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Dutch Bros Inc. (BROS) Q3 2026 Earnings Call Transcript

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Q3: 2026-11-04 Earnings Summary

Insights

EPS of $0.25 beats by $0.00 | Revenue of $549.84M (29.81% Y/Y) beats by $1.37M

Dutch Bros Inc. (BROS) Q3 2026 Earnings Call November 4, 2026 5:00 PM EST

Company Participants

Neil Patel - Senior Manager of Investor Relations
Christine Barone - CEO, President & Director
Joshua Guenser - Chief Financial Officer

Conference Call Participants

Sara Senatore - BofA Securities, Research Division
Jon Tower - Citigroup Inc., Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors
Andrew Charles - TD Cowen, Research Division
Stephen McManus - BNP Paribas, Research Division
Dennis Geiger - UBS Investment Bank, Research Division
Arian Razai - Guggenheim Securities, LLC, Research Division
Andrew Barish - Jefferies LLC, Research Division
Rahul Krotthapalli - JPMorgan Chase & Co, Research Division
Tania Anderson - William Blair & Company L.L.C., Research Division
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Matthew Curtis - D.A. Davidson & Co., Research Division
James Salera - Stephens Inc., Research Division
Logan Reich - RBC Capital Markets, Research Division

Presentation

Operator

Thank you for standing by, and welcome to the Dutch Bros, Inc. Third Quarter 2026 Earnings Conference Call and Webcast. This conference call and webcast is being recorded today, November 4, 2026, at 5:00 p.m. Eastern Time and will be available for replay shortly after it's concluded.

[Operator Instructions]

I would now like to turn the call over to Neil Patel, Dutch Bros Director, Investor Relations. Please go ahead.

Neil Patel
Senior Manager of Investor Relations

Good afternoon, and welcome. I'm joined by Christine Barone, CEO and President; and Josh Guenser, CFO. We issued our earnings press release for the quarter ended September 30, 2026, after the market closed today. The earnings press release, along with a supplemental information deck have been posted to our Investor Relations website at investors.dutchbros.com.

Please be aware that all statements in our prepared remarks and in response to your questions other than those of historical fact are forward-looking statements and are subject to risks, uncertainties and assumptions that may cause actual results to differ materially. They are qualified by the cautionary statements in our earnings press release and the risk factors in our latest SEC filings, including our most recent annual report on Form 10-K and quarterly report on Form 10-Q.

We assume no obligation to update any forward-looking statements. We will also reference non-GAAP financial measures on today's call. As a reminder, non-GAAP measures are neither substitutes for nor superior to measures that are prepared under GAAP. Please review the reconciliation of non-GAAP measures to comparable GAAP results in our earnings press release.

During the question-and-answer portion of today's call, please limit yourself to one question and avoid multipart questions so that we can accommodate as many participants as possible.

With that, I would like to turn the call over to Christine.

Christine Barone
CEO, President & Director

Thank you, Neil, and good afternoon, everyone. Dutch Bros continues to gain share in the high-growth beverage category, delivering consistent durable results quarter after quarter. In Q3, we achieved our 14th consecutive quarter of positive same-shop sales and ninth consecutive quarter of customer visit growth, a testament to the strength of our brand, our differentiated people-led culture and our strategic focus on expanding customer occasions.

The investments we've made in our people, tools and processes over the past several years have enabled seamless execution by our teams and strengthen the foundation of our business. Our third quarter performance demonstrates the impact of these efforts, while our updated 2026 outlook takes into account ongoing consumer volatility.

Turning to our Q3 results. Total revenues increased an outstanding 30% alongside strong profitability with adjusted EBITDA up 30%. Our distinctive value proposition continued to resonate in Q3, with system same-shop sales increasing 4.4% and company-operated same-shop sales increasing 5.4%. Our highly customizable beverages paired with the speed, quality and service our customers expect, continue to strengthen brand loyalty and drive engagement.

Development momentum remained exceptionally strong, with 48 system shop openings during the quarter. We now have full visibility into the real estate pipeline to reach 2,029 shops in 2029. Our brand continues to stand out with customers, outperforming the coffee industry on customer experience and friendly service. The authentic connections our Broistas create with customers every day continue to support our long-term growth.

And Q3 AUVs remained healthy, even as we opened shops at the fastest 12-month pace in our company's history, demonstrating our ability to accelerate development while continuing to deliver system same-shop sales momentum.

As we look ahead to 2027, we're building on that foundation and unlocking new growth opportunities across the business. From accelerating our pace of beverage innovation to testing new hot food platforms, enhancing digital capabilities and piloting delivery, we're creating more reasons for new and existing customers to choose Dutch Bros. And none of this would be possible without our people whose passion and commitment bring the Dutch Bros experience to life every day.

Our Broistas are truly the heartbeat of Dutch Bros. They create genuine connections that extend far beyond the drive-thru, building meaningful relationships with our customers and communities. Earlier this year, a volunteer from the local Humane Society stopped by our shop in Kennewick, Washington, asking for a few pup cups for shelter dogs. Our Broistas surprised her with treats for every dog at the shelter and a video of the moment reached millions online. That simple act of kindness sparked an ongoing relationship with regular visits from the volunteer and shelter dogs. Broistas is volunteering at the Humane Society and most recently, special gifts from the team to celebrate National Dog Day in August.

And that captures something fundamental about Dutch Bros. Our Broistas find ways to make people and pets feel known and cared for. When customers feel that connection, a stop at the window becomes more than a transaction. Over time, those moments build lasting affinity for Dutch Bros, and our customers feel the difference.

Third-party research from Technomics shows Dutch Bros outperforms the coffee industry average across every measured aspect of the guest experience, while earning the highest rating for friendly service and the competitive set. That consistent outperformance reflects the strength of our people-first culture and the genuine connections our Broistas create with customers every day.

