Sweetgreen, Inc. (SG) Q2 2026 Earnings Call Transcript

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Q2: 2026-08-06 Earnings Summary

EPS of -$0.15 misses by $0.03 | Revenue of $192.66M (3.81% Y/Y) misses by $1.86M

Sweetgreen, Inc. (SG) Q2 2026 Earnings Call August 6, 2026 5:00 PM EDT

Company Participants

Anthony Wiginton
Jonathan Neman - Co-Founder, Chairman, President & CEO
Jamie McConnell - CFO & Treasurer

Conference Call Participants

Aisling Grueninger - BofA Securities, Research Division
Margaret-May Binshtok - Wolfe Research, LLC
Sharon Zackfia - William Blair & Company L.L.C., Research Division
Brian Mullan - Piper Sandler & Co., Research Division
Rahul Krotthapalli - JPMorgan Chase & Co, Research Division
Michael Tamas - Oppenheimer & Co. Inc., Research Division
Jon Tower - Citigroup Inc., Research Division
Stephen McManus - BNP Paribas, Research Division
Kelly Anne Merrill - Morgan Stanley, Research Division

Presentation

Operator

Ladies and gentlemen, thank you for joining us, and welcome to the Sweetgreen, Inc. Second Quarter 2026 Earnings Call. [Operator Instructions] I will now hand the conference over to Anthony Wiginton, VP of Finance and Investor Relations. Please go ahead.

Anthony Wiginton

Thank you, and good afternoon, everyone. Speaking on today's call will be Jonathan Neman, Co-Founder and Chief Executive Officer; as well as Jamie McConnell, Chief Financial Officer. Both will be available for questions during the Q&A session following the prepared remarks. Today's call is being webcast live and recorded for replay. The earnings release is available on the Investor Relations section of Sweetgreen's website at investor.sweetgreen.com.

I would like to remind everyone that the information under the heading Forward-Looking Statements included in our earnings release also applies to our comments made during the call. These forward-looking statements are based on information as of today, and we assume no obligation to publicly update or revise our forward-looking statements.

We also direct you to our earnings release for additional information regarding our use of non-GAAP financial measures, including reconciliations of non-GAAP financial measures mentioned on the call with their corresponding GAAP measures. Our earnings release can be found on our investor website.

And now I will turn the call over to Jonathan to kick things off.

Jonathan Neman

Co-Founder, Chairman, President & CEO

Thank you, Anthony, and good afternoon, everyone. I want to start by thanking our teams for staying focused, resilient and disciplined through what continues to be a challenging operating environment. Before discussing our results, I want to take a moment to address 2 separate public health matters affecting the fresh produce and restaurant industries. The safety of our guests and team members is always our highest priority. The cyclospora outbreak has been attributed to iceberg lettuce, which we do not use anywhere on our menu. We continue to monitor the situation closely and have no indication from our suppliers or public health authorities that Sweetgreen is connected to that outbreak.

As Jamie will discuss shortly, the impact of this outbreak, including the range of recovery assumptions, is reflected in our updated outlook. In a separate and unrelated matter, a voluntary recall involving jalapeños was issued yesterday. As an added precaution, we proactively removed and discarded all jalapeños from the supplier in the affected areas. Jalapeños are used in only 2 of our 15 dressings and nowhere else on our menu, representing a very small portion of our sales mix. Because the communication was issued only yesterday, it is too early to reasonably estimate any potential impact, and therefore, it is not reflected in our outlook.

We will continue to uphold our high standards through rigorous food safety systems, operating procedures and team training. Outside of the recent events, our results are not where they need to be. However, we know exactly where our opportunities are: ensuring every restaurant is consistently rush-ready during peak periods, increasing top-of-funnel awareness to bring more guests into the brand and moving with greater speed to capture the margin opportunities we see across the business.

That said, we did see progress during the quarter with comparable transaction trends improving sequentially each month, including flat transaction comps in June. This progress gives us confidence that our actions are beginning to have an impact and that we will get back to positive, sustainable transaction growth.

Now turning to our results for the second quarter. Revenue was $192.7 million. Comparable restaurant sales declined by 6.2%. Restaurant-level profit margin was 13.1% and adjusted EBITDA was a loss of $0.2 million. We ended the quarter with 287 restaurants. We've made deliberate choices about what to prioritize now and what to sequence later so we can strengthen the core, grow transactions, rebuild AUVs and improve restaurant-level cash flow. We're executing that plan with urgency and discipline across our 5 strategic priorities, which include operational excellence, food quality and menu innovation, brand relevance, personalized experiences and disciplined, profitable investment.

