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Domino's Pizza, Inc. (DPZ) Q4 2025 Earnings Call Transcript

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Q4: 2026-02-23 Earnings Summary

Insights

EPS of \$5.35 **misses by \$0.03** | Revenue of \$1.54B (6.36% Y/Y) **beats by \$17.01M**Domino's Pizza, Inc. ([DPZ](#)) Q4 2025 Earnings Call February 23, 2026 8:30 AM EST

Company Participants

Gregory Lemenchick - Vice President of Investor Relations

Russell Weiner - CEO & Director

Sandeep Reddy - Executive VP & CFO

Conference Call Participants

Brian Bittner - Oppenheimer & Co. Inc., Research Division
Dennis Geiger - UBS Investment Bank, Research Division
David Palmer - Evercore ISI Institutional Equities, Research Division
David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Peter Saleh - BTIG, LLC, Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
Danilo Gargiulo - Bernstein Institutional Services LLC, Research Division
Sara Senatore - BofA Securities, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Patrick Johnson - Stifel, Nicolaus & Company, Incorporated, Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors

Presentation

Operator

Good day, and thank you for standing by. Welcome to the Q4 Full Year 2025 Domino's Pizza 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 fourth quarter and year-end 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-K, 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. [Operator Instructions]

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

Russell Weiner

CEO & Director

Well, thank you, Greg, and good morning, everybody. I'd like to start by saying how incredibly proud I am of our team and franchisees as we continue to bring our Hungry for MORE strategy to life, and deliver some of the best results within all of QSR.

Before I highlight our great 2025 and look ahead to 2026, I want to provide my perspective on the QSR pizza category in the U.S. There seems to be a narrative out there that pizza is a challenged and declining category. That is just not true. Looking back to 2019, you'll find a category that has generally grown approximately 1% to 2% per year, including last year, 2025. I am confident QSR pizza will continue to grow at this historical rate in 2026 and beyond.

The pizza category is certainly mature, but do not let the challenges at some of our higher profile competitors drive a false narrative. Our competitors' results are not a reflection of the category's health or its future potential. Their results are a direct reflection of our strength. Domino's has dominated the QSR pizza category for over a decade, and we expect our momentum will continue.

So to be clear, our growth prospects have never been greater because our brand has never been stronger. Our Hungry for MORE strategy is working, and we're leveraging the scale and advantages of being the #1 pizza company in the world.

I want to share what I think is the ultimate opportunity for Domino's in the U.S. When I look at our current market share in comparison to other leaders within QSR, who own 40% to 50% of their categories, I believe that Domino's can double our retail sales from where they are today, double. We've already achieved this higher market share in some of our international markets and in some U.S. markets today. I believe there is meaningful growth in front of us for many years to come.

I'd now like to review 2025, another successful year for Domino's. Despite a challenging macro environment that impacted the entire restaurant industry, we proved that when we execute against our Hungry for MORE strategy, we deliver more sales, more stores, more market share and more profits.

Let's start with sales. We grew both our carryout and delivery businesses again this year in the U.S., proving that our strategy and tactics are effective and producing best-in-class results. We also drove positive order counts in both our U.S. and international businesses. As you know, order count growth is key to long-term success in the restaurant industry.

Next, stores. We drove global net store growth in line with our expectations. In the U.S., we opened 172 net stores, which is impressive in absolute and relative terms. When we benchmark versus all traditional public QSR brands of more than 3,000 units from 2019 through the third quarter of 2025, Domino's is #1 in net store growth, #1 in pizza and #1 in non-pizza. We grew over 1,200 net stores, while half the remaining top 10 public QSR brands were negative over this period.

In our international business, China and India continue to perform extremely well and opened almost 600 net stores combined last year.

Market share. In the U.S., our same-store sales growth of 3% and success in net store openings led to another point of market share gain in 2025. Domino's has gained approximately 11 points of market share over the last 11 years.

Finally, more profits. All of this growth culminated in a year where we grew company operating profits by more than 8% and our estimated U.S. franchisee per store profitability grew to approximately \$166,000. Our strong results can be linked to our strategy directly.

Our initiatives were effective across all 4 of our Hungry for MORE strategic pillars in 2025. I'm going to focus though on 2 of them. One from our most delicious food pillar, Parmesan Stuffed Crust; and the other from our renowned value pillar, Best Deal Ever. Each of these initiatives had a strong 2025 and will continue to positively impact 2026 and beyond.

We are really happy with the Parmesan Stuffed Crust launched and the way it performed throughout the year. It met our high expectations on every level; mix, incremental new customers and franchisee profitability. Most important, our in-store teams continue to effectively execute this complex product, while also handling the challenges associated with our record-setting order volume in 2025.

And in a year when customers continued to seek value, we innovated with our Best Deal Ever promotion. This price point screamed renowned value and the taste of a pizza that can be customized and loaded with toppings drove our most delicious food perceptions with customers. This promotion also demonstrated our system's operational excellence as we did a great job of handling these customized pizza.