As we grow, one of our most important jobs is making sure that experience grows with us. That's why our growth from within approach matters. Our deep leadership pipeline is built with people who have worked behind the window, lived our culture and learned firsthand what makes the Dutch Bros experience special. They help carry our culture and customer experience forward as they step into leadership roles and bring that experience into new shops and markets. Our people are foundational to our success, and our real estate pipeline positions us to bring the Dutch Bros experience to even more communities across the country.

Shifting to development. We opened 48 system shops in Q3, bringing our total shop count to 1,273. As I mentioned earlier, we have full visibility into the real estate pipeline needed to achieve our goal of 2,029 shops in 2029. This reflects the investments we've made in market planning and development and gives me even greater confidence in both our development pipeline and long-term total addressable market.

Over the past 12 months, we've opened more shops than in any other 12-month period in our company's history. With record site approvals, growing inbound conversion interest and increasing real estate availability, we continue to build momentum. We're now focused on translating that momentum into an accelerated pace of openings.

Looking ahead to 2027, we currently expect to open approximately 250 system shops. But our long-term growth strategy isn't simply about opening more shops or entering new states. It's about being deliberate about where and how we grow. Our real estate strategy is centered on building density and deepening our presence in the markets we enter. Our approach is straightforward, enter attractive markets, build density and establish brand awareness over time. Greater density makes Dutch Bros convenient and accessible, helping us become a more consistent part of our customers' everyday routines.

As we expand our footprint, we're also focused on creating more reasons for customers to choose Dutch Bros. This year, Dutch Bros was named one of America's hottest brands for 2026 by Ad Age. Featured in the reinventing the everyday category, Dutch Bros was recognized for breaking through the noise and capturing customer attention through our energetic service and social buzz. We're seeing that momentum reflected in our brand metrics as well.

Our continued investment in advertising and paid media is helping introduce Dutch Bros to more customers with unaided brand awareness reaching an all-time high this quarter. And with awareness still well below legacy brands, we see significant runway to drive trial, build frequency and support growth across both new and existing shops.

Turning to menu innovation. Our energy business continued to grow in Q3. With Myst Energy Refreshers now a permanent part of the menu alongside Rebel, energy mix has grown to 27%, up from roughly 25% prelaunch in early May. We're encouraged by that performance and what it says about the strength of the platform. We've also seen strong results from our fall LTO lineup with Cookie Butter continuing to build momentum in its third consecutive year on the menu. Caramel Pumpkin Brûlée, another fan favorite, also returned this quarter. Returning favorites are an important part of our innovation strategy, helping us build seasonal platforms customers anticipate year after year.

Looking ahead, we see continued opportunity to build on the strength of our beverage offerings. Next year, we plan to introduce a refreshed Matcha platform. We've spent time testing the product, listening closely to our Broistas and customers and applying those learnings to create an offering we believe they'll love. We've already seen early positive feedback from our market test and look forward to bringing it to our communities.

We see a similar opportunity in our food platform, thoughtfully expanding our offerings to become a bigger part of our customers' daily routines. Following the completion of our company-operated shop hot food rollout in Q2, we're continuing the rollout across eligible franchise shops during the second half of the year. Attachment rates remain consistent with prior quarters, and we continue to see positive feedback from both Broistas and customers. This fall, we're also testing additional hot food items as we explore how a broader food offering can complement our beverages. And just this week, we launched our Holiday Sugar Cookie cake pop.

Beyond the menu, we continue to find new fun ways to create moments that our customers get excited about and want to be a part of. Our brand activations tap into the energy of Dutch Bros and give customers even more ways to connect with the brand, helping to deepen the sense of community that has always been at the core of who we are.

From light-up ice cubes and straw toppers to sticker drops and local pop-ups, this quarter was full of uniquely Dutch Bros moments that gave customers something to look forward to, talk about and share. More than just limited time drops, these are highly anticipated brand rituals that we execute quarter after quarter, creating shared moments and a sense of belonging within the Dutch Bros community.

Digital gives us another powerful engine to deepen engagement and drive frequency. We ended Q3 with approximately 74% of customer visits through Dutch Rewards. We know our loyalty members visit more frequently, creating an opportunity to drive greater frequency across our broader customer base. Our segmentation capabilities are giving us a deeper understanding of customer behavior and helping us identify opportunities among customers who visit less often. We're using those insights to deliver more targeted engagement, including our streaks, providing customers with opportunities most relevant to them while also driving incremental revenue at an efficient discount.

As these capabilities advance, we're becoming more targeted in how we engage different customer groups and increasing the contribution of these initiatives to same shop sales. On an incremental basis, Q3 marked a record contribution to our sales performance from our loyalty initiatives. At the same time, we're continuing to expand the ways customers can access Dutch Bros and make the experience even more convenient.

Order Ahead reached approximately 17% of total customer visit mix in Q3, up 400 basis points year-over-year, reflecting its growing role in how customers choose to experience Dutch Bros. As adoption grows, we see additional opportunities to make the experience even more seamless from improved menu discoverability to additional customization. We're also piloting delivery with DoorDash in several markets as another way to make Dutch Bros more accessible to customers. As we give customers more ways to access Dutch Bros, we're equally focused on ensuring a great experience every time they visit. And that starts with strong execution in our shops.

Last quarter, we introduced our Vibe Check scorecard to give field leaders greater visibility into the shop-level behaviors and operating metrics that define the exceptional Dutch Bros experience. With another quarter of learnings behind us, we're seeing the value of that tool in action. We're identifying what our strongest performing shops are doing differently and translating those insights into actions that can improve performance across the system.

