

Jack in the Box Inc. (JACK) Q2 2026 Earnings Call Transcript

May 14, 2026, 6:01 AM ET | Jack in the Box Inc. (JACK) Stock



SA Transcripts

161K Followers

Q2: 2026-05-13 Earnings Summary

Insights



EPS of \$0.76 **beats** by \$0.02 | Revenue of \$254.26M (-24.48% Y/Y) **misses** by \$2.29M

Jack in the Box Inc. ([JACK](#)) Q2 2026 Earnings Call May 13, 2026 5:00 PM EDT

Company Participants

Rachel Webb - VP of Finance and Investor Relations

Mark James King

Dawn Hooper - Executive VP & CFO

Conference Call Participants

Jeffrey Bernstein - Barclays Bank PLC, Research Division

Michael Tamas - Oppenheimer & Co. Inc., Research Division

Brian Harbour - Morgan Stanley, Research Division

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

Patrick Johnson - Stifel, Nicolaus & Company, Incorporated, Research Division

Lauren Silberman - Deutsche Bank AG, Research Division

Logan Reich - RBC Capital Markets, Research Division

James Sanderson - Northcoast Research Partners, LLC

Gregory Francfort - Guggenheim Securities, LLC, Research Division

Presentation

Operator

Ladies and gentlemen, thank you for standing by. My name is Krista, and I will be your conference operator today. At this time, I would like to welcome everyone to Jack in the Box Second Quarter 2026 Earnings Conference Call. [Operator Instructions]

I would now like to turn the conference over to Rachel Webb, Vice President of Investor Relations. Rachel, please go ahead.

Rachel Webb

VP of Finance and Investor Relations

Thanks, operator, and good afternoon, everyone. We appreciate you joining today's conference call, highlighting results from our second quarter of fiscal 2026. With me today are Interim Chief Executive Officer, Mark King; Chief Financial Officer, Dawn Hooper; and Senior Vice President of Strategic Finance, Jeremy Korzen. Following their prepared remarks, we will be happy to take questions from our covering sell-side analysts.

Note that during both our discussion and Q&A, we may refer to non-GAAP items. Please refer to the non-GAAP reconciliations provided in the earnings release, which is available on our Investor Relations website at jackinthebox.com.

We will also be making forward-looking statements based on current information and judgments that reflect management's outlook for the future. However, actual results may differ materially from these expectations because of business risks. We, therefore, consider the safe harbor statement in the earnings release and the cautionary statements in our most recent Form 10-K to be part of our discussion. Material risk factors as well as information relating to company operations are detailed in our most recent Form 10-K, 10-Q and other public documents filed with the SEC and are available on our Investor Relations website.

And with that, I would like to turn the call over to our Interim Chief Executive Officer, Mark King.

Mark James King

Thanks, Rachel, and good afternoon, everyone. I really appreciate you joining us, and I'm really excited to be here today as Interim CEO.

Before I dive in, I want to start by wishing Lance Tucker well. On behalf of the Board and everyone at Jack in the Box, I want to say thank you for all Lance has done in the past year in laying a strong foundation and a clear strategic path to the JACK on Track plan, by simplifying this business.

So first, why am I here? Jack is an iconic brand with deeply engaged stakeholders and a business model that generates meaningful cash flow. Since I joined the Board of Directors, my excitement for this brand has only grown. This brand has tremendous potential, and we are only scratching the surface of the opportunities we have ahead of us.

The Board and I firmly believe that we are on the right path, and we have the right strategy in place. And as interim CEO, my focus will be on accelerating the JACK on Track initiatives already underway.

In addition to accelerating JACK on Track, one of the first things I've tasked the leadership team with is to operate with a renewed sense of urgency, an urgency to improve operating results and enhance shareholder value.

The leadership team here at Jack is strong, and I'm excited to work alongside them to get Jack back to positive same-store sales and transaction growth. By empowering our team members, employees and franchisees to obsess over our guests and a best-in-class guest experience, I'm confident we can capture incremental sales even in the current pressured consumer environment.

