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DICK'S Sporting Goods, Inc. NYSE:DKS

FQ2 2021 Earnings Call Transcripts

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Presentation

Operator

Good morning, and welcome to the DICK'S Sporting Goods Second Quarter Earnings Conference Call. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Nate Gilch, Senior Director of Investor Relations. Please go ahead.

Nathaniel A. Gilch
Senior Director of Investor Relations

Good morning, everyone, and thank you for joining us to discuss our second quarter 2020 results. On today's call will be Ed Stack, our Chairman and Chief Executive Officer; Lauren Hobart, our President; and Lee Belitsky, our Chief Financial Officer. A playback of today's call will be archived in our Investor Relations website located at investors.dicks.com for approximately 12 months.

As a reminder, we will be making forward-looking statements, which are subject to various risks and uncertainties that could cause our actual results to differ materially from these statements. Any such statements should be considered in conjunction with cautionary statements in our earnings release and risk factor discussions in our filings with the SEC, including our last annual report on the Form 10-K and cautionary statements made during this call. We assume no obligation to update any of these forward-looking statements or information. Please refer to our Investor Relations website to find a reconciliation of any non-GAAP financial measures referenced in today's call.

And finally, a couple of admin items. First, a note on our same-store sales reporting practices. Our consolidated same-store sales calculation include stores that were temporarily closed as a result of COVID-19. The method of calculating comp sales varies across the retail industry, including the treatment of temporary store closures as a result of COVID-19. Accordingly, our method of calculation may not be the same as other retailers.

Furthermore, recall during our Q4 call, we announced our intent to move away from providing eCommerce sales growth and eCommerce penetration metrics beginning in Q1. Given the circumstances surrounding our store closures, we provided these metrics last quarter and are continuing to provide these metrics for Q2. We will revisit this decision for the third quarter. And lastly, for your future scheduling purposes, we are tentatively planning to publish our third quarter 2020 earnings release before the market opens on November 24, 2020, with our subsequent earnings call at 10 a.m. Eastern Time.

And with that, I'll now turn the call over to Ed.

Edward W. Stack
Chairman & CEO

Thanks, Nate. Good morning, everyone. As announced earlier this morning, we had an exceptionally strong second quarter in which we delivered our highest ever quarterly sales and earnings. We achieved record consolidated sales of $2.71 billion. Consolidated same-store sales increased 20.7%, even with approximately 15% of our stores closed on average during the period. This followed our 3.2% comp increase last year. Our second quarter non-GAAP earnings per diluted share of $3.21 represented a 155% increase over last year, and was also an all-time record.

Before we get into the details, I want to take a moment to thank our teammates, whose hard work and dedication to our company and to the athletes we serve, made these significant results possible. Concurrent with our strong business performance, I'm pleased to report that during the quarter, we returned our teammates from furlough, restored previously reduced salaries and repaid teammates for their lost wages.

Now back to our Q2 results. Our 20.7% comp sales increase was driven by the continued success of our industry-leading omnichannel experience. Our eCommerce sales were tremendous, increasing nearly 200%. More than 75% of our online sales were fulfilled by our stores, which serve as localized distribution points and are the hub of our omnichannel experience. By the end of June, we reopened 100% of our stores to the public, while continuing to prioritize the health and safety of the teammates and the athletes we serve. We saw increases in both average ticket and transactions as well as growth across each of our 3 primary categories of hardlines, apparel and footwear.

Lastly, our private brands continue to be a significant source of strength and growth, outperforming the company average by approximately 500 basis points. This broad-based performance is a testament to the flexibility and dedication of our teammates who reacted quickly to meet favorable shifts in consumer demand throughout the quarter.

During this pandemic, the importance of health and fitness has accelerated. Participation in socially distant outdoor activities has increased, and there has been a greater shift toward athletic apparel and active lifestyle product with people spending more time working and exercising at home. The majority of our assortment sits squarely at the center of these trends.

Over the past few months, the partnerships demonstrated by our strategic vendors has been unparalleled. During Q2, we leveraged these strong vendor relationships and our private brand supply chain to aggressively chase product in the most in-demand categories. Certain categories in the marketplace were supply constrained, therefore, less promotional and our margin rates increased by 325 basis points during the quarter. This merchandise margin expansion drove significant improvement in gross margin, which increased 456 basis points.