Finally, and most importantly, Best Deal Ever drove franchisee profitability. The scale of our media and purchasing power enables us to drive the volume it takes to make a promotion like this profitable for our franchisees. I've been asked whether or not QSR brands have pricing power anymore given the value consumers are seeking. As you can see from our 2025 results and our franchisees' increased profits, Domino's has something even more important in pricing power. We have profit power. We can offer value to consumers and still create profit gains for our franchisees.

Now a big picture view of 2026 and why I believe we will grow our U.S. comp by 3% during what we expect will continue to be a challenging macro environment. Domino's plays the long game. We have a proven track record over the last 15 years. Our initiatives are rarely one and done. We identify opportunities that have multiple years of growth ahead of them.

For example, we committed to building our U.S. carryout business back in 2010. It didn't stop growing the year after we launched the initiative. In fact, it has grown an average of 10% annually since that time. Our carryout business ended 2025 at approximately \$4.4 billion. It has been a multiple year growth driver. And I believe we still have meaningful growth ahead as we have yet to achieve the same level of carryout market share as we have in our delivery business.

Another example of a multiyear growth driver is our loyalty program. We launched it in 2015 and made it even better in 2023. Domino's Rewards finished 2025 with 37.3 million active users, which is up almost 20% since our relaunch.

Our long-term approach to initiatives apply to what we launched in 2025 and what we plan to launch in 2026. These initiatives are just getting started. We will continue to evolve our product offerings to meet consumer demands and preferences through 2 or more menu innovations. These will build on our successful product launches over the past couple of years that remain a key part of our future growth such as New York Style and Parmesan Stuffed Crust. I believe there is more growth to come from these crust types.

We will continue to drive the renowned value initiatives that have powered our business. We already have proven winners such as boost weeks and our Best Deal Ever promotion that we relaunched today. And we have a team focused on coming up with new ideas that will grow our business into the future.

In 2026, we expect continued growth on aggregator platforms, in particular on DoorDash, where we were not fully rolled out until midyear 2025. We expect our share on DoorDash to grow as awareness and marketing spend increases. This opportunity is meaningful, as we have not yet reached our fair share on either of the major aggregators. Our business will be amplified this year by our enhanced e-commerce platform, which is a better experience for our customers, and our brand refresh that has given Hungry for MORE a unique look, sound and heartbeat.

Lastly, our scale advantages will continue to be a differentiator. We have best-in-class franchisee economics in QSR pizza, the largest advertising budget and a supply chain with incredible purchasing power. As a result, we expect our franchisee store-level EBITDA to continue to grow in 2026.

Now turning to our international business, where we delivered a remarkable 32nd straight year of same-store sales growth in 2025. We expect another year of same-store sales growth in '26 and an acceleration in net store growth. Our international business has generally tracked in line with the goals that we set forth back at our Investor Day in late 2023, apart from Domino's Pizza Enterprises. We continue to work closely with them to turn their business around and are encouraged by the hiring of their new CEO Andrew Gregory that they announced recently. Mr. Gregory is a well-qualified global QSR executive and brings more than 30 years of QSR experience to the role.

Getting the DPE business back on track remains a top priority as it is key for us in order to return to our international algorithm.

In closing, I want to reinforce the same message I've shared with our team. Our strategy is not just about what we are doing. It's about how we are doing it. We remain focused on getting stronger every day. We build for the present and the future. Domino's has always been in the business of creating our own tailwinds and driving growth, that has been and will continue to 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

Executive VP & CFO

Thank you, and good morning, everyone. We are very proud of our 2025 results, as we drove profit growth that was in line with our expectations despite a challenging macro environment.

Income from operations increased 7.3% in Q4, 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. This was partially offset by decrease in U.S. company-owned store margins that were meaningfully impacted by outsized insurance costs.

For fiscal 2025, our income from operations increased 8.1%, excluding a \$0.6 million negative impact of foreign currency and \$4 million in refranchising gains. Excluding the impact of foreign currency, global retail sales grew 4.9% in the fourth quarter and 5.4% for the year, both of which were due to positive U.S. and international comps and global net store growth.

Within the quarter, retail sales grew by 5.5% in the U.S. driven by same-store sales and net store growth, which was in line with our expectations. Same-store sales were up 3.7% for the quarter on the strength of our Best Deal Ever promotion, the launch of our new specialty pizza and to a smaller extent, aggregators, all of which contributed to positive transaction counts.

We continue to manage our aggregator business with discipline with the aim of ensuring that we are maximizing incremental sales and profits for Domino's and our franchisees. Average ticket benefited from Stuffed Crust, which carries a higher price point, which was partially offset by a slight decline in our mix due to a higher carryout business that has a lower ticket than delivery.

