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Domino's Pizza, Inc. (DPZ) Q3 2025 Earnings Call Transcript

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Q3: 2025-10-14 Earnings Summary



EPS of \$4.08 **beats by \$0.12** | Revenue of \$1.15B (6.20% Y/Y) **beats by \$10.76M**

Domino's Pizza, Inc. (NASDAQ:[DPZ](#)) Q3 2025 Earnings Call October 14, 2025 8:30 AM EDT

Company Participants

Gregory Lemenchick - Vice President of Investor Relations

Russell Weiner - CEO & Director

Sandeep Reddy - Executive VP & CFO

Conference Call Participants

Dennis Geiger - UBS Investment Bank, Research Division
David Palmer - Evercore ISI Institutional Equities, Research Division
Brian Bittner - Oppenheimer & Co. Inc., Research Division
David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
Danilo Gargiulo - Sanford C. Bernstein & Co., LLC., Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Lauren Silberman - Deutsche Bank AG, Research Division
Peter Saleh - BTIG, LLC, Research Division
Patrick Johnson - Stifel, Nicolaus & Company, Incorporated, Research Division
Andrew Charles - TD Cowen, Research Division
Hyun Jin Cho - Goldman Sachs Group, Inc., Research Division
Brian Harbour - Morgan Stanley, Research Division
Alexander Slagle - Jefferies LLC, Research Division
Jeffrey Bernstein - Barclays Bank PLC, Research Division
Andrew Strelzik - BMO Capital Markets Equity Research
Todd Brooks - The Benchmark Company, LLC, Research Division
Zachary Fadem - Wells Fargo Securities, LLC, Research Division

Presentation

Operator

Good day, and thank you for standing by. Welcome to the Third Quarter 2025 Domino's Pizza, Inc. Earnings Conference Call. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Greg Lemenchick, Vice President of Investor Relations and Sustainability. Please go ahead.

Gregory Lemenchick

Vice President of Investor Relations

Good morning, everyone. Thank you for joining us today for our third 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

CEO & Director

Thank you, Greg, and good morning, everybody. I'd like to start off by saying how incredibly proud I am of our team and our franchisees as they continue to bring our Hungry for MORE strategy to life and deliver best-in-class results.

It was a great Q3 for our U.S. business. We grew in all areas key to our success. Our carryout business was positive, our delivery business was positive, and our order count growth was positive. All of this resulted in meaningful market share growth. The momentum we're seeing in the business is due to initiatives that are working across all 4 of our Hungry for MORE strategic pillars. When we execute against Hungry for MORE, we drive more sales, more stores and more profits.

Let's start with our Best Deal Ever promotion, which was a meaningful driver of our strong U.S. results in Q3. In my opinion, Best Deal Ever is well the best deal in restaurants. The price point screens renowned value and the taste drives our most delicious food perceptions. After all, consumers are building and eating their dream pizzas. In a world where prices have gone up and discounts never seem to be on the items you truly want, Domino's gives customers their favorite pizzas at our best price. Best Deal Ever also highlights the operational excellence our system has achieved. We wouldn't have been able to execute this kind of promotion just a few years ago. The myriad of ever-changing topping combinations customers are putting together requires best-in-class operations that was unlocked by franchisees leveraging our training programs and Dom.Os systems.

Last but certainly not least, Best Deal Ever is driving franchisee profitability. Because of the scale of our media and purchasing power, Domino's can drive the volume it takes to make a great deal like this profitable for franchisees. In fact, Best Deal Ever has been running longer than we originally planned because our franchisees asked to bring it back. Domino's franchisees are truly Hungry for MORE. Parmesan Stuffed Crust Pizza was another contributor to our strong results in the quarter. This launch has gone extremely well and continues to meet the expectations that we had for it on every level, mix, incremental new customers and franchisee profitability. Most important, our teams continue to execute this complex product very well, which is key to its long-term success.

The new flavors of Bread Bites we just launched marked our second innovation of the year and highlights our innovation with intent approach. Our intent with this innovation was twofold. First, adding 2 new flavors, garlic and cinnamon, brings news to the Bread Bites platform that we launched in 2012. Second, by adding these Bread Bites flavors, we were able to remove the more operationally complex bread twists from our menu. In addition, customers prefer the taste of bread bites over twists and love that they can get 32 Bread Bites for \$6.99 as part of our mix and match deal. Another part of our renowned value barbell strategy is tapping into the aggregator marketplace for pizza delivery. Q3 marked the first quarter where we were fully rolled out on DoorDash and we remain encouraged about its long-term potential for our business. We continue to expect our sales on DoorDash to grow as awareness and marketing increases and believe this will be a meaningful contributor to our U.S. comps in Q4 and as we move into 2026.

I wanted to quickly touch on the progress we continue to make on the upgrades to our e-commerce platforms. I'm excited to announce that we are now fully live with our website and mobile web experiences, where our goal prior to full launch was to see our conversion equal to or better than our old platform. The new site does just that. It's much quicker in particular, during the checkout process, which provides a better user experience. The apps come next, and our goal is to have them rolled out by the end of the year.