We've already made significant progress. Year-to-date, we've streamlined our marketing calendar, which has helped our operational execution in the restaurants. We have also better balanced our value and premium messaging, which improved our sales trends throughout the second quarter and into the third quarter.

Improving the guest experience is central to everything we do. Alongside the operational improvements Shannon McKinney, our COO, has already made, we are sharpening our focus on the quality of food and the appearance of our restaurants.

Mini refreshes are proving to be a high ROI lever, delivering measurable sales improvements with limited capital outlay. We've more than doubled our pace year-to-date and are accelerating the rate for both company and franchise restaurants that are benefiting from this mini refresh program. I'm confident that we can increase the pace of our progress by further simplifying and executing our strategic initiatives with discipline.

We also know our success is not possible without the success of our franchisees. We will continue to put franchisees at the front and center of every decision we make, driving stronger margins and profitability for our franchisees and for Jack in the Box. Helping to ensure franchisees thrive is not just one single initiative, but rather our core focus across all operations every day.

While we certainly have more work ahead of us, Jack in the Box is positioned to create sustainable value for our shareholders. I look forward to working closely with the Jack in the Box team and franchisees and engaging with our shareholders while Board members conduct a search for the company's next CEO.

I'll now turn it over to Dawn to walk through the details of our second quarter results. Dawn?

Dawn Hooper

Executive VP & CFO

Thanks, Mark, and good afternoon, everyone. I will start by reviewing the details on our performance in the second quarter as well as provide more detail relating to our JACK on Track plan.

The second quarter same-store sales for Jack in the Box decreased 3.8%, comprised of a franchise restaurant same-store sales decrease of 3.9% and a company-owned same-store sales decrease of 2.8%. This resulted primarily from a decline in transactions, partially offset by menu price increases.

As Mark mentioned, second quarter results reflect a better balancing of premium and value promotions. We improved transactions quarter-over-quarter with our value offering of Munch Better Deals. This was balanced with check growth from our premium innovation in Smashed Jack Sliders. Sliders are available as a 1-piece add-on, a 3-piece combo, a Munchie Meal and a party pack, allowing guests to purchase them across different occasions. We also improved the offer lineup on our first- and third-party digital channels in the quarter, which drove higher, more profitable checks. This combination reinforced the barbell strategy is working, and we see that momentum continuing in our third quarter. So far, quarter-to-date, same-store sales are approaching flat.

Turning to margins. Jack's restaurant level margin percentage in the second quarter decreased to 16.4%, down from 19.6%. Food and packaging costs as a percentage of sales were 28.9% for the quarter, increasing 110 basis points from the prior year. This was driven by commodity inflation of 5% in the quarter. We continue to see elevated beef costs and expect inflation to maintain at the double digits through Q3 and moderate in Q4. We also expect deflation in other commodities such as dairy to offset some of this pressure.

Labor costs as a percentage of sales were 35.6%, increasing 180 basis points from the prior year. This increase was primarily related to a change in the mix of restaurants.

Occupancy and other costs increased 40 basis points, driven primarily by sales deleverage and higher rent.

Franchise-level margin was \$60.5 million or 37.9% of franchise revenues compared to \$68.3 million or 40% a year ago. The decrease was mainly driven by lower sales driving lower rent revenue and royalties, a decrease in the number of restaurants as well as lower lease termination fees.

SG&A for the quarter was \$26.4 million or 10.4% of revenues as compared to \$28.2 million or 10.6% a year ago. The decrease of \$1.8 million was primarily due to the market fluctuations of our COLI policies as well as lower legal costs, partially offset by higher stock-based compensation due to prior year forfeitures. Excluding net COLI gains, G&A was 2.3% of total systemwide sales for the quarter.

Our Transition Services Agreement, or TSA, following the Del Taco sale concluded in the second quarter. We generated income associated with the TSA of approximately \$600,000 in the second quarter and \$1.5 million year-to-date. This income is included in our reported G&A figures.

