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European Wax Center, Inc. ([EWCZ](#)) Q3 2025 Earnings Call November 12, 2025 8:00 AM EST

Company Participants

Thomas Kim - Chief Financial Officer

Christopher Morris - CEO & Chairman

Conference Call Participants

Joshua Young - Truist Securities, Inc., Research Division

Dana Telsey - Telsey Advisory Group LLC

Alexander Conway - Robert W. Baird & Co. Incorporated, Research Division

Simeon Gutman - Morgan Stanley, Research Division

Presentation

Operator

Good day, and thank you for standing by. Welcome to the European Wax Center Third Quarter 2025 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, Tom Kim, Chief Financial Officer. Please go ahead.

Thomas Kim

Chief Financial Officer

Good morning, everyone. Thank you, and welcome to European Wax Center's Third Quarter Fiscal Year 2025 Earnings Call. On today's call, Chris Morris will provide an update on the company's performance and discuss additional details regarding progress made on our priorities. Then I will discuss our third quarter results and fiscal 2025 outlook. Following the prepared remarks, we will be able to take questions. Before we start, I would like to remind you of our legal disclaimer.

We will make certain statements today, which are forward-looking within the meaning of the federal securities laws, including statements about the outlook of our business and other matters referenced in our earnings release issued today. These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially. Please refer to our SEC filings as well as our earnings release issued today for a more detailed description of the risk factors that may affect our results.

Please also note that these forward-looking statements reflect our opinions only as of the date of this call, and we take no obligation to revise or publicly release the results of any revision to our forward-looking statements in light of new information or future events. Also during this call, we will discuss non-GAAP financial measures, which adjust our GAAP results to eliminate the impact of certain items. You will find additional information regarding these non-GAAP financial measures and a reconciliation of these non-GAAP to GAAP measures in our earnings release.

Our live broadcast of this call is also available on the Investor Relations section of our website at investors.waxcenter.com. I will now turn the call over to Chris Morris.

Christopher Morris

CEO & Chairman

Thank you, Tom, and good morning, everyone. Thank you for joining us to discuss European Wax Center Third Quarter 2025 financial performance. In Q3, we delivered system-wide sales of \$238.2 million, 20 basis points of same-store sales growth and \$20.2 million in adjusted EBITDA.

I've now been with European Wax Center for 10 months, and it's clear we've made meaningful progress in laying a strong foundation for growth and profitability. While we still have work ahead, we are in a much stronger position than when we began this journey, thanks to the dedication of our franchisees, associates and our refreshed leadership team. 2025 is a pivotal year of transformation dedicated to strengthening and accelerating the fundamentals that power our business model. Over the past several months, we've refined our acquisition messaging, deepened our use of data to unlock actionable insights and partnered even more closely with our franchisees to drive local impact.

This year, my senior leaders and I have doubled the amount of stores we visited in the past, meeting directly with more franchisees and in-center teams listening to their perspective, recognizing what's working and witnessing firsthand the passion and discipline that shape our incredible guest experience. While transformations take time and progress is rarely linear, we believe our core business is stable, focused and positioned to capture growth ahead. Over the past several quarters, we've worked to become a smarter, more agile organization, one with sharper visibility into what's driving performance and the ability to adapt quickly when challenges arise. This focus has strengthened our ability to identify opportunities sooner, act decisively and translate learnings into measurable progress across the business, which I will highlight today.

Very importantly, we're reaffirming our full year financial guidance, reinforcing the strength and resiliency of our model. I am confident we are headed in the right direction and every action we take is anchored in 3 clear strategic priorities: driving sales through traffic growth, improving 4-wall profitability for our franchisees through operational excellence and pursuing disciplined profitable expansion. I will expand on our progress in each of these areas before turning the call over to Tom to deliver our Q3 financial results.

