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Red Robin Gourmet Burgers, Inc. (RRGB) Q3 2025 Earnings Call Transcript

Nov. 10, 2025 6:11 PM ET | Red Robin Gourmet Burgers, Inc. (RRGB) Stock | RRGB

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Red Robin Gourmet Burgers, Inc. ([RRGB](#)) Q3 2025 Earnings Call November 10, 2025 4:30 PM EST

Company Participants

David Pace - President, CEO & Director

Todd Wilson - Executive VP, CFO & Principal Accounting Officer

Conference Call Participants

Jeremy Hamblin - Craig-Hallum Capital Group LLC, Research Division

Todd Brooks - The Benchmark Company, LLC, Research Division

Mark Smith - Lake Street Capital Markets, LLC, Research Division

Presentation

Operator

Good afternoon, everyone, and welcome to Red Robin Gourmet Burgers, Inc. Third Quarter 2025 Earnings Call. This conference is being recorded.

During management's presentation and to your questions, we will be making forward-looking statements about the company's business outlook and expectations. These forward-looking statements and all other statements that are not historical facts reflect management's beliefs and predictions as of today, and therefore, are subject to risks and uncertainties as described in the company's SEC filings. Management will also discuss non-GAAP financial measures as part of today's conference call. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles, but are intended to illustrate alternative measures of the company's operating performance that may be useful. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP measures can be found in the earnings release. The company has posted its third quarter 2025 earnings release on its website at ir.redrobin.com.

Now I'd like to turn the call over to Red Robin's President and Chief Executive Officer, Dave Pace.

David Pace

President, CEO & Director

Good afternoon, everyone, and thank you for your interest in Red Robin. It was just 4 months ago that we unveiled our "First Choice" plan with a core imperative of establishing Red Robin as the first choice for guests, team members and investors. Today, I'm pleased to report that in the third quarter, we began to see the early fruit from our efforts. During the third quarter, our traffic trends improved sequentially through the quarter, supported by the launch of our Big Yummm promotion and growth in our off-premise business. Equally encouraging are the continued gains in our 4-wall operating efficiency and our team's ability to manage the middle of the P&L, allowing us to beat our expectations for both restaurant level and corporate profitability during the quarter.

Going forward, sustaining and extending this improvement requires continued execution across all aspects of our "First Choice" plan. The momentum we're building reinforces my belief that we're on the right track to deliver on our goal to be the first choice for guests, team members and investors. With that, let me share more detail on our progress and how we're building momentum as we move forward with this "First Choice" Plan.

First, let's start with hold serve. Our operators have continued to raise the bar on performance. During the quarter, our team once again delivered labor results that beat our internal expectations. It's important to point out that we're achieving this efficiency gain while maintaining guest satisfaction scores at the improved level we established last year. This demonstrates that efficiency and hospitality are not mutually exclusive, and our ops team is proving every day that we can deliver both. The numbers also tell the story. The increased efficiency we achieved in the third quarter drove a 90 basis point improvement year-over-year in restaurant level operating profit, almost entirely driven by improvements in labor. These efficiency gains are being accomplished through a healthy blend of process changes, analytics and technology, combined with the entrepreneurial spirit of our operators who are finding the ways to work smarter and more efficiently while refusing to compromise the guest experience.

Our managing partner program also ensures that our partners see the benefits of their efforts in increased compensation as they share in the gains that they are achieving in their restaurants.

As we turn to our drive traffic initiative, I want to reemphasize that we're committed to creating sustainable traffic growth that is rooted in improvements across all of the relevant consumer touch points, including compelling value for the guest, delivering on our commitment of food quality and great taste and a welcoming hospitable and fun environment. As I outlined on our last call, our plan is to build traffic-driving layers, and I'm pleased with our progress.

In addressing these elements of our plan, our first priority was to address our competitive positioning in price point value offers. The Red Robin Big Yummm burger deal that we launched at the beginning of the third quarter has performed above our expectations, resulting in an approximately 250 basis point sequential traffic improvement from the second quarter to the third quarter. More specifically, we entered Q3 with a traffic run rate of approximately down 7%, and we exited the quarter with that run rate at approximately negative 1.4%, a result that we're extremely pleased with. Our Big Yummm deal resonated strongly with our midweek dining occasions, particularly the lunch daypart and delivers on our commitment to provide our guests the gift of time. On average, we're delivering a complete dining experience in under 45 minutes. This promotion delivers exactly what we were looking for, immediate market relevance and trial generation.

