen an increase of 36% in members in our loyalty program. We added this new tier status. And we've seen the ability to really create greater value for our guests and influence behavior in a positive way for their visits and for the business and expose them to new items. So for example, on chicken shawarma, on our loyalty pool, people who have tried chicken shawarma are coming more frequently than users who have not tried it. So the ability to have that one-to-one line of communication drive that innovation, drive that newness, drive excitement, drive trial is a powerful first-party data tool that we look to continue to leverage in the coming quarters.

Operator

Our next question comes from Jacob Aiken-Phillips with Melius Research.

Jacob Aiken-Phillips

Melius Research LLC

I just wanted to ask again on the honeymoon dynamic. So the last quarter, you described -- at least some of it as coming from maybe people driving further distance or just initial trial and new trade areas. But is that dynamic like something that lasted longer than the 3 months, 6 months or the initial stores that were affecting you last period doing better on a year-over-year basis? Just trying to understand the dynamic a bit better.

Tricia Tolivar

Chief Financial Officer

Yes. So we are seeing the initial stores impacted are doing better on a year-over-year basis. And in fact, in looking at the restaurants in 2024 that have been opened for a period of time beyond 18 periods or 18 months, we're seeing a return to positive same-restaurant sales. So we don't believe this is reflective of a structural challenge. We don't find it concentrate in a certain geography or in a certain format or type of restaurant. We're continuing to monitor and we'll give you updates as we move forward. But likely given the performance of our 2025 vintage, we'll likely see a similar pattern in 2026.

Operator

Our next question comes from John Ivankoe with JPMorgan.

John Ivankoe

JPMorgan Chase & Co, Research Division

Thank you for opening the unit in Brickell. It's absolutely beautiful Brett and team, so thank you for that. So the question -- I'm going to make a question out of this. So this is a market where we know there's going to be a lot of demand growth, but the buildings haven't been built yet a lot of them. There's absolutely a lot of supply growth in the market and there's a lot of markets that are kind of like that around the country. New York City certainly is one, and I think there's a number of others as well where the supply growth is pretty obvious, just see walking down the street or the see on the app or to see on various promotions, what have you.

So the question, Brett, we spent a lot of time talking on the demand side, but can you talk about kind of the effect of supply growth that you've kind of seen in various markets. Now I'm not asking you to is like, hey, are they going to last? It's just whether they've opened and maybe competed with you on the margin, and it's just something that we just kind of have to wait out as the market will inevitably settle?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, John, thanks for the Brickell comment. It's a beautiful restaurant, super phenomenal. Excited to have more open. We just opened Aventura in South Florida. It's interesting. I feel like it's less supply intense than in our younger earlier days. If you remember, kind of 2013 to 2016, there were a lot of fast casual concepts emerging and fighting for real estate. So it's more challenging. I mean, I think real estate is easier for us to get. And then from a competition standpoint, look, the restaurant industry, as I noted, has transactions down 7% since 2019, which means it's a share shift gain, which means you've got to be a better competitive alternative to the 3 or 4 or however many restaurants around you and be differentiated.

And to us, that's our Mediterranean cuisine. This on-trend cuisine that is unique and that it meets the moment of a moderate consumers increasingly diverse pallet seeking bolder, more adventurous flavors while not wanting to sacrifice on health and wellness. And then delivering that, as I noted earlier, are doubling down on operational integrity with exceptional hospitality, not just average operations, exceptional hospitality, we have seen over our 15-year journey is a recipe for success. When we do that, and we do it consistently. These comps go up. It doesn't matter who opens next door to us. We continue to grow market share and that's what we're focused on.

Operator

Our next question comes from Chris O'Cull with Stifel.

Christopher O'Cull

Stifel, Nicolaus & Company, Incorporated, Research Division

Brett, I was wondering if the company has done any work to assess the value perception among non-CAVA users in more mature markets. I'm just wondering what the perception of the brand might be and what's keeping them from visiting the restaurants?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, our value perception is strong. We do biannual brand health surveys. Many of the analysts on this call have put out value surveys where, I don't want to play favorites or names, but there is a lot of good research that you all put out that is ranked us very strong in our value proposition, if not towards the top of the publicly traded industry set. So we see that corroborated, whether it's anecdotally, whether it's qualitative or quantitative. We see our value proposition continue to be recognized by consumers, whether they come to CAVA or whether they're not as aware of CAVA, whether it's our internal studies or some of these third-party org analyst studies. So I think it's also a reflection of the way we think about value.