Now let me touch on our third quarter performance. The favorable shifts in consumer demand that drove our strong comps during Q2 have continued into Q3, partially offset by softness in the key back-to-school categories. With the significant part of back-to-school already behind us, through the first 3 weeks of Q3, our consolidated comp sales have increased 11% with continued margin rate expansion.

As I look at our business, we're in a great lane right now. We have reopened our stores and remain committed to the procedures to protect our teammates and athletes health and safety. We have enhanced our eCommerce offering with Curbside Pickup and faster shipping. Our product assortment is well tailored to the recent consumer trends, supported by strong relationships with our key brands. And importantly, we're in a strong financial position having paid our line of credit to 0 and have approximately $1 billion in cash. We're really in a great position. In summary, we are extremely pleased with our Q2 results and look forward to the remainder of the year.

I'd now like to turn the call over to Lauren.

Lauren R. Hobart
President & Director

Thank you, Ed, and good morning, everyone. I want to start by also thanking our teammates. You are the foundation of our company, and your efforts helped us continue to execute a seamless omnichannel experience and deliver a record-setting comp sales increase for Q2. This morning, I will review our strong brick-and-mortar and online results, and I'll also provide updates on our marketing efforts on our private brands.

First, we experienced a very strong athlete response to our store reopenings. We saw momentum build throughout the quarter and delivered positive double-digit brick-and-mortar store comps during both June and July. Our teammates have worked tirelessly to adapt to a constantly changing landscape and have demonstrated an unrelenting commitment to serve our athletes and community safely. In recognition of our hourly store and DC teammates efforts, we recently announced the 15% pay premium will be extended through the end of the year. In total, during the second quarter, we invested $42 million across incremental COVID-related compensation and safety measures. Going forward, we expect approximately $50 million of similar costs per quarter through the end of this year.

Turning to eCommerce. During the second quarter, our online sales increased 194%, with over 50% mobile penetration. This included Curbside Pickup, where we focused on improving speed and convenience and the athlete response remained very strong. eCommerce merchandise margin expanded meaningfully, which along with higher penetration of Curbside and BOPIS sales drove a significant improvement in eCommerce gross margin. We also continue to reduce delivery times to our athletes even as eCommerce demand remained at unprecedented levels. This success online is a direct result of the technology and fulfillment investments we have made over the years as well as better integration of our digital and store channels, as we work to relentlessly improve the athlete experience, enhance our profitability and build a best-in-class omnichannel platform.

Moving to marketing, where one of our largest assets is our ScoreCard loyalty program. We have over 20 million active users in the program, accounting for more than 70% of our sales. The data from this program drives our digital and direct marketing efforts, which we continued to enhance during Q2, enabling more personalized communications with our athletes. Throughout Q2, we also maintained a strong voice through several compelling marketing initiatives. Our See You Out There campaign inspired athletes everywhere, filling them with hope and motivation to get outside. Our golf-specific marketing was also successful as we focused on our fitting experience and product offerings.

Most recently, at the end of Q2, we launched our back-to-school campaign, which addresses the ever-changing landscape and acknowledges that no matter how you're going back to school, whether it's in person or on camera, you still need to have the best styles. We paired these larger brand campaigns with more tactical marketing around store reopenings and Curbside Pickup to ensure our athletes knew we were there to get product to them wherever and whenever they wanted it.

Lastly, across our stores and online, our private brands remain a key source of strength and differentiation within our assortment. As I've mentioned, they outperformed the company average by approximately 500 basis points in Q2. We've been particularly pleased with CALIA and DSG, which represented our second and third largest women's athletic apparel brands during the quarter. And in total, across all categories after only 1 year following its launch, DSG has surpassed Field & Stream to become our largest private brand.

In closing, we remain very excited about the future of DICK'S Sporting Goods as we continue to leverage our best-in-class omnichannel platform to serve our athletes.

I'll now turn the call over to Lee to review our financial results in more detail.

