Domino’s & Papa John’s: customer deep dive

Domino’s and Papa John’s struggled to meet earnings guidance in 1H26, and card spend and foot traffic stayed low in 3Q. Retention and cohort data shows what customers they’re losing and where those former customers are going.

Price: 10,370 tokens

Redistribution permitted with attribution to Carbon Arc

Both chains are tracking below guide as fewer customers buy pizza

KEY TAKEAWAYS

- **Q3 tracking below guide.** DPZ card spend and foot traffic point to US SSS of about -2% (±1.7pp) vs. a positive FY26 guide; PZZA (-8% to -11%) is at or below its cut -6% to -8% guide.
- **A traffic problem, not ticket.** Ticket is ~flat at both brands and transactions are driving the decline. Foot traffic Y/Y growth is at its weakest levels since 2024.
- **Domino's wins pizza, not restaurants.** Domino's has gained 4.5 pp of share against the 10 largest U.S. pizza chains over two years, but share against total restaurant spend fell for all generations except Gen-Z. PZZA is losing every generation and income band.
- **Customers are aging and slipping.** Both brands' customer bases are aging faster than the overall restaurant customer, and existing-customer retention fell at both brands while pizza competitors held or improved.
- **Wallet is moving, not shrinking.** On a per-customer basis, Domino's and Papa John's customers are increasing spend across food categories, including burger QSR and casual dining. The average Domino's cross-shopper spends 12.7% more on restaurant delivery than in 3Q25, a competitive risk.

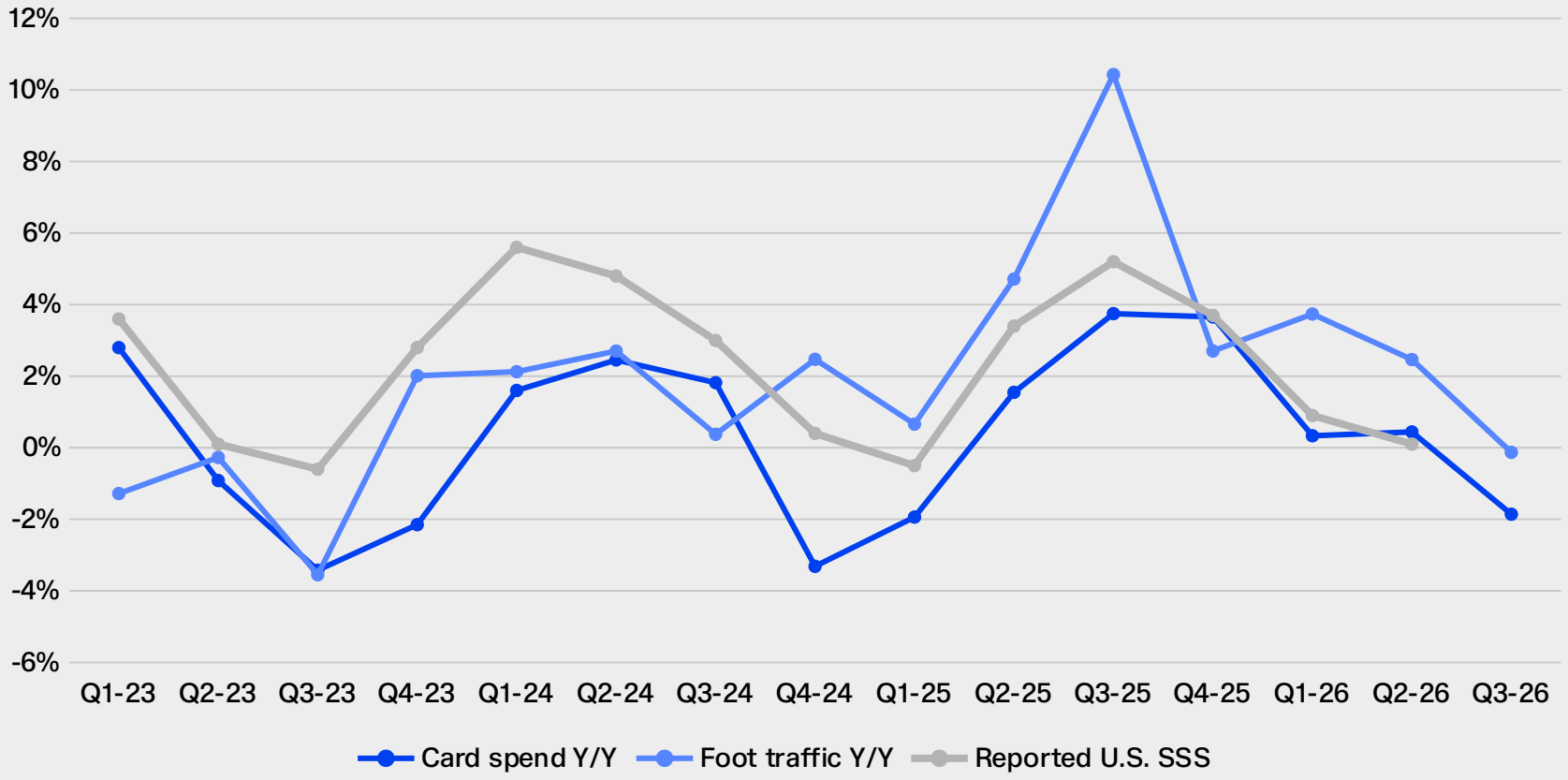
WHAT THIS MEANS

- **Domino's:** Weak 3Q card spend and foot traffic points to risk of a SSS miss and a weaker exit could mean a softer 4Q guide. Pizza share gains aren't offsetting falling category traffic; growth is concentrated in the Southwest and lower-income customers. Recovery appears dependent on QSR growth.
- **Papa John's:** Decline is broad-based and uncorrelated with age, geography, or QSR trends. Heavier cross-shopping of QSR and delivery makes switching outside pizza a key risk.
- **Competition for attention:** QSR ad spend is up 35% Y/Y on TikTok and Reddit, where pizza customers over-index. Both Domino's and Papa John's are shifting spend to TikTok, but Papa John's YouTube push in 3Q doesn't match its audience.

DPZ: card spend and foot traffic point to SSS below full-year guide

DPZ Card spend and foot traffic Y/Y both decelerated 2 – 2.5 pp in 3Q26, pointing to same-store sales in the -2% Y/Y range, below FY26 guidance of positive growth. Card spend estimates have a two-standard deviation margin of error of 1.7 pp and a R^2 of 0.6.

Domino's: card spend and foot traffic Y/Y vs reported U.S. SSS



Q3-26 estimate

Q3-26 model	Estimate	Low	High
From card spend	-2.2%	-3.9%	-0.5%
From foot traffic	-2.5%	-7.2%	+2.2%

FY26 guide: U.S. SSS up low single digits (H1 +0.5%)