The effective tax rate for continuing operations for the second quarter of 2026 was 27.7% compared to 27.6% for the same quarter a year ago. The adjusted tax rate used to calculate the non-GAAP operating earnings per share in the current quarter was 31.1%.

Earnings from continuing operations was \$12.5 million for the second quarter of 2026 as compared to \$20.7 million for the same quarter of the prior year.

We reported GAAP diluted earnings per share from continuing operations for the second quarter of \$0.65 compared to \$1.09 in the same period of the prior year.

Operating earnings per share was \$0.76 for the quarter versus \$1.25 in the same quarter of the prior year.

Adjusted EBITDA was \$51.3 million for the quarter, down from \$61.5 million in the prior year due primarily to lower sales performance and restaurant closures.

As we have discussed, JACK on Track is focused on bolstering the long-term financial performance of the company by strengthening the balance sheet and positioning the company for sustainable growth. We continue to be focused on debt reduction. Our total debt outstanding at quarter end was \$1.6 billion, and our net debt to adjusted EBITDA leverage ratio was 6.9x.

We are also in the process of withdrawing excess COLI funding of approximately \$71 million, which is expected to be used along with cash on hand to prepay approximately \$99 million of the August 2026 tranche early in the third quarter. Considering this prepayment, our pro forma leverage ratio is approximately 6.2x.

As you saw in today's earnings release, we are actively [Technical Difficulty] generated \$14.7 million of proceeds year-to-date. We expect to sell additional real estate with proceeds of approximately \$35 million to \$45 million by the end of the fiscal year with the expectation that these proceeds, along with cash on hand would be utilized to pay down debt.

We do expect closures to accelerate in the back half of the year. In particular, as franchisees see the clear path to recapture sales, they have increased their desire to close earlier than their franchise agreement expiration.

We are also being strategic with our capital expenditures. Year-to-date through the second quarter, our capital expenditures were \$34.5 million, which primarily included spending on restaurant information technology and new restaurants. As a reminder, roughly \$5 million of this was due to timing of payments associated with the Chicago restaurant openings in Q4 of last year.

Given our year-to-date performance as well as expectations for the remainder of the year, we did update certain guidance measures as reflected in our release. For fiscal year 2026, we now expect same-store sales decline of low single digits. As expected, Q1 was our lowest point, and we anticipate a steady improvement through Q3 and further into Q4.

We're excited about the marketing lineup we have in the back half of this fiscal year. Our upcoming marketing campaign features a culturally relevant collab with Hot Ones, featuring 2 new Hot Ones Munchie Meals. We will also have consistent value, and you'll see us round out the year with premium innovation, further improving trends from a more balanced barbell strategy. We expect restaurant level margin of approximately 17%, which includes mid-single-digit commodity inflation and low single-digit wage inflation. We expect franchise level margin of \$265 million to \$275 million. This reflects our latest expectations about closures and selling real estate. As we've noted in our guidance, the timing of these elements could shift and as such, have an impact on franchise level margin.

With the TSA behind us, we now have better visibility into steady-state G&A for the Jack in the Box stand-alone brand. We expect G&A to be approximately 2.3% of systemwide sales. We anticipate SG&A, which includes advertising, to be between \$115 million and \$125 million. As a reminder, this excludes any gains or losses from COLI.

And lastly, we expect adjusted EBITDA to be between \$225 million to \$235 million for the year.

The rest of our guidance that remains unchanged is listed in today's earnings release.

In closing, we continue to make steady progress on JACK on Track, and we continue to build a stronger foundation for sustainable long-term growth. We look forward to keeping you updated on our progress throughout this fiscal year. Thanks again for your time this afternoon.

Operator, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] And your first question comes from Jeff Bernstein with Barclays.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Great. My first question, Mark, just curious, the skill set you think is needed to accelerate the turnaround plan. I'm just wondering maybe what are your top priorities for that new hire? And maybe in the interim role, what do you think should be, first and foremost, to accelerate the turnaround? And then I had one follow-up.