Next is something our entire system is buzzing about. We are bringing all aspects of Hungry for MORE to life with a completely new brand refresh. It's our first in 13 years. The new campaign makes every aspect of the brand as craveable as what is inside the box. The new look and feel will roll out over the coming months in all of our marketing. Hungry for MORE is no longer just a strategy. It has a look, a sound and the heartbeat. Seeing everything come to life this year gives me the confidence that in 2026 and beyond, we will be able to achieve our goal of 3% same-store sales in the U.S. and continue to take meaningful market share.

We have best-in-class franchisee economics in QSR pizza, the largest advertising budget, a supply chain with incredible purchasing power and a rewards program that is bigger than ever. And we're just getting started. As you know, we don't usually do LTOs at Domino's. So everything we have launched over the last 2 years, aggregator ordering, new loyalty platform, Stuffed Crust and more is a part of our base and will be part of our growth in the future. And we will continue to add new products, technology and renowned value promotions on top of that. This will be how we drive best-in-class results and long-term value creation for our franchisees and shareholders well into the future.

I'll now hand the call over to Sandeep.

Sandeep Reddy

Executive VP & CFO

Thank you, and good morning, everyone. Our third quarter financial results continue to be impacted by a challenging macro backdrop, but we drove profit growth that was slightly ahead of our expectations due to our strong sales performance and the timing of investments. Income from operations increased 11.8% in Q3, excluding the impact of foreign currency. This increase was primarily due to higher U.S. franchise royalties and fees and gross margin dollar growth within supply chain. Excluding the impact of foreign currency, global retail sales grew 6.3% in the quarter due to positive U.S. and international comps and global net store growth.

In Q3, retail sales grew by 7% in the U.S. driven by same-store sales and net store growth. This growth was slightly ahead of our expectations due to the strong performance from our Best Deal Ever promotion. We also paced well ahead of the QSR pizza category which has grown over the last quarter to approximately 1% year-to-date. Same-store sales accelerated to 5.2% for the quarter on the strength of our Best Deal Ever promotion and Parmesan Stuffed Crust which drove positive transaction counts.

Average ticket benefited from 1.3% of pricing and Stuffed Crust, which carries a higher price point. This was partially offset by a slight decline in our mix due to a higher carryout business that has a lower ticket than delivery. Our carryout comps were up 8.7% due to the previously noted initiatives as well as continued growth from our loyalty program. Delivery was positive 2.5%, primarily driven by the strength of our Best Deal Ever promotion and Stuffed Crust. It also benefited from aggregators coming from the launch of DoorDash.

Shifting to U.S. unit count. We added 29 net new stores, bringing our U.S. system store count to 7,090. International retail sales grew 5.7%, excluding the impact of foreign currency in the quarter. This was driven by net store growth of 185 and same-store sales of 1.7% that met our expectation. In the quarter, we continued to see strength in Asia, which was primarily due to strong comps in India. We have not seen any material impacts to date from global macro or geopolitical uncertainty.

I wanted to highlight the refinancing transaction that we completed in the third quarter. We had 2 tranches of debt totaling approximately \$1.15 billion with a blended interest rate of approximately 4.3% that was due in October of this year. We paid down approximately \$150 million of this and refinanced \$1 billion in two \$500 million tranches at a blended rate of approximately 5.1%. We were very pleased with the outcome of this transaction. We expect it to have an immaterial impact on our interest expense in 2025 and in 2026 and beyond. As a reminder, our next 2 tranches of debt come due in July 2027 and total approximately \$1.3 billion.

Moving to capital allocation. We repurchased approximately 166,000 shares at an average price of \$450 per share for a total of \$75 million in the third quarter. At the end of Q3, we had approximately \$540 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 U.S. comp for the year to be 3% and to grow our market share meaningfully in QSR pizza. Our comp could be pressured by the macro environment in the U.S., which we have seen intensify across the restaurant industry at the start of our fourth quarter. Second, we continue to expect our international same-store sales growth to be 1% to 2%. This could turn towards the high end of the range if we do not see any material impacts from macro and geopolitical uncertainty for the balance of the year.

Third, our pipeline remains strong in the U.S., where we continue to expect 175-plus net stores and internationally, net store growth to be in line with what we had in 2024. We continue to expect operating income growth of approximately 8%, excluding the impact of foreign currency, severance expense related to the organization realignment we previously announced in Q1 and the refranchising gain in Q2.

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

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from Dennis Geiger with UBS.

Dennis Geiger

UBS Investment Bank, Research Division

I wanted to ask a little bit more about the U.S. sales outlook, same-store sales outlook for the year, the reiterated 2025 guidance for 3%. You talked about the difficult macro there. Could you just kind of break down maybe anything on what you're seeing at a high level thus far sort of unpacking that macro dynamic and the impact on the business? And then just the confidence in that number, given some of the initiatives that seem to be resonating across the promotional activity and some of the other levers?

Sandeep Reddy

Executive VP & CFO

Dennis, thanks for the question. Yes. No, I think as we said in the prepared remarks, we're reiterating our 3% outlook for same-store sales in the U.S. And I think as far as we are concerned, we've been talking about the macro environment being a key factor all year. So this is not new. But I think what we did want to point out was we've definitely been seeing a slowing across restaurant industry sales to start our fourth quarter, and that's just a factor that's out there. But as far as we are concerned, we are expecting to continue to gain share against the QSR pizza industry. We've done so really well so far this year, and we expect to continue to do that in Q4.