Let me walk you through how this is showing up across the business. Starting with operational excellence, which begins with consistently delivering a great guest experience in every restaurant during every visit. Throughput is our top priority, and we think about it as a flywheel. It starts with strong, stable leadership, which drives staffing, deployment and training decisions that put the right people in the right place at the right time, all in service of being rush-ready before peak. We've recently seen this flywheel work, and we're doubling down on it.

Over the past year, we've elevated our field leadership, improving headcount stability and driving greater accountability and execution. New York and Seattle show what this looks like in practice. New regional general managers raised the bar on throughput and hospitality, and both markets returned to positive transaction comps in the second quarter. With strong leaders, clear priorities and consistent routines, the business responds.

Our restaurant scorecard and Rush Ready before peak discipline give teams and field leaders real-time visibility into what matters: sales, throughput, guest satisfaction, food quality and people. And in June, we introduced a more structured process around throughput at our highest volume restaurants with weekly accountability built in and saw immediate improvement in both throughput and transactions. At these restaurants, frontline peak entrees prepared per hour rose from the low 50s in May to the low 60s in June. And on our busiest days, our best restaurants surpassed 250 entrees an hour, which shows the opportunity ahead as we scale this process.

Additionally, we redesigned our training programs for head coaches, kitchen leads and core team members with a sharper focus on hospitality, throughput and food quality. Rollout begins now, and this is expected to further strengthen our teams, reduce turnover and deepen our bench of leaders. Together, we believe we have the leadership and tools that get us back to sustainable transaction growth and a stronger, more profitable business.

Moving to food quality and menu innovation. Real food made from scratch with high-quality ingredients remains at the center of everything we do. It drives our mission of building healthier communities by connecting people to real food that tastes great and makes you feel great. Starting with wraps. Wraps drove a couple of hundred basis points of comparable sales uplift, including about 500 basis points improvement in transactions, and demonstrated how we can bring our food philosophy to new formats and occasions.

While overall comps didn't perform quite as strongly as our market test indicated, wraps have maintained approximately 20% incidence, exceeding our expectations. We intentionally introduced wraps at a more accessible entry price, giving guests a compelling value option while staying true to the quality and ingredients that define Sweetgreen. More importantly, wraps drove an increase in frequency with more than half of guests who ordered a wrap returning within 30 days, outperforming even our Harvest Bowl, which has historically been our most popular and highest retention menu item.

Beyond wraps, we are building a more consistent menu calendar with a regular cadence of seasonal offerings, collaborations and partnerships designed to give customers new reasons to visit and keep Sweetgreen top of mind all year long. We recently announced our collaboration with Fishwife, bringing together 2 culturally relevant brands that share an appreciation for high-quality ingredients, bold flavors and modern food culture. This fall, we'll welcome back our seasonal Brussels sprouts, along with the collaboration featuring a highly regarded chef that we're excited to unveil in the coming months.

At the same time, we are just as focused on strengthening our core menu. One recent example is our enhanced Hot Honey Chicken Plate featuring golden quinoa and Napa cabbage slaw, which has delivered higher reorder rates since its relaunch. We believe plates represent a meaningful opportunity to broaden our dinner business, and we have an exciting pipeline of menu innovation over the coming quarters and into 2027.

Strengthening the core also means ensuring guests get the quality, portions and experience they expect at a compelling price. We have not taken a price increase in over a year. And since 2019, our price increases have trailed broader restaurant industry inflation by more than 13 percentage points and grocery inflation by more than 7 percentage points. Wraps have further expanded our range of accessible entry points without compromising the quality or generous portions customers expect from Sweetgreen. This has translated into improving trends in our lower income and Gen Z customer cohorts.

Finally, we recently launched a redesigned Create Your Own test that includes a protein in the base price, along with greater transparency around premium add-ons. The experience is easier to navigate and makes it simpler for customers to understand the value that Sweetgreen delivers. We expect to have more to share on the test results next quarter.

