Restaurant Research®

Concept Analysis & Benchmark Report

Wingstop 2024/2025

Executive Summary

Wingstop is the only $1B+ QSR chain with an exclusive specialization in wings. Its "Wing Expert" brand attributes include: cooked-to-order chicken wings (in a deep fryer without the use of heat lamps or microwaves) that are hand-sauced & tossed in a choice of 12 flavors ranked by heat; and convenient off-premise/digital access. The brand's mission is to "serve the world flavor" and its numerous bundling options (individual/combo meals/family packs) facilitate usage across a broad spectrum of occasions (quick carry-out snack, family dinners or parties) for prices in-line with pizza deals. A successful new Wingstop Chicken Sandwich (which is unique in that it is offered in 12 flavors) has been instrumental in increasing the brand's market reach and corporate reported that it attracted the highest level of new customers in the brand's history during 1Q24. A 68% digital sales mix drives a $4 to $5 increase in ticket and optimizes labor - the chain's goal of reaching 100% digital transactions is strengthened by its $50MM investment in a new MyWingstop platform which is designed to offer a more personalized experience. 20 consecutive years of positive annual comps (+62% of cumulative growth from 2019 to 2023) is testimony to the brand's fundamental strength and the chain's +21.6% y/y 1Q24 comp increase reflected increased media spend and heightened brand awareness. Long-term sales should benefit from: the rollout of its MyWingstop loyalty tech stack; efforts to increase its high-ticket delivery mix to 50% (currently 30%); and the potential to attract new, untapped customers by better promoting its chicken tenders. Its sales-to-investment ratio for new builds is more than double the segment average and a healthy low-double-digit gross new unit development rate indicates that this system has white space to grow. Having said all this, bone-in wing cost volatility represents the chain's most significant risk, and it is notable that wing prices have doubled for the YTD period through 5/30/24. In conclusion, while it is readily apparent that Wingstop is well positioned for long-term growth, the chain's journey is vulnerable to dramatic wing price cycles that can periodically sabotage its value equation.

Table of Contents

Parent Company Summary

Parent Company	Ticker	Corp. Debt Rating	Net Debt [(1)]/ EBITDA	EV/ EBITDA	Stock Performance		
					2023	TTM	May-24
Wingstop Inc.	WING	Not Rated	4.56	69.80	86.4%	93.1%	
$1B+ Chains			5.49	15.52	21.1%	7.5%	

Table of Contents

	Page		Page		Page
Strengths & Challenges	2	Operations	10	Closings	19
RR Dashboard	3	Tech & Equipment	11	Remodeling	20
System Statistics	4	Sales & Market Share	12 - 13	Franchise Summary	21
Marketing Strategy	5	Unit Economic Summary	14	Menu Exhibit	22
Marketing Spend	6	Unit Economic Trends	15	State Unit Map	23
Menu Strategy	7	New Build Costs	16	State Unit Detail	24
Menu Trends	8	New Build vs. Buy Analysis	17	Photos	25
New Products & Promotions	9	Development	18	RR Overview	26

(1) Net Debt includes operating leases.

Please refer to page 26 for Disclosures & Disclaimer. Copyright 2024 Restaurant Research® LLC.