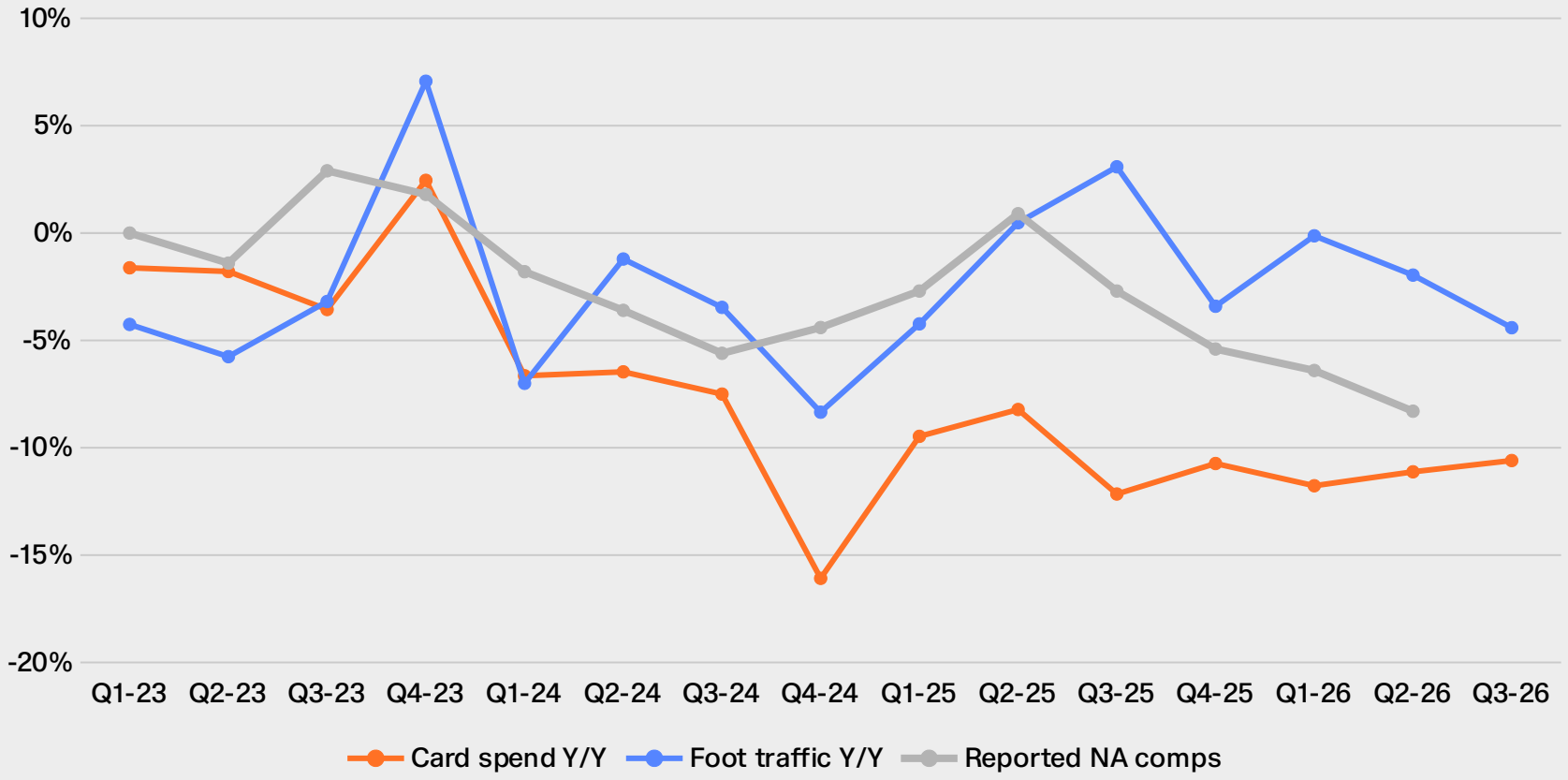
Carbon Arc

Source: Carbon Arc Credit Card – US Complete Panel – CA0056, Carbon Arc Foot Traffic - CA0060

PZZA: card spend and foot traffic point to performance at or below cut guidance

A slight acceleration in Y/Y card spend growth for PZZA suggests North America comparable-store sales could improve from 2Q's -8.3%, but foot traffic declined further and points to a weaker range. Both card spend and foot traffic have margins of error of 5-7 pp of Y/Y growth. Guidance was cut to -6% to -8% Y/Y on the August 6 earnings call following a weak 1H.

Papa John's: card spend and foot traffic Y/Y vs reported NA comps



Q3-26 estimate

Q3-26 model	Estimate	Low	High
From card spend	-7.8%	-14.2%	-1.4%
From foot traffic	-10.8%	-15.7%	-5.8%

FY26 guide: NA comps -6% to -8%, cut at Q2 (H1 -7.4%)

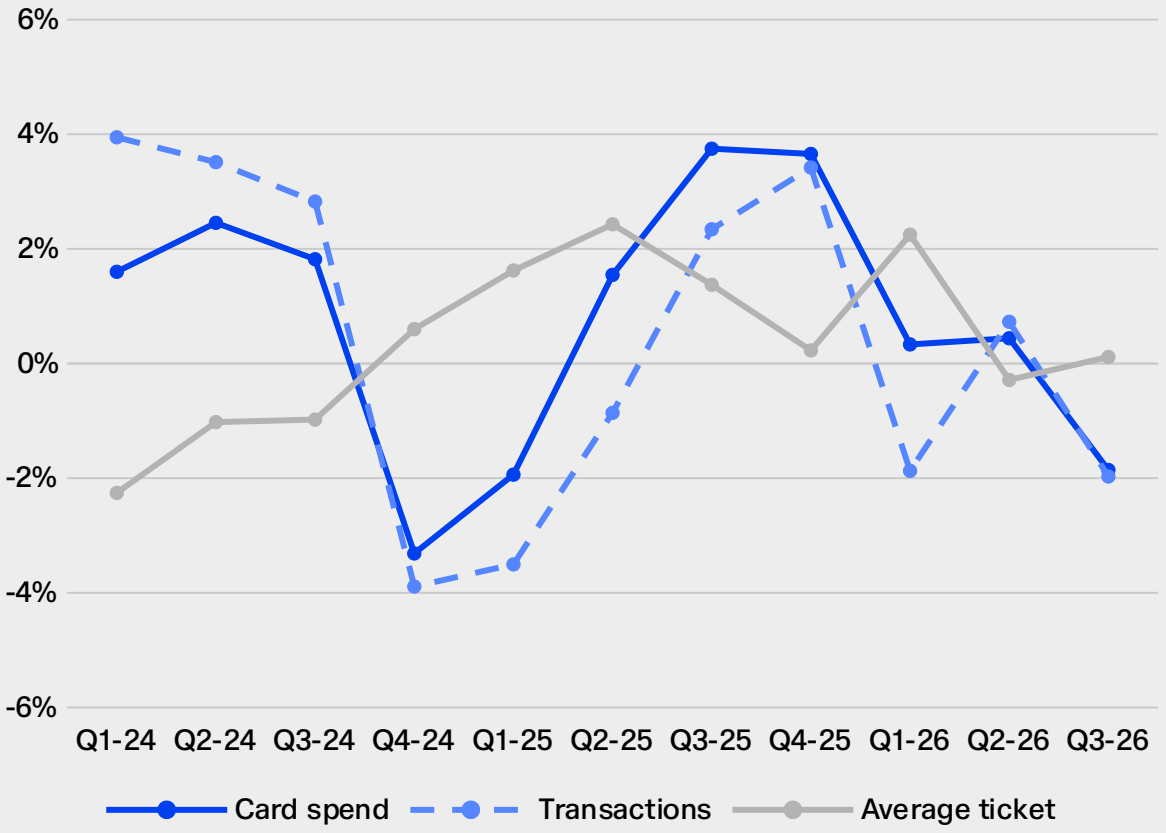
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Source: Carbon Arc Credit Card – US Complete Panel – CA0056, Carbon Arc Foot Traffic - CA0060

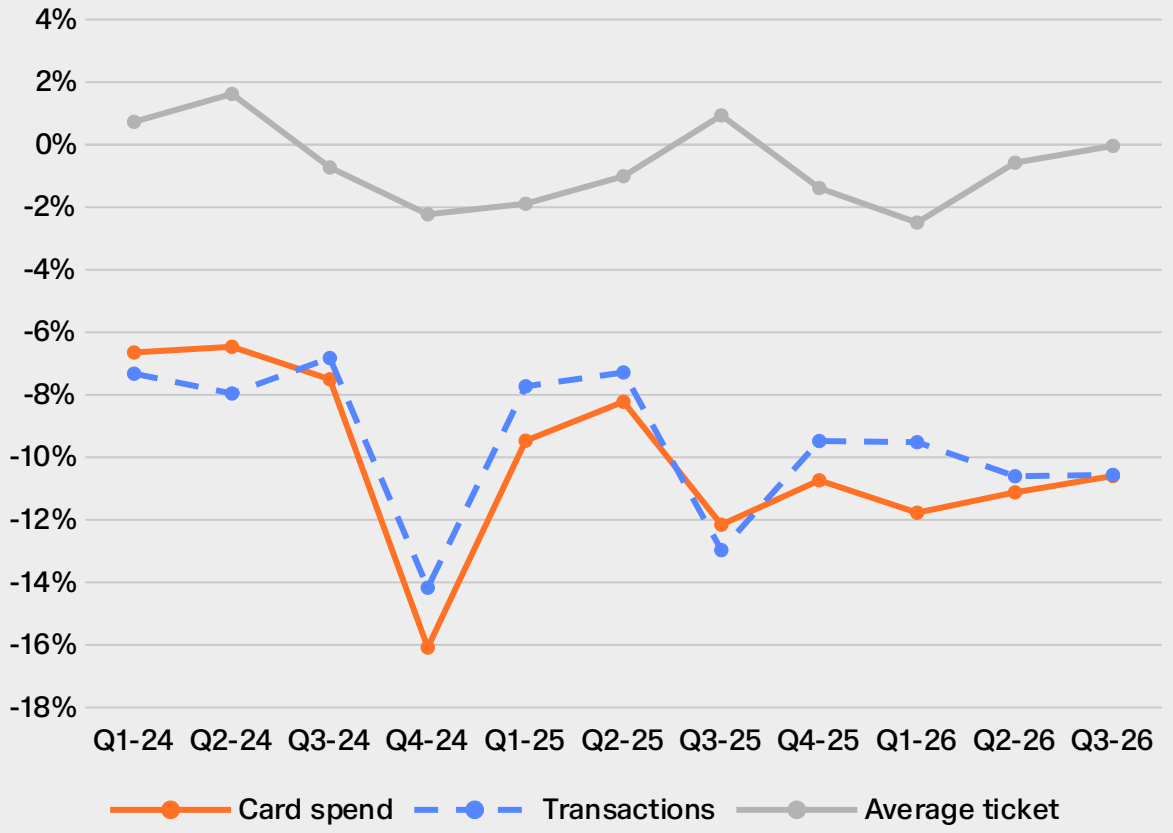
Weakness driven by transactions, not ticket