Turning first to traffic growth among both new and existing guests, powered by continued investment in a robust data-driven marketing engine. Over the past year, we've taken a hard look at our marketing tactics, testing, learning and optimizing how we reach and convert guests across channels to drive visits and deepen engagement. We've eliminated underperforming tactics and doubled down on those driving results. While much of this work has been about building a durable foundation and putting those insights to work to accelerate momentum into next year, our disciplined test-and-learn approach is already improving efficiency and returns.

For existing guests, we're seeing clear signs of progress. Retention is stable quarter-over-quarter, fewer guests are lapsing and engagement in our Wax Pass program remains strong, which is an enduring source of strength for us. Within our guest base, visit frequency remains our largest opportunity for growth. During the quarter, we launched even more structured guest life cycle campaigns, building on the successes from Q2. We also introduced new franchisee reporting on their guest frequency, enabling them with actionable center-level data. This reporting helps them identify key controllable traffic drivers, pinpoint performance gaps and quantify the impact of specific actions to improve results. It provides clear visibility into what's within their control, turning data into actionable insights and accountability. It went live in Q3, and we're already seeing strong franchisee engagement.

At the beginning of 2025, we prioritized marketing contactability as an important frequency enabler for existing guests and over the course of the year, have materially improved the percentage of guests that we are able to contact via SMS or e-mail. With this improved access to our guests, we're now more directly managing risk and opportunities on frequency. Through this process, we gained valuable insight into which guest outreach tactics are replicable and scalable. Our focus now is on relevance, creating consistent personalized communication with guests that more directly speak to our guests about what matters to them. We believe that this tailored approach will continue to help convert less frequent guests into high-frequency visitors and deepen engagement across our existing guest base.

Turning to new guest acquisition, which remains a top priority and key to returning to sustainable traffic growth. While we're still not seeing the levels of new guest growth we would like to, we continue to focus on the things we can control in an evolving macro environment and are encouraged by the progress we've made. In Q3, we've leveraged our enhanced data insights to identify actionable opportunities that allowed us to more effectively target and attract new guests.

Additionally, our improved capabilities allowed us to pivot and refine the rollout of regional marketing pilots. Together, these learnings enabled us to quickly refine our processes and scale guest acquisition through paid media within the quarter. Given the importance of word of mouth in our categories, we have also refocused the network on our referral program, a powerful and cost-effective channel for new guests. Looking ahead to Q4, the overhaul of our influencer strategy to reach prospects more authentically and at scale that began in Q3 will be a key focus.

We partnered with a new influencer agency and the content we've produced is already showing a 75% improvement in efficiency related to our prior influencer content. Our execution of a national eyebrow day Activation included our new influencer strategy on top of a PR media push, which helped us break through at new levels. The campaign delivered more than 75 million impressions and drove a 53% lift in unique website visitors.

Finally, we're excited to have brought on a new brand agency partner to help refine our brand and better connect with high-value audiences. Together, we've completed foundational work, including site visits and surveys, all aimed at deepening our understanding of our positioning and what will resonate most with guests going forward. While this initiative will scale meaningfully in 2026, it's already shaping how we think and act today. As I've said before, there's still work to be done, but we're far better positioned from both a sales and traffic perspective than we were a year ago, thanks to the insights and learnings we've gained.

Moving on to our next priority, driving 4-wall profitability for franchisees through operational excellence. We continue to believe that the greatest opportunity ahead of us lies inside our centers. In August, we welcomed Angela Jaskolski as our new Chief Operating Officer. While her work is only beginning, Angela has already taken a more granular look at in-center operations and has been active in the field working closely with franchisees to demonstrate how elevating the guest experience can meaningfully impact center performance.

One of Angela's key priorities is digging deep into the factors within a center's control, which we know have a direct impact on sales and retention. Her team is focused on ensuring franchisees have the tools, insights and resources they need to strengthen operations and ultimately improve profitability. We believe this disciplined focus on center controllables is critical to driving stronger unit economics and delivering a consistent high-quality guest experience across the system.

