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Domino's Pizza, Inc. (NASDAQ:[DPZ](#)) Q1 2025 Earnings Conference Call April 28, 2025 8:30 AM ET

Company Participants

Greg Lemenchick - Vice President, Investor Relations

Russell Weiner - Chief Executive Officer

Sandeep Reddy - Chief Financial Officer

Conference Call Participants

Danilo Gargiulo - Bernstein
Brian Bittner - Oppenheimer
David Tarantino - Baird
David Palmer - Evercore ISI
Dennis Geiger - UBS
Peter Saleh - BTIG
Gregory Francfort - Guggenheim
Chris O'Cull - Stifel
Sara Senatore - Bank of America
Andrew Charles - TD Cowen
John Ivankoe - JPMorgan
Christine Cho - Goldman Sachs
Lauren Silberman - Deutsche Bank
Jon Tower - Citi
Brian Harbor - Morgan Stanley
Andrew Strelzik - BMO Capital Markets
Jeffrey Farmer - Gordon Haskett
Jeff Bernstein - Barclays
Alexander Slagle - Jefferies
Zach Fadem - Wells Fargo
Logan Reich - RBC
Todd Brooks - The Benchmark Company

Operator

Thank you for standing by. Welcome to Domino's Pizza's First Quarter 2025 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] As a reminder, today's program is being recorded.

And now, I'd like to introduce your host for today's program, Greg Lemenchick, Vice President, Investor Relations. Please go ahead, sir.

Good morning, everyone. Thank you for joining us today for our first quarter conference call.

Today's call will begin with our Chief Executive Officer, Russell Weiner, followed by our Chief Financial Officer, Sandeep Reddy. The call will conclude with a Q&A session.

The forward-looking statements in this morning's earnings release and 10-Q, both of which are available on our IR website, also apply to our comments on the call today. Actual results or trends could differ materially from our forecast. For more information, please refer to the risk factors discussed in our filings with the SEC.

In addition, please refer to the 8-K earnings release to find disclosures and reconciliations of non-GAAP financial measures that may be referenced on today's call.

This morning's conference call is being webcast and is also being recorded for replay via our website. We want to do our best this morning to accommodate as many of your questions as time permits. As such, we encourage you to ask one question only.

With that, I'd like to turn the call over to Russell.

Russell Weiner

Thanks, Greg, and good morning, everybody.

As I reflect on the first quarter, I'm proud of how our team effectively executed our Hungry for MORE strategy. Against the backdrop of consumer and industry headwinds, we drove market share gains across both our US and international businesses. Sustained market share growth reflects the company's ability to control what's under its control, a key to long-term success.

Our team is achieving what we set out to do when we introduced Hungry for MORE late in 2023. When you look at our accomplishments over the last year-and-a-half with insight into some of the unlocks for the remainder of 2025, you can see how our Hungry for MORE strategic pillars are working together to set us up to drive more sales, more stores and more profits over the long-term.

The M in Hungry for MORE stands for most delicious food. We will continue to drive deliciousness with at least two new products every year. In early March, we added arguably the biggest new menu item in our history, Parmesan Stuffed Crust pizza. This launch is the epitome of what we mean when we talk about our "innovation with intent" approach. There's a clear purpose behind any product we bring to market, and stuffed crust pizza is one of our best examples.

We went from this being the largest gap in our pizza portfolio to having what we believe is the best stuffed crust product in the industry. While timing of the launch meant stuffed crust didn't have a meaningful impact on Q1, we couldn't be happier with how the launch has gone so far. To date, customer satisfaction scores have been very good, and we've also seen a high mix of orders coming with a stuffed crust pizza. Although it's still early, performance has been tracking to our expectations. We're excited about the impact this product will have not only this year, but as a market share driver for years to come.

Prior to this year, the operational complexity of stuffed crust and our high volumes kept stuffed crust off our menu in the US. Launching an innovation like this required us to lean into our second strategic pillar, operational excellence.

Innovation with intent requires operations with intent. On our Q4 call, I talked about the improvements in our service, driven by significant training programs implemented by our operators and franchisees over the last couple of years. These programs work together with improvements in our Dom.OS technology to make Parmesan Stuffed Crust a reality.

Domino's stores are doing an incredible job executing this product. I want to thank our franchisees and operations teams for their continued effort to achieve operational excellence. This remains a point of difference for Domino's.

Our third Hungry for MORE pillar is renowned value. This has been a key strength for Domino's. We're driving renowned value through national promotions, Domino's Rewards and by growing on aggregator platforms. In the first quarter, we had several value-driving initiatives such as our Best Deal Ever promotion that we believe broke through industry clutter. We have a strong slate of initiatives primed and ready to go for the rest of the year as we will continue to give customers what they want, which is more value in this challenging economic environment.

While providing value through our own channel is one part of our renowned value barbell strategy, tapping into the aggregator marketplace for pizza delivery is the other. We recently announced a partnership with DoorDash, the largest aggregator in the US. We began piloting in a small number of stores and are expecting to commence our national launch in May. We expect this rollout to be complete by the end of the second quarter with a meaningful impact from this new partnership anticipated in the back half of the year. So, in the second half of 2025 and beyond, we'll be competing on the biggest aggregator platform in the US, with one of the biggest pizza crust types in our industry, two things we could not have said only a few months ago.

I wanted to quickly touch on our expectations around incrementality for DoorDash. We're going to need to learn and provide updates on this, but our initial expectations are that it will be approximately 50% incremental. And that would be our expectations for aggregators as we move forward now that we're on multiple platforms.