Together, this work is focused on making Sweetgreen more craveable, accessible and relevant across more occasions, and that leads directly to our next priority, brand relevance. Sweetgreen has always been shaped by meaningful relationships with farmers, chefs and communities. Our opportunity is not to reinvent the brand, but to make what is already distinctive about Sweetgreen more visible to more people. Our latest brand health research shows that Sweetgreen resonates strongly with guests who are familiar with us. We continue to stand out for high-quality ingredients, food that makes you feel good, trust and cultural relevance.

We are also seeing frequency and reactivation growth among existing and lapsed guests. This shows up the most in our digital business, specifically our pickup channel, where comps were positive and accelerated each month of the quarter. However, we are not yet reaching enough potential guests. Building broader awareness and consideration is an important opportunity to introduce more people to Sweetgreen, drive trial and support transaction-led growth.

We are evolving our media mix, placing greater emphasis on upper-and middle-funnel channels and more consistent ongoing storytelling. Going forward, we also see an opportunity to build stronger local marketing capabilities around our restaurants and pursue culturally relevant partnerships that give more people new ways to discover and engage with Sweetgreen.

The launch of wraps demonstrated the potential of this approach. Wraps generated our highest social engagement to date, supported by over 1,000 micro influencers who brought the launch into local communities and relevant cultural conversations at scale. We now have an opportunity to build on that engagement, broaden awareness and convert more of that interest into trial.

Our summer menu turned Sweetgreen's distinctive ingredients into storytelling. And this year, that included Alice Waters' Peach & Goat Cheese Salad developed with Alice herself. She taught us that behind every extraordinary meal is an extraordinary farmer, introducing us to Frog Hollow Farm, whose peaches we've served every summer since. This is a model we intend to build upon. Distinctive food supported by authentic storytelling, a consistent content cadence, culturally relevant partnerships that break through the noise and local activation that connects attention back to our restaurants.

Together, these efforts are designed to expand awareness and consideration, attract new guests and support durable transaction-led growth. Personalized experiences supported the building momentum we experienced in the second quarter in our own digital business.

In April, SG Rewards reached its 1-year anniversary. During the first year, we learned a lot about how our guests engage with the program and what they value most. We put those learnings into action in June by making points easier to use and expanding the ways members can be rewarded. New redemption options include $3 off an entree and a wrap reward available at a lower point threshold than a full entree. We are encouraged by the early response with a meaningful percentage of active loyalty customers choosing these new redemption options. This reinforces that greater choice and more accessible rewards are resonating with our members.

SG Rewards also gives us a deeper understanding of what our guests love and enables us to make each interaction more relevant from how they discover our menu to the offers and communications they receive. Over time, we believe greater personalization will help increase frequency, deepen loyalty and strengthen our relationships with guests. We recently launched an AI-enabled personalization engine into tests in our CRM channel to understand the lift that we can expect from personalization.

Shifting to our final pillar, disciplined profitable investment. We believe Sweetgreen has significant room to grow, but we must earn the right to accelerate that growth. That starts with strengthening our existing restaurants by rebuilding AUVs, improving flow-through and driving greater discipline across labor and cost of sales. Our new Chief Development Officer, Ryan Slemons, is also refining our prototype design and construction costs, market selection and new unit economics.

During the second quarter, we opened 4 new restaurants, including 2 Infinite Kitchens, and closed 2, resulting in 2 net new openings. In July, we entered Tennessee with the opening of our Nashville restaurant in The Gulch. It is a strong example of how we want to enter new markets with the right site, a locally relevant launch and meaningful community partnerships. We remain confident in Sweetgreen's long-term growth opportunity and are building the operating discipline and development capabilities required to capture it profitably.

In closing, let me leave you with this. We are not satisfied with where we are today, but we have made the hard choices to center the organization on our core, and we are beginning to see encouraging signs that the work is taking hold. We know that when we consistently deliver what Sweetgreen does best, real craveable food made from scratch and served with genuine hospitality, the customer and the business responds.

That's how we build a stronger, more resilient Sweetgreen and lay the foundation for profitable new restaurant growth and long-term value creation. We believe we have the right plan and clear priorities to return to transaction-led comps, get back to $3 million AUVs and expand margins over time. I want to thank our teams again for their focus, resilience and heart.

With that, I will turn the call over to Jamie to take you through our financial results and outlook.