Pricing was flat in the quarter. Our carryout comps were up 6.5% and delivery was positive 1.6% due to the previously noted initiatives. For the year, our same-store sales in the U.S. grew 3%, which was primarily driven by renowned value promotions, inclusive of Best Deal Ever as well as our successful launch of Parmesan Stuffed Crust Pizza. We also paced well ahead of the QSR pizza category, which grew in line with its historical range, resulting in continued share gains.

In terms of the breakout by channel, delivery represented 45% of our transactions and 56% of our sales, while carryout represented 55% of transactions and 44% of our sales. The weight of sales and transactions shifted slightly more to carryout again in 2025 because of the carryout comp of 5.6%. The full year delivery comp was up 1%. The strong comps that we had flowed through to franchisee profits, which we continue to believe are best-in-class.

Our estimated average U.S. franchisee store profitability in 2025 came in at approximately \$166,000, up \$4,000 over the prior year.

Shifting to U.S. unit count. In Q4, we added 96 net new stores and 172 for the full year, bringing our U.S. system store count to 7,186.

Moving to international, where retail sales grew 4.5% in Q4, excluding the impact of foreign currency. This was driven by a net store growth of 296 and same-store sales of 0.7%, both of which met our expectations. For the year, retail sales grew 5.9% with net store growth of 604 and same-store sales of 1.9%. Excluding the headwind on our comp sales from DPE in 2025, we would have been in line with our long-term same-store sales algorithm of 3%.

Moving to capital allocation. This morning, we announced a 15% increase in our quarterly dividend, which was done in line with our capital allocation priorities. We also repurchased approximately 189,000 shares for a total of \$80 million in the fourth quarter. At the end of 2025, we had approximately \$460 million remaining on our share repurchase authorization.

Now let's talk about our guidance for 2026. Please note that all of the metrics provided exclude the impact of the 53rd week, which we estimate will have an approximately 2% impact on global retail sales and operating profit growth for the year. We continue to believe that global retail sales growth should be approximately 6%. As part of that, we expect the following: first, we expect our U.S. comp for the year to be 3% and to grow our market share meaningfully in what we expect to be a QSR pizza category that continues to grow. We also expect that based on the timing of certain initiatives that our comp will be higher in the first half compared to the back half. We also believe that the macro environment will remain pressured throughout 2026.

Second, we expect our international same-store sales to be 1% to 2% due to continued pressures at DPE and impacts from our high-volume new store openings in China, which puts a slight drag on our comps despite being beneficial to retail sales.

Shifting to net stores. We continue to expect 175-plus net stores in the U.S., and we have a robust pipeline heading into the year to achieve this. Internationally, we expect to increase our net store growth to approximately 800 stores. This increase is primarily due to DPE's expectation of fewer closures and continued meaningful net store growth from our 2 largest growth markets, China and India.

All this leads to operating income growth of approximately 8%, excluding the impact of foreign currency and refranchising gains.

A few additional points of color on expectations for the P&L in 2026. We expect our food basket to be moderate, up low single digits, our supply chain margins to grow year-over-year due to procurement productivity. We do expect the amount of procurement productivity to be less moving forward than we have seen in the last couple of years, G&A as a percentage of global retail sales to be approximately 2.3%.

In February of 2026, we increased the technology fee by \$0.01 to \$0.385 per digital transaction to fund our technology initiatives. Operating income margins to expand slightly in 2026, primarily driven by sales leverage and supply chain margin expansion. Interest expense to be generally in line with 2025. At current exchange rates, we expect foreign currency to have a modest benefit on operating income. We expect our tax rate to be in the range of 21% to 23%, which is consistent with 2025.

And lastly, we expect CapEx to be approximately \$120 million due to investments we plan to make in our corporate office before reverting to our algorithm of \$110 million in 2027.

Thank you. We'll now open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from Brian Bittner with Oppenheimer.

Brian Bittner

Oppenheimer & Co. Inc., Research Division

The question we continue to get, as you're well aware, is just related to investors' skepticism about whether you can keep up the solid performance moving forward in '26 after a very successful '25 and taking market share remains an important component of hitting your same-store sales targets, so can you talk about what you see as the biggest share drivers in '25? Do you think there's actually an opportunity to accelerate share gains in light of competitive closures?

And just separately, on the industry, it does continue to grow, which I do think may be an underappreciated dynamic. Can you just maybe talk about what's driving the stable growth of the industry?

Russell Weiner

CEO & Director

Yes. A couple of -- maybe I'll start with the first question, then Sandeep, you can do on -- talk about the second one.

When I think about '26, I refer back maybe to what I talked about in the script. I think a lot of the discussion has been around almost spreadsheet-like look at the year. Okay, you had this last year, how are you going to lap that in '26? And if you look back at our results over time, I think what you'll see is we're not a one-and-done company. We launched things that got legs far beyond the year in which they're launched, and then we bring new things on top of them in 2026, so -- or 2027 in the future.