In addition, performance in Q2 and Q3 confirms the role of franchisee engagement and hands-on support in driving performance. We've continued to expand in-center coaching and training resources to ensure every franchisee can access and implement best practices consistently while also exploring ways technology can unlock additional upside at the unit level. These learnings from 2025 are shaping a comprehensive operational strategy for 2026 focused on closing training and infrastructure gaps, enhancing field support and franchisee engagement and driving greater consistency and stronger center profitability across our network.

Finally, our third priority is grounded in advancing a disciplined development approach that supports thoughtful, profitable expansion. Under the leadership of Kurt Smith, our new Chief Development Officer, we've completed a deep network analysis to help us prepare for the remainder of 2025 and 2026. Our development and operations team have also launched a focused effort to strengthen unit economics, mitigate future closure risk and improve network health. Through our analysis, we've identified centers that are ramping more slowly and determined where we believe targeted action can make the greatest impact, especially in attractive markets. We're working directly with these franchisees to strengthen performance through targeted operational support, training and local marketing. Improving unit economics across the system remains essential to reducing closure risk over the long term.

As we continue this work, we now expect total closures to be between 35 and 40 for the year compared to our prior estimates of 40 to 60. This reflects both timing shifts in anticipated closures and the traction we're seeing in our strategic initiatives with franchisees as we thoughtfully assess which centers should remain in the system.

Looking ahead, our focus turns to 2026, where we're working closely with franchisees to refine development plans that reflects the timing of 25 closures and continued progress on our strategic initiatives. Our class of 2026 openings are taking shape, and we believe we remain on track to return to positive net center growth by year-end as development momentum builds throughout the year. We continue to prioritize new centers and markets with strong demand and solid unit economics to support sustainable, profitable growth.

Encouragingly, our 2025 class continues to ramp above pre-pandemic levels, underscoring the commitment of our franchisee partners and the effectiveness of our grand opening playbook, and we're applying those insights in an effort to set our 2026 openings up for success. As we look to finish the year strong, I'm confident in the path we're on and the progress we're making. We are confidently taking action, having built the better data, sharper insights and a clearer view of what's within our control to keep the system healthy and moving forward. We're using that visibility to make smarter decisions, focus on the levers that matter most and drive consistent execution across the business. While results can fluctuate quarter-to-quarter, we believe the work we're doing now is building lasting strength and setting the stage for sustained growth. We have the right leadership, the right strategy and the discipline to stay focused on what drives performance.

The momentum is building and the opportunity ahead is significant. I've never been more confident in where we're headed. With that, I'll turn it over to Tom to walk through our Q3 financial results and share more about our outlook for the year. Tom?

Thomas Kim

Chief Financial Officer

Thank you, Chris. Before I begin my remarks, I'd like to remind everyone that our discussion of growth rates on this call will refer to the third quarter of fiscal 2025 compared to the third quarter of fiscal 2024. Now to our results.

We delivered another solid quarter, underscoring the progress we're making on our strategic priorities in this pivotal transitional year. Our performance reflects disciplined execution, a strong business model and a continued momentum in the initiatives that are strengthening our foundation for sustainable growth. Same-store sales grew 20 basis points year-over-year. System-wide sales decreased 0.8% to \$238.2 million, driven primarily by the impact of closed centers. As we continue to build out our marketing and operational capabilities under our new leadership team, we are gaining clear visibility into what's driving performance and where targeted actions can strengthen guest engagement and traffic.

Comp trends were strong through July and mid-August before softening in the latter half of August and September. This was driven in part by short-term factors within our control that we've since addressed. The utilization of our enhanced data insights has already informed changes across the system, and we expect to see the benefits reflected in mature center traffic over the coming months. We ended Q3 with 1,053 centers, down 1% year-over-year. We opened 3 growth centers during the quarter and closed 9, resulting in 6 net closures, which was better than our expected closure range of 15 to 16, driven by a shift in the timing of anticipated closures and the progress we're making in our strategic initiatives with franchisees.