Everything we do at Domino's is enhanced by our best-in-class franchisees. We also see this pillar as our responsibility to be a best-in-class franchisor. In the first quarter, we made some changes to our organizational structure, which you may have seen with the announcement we put out in March, where we elevated Joe Jordan to Chief Operating Officer and promoted Weiking Ng to Head of Domino's International.

We also made changes below the executive level for a faster, more efficient structure that aligns with our Hungry for MORE strategy. Our focus at simplify included the difficult decision to eliminate certain roles and Sandeep will share some additional color on the financial implications. Moving forward, we believe this new structure will allow us to be quicker to market and we will continue to prioritize investments that have the greatest impact on our customers, franchisees and the brand.

In summary, we are laser-focused on delivering against our Hungry for MORE goals. I believe this will enable Domino's to capture additional market share gains in 2025 and beyond. And this will be how we drive best-in-class results and long-term value creation for our franchisees and shareholders.

I'll now hand the call over to Sandeep.

Sandeep Reddy

Thank you, and good morning, everyone.

Our first quarter financial results continued to be impacted by a challenging macro backdrop. And despite that, we delivered operating profit that was in line with our expectations.

Income from operations increased 1.4% in Q1, excluding the impact of foreign currency. This increase was primarily due to gross margin dollar growth within supply chain, as well as higher international franchise royalties and fees. This increase was partially offset by higher G&A, primarily related to severance expenses, driven by the organizational realignment Russell noted earlier. Excluding the approximately \$5 million impact of these expenses, our income from operations would have increased 3.6%.

Excluding the impact of foreign currency, global retail sales grew 4.7% in the first quarter, primarily due to positive international comps and global net store growth compared to a year ago. In Q1, retail sales grew by 1.3% in the US, primarily driven by net store growth. This growth paced ahead of the QSR pizza category, which was roughly flat to start the year.

Same store sales declined 0.5%, which was slightly below our expectations. We benefited from 1.8% of pricing, which was inclusive of high-single-digits in California. This was more than offset by negative traffic and a slight decline in our mix due to a higher carryout business that carries a lower ticket than delivery. Our carryout business comps were up 1%, while delivery was down 1.5% in the quarter. Our delivery business continues to be impacted by macro pressures that are impacting the low-income consumer.

Shifting to US unit count, we added 17 net new stores, bringing our US system store count to 7,031.

International retail sales grew 8.2%, excluding the impact of foreign currency in the quarter. This was driven by net store growth over the last year and same store sales that came in ahead of our expectations at 3.7%. In the quarter, we saw strength in Asia that was due to strong comps in India and in our Americas region, which was driven by Canada.

Net stores were down by 25 in Q1 and this was primarily coming from closures from Domino's Pizza Enterprises, DPE, which is our master franchisee based out of Australia. DPE previously announced that they expected to close 200-plus underperforming stores, primarily in Japan, and substantially all of those closures took place in the quarter.

Moving to capital allocation, we repurchased approximately 115,000 shares at an average price of \$434 for a total of \$50 million in the first quarter. As of the end of Q1, we had approximately \$764 million remaining on our share repurchase authorization.

Now, turning to our outlook for 2025, we continue to believe that global retail sales growth should be generally in line with 2024. As part of that, we expect the following.

First, we continue to expect our US comp to be 3%, and that it will be lower in the first half compared to the back half due to the timing of our initiatives. In the event that macro pressures persist, it could put pressure on achieving this number.

Second, we continue to expect 1% to 2% international same store sales growth as there continues to be macro and geopolitical pressures that exist around the globe and we believe this could impact our business.

We expect operating profit growth of approximately 8% excluding the impact of currency and approximately \$5 million in severance expenses related to our organizational realignment.

A couple of points of additional color. While we are expecting some savings as a result of the organizational changes that have been made, we are planning to reinvest most of these savings back into the business.

In our US business, we source most of our food products from within the country. So, we're not expecting tariffs to have a material impact on our operating profit.

Thank you. We will now open the line for questions.

Question-and-Answer Session

Operator

Certainly. And our first question for today comes from the line of Danilo Gargiulo from Bernstein. Your question, please.

Danilo Gargiulo

Thank you. I was wondering if you can comment a bit on your statement of potential international geopolitical pressure impacting brands. So, specifically, are you starting to see any pockets of consumer weakness in international markets or international boycotts against US brands elevated specifically for Domino's? Thank you.

Sandeep Reddy

Hi, Danilo, this is Sandeep. Good morning. Yeah, so I think in terms of geopolitical pressure and risk that we see out there, it's more with what's been going on in the last few months. We want to be very careful and mindful that there's a lot of volatility from a geopolitical perspective. Then, there could be a potential downstream impact on demand, and that's incorporated in our guidance of 1% to 2% for the year, and that's really the meaning of the statement.

Operator

Thank you. And our next question comes from the line of Brian Bittner from Oppenheimer. Your question, please.

Brian Bittner

Thank you. Thanks very much. Good morning. You talked about how you expect DoorDash and other third-party platforms to be about 50% incremental. Can you talk about what type of mix you do anticipate to come from DoorDash, maybe relative to what you saw with Uber Eats? So, maybe we can all start to think about how you are thinking about potential contribution to comps. Just trying to understand maybe what's required from the DoorDash launch in the second half to get to your guidance of 3% in the US.

Russell Weiner

Good morning, Brian. Yeah, right now, if you look at the DoorDash pizza sales business on their platform versus Uber, it's about 2x. So, we're not going to put out specific goals by quarter like we did with Uber. We were just starting with aggregators at the time. Think about the aggregator business now as part of our delivery business. As far as contribution, you should expect about 2x DoorDash from what we saw with Uber. And as Sandeep said in his remarks, we're really expecting this to be kind of the second half of the year.