The relevance of our cuisine and measuring diet, the quality of the ingredients we're serving, the fresh food, fresh grilled proteins, fresh produce, not freeze to fryer or ultra process food, the convenience in which you can access it. And most importantly, at the end, I talk about the experience we deliver when you engage with the brand, and then you match that with the fact that over the long term, our long-term perspective and how we work every year to mitigate price less than 17% compared to 34% in industry aggregate average. We have underpriced inflation. We have underpriced peers that have enhanced that relative value proposition each and every year.

Operator

Our next question comes from Sara Senatore with Bank of America.

Sara Senatore

BofA Securities, Research Division

I wanted to ask about -- you mentioned technology and KDS, and you'll be rolling out more broadly. What are you seeing in terms of, again, perception -- consumer perception? Are you seeing increased frequency or speed of service that's translating into higher frequency. I know experience matters a lot, but sometimes it can be hard to detect throughput when demand slows. So just as I think about technology as a potential driver, any kind of reads on what that means for throughput and guest frequency?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, certainly, Sara, on the off-premise channels, whether it's delivery, third-party delivery or native delivery or digital order pickup, technology plays a key role. The integrations, the time our times on the third-party marketplace, how quickly we can get our food to consumers, making sure those integrations are aligned and then the team has the labor deployment and set up, so we can open our throttles. We manage, we build our own digital order platform. So we can control those throttles and we can open up those throttles as the team enhances and improves their productivity to deliver greater throughput and then the new kitchen display screen system really help improve order accuracy. We know it's our single biggest opportunity area for customer experience is making sure every digital order is accurate and that it has ample amount of food in the bowl.

And that is something that the kitchen display screen system has really been a tool to help improve that and help ease of production for our operators and help deliver greater accuracy for guests. And we see that voice of the guest score improve, and we see comps follow that. Like that has been true in -- since our very earliest days, whether it's the digital order line or the in-restaurant line, when the customer experience scores improve, the comps follow. And so we want to continue to make sure we're putting our best foot forward in that light and then using technology to enhance the human experience, not replace it. You take some of that complexity out of our team members' mind share or equip them with the tools and capabilities to deliver that exceptional guest experience. Even another thing, just having that order status update notification and making sure the algorithm is updating our guests if we're running a little late or if we're running a few minutes early, so that they're walking in ideally when their goal is being put on the shelf or at the window and one of our pickup by curbside locations.

Operator

Our next question comes from Danilo Gargiulo with Bernstein.

Danilo Gargiulo*Sanford C. Bernstein & Co., LLC., Research Division*

Brett, when you talk about hospitalities, you seem to suggest a broader opportunity than speed of service alone. So what do you think operations are falling short of your expectations relative to where you are going, not necessarily where you have been and where you are today? And what are some of the specific levers that you expect in the new CEO to deploy? And if I may, Tricia, you're expecting some of these investment in people to maybe translating into similar restaurant level margins compared to today? Or with sales leverage, should we still expect a growing restaurant level margin under the new operations?

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

Yes. Thanks, Danilo. We have strong restaurant operations today. We have always been in a forward-looking posture, and we have aspirations to be thought of in an elite group of restaurant operators delivering exceptional service, not just average service, not just good service, exceptional service because it is like all my co-founders, sons of Greek immigrants, when you go to that part of the world, the hospitality, you feel the welcoming nature you feel. We want you to feel that every time you walk into every restaurant, no matter how big we get. And so that is our aspiration, and that is the work we are committed to every day to elevate to that level. And we have it in restaurants.

We have opportunities in other restaurants. And I think in moments where there's cyclical pressures on the consumer, it matters more than ever to make sure that it's consistent across all restaurants and take good to great. And that is something that we think is just another opportunity to drive additional traffic and drive additional market share growth from the significant gains we've had in recent years.

Tricia Tolivar*Chief Financial Officer*

What that means from the restaurant level margin standpoint and how we're thinking about it. It's certainly a same-restaurant sales increase, restaurant-level margins will expand. But we're also very mindful of where we are in our journey and the investments that we think are necessary to put back in the business to make sure we're continuing to build a long-term durable brand that's going to consistently deliver on that guest experience and hospitality that Brett talked about.

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

Yes, if we see opportunities to invest further in labor, we will. It's just a belief that -- a philosophical belief we have that has gotten us to where we are today that we are going to continue to look at opportunities to make sure that any restaurant level margin expansion is sustainable and durable over the long term. And in the short term, that might mean targeted investments, if that's what we think is the right thing to do for the business.

Operator

Our next question comes from Dennis Geiger with UBS.