Mark James King

Yes. Well, thanks for the question, Jeff. First of all, I just want to say the JACK on Track is progressing nicely. When I was hired initially to be on the Board, brought on the Board, it was something that was a big part of the discussion. So certainly, I'm a big fan of JACK on Track.

I think short term, we really need to address transactions and same-store sales. I do have quite a bit of experience in the category and with driving sales and transactions. So for me, it's a holistic look at our innovation value and core products, how do we construct the windows and as importantly, how do we drive marketing around those. I think we have so much variety. It would be nice to really focus on a few key items that can move the needle a little bit. So those are my first thoughts. I've been on the job now for 72 hours. So -- but yes, those are my comments.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Understood. 72 hours seems like plenty of time.

Mark James King

Thanks, Jeff.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Yes. My follow-up question is just on the franchisee health. Obviously, you haven't been on the Board that long, but I know you've had lots of experience working with franchisees in the past. And I think we discussed this last quarter, but figured I would get your opinion, it would seem like the franchisee 4-wall margins and profits are under pressure. So beyond the JACK on track, I'm wondering if there's anything in the short term you can do or conversations you're having with franchisees to help them navigate the difficult environment, whether it's financial support or otherwise. It seems like you're asking them to maybe do some more refreshes or some more bigger picture remodels, but it just seems tough in this environment. So just wondering if there's any conversations around how corporate can potentially help franchisees in any way?

Mark James King

Yes. Thanks for the question, Jeff. Well, I do know that our COO, Shannon McKinney, has constructed a committee with -- made up of both franchisees and people from corporate to look at the challenge. I believe that a lot of the profitability will be in simplifying the menu, the back of house. And I think we have to move really fast. That's one of the areas, I think, that we haven't moved fast enough on. And I do believe that will unlock profitability, labor, some of the things that we can control short term. When there's price increases on commodities, there's not a lot we can do about that. So I think it's really around menu, it's around key items and it's around back of house. Those are short-term things that we'll address.

Operator

Your next question comes from the line of Brian Bittner with Oppenheimer.

Michael Tamas

Oppenheimer & Co. Inc., Research Division

This is Mike Tamas on for Brian. You called out the improving same-store sales in the third quarter, and you said they're approaching flat. So can you help us just unpack for us what you believe drove that improvement and maybe how that compares to the industry? And then I have a follow-up after that.

Dawn Hooper

Executive VP & CFO

Yes, I'll take that question. So yes, pretty excited about the trends we're seeing, [Technical Difficulty]. We think the back half of the year is going to be strong. We think Q4 is going to be the strongest. And I think what really got started to see some momentum in Q2 was a more balanced barbell strategy. We have our much better deals that really hit and drove transactions. And then we balance that with our sliders, which are broadly appealing and can support different dining occasions. It can be used as an add-on, a 3-piece combo, Munchie Meal and party pack. So I think there was a lot going on there. And continuing with our barbell strategy this quarter, what we've seen just really reinforces that, that's the right thing to continue the momentum.

Additionally, I'd just say operationally, with Shannon and his team and their operations excellence, we're starting to see a lot of green shoots, I'll say, there from internal -- what we're seeing in internal measures on customer satisfaction as well as externally on just improving accuracy, friendliness, et cetera, like with those bright spots, those are lead indicators that things are getting better. And when you have good operations in your restaurants, that's going to help drive sales.

Michael Tamas

Oppenheimer & Co. Inc., Research Division

And then you did mention improving trends into the fourth quarter, thinking it will be the strongest. So I think the back half of the year implies sort of flat to above 4% comps and to get to low single digits for the full year. So what do you think are the catalysts and differences that would keep you at sort of like flattish in the back half, which is where you are now versus maybe achieving the top end of that implied outlook?