To build on this momentum, our team remains hard at work on new menu innovations to accelerate our competitive positioning and price point value offers, and we look forward to sharing updates on our future calls.

That brings us to our second traffic-driving layer. During the third quarter, we launched our data-driven marketing initiative, incorporating microtargeting capabilities that will allow us to engage guests more personally, precisely and efficiently than traditional broad-based messaging. This approach to marketing is intended to more efficiently and effectively reach guests, allowing us to level the playing field against larger, more resourced competitors. These unique and internally developed algorithms help us understand guest decision-making behaviors and as a result, allow us to specifically target messaging and promotion in ways that resonate more directly with each guest.

During our initial rollout of this approach, we saw outsized improvements in traffic and sales for the initial cohort of prioritized restaurants, and we plan to expand our reach to more of our restaurants each period. In addition to the progress we've seen within the 4 walls of the restaurant, we've also seen a dramatic increase in our off-premise business, driven largely through a significantly expanded approach to catering. The off-premise portion of our business represents approximately 25% of sales in the third quarter and delivered traffic growth of 2.9%, a signal that our guests love our food and want to enjoy it in more places than just the dining room. We expect to continue to aggressively grow this segment of our business as we move forward.

Next is our Find Money initiative. I'm pleased to report another quarter where adjusted EBITDA beat our expectations, which continues to reinforce our confidence in the operational improvements we've implemented. In addition, thanks to our corporate efficiency initiatives, we continue to expect between \$3 million to \$4 million benefit in G&A in 2025 with a \$10 million run rate expected to be achieved in 2026. These savings are critical as we balance our investment priorities with delivering profitability.

Regarding our capital structure, we're exploring all elements that I discussed when I introduced our "First Choice" Plan. This includes taking a comprehensive and proactive approach through multiple initiatives to give us optionality as we work to strengthen our balance sheet and position the company for long-term success. We've launched 4 primary tactics to accomplish this. First, as part of this process, we announced today a 6-month extension to the term of our current credit agreement, with the loan now maturing in September of 2027 as compared to March of 2027 previously. This extension provides helpful time to optimize the value of the other efforts.

Second, we've engaged Jefferies to assist us in refinancing our debt to further optimize our capital structure. Jefferies is an industry leader in this space, and we expect to work quickly and effectively with them to deliver a successful outcome on this effort as soon as practicable. Third, today, we announced the establishment of an at-the-market or ATM program, which allows us to sell up to \$40 million in equity open market transactions. While we may or may not execute against this option, we put this in place so that we have the option to generate funds if needed and to be in a position to move quickly where we may see compelling opportunities.

Fourth is our refranchising effort. We continue to have great interest and engagement from both existing and potential new franchisees developed through our partnership with Brookwood Associates. We're encouraged by the level of interest in our brand, and we remain committed to a thoughtful process that maximizes value for our shareholders in both the short and long term.

Refranchising is yet another important option to have in our tool belt as we optimize our overall financing structure and work to strengthen our balance sheet. We'll continue to share updates as these projects progress. Supported by the gains we've seen in our operating results through the first 3 quarters of the year, we believe these actions will provide us with the options and flexibility to create the best long-term financing structure for Red Robin while also assisting us with resources to reinvest in the business.

Next, let me provide you with an update to our fixed restaurants efforts. As I mentioned on our last call, we identified the need to invest in critical deferred maintenance to better align our restaurant atmosphere with competitive standards. I'm pleased to report that we successfully completed refreshes in 20 restaurants across 4 markets during the third quarter. As a reminder, these are relatively light touch refreshes from a capital perspective and not full reimaging projects, averaging approximately \$40,000 per refresh in the third quarter. We've prioritized these investments by targeting areas that we believe will directly benefit the guest experience. This includes flooring updates, internal finishings, furniture repairs and lighting, coupled with exterior improvements, including signage, paint, lighting and landscaping, all of which will directly benefit guest perceptions and experience. While results are still early, we're already seeing measurable improvements in both sales and traffic performance at these 20 locations.