Lee J. Belitsky
Executive VP & CFO

Thank you, Lauren, and good morning, everyone. Let's begin with a brief review of our second quarter results. Consolidated sales increased 20.1% to approximately $2.71 billion. Consolidated same-store sales increased 20.7%, driven by a 17.9% increase in average ticket and a 2.8% increase in transactions. Our eCommerce sales increased 194%. And as a percent of total net sales, our online business increased to 30% compared to 12% last year. And as Ed mentioned, during the quarter, we delivered growth across each of our 3 primary categories: hardlines, apparel and footwear merchandise.

Gross profit in the second quarter was $936.9 million or 34.53% of net sales, a 456 basis point improvement compared to last year. This improvement was driven by merchandise margin rate expansion of 325 basis points and leverage on fixed occupancy costs of 204 basis points. The merchandise margin rate expansion was primarily driven by fewer promotions as well as better-than-anticipated sales and margin on merchandise nearing end of life. This was partially offset by shipping expenses and eCommerce fulfillment costs as a result of our meaningfully higher eCommerce sales growth as well as the fixed costs associated with our 2 eCommerce fulfillment centers that opened in the third quarter last year. Gross profit also included $10 million of incremental COVID-related compensation and safety costs.

SG&A expenses were $543 million or 20.01% of net sales, down 305 basis points from the same period last year due to the significant sales increase. SG&A dollars increased only $22 million from the same period last year. This includes $32 million of incremental COVID-related compensation and safety costs and $12 million associated with the change in value of our deferred comp plans resulting from the significant increase in overall equity markets in the quarter, which is fully offset in other income and has no impact to earnings. These expenses were partially offset by expense reductions following our temporary store closures.

Driven by our strong sales and gross profit margin, non-GAAP EBT was $397.8 million or 14.66% of net sales, up $246.7 million or 797 basis points of operating margin expansion versus same period last year. In total, we delivered non-GAAP earnings per diluted share of $3.21 compared to earnings per diluted share of $1.26 last year, a 155% year-over-year increase.

On a GAAP basis, our earnings per diluted share were $3.12. This included $6.6 million in noncash interest expense as well as 1.1 million additional shares required in the GAAP diluted share calculation, both related to the convertible notes we issued in Q1. For additional details on this, you can refer to the non-GAAP reconciliation tables of our press release that we issued this morning.

Now I'll briefly review our 2020 first half results. Despite temporary store closures during March, April and May, consolidated sales decreased only 3.2% to approximately $4.05 billion. Consolidated same-store sales decreased only 2.3%. Within this, our eCommerce sales increased 154%. And as a percent of total net sales, our online business increased to 33% versus 12% last year. Non-GAAP earnings per diluted share were $1.60, and this included $76 million or $0.65 per diluted share of incremental COVID-related compensation and safety costs and compares to non-GAAP earnings per diluted share of $1.86 for the first 26 weeks last year.

Now moving to our balance sheet. As Ed stated, we're in a strong financial position. And during the quarter, we leveraged our cash flow from operations as well as cash on hand to repay $1.4 billion of outstanding borrowings on our $1.855 billion revolving credit facility. We ended Q2 with $1.1 billion of cash and cash equivalents and no outstanding borrowings on our line.

Our quarter end inventory levels decreased 12% compared to the end of the same period last year. And looking ahead, our inventory is clean and we will continue to optimize our assortment to improve our in-stock positions in the most in-demand categories.

As previously announced, in light of our strong business results, we reinstated our dividend program. And during the quarter, we paid $26 million in quarterly dividends. Net capital expenditures were just $12.5 million, and we did not repurchase shares.

With respect to our full year outlook, there's still a high degree of uncertainty surrounding the scale and duration of several key external factors. This includes the COVID-19 pandemic and economic stimulus as well as employment and consumer confidence and their potential impact on our business. Given this uncertainty, we'll not provide a 2020 outlook for sales and earnings at this time. We will continue to reassess the practicality of resuming guidance in future quarters. While mindful of the uncertainty in the current environment, we're extremely pleased with our significant Q2 results as well as our Q3 sales trends. We remain very enthusiastic about the future of DICK'S Sporting Goods.
This concludes our prepared comments. Thank you for your interest in DICK'S Sporting Goods. And operator, you may

now open up the line for questions.