Dawn Hooper

Executive VP & CFO

Yes. So I think if you look at the back half of the year, there's a lot of exciting things ahead. We know value is important. We continue to focus on value. We've got it in every window. We continue with our much better deals with a \$5 price point. We also have an exciting World Cup FIFA event that we think is going to boost our sales in Q3. We're also leaning into nonfood items. Jibbitz were a hit. We're going to bring back Jibbitz -- we realize that, that's something that customers want and others have been successful at. So we're going to continue more with that. Collabs, we believe, are important as well. We have our Hot Ones promotion mentioned in our script, and that's coming in our next window. But just a lot of exciting things going on. And like I said, I think we're going to begin to see more in the back half of the year, the benefits from all the ops improvements that we've made.

Operator

Your next question comes from the line of Brian Harbour with Morgan Stanley.

Brian Harbour

Morgan Stanley, Research Division

Just on your comments about the store closures, has there been any change to the number targeted there, how you might think about that? Or is this just sort of a timing shift at this point?

Dawn Hooper

Executive VP & CFO

Yes. No, the number is still the same. I'll tell you that the closures have been slower than we had initially anticipated. We do think closures are going to accelerate in the back half of the year, mentioned that franchisees are starting to show more interest in closing restaurants sooner. We are seeing a very attractive sales transfer benefit of about 30% on average. Also, we're going to be dedicating more resources to engaging with landlords on exiting the leases because we believe that's the biggest hurdle that's keeping franchisees from closing more underperforming restaurants.

Brian Harbour

Morgan Stanley, Research Division

Okay. Understood. Just as you have these refinancing conversations, I mean, -- what is -- what do you anticipate might be needed there? Or is this somewhat just about the cost of refinancing? Could you say anything more about how those conversations have proceeded or what steps you're taking to get there faster to the extent that you could talk about it?

Dawn Hooper

Executive VP & CFO

Yes. Like I mentioned, we'll have more details to share later this summer, but we are actively working with our advisers and are regularly evaluating the market conditions. Obviously, there is a headwind on the cost side, but we're evaluating all available structures, and we'll optimize our solution based on market conditions.

Operator

Your next question comes from the line of Sara Senatore with Bank of America.

Unknown Analyst

Austin on for Sara. Just thinking about the revised co-op margin guide, it implies a sequential step-up in the second half versus the first. Just squaring that with the unchanged commodity and wage inflation outlook and just how 3Q and 4Q are typically your weakest margin quarters. What -- could you kind of help me bridge getting to -- getting from current margins to around 18% in the back half?

Dawn Hooper

Executive VP & CFO

Yes. So I'll say just from a commodity standpoint, obviously, beef is the most impactful and the leading reason why we're guiding to mid-single digit -- single-digits. Beef is up double digits Q1, 2 and 3. We do expect it to moderate into Q4 to low single digits. So we do expect to get some relief on that front.

Also, if you think about Chicago, the Chicago market, we talked about that in Q1. It was a new market for us, 8 restaurants company operated. We did have some, I would say, difficulties entering that market that caused our margins to be lower. The good news is that in Q2, we are seeing -- starting to see some upside in Chicago from a top line perspective and also a bottom line. And there is more momentum because as we get operations to where we need to be, there's a little more work to do there. We will add an additional sales layer by expanding operating hours.

Unknown Analyst

All right. And then also just thinking about the revised comp guidance, where do you all feel like you fell short of expectations like within value, innovation, maybe a specific daypart? And I guess what's the current plan to address your weaknesses?

Dawn Hooper

Executive VP & CFO

Yes. I think we started the quarter with a niche premium item. And so as you look to kind of where we saw the back half of the quarter land, the premium item, I already mentioned was our sliders and it had a more broad appeal to it. So I think that's where we started to see the trends turn, but that kind of niche premium item that we started out the quarter with wasn't as successful as we had anticipated.