These results further support our thesis that well-executed improvements that enhance the guests first impression and overall dining atmosphere can deliver measurable results relatively quickly. The success of these actions has helped us fine-tune our investment priorities as we look to expand the number of restaurants that we can touch. Our goal is to offer an environment that matches the quality of food and hospitality that our teams deliver every day, and we'll continue to take a disciplined approach as we expand this initiative further across our system.

Lastly, let me briefly touch on our Win Together plan. As I've continued to travel the country, visiting our restaurants and meeting with restaurant teams, I'm hearing increasingly positive feedback from our team members who see that we're delivering on the promises we made earlier this year. They wanted a value offering, and we delivered the Big Yummm deal. They asked for help addressing long-standing maintenance and repair issues, and we successfully refreshed 20 restaurants during the quarter with more to come. They ask for better technology and tools to execute more efficiently, and we're continuing to roll out additional technology with more planned ahead.

It's encouraging to see that our team is embracing our guest-centric culture. And when combined with the strength of our operating results, we believe it's prudent to modestly raise our CapEx guidance for the year as we further accelerate some of these key initiatives that directly support our team members and their ability to deliver a great guest experience. Encouragingly, we've continued to see our team member turnover rates come down each period to a point where we're now at levels below industry benchmarks. As we look ahead, we believe this collaborative team approach will further strengthen our culture and position us favorably to attract and retain the best talent in the industry. To the almost 20,000 Red Robin team members across the country, I want to extend a heartfelt thank you for your dedication and hard work. I'm proud of what we've accomplished so far and excited about what's still to come.

With that, Todd will now review our third quarter results.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Thank you, Dave, and good afternoon, everyone. In the third quarter, total revenues were \$265.1 million versus \$274.6 million in the third quarter of fiscal 2024. Comparable restaurant revenue beat our expectations for the quarter and are in line with last week's announcement at a decline of 1.2%. This result includes a 1.7% increase in net menu price, offset by a 3% decline in guest traffic. Guest traffic trends improved sequentially through the quarter and delivered a 250 basis point trend improvement as compared to the second quarter. We attribute this improvement to the success of our Big Yummm Burger deal that launched in July and continued traffic strength in our off-premise business. Restaurant level operating profit as a percentage of restaurant revenue was 9.9%, an increase of 90 basis points compared to the third quarter of 2024. This was driven by the continued success of our operations team, delivering significant gains in labor efficiency.

I would also note, while cost of goods increased due in part to beef inflation that we anticipated, our commitment to deliver value for the guest is also reflected with this increase with the goal that this value ultimately contributes to delivering increasing guest traffic. General and administrative costs were \$16.9 million as compared to \$20.8 million in the third quarter of 2024. The reduction is primarily due to not holding a partner conference event in 2025 as we did in 2024. In 2024, this cost was mostly offset with vendor contributions credited to other parts of the income statement.

Selling expenses were \$6.8 million, an increase as compared to \$5.5 million in the third quarter of 2024. The increase is primarily due to additional investment in third-party delivery platforms and other channels. Adjusted EBITDA was \$7.6 million in the third quarter of 2025, an increase of \$3.4 million versus the third quarter of 2024. Adjusted EBITDA increased due to cost efficiency gains, particularly in labor and the benefit of menu price increases. We ended the third quarter with \$21.7 million of cash and cash equivalents, \$9.2 million of restricted cash and \$29 million of available borrowing capacity under our revolving line of credit.

Turning to our outlook. We will now provide the following guidance for 2025. First, total revenue of approximately \$1.2 billion is unchanged from our prior guidance. This incorporates expectations that comparable restaurant sales will decline approximately 3% in the fourth quarter, and we will end 2025 with 386 company-owned restaurants in operation. Second, restaurant-level operating profit of at least 12.5% as compared to our prior guidance of 12% to 13%. Third, we now expect adjusted EBITDA of at least \$65 million as compared to \$60 million to \$65 million previously. Finally, we now expect capital expenditures of approximately \$33 million as compared to approximately \$30 million previously as we continue to execute against the "First Choice" Plan and make investments back into our restaurants and technology.