Operator

Thank you. And our next question comes from the line of David Tarantino from Baird. Your question, please.

Q - David Tarantino

Hi, good morning. My question is on the stuffed crust pizza platform. You mentioned it did not have much of an influence on the first quarter, but at the same time, you're pleased with what you're seeing and it's in line with expectations. And I was just wondering if you could elaborate on what that platform is doing relative to sales mix or what you're seeing in terms of the lift to the comps or anything else you could offer there. Thanks.

Russell Weiner

Yeah. Thanks, David. Yeah, we were talking about as far as performance is we launched it with three weeks to go in Q1. So, it just -- it didn't have an oversized impact in Q1. What I can tell you is as we look back to the launch so far, we're really pleased with how things are going. Significant amount of orders are going out with stuffed crust pizza. The consumer feedback on the quality is really where we wanted it to be and our stores are performing very well from an ops standpoint.

So, all in all, we're pleased and it's hitting our expectations. You'll recall, it's about 15% of mix of our competitors, and so, we'll see where that falls in for us, but that means it's a big opportunity. It's the biggest crust type we weren't in. So, we're very excited.

Operator

Thank you. And our next question comes from the line of David Palmer from Evercore ISI. Your question, please.

David Palmer

Thanks. Russell, just to follow-up on that, on the soft crust, you mentioned it's 15% of competitors. I would imagine you wouldn't be targeting that mix overnight, but sometimes we see new products or even have a honeymoon period where the trial is extremely high. So, I'm wondering what is your expectation. Any comments about the mix initially and the incrementality of that mix, and how you see that product perhaps evolving on those two scores?

Russell Weiner

Yeah, thanks, David. We have lawyers on the other end of the table poised to jump in front of me if I give any forward-looking information. But look, you talked about exactly what we look at with new product launch, especially one of this magnitude is, it's not just going to be the percent of mix, it's going to be the incrementality both in orders and in dollars. And as soon as we get more information on that and we want to look at repeat, we'll be able to give a better sense of what that looks like.

I think, for me, what's important about stuffed crust in addition to how many stuffed crusts we're going to sell is when you think about our first pillar of most delicious food, it's not just about launching new products. It's about launching products to give a halo to the brand on deliciousness. And I think what we're going to see from stuffed crust is not only stuffed crust sales, but a nice halo to the brand on the deliciousness pillar.

Sandeep Reddy

And Dave, I'm just going to go back to, I think, a question that Brian asked earlier on DoorDash and now on stuff crust, and essentially all of the initiatives that we talked about in the February call and again, we're talking about them now on this call, all of this is incorporated in terms of our expectations in the 3% guide that we have on same store sales for the year and the back-end loaded comps reflect the timing of initiatives. So, it's all contemplated and that's there. While we don't want to get into specifics at this time in terms of where we are so far in the second quarter, just know that we know what our -- that assumptions are based on what we are seeing.

Operator

Thank you. And our next question comes from the line of Dennis Geiger from UBS. Your question, please.

Dennis Geiger

Great. Thanks, guys. Sandeep or Russell, I wanted to follow-up on the comment, Sandeep, you just made on that US sales outlook and the reiterated 3% comp guide. Specifically, if any additional thoughts on key initiatives to accelerate and help you get there, you touched on stuff crust and DoorDash, of course, but just anything else on some of the other initiatives as we think about loyalty, maybe another new item coming, promotions, marketing calendar, just how impactful some of that can be and you expect it could be as you work through the year? Thank you.

Sandeep Reddy

Yeah. Thanks, Dennis. Every year, we go into the year strategically with the same intent to execute against Hungry for MORE. So, again, without giving too much forward-looking information, we can look through our guidance, which says two new products a year from a value standpoint, pretty much the same amount of Boost Weeks as we did prior year.

What I get really excited about too is just the value that we're going to be bringing forward, the renowned value platform. We talked about in 2023 when we launched Hungry for MORE that we felt for a couple of years -- a few years that, this is really going to be a platform that was going to be important for all of QSR. And while QSR has been really kind of driven by price, what I think has been great about our value is that our value creates what I call talk value, it's not just a price point, it's things like carryout tips, it's emergency pizza, things that folks talk about.

So, I can't get into the initiatives. What I can tell you is the strategy is an open book. And I think if you look at the last couple of years, what you'll see is, yeah, we don't tell you the initiatives in advance, but they absolutely fit with the strategy and that's going to continue.

Sandeep Reddy

And, Dennis, I'll just add, you mentioned loyalty specifically, and look, we've said before and we'll continue to say that it's a multiyear driver. It's been there -- that way in the past and we expect it to be that case over here as well. In particular, I think this new loyalty program is structured around the carryout customer, getting light users coming in and really those are going to be massive frequency builders for us as we go along. Literally, last year, we grew by 2.5 million active members in our loyalty database and we continue to see good traction from that. I think where we expect to see momentum is future sales from those acquired customers as staying loyal to our brand.

Russell Weiner

Yeah, I think that's important, Sandeep. The first loyalty program we introduced in 2015, we had that around for seven years and it was seven years of -- really seven-and-a-half years of really nice growth. And then, what we did when we updated it, we said, "Okay, what are the couple of things we need to do to make it even better?" We've had the price for points kind of lowered, so that really helped with carryout customers with their tickets lower. And we also really pushed to make sure that the program activated against lighter users. So, you used to have to buy six times and now you could buy as few as two times.