So from in terms of initiatives, we actually are running Best Deal Ever, as you know, right now. We're excited about DoorDash and the continuing impact of DoorDash as we called out from the beginning of the year to be more of a back half impact. So it should continue into Q4. And we'll have a whole bunch of stuff going on from the renowned value perspective as we move forward. So we just want to make sure that we do all the things that we need to do in terms of initiatives and drive them, and we're excited about our business. But I think we just wanted to point out that we're observing what's happening in the macro environment.

Russell Weiner*CEO & Director*

And Dennis, it's Russell. I would just say in this kind of environment, what I'm very confident that we'll continue to do is drive market share. And what that does is it really puts distance between us and our competition that puts pressure on the economics of their stores. So even some short-term restaurant headwinds leads to share gains and long-term gains for Domino's in that environment.

Operator

And our next question comes from the line of David Palmer with Evercore ISI.

David Palmer*Evercore ISI Institutional Equities, Research Division*

Russell, I was just hoping maybe you can make a comment about the overall delivery market and what you're seeing, not just from a consumer standpoint, but competitively, it looks like and where we're sitting, like there is a lot of maybe desperate discounting promotional activity on the third-party sites right now. Effectively, it's the industry's version of stuffing the channel late in the quarter, you saw a lot of this activity, and we're seeing these deals pop up on our app. So could you speak to the broader ecosystem of delivery right now and what's happening there? And how do you see this playing out? Is this sustainable? What does it mean for you and maybe the pizza category?

Russell Weiner*CEO & Director*

Yes, David. I think if you take a look -- if you take a step back, that's part of why we're happy that our -- both our delivery business and our carryout business was up for the quarter. There are a lot of pressures out there, but the fact that we're able to sustain that, and I'll maybe use your words in a second to sustain that profitably is really important. I think we got to look back at the note, I think you used desperate pricing or something like that. I'll compare that to our renowned value. This is value that we put out there that absolutely is aggressive and is aggressive. Certainly, if you're a competitor of ours with different store level economics, different ability to drive volume, different ability to bring food cost down to a manageable amount.

But the value we have out there is value we can sustain. So yes, I think we're -- we've got a lot of growth in carryout and continued growth in delivery as more and more people come into delivery, they're having to buy their way into it. And I think in that kind of marketplace, we succeed, we excel.

Sandeep Reddy

Executive VP & CFO

And Dave, I'm going to add another thing on this because we talked about this from the get-go and the aggregator channel, but we are pricing for profitability of the franchisees. So no matter what's going on in the delivery channel, we've actually been able to optimize that and we'll continue to optimize that as we'll learn more and move along. And more importantly, I think just to put context behind what's going on in the delivery business, in a challenged environment to put up like the comps that we did, plus the new stores that we've opened, we're talking about close to mid-single digits retail sales growth on the delivery channel in a very tough environment. So we feel really good about our delivery business. We understand what's going on in the landscape. But we have the best franchise economics, and we have the best ability to price for profitability in the industry. So we feel confident that we're doing the right things.

Russell Weiner

CEO & Director

We get excited about delivery here at Domino's Pizza. I'd say one addition to that, is this is why I'm so bullish about our long-term prospects on aggregators. We deliver like 1 in every 3 pizzas out there. We're not at that share yet on aggregate -- yet on aggregators. And I think a lot of that is because, well, one, we just started -- we just got on DoorDash. But we're still growing and there is pricing that in some point -- in some places for the competition is probably not sustainable. And over time, that's what's going to enable us to grow to our fair share. And that's why I think aggregators are a multiyear tailwind for us.

Operator

Our next question comes from Brian Bittner with Oppenheimer.

Brian Bittner

Oppenheimer & Co. Inc., Research Division

As it relates to your Best Deal Ever promotion, obviously, it's part of your renowned value strategy, and it's proven to be successful. And I think the main question that we get from the investment community is how do you ensure that you aren't training the consumer to rely on that price point or that deal for times when you aren't running it, considering it is the best deal ever. And a follow-up to that is just -- can you talk about the economics of this for franchisees? I mean, clearly, we can see your company on margins. It didn't have a big impact on COGS margins. So just curious if there's any other tidbits you can add on the economics of Best Deal Ever?

Russell Weiner

CEO & Director

Yes. Sure, Brian. I'll take economics first, and then we'll go into Best Deal Ever. I mean what -- the best thing I can tell you about the economics is we're on with Best Deal Ever longer than we originally intended because our franchisees called us and told us that they want to continue to lean in because this is driving business in their stores, and it's driving profitable business. And so I think that even beyond numbers speaks to what it's doing in our stores. And then when you think of Best Deal Ever, this is just part of what we've got in our arsenal, both on renowned value, we've got that. We've got boost weeks. We've got emergency pizza carryout tips, all of these things we come up with new every year as a way to kind of reinvent value. But in a way that's truly ownable. And then what we'll do is we'll continue to mix this the renowned value with the most delicious food aspects. And so you're seeing that actually play out right now on air with the launch of the new products going on at same as Best Deal Ever.

The other thing that's really interesting about Best Deal Ever, yes, it is a great price point. But the amazing thing is when you talk to consumers, when they're able to build any pizza, they want to build, they come and their takeaway is not only that it's a good price, but they actually think the food taste even better, and so this is not just a value-driven promotion, it's a most delicious food promotion, and we'll continue to weigh that with all the other strong things that we've got on our calendar in our arsenal for the future.

