Wingstop Inc. (WING) Q2 2026 Earnings Call Transcript

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Q2: 2026-07-29 Earnings Summary

Insights

EPS of $1.18 beats by $0.16 | Revenue of $185.56M (6.44% Y/Y) misses by $4.66M

Wingstop Inc. (WING) Q2 2026 Earnings Call July 29, 2026 10:00 AM EDT

Company Participants

Sarah Niehaus - Senior Director of Investor Relations & Corporate Finance
Michael Skipworth - President, CEO & Director
Alex Kaleida - Chief Financial Officer

Conference Call Participants

David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Sara Senatore - BofA Securities, Research Division
Jon Tower - Citigroup Inc., Research Division
Brian Harbour - Morgan Stanley, Research Division
James Salera - Stephens Inc., Research Division
Zachary Fadem - Wells Fargo Securities, LLC, Research Division
Danilo Gargiulo - Bernstein Institutional Services LLC, Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
Brian Vaccaro - Raymond James & Associates, Inc., Research Division

Presentation

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to Wingstop Inc.'s Fiscal Second Quarter 2026 Earnings Conference Call. [Operator Instructions]

Please note that this conference is being recorded today, Wednesday, July 29, 2026. On the call today are Michael Skipworth, President and Chief Executive Officer; Alex Kaleida, Senior Vice President and Chief Financial Officer; and Sarah Niehaus, Senior Director of Investor Relations.

I would now like to turn the conference over to Sarah. Please go ahead.

Sarah Niehaus
Senior Director of Investor Relations & Corporate Finance

Thank you, and welcome to the Fiscal Second Quarter 2026 Earnings Conference Call for Wingstop. Our results were published earlier this morning and are available on our Investor Relations website at ir.wingstop.com. Our discussion today includes forward-looking statements. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties that could cause our actual results to differ materially from what we currently expect.

Our SEC filings describe various risks that could affect our future operating results and financial condition. We use certain non-GAAP financial measures that we believe can be useful in evaluating our performance. Presentation of such information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP. Reconciliations to comparable GAAP measures are contained in our earnings release. Lastly, for the Q&A session, we ask that each of you please keep to one question and a follow-up to allow as many participants as possible to ask a question.

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

Michael Skipworth
President, CEO & Director

Thank you, Sarah. Good morning, everyone, and thank you for joining us. I would like to start the call by taking a moment to recognize our brand partners, restaurant teams and global support center team members. I have previously described 2026 as a transformational year for Wingstop from operationalizing Wingstop Smart Kitchen, a new kitchen operating platform that completely changed our back-of-house operations to the national launch of Club Wingstop, our first loyalty program.

The commitment from our brand partners and team members has been impressive, all of this while operating in this evolving consumer environment. That is a direct reflection of the resilience and incredible commitment of our team members across the system and demonstrates the shared excitement around the future for Wingstop. While we've continued to strengthen the business for the long term, our financial performance this quarter fell short of our expectations with second quarter same-store sales declining 7.5%. The pressure on our core guests remained more pronounced than we anticipated.

At the same time, the quarter gave us greater clarity about what's driving our results. It's increasingly clear that the challenge we're facing today is not structural and not a reflection of our brand relevance or product quality. That being said, we have an opportunity to showcase value more overtly to help preserve Wingstop occasions with our core guests as price-pointed messaging broadly across the industry has continued to intensify. Independent brand tracking continues to rank Wingstop among the strongest restaurant brands for quality.

Brand awareness is growing. And over the past year, aided brand awareness has increased more than 5 percentage points. Perhaps one of the strongest proof points of brand health and relevance came during the World Cup. On key match days, we saw same-store sales swing into double-digit growth as guests came together to celebrate with family and friends. We saw similar responses during the NBA Finals in markets with hometown teams competing. Those moments are a great reminder of what we have known as a brand for a long time.

When our guests have special moments and occasions to celebrate together, Wingstop's flavor and quality is one of their top choices. And many of those guests who engaged with Wingstop on those days are the very same consumers experiencing the greatest financial pressure today. Whether it was key World Cup matches or the NBA Finals, our core guests ordered for groups driving double-digit increases in average ticket and frequently choosing one of our bundled offerings. To us, that's a really important insight. When our guests choose to treat themselves and come together for a group occasion, the Wingstop brand was top of mind.

Consumers are still willing to spend on meaningful occasions. They simply want confidence they're receiving compelling value for the group. Our opportunity, particularly in this current environment, is to make that per person value even more obvious so that our guests consider Wingstop for more occasions while we continue to expand the brand to new consumers. We find our business more exposed than other restaurant concepts to consumers who have been disproportionately impacted by persistent inflation and ongoing economic uncertainty.