So, it's important, and I say this because we've done it before to understand that things like loyalty are really a multiyear driver. Things like the aggregators, once we're on the aggregator platform, we intend to grow our business on that platform just like we grew our business outside the platforms. And so, it's really important to see certainly while we're leaning in here, these are drivers that are going to continue for years to come.

Operator

Thank you. And our next question comes from the line of Peter Saleh from BTIG. Your question, please.

Peter Saleh

Great. Good morning. Thanks for taking the question. I wanted to ask about the domestic unit growth. I think the prior guidance was 175 net stores in 2025. Just in the impact of tariffs on construction costs, can you guys give us a sense on what you're thinking there? And are you seeing any availability issues on some of the critical components that you need for unit development? Just trying to understand the confidence behind the domestic unit growth guidance given the tariff impact. Thanks.

Sandeep Reddy

Yeah, Pete. Thanks for the question. Look, I mean, I think from a domestic unit growth guidance perspective, no change. We're expecting the 175 stores that we talked about on the last call. And frankly speaking, the more we actually went through the cycle of earnings in the fourth quarter, it was really apparent that the economics of our franchisees are best-in-class and the returns are really compelling for them. And we continue to drive market share to Russell's point earlier.

The pipeline is very robust. The appetite from our franchisees is very good. And I think from a tariff perspective, if there is any impact, it should not be material enough for it to actually impact demand. And so, the enthusiasm that the franchisees have to continue to grow the stores is very strong and we are very supportive of what we need to do to make sure that we harness this growth.

Russell Weiner

Yeah, Pete, the pipeline for the US is better than it was at this point last year. So, we're very excited about what we've got in front of us.

Operator

Thank you. And our next question comes from the line of Gregory Francfort from Guggenheim. Your question, please.

Gregory Francfort

Hey, thanks for the question. Russell, maybe I'm curious, just on the aggregator platforms you've been on for a little over a year, what are you seeing from customers in terms of either frequency or average check size. I'm just curious how that customers behave now with some time versus customers who are coming through your other channels. Thanks.

Russell Weiner

Yeah. I think the biggest difference to me is more the group size. There's probably a little bit smaller group, maybe a single or one or two customers versus when folks go to our website, it's probably for a bigger party occasion. So, Greg, I think that probably would be the biggest piece. Obviously, this platform still is, even though the higher-income customers on it, it still is promotionally sensitive. The best deals for customers are still on dominos.com, but they are promotionally sensitive as well. So, I think the biggest thing I think would be that.

Operator

Thank you. And our next question comes from the line of Chris O'Cull from Stifel. Your question, please.

Chris O'Cull

Yeah, thanks. Good morning. Russell, the US ran the Best Deal Ever, I guess, for a significant amount of period -- significant number of weeks during the quarter. Just given the strength of that offer, I was hoping you could provide some more context around how it impacted your sales trends and maybe how it performed relative to the segment during the period?

Russell Weiner

Yeah. Thanks, Chris. And I'll give you a little background about the name of that Best Deal Ever. The team came in and showed Sandeep and I what the deal was and our reaction literally was, "Wow, that's the best deal ever." So, here you go, that's renaming research there, how we came up with it.

I want to talk about the strategy of Best Deal Ever, because I don't think we spend enough time doing that. The insight for us is within the QSR industry right now, obviously, there have been couple of years of pricing taken. And so, what you're seeing with a lot of restaurants is they're dealing it back. But they're dealing it back really maybe not necessarily to things that folks want. Maybe you want the big item, but you can get the little item or the side item.

So, other than the price being really good with Best Deal Ever, it was any crust, any topping, no limitations. And I think that to me other than just the price point was a big way of us leaning into customers and saying, "We hear what you want. You just don't want something that is low in price. You want something that's fair in price for what you want." And so, that was a big deal for us. I think that's a big category insight.

It only ran for a few weeks and there are obviously headwinds for the remainder of the quarter. So, it's kind of hard to break that out. But what I can tell you is I'm really pleased with the performance and the statement that we made by doing it.

On top of that, I'm really proud of our franchisees, because they leaned into this. I mean, the last time there was a close to a \$10 any offer out there in pizza was a long time ago. And so, our franchisees -- it does two things. One, it talks to the confidence they have in the analytics from our team, but also it talks to the profitability they have and their ability to lean in probably when other folks can't. And that -- we're going to have to sustainably lean in for a while there. And I think this is a great example to prove that our franchisees are up for it.

Operator

Thank you. And our next question comes from the line of Sara Senatore from Bank of America. Your question, please.

Sara Senatore

Thank you. I wanted to ask, I think, about a comment that Sandeep made with respect to the US outlook, and just that if macro pressure persists, that would have implications for that same store sales number. I guess, I have struggled a little bit with trying to figure out what's happened in the first quarter just because there's been weather and calendar shifts and I think even something like Valentine's Day would affect you. And so, to the extent that the guide kind of requires an acceleration in comp, I'm just trying to understand what it is that you're seeing in the macro backdrop if it's softer than it was at the end of last year. And does that require an improvement from here to hit that 3%? And I guess, what are you looking at to get that? Because, again, some of the macro data actually look pretty, I would say, solitary to me. So, any kind of insight into that comment and kind of what the underpinning expectations might be?

Russell Weiner

Yeah, Sara, I'll start off, and then, I'll kick it off to Sandeep. I think part of it was just looking at the calendarization we had for the year. And so, we knew our initiatives were a little bit kind of back-half loaded, and that's part and parcel of it.

And then, also, what we're overlapping in Q1, if you remember last year, in Q1, we were coming in strong with loyalty. We had brought back carryout special for the first time. So, a lot of this was really kind of the calendarization of how things were going to fall and how we think we're going to get to that 3% in US.