Operator

And our next question comes from the line of David Tarantino with Baird.

David Tarantino

Robert W. Baird & Co. Incorporated, Research Division

Russell, I think you mentioned in your prepared remarks your confidence in delivering 3% comps in 2026 and beyond. And I think a common narrative on Domino's is that this year had a lot of sales drivers that are going to be tough to lap. So I just wanted to ask you to maybe explain your thought process on how the next few years could evolve and why you're so confident that 3% is the right number going forward?

Russell Weiner

CEO & Director

Yes, thanks a lot for the question. I think some of the reason for the question is maybe we run our business a little bit different than other restaurants. This is not a company that does a lot of limited time offers. And so when we launch a product, we launch it because we know it's good enough to stay on the menu and we know it can build over time. And that's for menu items and value items. As an example is our loyalty program. We relaunched our loyalty program in '23. It was bigger in '24 than it was in '23 and it will be bigger in '25 than it will be in '24.

And David, I think that's the approach to some of these other ones. I just talked earlier about aggregators and how, over time, we're going to get to our fair share, but we're not there yet. So it's not like we launched and hit our maximum for aggregators, for stuffed crust, for loyalty for any of these things. What happens is they become part of our base for our future where we continue to come back to them and grow and then add things on top of that. If this was an LTO business, then I think people would need to worry because you're launching something and you're taking away and you got to build on it. This is part of our base and part of our growth moving forward.

Operator

Our next question comes from Gregory Francfort with Guggenheim.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

Russell, I just wanted to ask maybe going back to Best Deal Ever. The \$9.99 price point is a couple of bucks higher than some of your existing value programs. And how did customers use \$9.99 versus the other 2 major platforms? And is there a possibility that you would maybe more permanently shift people -- shift the customer up a couple of bucks, but give them more and maybe make it a more permanent piece of the menu?

Russell Weiner

CEO & Director

Yes, Greg, I -- when I explained what we're doing with Best Deal Ever, sometimes, I -- my simple explanation is like opening up an ice cream store. If depending on your preference, your first flavor is probably either going to be chocolate or vanilla, and then the other one is going to come in and then maybe your strawberry. You're not going to do a vanilla and then a French vanilla as your second flavor. And that's kind of what we're doing with our deals right now. The mix and match at \$6.99, those are medium pizzas. And other items are available on the menu sandwiches, pastas salads, all those types of things. The large customers is like that chocolate ice cream added to the vanilla. We're going after somebody else. We're going after someone who may not want all that food, could be a smaller eating occasion and is willing to pay a little bit more for what they want. I think this is a really important point, maybe we can address that later as well.

I think one of the reasons, Domino's, we had the quarter we had is, yes, Sandeep talked about their pressures right out there in QSRs today. And one of them is economic, but I think the other is what is being offered and not being offered by restaurants out there. I think consumers are looking at deals and saying, well, this is a deal you want to give me. This is not the deal I want -- and with Best Deal Ever, we're giving them the deal they want because they can create any pizza they want. So these 2 deals, mix and match and Best Deal Ever work complementary to each other, which is, I think, why we got the quarter that we got.

Operator

Our next question comes from Danilo Gargiulo with Bernstein.

Danilo Gargiulo

Sanford C. Bernstein & Co., LLC., Research Division

Great. Russell, a very quick clarification and then a question. So the clarification is you mentioned that you have not reached the maximum among some of the innovations that you have launched. And so I was wondering if you have already reached the same 15% sales mix on the Stuffed Crust pizza, given that it's been out for almost 6 months now. And if not, are you planning to do any tweaks to the go-to-market or product to be able to reach that 15%?

And then the real question is, you were talking about short value, right, and renowned value. And we've seen some peers being fairly successful in launching the 6-inch personal pizzas at a very sharp price points, capturing individual consumers, growing lunch day parts and what not. So this is one aspect that is still not available on your menu. So is there a strategic rationale like your real estate margin sustainability and whatnot that could present or that has presented Domino's from launching it?

Russell Weiner

CEO & Director

Yes. Thanks a lot, Danilo. We had really high expectations for Stuffed Crust, both from a mix, bringing in consumers -- new consumers and also operationally from our franchisees. And those high expectations were met both during launch and since then, I've got actually a fun statistics. I'll throw out. It will be interesting to see what projections are on this one. But if you -- if we -- to give you a sense of how much Stuffed Crust we sold is, if you took all the cheeses that are in the Stuffed Crust, that string cheese and you line them up next to each other, you would wrap around the earth and still have a lot left over. So we'll see what that means that model, if I'm not going to tell you it's the 15% that you asked or not. But I'll tell you, we were really happy with this launch. We're absolutely going to come back and talk to it in the future.

As far as renowned value in the individual pizzas, we've got a lot of items right now that are for individuals that are on our mix and match. We've got sandwiches and pastas and salads and chicken and all those pieces. When we decide what we promote, Danilo, we make decisions based on the numbers and what it's going to deliver. And these smaller kind of lunch single person, they are opportunities, but the opportunities we have that we put our money behind at least right now are much bigger than that, we think. And that's why you're seeing some of the results that you're seeing in our business. So we've got the options there, but we're putting more of our money, we're kind of pouring gas on the fire, where it's burning.