We're encouraged by what we're seeing. With the hot food program now rolled out across company-operated shops, peak drink productivity is up quarter-over-quarter. That's an important part of how we scale Dutch Bros, equipping our field teams with tools and insights to consistently deliver speed, quality and great service with every visit. That focus on execution extends to the programs we bring into our shops. We brought back 2 Fill-A-Tray events this quarter after a strong response to the first event in Q2.

Our teams executed these events exceptionally well, delivering strong value for customers while encouraging trial across our energy offerings and broader menu.

In closing, Q3 reinforced our confidence in the long-term opportunity for Dutch Bros. Even against ongoing consumer volatility, we maintained customer visit growth, gained share and deepen the connection our customers have with the brand. We continue to strengthen the foundation for future growth. We believe we have the people and real estate pipeline in place to support our development goals. We see multiple opportunities to build awareness, increase frequency and support long-term customer visit growth.

Our focus on in-shop execution continues to deliver strong results. I want to thank our Broistas for consistently raising the bar for customer experience and friendly service. As we look to 2027, we're incredibly excited about what's ahead. We currently expect to open approximately 250 system shops while accelerating beverage innovation across our menu, expanding our digital capabilities and giving customers more ways to access Dutch Bros.

And as we grow, our focus remains on what has always set Dutch Bros apart, our people, the energy and connection they create every day and the experience that keeps customers coming back. We have a tremendous opportunity ahead of us, and we're confident in our ability to bring the Dutch Bros experience to many more communities in 2027 and beyond.

With that, I'll pass it to Josh.

Joshua Guenser
Chief Financial Officer

Thanks, Christine. I'll begin with a recap of our third quarter performance and share our outlook for the remainder of 2026, along with our preliminary thoughts on 2027. In Q3, total revenues were $550 million, growing 30% over the third quarter of last year. Company-operated same-shop sales growth in the third quarter was 5.4%, and system same-shop sales growth was 4.4%. Segmentation in Dutch Rewards, merch drops and brand marketing activities largely mitigated the customer volatility we experienced in the quarter. I'm incredibly proud of how our team, both in the field and at HQ, executed this quarter to deliver these great results. It demonstrates the capabilities we have developed to drive sustainable growth for years to come.

New shops continue to perform well as we accelerate the building of our pipeline and opening cadence. Q3 openings are annualizing at approximately $2 million, well ahead of our underwriting framework of $1.8 million in year 2. As we have shared previously, we attribute this outperformance primarily to the culling of our pipeline in 2023. We, therefore, continue to expect new shop performance to shift towards our underwriting framework in 2027 as we make progress on our strategy of further densifying markets.

With our system same-shop sales results in Q3 and performance into October, we now expect system same-shop sales growth of at least 5% in 2026. This contemplates the customer visit comparisons further stepping up from Q3 to Q4, the lap of the food program rollout, which impacts net ticket, and the continuation of the current volatile macro environment.

In Q3, we opened 48 system shops, bringing our trailing 12-month opening cadence to the highest level in company history. Our real estate pipeline is now the deepest in company history, supported by a significant step change in additions during 2026.

Looking ahead to 2027, we are excited about building on this development momentum and currently expect to open approximately 250 system shops, primarily located in existing states. This approach allows us to realize market densification benefits, target high conviction trade areas and continue capturing share from legacy operators.

Shifting to our company-operated shops. Performance in Q3 was largely in line with our expectations, with revenue totaling $515 million, an increase of 31% or $122 million compared to the third quarter of last year. Company-operated shop contribution was $144 million, representing a year-over-year increase of 32%. Company-operated shop contribution margin increased 30 basis points year-over-year to 28.1%. Beverage food and packaging costs were 25.6% of company-operated shop revenue, which is 30 basis points favorable year-over-year, primarily driven by the collection of approximately $4 million in tariff refunds, partially offset by the costs associated with the new food program.

Our updated 2026 guidance contemplates beverage food and packaging costs to be approximately 27.5% of company-operated shop revenue for Q4. This reflects both our typical seasonal mix shift as well as the absence of the tariff benefits we recognized in Q3. Labor costs were 26.7% of company-operated shop revenue, which is 80 basis points favorable year-over-year, primarily due to sales leverage. Occupancy and other costs were 18% of company-operated shop revenue, which is 100 basis points higher year-over-year, primarily due to higher rent on new shops and increases in utilities and other operating expenses.

We are very pleased with our continued progress in shifting our new shop openings to a greater proportion of build-to-suit leases with year 2 cash-on-cash returns for our 2025 class achieving approximately 45%. As we are approaching our goal of a 60% build-to-suit lease mix, we expect elevated occupancy and other costs to continue into 2027.

Preopening expenses were 1.6% of company-operated shop revenue, which is 20 basis points favorable year-over-year. For modeling purposes, other than beverage, food and packaging costs, which I covered earlier, we expect 4-wall costs in the fourth quarter as a percentage of company-operated shop revenue to be largely consistent with Q3.

Moving down the P&L. Adjusted SG&A in the third quarter was $70 million or 12.7% of total revenue, representing 90 basis points of year-over-year leverage. Our updated 2026 guidance now contemplates approximately 100 basis points of leverage on adjusted SG&A for the full year. In the quarter, adjusted EBITDA was $101 million, an increase of 30% over the third quarter of last year, and we delivered $0.25 of adjusted EPS, up from $0.19 in Q3 of last year.

Let me now provide an update on our liquidity and CapEx. As of September 30, we had approximately $625 million in total liquidity, including $195 million in cash and cash equivalents and the balance in our undrawn revolver. The updated total liquidity reflects the July reacquisition of one of our Phoenix franchisees, which was funded with cash on hand. In Q3, our average CapEx per shop was approximately $1.4 million, consistent with Q2 of this year.