Jamie McConnell
CFO & Treasurer

Thank you, Jonathan, and good afternoon, everyone. For the second quarter, total revenue was $192.7 million, an increase of approximately 4% year-over-year. Comparable restaurant sales declined 6.2%, driven by a 2% decline in transactions and a 4.2% decline in product mix. We had no year-over-year menu price increase. The product mix headwind primarily reflected targeted promotional activity to re-engage guests, wraps at a more accessible entry price and the comparison against higher side attachments following last year's Ripple Fries launch, which was discontinued in the third quarter of 2025. These headwinds were partially offset by continued strength in catering.

While we are disappointed with our overall results, we saw meaningful sequential improvement throughout the quarter. Comparable transactions improved from down 11.2% in the first quarter to down approximately 3% in both April and May before reaching roughly flat in June, supported by the successful national launch of wraps and early progress against our operational priorities. This improvement provided encouraging evidence that our Sweet Growth transformation plan was beginning to take hold.

Beginning in mid-July, heightened consumer concern related to the recent cyclospora headlines disrupted that momentum, and the impact to July comparable sales was about 600 basis points. We are taking targeted actions to reinforce consumer confidence and reengage guests. While the timing of a full recovery is difficult to predict, we are confident in our ability to rebuild momentum.

Against this backdrop, our priorities remain unchanged. As Jon discussed, we are focused on strengthening restaurant execution and throughput, increasing brand awareness to attract new guests and testing our redesigned Create Your Own experience. These initiatives are central to restoring sustainable transaction growth and rebuilding restaurant level profitability over time.

Turning to restaurant level profitability. Restaurant level profit was $25.2 million, representing a margin of 13.1% compared with 18.9% in the prior year. Food, beverage and packaging costs were 29.8% of revenue, an increase of approximately 210 basis points year-over-year. The increase primarily reflected higher ingredient usage, portion investments and targeted promotional activity. These were partially offset by supply chain savings.

We have improved visibility into the drivers of ingredient usage and are taking actions across the entire flow of food, from ordering and receiving inventory through preparation and point-of-sale accuracy. We are enhancing our recommended ordering tool to better align sales forecasts with restaurant needs and strengthening our outlier management process to share learnings and reinforce best practices across our teams.

These actions will improve consistency and simplify execution while maintaining our high-quality ingredients and culinary standards, and we expect to begin realizing some of these efficiencies in the second half of the year.

We are now testing the enhanced recommending ordering tool in select restaurants, and the results will help us refine the tools before scaling it across the system. We continue to see approximately 150 basis points of cost of sales opportunity from reducing waste and improving ingredient usage while ensuring restaurants have the ingredients they need.

Labor and related expenses were 29.2% of revenue, an increase of approximately 170 basis points year-over-year, primarily due to sales deleverage and wage inflation. Our recently completed labor study identified opportunities to align staffing more closely with demand. We are now preparing to test restaurant-specific scheduling and deployment models that shift labor toward peak periods and better reflect each restaurant sales volume and format.

These tests will help us evaluate the impact on throughput, the guest experience and labor productivity before scaling the approach more broadly. We expect to have more to share on the results in the coming quarters.

Other restaurant operating expenses were 18.5% of revenue, an increase of approximately 150 basis points year-over-year, primarily due to sales deleverage and, to a lesser extent, higher utility costs. G&A expense in the quarter was $29.7 million, a decrease of $4.8 million year-over-year. The improvement was primarily driven by lower stock-based compensation and reduced salaries and benefits. Underlying support center costs, excluding stock-based compensation and certain onetime expenses, was $24.2 million, a decrease of $2 million year-over-year. We are maintaining discipline in support center spending while continuing to invest in the capabilities that matter most to the transformation.

Depreciation expense in the quarter was $18.8 million, or 9.7% of revenue, flat year-over-year as a percentage of revenue. Adjusted EBITDA was a loss of $200,000, compared with a profit of $6.4 million in the prior year. The decline was primarily attributable to lower restaurant level profit. We ended the quarter with $142.6 million in cash. During the quarter, we opened 2 net new restaurants and ended the quarter with 287 restaurants, of which 35 restaurants are powered by the Infinite Kitchen.

Now turning to our fiscal 2026 outlook. We are updating our full year guidance to reflect the impact of the cyclospora outbreak and a range of potential recovery outcomes. While it is difficult to predict the expected recovery, our full year comparable sales guidance assumes a continued impact of 600 to 700 basis points to the third quarter, with the low end assuming a partial recovery in the fourth quarter and the high end assuming a return to the pre-disruption trend by the start of the fourth quarter.