Total revenue of \$54.2 million decreased approximately \$1.2 million or 2.2%, primarily driven by lower contributions from wholesale product and retail revenue as a percentage of system-wide sales. As expected, gross margin increased modestly to 73.3%, in part due to a higher mix of royalty, marketing fees and product margin improvements. SG&A expenses decreased \$4.5 million to \$13 million, primarily driven by timing of payroll and benefits, professional fees and marketing spend. Advertising expense decreased \$0.8 million due to the timing of spend within the fiscal year.

Adjusted EBITDA of \$20.2 million increased 9.6% from \$18.4 million in the prior year period. Adjusted EBITDA margin increased 400 basis points to 37.2%. This reflects our continued focus on profitability, cost discipline and operational efficiency, all of which contributed to significant margin improvement. Q3 results also benefited from the timing of certain operating expenses, including marketing and technology spend tied to our strategic initiatives, which will shift into the fourth quarter. Net interest expense increased to \$6.5 million from \$6.3 million in the prior year, and income tax expense increased to \$2 million from \$0.8 million last year. Adjusted net income increased 14.2% to \$10.7 million from \$9.3 million last year.

Lastly, as a housekeeping item, as of November 7, 2025, there were 43.7 million Class A common shares outstanding and 20.7 million potentially dilutive shares related to Class B shares and outstanding equity awards.

Turning now to the balance sheet. Our \$40 million revolver remains fully undrawn, and we ended the quarter with \$73.6 million in cash and \$387 million outstanding under our senior secured notes. Our net leverage ratio at quarter end was 3.9x and would have been approximately 3.7x, excluding the \$16.1 million in stock buybacks executed over the trailing 12 months, which includes \$0.4 million in excise tax related to 2024 buybacks.

As of quarter end, we had \$4.1 million remaining under our current \$50 million share repurchase authorization. Our franchise model continues to produce consistent free cash flow, providing us both the flexibility and financial strength to maintain a disciplined capital allocation strategy. In Q3 year-to-date, operating activities generated \$45.2 million in net cash compared to \$2.2 million of investing cash outflows. Our whole business securitization structure remains a source of stability, allowing us to meet debt obligations safely, invest in the brand and maintain a healthy balance sheet in a dynamic macro environment.

Turning now to our current outlook for the balance of 2025. Starting with our unit expectations for the year. We are narrowing our closure range to between 35 and 40, which reflects timing shifts in anticipated closures and progress made on our initiatives to strengthen the health of our network in partnership with our franchisees. We continue to expect 12 gross openings in 2025, resulting in 23 to 28 net center closures for the full year.

Moving to our financial outlook. As we've discussed in prior quarters, our guidance for 2025 reflects a balanced view of our transformation progress and the expected timing benefits from our strategic initiatives. As we approach the end of the year, our results are tracking within our previously communicated outlook, enabling us to reaffirm our financial guidance for the year. We continue to expect system-wide sales of \$940 million to \$950 million and same-store sales to be flat to up 1% for the full year. Our adjusted EBITDA outlook remains unchanged at \$69 million to \$71 million, reflecting continued disciplined execution and cost management. Full year revenue remains in the range of \$205 million to \$209 million, reflecting stable transaction trends and initiatives to support franchisee health.

While we continue to see steady progress across our strategic priorities, new guest acquisition remains pressured, and we expect to see more improvement in 2026. We continue to plan for advertising expenses slightly above 3% of system-wide sales. On tariffs, we've continued to stay ahead of potential impacts by partnering closely with our suppliers and further diversifying our sourcing. These ongoing efforts to optimize our supply chain give us confidence in our ability to manage cost pressures and maintain our EBITDA outlook. Finally, we continue to expect adjusted net income between \$31 million and \$33 million, reflecting an approximately 23% effective tax rate before discrete items.

In summary, our financial guidance remains unchanged, and the progress we've made to date gives us confidence that we're on track for the remainder of the year. The strategic groundwork we've established from strengthening franchisee alignment and enhancing guest analytics to refining our marketing playbook is beginning to take hold. We're encouraged that these initiatives are reinforcing the foundation of our business and positioning us for sustainable long-term growth. As we continue to execute with focus and discipline, we expect to see greater consistency and stability in our top line performance.