Operator

And our next question comes from the line of John Ivankoe with JPMorgan.

John Ivankoe

JPMorgan Chase & Co, Research Division

Obviously, there's lot of pushes and pulls in terms of franchise economics. And your underlying return on investment for the aggregate units in the U.S. were obviously quite strong. But my question is really around U.S. unit development over the next several years, ending the quarter at around 7,100 units. I think 7,700 is the target in fiscal '28. Remind me on that and 8,500 in the TAM. So how are you thinking, I guess, firstly, about that 8,500, when can we get there? And maybe in terms of thinking about more near-term visibility, do we expect linear growth in '26, '27, '28, if there's a kind of an early indication about the pace of U.S. unit development given what you're seeing on a trade area by trade area basis?

Sandeep Reddy

Executive VP & CFO

John, it's Sandeep. So look, I think on the franchise economics side, as you pointed out, our economics are very compelling. And I think the appetite from franchisees continues to be very strong, which is why the pipeline visibility this year, frankly, is a little bit better than last year at the same time, and we're very confident in the 175 stores, we're talking about for this year. And really, the algorithm was based on 175 plus a year through 2028. And we see a good line of visibility based on the economics that we're generating and the white space opportunities that we see, whether they're split stores or whether they're greenfield stores, to see that we have a good line of visibility to the 7,700-ish number on 2028.

In terms of the 8,500, I'll go back to something that Russell said during the Investor Day, which is we've had long-term targets multiple times over the years, but somehow they start getting bigger and bigger over time. Why? Because what we take into consideration when we're coming up with those long-term markets is the current competitive environment. What has been happening consistently over the past decade is we've been taking share consistently, competitor stores are closing. We are opening up stores and actually then opens up even more opportunity for us to open up even more stores around what the stores we're opening.

So that 8,500 is a perspective based on where we were in 2023, 2 years on, you know what's been happening. We gained a couple of points of share, number of competitor stores have closed. That is expected to continue happening over the remaining few years of the Hungry for MORE time frame of 2028 and probably beyond. And so that's how we look at the full potential number of stores, and I think it evolves over time, and we feel very bullish about it.

Russell Weiner*CEO & Director*

Yes. I'll just -- just kind of -- that builds, Sandeep on what I was talking about before is even at a time where maybe restaurant traffic is pressured. That's actually good for Domino's. One is we know we can provide value to our customers when other folks can. But we think we're going to emerge from that stronger and probably our competitors weaker, which is what why that opens up, this is a long-term game for us, and we get excited about that. I think I'll add just to add to John's question, what makes me excited about our builds this year is we broaden our builder base. And so we've got a lot of smaller franchisees who are now adding to that base. So we have more people than we did prior years, building stores, which just talks about not only the health of our business, kind of broad-based, but our ability to handle when you got more people opening, it's easier to hit those store numbers.

Operator

And our next question comes from the line of Lauren Silberman with Deutsche Bank.

Lauren Silberman*Deutsche Bank AG, Research Division*

I have a 2-part question. Just starting on the consumer environment, you guys have been calling out the macro challenges with the consumer since the back half of '24, which we've seen throughout the industry. It sounds like it's incrementally worse. What do you think is driving that weakness more recently in restaurants just broadly? And then the follow on to that is just help level set 4Q expectations, if the macro remains as challenging as you've seen to start the quarter, is 4Q coming in below a 3% comp. Just trying to understand how significant the macro decel is?

Sandeep Reddy

Executive VP & CFO

Yes. So I think your question is really good, Lauren, and I think your keyed in on what we've been talking about that really speaking, we saw the macro get really tough starting around the back half of last year in 2024, starting in really in Q3. And I think as we kind of came out of '24 and built our expectations for '25, our base expectations were going to be tough macro. And that's why we've been talking about the tough macro is something we've been paying attention to all along. And so far this year, the macro really has paced as we expected it to in the first 3 quarters.

What we're really pointing out to is in the fourth quarter, we started seeing a slowing across the restaurant industry broadly relative to where Q3 was. And we're pointing it out. And look, I mean, if it intensifies even further, knowing that we're up against a tough macro environment last year. That could put pressure on our full year same-store sales number. So that's been realistic about it. But what we have is a slate of initiatives where we can control our destiny with those initiatives, but the macro, if it gets incrementally worse could be a pressure.

Russell Weiner

CEO & Director

And I'd just add to that, kind of repeating what I said before, maybe in a different way is that short-term category pressure leads to long-term opportunity for us and short-term share growth. Thanks, Lauren.

Operator

Our next question comes from Peter Saleh with BTIG.

Peter Saleh

BTIG, LLC, Research Division

Great. Maybe I just wanted to ask a big picture on the pizza category. I think the pizza category was -- you guys were commenting that it was about flat for the first half of the year and now seems to be up 1% before maybe weakening a little bit or the entire industry weakening in the fourth quarter. I was hoping you could give us a little bit more color maybe in the third quarter, that acceleration, what you're seeing by maybe income cohorts, geographies, dayparts, just trying to understand maybe what changed? Or kind of where the acceleration is coming from in 3Q?