Question and Answer

Operator

[Operator Instructions] And our first question will come from Robby Ohmes of Bank of America Merrill Lynch.

Robert Frederick Ohmes
BofA Merrill Lynch, Research Division

I'll say a great quarter, but I really don't have a word for a quarter like this. It's pretty unbelievable. The -- Ed, my question, I think, for you is these categories that are doing so great, I think you're not the only ones that are seeing this unbelievable sell-through rate. How are you thinking about in-stock levels in a lot of these solitary leisure categories for the balance of the year, given that others are running short? And do we need to be concerned about your inventory positioning when we think about how we think about your sales run rate going forward? And maybe, Ed, could you tie into that, has anything changed in how you guys are thinking about the hunt category? I know you've exited in a lot of stores. Is that expected to continue? And then lastly, some comments on the Golf category, maybe some insights on how Golf Galaxy comps are doing?

Edward W. Stack
Chairman & CEO

Sure. Robby, thanks. Let me start with the hunt category first. So this has not changed our view towards the hunt category. We're still planning to significantly reduce that exit what we're doing with Field & Stream and -- so really, nothing has changed. Although that business, from what I understand, has really been quite good. We're not changing our position on that.

As we take a look at stock levels, Robby, we're going to be somewhat inventory constrained on some of these categories, but we've got a flow of product that as it comes in, it goes right back out. And we actually think we're going to be in a bit better position from an inventory standpoint going forward in the fitness category, in the bike category and a little bit in the golf category beginning towards the end of September and into October.

So we've -- our team has done a great job working the supply chain. A number of these products that we talked about from a fitness standpoint, bikes are our own private brands. So we control the supply chain, and the team has done a great job of being able to service the athlete or the customers. So if you're going to walk in our store, it's still going to look like our fitness business is really depleted. But the flow of product we have coming in is kind of going out as fast as it's coming in, and we expect the trends from a sales standpoint in those categories to continue.

As far as the golf business, golf is one of those categories that there are -- your outdoor social distancing. There's -- it's -- the golf business has been great at both DICK'S and at Galaxy. There's a number of young people who have come into the game because they're not playing football or soccer or some other sports. So they're out playing -- guys are out playing golf because they're not at their kids' games. Men, women and kids have all really -- have jumped into this game, and we expect that to continue through the balance of the year, too. The golf season is being extended with what's going on right now with the playoffs on the PGA tour, followed by the U.S. Open in September and then the Masters in November. So we think golf is one of those categories that's going to be really, really very good.

And there are some concerns about people saying, "Well, what's going to happen when it gets cold and people go inside?" Well, up north, that's a concern if it gets really cold in November and December, but we have so many stores that are in the south and in the west that the weather is going to be -- you're going to be able to get outside 12 months a year. So we're pretty -- we continue to be pretty excited about our business.

Robert Frederick Ohmes
BofA Merrill Lynch, Research Division

That's great. And just -- do you give the Golf Galaxy comps?

Edward W. Stack
Chairman & CEO

We don't, Robby.

Operator

Our next question comes from Kate McShane of Goldman Sachs.

Katharine Amanda McShane
Goldman Sachs Group, Inc., Research Division

The first question I had was around Team Sports. I wondered if you could maybe go through a little bit more what you're seeing within maybe certain team sport categories and how much maybe that can affect Q3. And then my second question was just about the fulfilling from store. I think you mentioned 75% of eCommerce fulfilled by store. What was that in previous quarters? Was it higher because of the Curbside Pickup option? And will you expect it to be elevated going forward?

Edward W. Stack
Chairman & CEO

So Kate, I'll take the one on Team Sports, and then I'll let Lauren talk about eCom. So from a Team Sports standpoint, the Team Sports business is not very good right now with the exception of baseball. The baseball business has continued to be pretty good, but other sports have been difficult. We expect them to continue to be difficult through all of Q3. But we've got the majority of this business behind us. And I think people should understand that the back-to-school business and the Team Sports business is going to be difficult through this back-to-school time frame, but we are more than offsetting that with comps at 11% so far this quarter. And the back-to-school business and the Team Sports business will become less important as we go forward. So -- but Team Sports is going to be difficult. The way we're looking at this is that we're just banking comps for next year with the Team Sports business. We hope it will be better next year.