Sandeep Reddy

Yeah. And I think Russell is exactly right, and really the first quarter came in pretty much at our expectations, maybe a little bit off, but we knew the macro was going to be tough and we expect the macro to be tough this year. But what we're actually saying is, if there's a further deceleration of the macro environment that could put pressure on the business. And I think that's really what we are pointing out over here. But other than that, I think the starting point is it's a tough macro and that's how we built our budget.

Russell Weiner

Yeah. And I would just add and I think kind of common sense here, when we talk about those macro headwinds, this is not Domino's specific. We think these are QSR headwinds, which is why in addition to hitting our algorithm, what we were happy for the year on US same store sales of 3%, while Q1 wasn't what I had hoped it would be, we still grew market share, right?

And so, at times where maybe there are extra headwinds, if you're continuing to grow market share, it gives you a sense of when things open up, you're going to continue to grow that market share and then the QSR category grows and their benefits. So, when Sandeep is talking macros, these are not ones that are specifically the Domino's. And I would argue, we're probably in a better space better capability to compete than many others within those macros.

Operator

Thank you. And our next question comes from the line of Andrew Charles from TD Cowen. Your question, please.

Andrew Charles

Great. Thank you. Wanted to ask, you talked about 50% incrementality now for just third-party delivery in general. As you prepare to launch DoorDash, how do you ensure this doesn't dent the incrementality of Uber? If it were to essentially, is this going to be challenging to get to that 3% comp for the full year?

Russell Weiner

Yeah, Andrew, it's -- this is now -- all of this is encompassed in our overall delivery business and we want to be where customers are. And so, if a customer decides -- I know they love Domino's Pizza, but now that we're going to be on both of these big platforms, I don't think the decision to go on a DoorDash or an Uber is going to be based on Domino's, it's going to be based really on their loyalty to that platform. Again, we're going to try to do everything we can to bring them back to Domino's. But if they want to buy us on DoorDash, that's because of their natural behavior on that platform. And I don't really think there's anything we can do here, which is why we're okay. That's why we've priced the way we have and that's why really our strategy for aggregators has been to meet customers where they are, whichever app they're on.

Sandeep Reddy

And Andrew, I'll just add on. I think we've mentioned this in the last call, but I want to come back to this. We are looking at our delivery business and our delivery business includes our own channel, it includes the aggregator platforms. And as we look at the business overall, we're just going to talk about it very holistically. I think last year, we gave a mix, because it was first year on Uber and we wanted to actually give that visibility. But I think as we move forward this year, we're not going to be talking about mix. We're going to be talking about our overall delivery business and we're telling you strategically what aggregators are coming onto the platforms, just so you know what's coming in, but I think overall delivery business is how I would analyze us.

Operator

Thank you. And our next question comes from the line of John Ivankoe from JPMorgan. Your question, please.

John Ivankoe

Hi, thank you. The question is on the overall delivery same store sales and especially in the context of franchisees beyond '25 that do have a plan to put more assets in the ground to basically serve more delivery customers even if delivery overall has been relatively choppy over the past couple of years. So, I just wanted to get your sense, maybe there's been some evolution of how franchisees think about putting more new assets in the work -- in the ground, excuse me, especially if new stores are largely getting their delivery sales at least initially from other nearby outlets.

Russell Weiner

Yeah, good morning, John. The interesting thing when you think about the store growth in the US, about two-thirds of the stores we have to build are going to be splits, about one-third are going to be green space. And the interesting thing, one would think, I know Sandeep and I had this argument when he first started and now Sandeep, now he's seen the way and he's preaching on high to everybody.

The interesting thing is when we split a store, 80% of the carryout customers are incremental. So, even though you're talking about the same kind of polygon for the store, customers just like delivery drivers don't want to drive as far to pick up their pizza. So, believe it or not, the impetus in a store split has nothing to do with delivery, well, not nothing, but a lot to do with carryout. And now, our carryout volumes are such that the store essentially pays for itself, it breaks even from carryout.

Then is when the delivery business starts to become significant, because what happens is you just like customers get closer to your store, your delivery customers -- your delivery drivers get closer to your customers. And so, their route times are shorter, they're more efficient, they're more predictable. So, you get hot predictable deliveries, which we know that's what drives reorder, tips are higher. And so, delivery actually gets more efficient.

But the reason for the split, first off, is carryout. We've also talked about -- obviously, you've seen our carryout business grow, but our carryout share isn't where our delivery share is. And so, I still think there's lots for us to go there and a lot of that is going to be due to -- is going to happen from store growth.

Operator

Thank you. And our next question comes from the line of Christine Cho from Goldman Sachs. Your question, please.

Christine Cho

Thank you. So, I think you've called out Canada as a region of strength in the quarter. Has that trend sustained throughout the quarter, or have you seen any meaningful shift through the quarter? And my real question is with most of DPE plant closures largely behind and you're seeing some improvement in the international markets in first quarter, do you think there's a room or path to international unit growth, reacceleration in the next few years? Thank you.

Russell Weiner

I'll take the Canada one. I'll have Sandeep talk to the international store algorithm. We're really proud of what they're doing up in Canada now. I think what you're seeing is they've really embraced Hungry for MORE. Some of the drivers there in the first quarter for them were ones that we're doing here in the States, renowned value being a big piece of it, launching with aggregators being a big piece of it. Obviously, now this gets into a little bit Q2, but they've launched the stuffed crust pizza. And so, what Canada is proving that we think more and more of our international master franchisees are going to recognize is that Hungry for MORE really is a global strategy that kind of impact positively in all of our markets.