Russell Weiner

CEO & Director

Yes. The income cohort pressure on the lower income customers had been seen kind of throughout restaurants, what I think, speaks to the kind of renowned value we have out there is we actually were up amongst all income groups for the quarter, and that's our second quarter in a row where we're up against the lower-income customers. So no matter what pressures out there, where we seem to be breaking the trend.

Sandeep Reddy

Executive VP & CFO

And Pete, what I'll add is you rightly pointed out that we're now at 1% year-to-date, and there was an acceleration in the category a little bit compared to the first half of the year. And really, this gets us very close to our 1% to 2% historical growth rate. So the pizza category is continuing to grow kind of in the range of what we expected when we set out the Hungry for MORE algorithm and our plans are constructed around that. So I just -- I think that was an important point to make because a lot of some of the questions I was getting was is the pizza category declining, and it's not true. I mean it's up slightly up 1%, which is close to our history.

Operator

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

Patrick Johnson

Stifel, Nicolaus & Company, Incorporated, Research Division

This is Patrick on for Chris. My question was on carryout. I mean you had a nice sequential pickup in the comp. The 2-year stack was really healthy this quarter. I was curious if you were able to just disaggregate where that growth was coming from? And how much is higher frequency versus new customer acquisition. But additionally, I know historically, you said that there hasn't really been much crossover between carryout and delivery. And just given some of the broader softness in the environment, especially that you're seeing at the beginning of the fourth quarter, I mean, is there any evidence that some delivery customers, maybe even on the lower end of the income spectrum for that channel may be increasingly opting for carryout?

Sandeep Reddy*Executive VP & CFO*

Yes. So I think, look, on the carryout business, we're just really excited about where the momentum is taking our business and we even talked about it on the last call when we had, I think, 5.8%, if my memory serves me right, on same-store sales. And now we have an 8.7%, fantastic. And -- but the drivers of carryout were everything that we talked about in the prepared remarks, Best Deal Ever was a huge factor. Parmesan Stuffed Crust is a huge factor. The compounding impact on the loyalty program that we talked about in the last call continues to be a factor.

We -- Russell just talked about the fact that our loyalty database continues to build upon itself. That's the compounding impact that you're seeing so clearly on the carryout business. And look, we always look at that crossover between carryout and delivery. And we really haven't seen a shift on that crossover somewhere in the mid-teens. And so I think as far as we're concerned, we're getting off an incremental customer for the most part and building their frequency behind all the initiatives that we have.

Russell Weiner*CEO & Director*

Yes. And that carryout number is more of a share growth within carryout than it is taking folks from delivery to carryout. I think also, Sandeep talked about our initiatives, but you'll remember, for example, when we talked about the relaunch of loyalty, there was -- there was intent, there was purpose behind that. We redid the program because the original program that was launched in 2015, was more of a delivery program, was more of a program for delivery customers who are high-frequency customers, higher ticket customers. And so a lot of the growth we're seeing is because of the changes we made in the loyalty program as well as Best Deal Ever and Stuffed Crust.

Operator

Our next question comes from Andrew Charles with TD Cowen.

Andrew Charles

TD Cowen, Research Division

I was wondering if you could help us understand your confidence in the compounding impact of aggregators in 2026 as it's unclear in the 2.5% delivery same-store sales this quarter that you're seeing a second year of growth within Uber sales?

Russell Weiner

CEO & Director

Yes. The Uber sales are absolutely within our expectations. We're now fully on with DoorDash in Q3. And so we're just getting started to Q4 into 2026. We expect aggregators to continue to grow. I see no reason, Andrew, why if we are 1 out of every 3 pizza deliveries off aggregators why we can't be that on because what works on these platforms is what works on off the platforms, which is scale, price and kind of delivery times and location. We own the delivery experience there. So we've got a lot of confidence and a lot of room to grow over the last -- over the next couple of years, also makes you realize that a lot of what you saw at least in this quarter with the positive delivery number, while certainly aggregators were a piece of it, the 2 biggest things were kind of -- I hate using the word self-help, but call it self-inspired initiatives in Best Deal Ever and Stuffed Crust. So I love the health at which we grew our delivery business this quarter.

Sandeep Reddy

Executive VP & CFO

And Andrew, I'm just going to point out something that we've talked about previously, to Russell's point, Uber is tracking where we expected it to, and we're very happy with that. But if you look at the cadence with which Uber built last year, it took time, it kind of steadily built over the course of the year. And this is the first quarter -- first full quarter that we've been on DoorDash. So it's going to slowly build over time. And I think that's why we expect that compounding impact to move all the way through 2026 and we're going to have even more time on Uber by that time in addition to DoorDash, getting to a point where it's fully annualized as well. So we feel really good about the aggregator business, and we really want to manage the delivery business as one whole understanding that there's going to be 1P and 3P dynamics.

Russell Weiner*CEO & Director*

Yes. And Andrew, back to the question from earlier, we're not going to -- we're going to price competitively, but we're not going to be irrational in pricing. And so we're going to grow at a steady rate on this channel. And I think I know to compete here in the long term in a sustainable way, you have to offer discounts that you can sustain. And we can absolutely do that.

Operator

Our next question comes from Christine Cho with Goldman Sachs.