As added commentary on our guidance, I would note the following points. In recent weeks, we have seen guest traffic trends slow from where we exited the third quarter. We attribute this to intentional timing shifts in our marketing spend and the consumer impact of the government shutdown. While our guidance is grounded in expectation for both traffic and comparable restaurant sales to decline approximately 3% in the fourth quarter, we are optimistic traffic trends will regain traction as our marketing spend levels increase in the remainder of the quarter. On the margin side, we expect cost of goods in the fourth quarter to be similar to the third quarter. For the other operating cost categories, we expect marginal improvement in the fourth quarter as compared to the third as we leverage fixed costs with higher seasonal sales in the fourth quarter. Overall, we are very pleased with our progress, capturing cost efficiencies while delivering a great guest experience. We have made significant gains, increasing restaurant level profitability, reducing debt and growing EBITDA. Initial results from the launch of the Big Yummm are encouraging, and we look forward to the great value at Red Robin delivering growing guest counts.

In closing, I'd like to offer a tremendous thank you to our operators, our restaurant teams and the team at the restaurant support center. This great progress in the business is a result of your hard work, and I'm excited for what's next.

Dave, I will now turn the call back to you.

David Pace

President, CEO & Director

Thanks, Todd. The progress we've made across all pillars of our "First Choice" Plan gives me confidence that we have the right strategy in place. Our operators are proving every day that efficiency and hospitality can coexist. Our strategic value offering is delivering the expected change in our traffic trends, and we have additional innovations under development for next year. Our data-driven marketing capabilities are being strengthened to position us to compete more effectively, and our restaurant refresh initiatives are being well received by both our team members and our guests. We're not declaring victory, but delivering a sustainable recovery requires a clear strategy, coordinated tactics and engaged team and disciplined execution.

I've seen personally that our Red Robin team members are up to the challenge. Let me close with this. We have more work ahead of us, but we're building momentum with each period and each quarter, positioning us to create a Red Robin that our guests will choose first. Our team members are proud to work for and our shareholders can rely on for predictable and reliable returns.

Before I hand it over to the operator for questions, I want to call out 2 organizational announcements that we made last week. First, I want to recognize the appointment of Jesse Griffith to Chief Operations Officer. As you heard today, our operations team under Jesse's leadership has been a major contributor to the progress we've seen both financially and with our guests. This is a well-deserved move that is reflective of those contributions. I'd also like to acknowledge Todd's plan to move on to another opportunity in our industry. During his time with Red Robin, Todd has been an integral part and member of our executive team and has provided great leadership to the finance team and well beyond. His many contributions were greatly appreciated by all of us, and I want to thank him for all that he did and wish him well in his next role.

With that, we're now happy to take your questions. Operator, please open the lines.

Question-and-Answer Session

Operator

[Operator Instructions]

The first question comes from Jeremy Hamblin from Craig-Hallum.

Jeremy Hamblin

Craig-Hallum Capital Group LLC, Research Division

Congrats on the strong results. I wanted to start with just some of the commentary around the Big Yummm initiative and where it's mixing. Just to get a sense for where that's mixing as a portion of sales. And then as you talked about a little bit of an uptick here in food and beverage costs to get a sense if you expect that to kind of stabilize in this current range or given a little bit of pressure on beef prices as well, we should be expecting that to click up a little bit here going forward?

David Pace

President, CEO & Director

Yes. Thanks, Jeremy. Two parts. I'll let Todd answer the second part. The first point about mix, the big Yummm deal is mixing at about 8% of our total sales. So we feel pretty good about that. That's kind of where we expected it to come in from a mix standpoint, but it's definitely having the impact that we had hoped it would.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Yes. Jeremy, on the second part of your question, just overall cost of goods, beef is certainly the most inflationary part of our basket right now. We do think the 25% that we saw in Q3, we think that's the right guide for Q4 as well. The team -- we've got different measures that we're putting in place to mitigate that beef inflation. So we think we can hold that 25% through the fourth quarter.