Based on these assumptions, we now expect full-year comparable restaurant sales to decline between 8% and 7%, restaurant-level profit margin to range from 10.5% to 11% and adjusted EBITDA to range from a loss of $27 million to $23 million. Within the guidance, the estimated impact of disruption is between 200 to 300 basis points of comparable sales, 100 to 150 basis points to restaurant level margin and $7 million to $10 million in EBITDA.

We remain focused on what we can control by rebuilding sales momentum, executing our operational priorities and managing costs and capital with discipline. The progress we saw during the second quarter and into early July reinforces our confidence in the underlying direction of the business. We will continue to move with urgency as we position Sweetgreen for more consistent and profitable growth over time.

With that, I'll turn the call over to the operator to begin Q&A. Operator?

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from the line of Sara Senatore with Bank of America.

Aisling Grueninger
BofA Securities, Research Division

This is Aisling on for Sara. My question is really on wraps. And it sounds like wraps are resonating with guests, but they appear to be contributing to some outsized mix pressure. Just how are you thinking about this trade-off? Are they driving the kind of incremental traffic and repeat behavior you wanted? Or is the lower price point creating more of a check headwind than you initially anticipated?

Jonathan Neman

Co-Founder, Chairman, President & CEO

Yes. So overall, we're really pleased with wraps. We launched wraps, and we've seen almost a 20% incidence, and it's held steady. I think what's even more encouraging is the frequency of wraps. The wraps customers are seeing about a 5-point increase in frequency and wraps are seeing the highest return rate on anything else on the menu, even more so than the Harvest Bowl. So I think the last thing I'll say about that is it is helping us resonate with younger consumers as well. We saw a lot of growth with our Gen Z consumers.

So overall, I'd say wraps are working. It's helping reposition Sweetgreen as a more affordable option, a more craveable option. And the real opportunity for us now is to leverage wraps around driving new customer acquisitions from a top-of-funnel perspective. So I think we'll see a long tail of wraps on continuing to compound. We do have a lot of new news coming with wraps, including next week, a new wrap that we are launching and more plans for continued innovation on wraps.

So overall, I think we're pleased with them. Customers, most importantly, are loving them. The feedback is great. And a lot of the concerns and worries we had about wraps in terms of throughput, we were able to iron out. And so within 4 weeks of launch, we were able to return our speed of service, and we're even able to accelerate throughput on the other side of that. So overall, I'd say it was a win and the goal now is to continue to build on it and use them to acquire more customers.

Operator

Your next question is from the line of Margaret-May Binshtok with Wolfe Research.

Margaret-May Binshtok

Wolfe Research, LLC

I just wanted to ask on the Create Your Own pricing test. Where does it stand today? And I mean, given some of the positive momentum that you guys have seen from wraps and that lower price point, I guess, how are you thinking about how the 2 can kind of go together to improve value perception towards the back half of the year?

Jonathan Neman

Co-Founder, Chairman, President & CEO

Margaret, thanks for the question. So we launched our pilot of our new CYO pricing test. It's been about a month or so. We started in our Indianapolis market, slowly scaled out into our DC DMV market and just this week have expanded it to Southern California and Orange County. So, so far, we're seeing customers are happy with it. I think it's a much simpler way to order CYO without the price shock. And so it's too early to say what we're going to see around frequency or transaction lift.

But so far, we're pretty encouraged about what we're seeing in the customer feedback and the overall enhanced value perception. So we'll come back with more on that. Our goal is to continue to watch the test and as long as all goes well, complete the rollout by the end of the year.

Operator

Your next question is from the line of Sharon Zackfia with William Blair.

Sharon Zackfia

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

It was encouraging to hear about the flat transactions in June. Obviously, that came with some promotional activity. I'm curious kind of what your full price or nondiscounted transaction growth might have been like in the month of June. And I guess what I'm trying to get at is kind of that return to profitable growth that you alluded to, Jonathan.

Jamie McConnell

CFO & Treasurer

Sharon, yes, so our discounts represented about 200 points of the mix. And so like you said, we are really happy with the momentum that we saw throughout the quarter, and that continued into Q3. And what we have done with promotions is we're seeing what's working and what is not. So that percentage of mix has gone down into June. And what we are doing is targeting those promotions around lapsed guests.

So it used to be for all loyalty members, you were getting a craving of the month, but we were not seeing the incremental transactions. So we've since pivoted and are only focused on our lapsed guests.