Switching to guidance. We remain excited about the white space ahead of us. Given our performance thus far, we are updating our 2026 guidance in the following areas. Total revenues are now projected to be at least $2.1 billion. System same-shop sales growth is now estimated to be at least 5%. Adjusted EBITDA is now estimated to be approximately $380 million, and capital expenditures are now expected to be in the range of $370 million to $390 million, which reflects momentum on our 2027 shop openings. We remain confident in opening at least 185 system shops in 2026 and are excited about our development momentum heading into 2027.

I want to thank our teams for consistently delivering with the speed, quality and service that define the Dutch Bros experience and putting our customers at the center of everything we do. Your consistent execution gives me incredible confidence in the road ahead of us. Thank you, everyone. We'll now take your questions. Operator, please open the lines.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from Brian Harbour with Morgan Stanley.

Unknown Analyst

This is Kelly on for Brian. You mentioned an accelerating pace of beverage innovation and a refreshed Matcha platform coming next year. Beyond the Matcha, given that you already have seasonal LTO windows, what would this faster cadence look like in practice versus historically? Would that mean more launches, shorter product cycles or expanding into other new beverage platforms? Maybe anything you could share there would be great.

Christine Barone
CEO, President & Director

Yes, Kelly, thanks so much for the question. I'm incredibly positive as I look at our calendar for next year. As we look at our innovation calendar, we've learned a lot this year on both the types of innovations that are really helping to drive that extra frequency from a customer basis and have a lot of really awesome things planned for the first half of next year, both on the beverage innovation side, but also on the merch drops and sticker drops and those other types of things that Dutch Bros is so great at doing.

We're also really excited for the Matcha relaunch. I think that we got it really, really right this time, very excited by the test results that we've seen. We think this is going to be a really big platform for us, and that will be coming next year. In addition to all of those things, we've also continued to work on Dutch Rewards and deepen our amount of segmentation that we have in that program and expect to see continued great results from that program next year. We're also in the very early stages of testing delivery and believe there's continued innovation that we'll see from a food perspective that will be important for us.

Operator

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

Sara Senatore
BofA Securities, Research Division

I wanted to ask about the accelerating unit growth and in particular, kind of your thoughts on your own unit growth and what you're seeing outside in the category. I think a couple of quarters ago, you mentioned, for example, that Texas is a market with a lot of intense competition, but you're still comping quite well. I guess how are you thinking about your own unit growth at a time when traffic maybe sounds like perhaps flattening or maybe even slightly negative in 4Q and that of your competitors weighing kind of cannibalization versus first to market?

Christine Barone
CEO, President & Director

Yes, Sara, thanks for the question. First of all, as we look at Q4, we're really excited about what we're seeing early in Q4 and feel really good about how we're performing here early in the quarter. As we look at competition, again, we've shared that we've had lots of competition since 1992. Most markets or really every single market that we enter, we are near other competitors. In particular, if we look at some of the emerging brands like 7 Brew, we do now have 4 states where we both have 20-plus shops.

And as we look at that closely and look at the different radii that we go to like from a quarter mile to a half mile to a mile out, it actually makes no difference on our AUV. So we feel incredibly comfortable going into any different competitive situation and are really excited that as we are expanding our pipeline into next year, we've already started to see those openings as we revamped our market planning process, and they're performing really exceptionally well. They're right on their underwriting.

We've got a 45% cash-on-cash return. And again, every single that we go into is competitive. And we're oftentimes very close to either a legacy competitor or another competitor and feel really confident about our ability to perform in all of those different circumstances.

Sara Senatore
BofA Securities, Research Division

And then just cannibalization, any thoughts. That was very helpful, by the way.

Christine Barone
CEO, President & Director

Yes. So definitely, as we go into markets where we're densifying, we are trying to get more convenient for our customers. We're trying to be closer to where they live and work. And every single year, we've got sales transfer or cannibalization as we open more shops, but we're continuing to take share as we do that. Our modeling now, I think, is very good at understanding how much cannibalization we will have as we go into a market. And we feel very comfortable opening new shops that are more convenient for our customers and if they switch from one shop to another. So again, that is something that is just part of the model as we grow as you're opening shops, the customers are sticking with us, but sometimes they choose a more convenient shop.

Operator

Our next question comes from Jon Tower with Citi.

Jon Tower
Citigroup Inc., Research Division

Throughout the transcript, you had mentioned the idea of volatility throughout the third quarter. And I'm just curious if you could dig a little bit more into exactly what you were seeing. Was it in response to the gas price movement that we saw throughout the quarter? Going back to Sara's question, obviously, it sounds like competition wasn't necessarily a thing from direct competitors, but the noise around indirect competitors getting more aggressive in the beverage category kind of add some choppiness to your business?

Christine Barone
CEO, President & Director

Yes. So as we look at the customer health, we had a great Q3. So feel really good about where we ended. As we talked about customer volatility, the primary driver of what we've been seeing throughout the year is really what we are actually comping over from the prior year. But we did see a heightened level of choppiness in Q3. And I think that as we look at some of that choppiness, it could be attributed somewhat to the rising gas prices. We didn't see anything on the competitive front.

In fact, I also mentioned that we saw our energy mix actually grow during the quarter. And with the successful launch of Myst in Q2, we're really excited by how that's performing. And despite a big competitive launch during Q3, felt really great about how our energy platform continues to really outperform the market.

Operator

Our next question comes from Jeff Farmer with Gordon Haskett.

Jeffrey Farmer
Gordon Haskett Research Advisors

Just following up on Jon's question about volatility. Are there customer cohorts, markets, dayparts, week parts that are more impacted? Anything we should be thinking about in terms of your customers that are getting hit a little bit harder?