Jeremy Hamblin

Craig-Hallum Capital Group LLC, Research Division

Great. And then just switching gears a bit here. I wanted to understand the cost of getting the amendment to your current debt agreement, getting that extension to September 2027. What was the financial cost of that getting the extra 6 months?

And then secondly, related to the refranchising efforts to get a sense for how that initiative is progressing and what valuations are looking like if you have maybe a better sense, I think you called out initially 25 to 75 potential locations. If you have winnowed that down a bit more or what other color you might be able to share with us?

David Pace

President, CEO & Director

Yes. So let me take that, and I'll let Todd kind of pile on here in a second. In terms of the extension, it was a 50 basis point cost to us to extend for that period of time. So we thought that was reasonable given what we were looking to do and why we wanted to do it.

Regarding the second point about refranchising, I would -- I guess what I'd say to you, Jeremy, is everything is going as we had expected and hoped on refranchising. So the available number of restaurants that there's interest in is in the range that we communicated originally. We have indications of interest, specific proposals put forward that we haven't really negotiated against yet. We're still in the middle of kind of vetting and kind of getting to know who's who. And so it's moving ahead. It's -- as I said in the remarks, it's an option for us. I mean we're going to kind of toggle all of these options to figure out the best combination as we move forward on the refinancing and the whole strengthening of the balance sheet. and refranchising is still one of those options. I'd say we're where we had thought we would be. And -- but nothing firm to announce beyond right now. Todd, do you want to add anything?

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

No, I think that I'd just reiterate those points. Refranchising an option. It was, I think, a good thing for the business to get the Fortress amendment or the amendment with our lender across the finish line. It gives us the time to really vet through those other options and make sure we maximize value, as Dave said on the call. So a good progress for us.

Jeremy Hamblin

Craig-Hallum Capital Group LLC, Research Division

Great. Congratulations, Todd. Best wishes on your -- the next part of your journey.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Thank you, Jeremy. Really appreciate it.

Operator

The next question comes from Todd Brooks from Benchmark Stern.

Todd Brooks

The Benchmark Company, LLC, Research Division

I'll echo Jeremy's congratulations, Todd. And also, Jesse, I assume you might be in the room, congrats on the promotion to COO, well deserved.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Thanks, Todd.

Todd Brooks

The Benchmark Company, LLC, Research Division

I wanted to lead off and kind of take -- thanks for dimensionalizing kind of that entry and exit traffic run rate for the business.

Dave, I think Big Yummm was launched third week of July, so not even a full quarter's worth of impact. And I know you had spoken about working against things like upsell and kind of coaching up the front-of-house teams, how to sell the product. And the mix looked pretty benign and only down 10 basis points. So I guess kind of coming out of Q3, and I know you talked about a wiggle down here to start the quarter, but unlocking the big Yummm and the traffic benefit from it, my sense is, is there still some fruit in front of us to drive further improvement from it?

David Pace

President, CEO & Director

Yes, we think there is. And we think there are ways to even expand the impact of Big Yummm even further, which we're working on. I think you're right. It wasn't a full quarter. It wasn't day 1. It was probably 3 weeks in. That's probably about right, what you said. So we feel good about it. It came -- it did what we had hoped it would do. It got traffic. It gave people a reason to come in. It got trial again. So from a tactical standpoint, it did what we had hoped to do. Beyond that, I would tell you we're taking a much more strategic look at the entire menu and how we package it together. And so that's some of the pretty substantial work that's going on, which includes Big Yummm and beyond. So I think you'll see more.

I do think there's more there. There was a little wobble coming into the quarter. But for us, and I'm sure you know this, the way the fourth quarter plays out for us, October is the softest month. November picks up a little bit, starts to pick up momentum and then December is when we really make hay. So for us, we've consciously shifted marketing spend from October to the back end. And so a little bit of it was a pullback in marketing spend purposely to backload fish when the fish are or the fish are.

Todd Brooks

The Benchmark Company, LLC, Research Division

Great. And just one follow-up there. What do you feel or what are you hearing from customers about the importance of having an everyday value platform now instead of having a be appointment dining? How important has that been and what you're hearing and feedback?