Jonathan Neman

Co-Founder, Chairman, President & CEO

Yes, just to build on it, we've definitely weaned off the promotional activity throughout the quarter and into July. And before cyclospora hit, we were seeing really nice momentum in let's call it, the first 10 days of July with positive comps and transactions. So -- and that was without the promo running. So a lot of momentum as we work through the quarter.

Obviously, external events have changed things quite a bit, but we expect to continue to drive growth without much promotional activity and really shifting more of our focus to acquiring new customers and from a top-of-funnel perspective and using, as Jamie said, using loyalty and CRM and promos in a very, very targeted way.

Operator

Your next question is from the line of Brian Mullan with Piper Sandler.

Brian Mullan

Piper Sandler & Co., Research Division

Just a question on development. What's the current thinking for how you might want to approach store growth next year? Not looking for precise guidance, but just trying to get a sense with the new Chief Development Officer, would there be some sort of pause while he does a full assessment? Or would you think that you would continue to at least open some stores? Any elaboration on that would be great.

Jonathan Neman

Co-Founder, Chairman, President & CEO

Sure. So we will continue to open stores at, I'd say, a pretty conservative pace, similar or slower to what we've done this year, really focused on the real estate profiles where we know Sweetgreen works and resonates. So really aiming for really kind of home run sites that build our brand and meet our return thresholds.

And during this time, as we are building the core business back, spending a lot of time really perfecting the prototype, the cost of it, the overall experience. So we are ready with that as we look to accelerate once the business recovers. So call it a slowdown to speed up phase.

Operator

Your next question is from the line of Rahul Kro with JPMorgan.

Rahul Krotthapalli
JPMorgan Chase & Co, Research Division

Jonathan, how should we think about retelling the brand story to resonate with potential future customers and capture a broader audience and drive wider awareness? I mean, attracting new customers into the system is oftentimes a bigger challenge than increasing frequency. And this has been an opportunity for the brand for some time. Can you elaborate on the specific initiatives? How are you planning to accomplish this?

Jonathan Neman
Co-Founder, Chairman, President & CEO

Yes, absolutely. So there's a few ways that we're doing this. First and foremost, it starts with the diversification of the menu. So first was wraps. We are now spending a lot of time on a plates relaunch for the end of the year. What we're seeing is consumers are really resonating with our more protein-forward hot dishes. Just as an example, the Hot Honey Chicken has continued to perform really well. We actually did a what we call a glow up of that dish.

And with that, we saw a 30% improvement in the 30-day order rate of that reorder rate of it becoming kind of a stickier dish and have now taken that approach across a number of other items on the menu. So menu is the first thing. The second is shifting the media mix. So the media mix has been very focused on bottom, middle of the funnel, really engaging with our existing customers and our lapsed customers. And we saw that, that's worked. We actually saw our frequency increase for our existing customer base, and we saw our digital channels comp positive.

So as -- now that we've really gotten that working, the focus is moving more of the marketing mix to top of the funnel and working on some bigger tentpole moments, experiences and also bringing back a lot of the local and community marketing that we know works in terms of driving customers. So those are the big things. We have a really robust calendar for the back half of the year with a number of big moments.

The other 2 things that we're really working on is more on social and more on out-of-home. Lastly, we've rebuilt our entire brand and marketing team leadership over the past 6 months and have brought a lot of really awesome capable creative talent to help reinvigorate the brand, tell big stories and acquire new customers. So really excited for this back half of the year and already have a really robust marketing calendar for 2027.

Operator

Your next question is from Brian Bittner with Oppenheimer & Co.

Michael Tamas
Oppenheimer & Co. Inc., Research Division

This is Mike Tamas on for Brian. I just wanted to go back to the underlying business prior to any of the issues that are impacting the third quarter. I mean you started the quarter down 8% comps in April and thought you'd get back to, I think, the negative 4% range for the quarter.

You briefly touched on it with wraps a little bit, but what do you think were the biggest drivers that caused that shortfall versus what your plan was? And where do you see the greatest opportunity to improve sales moving forward outside of the cyclospora and the jalapeño issues?