Average ticket at both Domino's and Papa John's has stayed ~flat, meaning spend is closely tracking transactions. Card spend and transactions both fell to -2% for Domino's, matching their lowest levels of the past two years, and have held in the -6% to -14% range for Papa John's for nearly two years.

Domino's: core panel Y/Y by fiscal quarter



Papa John's: core panel Y/Y by fiscal quarter



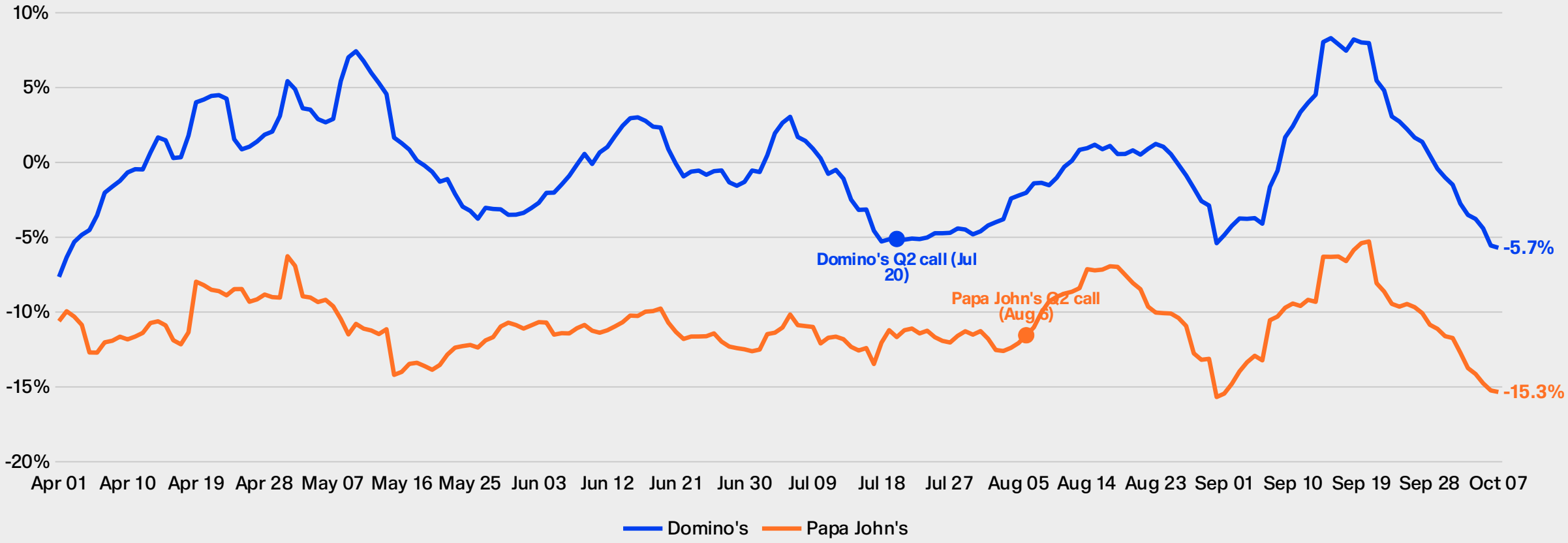
Carbon Arc

Source: Carbon Arc Credit Card - US Complete Panel – CA0056

DPZ's call came at its low; Papa John's is descending further

After Domino's reported earnings on July 20, trailing 14-day card spend stayed at or above the 14 days preceding the call until finally breaking below -5% in early October. Papa John's spend has been less consistent, both stronger and weaker than the 14 days before its August 6 call. Both Domino's and Papa John's are showing declining momentum heading into the 4th quarter, which could point to weaker guidance for 4Q.