To better appreciate our results, let me share a little bit about the makeup of our restaurant footprint. Today, more than 55% of our domestic restaurants are located in urban trade areas where households are under more financial stress than higher-income households. Digital guest visits in those trade areas and correspondingly frequency declined by approximately 9%, while visits in higher-income trade areas actually grew in the second quarter. That divergence in trend reinforces our belief that the pressure we're seeing today in our core guests is macro-driven, not any change in the underlying strength of the Wingstop brand.

While brand awareness remains an opportunity for us, we have made great progress over the last five years, and our footprint has played a key role. But as awareness has continued to grow, our focus is naturally evolving. Over the past several years, we focused on introducing more consumers to the Wingstop brand. Today, our opportunity is increasingly about converting that awareness into consideration, driving more occasions and increased frequency. That means giving guests more reasons to choose Wingstop through differentiated flavor innovation, compelling value and increasingly personalized engagement.

What you will see from us in the second half of the year is our creative and message will evolve to this strategy. When we think about value, it's one simple question. Was the experience worth what I paid? Price is certainly an input into that equation, but it's not the only one. Our quality, flavor, abundance and experience all contribute to the value guests receive. That said, in this current environment, price is clearly playing a greater role in consumers' perception of value.

Guests can still feed a group at Wingstop for approximately $8 per person, just as they could several years ago. What has changed is the environment our guests are operating in, and that means we have to communicate value in ways that resonate today. Our confidence in the strategies we've put in place has not changed. And as we move into the balance of 2026, we're executing against our strategies with a sharper focus on protecting our core guests while continuing to strengthen the business for the long term.

During the second quarter, we deployed a variety of offers to better understand how guests respond to different expressions of value. Our $1 wing promotion reinforced the demand compelling value can generate. The 30 for $30 bundle validated that the right offer can do more than drive transactions. It can grow the overall occasion, increasing average first-party ticket by nearly 17%.

Flavors under $10 demonstrated that we can better highlight the accessible price points already available on our menu, creating more entry points into the Wingstop brand while maintaining the quality, flavor and experience our guests expect. That approach resonated with guests. The overall satisfaction scores improved in 89% of the markets where the promotion ran. Importantly, we're executing our value strategy while preserving the strong unit economics that have always differentiated the Wingstop model.

Competing more effectively for today's consumer requires us to win more occasions and strengthen the emotional connection with our guests over time. Perhaps the most significant milestone in advancing that strategy this quarter and one we've been working towards for several years was the national launch of Club Wingstop, our first loyalty program.

From the beginning, our vision wasn't simply to launch another loyalty program. It was to build a more personalized relationship with our guests that allow us to engage with them in more meaningful ways, such as through exclusive access to Wingstop or in special experiences and events. The early response has exceeded our expectations. In just a matter of weeks, Club Wingstop enrollments are tracking ahead of expectations by 22% and loyalty sales represent nearly half of our first-party digital sales, significantly outperforming the pilot market results.

While our near-term focus is centered on enrollment, early engagement trends reinforce our confidence in the platform. Club Wingstop is giving us something we've never had before, a scalable personalization platform with millions of active guests that allow us to introduce exclusive experiences tailored and hyper-personalized communications, deliver relevant value through targeted offers and ultimately build greater guest frequency over time.

As we've discussed, value isn't a one-size-fits-all, and Club Wingstop gives us the ability to deliver the right message and the right offer to the right guest at the right time, ultimately strengthening the emotional connection with our guests. That's a much more effective way to communicate the compelling value already inherent in our menu than broad-based discounting and one that supports both guest engagement and healthy brand partner economics. It's still early, and we have a great deal to learn as the platform continues to mature, but the pace of adoption and early engagement reinforce our confidence in Club Wingstop and its potential to become an important long-term growth platform for the brand.

As awareness has grown, our focus is increasingly on converting that awareness into consideration. And one of the greatest reasons guests engage with Wingstop continues to be our unmatched flavor. Our bold and distinctive flavors have always been one of our strongest competitive advantages. And we've recently become much more intentional about maintaining a consistent cadence of innovation.

Citrus Moho and Sweet Heat Chamoy generated great guest engagement during the quarter, and we're excited about our innovation pipeline in the second half of the year. Innovation remains one of the best ways we can drive consideration, create new occasions, encourage repeat visits and reinforce what makes Wingstop unique.

Operations is equally as critical to ensure we consistently deliver on the promise we're creating for our guests. That's exactly why we've remained focused on executing our Wingstop Smart Kitchen strategy. While we have more work to do, operationally, we're seeing the improvements we expected in guest satisfaction, speed, consistency and restaurant execution. While the current environment is masking the near-term same-store sales lift, it does not change the long-term opportunity.

Smart Kitchen is designed to improve the guest experience over time, and those benefits compound as guests repeatedly experience faster and more consistent service. Our field team is supporting through training and monitoring operating standards to ensure every restaurant consistently delivers the Wingstop experience our guests expect. Our historically lower-performing restaurants have improved digital guest satisfaction by more than 11 percentage points, while reducing the performance gap across the system by more than 40%.