Lauren R. Hobart
President & Director

Great. And I'll take your second question, Kate. So in terms of the percentage of eCommerce business that was fulfilled on the stores, I do think it's meaningful to point out that 75% is a large increase. In the past, we've indicated it was the majority, so over half, but this is a meaningful increase that's being fulfilled from the stores. And yes, you're right, that a lot of that business is going out the front door as well as what used to be just the back door in terms of Curbside and ship from store. Curbside remains really strong even as we open the stores. It's a business that we believe strongly is here to stay. And we believe it will be an important player throughout the back half of the year and into holiday and into the future.

Operator

Our next question comes from Chris Horvers of JPMorgan.

Christopher Michael Horvers
JPMorgan Chase & Co, Research Division

So first, a follow-up question as you talk about Team Sports is getting behind us and back-to-school has peaked as well. And you have a number of school districts and -- opening later and then in Texas and delayed sport programs in New York State, high school sports are delayed till September 21. So I guess how do you think about the potential acceleration of the business? Can you maybe peel away what's going on in these non -- like what's going on in the comp base x back-to-school and team sports?

Edward W. Stack
Chairman & CEO

Well, we won't get into quite that level of detail. But as I said, the team sports and back-to-school business has been soft so far. And even with that being soft and we have a big part of it behind us, the comps are still plus 11%. As we take a look at some of the school districts and states that have indicated that they're going to delay sports, we've got some inventory to be able to service them. But we're not sure that that's actually going to happen when it gets right down to it, are they going to play or they're not going to play. So we're being cautious as we go forward from a team sports standpoint in these fall sports.

Christopher Michael Horvers
JPMorgan Chase & Co, Research Division

Understood. I guess maybe the other way to try to cut the question is you talked about strong trends accelerating, obviously, over the quarter because of how you report comps, including closed stores and then double-digit brick-and-mortar in June and July. So our rough math, you said that you were down 4% quarter-to-date when you reported last time. It looks like you comped 30 in those months. Is that accurate?

Lee J. Belitsky
Executive VP & CFO

That's pretty close, yes.

Christopher Michael Horvers
JPMorgan Chase & Co, Research Division

Understood. And my follow-up is, Lee, on the SG&A, obviously, a lot of puts and takes in there. You did have furlough savings. Presumably some -- maybe some rent -- not rent, but maybe some other reduced hours affecting that SG&A line as well. So what's the right base of SG&A to sort of look at our back half estimates on a go-forward basis? Last year, you were $515 million in SG&A and $600 million in the third and fourth quarters. So are we now building off that? Or what's the right base that we're building from?

Lee J. Belitsky
Executive VP & CFO

I think last year is the right base, except you got to take a look at -- in Q3, we had a big piece of incentive comp in there that unless we have really extraordinary results here, we won't anniversary that kind of level of incentive comp. But I think the last year base is a good one to build off of. And then we talked about the incremental COVID expenses of $50 million a quarter. Probably split around $40 million will be on the SG&A line and $10 million on the gross margin -- will hit gross margin.

Christopher Michael Horvers

JPMorgan Chase & Co, Research Division

And just maybe cut a different way, what -- how much was the furlough savings that was an offset in the SG&A line?

Lee J. Belitsky
Executive VP & CFO

Yes. There were a lot of pieces in there, furlough savings. We had some small reductions in force that are involved. We cut travel, we cut consulting costs. We really battened down the hatches in Q1 and cut CapEx and cut other SG&A expenses along the way. So we did have some pretty significant savings, particularly in the first half of the second quarter.

Operator

Our next question comes from Michael Lasser of UBS.

Michael Lasser
UBS Investment Bank, Research Division

Was the entirety of the slowdown from 30% comps in June and July to 11% comp quarter-to-date in August due to weakness in back-to-school and team sports? Or did other categories slow as well?

Edward W. Stack
Chairman & CEO

It was -- it's pretty much by the back-to-school categories. And then those back-to-school categories is footwear, is all the team sports, which is a pretty violent peak in the month of -- in the first part of August, much more -- a much higher percent of our total sales in August than it will be in September and October. And so those back-to-school categories, the team sports, the cleat business, backpacks, all of those have been soft. But even with that, comps are still running 11% with margin rate expansion.