Jamie McConnell
CFO & Treasurer

Yes. So you're absolutely right. We saw great momentum going into the end of the quarter and also into July, and we're expecting for Q3 to turn to positive transactions before the outbreak. What I can tell you is -- what we saw in our test market with wraps, we saw more incrementality in tests versus what we saw during the launch. But the good news is what we're seeing is it's really resonating with our current guests, but we have the opportunity, like Jon said, to really acquire those new customers, but that really was the gap on the comparable sales guide.

Jonathan Neman

Co-Founder, Chairman, President & CEO

Yes. It's really -- the gap has a lot to do with the mix shift and the check drag from wraps with such a high incidence. The good news is we are seeing a lot of momentum in terms of attachment on wraps. The attachment rate on wraps is higher. And as I mentioned earlier, the frequency of wraps customers is higher. So I think over time, you'll continue to see more incrementality out of that platform.

Operator

Your next question is from the line of Jon Tower with Citi.

Jon Tower

Citigroup Inc., Research Division

Yes. I guess 2 questions in one maybe. On the idea that the wraps didn't test or didn't hit the market as well as test indicated, what does it tell you guys about your testing in general? I mean I thought much of that had been at least examined recently in the past year to ensure that it gets better. So what in the testing process maybe missed this?

And then on top of that, I guess the second question is thinking about the back half of the year, everything that's going on with industry headlines, are you accounting for a much greater promotional activity in this third quarter to get back to the guidance range that you've offered in the quarter from a same-store sales and, importantly, a profitability standpoint?

Jonathan Neman

Co-Founder, Chairman, President & CEO

I'll take the second part of your question first is we really worked hard to wean off the promotions and are looking to be very disciplined there. So we have not built in a lot of promo in order to do that. We will invest in promos where we see it being accretive, but really trying to manage that very carefully, both from a business perspective and from a brand perspective.

As it relates to your question around wrap, I think the real reason is what you saw in the results is it's really resonating with our existing and lapsed users. So in the markets that we tested in, they had -- they were large markets. So we got a -- in some ways, it was a very good test, and we ran it for a long time, but there were markets like New York that had greater brand awareness. So in that market, for example, we did see more incrementality. We've shared and I shared in my prepared remarks that with wraps longer in that market, you've seen that market really start to perform and move not only to positive transaction, but positive comps. So again, it highlights the opportunity of bringing more guests top of funnel with wraps and overall for the brand.

Operator

Your next question comes from the line of Steve McManus with BNP Paribas.

Stephen McManus
BNP Paribas, Research Division

So another question on wrap. So the 5% transaction lift, you got about 2 points showing up in comps and total traffic was still down 2%. So how much of the gap is cannibalization versus lower check on wrap visits? And what's the net like comp contribution once you strip that out?

Jamie McConnell
CFO & Treasurer

Yes. So I'd say it's all primarily related to the lower check.

Stephen McManus
BNP Paribas, Research Division

Got it. Okay. And anything you could share around like the margin profile and the labor intensity around wraps versus the average salad bowl?

Jamie McConnell
CFO & Treasurer

Yes. So it's -- we price it margin neutral to the rest of our items on our menu.

Operator

Your next question is from the line of Kelly Merrill with Morgan Stanley.

Kelly Anne Merrill

Morgan Stanley, Research Division

I just wanted to go back to mix. So it went from a modest drag on comps in the first quarter to a much larger one in the second. And I know you noted promo shift towards wraps, lapping Ripple Fries, all those things is impacting ticket. And given that you just said you're trying to wean off of promotions in the third quarter, I just wanted to ask, how long do you expect this magnitude of mix drag to persist?

And what's baked into the back half guidance? And do you see this as like a new normal, a new baseline for mix? Or when do you see that moderating?

Jamie McConnell

CFO & Treasurer

Yes. So we already started like we talked about moderating it into June. So in the back half of the year, we expect it to be in the low single digits. And we have completely lapped our launch of the Ripple Fries, so that will no longer be a mix headwind.

Jonathan Neman

Co-Founder, Chairman, President & CEO

Yes. And just as a reminder, we have no price running through the system. And, like I said in the remarks, we've taken pretty significantly less price in both the category and grocery since 2019. So really trying to grow the business from a transaction perspective. We do have a lot of work being done around attachments. And so you'll see a lot more there.

And as we continue to innovate outside of wraps, we do see opportunities to lift the check. So we've been pretty conservative in the guide around mix, but we have a lot of work doing to kind of bridge that gap.

Operator

There are no further questions at this time. This concludes today's call. Thank you for attending. You may now disconnect.

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