Rachel Webb

VP of Finance and Investor Relations

Yes. Just to be specific, that was our Hot Mess Burger, which sold a little bit less as you think about that compared to like a slider, for example. And so as we move into the back half of the year, you'll see more broadly appealing options on the higher end of the barbell.

Operator

Your next question comes from the line of Christine Cho with Goldman Sachs.

Hyun Jin Cho

Goldman Sachs Group, Inc., Research Division

Dawn, I think you noted the improvements to the offer lineup across both first and third-party digital channels in the quarter that drove higher and more profitable checks. Could you elaborate a little bit more, give us a little bit of an update on progression of digital sales, dynamics between transaction versus check growth and how these factors have contributed to enhanced profitability in the channel?

Rachel Webb

VP of Finance and Investor Relations

Yes. So one of the key things we've been digging into -- this is Rachel, by the way, digging into is looking at each channel's profitability compared to the others. And one thing that as we opt into potential promotions or our franchisees opt into promotions, it's really important that we get that balance between discounting to drive transactions with the higher check benefit right? And so we've taken over the past, I'd call it, 6 or so months to really dig in with our franchisees and understand all of the costs associated with these channels and the top line benefits from these channels to really find a better mix. And so we had some changes on our first-party platform to still have great offers for our guests, but not a such aggressive discounting percentage that it impacts profitability. And so obviously, there's a balance there. We've been working hand-in-hand with franchisees to make sure that the offer mechanics make sense. I think that answered part of your question. If I didn't answer it all, please chime in.

Hyun Jin Cho

Goldman Sachs Group, Inc., Research Division

No, that's great. And just another one. I know you launched the new matcha drinks in February. Any early responses from guests and whether that signals a broader move towards more diverse beverage and snack categories?

Rachel Webb*VP of Finance and Investor Relations*

Generally speaking, the beverage category has been a bright spot for the industry, and Jack can come to market in very unique ways, leaning into different flavors and different offers for our guests. And so you've probably seen matcha, you've seen a couple of others that are very unique to drive some trial. And so we have seen some good success with those, and you'll see us pulse those throughout the remainder of the year.

Operator

Your next question comes from the line of Chris O'Cull with Stifel.

Patrick Johnson*Stifel, Nicolaus & Company, Incorporated, Research Division*

This is Patrick on for Chris. Mark, I had a follow-up on marketing. Do you believe that there could be a need for the company to support marketing with maybe company-funded investments in the second half while you work to bend the curve on sales? Or do you feel like there's adequate resources at this point to do what you need to do for marketing?

Mark James King

So Patrick, I would say at this point, I'm probably not qualified to say that because I haven't really drilled in that much. But I don't think the issue is that we don't have enough money funded by the marketing fund. I think it's how we use it and how we be more efficient with it and how we're more integrated in telling the stories and having fewer items that carry more impact. And I think that's how we find efficiency. So I think we're fine on the marketing side -- marketing fund side.

Patrick Johnson*Stifel, Nicolaus & Company, Incorporated, Research Division*

Got it. That's helpful. And then I know the company reduced prices fairly recently on some of its core bundles in the core menu. I was curious if there's signs that, that decision is resonating with guests on the value front. And just as you guys think about the core menu, is there more work to do there? Or do you feel like the pricing architecture is where it needs to be from that perspective?

Rachel Webb*VP of Finance and Investor Relations*

Yes. So I'll start -- this is Rachel. I'll start and then I'll hand it over to Mark. So in general, we had a few combos on our menu like you mentioned, that we had sort of capped pricing at \$9.99 to be more affordable for our guests. And generally speaking, we've seen improvements in value scores, affordability scores. There's a handful of metrics that we monitor on a day-to-day basis. But as it pertains to the overall menu structure or value equation, I don't know if it's too soon, Mark, for you to chime in on that, but if you have some thoughts, feel free to share.