Christine Barone
CEO, President & Director

Yes. So as we look at the customer volatility, again, it was fairly light, and it was somewhat across the board. I would say we continue to see really great strength in the morning. And as you know, we've had a number of initiatives that are really focused on that morning daypart with the food rollout with mobile order. So continue to see strength from those new initiatives. We're also seeing particular strength from the Gen Z customer. And I think it just -- as there are more and more Gen Z customers are coming into this market, they are choosing Dutch Bros. We are clearly taking share, especially in the Gen Z space and very excited by what we're seeing.

Again, it was pretty limited consumer volatility that we're seeing, but I wanted to call it out. And I also am really proud of our teams and what we've built over the last couple of years. I think we really have the tools in place with Dutch Rewards, the analytics that we have behind the business to really react and respond quickly to any type of background that we see.

Operator

Our next question comes from Andrew Charles with TD Cowen.

Andrew Charles
TD Cowen, Research Division

Just 2 follow-ups for me. Just first, just, Christine, anything you can say on just the same-store sales performance by regions for opening year cohorts would be helpful. Curious if the regions that are seeing the highest gas prices, the ones that you're seeing the most choppiness. And maybe, Josh, you could talk a little bit more just about cannibalization that as I think about the updated 2026 same-store sales guidance of 5% plus. Maybe just help us understand the impact of cannibalization on same-store sales in the back half of the year?

And also, is it wrong to believe that with the ramp in '27 store development, you talked about concentrating existing markets, if it's fair to think that the impact of cannibalization should be higher in '27 than '26?

Christine Barone
CEO, President & Director

Thanks, Andrew. I'll take that first one. We didn't see anything in particular that stood out by region or cohorts. The new shops, the newest cohorts continue to perform really well. And so that's not surprising. That's been a consistent piece. And then as I mentioned, I think some of the standouts in the quarter where our performance continued really strong performance with the Gen Z customer and in the morning daypart.

Joshua Guenser
Chief Financial Officer

Yes. And Andrew, on the cannibalization side, certainly, that has been an underlying part of the business for some time as we continue to densify markets. We talked about our development pipeline for next year being predominantly in existing states that could result in some elevated level of cannibalization as we head into next year. Obviously, not getting on the specifics of what next year looks like, but feel really good about the plans we have in place, the development pipeline and how we're really creating that everyday occasion for customers as we get denser in the markets that we're operating in.

Operator

Our next question comes from Steve McManus with BNP Paribas.

Stephen McManus
BNP Paribas, Research Division

Great. So with unit growth stepping up, any color around '27 CapEx? Is that $1.4 million per shop a good proxy? Or could there be a bit of a step-up there just given inflation rates?

Joshua Guenser
Chief Financial Officer

Yes. So again, we're not providing specific guidance on that for next year. But certainly, we continue to make great progress in shifting our portfolio to the longer-term target. We actually have done that at a faster pace than we originally set out to do. So we're approaching that 60% build-to-suit lease mix now, we'll be getting into that into next year. So we feel really good about us driving down our overall average CapEx per shop, like I said, really faster than we originally thought and leading us to driving some incredible returns on the shops that we're opening.

Christine Barone
CEO, President & Director

Yes. I would just add to that. I think as we take a step back and look at what we set out to achieve on our new shop productivity. We've done really everything that we've set out to achieve. We've improved our market planning. Our new shops are performing at their underwriting. We've reduced the CapEx per shop ahead of schedule. So we're approaching, as Josh shared, that 60-40 build-to-suit lease mix, and we're also thoughtfully densifying. We're giving these shops time to season while we're building that everyday occasion.

Operator

Our next question comes from Dennis Geiger with UBS.

Dennis Geiger
UBS Investment Bank, Research Division

Just wanted to go back to the implied 4Q guidance and really the '26 guidance for comps and just get a sense for sort of what had changed. It seems like maybe the consumer volatility would be the added wrinkle that the comparisons obviously would be something that you would have known. So just confirming that maybe some of the consumer volatility would have been anything that might have changed from last quarter.

Josh, just anything more on kind of what's embedded? I know you listed those 3 factors out. And Christine, I think you mentioned excited about what you're seeing early in the quarter. I wasn't sure if that was a unit development comment or a comp comment, but I'd be curious.

Christine Barone
CEO, President & Director

Yes. So as far as the start to 4Q, we are actually pleased with what we're seeing really across the board. And I would say, as we look at the comparisons year-over-year, we do have a step-up in comparison from Q4 of this year to the incredibly strong quarter that we had last year. We're also being very mindful about the consumer environment that we're heading into. There's obviously a lot going on from gas prices to utility prices and things like that. And so I just wanted to be thoughtful as we look at this quarter and being mindful of what's going on with the customers and the challenges that they might have.

Operator

Our next question comes from Greg Francfort with Guggenheim.

Arian Razai
Guggenheim Securities, LLC, Research Division

This is Arian Razai for Greg. The multiple on the stock is being pressured by competitive concerns as you go up against the other key small box coffee competitors. So I'm pretty sure you must study or look at these competitors as well. So like how do you think we should view where your competitive moat is versus like those peers from a business model or brand perspective?

Christine Barone
CEO, President & Director

Yes. So if we look broadly at competition, we have broad competition and always have since we were founded in the Pacific Northwest back in 1992. And so there is competition from the legacy players. I'll remind you that about half of our business is coffee-based beverages. And so we compete incredibly well with the legacy players as we go in and are oftentimes incredibly close to them. We also have emerging competitors, some of them, which menus look somewhat like ours. And we, again, are oftentimes -- it's less so just because there's fewer of them that we're going to be competing directly with one of them. But in the markets where we are, we feel really good about how we're performing.

The statistic that I just shared earlier is that we've looked particularly at the largest player in that -- and any of the states where we've got -- both have 20-plus shops, we actually see a consistency in our AUV, whether we're really close or further away from them. And so again, feel very good about our ability to compete in a lot of different environments. I think the other piece is, we've seen QSR players take a larger approach to beverage and have seen that throughout the year. We've really seen no impact to our business on that. If anything, we've actually been able to continue to grow our share in the energy market. So feel really good about that.