David Pace

President, CEO & Director

I think we're seeing -- look, it resonates with the guest and it resonates in, as we said, in the kind of early week, midweek and lunch dayparts. The value offering, Todd, is, I think, is a slightly different occasion from the weekend offering in that weekends are date night, and that's when people go out early week lunch, they're kind of looking for a value opportunity to utilize us. So we -- it's part of the thing that we're working on is we think there's opportunity, but there's opportunity in the way we use it and when we use it. I don't think it's going to change. I do think it's going to be every day. I don't see us kind of limiting it back to certain days of the week. But the reality is it does have an impact on some parts of the week more than others.

Todd Brooks

The Benchmark Company, LLC, Research Division

Great. Dave, you also mentioned the data-driven marketing efforts and the fact that you had kind of a cohort of stores that maybe are a little bit more challenged where you saw really outsized improvement, I think, was your actual words from these efforts. Can you talk about any way to dimensionalize the traffic improvement from the effort? And then you talked about a path to expand this further. Can you maybe walk us through what that looks like going into '26?

David Pace

President, CEO & Director

Yes. I mean because of the way this is set up, Todd, this is a very -- I've said this, and I've tried to kind of be as clear as I can on this, but it is a hyper micro targeted approach where we get into the individual restaurant and we get into the individual guests, we understand the trade area. We understand the makeup of it. We understand what pulls people in. Is it a value play? Or is it a premium burger play? What is the reason for people making the shift? And we can get that information down to a highly targeted level.

So as we went into the first cohort, as I said, we started with some. We learned as we went into this that, oh, maybe value resonates with this group, but it doesn't resonate with that group. Let's focus on more of a premium burger or maybe a different set of messaging. geez, that seems to resonate more with this group. Let's kind of plus up that messaging in this cohort, plus up the value messaging in another cohort. And so we're kind of generating the knowledge base that we can then cluster and figure out how to deploy messaging and promotions on a highly micro-targeted basis. I mean I'm trying to explain this without kind of showing you, but it's -- that's where we're going with that. So anyway, we started with that. We saw performance, and I'll let Todd kind of pile on top of this above the performance of the rest of the system.

And so as we've gone out, we started with, I think, 50 restaurants. We expanded beyond. We're probably -- we got to 130. We're looking at kind of walking that out further as we get the data. And so we're -- the intention is to expand that across the system. How quickly we get there, we're going as quick as we can.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Todd, I'll just tag on quickly here to expand on the point of the over 100 restaurants that the team has been focused on. Sequentially, there's been a significant improvement in traffic trends in those restaurants to the point that in many weeks, obviously, we're looking daily, weekly, long term. But in many weeks and many periods, we're seeing that those restaurants are delivering positive traffic on a year-over-year basis. And that's ultimately where we want to be. And so now it's just a matter of, hey, we found a playbook that works in those 100 plus, and we'll work to expand that to the other restaurants, obviously.

Todd Brooks

The Benchmark Company, LLC, Research Division

Okay. Great. And I'll wrap it up into one final question. If you take the traffic driving benefit of the Big Yummm and you take the early success with the data-driven marketing, Dave, as you're thinking out to '26, I think year-to-date, there's maybe been 17 restaurant closures. Thoughts on stability of the base and maybe improving kind of that bottom decile or bottom quartile of stores with the early success that you're seeing from these 2 initiatives?

David Pace

President, CEO & Director

Yes. Good question. No question, we're seeing it. No question, our ops team is focused on these target restaurants to try and see -- we're not in the business of closing restaurants. We're trying to keep them open and run them and make money, which we've moved a number of them kind of off the watch list back performing where we want them to be. There's still some, as there always is, that aren't quite there yet. We'll give it a shot with them. There's probably going to be a subset of additional closures, but the list is far, far shorter than what we had talked about previously.

Operator

The next question comes from Mark Smith from Lake Street Capital.

Mark Smith

Lake Street Capital Markets, LLC, Research Division

I just want to dig in a little bit more on menu mix and kind of check dynamics and consumer behavior. Big seem to mix well. But can you talk about kind of other parts of the menu, beverages, desserts, people sharing meals. Curious to hear what you're seeing in consumer behavior kind of during the quarter and even post quarter.