Mark James King

Yes. Patrick, I would say that one of the most important things in driving same-store sales is the pricing structure. So I think we have to look at how do we really become a relevant value brand so that we can compete with some of the other category -- some of the other competitors out there. Our core is really important and obviously, LTOs to drive interest in the different windows. So there's a real science to building a pricing structure that I think Katelyn, who came to us from Yum! Brands, our new CMO, will help a lot there because she comes with a lot of experience. So that's one of the first things we're going to look at really is how do we price in these 3 different areas, hopefully, to drive trends, but also then to drive profitability for the franchisees.

Operator

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

Lauren Silberman*Deutsche Bank AG, Research Division*

I wanted to ask on quarter-to-date comps, nice to hear about the improvement. How much do you attribute it to company-specific initiatives versus easing compares? And just more broadly, a lot going on in the industry, macro headwinds, gas prices. Are you seeing any impact on the consumer? Any changes in how the consumer is using the brand or any differences you're seeing across regions?

Dawn Hooper*Executive VP & CFO*

Yes. Lauren, so I'll say we do think it's not just easy compares. Like I said, we do feel like we have a strong balanced barbell strategy in the second half of the quarter. And from an ops perspective, when you look at our internal and external scores, they're scoring higher. So that would lead you to believe that some of the sales is coming from our ops excellence. Sorry, I forgot your second question.

Lauren Silberman

Deutsche Bank AG, Research Division

Is it -- all good. Anything on like related to gas prices and whether you're seeing any impact from the rising gas prices and whether that's coming out in terms of just regional differences in comps across markets?

Rachel Webb

VP of Finance and Investor Relations

I would say last year, we saw the largest headwinds from a consumer perspective. And so as we start to lap some of those, we don't expect a significant impact from the macro trends. And as Dawn mentioned, one of our misses early last year was the lack of value, and we've got that consistently this year. So we expect it to be a little bit more normalized of a trend as opposed to what we experienced in the back half of last year.

Lauren Silberman

Deutsche Bank AG, Research Division

Are you seeing any differences across markets or pretty consistent across the system?

Rachel Webb

VP of Finance and Investor Relations

Yes. It's been pretty consistent.

Mark James King

Lauren, this is Mark, obviously, since I'm here with 2 women. I'd just like to say something about all these macros. I mean if you look in the last week or so, some of our competitors -- actually, quite a few of our competitors have had good comps year-on-year. And so there's no reason we can't. And yes, there's headwinds, but there's always some type of headwind. Our challenge really is how do we combat that? How do we construct the menu, the pricing, the marketing to be relevant in today's marketplace. And there's no reason we can't.

Operator

Your next question comes from the line of Logan Reich with RBC Capital Markets.

Logan Reich

RBC Capital Markets, Research Division

I wanted to follow up on the quarter-to-date commentary and the full year same-store sales guidance. Should we think -- or I guess, just thinking about the comps for Q3, you talked about flattish quarter-to-date, but you also talked about World Cup being an opportunity and some other initiatives. I guess just how should we think about Q3 comps in regards to that? And then anything specific you guys have planned for the World Cup as it relates to marketing or menu innovation?

Dawn Hooper

Executive VP & CFO

Yes. So I mean, I'll say we do expect to see continuing momentum on the same-store sales side. As we exit Q3 and go into Q4, we do expect to be positive. Again, Q4 is expected to be our strongest quarter of the year. We do have a really exciting collaboration coming towards the end of the year that we cannot speak to, but super, super excited about it. And I think it's going to drive a lot of excitement with our customers as well.

Logan Reich

RBC Capital Markets, Research Division

Great. And then my follow-up is just on the ops. Any like low-hanging fruit or where do you see the biggest opportunity from an operations perspective in the business over the next few quarters?

Mark James King

Yes. Logan, I would say this. I think Shannon, our COO, is fantastic. And I think he's made a real effort to spend time in the marketplace. We're hiring people who will now work with franchisees out there on running their restaurants, finding profitability, training. I think the ops effort is really off to a great start, and that's one area that we probably need to double down on in terms of supporting and resources because that is what's going to ultimately drive franchisees and better operating standards and have standards that we can hold franchisees to, which in the long run helps them.