I think that the beverage market is just a really, really large market. We are at the absolute top of the heap when it comes to customer service, which is something that customers feel really great about when they come through that Dutch Bros drive-through, and they have that -- not only that awesome drink, but they have that incredible service. So we feel incredibly good about our competitive positioning. And I think as we see all of these changes that have transpired over the 12 months, we've been able to navigate them incredibly well.

Operator

Our next question comes from Andy Barish with Jefferies.

Andrew Barish
Jefferies LLC, Research Division

Really impressed with the unit growth ramp-up next year. Josh, I'm wondering if you could just kind of give us some of the puts and takes on how we should look at unit level profitability, whether that's before or after preopening?

Joshua Guenser
Chief Financial Officer

Yes, Andy. So just to clarify your question on -- are you talking about Q4 or you're talking about next year more broadly?

Andrew Barish
Jefferies LLC, Research Division

Well, looking out to '27, how -- I know you're not guiding, but how we should be thinking about new restaurant openings and inefficiencies and all that kind of stuff.

Joshua Guenser
Chief Financial Officer

Yes. So as we think about next year, as you pointed out, not giving specific guidance. There's a few factors just to think about. Certainly, there's -- coffee prices have remained elevated. I'd remind that we have incredibly healthy margins even despite that. So north of 28% margins we're looking at for 2026 here. That includes over 1 point of coffee pressure.

So we feel really good about the health of our overall margins. Certainly, coffee has remained elevated. I'd expect certainly just because it takes 2 to 3 quarters for that to flow through our P&L that to impact into next year, but it has been fairly stable over the last several quarters.

The other piece to be mindful of is that as we continue to shift towards build-to-suit leases, we would expect elevated occupancy costs, which I commented on our prepared remarks there. But otherwise, we do feel like we have a lot of opportunity in the rest of the P&L to continue driving leverage.

Certainly, if coffee prices remain elevated, we have an opportunity to evaluate taking more price to be able to help offset that pressure if it remains more stubborn in the longer term and feel really good about then throughout the P&L being able to -- over the middle to long term, be able to drive towards that 30% margin target we outlined.

Operator

Our next question comes from Rahul Kro with JPMorgan.

Rahul Krotthapalli
JPMorgan Chase & Co, Research Division

Two-part question here. So is there an opportunity to improve throughput of your current shops by having separate handoff points for your double drive-through lanes? Or is the convergence of lanes limiting the shop productivity in any way during the peak hours?

And then the second is on the delivery. How are you prioritizing the customer experience in your pilot with DoorDash? What are you learning? And how do you see this channel as an incremental opportunity for sales for the brand?

Christine Barone
CEO, President & Director

Yes. So thanks, Rahul. As we look at what we've seen so far from throughput, we have made progress in that area and really excited by the work that the teams have done on labor staffing and deployment and ensuring that we are really well staffed when we have lots of customers show up. And I think that we've seen that in our numbers. We've seen consistent growth throughout that peak and so excited by what we're seeing there.

I also think we have longer-term opportunities to look at throughput and look at different ways to balance drink production. And so our teams are in early stages of always looking at new equipment ways, new ways to lay out the shop in order to drive additional throughput through our shops.

On the delivery pilot, so this will be like just like any initiative that we roll out, where we first are looking at how do our Broistas feel about how the experience is going, and then how do our customers feel? And are they really excited by this new initiative we're offering? Is it something that they're really asking for?

And I think so far, so good on both of those fronts that -- this is really seamless with the way that we rolled out mobile order, having our KDS screens already active there that the delivery drinks pop up just like a mobile order drink would pop up. So it's actually a very seamless experience in the early pilots for our shops.

And then from a customer perspective, we are always looking at things that our customers are asking for. This has been something where we know we are an elevated search term on many of these sites. And so lots of customers are looking for Dutch Bros on the delivery front. And we're one of the few beverage brands that doesn't have it. So it is certainly something that would please our customers.

Operator

Our next question comes from Tania Anderson with William Blair.

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

I was just wondering if you could talk a little bit more about the adjustment in guidance like why the profit -- the difference between the profit and the top line adjustment, please.

Christine Barone
CEO, President & Director

So guidance for Q4.

Joshua Guenser
Chief Financial Officer

Sorry, on overall guidance, sorry, I had a hard time hearing the question. The -- yes, so if you think about our adjusted EBITDA guide for the full year at approximately $380 million, certainly reflective of the revenue range that we provided. And then during Q3, we did see elevated utility costs that we talked about in our prepared remarks as well as some elevated freight costs and that shows up in our franchise and other segment as part of our supply chain.

We're anticipating that would remain elevated here heading into Q4 as well. So factor both of those in with the updated revenue guide.

Operator

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

Christopher O'Cull
Robert W. Baird & Co. Incorporated, Research Division

Yes. My question is on the comps. Christine, how does the company plan to keep same-store sales positive as you kind of lap these tough comparisons over the next couple of quarters? And have you made any changes to your plan based on the recent trends you're seeing?

Christine Barone
CEO, President & Director

Yes. So as we look into Q4 and into next year, I'm really excited about the plans we have. And we continue to learn each year like what is working best, what should we do more of? How can we adjust timing of different things? What are new adds to the calendar? What are things we can take away? And so we are consistently adjusting.

And as we started to see some of the consumer volatility into Q3, we actually have a fair amount of time still to adjust things into 2027. So really excited about some of the adjustments that the team has made to the calendar. It gives me really great confidence in our ability to continue to comp even what will be hard comparisons as we head into 2027.