To us, those are the right leading indicators, and they reinforce our confidence that Wingstop Smart Kitchen will continue strengthening the business over the long term. Perhaps the strongest validation of our confidence in the long-term opportunity is the confidence our brand partners continue to demonstrate through their investment in Wingstop.

New restaurant development remains healthy across both our domestic and international business. reinforcing our belief that our long-term unit economics and growth opportunity remain firmly intact. Our brand partners continue investing because they see the same long-term opportunity we do, a highly differentiated brand, compelling restaurant economics and a significant white space remaining both in the U.S. and internationally.

Our brand partners in the U.S. opened more than 300 restaurants across 46 states in the last 12 months, a more than 13% growth rate. Outside of the U.S., we're continuing to make meaningful progress as we surpassed 100 restaurants in the United Kingdom, opened our flagship restaurant in Singapore and remain on track to enter India later this year, which represents our largest international growth opportunity to date. 2026 is on pace for another record year of openings for our international markets.

We are also excited to announce that we have signed a development agreement to expand into Poland, a market with an opportunity of over 100 restaurants, reflecting continued confidence in the long-term international opportunity and adding another attractive growth market to our development pipeline.

Finally, we're continuing to invest in one of our most important competitive advantages, our people. We have recently strengthened our leadership team with the addition of our first Chief AI Officer, further building the capabilities we believe are necessary to support Wingstop's next chapter of growth. Just as we've invested in our restaurants, technology and digital capabilities, we're equally committed to investing in the talent that will help us execute our strategy and deliver on the long-term opportunity in front of us. With today's consumer backdrop, we're focused on what we can control.

First, we're refining how we bring Wingstop to market. Our creative and messaging will increasingly connect our leadership in quality, bold flavor and compelling price per person value, helping us win more occasions more consistently throughout the year. Second, we're building deeper relationships with our guests through Club Wingstop. While still early in the launch and initial results are encouraging, Club Wingstop gives us the ability to communicate more effectively, deliver value and exclusive experiences and build greater guest frequency over time.

We're also focused on driving smart kitchen execution. As we continue improving operational consistency across the system, we're creating a more consistent and better guest experience that reinforces everything our marketing promises and strengthens the business for the long term. Taken together, these priorities position us to better serve our guests today while building an even stronger Wingstop for years ahead. We believe they are the right actions to strengthen the brand, create long-term shareholder value and continue advancing towards our goal of becoming a top 10 global restaurant brand.

With that, I'll turn the call over to Alex.

Alex Kaleida
Chief Financial Officer

Thank you, Michael, and good morning, everyone. As Michael discussed, our second quarter results fell below our expectations, and we are adapting our creative and messaging in the second half to apply what we learned in Q2. But even in this environment, our confidence in our long-term strategy has not changed.

During the second quarter, we delivered system-wide sales growth, double-digit adjusted EBITDA growth and strong free cash flow generation, giving us the flexibility to continue investing behind our strategic priorities. While we were disappointed in our same-store sales result, Q2 showcased the strength of our model, and we believe we are executing strategies that will return same-store sales to growth.

One of the clearest financial proof points of our model continues to be our unit development and the opportunity to scale Wingstop to over 10,000 restaurants globally. Our development pipeline provides us with the visibility into future unit growth, and we continue to see broad-based demand across both domestic and international markets. Restaurant commitments under development agreements stands at record levels.

The underlying economics of the business remain compelling, and we believe returns for our brand partners are industry-leading. Domestic same-store sales declined 7.5% during the second quarter, reflecting the continued pressure on our core consumer that Michael discussed earlier. However, system-wide sales grew 5.3% to approximately $1.4 billion, supported by continued net new restaurant openings across the system.

And as a result, royalty revenue, franchise fees and other increased 8.7% to $86.8 million. Company-owned restaurant sales increased 5.3% to $34.2 million, which included a same-store sales decline of 2.5% during the second quarter and three additional corporate-owned restaurants added since the prior year. Company-owned restaurant same-store sales outperformed the system average and benefited from a portfolio concentrated in the Dallas-Fort Worth market, our most mature market and one that has the highest level of brand awareness.

Compared to our broader system, the Dallas-Fort Worth market also has a more diversified consumer base and less concentration in the lower-income consumer, a great representation of how we see our long-term opportunity to widen our consumer base. Turning to restaurant level margins.

Company-owned cost of sales improved 190 basis points to 73.3% of company-owned restaurant sales. This improvement was primarily driven by lower bone-in wing costs. Our supply chain strategy continues to provide great visibility and predictability into food cost for our brand partners, allowing us to benefit when market conditions become more favorable as demonstrated in Q2.