So one thing I can tell you about 2026 is you should expect in line with our Hungry for MORE strategy; M, 2-plus product innovations this year. On O, operational excellence, we're going to still continue to drive efficiencies in our stores, which drive profits, which drives that amazing store count I talked to you about earlier. And then renowned value, we're out there right now with Best Deal Ever.

And so it's just -- it's important to understand that when we launched stuff and the examples I gave, for example, were carryout and loyalty. Carryout, we launched in 2010, and it's still -- Sandeep talked about, over 6% in the quarter. Loyalty continues to grow. So we think all that stuff will continue. So I think in '26, in addition to what we come out with, continued growth of loyalty, aggregators, we said we're not in our fair share yet, so there still should be both in Uber and DoorDash growth there.

Carryout, we expect to continue to grow. Stuffed Crust, we've got ahead of us. I think, long headway. We've got a brand-new website that runs better than the old one. A brand refresh. There are a lot of things. I could go on and on, but Greg is telling me I'm running out of time.

Sandeep?

Sandeep Reddy

Executive VP & CFO

All right. So let's talk about industry growth. And I think that to me, as going through even what we talked about the last quarter, we talked about this on the call. This industry has been growing 1% to 2% for definitely since 2019 and even further back. And what we saw in '25 was very representative of what the industry has been doing over the years. And we expect it to continue to be doing the same thing going forward as well.

And so when we think about this, what is really impressive for us is the way we've actually consistently been gaining market share from our competitors. And I think this is actually highlighted by 2 things: one is our consistency in driving same-store sales growth. The other is our franchise economics, which are significantly better than the competition. We opened '25 with a massive gap against all of our competitors, including the bigger national competitors. Guess what's happened since that time. One of our national competitors has announced that they've had a negative same-store sales in the mid-single digits. And they also talked about closing a number of stores, up to 250 stores, in the first half of the year.

All this plays into our strategy to continue to gain market share because we will go into that 1% to 2% growth in the industry with less doors outside, which we can actually take share from effectively and grab those sales. And this is just a continuation of what we talked about at Hungry for MORE and what we've been doing for years. That's how we look at what's going to come in 2026 and beyond.

Operator

Our next question comes from Dennis Geiger with UBS.

Dennis Geiger

UBS Investment Bank, Research Division

Congrats on the strong 4Q and full year results. Russell and Sandeep, I wanted to ask a bit more on the U.S. sales outlook for that 3%. You guys gave a lot of detail around plenty of runway from those existing initiatives that you came out with last year. Would it be possible to kind of highlight how you think about contribution from those existing initiatives versus maybe some of the newer stuff, whether it's the 2 items, other promotional deals this year from newer stuff? Any high-level thoughts just on, hey, is the bulk of what drives the U.S. comp from initiatives that are already in play versus some of that new stuff that may come out this year that we'll see more as the year goes on?

Sandeep Reddy

Executive VP & CFO

Dennis, it's Sandeep. So I'll take this one, and I think I'm going to just do a bit of a framing and then I'll get into some of the initiatives that Russell already talked about, but I'll just repeat them afterwards.

So first of all, I think from a same-store sales perspective, we talked about 3% for the year. We did say it's going to be higher in the first half than the second half. And I would be remiss if I didn't address what I think a lot of the industry has already been talking about, which is weather has been tough in January, it had a disruption on us. We had to close a number of stores like many others. And that factor is included in our same-store sales estimate.

So we acknowledge the pressure in the early part of the quarter. But I think in our business, weather tends to even itself out over the year. And so as far as we're concerned for the full year, we don't see that being an impact. But clearly, it was a disruption in January. And I want to make sure we hit that and make sure we address it.

So in terms of the initiatives. Russell talked about a lot in the prepared remarks. But Look, the thing about our business, and I'll acknowledge this, last year definitely had a few headline events that we talked about in '25. We were really thrilled with Parmesan Stuffed Crust. We were really excited to be launching with DoorDash. And I think the really cool thing was we'd already talked about renowned value and then we brought in Best Deal Ever that ended up being a significant comp driver.

None of these go away. They're all definitely there in the business in our baseline, and we expect these to compound over time as we move forward. In addition to that, Russell talked about the carryout business, which has been on a tear. I mean, we grew 5.6% on the back of significant growth in the previous year as well. And just going back to the fact that we've actually gotten to \$4.4 billion on the carryout business, which is bigger than 2 of our national competitors on their total business.

So in order of magnitude, with that kind of base, the compounding impact of growth on that on our total sales is very material. You then take the layer that we added as an accelerator to it, which is the loyalty program that we launched in '23. We stated before that our objectives with the loyalty program was definitely to be catered much more to the carryout customer and also to attract light users. And we just talked about the fact that we're up 20% on the number of customers that have come into our loyalty program. So that becomes an accelerator to this fantastic carryout business that we're talking about.