Do you want to talk about store count?

Sandeep Reddy

Yeah. So, I think, on the store counts, like, we were expecting the DPE closures that happened in Q1. I think DPE themselves have signaled that they were expecting to have about 200-odd stores closing in Q1 and mostly from Japan, which happened. But I think what's been pretty consistent all along and in the more recent quarters is very strong trends in India and Japan, and that has continued to be the case. Then, I think outside of DPE, India, Japan, all of the markets broadly are tracking to our initial expectations.

So, things are very healthy. And frankly, when we looked at the '24 profitability, the paybacks still were pretty good when they looked at all the international markets across the board. So, we feel pretty good on everything except for the Domino's Pizza Enterprises pressures that they were -- that they're working through. As we said, we think that the DPE closure should be mostly behind us as we get into 2026. But I think their CEO and their team are working on the opening plan to make sure that whatever stores they do open are sustainably profitable stores, so that we don't have to go down this path again and having to close stores that are unprofitable stores.

So that's kind of where we are. We sit in the wait-and-see mode. I think we'll have to get through this year and see how DPE makes updates to the algorithm.

Operator

Thank you. And our next question comes from the line of Lauren Silberman from Deutsche Bank. Your question, please.

Lauren Silberman

Thank you very much. So, I just wanted to clarify and then I have a question on carryout, but the clarification is on 3P incrementality. Do you expect incrementality of 50% now is you're Domino's Direct customers, or is the lower incrementality a function of multiple partnerships?

And then, my actual question is on the carryout comp. So, a bit of a deceleration to 1% in the quarter and I know there's a lot of noise just broadly in the industry. You guys didn't talk about softness over the last few quarters primarily with 1P delivery. So, can you just expand on what you're seeing with the carryout customer this quarter relative to recent quarters? Thank you.

Russell Weiner

Yeah, Lauren, you answered your own first question, so we'll give you that second question as well. But yeah, absolutely, once we're going on more aggregator platforms, that just brings -- especially DoorDash, which is 2x Uber as far as pizza orders, that's what's driving the incrementality closer to 50%.

And then, on the carryout business, it was a little bit of what I was talking about earlier. It was more due to kind of the timing of the calendar. So, if you think about last year, in Q1, we brought back, hadn't done it for a long time, carryout special. And so, we were lapping that and we were lapping really part of the introduction of our new loyalty program that came in and leaned really hard into carryout customers. So, I think a lot of that was really more due to timing and calendarization than it was anything specific to carryout. We expect to grow both carryout and delivery businesses this year.

Sandeep Reddy

And Lauren, I'll go back to something I said on the Q4 call. As we look at the 3% comp, we expect it to come pretty roughly equivalently from delivery and carryout. So, this was not hugely different from our expectations in terms of the split of comp that we saw in the first quarter. And I think with DoorDash now announced, obviously, that's going to be a bit of a tailwind on delivery as we get through the year. And so, overall for the year, that's our expectations.

Operator

Thank you. And our next question comes from the line of Jon Tower from Citi. Your question, please.

Jon Tower

Great. Thanks for taking the questions. Clarification, I hate to beat a dead horse, and then a question. On the Dash, just to make sure we don't come away with the wrong expectation for Dash. So, 2x the size, 50% incremental, so 3% contribution run rate is the way we should think about that. That's the clarification.

Then, the question is, on the stuffed crust pizza, I know it only came out in a medium size and I believe that's the only size that's available today. Can you speak to why that's the case and if and when you plan on expanding to different sizes across the system in the US?

Sandeep Reddy

So, I think, I'll talk first about the size and the modeling question that you had. Correct. Yeah, it's 2x the size of Uber and 50% incrementality. You can take the gross number as being two times the size of Uber, but the incrementality at 50% would actually create a little bit less than 2x in terms of the incrementality from DoorDash.

Russell Weiner

Yeah. And with regard to stuffed crust, I think there are a couple of things. One is, and we haven't really talked about this a lot. We use a completely different dough for our Parmesan Stuffed Crust than we do our regular hand tossed. And that dough right now comes in a medium size. It's more kind of buttery flavor dough. But the reason we want to lean into that particular one is also because of the price point it allows. It allows us to have an upcharge to our mix and match promotion, which is about a \$4 upcharge. So, it's not only an order driver, but it's a ticket driver. So, yes, stuffed crust, it was really more for that reason because of the unique dough and the desire on price points, but we're going to continue to watch and see what consumers are looking for.

Operator

Thank you. And our next question comes from the line of Brian Harbor from Morgan Stanley. Your question, please.

Brian Harbor

Yeah, thanks. Good morning, guys. Sandeep, so just on the international side, is your expectation on units that any closures going forward therefore be just more normal course, so you still feel good about sort of the previous comments you made, kind of similar net unit openings this year versus last year?

And then, just on kind of the macro impact on international same store sales is, I mean, you've embedded, I guess, a little bit of sequential deceleration. Is that reflecting that there probably could be some macro pressures there? Have you actually seen that sort of more recently? Or can you clarify that piece of it?

Sandeep Reddy

Thanks, Brian. So, I think there's two parts to this, right? First of all, on the units, yeah, I mean, with the size of the portfolio that we have and the store count that we have, some normal closures would be very normally in cost and that we'd expect to see that the remaining three quarters of the year. All that's already in the guidance we provided at the beginning of the year to be roughly in line with last year from a net store perspective. So that continues to be our expectation.