SG&A expense declined $2.7 million to $30.2 million versus the prior year for the second quarter, primarily related to a one-time stock forfeiture and stock-based compensation expense. We continue to take a disciplined approach to invest in talent and capabilities that we believe will support sustainable long-term growth. Q2 net income increased to $31.3 million or $1.15 per diluted share, an increase of 16.9% versus the prior year. Adjusted EBITDA, a non-GAAP measure, increased 12.5% to $66.6 million. Our capital allocation priorities remain unchanged.

Our first priority is investing behind our organic growth strategies where we believe we can generate the highest long-term returns. That includes investments in technology and digital innovation, corporate restaurant operations and the strategic initiatives Michael discussed earlier that we believe will strengthen Wingstop's long-term competitive position. In the third quarter, we expect to close on the acquisition of 13 restaurants in a market outside of the Dallas-Fort Worth area, representing an investment of approximately $32 million.

With this acquisition, it will unlock a significant development opportunity for our company-owned portfolio and has the potential to support an additional 25 restaurants over time. When opportunities arise to deploy capital in ways that both strengthen the business and create attractive long-term returns, we'll continue to evaluate them through that disciplined framework. The acquired restaurants are anticipated to contribute approximately $7 million of revenue and $1 million of adjusted EBITDA for the balance of 2026, net of the royalty impact.

These restaurants operate at volume more representative of the broader system average than our existing company-owned portfolio, and we expect to invest behind operations as we integrate them. We remain committed to returning excess capital to shareholders through a balanced approach that includes both our quarterly dividend and our share repurchase program. On July 28, our Board of Directors approved an increase to our quarterly cash dividend from $0.30 per share to $0.33 per share.

In addition, through the first half of the year, we have repurchased 374,324 shares of common stock for $78.5 million. As of quarter end, approximately $313 million remained available under our share repurchase authorization.

Turning to our outlook. We've updated elements of our full year guidance to reflect both the current operating environment and the continued investments we're making across the business. First, we're updating our domestic same-store sales outlook to a decline of 4% to 6% for the year. We believe this change reflects the Q2 results in our business and the current macroeconomic environment, including recent inflation in fuel prices.

Importantly, we're reiterating our global unit growth guidance of 15% to 16% for the year. We expect the pace of openings to accelerate through the balance of the year with the fourth quarter representing our largest quarter of net new restaurant openings. The health of our development pipeline continues to provide us with the visibility into the balance of the year, reinforcing our confidence in one of the key drivers of our long-term algorithm.

We're also updating our SG&A outlook to a range of $140 million to $143 million and stock-based compensation expense to approximately $24 million. While we've updated our same-store sales outlook to address the current environment and pressure on our core consumer, we're focusing on what we can control and the opportunities in front of us with our long-term strategies.

Our brand health metrics are strong. The Wingstop Smart Kitchen elevates our operating standards to a level unseen before for the brand. The Wingstop Smart Kitchen investment, along with the launch of our first loyalty program, position us for another phase of growth. And importantly, in a franchise system such as ours, we believe our unit economics remain best-in-class, fueling this opportunity to bring more Wingstops to guests around the world. I want to thank our team members, supplier partners and our brand partners for their continued commitment and dedication to Wingstop.

With that, operator, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] The first question comes from David Tarantino with Baird.

David Tarantino
Robert W. Baird & Co. Incorporated, Research Division

My question is on the value strategy that you mentioned related to the new approach on the marketing. So I guess two parts to the question. One is, could you just elaborate on how you're planning to approach this? Is this a discount versus what you already offer? Are you just highlighting the value of what you offer today? And then secondly, I was hoping you could share maybe some anecdotes on whether you have some test results or proof points that might give us confidence that this strategy will indeed work to stabilize the sales trend?

Michael Skipworth
President, CEO & Director

David, thank you for the question. I think it's important to understand and maybe take a little bit of a step back, and we'll talk about what we saw in the second quarter. And if you recall, we talked about the need to really protect our core consumer. And so what you saw us do in the second quarter was really bring forward value messaging. And we tested a handful of ways to present value.

And we also tested ways to really deconstruct inherent value on our menu to both kind of create single-eater entry price points or even a price per person for group occasions. And I think a great example I would point to and what we really learned in Q2 was when we put forward 30 wings for $30. And what we saw with that promotion, David, was guests were building their own bundles with attachments and ultimately driving a higher average check well above that $30 price point. And so that really told us that it's not just price point, they saw compelling value in building their own bundles and then knowing that the value they were getting on the wings.

And so it tells us, David, that quality, flavor, abundance and the value per person are key to winning more occasions for us. We also saw us increase the frequency of flavor innovation. And we see measurable increases in the rate of repeat visits within the first 90 days when we bring flavor innovation forward. So another key indicator of how we can protect our core consumer. And we have a strong pipeline of flavor innovation in the back half of the year that we're really excited about.

And so when we think about both flavor and value, we know that we can do a better job executing with our creative and messaging to include a call to action that shows not only quality and flavor, but also breaks through with that value per person that exists on our menu today.