And then last year, when we initially talked about it, we talked about renowned value, but we didn't talk about Best Deal Ever. But Best Deal Ever came, and it actually drove significant value for our consumers and for our profits as well. So we have a whole bunch of initiatives back to what Russell talked about on the menu items that are going to come out and we're going to lean on our 4 pillars. We're going to lean on our 4 pillars and drive multiple initiatives that add up to this at 3%. We don't talk about all of them just from a competitive perspective. But believe me, the competitors will find out as we go through the year.

Operator

Our next question comes from David Palmer with Evercore ISI.

David Palmer

Evercore ISI Institutional Equities, Research Division

Question on delivery. I think one of the things to -- this is a bit of a follow-up to Brian's question is just people have a hard time seeing long-term sustainable delivery same-store sales growth. They look at what happened in '25, particularly the fourth quarter, there was the Best Deal Ever and more promotional intensity, but also obviously, DoorDash and the delivery comp was 1.6%, was up. But that was a lot of firepower against it. It feel -- felt unusual. So I guess maybe how do you reflect on the fourth quarter, the 1% for '25? And just your outlook for delivery, that half of the business going forward on a sustainable basis?

Russell Weiner

CEO & Director

Yes. Thanks, David. The way I look at delivery, especially, regarding the aggregators is, we're not at our fair share. So our -- we're about 1 out of every 3 deliveries out there. We're not on that on Uber, which has been more than a year and DoorDash, which we got fully up to, call it, Q3 of last year. And so that was kind of my point from before, when you launch something, you don't get to the full potential year 1 unless you're managing it in an irresponsible way.

We continue to manage those 2 platforms for incrementality because a lot of our kind of self-help initiatives are doing well. And so we're growing it slowly over time. We're not at our fair share. So there definitely is upside.

Second, when you think about what works on those platforms, it's what works in the digital media. We've got -- what works in digital media is the expertise on how to run it and the dollars in order to buy your media placement. We do really well on marketplaces and all these things are marketplaces.

And I think last is the business is a delivery business and a carryout business. So I still think, and we are, growing our delivery business. We're still not at our fair share yet. But remember, carryout is actually bigger than delivery. We only do 1 out of every 5 carryouts, and that business is growing significantly. So I think at the end of the day, what folks are looking for is growth.

I'm going to add a little bit more texture though because we concentrate a lot so far on the call on same-store sales. I want to take a step back and just really point out the engine that is Domino's Pizza, which is same-store sales and store growth, right? We talked about and I -- this may have been a surprise to some of you. But if you look back to 2019, pizza or not pizza, if you look at public restaurants with 3,000 stores or above, we're #1 in growth.

And so part of the reason I think you're seeing the impact on the competitors that you are is because now people have a choice in their neighborhood and Domino's is there. And when Domino's is there, they pick Domino's. When we grow these stores, especially from a split perspective, we split an area, 2 things happen: 80% of the customers that come in on carryout are incremental. But David, to your point before, our delivery business gets more efficient. And the quicker we can get more hot pizza to our customers, the better it is for your delivery business. So all of this truly is the domino effect of all the initiatives working together.

Sandeep Reddy*Executive VP & CFO*

And David, I think I'm just going to just add a financial component just to make sure that we understand. I think Russell talked about that we are managing other business for incrementality and profitability and really playing the long game. But I think when you put numbers to what Russell was talking about, you take the 1% same-store sales, you add the store growth, you're talking about 3-plus percent or around 3% our growth in retail sales on the delivery business, which far outpaced QSR pizza delivery, and we gained share.

We gained about 1 point of share in delivery, we gained about 1 point of share in carryout and 1 point across the entire business. So we're really happy with the delivery business and what we got out of it in 2025, and we're very confident as we move forward in '26 as well, especially given the really tough macro backdrop that we've been seeing in '24 and '25.

Operator

Our next question comes from David Tarantino with Baird.

David Tarantino*Robert W. Baird & Co. Incorporated, Research Division*

Russell, I think you mentioned the concept of doubling the U.S. retail sales over time and I don't recall you mentioning that before. So I guess if you could clarify that, is it a new goal to do that?

And then I guess my questions are, over what time frame do you think that's possible? And does that sort of imply you're thinking a little differently about the unit opportunity? I think you mentioned 8,500-plus at the last investor meeting. Is it now something maybe higher than that as you think about the current competitive landscape?

Russell Weiner

CEO & Director

Thanks, David. The interesting thing, I started at Domino's in September 2008. And I remember back when we said, hey, we're going to be the #1 pizza company out there, and that seemed like a stretch. And obviously, we're at that today. And so what I do is I just look at a couple of things. One is our continuous gain in market share, 1 point a year for the last 11 years.