Trailing 14-day card spend Y/Y, Apr 1 to Oct 7, 2026

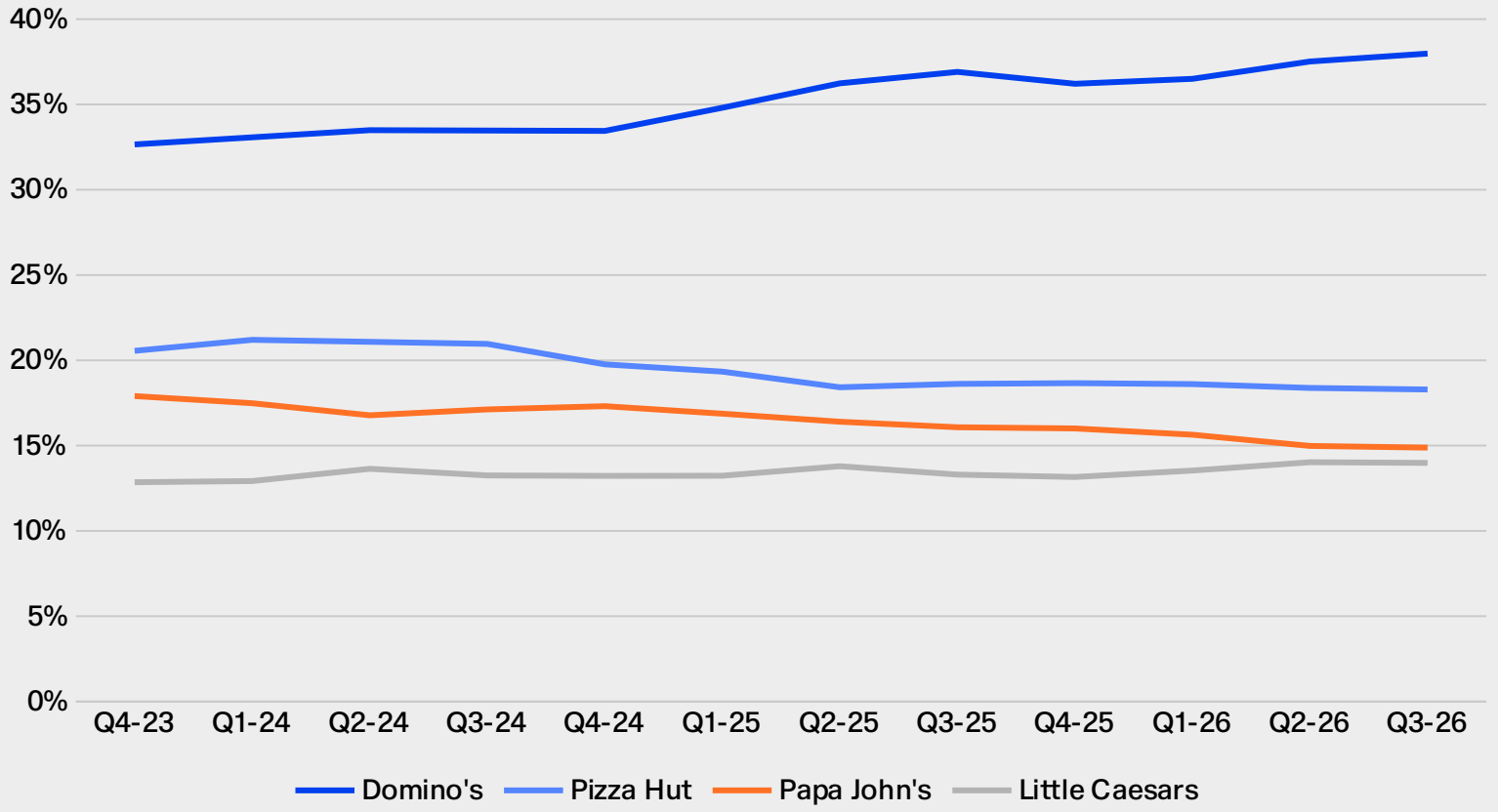


Source: Carbon Arc Credit Card - US Complete Panel – CA0056

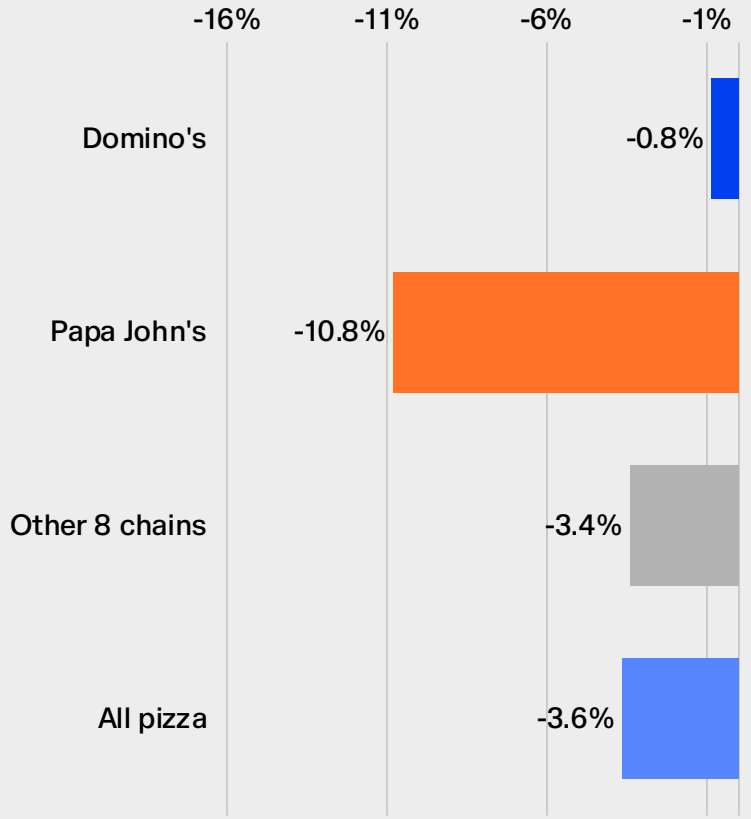
Within pizza, Domino's has taken ~4.5 points of share in two years

Across 10 of the largest U.S. pizza chains, Domino's share rose from 33.5% in 3Q24 to 38.0% in 3Q26; Papa John's and Pizza Hut both lost about 2–3 points while Little Caesars gained slightly. Card spend at the chains fell 3.6% Y/Y; Domino's is outperforming the market and Papa John's is significantly underperforming.

Share of pizza chain card spend



Card spend Y/Y, Q3-26



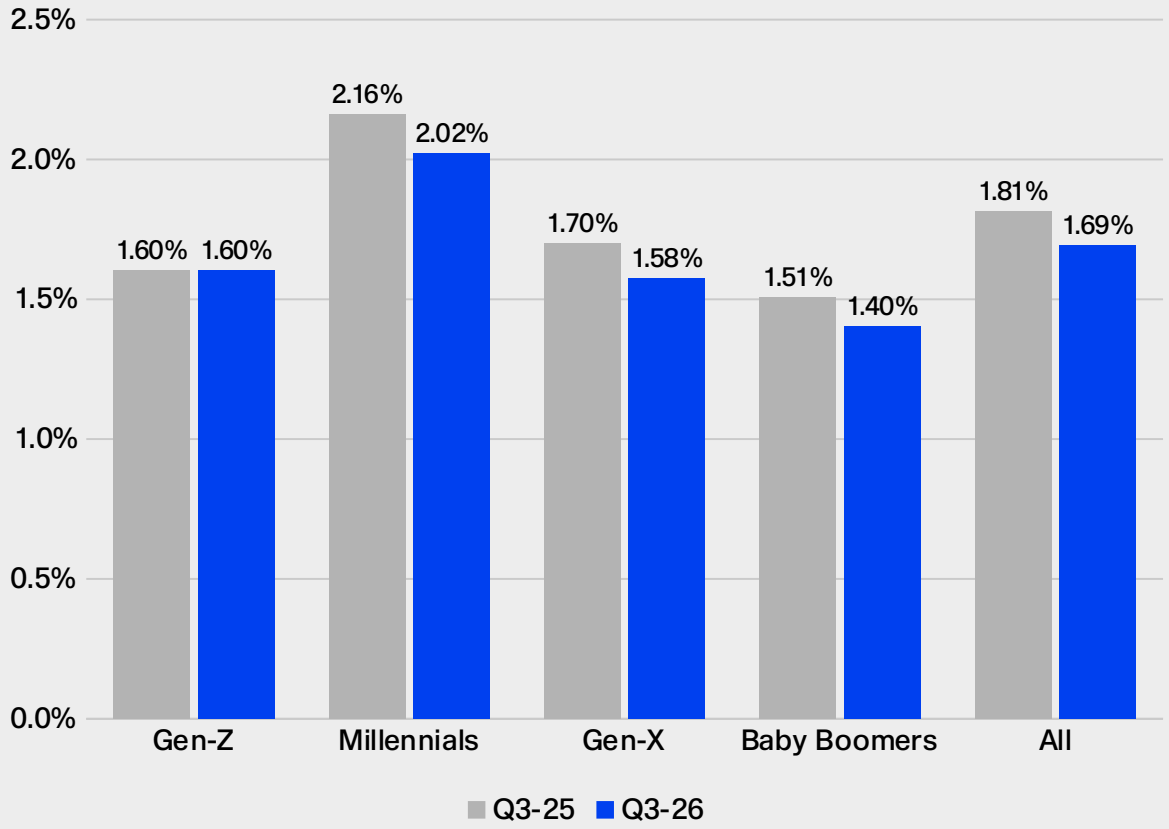
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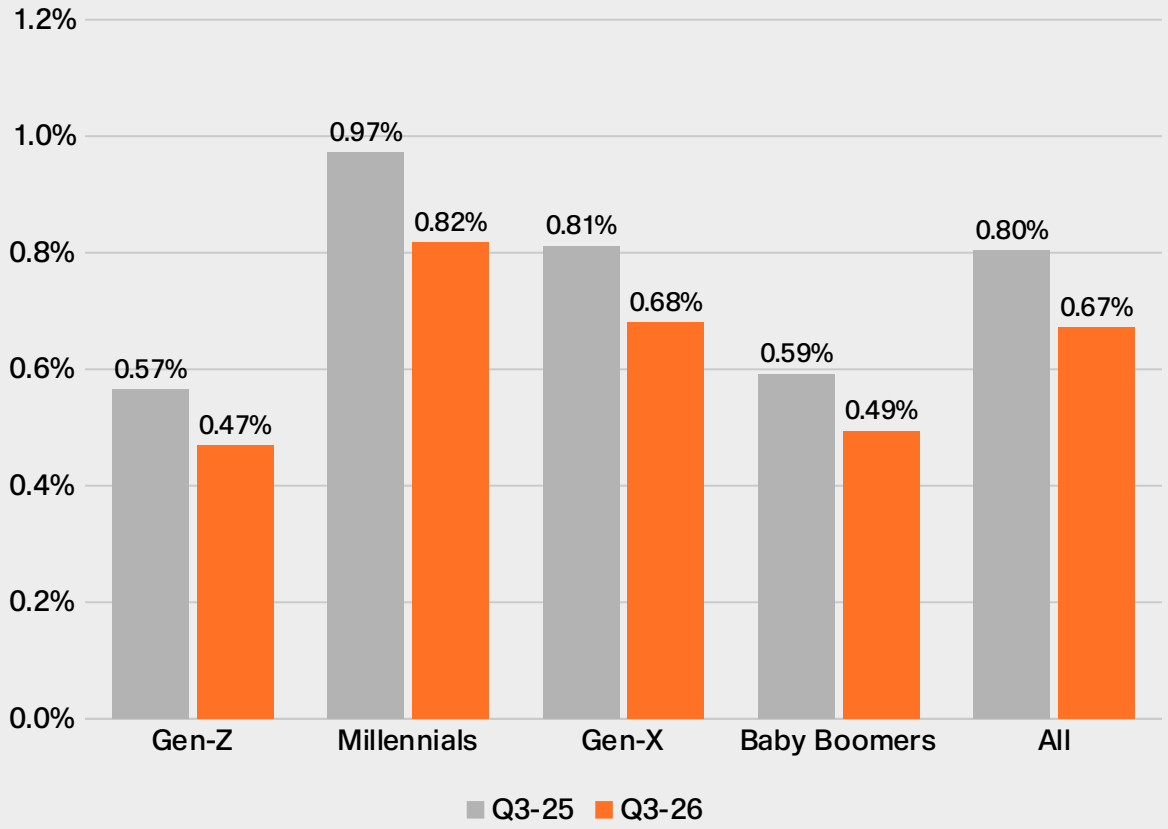
Domino's held restaurant share only with Gen-Z; Papa John's lost every generation

From 3Q25 to 3Q26, Domino's lost restaurant spend share across all generations older than Gen-Z, with Millennials, Gen-X, and Baby Boomers share all declining about 7%. Papa John's spend share fell 15.5-17.5% across all generations. Pizza is losing popularity across cohorts, except for Gen-Z and Domino's.