We remain confident in our ability to navigate 2025 within our expectations and position the brand for meaningful growth in 2026. With that, operator, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Our first question comes from the line of Scot Ciccarelli with Truist.

Joshua Young

Truist Securities, Inc., Research Division

This is Josh Young on for Scot. So it sounds like the revamped marketing efforts are showing solid early results in terms of reengaging some of those less frequent guests. Can you just give us any quantification in terms of the lift that you're seeing there? And how do you think that can look as you move into '26?

Christopher Morris

CEO & Chairman

Josh, this is Chris. Yes, here's what I can tell you is we are seeing -- so there are 3 main things that we're focused on, on top line growth. One is marketing tactics aimed right at existing guests. Two is a focused effort on new guest acquisitions; and three is ops execution. So your question is more around existing guests.

We have seen quite a bit of ability now that we have developed robust reporting around our guest behavior, and we're able to group our guests into a certain set of routines. We have more insight than ever before into how to intercept those guests to drive behavior going forward. Adding to that has been our focused effort partnering directly with our franchisees to grow our contactability number. So when we started the year, we only had the ability to contact about 38% of our guests. Today, we have 60%. We have an ability to contact 60% of our guests. And so as you can imagine, that just gives us so much more opportunity to engage with our guests, and we know when we do that we have a greater chance of being able to drive behavior going forward. And so through that effort, we have been able to very -- through a focused effort to take a nonroutine guest and start to drive them into routines. And we are seeing an improvement in our frequency.

I don't -- I really don't want to get into the habit of disclosing specific frequency numbers across all those different bands. But I can tell you that we've seen meaningful progress in that ability, and it gives us a lot of confidence as we move forward.

Operator

Our next question comes from the line of Dana Telsey with Telsey Advisory Group.

Dana Telsey

Telsey Advisory Group LLC

As you talked about the cadence of the quarter, what did you notice about your core consumer? How is it different? How is it the same? What are you seeing from Wax Pass sales? And how is that trending? And regional trends, anything California versus other areas? And then I just have a follow-up.

Christopher Morris

CEO & Chairman

Okay. All right. This business just continues to be very stable. Wax Pass sales, we're seeing a slight uptick on a year-over-year basis in Wax Pass sales. When we look at our total core guest, our core guest, it's very stable. It's been stable throughout the entire year. So we're not seeing any meaningful movement there. And so that gives us that stability just reinforces our confidence as we move forward. Our big opportunity is everything that I just walked through with Josh. Our big opportunity going forward is to build on that stability by: one, engaging with our existing guests to drive more frequency; two, partnering with our operators to drive more new guest retention; and three, to continue to build on all the success that we've seen on our marketing tactics around new guest acquisition. So when all that comes together, we believe we're going to be poised for long-term sustainable growth because we're starting from such a strong position of strength. Not many brands have the stability that we have in this brand.

In terms of regional differences, we've actually seen -- throughout the year, we've seen some improvement in California. Where we continue to see more weakness is in areas like New York, Philadelphia, D.C. But I'll -- having said that, I'll tell you, it's not a situation where you have 3 or 4 markets pulling down the entire company. We see relative consistency across the entire country. But if there is more weakness in one area or the other, it's those 3 areas, New York, Philadelphia and D.C. But we've seen some improvement in California.

Dana Telsey

Telsey Advisory Group LLC

Got it. And then just on the center openings and closings as you move forward, thoughts on more closings, less closings, openings? Is there any difference in cost of opening, different construction or configuration of a center that you're looking for and how you're thinking about closings go forward?