So a few of the things I would highlight is, one, we have a really strong innovation calendar. If I look back to the beginning of this year, we had some performances from some of these LTOs that really just outperformed our expectations. So we've taken some learnings from those that will apply consistently really throughout the '27 calendar.

Same thing with on the merch drops is that things like we did some straw toppers in this last quarter, and they were really uniquely Dutch Bros. They were characters based on our secret menu drinks and things like that just really resonate with our customers. So as we head into '27, again, another learning that we can apply.

As we think about launching Matcha as we go into next year, that one of the learnings we had from our early launch of Matcha is this is something our customers want, and we had a lot of trials. So we know that this is something that can really help drive the business. But now the product is right. And I think that as we took a look at what we did the first time versus what we've had in a market test and how it performed there. We're really excited by that. So again, lots of things that give me great confidence as we head into next year.

Operator

Our next question comes from Brian Bittner with Oppenheimer & Co.

Brian Bittner
Oppenheimer & Co. Inc., Research Division

I think just continuing on the conversation around the guidance, I think the market is just having a hard time understanding the new guidance, perhaps at least 5% comps does imply a wide range for 4Q. And at the very low end, it implies 2.5% system comps. But at the same time, you are talking about how you're happy with how the quarter started. So I just think there is some confusion around how to think about the underlying business currently.

And I guess that's kind of more of a comment than a question. And follow-up to that more of the question is, I am curious how you're thinking about where Order Ahead could go. It stepped up again this quarter. I'm wondering if there's any examples of stores that are higher AUVs simply because they do have higher Order Ahead penetration. Love for you guys to maybe talk about that and the opportunity there.

Christine Barone
CEO, President & Director

Yes. So as we look at our start to Q4, we are very pleased with what we're seeing in October and then kind of our strong start to the holiday season. I would share that we had some consumer volatility in Q3. So I think we're being really thoughtful about knowing that we're in a bit of an uncertain environment and just want to be thoughtful as we think through where -- how we could perform for the rest of the quarter.

As far as mobile order, we continue to be incredibly pleased with what we're seeing. In some of our newer markets, we will have penetration levels that are like 30% plus. And I think that just speaks to the opportunity that we have overall in mobile order and how customers are choosing to order our drinks today.

So the other piece I would attribute that to is we continue to measure our customer satisfaction with mobile order, and we're measuring whether or not the drink was ready on arrival. We continue to see our teams really outperform on that metric. They're growing that metric from quarter-to-quarter. So really pleasing the guest, and I think that also is growing our penetration.

Operator

Our next question comes from Jacob Phillips with Melius Research.

Samuel Barton
Melius Research LLC

This is Sam Barton on for Jacob. Beyond the capital to open the accelerated store count in 2027, you've also been investing a lot in hot food, drive-thru, throughput and digital capabilities. So as the fleet gets bigger, how should we think about the ongoing investment needed in shops that are already open?

Joshua Guenser
Chief Financial Officer

Yes. Thanks for your question. So as we think about our CapEx, the vast majority of our CapEx is going to new shop builds. This year, as you pointed out, we are accelerating as we head into next year. So we raised a bit of our CapEx guide as it relates to that. This year also incorporates -- that CapEx guide incorporates the repurchase of the franchisee, one of our franchisees here in Phoenix. But if you think about over the longer term, we've actually continued to drive down the per unit upfront CapEx per shop as we've shifted a greater proportion of our leases to build-to-suit leases. So really pleased with the results we've made in that direction and feel really good about the cash flow we're generating to be able to fund that growth as we move forward.

Christine Barone
CEO, President & Director

And then I would just highlight from a food perspective, we've actually made the investments in building that out as a platform. So we have ovens in our shops. We have the capability to do hot food. And as we install the equipment and the capabilities in our shops, we were planning for growth in additional platforms. So I feel very good that the investments that we've made there will carry us forward.

Operator

Our next question comes from Eric Gonzalez with Seaport Research.

Moving on to our next question from Nick Setyan with Mizuho.

Nerses Setyan
Mizuho Securities USA LLC, Research Division

Just a clarification and a follow-up. I think there was a comment that Q4 4-wall margins are going to be similar to Q3. So I just want to clarify what you meant by that, just given the components, I would say that it's going to be lower. And as we kind of think about the cannibalization impact, any way maybe you could bracket it in terms of what it is in 2026 and what that step-up may look like in 2027?

Joshua Guenser
Chief Financial Officer

Thank Yes, Nick. So on the margin question, what I shared in my prepared remarks is that we would expect all the lines other than COGS to look at Q3. In COGS, in particular, we would expect 2 things to change from Q3. One would be not having the collection of the tariff refunds that we received in Q3. There was a $4 million benefit in Q3. And then we typically see a seasonal mix shift as we head into Q4. So we shared -- both of those pieces would put pressure in COGS specifically. The remaining lines would look consistent with Q3.

So to your point, you're right that Q4 margins would be lower than Q3. On the second point, we haven't quantified the impact of cannibalization. I have shared historically that it's been in about the range that we've shared in the past. But it's something we've -- we're certainly monitoring and tracking closely and something that we factor into as we're underwriting sites and plan to open sites and densify markets that we're factoring into the guidance that we're providing as well.

Operator

Our next question comes from Margaret-May Binshtok with Wolfe Research.

Margaret-May Binshtok
Wolfe Research, LLC

I just wanted to ask a little bit on food awareness. I know, Christine, I think you said that attachment is consistent with prior quarters. What do you think the levers are to kind of build food attach and awareness from here? And then as you guys are thinking about testing more hot food items, are you trying to -- I guess, what do you think the offering is missing? Or is it more about driving excitement and like a higher velocity within the food offering?