Domino's share of restaurant spend



Papa John's share of restaurant spend

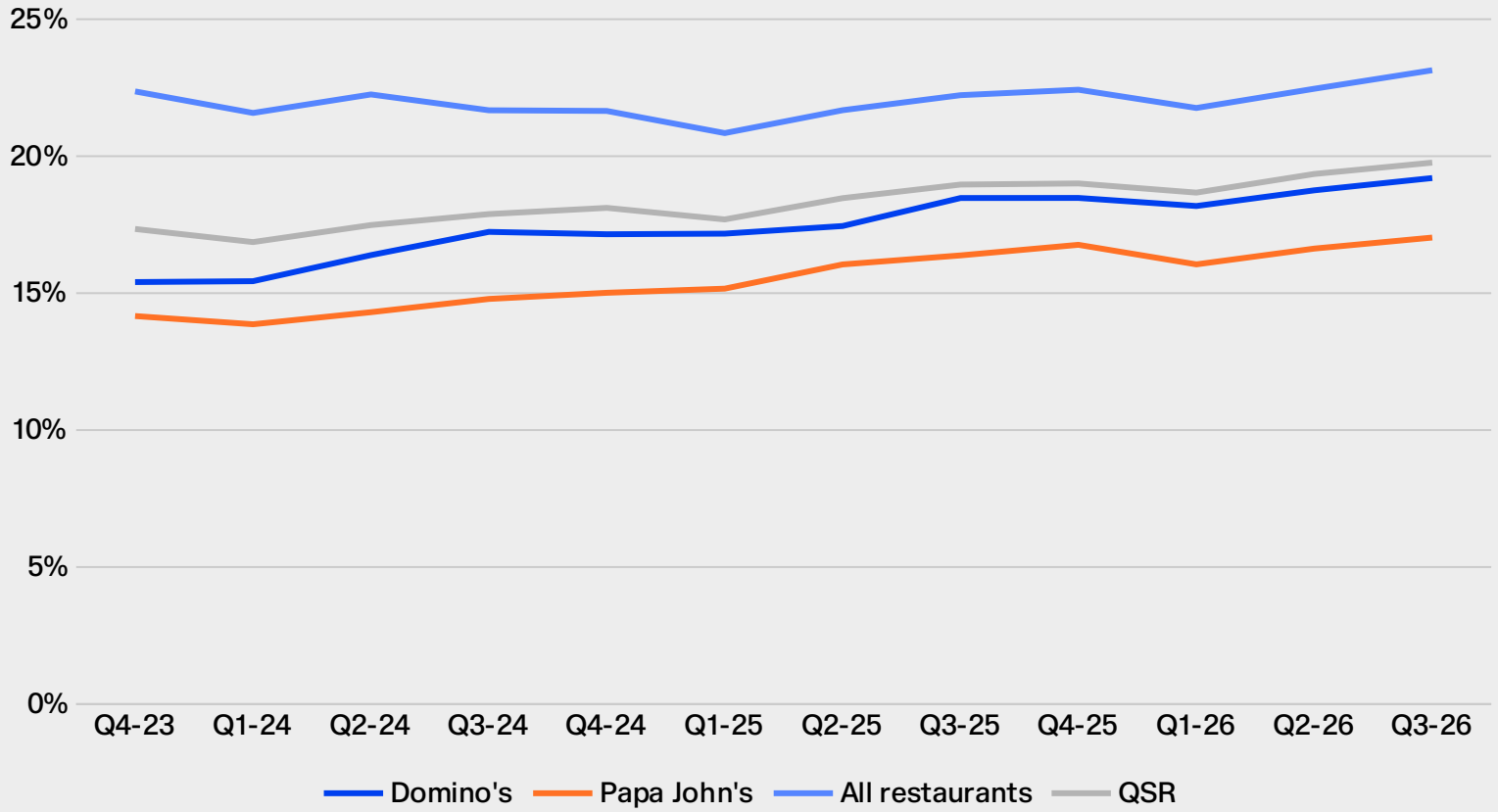


Source: Carbon Arc Credit Card - US Complete Panel – CA0056

Domino’s and QSR customers are aging

Over the past 3 years, share of restaurant card spend from Baby Boomers has increased less than 1 pp, but has increased 3.8 pp for Domino’s and 2.8 pp for Papa John’s over the same period. Share of QSR spend increased 2.5 pp, showing younger generations aren’t just avoiding pizza, they’re shifting to a different type of restaurant. Domino’s and Papa John’s do heavily over-index to Millennials, but under-index to Gen-Z, especially Papa John’s.

Baby Boomer share of card spend



Generation mix, Q3-26

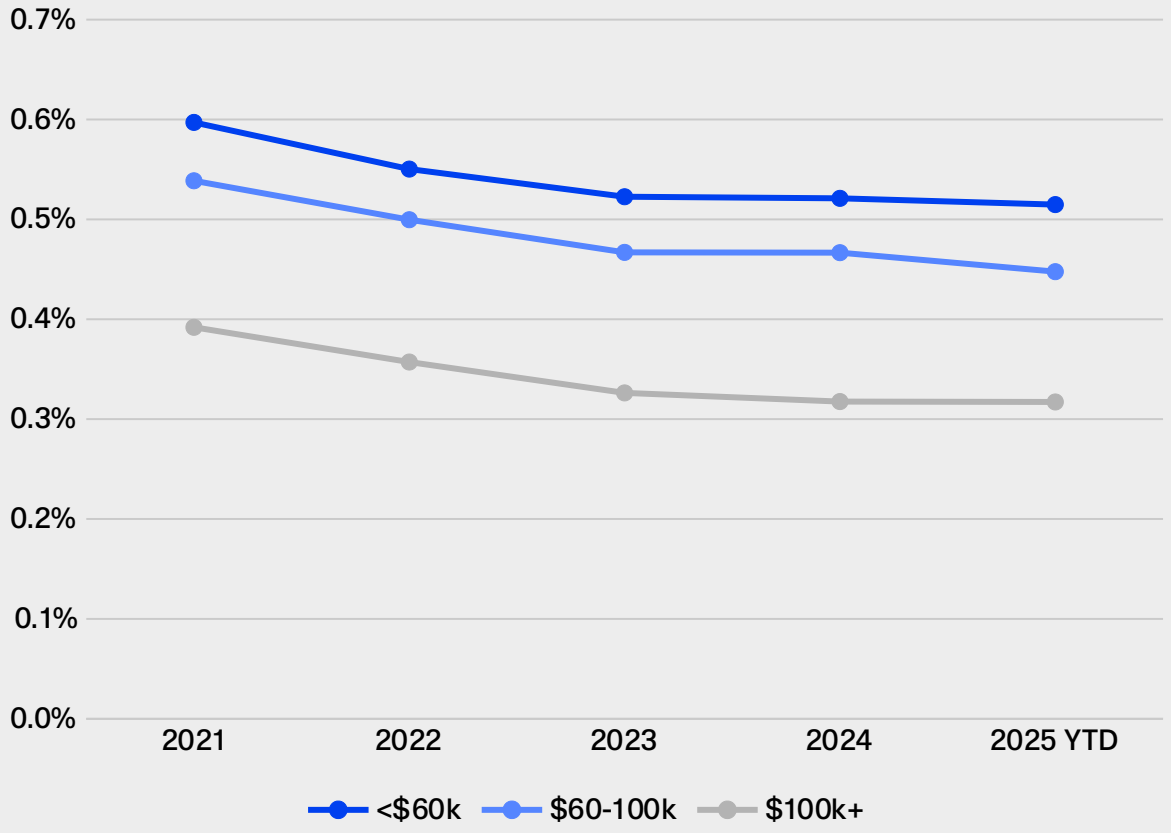
Share of spend, Q3-26	Domino's	Papa John's	Restaurants
Gen-Z	5.5%	4.0%	5.8%
Millennials	42.5%	43.3%	35.6%
Gen-X	32.3%	35.2%	34.7%
Baby Boomers	19.2%	17.0%	23.1%