Michael Lasser
UBS Investment Bank, Research Division

And to borrow the terms that you used very eloquently, Ed, it's not only fair to think about banking some comp for next year from the Team Sports business getting better -- or next year or whenever we get back to normal, but also back-to-school getting back to normal. So is that the right way to think about it?

Edward W. Stack
Chairman & CEO

Yes. I think so, Michael. I think the back-to-school business next year, we hope will be better because we hope kids are actually going back to school in the classroom and playing sports, which we think is really important for the kids. But let's face it, there will be some offset to that, too, of some other categories that might not be quite as strong, but we think we are in a great lane for what's going on right now in the country from an outdoor standpoint, the golf business, the camping business, kayaking, fitness, running. We think we're in a great lane. And a lot of these activities are going to continue into next year even when -- hopefully, next -- sometime next year, COVID is behind us with a vaccine and therapeutics, et cetera. So…

Michael Lasser
UBS Investment Bank, Research Division

[Technical Difficulty] you're thinking about it that consumers have adopted all these new behaviors and habits, whether it's working out at home or kayaking or fishing or golfing. And there won't necessarily be giveback next year. These new habits are here to stay and under what conditions would your change -- would your thinking change? And then I'll turn it over.

Edward W. Stack
Chairman & CEO

I don’t -- so I think these things are pretty sticky. I think people are going to continue to do these activities. There are some great family activities that have taken place here. And I think people are going to continue those for some time into the future. What would make us think differently about that, if the trends change? But right now, we don't see them changing significantly.

Operator

Our next question comes from Paul Lejuez of Citi Research.

Paul Lawrence Lejuez
Citigroup Inc., Research Division

Just to follow-up on the last couple of comments about comp opportunity next year and also maybe some offsets to that. Can you maybe talk about some of the stronger specific categories that you

[Technical Difficulty]

Edward W. Stack
Chairman & CEO

We lost you. Paul, are you still there?

Operator, if we can go to the next call and then when Paul resumes, we can jump him in the front of the line.

Operator

Okay. Our next question will come from Simeon Gutman of Morgan Stanley.

Simeon Ari Gutman
Morgan Stanley, Research Division

I wanted to ask first on gross margin. If you look back to 2019, it ended at around 29% and change and at once peaked at about 31.5%. So it's about 200 basis points below the peak. Does the channel mix explain most of this gap? And I think if we got the math right, it was about a 40 or 50 basis point channel mix headwind this quarter. What would be the reason it can't inch closer to that prior peak? I know eCommerce was probably extra good because of pickup in store, but should it narrow back over time, assuming the merch margin continues to stay healthy?

Lee J. Belitsky
Executive VP & CFO

It should edge back towards that level. There has been a channel shift and the gross margin is lower because we have the delivery expense, we have the shipping expense in eCom, which is a structural difference. But we are leveraging some of the fixed expenses in eCom and in fulfillment along the way. And a lot of it comes down to how promotional we're going to have to be. So we haven't had to be terribly promotional over the last 3 or 4 months or so in eCom. I don't expect we're going to be able to maintain the same levels of gross margin coming out of our eCommerce business indefinitely. But for some time, going forward, we should be able to maintain elevated levels of gross margin.

Edward W. Stack
Chairman & CEO

I think it can move closer to that also, too, Simeon, based on what's happening with our private brands. Our private brands are doing extremely well, whether it be CALIA, the DSG brand, what we're doing in a number of other categories, the fitness brands. So as our private brands continue to improve, our margin rates will continue to improve.

Simeon Ari Gutman
Morgan Stanley, Research Division

Yes. And any sense on the stickiness of using this Curbside model, which I'm sure a lot of customers have been introduced to, which wasn't an option before, but obviously, it should be pretty powerful going forward. But how do you -- do you sense that will continue and that these pickup rates will stay high going forward?