Dennis Geiger*UBS Investment Bank, Research Division*

Just another one on the newer stores and the performance in year 2, if I could. Tricia, specifically, you gave some good color a couple of minutes ago, I think, and I want to make sure I heard it right. Just as far as you're still seeing those new stores enter the base, I assume as a negative, just like last quarter, but that 24 class, those stores open 18 months, they're flipping to positive. I assume not as strong as what you've seen in prior classes, but positive after 18 months. So just wanted to confirm that. And the question really is if -- as you look ahead, any better sense on what '26 may look like with this new store dynamic as you've now seen a couple of quarters of the Honeymoon dynamic and other levers maybe you can pull to sort of maintain that growth even after big year one opens?

Tricia Tolivar*Chief Financial Officer*

Yes, I appreciate it, Dan. So you heard it right, we're seeing the trends as you articulated them. And certainly, there are restaurants that perform above those expectations. So we're not -- but in general, yes, that is correct. And then in '26, we believe the '25 cohort of restaurants will perform similarly to what we saw with the '24 cohort in 2025. And things to do to try to make sure that we can open these restaurants as successfully as possible and capture as much of the honeymoon halo as we can is really taking our general managers and exposing them to high volumes as well and bringing them into other markets like New York to experience what these peaks are like, which is atypical and something that we hadn't experienced prior to this year, so that they're better able to manage the demand and then maintain more of those consumers as we go forward.

Operator

Our next question comes from Jeffrey Bernstein with Barclays.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Just looking at the most recent third quarter results. I'm just curious how much of the comp shortfall maybe versus your internal expectation heading into 3Q, do you attribute to the escalating macro headwinds versus perhaps some internal missteps or challenges and kind of thinking about as you look back, anything you would do differently if the challenging environment persists as we look into 2026?

Tricia Tolivar

Chief Financial Officer

Yes, the macro environment is certainly what put pressure on the results in Q3. I wouldn't -- there isn't anything that's structural about the business or any missteps that are significant that we would have adjusted for which we have done differently. It's really about how we look at how we performed in light of the 2-year stack that we were facing. So when you're coming up on a comp in the quarter last year of 18%, coming out just under 2% is not an unreasonable expectation, given that tough compare and the macro environment that we're in. We talked about 2-year stack and how they accelerated. And the 3-year stack at the beginning of the year, we thought would be in the mid-30s and we're just under that at 34%. And in this type of environment, that was not unexpected.

Brett Schulman

Co-Founder, CEO, President & Director

And again, Jeffrey, when we're in this heavy discounting environment, we're not going to get into that heavy discounting to combat any cyclical headwinds. That's why we talked about doubling down on exceptional operations and great guest experiences. That's where restaurant traffic starts. And that's always an opportunity for us and always will be, but it's incumbent upon us in these more challenging macro environments to double down on it because we're not fast food. We're not QSR. That's not our value proposition to our guests. Our value proposition as I spoke to before, the quality of our food, the relevance of the cuisine, the experience you get when you engage with us and you come into our dining rooms and you order on our digital channels and the accuracy we deliver. So we want to make sure we're doing everything we had in that spirit to deliver for our guests in this time when they're feeling pressures all around you.

Operator

Your next question comes from Jon Tower with Citigroup.

Jon Tower

Citigroup Inc., Research Division

Two, if I may. First, Brett, you've mentioned multiple times on the call, the brand's pricing versus CPI over time since 2019. So I guess my impression is that as we're looking at 2026, you guys are probably not going to do much by way of taking price for next year. And I'm just curious if that's the right assumption to make for the brand? And then my next question is just on the last year discussion and specifically the builds for 2026. To avoid maybe the same issue hitting the store base with respect to honeymoon. Are you guys doing anything specifically where you're opening the stores in 2026, such that 2027, you're not going to running into the same issues with Honeymoons or is that not even part of the discussion?

Tricia Tolivar

Chief Financial Officer

So I'll start with price. So you're right, Jon, as we think about it, we've always been very thoughtful. Brett talked about this earlier on not passing a significant price on to our guests, so we don't plan to do that in 2026. So our expectation is our price increase will be very modest and less than what we did in 2025. And then as you're thinking about opening new restaurants in 2026, there's not a significant change contemplated and how we're opening them, just being thoughtful around what that means to the business and keep in mind our comp trends in Q1 of 2025 with a strong comp at 10.8%.

That will factor in the cadence of comps next year. But when we look at our real estate strategy, just wanting to make sure that we're being balanced and thoughtful in how we're bringing new restaurants in, particularly in new markets and how we're pacing those openings to perhaps try to balance out that honeymoon phenomenon that we've been experiencing. But I'll tell you, we're seeing it all over. So it's not just in new markets. We're just -- the brand is resonating very well and driving strong demand that's bringing many more guests than we originally expected, which drives a stronger cash on cash return sooner, which is great for the business overall.