Source: Carbon Arc Credit Card - US Complete Panel – CA0056

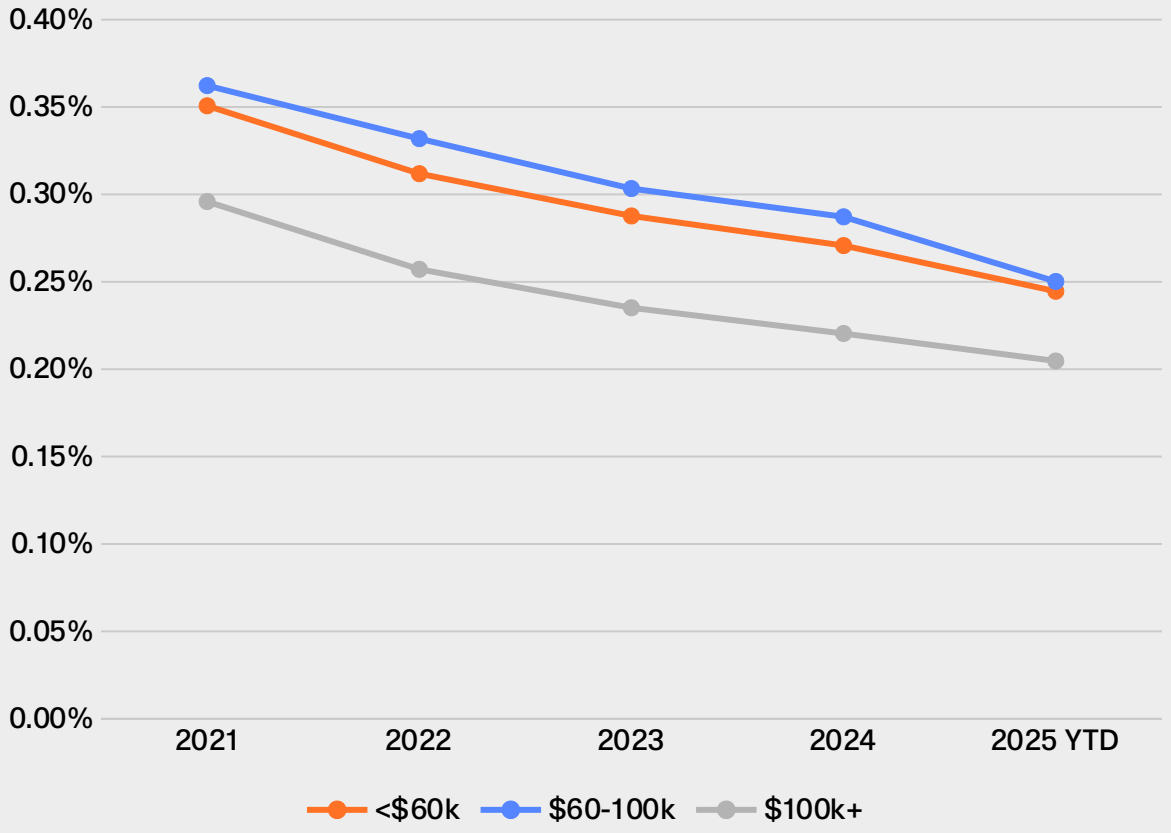
Papa John's lost every income band from 2021 to 2025

Using historic spend by income data, Domino's held a consistent share of restaurant spend across income bands, with a slight dip in middle-class customers in 2025. Spend at Papa John's collapsed across income cohorts, with middle class share of spend almost drifting below lowest-income share. The Papa John's customer skews more middle-class while the Domino's customer skews more lower-income.