Hyun Jin Cho*Goldman Sachs Group, Inc., Research Division*

So really excited to hear about your first brand refresh in 13 years. Could you walk us through some of your major considerations here? What's specifically triggered the decision that now is the right time? And are you able to share any additional color related to time line, required investments and how it will be split between you and your franchisees?

Russell Weiner*CEO & Director*

Yes, Christine, thanks. The last time we did the brand refresh 13 years ago, I was the Chief Marketing Officer. And I can just say I'm jealous at what Kate Trumbull and the team have done with this brand refresh. They've just really taken it to the next level. And it's really -- it was kind of inspired by our Hungry for MORE strategy and what we saw that we were doing really well, which is driving renowned value we are in Hungry for MORE. And what we saw that we had a little bit more opportunity to do, which is to drive perceptions, not actual, but perceptions around our deliciousness. And so what you'll see that the team did is kind of reinvent ourselves from -- with our color palette, food photography that we've just never had before and doing everything we can to drive deliciousness.

The research that we have shows that there is not a brand out there in restaurants that does both deliciousness and value very well. And we know that if we can do that, we're in territory all by ourselves. And then just at the end of the day, when you realize that the middle of your name Domino's has in it, you also realize you hit the jackpot. And so this is really a culmination of Hungry for MORE, which was a strategy coming to life in something that consumers can hear, can see and taste every day.

Operator

Our next question comes from Brian Harbour with Morgan Stanley.

Brian Harbour

Morgan Stanley, Research Division

Maybe just your comments about some of the pressures picking up more recently, last 4 or 6 weeks or whatever. Is there any texture you'd add to that as you look at your own business, whether it's certain customer groups? Any differences delivery versus carryout or third-party delivery. Could you expand on that a bit?

Sandeep Reddy

Executive VP & CFO

Yes. So Brian, I think -- look, the comments that we made about what we've seen across the restaurant industry were really broad and intended to be what we're seeing from a macro perspective and certainly a sequential slowing. I think we typically don't talk about current quarter trends, and we're not going to do that on the call over here. But we're just pointing out that there has been an intensifying of the macro environment. And that's just a factor that's out there that we got to keep monitoring. We -- our initiatives won't change. They're going to be what they were planned to be, but it's -- that's pretty much where we are.

Russell Weiner

CEO & Director

And I realize I didn't answer the second part of Christine's question from before on how the costs are split. All of the rollout for the new campaign is funded by our national advertising fund, which is a 6% fee that our franchisees pay in. So it's fully funded by them.

Operator

Our next question comes from Alex Slagle with Jefferies.

Alexander Slagle

Jefferies LLC, Research Division

Question on your expectations for the balance between the carryout growth you're seeing the delivery growth and then also between traffic and check and just how has this played out relative to your expectations and whether you see this balancing out a bit more as you head into 4Q or '26?

Sandeep Reddy

Executive VP & CFO

Yes, Alex, I think we've talked about this from the beginning of the year, and this is the year that we expect to see balanced comp growth between ticket as well as order count. Clearly, we're doing things like Best Deal Ever in addition to aggregators that actually are beneficial to order count. We're doing things like Parmesan Stuffed Crust, which are beneficial to ticket with a higher price point. So there's a good balance that's out there.

And I think in terms of delivery and carryout, we expect to be growing both. But the key over here is we're not going to show our cards on exactly how much we're going to grow each because some of the initiatives maybe started to 1 channel versus the other, and we don't want to tip our hand to our competitors. But overall, there's going to be a whole -- very balanced approach to how we think this through over time, whether it's in Q4 or beyond into 2026.

Operator

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

Unknown Analyst

[indiscernible] on for Sara. Just wanted to ask a quick question around DoorDash. I know it's only been 1 full quarter. But when you're looking at incrementality, is that still around that 50% range that you were anticipating previously? And do you see any real distinction so far between the Dash and the Uber Eats customer? And that will be it?

Russell Weiner

CEO & Director

Yes. We're -- obviously, it's early in the game, and we still feel pretty confident on the 50% incrementality number. There's -- the differences that we're seeing are ones that we expected going in. Uber tends to be a little bit more urban, DoorDash a little bit more rural and a little higher income on Uber than DoorDash. But obviously, DoorDash is bigger than Uber. So we'd expect more volume to come through that channel over time.

Operator

Our next question comes from Jeff Bernstein with Barclays.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Great. Just a question looking outside the U.S. as we close 2025 here. Just wondering if you have any initial thoughts that you can share on your confidence in reaccelerating that international unit growth, I think, in '24 and now in '25, you're talking about maybe 615 units net, which is just sub 4% growth I know that's below your long-term 975 net annually. And I think DPE is seemingly the greatest headwind. So any early color as we assume new unit growth visibility is probably better than comp. So I assume there's some at least idea as to where that directionally could go next year versus this year?

Russell Weiner

CEO & Director

Yes. Maybe I'll start off macro and then Sandeep feel free to add. I mean, yes, you're certainly right. We are working with DPE right now to drive sales, particularly in France and Japan, but throughout their markets because that drives profitability and sales and profitability we get store growth. And so as that continues to go and as they continue to get more confidence, we'll have some more visibility into their growth. But I think through all of this, what I want to make sure I point out is that the 2 markets that we think are going to be the majority contributors to our store growth moving forward. Japan -- I'm sorry, China and India, are just doing amazing. I mean, China last year, 240 stores, they talk about being on target for 300 this year. And so the place that we expect a lot of our future growth right now is strong.