I then say, okay, well, let's look at other categories where -- and what are the share of the #1 players? We're about 1 out of every 4 pizzas. Well, the #1 players are 40-50 share. And look -- and so looking at where we are, the assets we have in our franchisees, their profitability, our marketing, this should just -- why shouldn't we be as big as the other players are in their category. It's something we have continued to do over time and we're headed that way. So it's -- yes, it's part and parcel for what we've been achieving.

Sandeep Reddy

Executive VP & CFO

Yes. And David, I think from a guidance perspective, we've really talked about guidance through 2028. And that really implies 1 point of share through 2028. And we're really not going to comment past 2028 in terms of cadence, but I think we're just framing the opportunity, just like we did say 8,500 stores, we now believe that there's an opportunity to get to double our retail sales of about \$10 billion over time.

And I think that's really super important. And I think the other thing that Russell I think said at Investor Day, if I remember right, is every single time we thought we'd actually come up with a new goal in terms of full potential, that goal just kept going up. I think it was the...

Russell Weiner

CEO & Director

Yes, in fact, it was 6,000, it was 7,000, then it's 8,500, and it's not because we're bad at forecasting. One of the things that happens, I talked about store growth before, and you're seeing this, when we grow and we grow closer to where a competitor is, a lot of times, we close that store. And so if you think about competitive closures, that actually is more opportunities for more stores.

And so that's something we're going to continue to lean in on. And I really urge people, I know it's -- same-store sales are a number everyone focuses on, and we are too. We're guiding to 3% this year. But if you don't take a step back and look at total retail sales, which includes sales from the new stores, you're going to underestimate, as Sandeep said before, how well we're doing in the delivery. But you're also going to underestimate how well we're going to do in the future because we are putting more points of contact for consumers out there.

Operator

Our next question comes from Peter Saleh with BTIG.

Peter Saleh

BTIG, LLC, Research Division

Congrats on a great quarter and the year. I wanted to ask maybe if you guys could comment a little bit on the performance maybe by income cohorts. There's been a lot of discussion about that younger, lower income guests kind of stepping back. Can you guys give us a little bit of color on what you're seeing there?

And then also, historically, you've been talking about how delivery and carryout are kind of separate occasions, different customers. Has that changed recently? Have you seen any more switching between the 2 or has that stayed pretty consistent?

Russell Weiner

CEO & Director

I'll maybe do the income cohort question, you can follow up. Yes, Pete. We -- certainly, in QSR, there have been a lot of stuff written about the lower income cohort declining. That is not something that has happened in Domino's. We grew all income cohorts in Q4 and for the full year.

Sandeep Reddy

Executive VP & CFO

Yes. And look, we've been seeing very consistent results in terms of the delivery, carryout overlap, which would be in the mid-teens over time. And we haven't really seen a change on that. So these tend to be very different occasions. And that's great because the addressable market is available for both sides.

Operator

Our next question comes from Gregory Francfort with Guggenheim.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

My question is just, Russell, can you provide an update on maybe changes in '25 to your tech stack? Or you guys -- you're known as a technology-forward company. And then as you look to hold or things you're trying to address in either '26 or in the next couple of years, what stands out?

Russell Weiner

CEO & Director

Yes. Well, last year was a big year for us on the consumer side and the store side. We relaunched our e-commerce site online and also mobile web. We'll be launching this year the apps versions of all those. The new site that's up already is performing better than the old site, which is something that we said we were going to do. We're focused on the same thing for the app as well.

Additionally, our DOM OS system continues to get better. And so Greg, just as a reminder, that's our system in store that helps our -- that helps run the store. We talked a lot last year about this idea of -- I've talked this one forever. We make products before consumers finish ordering them because of our technology, we're able to look ahead of the order. But also from a dispatch standpoint, we have smart dispatch that helps route our orders with our stores.

Well, now the front end of that, the order and the back end, the dispatch are starting to talk to each other and with -- via an orchestration engine. And so now if there is not going to be a driver back -- and we have this in about 6 stores now, so I expect this to continue to increase. If there's not going to be a driver back in time to get a pizza when it gets out of the oven, and it's going to get out of the oven a couple of minutes later, well, our technology, this orchestration agent will hold that order, so the store doesn't see it. And so my goal at the end of the day is kind of real-time pizza making and delivery. And so that's some of where we have been and some of where we're going both on the consumer and the store side.

Operator

Our next question comes from Danilo Gargiulo with Bernstein.

Danilo Gargiulo

Bernstein Institutional Services LLC, Research Division

Great. Sandeep, I wonder if you can give some color on this insurance costs, like outsized insurance costs that are impacting your restaurant-level margins in your stores? And more in general, can you comment on the level of restaurant-level margins that you're targeting this year? And what do you think is sustainable, maybe not just for Domino's but for the restaurant industry or maybe for the pizza category, as a restaurant-level margin going forward?