Domino's share of restaurant spend, by household income



Papa John's share of restaurant spend, by household income

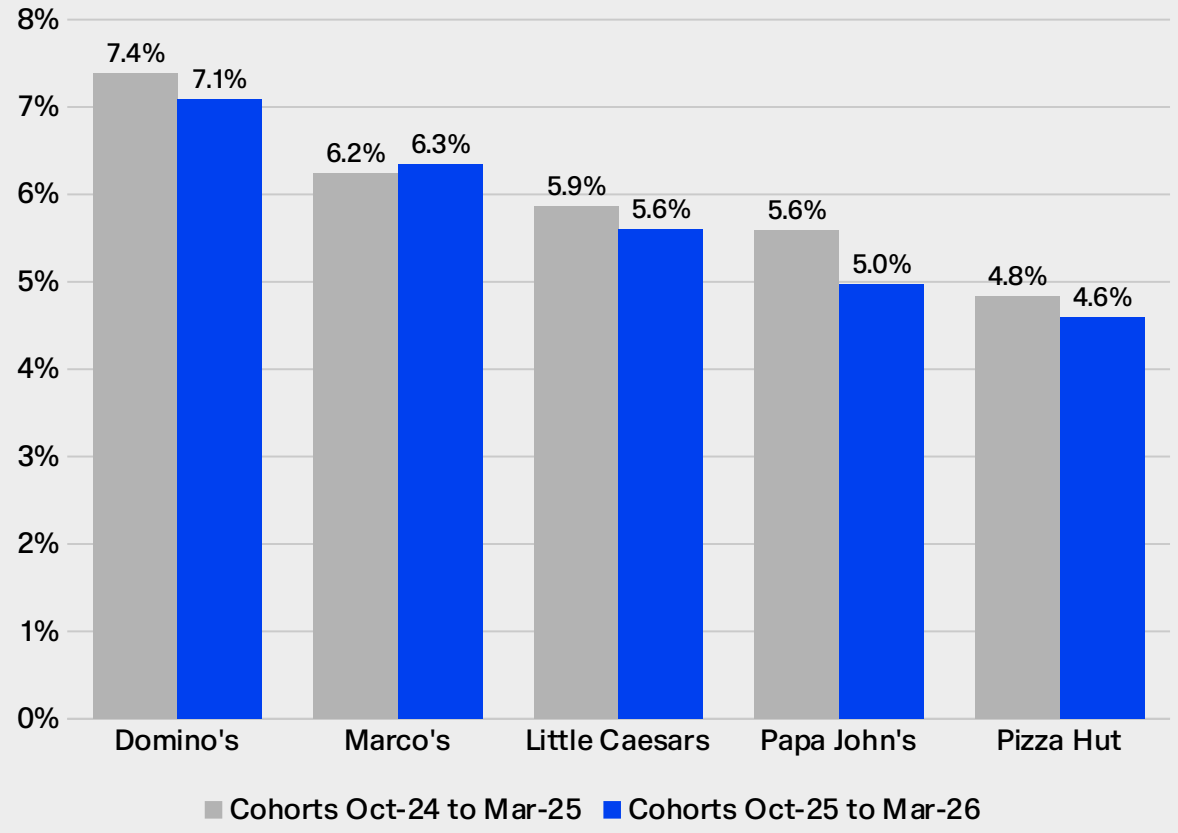


Source: Carbon Arc Credit Card - US Detailed Panel – CA0028

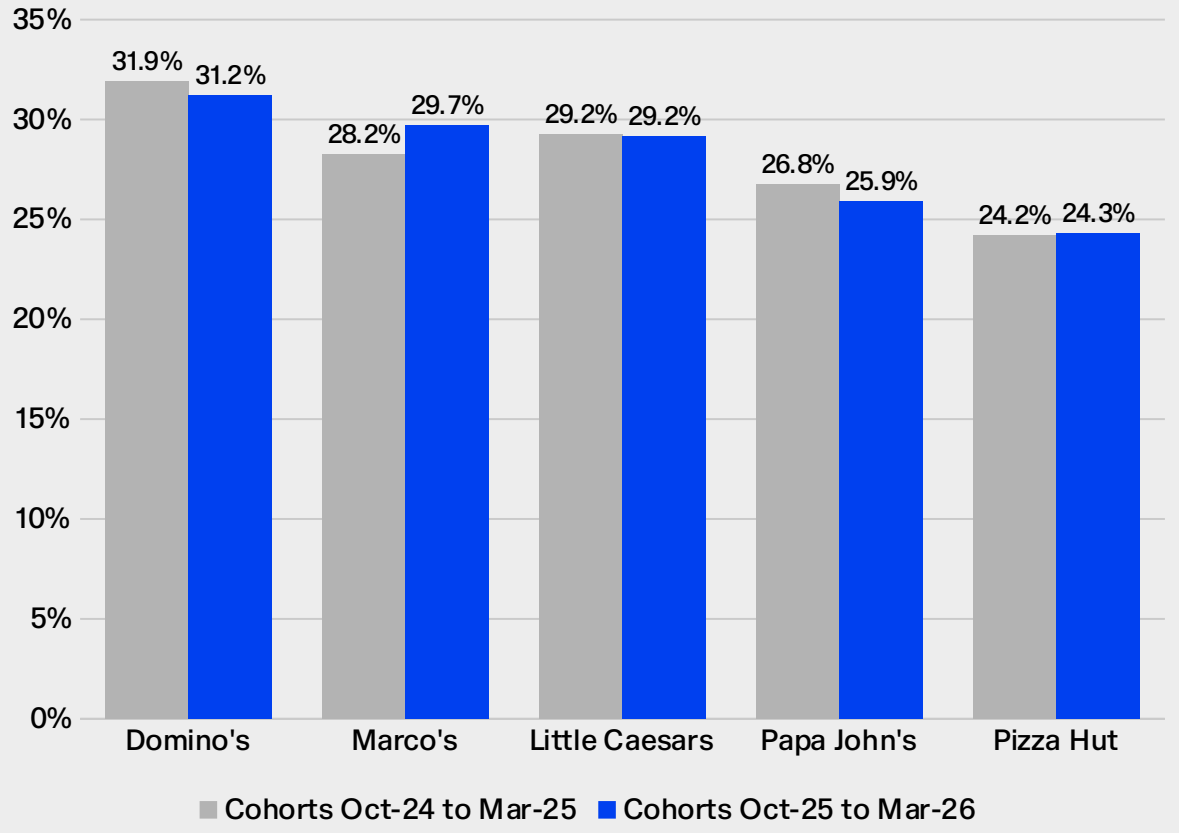
Domino’s retains best, but both Domino’s and Papa John’s are slipping

Domino’s has the highest 6-month retention for both new and existing customers, while Papa John’s has lower retention, above just Pizza Hut when comparing the five largest brands. From 2024 to 2025 cohorts, retention of existing customers held or improved for all competitors but fell for Domino’s and Papa John’s, who also saw some of the largest downward Y/Y shifts among new customer cohorts.

New customers: 6-month retention



Existing base: 6-month retention



Source: Carbon Arc Credit Card - US Complete Panel – CA0056

Domino’s grows in the Southwest alongside restaurants and QSR; Papa John’s falls everywhere

Domino’s spend growth was strongest in the West South Central (TX, OK, AR, LA) and Mountain regions, where QSR spend grew almost 4% Y/Y in 3Q, and three of its four weakest regions saw QSR spend fall Y/Y. Spend at Papa John’s had almost no correlation to QSR or restaurant spend.

Card spend Y/Y by U.S. Census division, Q3-26

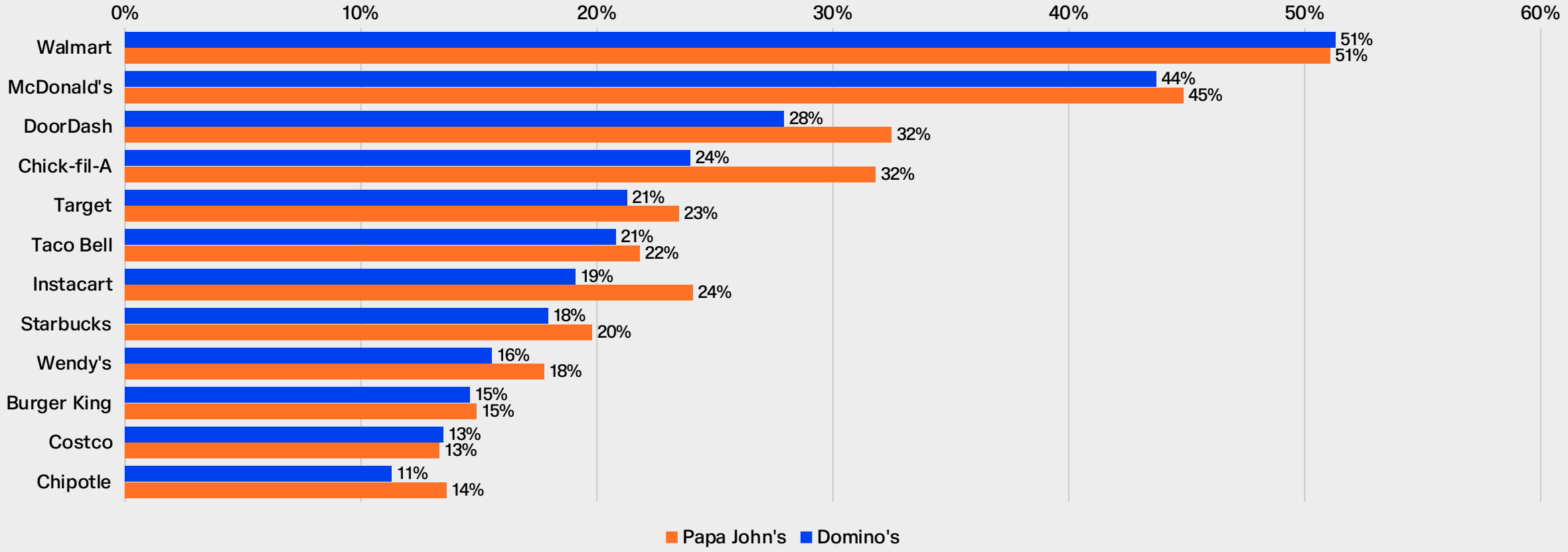
Census division	Domino's Q3-26 Y/Y	Papa John's Q3-26 Y/Y	Restaurants Q3-26 Y/Y	QSR Q3-26 Y/Y
New England	-2.0%	-6.2%	+8.8%	+0.3%
Middle Atlantic	-1.5%	-14.4%	+9.3%	+4.4%
East North Central	-0.6%	-6.7%	+5.7%	+1.1%
West North Central	-3.5%	-14.6%	+2.0%	-2.5%
South Atlantic	-3.9%	-11.4%	+4.5%	-0.9%
East South Central	-4.7%	-9.1%	+1.7%	-2.7%
West South Central	+4.1%	-13.5%	+7.1%	+3.9%
Mountain	+5.9%	-12.1%	+8.8%	+3.8%
Pacific	-4.2%	-12.3%	+8.2%	+1.6%
U.S. total	-0.9%	-10.9%	+6.1%	+1.1%

Source: Carbon Arc Credit Card - US Complete Panel – CA0056

Comparing cross-shop preferences by brand

Despite Domino's spend correlating closely with QSR spend, a greater share of Papa John's spend comes from customers who also shop at most major QSR and delivery brands, particularly DoorDash, Chick-fil-A, Instacart, and Chipotle. Papa John's customers may be more vulnerable to switching to other replacements outside of pizza; other pizza competitors are not among the top overlapping restaurant or grocery brands.

Share of Domino's and Papa John's card spend from customers who also shop at each listed brand, Sep-26



Source: Carbon Arc Credit Card - US Complete Panel – CA0056

Per customer, pizza shoppers are spending more elsewhere; the decline is fewer pizza customers

Domino's customers are increasing their spend across other categories, particularly delivery services and convenience stores. Customers of both brands are increasing casual dining and burger QSR spend well above overall category spend growth, suggesting those categories are the primary beneficiaries of lower pizza spend.