And as we take a step back and look at the last five years and how we've scaled brand awareness, we see a real opportunity for us to evolve and really focus on consideration and value per person messaging as well as flavor innovation are both things that's going to help us drive consideration, which we know will drive purchase. And so you'll see us evolve our marketing in the second half to really more heavily focus on driving consideration and taking those learnings that we have from Q2.

David Tarantino

Robert W. Baird & Co. Incorporated, Research Division

Great. And maybe just a follow-up on the second part of my question. Is that -- I guess, were you seeing signs that this strategy is working under the surface? I only asked because the result for Q2 came in a bit below your expectations. So I'm just trying to reconcile those two points where it seems like you've unlocked some concepts on value that could work. But I guess, did you see it working under the surface and giving you confidence for the second half?

Michael Skipworth

President, CEO & Director

Yes, David, we did see certain elements that we put forward show some really positive signs. I would say, taking a step back and just looking at it at a higher level, we did see an improvement in trend as it relates to transactions. We gave a little bit of that back on ticket, but did see some improvement in transactions.

And we also saw that drive engagement with that core guest and some of those trade areas that we referenced in our prepared remarks that are under more pressure, we saw improvement in trends within those trade areas as we leaned in and demonstrated some of these value offerings that are inherent in our menu today.

Operator

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

Sara Senatore
BofA Securities, Research Division

Question and then a follow-up. I guess maybe if you could talk about the marketing perhaps a little bit. You talked about call to action. I mean, I think one of the things that we have seen is that social digital marketing has been really powerful for some brands around sort of just relevance to the cultural conversation.

Have you done anything stood up social listening or changed anything about your strategy? I know you've talked about shifting a little bit more perhaps to that from linear television, but the examples you cited of really strong performance were around live sports, which I think has historically been your strong suit. So any -- I guess, any update on kind of a pivot that makes you a little bit more visible on social digital media? And then I have a quick follow-up.

Michael Skipworth
President, CEO & Director

Sara, I do think kind of reiterating back to some of our prepared remarks and then my response to David earlier, you will see us get much more tighter, I think, around the execution, both creative and messaging that does include that call to action, but it's balancing what we've historically been really heavy in quality and flavor, but also balancing that value message, and it's really about that value per person that you can get in our menu today and really finding ways to present that, that includes, again, that call to action.

And so one of the things we've acknowledged kind of in the first half of the year and in second quarter is continuing to drive execution as it relates to the creative and the messaging. And so you'll see us continue to lean in and improve kind of the consistency and I would say a little bit of the focus around that messaging in the back half of the year.

Alex Kaleida

Chief Financial Officer

And Sara, this is Alex. Just to add to Michael's response. We also -- alongside of our launch of Club Wingstop, we invested behind our personalization engine through CRM, through Club Wingstop that allows us to really hyper-personalize that message to the guests. So some of our core consumers that are feeling more pressure could see a more value-centric message.

Some could see something centered around flavor to elevate to show that elevated quality that we can deliver. And then alongside of that, we now have Club Wingstop as a platform to further strengthen our value proposition through various challenges and rewarding those members with more points, more access to Wingstop. So I think the combination of that, plus what Michael mentioned is something we're now able to unlock.

Operator

The next question comes from Jon Tower with Citi.

Jon Tower

Citigroup Inc., Research Division

Maybe just a couple of ones real quick. Obviously, you spoke quite a bit on innovation around flavor, and that's kind of been your hook for a long while. I'm curious if there's any other innovation we should be thinking of on your menu taking into consideration your make line that's very basic and very low SKU count, but also the idea of new product news maybe driving more customers to the stores.

The follow-up question is around the store acquisition that you made outside of Dallas, 13 stores, but I think you alluded to the idea of 25 more potentially in the pipeline. Is it your intention to build those out yourself from a company portfolio? Or is the idea that you will own this and then potentially refranchise that chunk at some point down the line?

Michael Skipworth

President, CEO & Director

John, I'll take the first question, and I'll let Alex take the second question you asked. But -- what I would say is I'll point to, and we referenced this on our prepared remarks, but we saw these kind of key moments in the quarter and even after the quarter. And it's kind of the World Cup and in certain key matchups, we saw like these moments that it just reminds us of how special this brand is. We saw our core guests engage with our brand in a big way. On certain key match-up days, we saw double-digit growth. And it shows us that the brand is still relevant.

The brand is still top of mind. We just have a core guest that's under pressure, but it was that guest who has pulled back and saw these moments around whether it was NBA Finals or certain World Cup match-ups where when they did choose to dine out, Wingstop was top of mind and their top choice. And so as we think about our core guests, what they come to Wingstop for, it is obviously quality. It's the hand sauce and toss, but it is our flavor.