And then, in terms of the macro impact, and I think there's two things; there's a macro and the geopolitical both. And I think, when we actually take a look at what's going on, there's a lot of volatility in the global marketplace. And I think just from a macro and a consumer sentiment perspective, that can have an impact on consumer demand. And I think in addition to that, there's also the geopolitical volatility that's ongoing around the tariff conversation that's happening right now.

So, I think when you take it all into consideration, all of that's incorporated in the 1% to 2% expectation that we have for the year. And obviously that bakes in some level of sequential deceleration relative to the first quarter that we just experienced.

Operator

Thank you. And our next question comes from the line of Andrew Strelzik from BMO Capital Markets. Your question, please.

Andrew Strelzik

Hey, good morning. Thanks for taking the question. You talked about reinvesting some of the savings from the restructuring. Where is that reinvestment going? What are you prioritizing in terms of the reinvestment? And if you're able to quantify it, that would be helpful as well. Thanks.

Sandeep Reddy

Andrew, yeah, I think -- to us, I think I've talked about the areas of the P&L that we've been consistently investing in since the time we talked about it at Investor Day. And it's really consumer technology, store technology, capacity investments. And we continue to focus on making sure that we're making investments in those areas to drive the business in the future. So that's really what I would actually give you.

We're not going to get into specifics in terms of the amount of savings we invested and that I think it's all incorporated effectively in the guide of profit growth that we gave you, both in terms of this year, and there's no change in expectations to the 8% profit guide that we provided last time as well for 2026.

Operator

Thank you. And our next question comes from the line of Jeffrey Farmer from Gordon Haskett. Your question, please.

Jeffrey Farmer

Yeah, good morning and thanks. I'm just curious what your exposure to both the lower-income and Hispanic customer demographic is in the US. And I guess, more specifically, if you could share anything about the relative same store sales performance of those demographics, again, specifically lower-income and Hispanic in the most recent quarter?

Russell Weiner

Yeah, Jeffrey, the lower-income customer is not just a Domino's customer, it's a pizza customer, it's a QSR customer. So, it's something that's I think a big part of this category. When we look, I think specifically in our 1P business, what - how they're being affected is not really necessarily them leaving Domino's to go to another brand or leaving Domino's in general. It just may be an occasion here or there and what ends up happening and it's kind of similar for the consumer breakouts you talked about is they'll just be eating at home, which really does maybe gets me to a bigger point that I just want to make sure I make with everyone today, which is, I believe significantly and we believe that starting in '23 when we launched Hungry for MORE, that the QSR business over the near term is going to be pressured, pressured into sustained -- offering sustained value because that's what customers are looking for. And that's a pressure I don't worry about. I think our franchisees say bring it on. We want to be the ones to offer that value for customers because we are set up to do that. We've got a bigger kind of supply chain purchasing abilities than anyone in pizza, which allows us to give our franchisees who can then give customers really good value.

Secondly, when you have low prices, you want to drive a lot of volume. How do you do that? You do that with advertising. We've got a \$0.5 billion-plus advertising budget that nobody else has. And then, we also have franchisees with best-in-class economics that can see this through over the long term. And so, I think when we talk about that customer, you should know, I don't think that's going to change anytime soon. And I also -- what I know we can do is we can sustain that. And what we'll do, I think is actually come out of this even stronger. So you'll see what we're going to, I believe, continue to grow share and that we're bringing in these customers to a Domino's Pizza that from a service perspective, from a digital perspective, from a new product perspective is a better Domino's Pizza than we were two years ago.

Operator

Thank you. And our next question comes from the line of Jeff Bernstein from Barclays. Your question, please.

Jeff Bernstein

Great. Thank you very much. Russell, in the press release and a couple of times in the call, you referred to the market share gains, so seemingly growing share despite in the US, at least modest negative comps. I would think that demonstrates perhaps ongoing maybe pizza category fatigue that you've talked about in the past impacting the entire category. And I guess that's compounded by more challenging macro. So, I'm just wondering how you see the category in terms of whether that fatigue persists or whether now it's more just a challenging macro. And as you just mentioned, if you're able to still grow market share gains in coming quarters and years despite at least near-term negative comps, assuming that's all unit growth led? So -- and I think Sandeep reiterated the unit growth guidance for US and international for this year, but was just confirming. Thank you.

Russell Weiner

Yeah, Jeff, I definitely I would not call it pizza fatigue at all. I've been in this business almost 17 years now and essentially pizza grows 1% to 2% every year. We maybe have been on the lower side of that in Q1, but retail sales, because you're right, it's same store sales plus store opens for us, was positive. And so, this is a category that's been very, very consistent. I want to be clear, there's nothing really happening with pizza that hasn't happened over prior year from a growth perspective. And that's why the continued share growth is really important.

And I'll point out that folks, if you think about us because we are the #1 pizza player, we're still slightly short of one in every four pizzas sold in the US as a Domino's Pizza. If you think of other categories, burgers and Mexican and coffee, other #1 brands are significantly higher. And so, this is not a short term thing that's going on here. There's significant share growth to continue to happen in the category that's going to continue to grow, we believe, like it has that 1% to 2% over time.

I think lastly, the interesting dynamic within pizza is about 40%-plus of the competition are locals and regionals, which don't have anywhere near the capabilities to lean into value long term like we do. And so, when we look forward, we see lots of run room for growth on this US business.

Sandeep Reddy

And Jeff, I think you're right and Russell -- sorry, Russell was right, sorry.

Russell Weiner

Yeah. Get it right, Sandeep.