Sandeep Reddy

Executive VP & CFO

Yes, Danilo, thanks for the question. And look, I mean, I think when we -- and I talked about in the prepared remarks as well, the corporate stores, which are about 260 out of the total 7,200 that we have roughly, is one that was impacted by the outsized insurance costs. It definitely impacted the corporate store P&L. I just want to first just say, yes. This was material to the corporate store P&L, and it was big enough that we called it out at the company level as well.

However, when I look at the franchisee performance and I look at what we actually delivered as a franchisee performance, we had a 3% same-store sales growth last year. And if you go to the franchisee economics, it grew at approximately the same rate. So we held the margins. And so including all of these insurance pressures, there are levers that the franchisees in the much larger portfolio that we have in their remit basically are driving very good profitability.

So we don't really have concerns about the franchisee economics, and I want to make sure that I touch on that. That being said, we are conscious of the fact that there is insurance pressure in the marketplace, and it did impact us. And so we want to acknowledge it. We want to be clear and we need to find ways to find productivities to offset some of these pressures, and we did in 2025, and we're able to actually find a way to actually grow our profits 8%.

Russell Weiner*CEO & Director*

And Danilo, I'd just say the other thing to think about is on the franchisee side, we ended last year, the average number of store per franchisees was 9. And so the enterprise profit for our franchisee is kind of approaching \$1.5 million now, which, if there are bumps in a particular year, allows them to get through those bumps. And so we're excited not only that the store level profits are increasing, but the enterprise ones are as well.

Operator

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

Sara Senatore*BofA Securities, Research Division*

Actually, one quick follow-up on a question. The question is actually about the delivery business. I guess, broadly across the industry, it seems like exclusively the growth, and this is not just pizza, this is everywhere, is coming in 3P versus 1P. So we hear a lot from other companies talking about how 1P has either been steady or mostly declined. So I was just curious whether you think there is continued opportunity to grow 1P deliveries, again, this is more industry-wide or if we've sort of gotten to a point where growth kind of comes exclusively on the aggregators, again, for the restaurant industry as a whole?

And then just quickly on the comp. I don't know if you disclosed the price you had on the fourth quarter, but just want to see if I can get that.

Sandeep Reddy*Executive VP & CFO*

Sara, yes, I'll address both these questions. And let's start with the delivery business, and I think it's more of a broad industry comment that you're making on 3P versus 1P. And I guess with 3P having really been in place for close to a decade at this point and as we gain scale around the time of COVID, many other restaurant companies had already gone on to the 3P well before we did. We only got on '23-'24.

So we're in the process of getting on to 3P like Russell talked about earlier. So I think it's a little bit early to actually see kind of what's happening overall. We have a sense that overall, the delivery business has been pressured in the last couple of years with the macro, but it still grew. And I think we still are seeing share growth overall and we're managing for incrementality and profitability like we talked about. So we do see that there -- once things stabilize and normalize, once we've annualized completely on 3P, there should be growth both in 3P as well as 1P, and we should participate in both sides.

So with that, I'm actually going to move to the comp question that you had and you asked about pricing. And you may have missed it, but I said pricing was flat, and that's why we are so happy with our franchisees. The discipline that our franchisees have actually shown over the last few years going into Hungry for MORE and then since we have sort of been executing Hungry for MORE has been fantastic. And that's why when Russell talked about profit power versus pricing power, this is exactly what it is. With that type of pricing, we're able to drive incremental profits to our franchisees. And these economics are just the envy, I'm sure, of everybody in the industry.

Russell Weiner

CEO & Director

Yes. So you think back to the comment earlier on same-store sales, the quality of the same-store sales being order count driven versus ticket driven really speaks to the opportunity in the future, the kind of basic marketing is trial, repeat, depth of repeat. You don't increase trial when you increase price, right? But the reason why people keep coming back for carryout and loyalty and Stuffed Crust and all of these products is because we maintain a fair price and we have fantastic execution by our franchisees. So the quality of how we got to the 3% gives you a sense of why we're so confident that that's going to continue.

Operator

Our next question comes from John Ivankoe with JPMorgan.

John Ivankoe*JPMorgan Chase & Co, Research Division*

The question is on U.S. store growth. And certainly, Russell, your comments around the U.S. market opportunity being double what it is, is very interesting. So you comment on the path to 7,700 U.S. system stores in 2018 (sic) [2028]. If we have a chance to front-load any of that, especially given some competitor kind of softness. Is there a date where you could do 8,500 stores in your mind? And I know you've kind of been doing under 200 stores a year net in the U.S., does it make sense to actually go higher given higher market opportunity?

And where I'll conclude this question, and they're all related into one, is how we're thinking about store splits? In other words, the impact of a new store sales on existing stores that very well may share an existing delivery trade area. Are you able to better measure that and perhaps minimize the impact to a market overall?