Christopher Morris

CEO & Chairman

Yes, sure. So we are in the throes right now of building out our business plan for 2026 and partnering directly with our franchisees on what those business priorities are. And so in February, the next time we get in front of all of you, we will provide guidance on exactly how we see 2026 playing out. What I can tell you is we're very pleased that we're now narrowing the range on closures. We started the year saying 40 to 60, now we're saying 35 to 40. And some of that is timing. So some of those closures are moving into 2026 and some of it is just improving the partnership with our franchisees and starting to make progress on our initiatives.

So we do expect closures next year. We're still in the process of sizing that up. What I can tell you is with respect to NCOs, we continue to target that by the end of 2026, we will return to net positive growth from that point forward. So that's consistent. We've been saying that from the beginning of 2025, and we still believe we're on track to do that. So the way that will play out next year is there'll be closures in the beginning of the year, but then when we move to the end of the year, we'll be in a positive position. And you have to remember that when we started, basically, our NCO development was on pause. So in order to go from something that's on pause to returning to growth, there is a lag time.

We're still -- we're working closely with our franchisees on sizing up what growth looks like next year, and we're pleased with that pipeline and how that's shaping up, and I'll share more of that with you in February.

Operator

Our next question comes from the line of Jonathan Komp with Baird.

Alexander Conway

Robert W. Baird & Co. Incorporated, Research Division

This is Alex Conway on for John. If I could just ask again about the units. As you just mentioned, cutting the guidance for closures for this year. What are you still seeing out of the units that are having to close? What are the main holdups? And what's really giving you that confidence that those pressures are going to alleviate by the second half of next year?

Christopher Morris

CEO & Chairman

So the units that are closing are low-volume units, and they've been low-volume units from day 1. And the reason they're low volume is just a variety of different reasons, bad real estate, bad market, in some cases, franchisees just had some other unique circumstances that they were managing through. But it's mainly -- it's just all low-volume units. And so we've worked closely with them to understand what's the -- where is this unit? How is this unit performing? What are the chances that we can get it back up to profitability. And we just had a number of units that when we went through that exercise, we did not feel like that it made sense for those units to continue to open.

It's ultimately a franchisee's decision, but we're partnering directly with the franchisee to assess that situation. Lease expiration date really plays a big role in this. because obviously, the franchisee is still on the hook for the lease if they close before the expiration date. And so we're -- as we've kind of sorted through our portfolio, we've first understood the financial performance and then also understood lease expirations. And that's how we've been able to kind of get our arms around the risk of closure here in 2025 and as we look for 2026.

In terms of our confidence that by the end of 2026, we'll be back into NCO positive growth territory is we've got -- we really have our arms around just the overall health of the portfolio. And so we feel confident that we have a good grip on where the risk is. And our communication and partnership with our franchisees just continues to get better and better. And so that gives us confidence that we're not going to be surprised in a material way. And then secondly is we are seeing a lot of green shoots throughout the business. And so as our team has dug in and worked directly with our franchisees, it's becoming very clear where the opportunities are. And what has me excited is not only do we know where the opportunities are, but there is a shared passion across the network for addressing those opportunities.

So we're seeing improvement in our ability to target existing guests to drive frequency. We're seeing improvement in our ability to effectively scale our acquisitions on new guest acquisitions. And we have alignment on what we need to do operationally and improved reporting to highlight where the opportunities are. And I just believe the combination of all that is going to put us in a position to where we can really start seeing some improvement into 2026.

Alexander Conway

Robert W. Baird & Co. Incorporated, Research Division

Great. And then maybe just as a follow-up on the modeling side. It seems like through the first 3 quarters, you drove decent EBITDA growth year-over-year. And obviously, guidance is showing that below for the full year. Are there any unique factors to Q4 that we should be thinking about that's kind of causing the lower year-over-year growth?