And so we know and history has told us that when we continue to bring flavor innovation that only Wingstop can bring forward, it drives engagement with our core guests. It brings that guest back, gives them another reason. And it also presents us in a way of kind of that continued cadence of innovation to bring in new guests and drive new trial with the brand. And so you'll see us as it relates to innovation, continuing to lean into our proven playbook around flavor innovation. And then I'll let Alex answer your second question.

Alex Kaleida

Chief Financial Officer

John, regarding the corporate acquisition, to be clear, this is not a departure from our strategy to maintain an asset-light, highly franchised model. But as we see deals throughout the years coming through the system, we saw this market and opportunity for us to step into. That was a way for us to further enhance shareholder returns. And we do anticipate retaining this market. So in addition to the 13 restaurants, we see another potential 25 restaurants for us to build over time.

Operator

The next question comes from Brian Harbour with Morgan Stanley.

Brian Harbour

Morgan Stanley, Research Division

When you spoke about the more challenged areas, I guess those are the lower-income markets. Do you think -- I don't know if you can measure this, but I mean, do you think that you're losing share there to some extent? And is messaging value kind of meant to regain some of that? Or do you think this is sort of a problem across these markets?

Michael Skipworth

President, CEO & Director

Brian, I would say, obviously, what we indicated on -- in our prepared remarks in those markets where we do have a heavier presence with the lower-income consumer, we did see a pullback in frequency. For us, when we look at the data, I don't know if they're necessarily going somewhere else or just generally pulling back in this environment as they try to navigate the economic situation that they're put in.

And I'd tie back to a comment we prepared earlier or we mentioned earlier about what we saw with the World Cup. It really kind of was a strong signal that our core guest is still there. They still -- Wingstop is still top of mind. And so as we think about what we saw and learned in that situation, it supports how important our plan is for the second half of presenting value with our quality and flavor in a way that we believe will position us to win more occasions with that core guest.

Brian Harbour

Morgan Stanley, Research Division

Okay. And how did third-party delivery do in the second quarter? I guess I might think that, that's actually holding up better based on the customer base, but I was curious if you've seen that. And also as you've kind of been working on the service time in that channel? Have you continued to see improvement there? Is that resonating at all?

Michael Skipworth

President, CEO & Director

Yes, Brian. As it relates to the third-party delivery platforms, one of the things we kind of learned as we continue to progress through the second quarter is not necessarily seeing the lift we maybe initially would have expected just from the improvements in speed alone. And what we did in the second quarter is really tested our way through understanding better on kind of how those algorithms work and how important conversion is as it fuels those algorithms. And so based on what we learned in Q2 and the plan that we have in front of us for the back half of the year, we think we've got a strategy in place that will fuel those algorithms that will put Wingstop into the more of the consideration set and position us to take advantage of the improvements we've made in speed.

Operator

The next question comes from Jim Salera with Stephens.

James Salera
Stephens Inc., Research Division

I wanted to ask about the new unit opening splits. Michael, you highlighted this 55% that are in these markets that are experiencing a little bit more pressure. Can you give us a sense, given the new unit opening at such a strong cadence, the split of the new units? And if you have maybe a glide path of where you expect that to be longer term, that mix between these higher income areas that are doing better and then maybe the more legacy units?

Michael Skipworth
President, CEO & Director

Jim, great question. What I would say is our kind of existing restaurants that we are opening and a little bit of what's in our pipeline today, I would say, generally speaking, is probably a decent representation of our footprint today as we execute those development playbooks. But one of the things we've talked about before is kind of that core demand space that we have and have a huge opportunity where we're only winning, call it, 2% to 3% of that demand space today and benchmarks suggest we should be winning close to 20% of that demand space.

And as you deconstruct that demand space, the majority of the spend in that demand space is represented by households that have an income level of above $100,000. And so as you think about mapping out our continued growth in the U.S., you would expect our footprint to evolve a little bit that positions us to win more of those occasions in that demand space over time.

James Salera
Stephens Inc., Research Division

If we think about the demand drivers, again, you called out a lot of the engagement in the lower income is around specific events, primarily sporting events. Is that different at all with the higher income groups? Do you see any sort of callouts or anything that's different on a kind of demand basis? Or is it just they have more disposable income and so the frequency around the events is higher?

Alex Kaleida
Chief Financial Officer

Jim, I'd say that -- this is Alex. The distinction was just more of our core consumer coming back in an outsized way during some of those key events. I think that was the factor. And we saw certainly engagement during some of those more consistently in those other areas, higher income. I think we even mentioned on the -- in our prepared remarks about them higher income areas outperforming those trade areas that are more concentrated low-income.

But the other interesting element that I'd point to is within Club Wingstop, we're very focused on enrollment levels in this early phase of the launch. The characteristics of that -- of the typical guest that has enrolled in Wingstop is our core consumer, that lower income, younger consumer demographic. And they're showing a propensity of returning at a pretty fast rate, about 70% of those loyalty members that signed up are back already for another visit. So we're encouraged by that, and we talked about how Club Wingstop can strengthen that value proposition. And we've got a lot more of opportunity to showcase that in the coming months.