Operator

Your next question comes from the line of Jim Sanderson with Northcoast Research.

James Sanderson

Northcoast Research Partners, LLC

I just wanted to follow up to the quarter-to-date concerns. In the past, you talked about your exposure to Hispanic consumers and low income. How are those groups trending relative to your system averages, those cohorts?

Rachel Webb

VP of Finance and Investor Relations

Yes. So, so far, we've seen that the Hispanic consumers have -- the trends have improved stronger than the rest, which makes sense given what we're starting to roll over now. The other thing I would just say is within the quarter, we're rolling over so far quarter-to-date, the strongest hurdle from the prior year. And so that will also give us a little bit of tailwind as we exit Q3 in addition to all of the initiatives that Dawn outlined for the lineup of the remainder of the year.

James Sanderson

Northcoast Research Partners, LLC

Okay. So it sounds to me as if you're getting a little bit better traction from those cohorts. Fair to say?

Rachel Webb

VP of Finance and Investor Relations

Yes. That's correct.

James Sanderson

Northcoast Research Partners, LLC

And then another quick follow-up on the closures. I think you have guided 50 to 100. Given that we're past the halfway mark pretty much, where do we think that will land for the year? I'm assuming 40 to 60. Is that pretty reasonable for the second half?

Dawn Hooper

Executive VP & CFO

Yes, I would say probably higher. We're definitely going to be in the range. As I mentioned, I think in the prepared remarks, we do expect closures to accelerate in the back half.

Operator

[Operator Instructions] Your next question comes from Gregory Francfort.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

Mark, I guess I'm curious your perspective on how much do you think Jack's challenges have been an asset-based problem, a marketing problem or an ops problem? And maybe within the asset-based problem, how much of that capital improvement in dollars that need to get spent, do you think are Jack's responsibilities versus maybe the franchisees' responsibilities going forward? How do you encourage them to kind of come up with the dollars to do that?

Mark James King

Well, those are a couple of questions there, Gregory. But I mean, by definition, the capital investments need to come from franchisees. I mean it's how the system is actually constructed. I know right now, the system is challenged from a profitability standpoint. So we're trying to be very aware of that. So -- but from a capital investment, I think that is the franchisee responsibility.

I think where has Jack struggled? I think it's across the board. I don't think there's one area. I think we can shore up ops, and I think Shannon is off to a good start. I think bringing in a really talented CMO in Katelyn Zborowski is going to help a lot. We do not have a food problem. We have all kinds of innovation that we can figure out how to position. So I think going forward, it's what does the menu look like? How do we construct the menu and pricing to be able to drive people into our restaurants. And then the customer experience just needs to be better. And that comes from brand standards, franchisee execution, our helping on training and education. So I think it's all of that. And I think that will be my focus for the coming months.

Dawn Hooper

Executive VP & CFO

One thing to add to that is we've had a reimage program in place with our franchisees. Now isn't obviously the time to do an extensive reimage, but we do have what we're calling our mini refreshes, which is a paint, re-striping of the parking lot, landscaping, given the majority of our business is outside the restaurant, there's a lot of excitement. The cost is low. We're seeing same-store sales benefits of low single digits after they're done. So a lot of excitement and something we can do in the short term to help boost our image and bring in customers.

Operator

And that concludes our question-and-answer session. I would now like to turn the conference back over to Mark King for closing comments.

Mark James King

Thank you, and thank you, everyone, for tuning in today and for listening. And I look forward to meeting all of you and seeing you in the coming months, and we will be back in touch within a few months. Thank you.

Operator

Ladies and gentlemen, this does conclude today's conference call. Thank you for your participation, and you may now disconnect.

Read more current JACK [analysis and news](#)

View all [earnings call transcripts](#)

Comments

Sort by

Newest ▼



If you type a company or ETF ticker symbol in capital letters we will automatically link to the symbol page. You can remove the link by deleting the \$ in the comment.