Christine Barone
CEO, President & Director

Yes. Thanks for the question. So as we look at food awareness, it's really building food awareness with our existing customers because we're in the early stages of building great beverage brand awareness, we'll continue to use kind of the external paid marketing to really build beverage and our brand as a beverage brand out there. But our Broistas are doing an incredible job of building that food awareness across our existing customers as they come into our shops. So feel very good with how the food program is going. It is performing -- continues to perform exceptionally well and very much in line with the expectations that we set out when we rolled out the program.

As we look at additional food items, we do believe that there is additional opportunity to drive attach across the food business. So things like seasonal offerings. As I shared, we have launched a holiday cake pop, which our customers are definitely excited about. And so we do think that there are more seasonal opportunities as we go throughout the year.

We also think that there are some opportunities in the morning where there's some major different types of hot food platforms that we could still be missing. So we'll continue to test things and really understand what can drive that incremental attach and that incremental beverage opportunity as we look at opportunities in food.

Operator

Our next question comes from Chris Carril with KeyBanc Capital Markets.

Christopher Carril
KeyBanc Capital Markets Inc., Research Division

So Josh, I think you referenced this in your prepared remarks, but could you maybe expand a bit more on the traffic and ticket dynamics here going forward as you're lapping the food rollout, particularly in 4Q? And then any early thoughts on those dynamics as we're heading into '27 would be helpful as we kind of think about the potential impact of the expanded food menu.

Joshua Guenser
Chief Financial Officer

Yes. So on the Q4 specifics, certainly, as we lap the food rollout in Q4, we'd expect that to have less of a benefit on ticket in Q4. And then that also -- our Q4 guide also contemplates the further step up in transaction comparisons from Q3 to Q4. It does comparatively get harder as we head into Q4. And then also incorporates just broader consumer environment that Christine commented on as well in terms of the traffic implications as well. So all that's factored into the implication there for our Q4 guide.

As we think about 2027, obviously, not providing guidance at this point in time, but certainly are excited about the platform that we have and all of the different initiatives that Christine highlighted that we have underway for next year, really excited about the opportunities that we have, very focused on continuing to drive traffic and drive growth in the business as we head into 2027.

Operator

Our next question comes from Matt Curtis with D.A. Davidson.

Matthew Curtis
D.A. Davidson & Co., Research Division

A number of times you mentioned that you continue to gain share in the beverage category despite what's obviously a dynamic competitive environment. I was just wondering if you could give us some more context around that, including whether you're seeing those share gains across both your legacy markets and your newer markets? And also whether those share gains vary materially between markets with significant drive-through beverage competition that are more apples-to-apples versus you guys?

Christine Barone
CEO, President & Director

Yes. So as we look at how we're gaining share, I think that just look at the overall revenue growth. So we are growing our overall revenue at 30% in the last quarter, 30% in Q2. So that is much faster than the overall beverage market is growing. And as we go into new markets, the primary lever to gain share is really opening new shops. So we go open a new shop in a new market, and we're immediately taking share from those around us. And that includes an entire range of competitors. Obviously, the folks that have more shops out there would be donating more share.

Operator

Our next question comes from Jim Salera with Stephens.

James Salera
Stephens Inc., Research Division

You talked a little bit about the rewards program. You had mentioned some deepening work on the segmentation and how that could help support some frequency. So I would love just some incremental color there and where we are in terms of innings on that and maybe how impactful that could be in '27 as a frequency uplift?

Christine Barone
CEO, President & Director

Yes. So as we look at deepening the segmentation, we've done a lot of work this year on frequency segmentation. And so really understanding different customer cohorts how often they come and what are the different levers we can use within the rewards program to drive further frequency within those cohorts. The deepening that we're looking forward to next year is really adding a level of product segmentation to our rewards database to not only understanding kind of how frequently folks come but also what are their beverage patterns.

And so in addition to offering something additional to them to come an extra time, also looking at how do we actually move them into an additional platform. So how do we think about taking someone who's primarily doing an Ice Golden Eagle and actually exposing them to our energy platform in which drink the most they might be most likely to try and then taking a morning occasion and adding an afternoon occasion to that. So really excited that we still have a number of layers to really add on to our Dutch Rewards program.

Operator

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

Logan Reich
RBC Capital Markets, Research Division

I had a question on the '27 unit growth guidance. Obviously, a big step-up year-over-year. Just curious if that includes any M&A or that's all organic growth? And then just how to think about the split between franchised and company-owned?

Joshua Guenser
Chief Financial Officer

Yes. So thanks for the question. I mean, as you think about -- as we build our pipeline, we are -- we have clear visibility to what those shops are -- that we're going to be opening in 2027. So it does factor in the occasional site that we're picking up from different players out there as conversion opportunities, but that's been a part of our growth goal over time. So it's not inclusive of any sort of large-scale M&A or large group purchases of sites, but it is just our normal unit growth cadence.

Christine Barone
CEO, President & Director

And then on the company-owned franchise side, the growth next year will be primarily company-operated, which is what we've seen over the last couple of years.

Operator

We have reached the end of our question-and-answer session. I would now like to turn the floor back over to Christine Barone for closing comments.

Christine Barone
CEO, President & Director

Thank you for your questions. I'll close today with something that has been a special part of Dutch Bros for 2 decades. In September, we celebrated the 20th anniversary of Buck for Kids, one of our longest-standing giveback traditions. Each year, the event brings our Broistas and customers together to support organizations focused on creating brighter futures for young people in our communities. This year, Buck for Kids resulted in more than $1.3 million donated to local youth organizations in the communities we serve.

Over the past 20 years, the impact of this tradition has grown alongside Dutch Bros, reaching more communities and supporting more young people as we've grown. Buck for Kids is a great example of something that has been part of the Dutch Bros DNA from the beginning, showing up for the communities that show up for us. We're incredibly proud to celebrate this milestone and grateful to our Broistas, customers and community partners who continue to make this impact possible. Thank you.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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