Operator

The next question comes from Zach Fadem with Wells Fargo.

Zachary Fadem
Wells Fargo Securities, LLC, Research Division

I know you don't typically talk about cadence, but considering all the moving parts around oil prices, sporting events and all the levers you've pulled around Club Wingstop and value, maybe you could walk us through monthly comp performance in a little bit more detail. Any changes you saw as these factors evolved and whether there's a specific message around early Q3 and your expectations around the shape of the back half of the year?

Michael Skipworth
President, CEO & Director

Zach, this is Michael. On our last call, I think you heard us signal a little bit to what we saw in the first month of the quarter. And then obviously, in May, we saw gas prices kind of hit their recent peak. And obviously, based on the result we posted for the quarter, that the impact of those elevated gas prices had a pretty pronounced impact on our core guests. And so I think that should give you an indication of kind of what we saw as we progressed through the quarter.

As we think about our guide and the balance of the year, I think our approach is pretty consistent with what we've done historically, looking at trends in the business and obviously, acknowledging the recent inflation, again, we've seen in gas prices. But what I would really point you to is as we think about these strategies that we're executing against that we've outlined here today, whether it's continuing to strengthen the execution around creative and messaging to really make sure we're driving through quality, flavor and then that value per person that you can get with Wingstop whether it's Club Wingstop, which we're really excited about the early days and see that as a really encouraging and exciting long-term driver for our business.

And then we talked about Smart Kitchen. The progress we're making there is really encouraging, but continuing to execute from an operations perspective to help deliver that overall guest experience where they can ultimately say when they come to Wingstop, man, that was really worth it. And so as we think about continuing to execute against these in the back half of the year, I would basically kind of point you to or encourage you to kind of think about a ratable improvement in the trend as we progress through the back half of the year.

Zachary Fadem
Wells Fargo Securities, LLC, Research Division

Got it. And then we have a favorable environment for wing prices right now. And I'm curious to what extent you think value efforts can sustain considering the profit dynamics? And then separate question around your EBITDA for the year and to what extent you think double-digit growth could still be on the table?

Alex Kaleida

Chief Financial Officer

Zach, yes, regarding the favorable market dynamics, you kind of saw that play out in the second quarter with our food cost. But we do see that, and we've been transparent with our brand partners about an opportunity to invest behind our value strategies. And so I think we can take advantage of the market with the market backdrop on wings and allow that to help us invest behind our bundles and the flavor strategies, quality that we're going to deliver across the board. And I think with regards to our growth for the balance of the year, it still can imply a double-digit rate on adjusted EBITDA versus the prior year based on the shape of our guidance.

Operator

The next question comes from Danilo Gargiulo with Bernstein.

Danilo Gargiulo

Bernstein Institutional Services LLC, Research Division

Michael, historically, when same-store sales decline in the industry, typically franchisees respond by reducing labor in their store. And I wonder whether you've seen that trend also across franchisees, and therefore, you're expecting that their four-wall economics might be largely unaffected this year.

Michael Skipworth

President, CEO & Director

Danilo, thank you for the question. I think as it relates to labor, particularly in our restaurants, we've run a highly efficient labor model within our restaurants. And so there's not a lot of labor in there to begin with. And as you think about recent sales, I wouldn't necessarily point to margin benefit or anything like that.

But what I would point you to is just the reality of the strength of our model, the AUV growth we've seen over the past four or five years as we sit here today and pair that with the supply chain strategy that we're executing against that Alex just referenced, the unit economics for our Wingstops today are still really strong.

And I think one of the biggest and most supportive statements to really back that up is if you look at our unit guide this year, which we reiterated to 15% to 16% unit growth. And then obviously, we referenced it in our prepared remarks, but to have a development pipeline that's sitting at a record level today as well really shows the level of commitment and excitement our brand partners have to continue to invest in Wingstop.

Danilo Gargiulo
Bernstein Institutional Services LLC, Research Division

And then exactly to this point, you pointed out as well that the franchisee economics really dictate their willingness to be opening stores. Today, you're sitting still at $1.9 million average unit volume, which is significantly above your historical level. And I'm wondering at what point of same-store sales growth do you expect them to start to tilt their conviction in the long term and potentially reduce the net unit growth from the 15% plus that we are seeing today?

Michael Skipworth
President, CEO & Director

Well, I think, Danilo, as we indicated with our guide for the balance of the year and these strategies that we're executing against, it clearly implies a pretty meaningful inflection in the trend that we have in our business today. And so we're more focused on executing against that and continuing to work our way towards growth and continuing to work towards expanding AUVs, which we know will only continue to fuel one of the strongest development pipelines in the industry.

Operator

The next question comes from Gregory Francfort with Guggenheim Securities.

