

Texas Roadhouse: what a test would have told them

One decision at 65 restaurants, measured

Causeway · September 2026

1.8%

the change in sales
that a three-month
test can read

20 of 65

restaurants that change
anything

\$1.1 million

what the test itself is worth a
year, on this one decision

81%

how often the
straight read calls a
win when nothing
changed

1 The decision

Texas Roadhouse runs 65 restaurants in Texas that take about \$560 million a year. In 2025 it put a \$5 pint and a \$5 margarita on the menu, first in some restaurants, then in all of them. The company says the offer is popular but it has not said what it is worth, and on the numbers it reports it cannot. A restaurant's sales move about 5% month to month on their own, so comparing after with before would have called the offer a success four times in five even if it had done nothing. Here is what a test on those same restaurants would have told them, and what that is worth.

The offer is a real decision with real money on both sides. A discount gives away margin on every pint and margarita that would have sold at full price anyway, about \$3.8 million a year at their menu prices. This is the extra that sales have to cover before the offer earns a dollar. And the point of a \$5 drink is not the drink but the people it brings through the door, and what they order once they are in. The line that answers whether it worked is total sales.

That is the line the straight read cannot answer. We ran it on Texas Roadhouse's own history, thousands of times, in windows where nothing was changed. It declared an effect 81% of the time. Not carelessness. Everything that moves the whole chain in a quarter lands in the difference between after and before, the season, the weather, the local economy, a competitor opening down the road, and all of it gets credited to the change. Adjusting against last year or against budget does not remove it, because an adjustment is not a comparison with what those restaurants would have done.

2 What a test would have told them

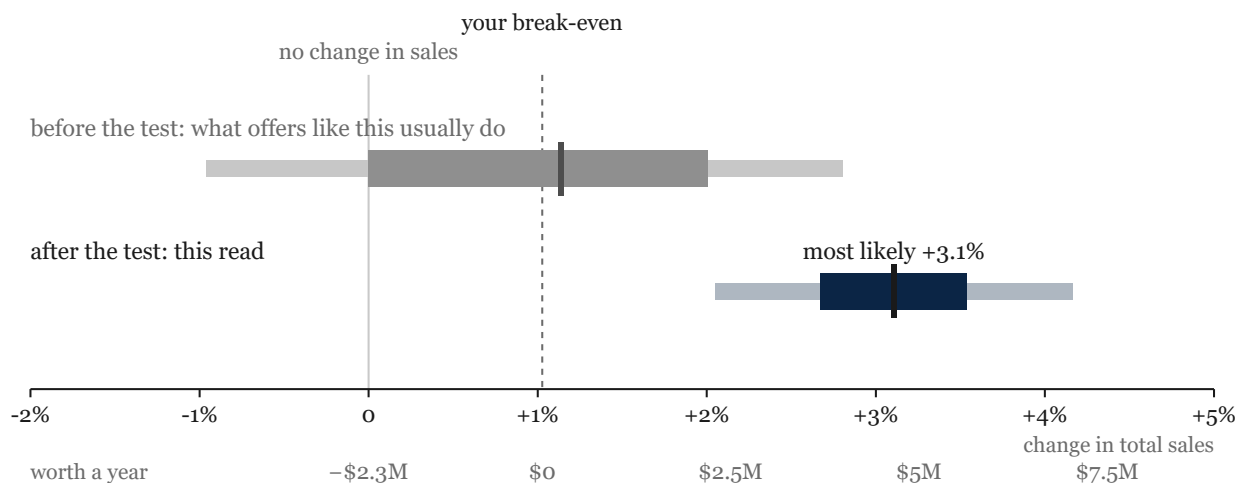
Twenty of the 65 restaurants run the offer for three months. The other 45 carry on exactly as they are. The twenty are chosen so that the two groups match on their own recent trading, which means everything that moves the whole chain cancels out and what is left is the offer. Weekly sales from the till are all it takes. Nobody is denied anything for long: the group of 45 gets the offer the day the read says it pays.

On these restaurants the test confidently reads changes in total sales down to about 1.8%. A smaller change still comes back with a number and a range, only with less certainty; a real 1.4% comes back directionally true 98 times in 100. The result is a number, the range around it and how sure it is, three months after the first restaurant changes, while the rollout is still in flight.

3 What that is worth

Suppose the read comes back at +3.1%.

EXHIBIT 1



Before the test, what offers like this usually do; after the test, this read. Effect on sales, and what each level is worth a year. Thick bar: the middle half of outcomes. Thin bar: nine in ten.

The offer is worth about \$4.7 million a year across the 65 restaurants, after paying for the discount, and nine times in ten between \$2.3 million and \$7.0 million. The chance it cleared its break-even is above 99%. The decision is to roll it out to the other 45.

The break-even is the operator's to place. Here it sits where the offer pays for its own discount. An operator who wants the traffic more than the margin, or is building a habit that pays back over years rather than a quarter, moves the line to what they are willing to spend, and the read says whether they got it. A plan to lose \$2 million is a different plan from one that loses \$4 million, and only a read tells you which one you are running.

The gray band is where that decision would have started. Before any test, the only thing anyone knows about a new offer is how offers like it have done. Mastercard's test-and-learn platform, the largest body of evidence on initiatives like this, reports that 44 to 46% of the initiatives its clients tested did not break even. Our own research puts the ones that work at 1 to 3% of sales. So about half of offers like this lose money or do nothing, and the other half are worth one to three percent of sales. Rolled out blind, this offer had a 46% chance of losing money, and about \$2.6 million a year when it did.

Deciding with the test instead is worth about \$1.1 million a year on this one decision. The 3-month delay at 45 restaurants costs almost nothing in expectation, because the offers it delays are as likely to be losing money as making it. Every test also adds to the operator's own record. After the third or fourth, the starting picture is operator-specific rather than the industry's, and the next read is sharper as a result.

4 Where the numbers come from

Every figure in this document is produced by seeded, reproducible scripts from monthly restaurant-level sales filed with the State of Texas, January 2018 to December 2025. The promotion, its timing and the company's statements about it are taken from its annual report and earnings calls. Total sales are 65 restaurants at the brand's reported average unit volume. The cost of the discount uses current menu prices, the share of drink sales on the discounted items, and a 40% margin on incremental sales. The track record for offers of this kind is Mastercard's published test-and-learn experience and our own research on realized effect sizes.

Causeway is not affiliated with Texas Roadhouse, Inc., and nobody at the company was contacted.

| If you run 20 to 300 sites and want this on your own numbers, write to hello@causewaydata.com.