Thomas Kim

Chief Financial Officer

Thanks, Alex. So what we've commented is we still believe in the full year guidance that holds relative to top line with our comp trajectory and what we're seeing in the system. And then on the bottom line standpoint, as we've guided and reiterated to the EBITDA, that still holds as well, and we're very confident in delivering against that. Now when you take the 2 components of top line and bottom line and what that implies, you can see that from a yearly standpoint, the adjusted EBITDA target ranges in that 34% range. When you look at and take a step back and look at the whole year as a whole, and this is what you're calling out. There are some timing situations going on that will play out through the year, but we are very confident as you look through the modeling and you level out through the year to those targets and the bottom line implication, that's the dynamics that will play out in Q4.

Operator

[Operator Instructions] Our next question comes from the line of Simeon Gutman with Morgan Stanley.

Simeon Gutman

Morgan Stanley, Research Division

First, I want to ask about new guest acquisition. It seems like it's a big, big piece of the 3-pronged approach. Can I ask what your hypothesis is on what is holding it back? If there's anything regionally, it's broader marketing, if there are certain markets that are just more mature. So why has that been tougher than you've expected to turn?

Christopher Morris*CEO & Chairman*

A combination of factors. One, just having robust data, having the right data analytics to gather the right insights to then know what decisions to make and how to pivot. Our team, we've now -- I've been with the company now for 10 months, and then I have -- feel very fortunate that I've been able to attract an incredibly talented group of individuals. Those individuals have onboarded and then started to not only develop the reporting, but then to develop the tactics to test and learn to get better and better. And so a lot of it is just knowing exactly how to drive the most effectiveness through marketing dollars. And I think, again, that's one of the reasons why we are so enthusiastic about where we are at this stage in our journey because all that work that we've been doing over the last several months is now really starting to take hold, and we feel much smarter, and we're seeing the results of that improved intelligence actually making an impact on our ability to scale. So just being able to build all that out has taken some time.

I would say our brand, you see us -- I mentioned in the prepared remarks that we hired a new brand agency to work with us closely on developing a brand identity that is -- will help us make more progress in high-value acquisitions. And so we think that there's a big opportunity to just inject new life into the brand. And we're doing that in close partnership with our franchisees as well, just so we can use, leverage all their years of experience with this brand to help guide that. But we're very excited about that work. And that's underway right now, and we will be -- you'll start seeing that show up in the market in 2026. So a combination of the right intelligence along with a freshened lively brand aimed at high-valued acquisitions, we think that combination is really going to pay off.

Simeon Gutman*Morgan Stanley, Research Division*

Okay. And the follow-up is, can you give us a sense of guest count versus ticket in the quarter? And then what is the right model or mode for the business? Is it flat guest count? I'm sure you want it up, but can it be flattish and then you can grow with price? Or it has to be positive guest count with some level of price as well?

Christopher Morris*CEO & Chairman*

We don't -- our reporting practices are we don't provide that level of granularity, that breakdown. But to answer the second part of your question, ultimately, we want to drive traffic into the centers. We believe that is our very sharp focus is to generate long-term sustainable traffic count growth. I do think in the realities of the business, we can't do that just alone. We have to also be mindful of ticket. And so we're trying to take a really balanced approach. So this will never be -- you're not going to see our team driving traffic through promotions, a deep discount and promotional type of tactic. We're going to be very conscious of attacking both sides of that.

So ultimately, we want to get to long-term sustainable traffic count growth along coupled with smart ticket growth. And that ticket growth can come in the form of price increases as well as add-ons. So as we are focusing on building out the reporting, the capabilities to be able to engage with our existing guests, it puts us in a better position to deliver a message to that guest in a way that's going to resonate to drive more incremental spending either through services or retail product. And so that's -- ultimately, that would also drive ticket. So it's not just going to be price, it's going to be a combination of all of those. So that was a long way of saying we're going to take a balanced approach.

Operator

And I'm currently showing no further questions at this time. I'd like to now turn the call back over to Chris Morris for closing remarks.

Christopher Morris*CEO & Chairman*

All right. Thank you, everyone. Thank you for your time today and your support. We look forward to sharing with you our progress update in February and walking through our plans for 2026. Have a great day.

Operator

This concludes today's conference. Thank you for your participation. You may now disconnect.

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