Sandeep Reddy

So, 1% to 2% is historically and as we look forward to the future, the average rate that we're expecting for the pizza category, but specific to Q1 actually more than on the low end, I think we're actually looking at roughly flat for the quarter, but it's for one quarter. So, I don't think we read into it too much, but I think in those circumstances, our 1.3% retail sales, we feel really good about because we gained share in a very tough environment.

Operator

Thank you. And our next question comes from the line of Alexander Slagle from Jefferies. Your question, please.

Alexander Slagle

Thanks for the question. Wanted to ask on DoorDash and the initial announcement sort of called out tapping into the incremental customers, I guess, especially in the suburban and rural markets. And I don't know if there is anything to that, just if there are specific implications on the development opportunities, maybe further from the core, and maybe that gets a bit to what John Ivankoe was asking, but -- and also, I guess, what does that mean for your delivery efficiency as you perhaps have drivers fulfill orders a bit further?

Russell Weiner

Yeah. We are not going to be changing our delivery kind of drive times in order to bring this on. So, I want folks to understand that this is not -- we're not going to be driving any further because we know the number one thing that deals -- that is currently with repeat -- or a couple of things are the consistency and delivering hot product. And so, what does -- this does do though is it helps our kind of rural and suburban stores, whereas maybe Uber helps a little bit more on the urban side. And so, by being on both aggregators now, I think we're going to see really more of a uniform hit one-two punch across all of our stores because of that.

Operator

Thank you. And our next question comes from the line of Zach Fadem from Wells Fargo. Your question, please.

Zach Fadem

Hey, good morning. I know you're not giving Uber mix, but just curious if it's still improving quarter-over-quarter or perhaps reaching a stabilization level.

And then, separately, could you talk a bit about the performance or take rate on Boost Weeks today versus last year and in the past? And considering the macro dynamics today, just want to gauge the appetite or opportunity to consider stepping up Boost Weeks later this year?

Sandeep Reddy

So, Zach, I think on the Uber mix, like I said earlier, we're not going to really be talking about mix anymore going forward. And let's just say we were very happy with our Uber business in the first quarter. So, I'll leave it at that.

And in terms of performance of Boost Weeks, I'm just going to go back to the strategic imperative that drives the Boost Weeks. These are customer acquisition vehicles. And as far as we're concerned, it's doing a great job in terms of being a customer acquisition vehicle and it continues to be something that we look at and whether it's a 50% online-only or the carryout special Boost Weeks, those are still very, very compelling opportunities for us to acquire customers into the brand. So, that's how we're looking at it. And we said roughly in line with what we did last year for Boost Weeks, that statement still holds.

Russell Weiner

Yeah. And just, to your point, I don't -- while we'll be roughly in line, I don't see a significant increase in Boost Weeks. We wouldn't want to start training our customers to look for that long term. There's value, and for this thing to be special on a 52-week calendar, we're always offering value, we need to be really thoughtful with where we put.

Operator

Thank you. And our next question comes from the line of Logan Reich from RBC. Your question, please.

Logan Reich

Hey, good morning guys. Thanks for taking the question. I just had one question on the competitive intensity in the space. I think you guys called it out last quarter. Just curious how that sort of trended in Q1. And then, any sort of impact you guys are seeing from the burger QSR elevated discounting starting in January? Thanks.

Russell Weiner

Yeah, Logan, in Q1, interestingly enough, within the pizza competition and it's probably due to the fact that folks were knowing that we were coming out with stuffed crust, we had two of our three competitors come up with a stuffed crust. So, you've got that happening as well as just discounting throughout all of QSR. I think, just, in general, customer -- consumer disposable income is down and their confidence levels, I think, are also down to kind of 2022 levels. And so, just, in general, right now, there's a headwind on the total business, but specific to us within pizza, those two stuffed crust promotions.

Russell Weiner

And the one thing I want to add on this, Logan, is, with the economics that we have, if the competition tries to keep up with us in terms of promotional intensity, there's going to be pain in those P&Ls for their franchisees. And it's just going to be really working more and more into our favor if that intensity is very high, and over time, Russell has talked about it previously. We've opened up over the last 10 years, 1,900 stores. The big national players have closed just slightly less than those. And I think that's really just shows what happens when you try to promote very intensively when you don't have the economics to be able to promote.

Operator

Thank you. And our final question for today comes from the line of Todd Brooks from The Benchmark Company. Your question, please.

Todd Brooks

Hey, thanks for squeezing me in. Just kind of putting a point on scale and market share gains, Russell, if you look back to the announcement and launch of Hungry for MORE, can you talk about how much share Domino's has gained in both the carryout and the delivery channel since that program has been launched?

Russell Weiner

Yeah. I guess, I'll even talk broader than that because what I'm really excited about is just how we've consistently been able to do it. And we're about 1 share point a year, kind of give or take, over time in the pizza business. So, we got a track record for doing that. And I think we're actually better poised to do that moving forward because of the market share we have, the advertising we have, the franchisee profitability we have.

And maybe just to kind of loop back around to the prior question, we keep talking about the profitability of our franchisees, which we're really proud of, and what we feel pretty confident are that there's the profitability of some of the national and regional local competitors. I'd have folks maybe look at the AUVs, which are something that you can calculate and just that will give you a sense of what we're talking about. So, even if there are profitability numbers for competition, if you look at the AUVs of the Domino's, which has more stores than any other concept, it will give you a sense of what Sandeep was talking about. Meaning, if folks are going to compete with us with less volume going through what is substantially a similarly outlet cost to kind of keep up rent all that kind of stuff, it's going to be very, very difficult.

Greg Lemenchick

Thank you, Todd. That was our last question of the call. I want to thank you all for joining our call today and we look forward to speaking to you all again soon. You may now disconnect.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

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