Operator

Our next question comes from Brian Harbour with Morgan Stanley.

Brian Harbour

Morgan Stanley, Research Division

The change to store margin guidance is that really just reflective of the sales environment? Or is there anything that's different about inflation, anything that we should factor in as we go to '26. And then I guess just also what's pressuring preopening expense?

Tricia Tolivar

Chief Financial Officer

When we look at restaurant level margin, it really reflects the experience we had in Q3. And frankly, in the quarter itself, we have continued to have higher repair and maintenance expense than what we were anticipating. We have been talking to everyone and seeing that over the past year and had thought that it would come down a little bit. And so what the guidance reflects is the actual results in Q3 and a continuation of that from another operating expense perspective into Q4 as we identify opportunities to look at those repair and maintenance expenses and optimize them.

So being more thoughtful around equipment and how do we make adjustments, but wanting to maintain the integrity in the physical spaces and making sure we're providing a great guest experience at the same time. There isn't anything significant around input costs or labor costs. It's more of that under operating expense line.

And then when you talked about preopening costs, what we're planning with preopening is they were in the quarter itself. There were many more restaurants under construction than what was in the prior year. But overall, we are seeing an increase in preopening costs per restaurant driven by a number of factors, and it's largely due to us investing in a better opening experience. So when I mentioned earlier, taking general managers out of the market where the restaurant is going to open and bring them into higher volume markets, that has extra costs associated with it, which we think is important to make investment in, so the general managers are better prepared and there's a better guest experience overall.

Operator

Our next question comes from Logan Reich with RBC Capital Markets.

Logan Reich

RBC Capital Markets, Research Division

Just on the Q4 comp, I recognize you guys gave the full year guide. It implies a relatively wide range on Q4. So just any sort of directional commentary you could provide on Q4 same-store sales outlook.

Tricia Tolivar

Chief Financial Officer

Yes. So certainly, given the higher laps going up against the 21.2% same-restaurant sales in the prior year, coupled with the consumer headwinds, we wanted to take a very judicious approach in setting guidance, and it's been a bit choppy. And so what we're seeing today is a bit better than the midpoint of the range, but we wanted to be thoughtful and create a wide range because of the uncertainty that being faced with consumers today. And so how long will the shutdown continue? And what will that mean? And it's certainly a factor of one that's difficult to predict.

Operator

Our next question comes from Nick Setyan with Mizuho.

Nick Setyan

Historically, you've talked about the diversity of your COGS basket has been a little bit of a moat that allows you to under price inflation. What beef now in the equation, would you mind just updating us in terms of the composition of the COGS basket? And then two, just on the AGM investment, should we think about that as an incremental cost in labor in 2026? Any comment there would be helpful.

Tricia Tolivar

Chief Financial Officer

Yes. So on the diversity of the cost basket, there isn't a material change in that mix overall. So 25% typically in proteins, 25% produce, 25% grocery and 25% everything else. So adding beef has not changed it materially in the overall cost from an input cost standpoint. And then when we're looking at AGMs, I appreciate you bringing that up. We've reimagined as the General Manager and training role and elevated it for those who are ready to an assistant general manager role. So it's not an incremental head count per se, but it is at a higher overall compensation rates. And so there'll be some modest impact to overall labor as we go into 2026.

Operator

Our next question comes from Brian Vaccaro with Raymond James.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Most of mine have been asked, but I thought I'd follow up on recent trends. And just given your footprint in the DMV market, I'm curious if you're seeing any outsized softness in that region during the government shutdown or more broadly to what degree you think that could be having an impact on your business?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, Brian, we did not initially see any impact. And in the most recent weeks as paycheck at going out to government workers, we have seen some softness creep in, but I wouldn't say it's acute or anything severe at this point.

Operator

That appears to be our last question. I will now turn the conference back to Brett Schulman, Co-Founder and CEO, for any additional remarks.

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

Thanks for joining us today. Before we wrap, I want to take a moment to share my gratitude for our entire team. Last month, I spent time in the field visiting our restaurants in the Midwest and Southeast. Seeing the energy of our teams, the pride they take in delivering great food and hospitality and the excitement of our guests is a powerful reminder of what fuels our success. This fall has been a period of continued growth, welcoming new guests, strengthening our operations and investing in the people who bring our mission to life every day.

As we head to another holiday season, we're grateful for the dedication of our team members and the loyalty of our guests. We remain energized by the opportunities ahead. Thank you for your time and support. We look forward to connecting again in the new year.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.

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