Todd Wilson*Executive VP, CFO & Principal Accounting Officer*

Mark, Todd here. I'll start. To -- you mentioned, I think others have as well. We were pleased with the mix outcome. Going into the quarter, we thought the impact of the Big Yummm deal may have resulted in more of a mix impact than we saw. Part of that is a credit to our operators. We've given the guests trade-up options. And in many cases, they have taken those, right? So many people are getting the value in the \$9.99 deal, but others are trading up to ad toppings, ad beverages, those types of things.

So that helps support the overall check. In terms of other dynamics, one of the areas we always look at add-on type trends in terms of appetizers, desserts, beverages. We've seen those hold steady. And so we think that's a good thing for us in this environment where we see the headlines that maybe consumers are managing their wallets a little bit more. We've seen those areas hold up. So the mix that we saw, we did report, obviously, a little bit of a negative mix. Some of that was the Big Yum. Some of that is a mathematical phenomenon, I'll say, of the growth in our catering business that Dave referenced.

That comes at a lower PPA. And so there's just a natural dilutive effect there as that part of our business grows. But we're seeing stability in appetizers, desserts, beverages with some of the add-ons helping to mitigate the impact of the lower price point on Big Yummm.

David Pace*President, CEO & Director*

Yes, Mark, I would just add, I think I agree with everything Todd said. I think the other thing I would offer is we learned a lot going through this big Yummm deal, and we learned a lot about mix in consumer behaviors. And what resonates on our menu and what we may want to look at further. And so we're doing a lot of menu work right now that I think you'll see in 2026 that is an output of the learnings that we've got through the Big Yummm deal. Big Yummm is a very narrow, very tactical execution. I think the approach that you'll see us evolve to is a much broader, more strategic approach, including the Big Yummm, but beyond that.

Mark Smith

Lake Street Capital Markets, LLC, Research Division

Okay. Then I also wanted to ask about G&A. I know you didn't have this partners conference, but it looks really pretty good. I'm curious just how sustainable G&A is at these levels? Is it further cuts or maybe some ramp back up with more investments.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Yes, Mark, Todd here. I'll start. I'd frame it this way. When we look at our Q3 spend, we're expecting Q4 to be similar. So we think it is sustainable. It reflects some of the efficiencies that we have put in place and started to capture this year. And so we're certainly pleased with that. But as we look at just Q4 as an example, we expect Q4 to be similar to Q3.

David Pace

President, CEO & Director

Yes. Look, I think we expect it to hold, Mark. But I think there's -- we're looking at some other opportunities in the future. I mean I'm not worried about it. I don't have anything to signal yet, but I think there are some opportunities that we can not only hold but maybe expand a little further.

Mark Smith

Lake Street Capital Markets, LLC, Research Division

Excellent. And last one for me, Todd, I apologize, but I missed some of your comp guidance here for Q4. If you can walk through that and kind of the thought process behind where you're at for kind of comp expectation.

Todd Wilson

Executive VP, CFO & Principal Accounting Officer

Yes, Mark, happy to. So the commentary in the prepared remarks, I talked about both same-store sales and traffic expectation for Q4 down 3%. The traffic, I think, is straightforward. That's frankly, exactly what we ran in Q3 in total at least, and we think is achievable, especially to Dave's point with the backloaded marketing. The sales being equal to traffic is obviously a couple of puts and takes. We do have a little bit of what I'll call gross menu price increase in place, meaning we have some year-over-year benefit from menu price increases. That becomes a lesser level in Q4 than it was in Q3. And so we expect mix will basically negate those menu price changes. So no net check, just the benefit or the impact of traffic flowing through to the comp number, if you follow me through all that.

Operator

Ladies and gentlemen, we have reached the end of the question-and-answer session. And I'd like to turn the call back to Mr. Dave Pace for closing remarks. Thank you.

David Pace

President, CEO & Director

Okay. Just quickly, thanks, everybody, for joining the call. We appreciate it, and we look forward to giving our next update after the fourth quarter. So thanks, everyone. Talk to you soon.

Operator

Thank you. Ladies and gentlemen, that does conclude today's conference for today. Thank you very much for joining us. You may now disconnect your lines.

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