Spend per cross-shopper by category, Sep-26 vs. Sep-25

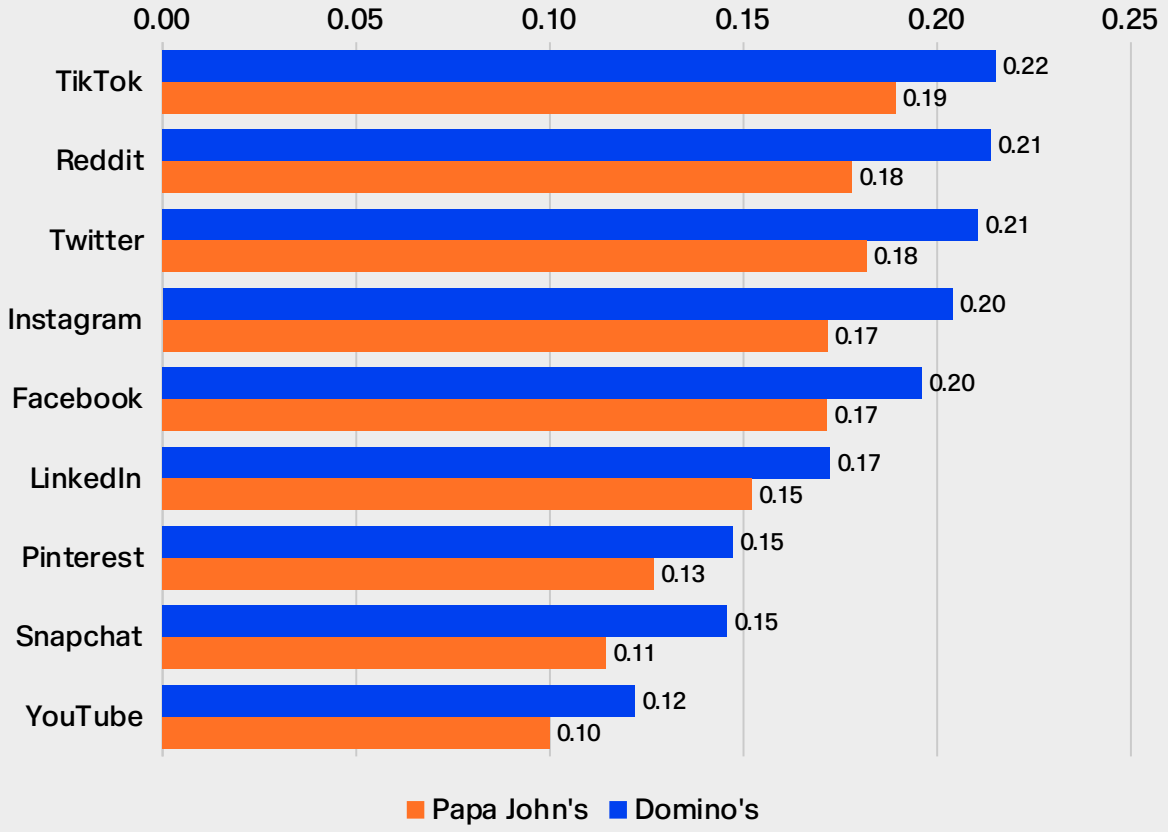
Category (brand basket)	DPZ: $ per cross-shopper	DPZ: $ per cross-shopper Y/Y	PZZA: $ per cross-shopper	PZZA: $ per cross-shopper Y/Y	Category panel spend Y/Y
Mass/club	$302	+10.7%	$312	+10.0%	+1.5%
Grocery	$175	+3.0%	$206	+0.4%	-5.1%
Delivery	$168	+12.7%	$187	+2.3%	+4.0%
Grocery delivery/meal kit	$242	+4.9%	$282	+3.4%	-3.0%
Burger QSR	$39	+8.4%	$40	+5.6%	-4.3%
Chicken QSR	$44	+6.2%	$48	+3.9%	-3.5%
Other QSR	$36	+6.7%	$37	+3.5%	+6.6%
Coffee	$45	+10.4%	$46	+7.3%	+1.3%
Casual dining	$70	+8.7%	$70	+5.0%	-3.5%
Fast casual	$41	+4.2%	$42	+1.6%	-3.1%
Convenience	$77	+10.4%	$73	+5.2%	+11.2%
Pizza	$37	+2.7%	$40	+4.9%	-11.5%

Source: Carbon Arc Credit Card - US Complete Panel – CA0056

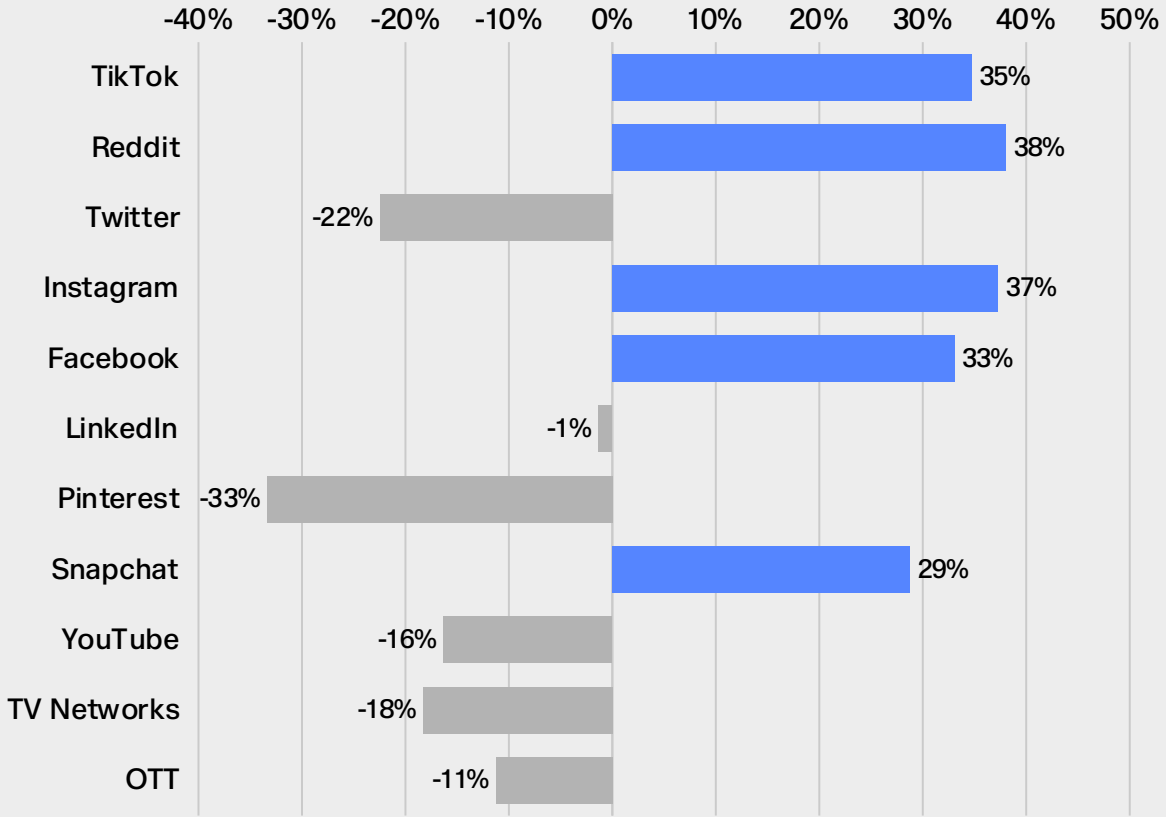
QSR ad dollars are moving to the social platforms where pizza customers over-index

Clickstream data shows Domino's and Papa John's customers over-index with TikTok and Reddit, where ad spend by QSR brands is increased over 35% Y/Y. Spend is declining Y/Y across three of the four social media brands with the least shared affinity. Other QSR brands are making a play for Domino's and Papa John's customers.

Web affinity with social platforms (nPMI, Sep-26)



QSR ad spend by platform, TTM Y/Y



Carbon Arc

Source: Carbon Arc Clickstream - CA0030; Carbon Arc Digital Advertising – CA009

Domino’s and Papa John’s are leaning into TikTok, shifting away from Instagram

TikTok ad spend for Domino’s and Papa John’s is increased at or above the QSR average of +79% Y/Y in 3Q26, while ad spend growth on Instagram fell below the the QSR average of +30%. Papa John’s is spending significantly more on YouTube despite its customer base having a much lower affinity for that platform.

Ad spend Y/Y by platform

Ad spend Y/Y by platform	Domino's Q2-26	Domino's Q3-26	Papa John's Q2-26	Papa John's Q3-26	QSR category Q3-26
OTT	-33%	-26%	-4%	+24%	-22%
YouTube	+5%	-24%	+142%	+157%	-3%
Facebook	+20%	-4%	+24%	-24%	+13%
Instagram	+9%	+51%	-12%	-7%	+30%
TikTok	+66%	+79%	-15%	+152%	+79%