Gregory Francfort
Guggenheim Securities, LLC, Research Division

Michael, just a follow-up on Danilo's question. I guess I think you guys have had or suggested that the cannibalization is not that material to your system. I guess we just look at the down high single-digit comps. And can you maybe help us understand what you're seeing or give us maybe some data points that would support that there's no reason necessarily for franchisees or you guys to start pulling back unit growth?

Michael Skipworth
President, CEO & Director

Yes, Greg, as it relates to cannibalization, we referenced in Q1 that we actually saw that impact retract to kind of below historical levels, and we measure it, obviously, every quarter. And Q2 actually, it got a little bit lower than that even. And so what I would really point to as it relates to the pipeline and unit growth is I really tie back to a lot of the conversations I've been having with our brand partners out in market and their level of excitement with the strategies that we're executing, what they're seeing from Smart Kitchen what they're seeing in the early days of Club Wingstop.

And then obviously, when they experience those moments that I referenced that we saw, whether it's around NBA Finals or World Cup, it's a reminder of how special this brand is. And so our brand partners are bought in, and that's really what I would point you to around the continued pace of growth in front of us.

Operator

Did you have a follow-up, sir?

Gregory Francfort
Guggenheim Securities, LLC, Research Division

No.

Operator

The next question comes from Brian Vaccaro with Raymond James.

Brian Vaccaro
Raymond James & Associates, Inc., Research Division

Back to the need just for more value. I'm curious what led you to conclude that beyond just sort of your softer comp trends and maybe some of the macro things you're seeing in the markets you highlighted. And one dynamic I wanted to ask about specifically was around product mix.

And I'm curious if sales for chicken sandwich or other boneless products have been softer than bone-in wings, which may reflect some of the more intense value competition from QSR competitors. Just curious on that or any other dynamics as you sort of look under the hood to learn more about kind of what this value opportunity might look like?

Michael Skipworth
President, CEO & Director

Brian, what I would really point to, and I think what you heard us say earlier was when we saw the conflict in the Middle East and what happened with gas prices and just that incremental pressure on our core guests, we saw that as clearly the need and kind of the catalyst for us to really lean in and protect our core guests and make sure that we're presenting them with value. And as we mentioned, we tried several different tactics on ways to deliver value and the messaging around it.

And it really laddered back to our core occasion, that group occasion and making sure that we're messaging in a breakthrough way that value per person that we can deliver at Wingstop. It's been $8 per person for several years now, and that's still -- that's a pretty compelling value when you match that against the quality, the flavor that our guests enjoy and get from Wingstop and pair that with the experience they now get in the restaurant supported by Wingstop Smart Kitchen and the team's execution there around speed and consistency.

All of those are really what give us a lot of encouragement and give us a little bit of confidence in what we see in the back half of the year as we execute against a plan that's really centered around continuing to tighten the execution around creative, around messaging and making sure it's breakthrough with that value per person. And I would say -- as it relates to menu mix, I think it has a little bit to do with our core guests. And obviously, bone-in wings are our kind of halo product and our hero product, if you will.

And when we saw these core guests reengage, they came back to Wingstop for what they love about Wingstop and a lot of that is centered around our bone-in wing product. And as we saw with some of the tests that we demonstrated in Q2, I referenced 30 for 30, where we saw it engaged with our core guests and then they built their own bundle in a way that ultimately drove ticket for us on those occasions. And so I think I look at that as really positive and something that we can continue to lean in as we protect that core guest of ours in the back half of the year and win more occasions with them.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Okay. That's helpful. And I guess the follow-up within that, you talked about the 30 for $30 bundle. And we've seen other bundles even last year, things like the game time promotion at $35, $20 for $20 in the middle part of last year, those types of things. But I guess I'm thinking -- you referenced the sort of the single eater price points and the importance of being in that $10 or lower range. Can you -- and I know you've been testing some of these things in recent months.

Can you talk about the performance of, say, dollar wings in that 10 for $10 band, the flavor combos for $10 or even some of the early learnings on the $5 and under tasting menu that I think you're testing in three or four different cities. Can you talk about the importance of that sort of $10 and under versus the bundle and just sort of recommunicating that, yes, $35 you can eat for $8 if you have a big group, that single eater. Can you provide more color on that opportunity?

Alex Kaleida

Chief Financial Officer

Brian, this is Alex. I think the simple way to think about it is we're deconstructing this inherent value in our menu to showcase a lower entry price point for consumers. There's still this opportunity for us to educate guests on how to navigate our menu. And that's some of the learnings we're extracting from Q2.

I think that flavors under $5 is a good example of that. It's the same value as it would be with a larger group pack that's on our menu. We're just helping guests identify that easy entry point. And then the reality is they're building their ticket that's much higher than that $5 -- less than $5 price point that they see.

Operator

This concludes our question-and-answer session and Wingstop Inc.'s Fiscal Second Quarter 2026 Earnings Conference Call. Thank you for attending today's presentation. You may now disconnect.

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