Sandeep Reddy

Executive VP & CFO

Yes. And I'll just probably add a couple of points to that. I think Russell just mentioned China. I think India has got a different fiscal calendar, but it's about 250 stores is what they're expecting for their fiscal calendar. But if you think about what's really happened in '25, we really had been -- have been pressured by DPE store closures, which are around 200 stores that they've closed in the first quarter. And I think what we are saying is, from what we've understood from DPE to this point, most of the store closures should be behind us, assuming that we don't have any further deceleration in same-store sales trends.

But I think on a going-forward basis, we need to make sure that we have good visibility to the potential paybacks from new store openings to really understand what the flex on that is going to be for DPE, and they're working on it. But I think overall, we feel that everything outside of DPE is tracking the plans. And so both in '25 as well as in '26, and that continues to be our expectation.

Operator

Our next question comes from Andrew Strelzik with BMO Capital Markets.

Andrew Strelzik

BMO Capital Markets Equity Research

I wanted to ask about the brand refresh, and in particular, there was a comment in the announcement about defining how Domino's launches bolder menu innovation. So the question is, are you thinking about innovation opportunities differently moving forward? And how are you thinking about the brand refresh amplifying the impact of innovation moving forward?

Russell Weiner

CEO & Director

Yes. No, I think that's a great question. One of the things that we had been stressing since -- with the original relaunch in 2013 was the diversity of all of our menu items, right? We launched mixed and match and we had all these things that you could get for what started at \$5.99, it would become \$6.99. And we became very retail-oriented in the price points, and frankly, the product. It was just kind of little -- a lot of show and tell us, here's what we have for \$6.99. It was kind of flat.

And what you'll see now, and I think you're seeing this with Bread Bites launch is a real focus on the deliciousness of the food that we're talking about. People know a little bit more about our menu. We have a new redesigned website now that helps them explore it a lot better. And so the best thing to drive them to buy Domino's in addition to renowned value is just delicious product. And so the new campaign really focuses on just that.

Operator

Our next question comes from Todd Brooks with the Benchmark Company.

Todd Brooks

The Benchmark Company, LLC, Research Division

On Best Deal Ever, Russell, you talked about how the franchisees were so pleased that they look to extend the program, and that was granted that it's been a successful driver of share within the category. And then you and Sandeep both outlined a tough macro. I just wanted to ask, as you look to Q4 and other initiatives that have been planned, the ability to overlay this type of value that's resonating with the consumer and that was going to be a tougher macro environment? Is this something that could be extended further?

Russell Weiner

CEO & Director

Thanks, I mean you bring up a great point, and I'd make even take a step back and say, we've got an arsenal now of value, whether it's Best Deal Ever, boost weeks, carryout tips, emergency pizza that we could bring at any time, and they've already got recognition around the country. We're not starting from scratch. And so that gives us optionality -- that said, we've built our Q4. We obviously never give forward-looking information on what that is. But we feel really good about the quarter. Obviously, we've started with Best Deal Ever, and you'll see us leaning into all aspects of Hungry for MORE in Q4.

Operator

And our final question comes from Zach Fadem with Wells Fargo.

Zachary Fadem

Wells Fargo Securities, LLC, Research Division

Can you talk about the metrics you look at internally to measure the success of a promotion, and in light of the environment today and elevated industry discounting, curious how your promotional success has evolved better or worse as industry promo steps up?

Russell Weiner

CEO & Director

Yes. That's a great question. Maybe I'll answer it a couple of ways. One is, I think we're really unique in that the discounts we're offering during these tougher macro times, are off items that people actually want. A lot of what we're hearing now are the discounts I'm getting out there are not on the kind of the main item that I want. How we determine what we'll put on TV or on the website, Zach, is we got a pretty good formula for success history here, which is essentially, we know if we can drive profitable order counts, that works to drive franchisee profitability. Short-term gains in ticket at the sacrifice of order count, once your pricing is in the right realm, are not sustainable. And that's what we're seeing now.

I mean if you just looked at Best Deal Ever and said, hey, are you going to get the same volume that you would do on non-Best Deal Ever, then you'd say, oh, I'm not going to do that because we're not putting enough dollars in the bank. But something like Best Deal Ever, we know ahead of time from the research what it's going to drive. And so we could be a little bit more aggressive on the price point because we always tell our franchisees, we put dollars in the bank, not percents.

Sandeep Reddy

Executive VP & CFO

And I want to add one thing to what Russell just said, absolutely, the lagging indicator is going to be franchise economics and profitability for all the reasons he explained. But really, the leading indicator of that is compounding frequency. If we aren't seeing compounding frequency across our customer base, the likelihood of actually building up into that franchisee profitability is going to be more difficult to achieve. So that's something that I've been actually watching continuously happening since we lost Hungry for MORE. And I think the loyalty program ends up being the perfect accelerator for all of that to happen.

Russell Weiner

CEO & Director

Yes. I think the idea of looking at order counts and frequency, like Sandeep said, it's a great way not to just look at our business, but to look at all restaurant businesses. Order counts are key to sustained success.

Gregory Lemenchick*Vice President of Investor Relations*

Thank you, Zach. 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.

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