Russell Weiner*CEO & Director*

Yes. Sure, John. I mean I think the better way to look at our store growth is actually look at closures. So we closed in the U.S. last year on a base of over 7,000 stores, 7. The year prior, we closed 6. And so when we open up a store, it stays open, and we want to continue to be as aggressive as we can. And as I said before, since 2019, no one's been more aggressive than us. You can open a lot of stores, but if your net store number isn't big, then all you're doing is replacing one with the other.

And so we're going to be as aggressive as we can to continue to make this a partnership with our franchisees and both win. And so that to me, the closures is the more important thing, and that increases that and profits increasing increases the interest our franchisees to invest.

Sandeep Reddy*Executive VP & CFO*

Yes. And I think, John, you did mention splits and the impact of split. So this is the reason to be very careful at what pace you go because when you do, do the splits initially, you take a little bit of a step back and then you grow into it. So the profitability of the franchisees needs to be protected as we go along this growth path, and that's exactly the approach that we take.

And it's because we're protecting that profitability, back to what Russell said, 7 stores last year, 6 stores the previous year. And that's something that we keep in mind and are very careful and conscious about to not go so fast and recklessly where you could have an impact where you end up having store closures. We want to protect against that.

Russell Weiner

CEO & Director

Not go so fast, but still faster than anyone else with over 3,000 stores in the U.S., yes.

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 just on international development. I was hoping you could comment a little bit more on the visibility you have into the pipeline today for '26? Just any potential risks to that 800 units this year and just your level of confidence around how achievable that is? And longer term, I mean, I know it's been a couple of years and you talked about the importance of getting DPE back to being a net contributor. But do you have multiple paths to get back to that [975] a year over time? Can India accelerate or China? Or does it have to be DPE getting back to the level of contribution that they had previously?

Russell Weiner

CEO & Director

Yes, both India and China actually have accelerated. And a good portion of those 800 stores are going to come from those markets. So look, we talk about another 200 stores this year versus last year. So with the closures of DPE behind us, some of that headwind has gone. Now them returning to growth as part of what gets us back to the algorithm. If you look at the algorithm we talked about in Hungry for MORE at our Investor Day, the major cause for any slight miss in that algorithm on the store side or this year, as Sandeep pointed out, on the same-store sales side has been DPE, which is why we're so encouraged with their new hire of Andrew Gregory and the amount of work we're doing together.

Sandeep next week is getting on a plane. He's going to bring his pillow from home, so he'll sleep well. Going to Australia with our Head of International, Weiking. We're on the phone top-to-tops all the time, and we're working with them to turn around that business. It's an important part of our growth.

And one last thing I'd say on DPE, Australia, in particular. When I was talking about earlier, places around the world where we're 40-50 share, Australia is one of them. And so that is a place from which we are -- certainly need to fix the business, but we're working from a place of strength in Australia.

Sandeep Reddy

Executive VP & CFO

And Patrick, I'm just going to add one thing just on the guidance topic since you brought it up and you asked about the multiple parts. And 2 different things. When we look at where we are either for last year or for the guidance that we're talking about, really speaking, excluding the impact of DPE, generally, we're in line with the rest of the international portfolio.

And while India and China have been doing fantastically and accelerating, that was already in kind of what our expectations were. So it's great. But I think I just wanted to make sure that you're clear about that. And I don't believe that ex DPE getting back to what our initial assumptions are, there's a pathway to get to the [925] that we initially guided to because everything is just really running to plan. It's not running ahead of plan. And so I just want to make sure that that's clear as we talk about the outlook for the year.

Operator

And our final question comes from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer

Gordon Haskett Research Advisors

Just a quick follow-up to Sara's question and then another one real quick. But what menu pricing is assumed in that 3% same-store sales guidance for 2026 coming off the flat pricing in Q4? And then can you guys just share any impact you've potentially seen on -- as it relates to GLP-1s and your business? Just any update there would be helpful.

Russell Weiner

CEO & Director

I'll do the GLP-1 and [indiscernible] pricing. Yes, so on GLP-1, obviously, we continue to watch that closely. We have not seen an impact on our business so far. Obviously, with it coming out in pill form, we're going to wait and see if there's any implication there. Right now, though, when you read the literature on GLP-1s, it's really more kind of breakfast and lunch-focused and dinner for us is a sharing occasion. So perhaps that's why we're not seeing any impact, but we're going to continue to watch it. And with 34 million ways to make a pizza, we got a lot of choices out there. But if there needs to be menu innovation around that, we will do that.

Sandeep Reddy*Executive VP & CFO*

Yes. And I think specific to pricing, you'll probably catch it in the transcript when you read or listen to it later. But we talked about low single-digit expectations on pricing for 2026, and that's what's embedded in the 3% guide.

Gregory Lemenchick*Vice President of Investor Relations*

Thank you, Jeff. 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.

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