Lauren R. Hobart
President & Director

Simeon, it's Lauren. We do think that Curbside is here to stay. It's been a fundamental shift in consumer behavior, and we anticipated originally that we would see a large drop off when the stores reopened, but that is not the case. Curbside remains very strongly penetrated and very high percentage of the mix. So it's -- we are -- we think Curbside is a behavior that's here to stay. It's just an added element to a store, so that the store becomes the omnihub of the whole ecosystem.

Lee J. Belitsky
Executive VP & CFO

And we're expecting Curbside to continue to be strong for the balance of the year. We're thinking that with COVID around, there might not be that much an interest in getting into crowded stores in the Christmas season. So we're planning on a big Curbside fall season. We're forward deploying inventory out to our stores to satisfy that demand, setting up all the parking lots to operate that way and we'll be ready for a big Curbside event rest of the year.

Simeon Ari Gutman
Morgan Stanley, Research Division

Okay. And just to sneak this in, Ed, just in terms of the fluidity of the environment, this transition to other seasons as even though the weather will change, in categories like bicycles and fitness, is it still literally the stuff comes in the door and is out that same day? Is it that type of demand environment still?

Edward W. Stack
Chairman & CEO

Well, I'm not sure it's that day, Simeon, but it's a few days. It sells off pretty quickly as soon as we have the product in there. But we've got a nice flow of this. We've got an increasing level of supply coming in for fitness product over the next several months, for bikes over the next several months. The boat business is going to be a bit more constrained, although we do have some more product coming in. But we're pretty comfortable on the flow we've got coming in. It's just going to come in and go right back out.

Operator

Our next question will come from Paul Lejuez of Citi Research.

Paul Lawrence Lejuez
Citigroup Inc., Research Division

Sorry for the phone cutting out there. I was just asking about, maybe if you could talk about some of the stronger performing categories that you saw specifically in the second quarter. And just how do you plan F '21? You've got the comp opportunity perhaps in the back-to-school and team sports categories, but then maybe difficult comparisons in some others. So just curious how you're thinking about it from an inventory perspective? And then also, in some of these categories that you're chasing, are you seeing higher average unit costs in some of those hot trending categories and to what extent are prices may be moving higher, if at all?

Edward W. Stack
Chairman & CEO

We really haven't seen higher costs in any meaningful way coming out of these products. And some of these categories we're talking about, whether it be the camping business, the fitness business, the boat business, a lot of these are our own brands. So we control the supply chain, and we've done a pretty good job with that. As we look into next year, what we really are is we're looking at '19 as the year to plan off of. And we've talked to a number of other people who are in our industry, that's what they're doing also -- other brands that we do business with, a lot of them are looking at kind of planning off of '19, and that's what we're planning to do. And we think next year, the -- if a lot of this pandemic is behind us and kids are back in school and playing sports and everyone feels safe, we think there's a big upside in the team sports and the back-to-school business next year.

Operator

Our next question will come from Michael Baker of D.A. Davidson.

Michael Allen Baker
D.A. Davidson & Co., Research Division

I know you guys aren't going to give guidance per se, but it sounds like, correct me if I'm wrong, the implication with back-to-school and team sports becoming smaller over the coming weeks and months is -- that would tell me that comps would accelerate. Is there an offset to that, such that comps wouldn't accelerate? And excuse the working from home, my dog barking exactly when my question comes up.

Edward W. Stack
Chairman & CEO

Michael, we can all relate to barking dogs and working at home.

Michael Allen Baker
D.A. Davidson & Co., Research Division

No barking at all today until you called on me -- like my kids.

Edward W. Stack
Chairman & CEO

Yes, I understand. No worries. Yes. So you would -- that's not an inappropriate assumption. But last year, too, we were exiting the hunt business last year, and there's a couple of offsets to that. But we're really comfortable and excited about where we're at. And we couldn't be happier that with the back-to-school kind of shaping up the way that it is, which is going to be -- back-to-school is going to be a disappointment for -- I think for a lot of people, but we're fortunate that we've got this broader-based portfolio that we can offset that. And comps at plus 11% right now, we're pretty happy with. And these back-to-school items will become a smaller percent of the balance of the quarter.

Michael Allen Baker
D.A. Davidson & Co., Research Division

Yes, makes sense. Understood. Two questions for Lee, real quick, if I could. One, Lee, you said that you're cycling incentive comp in the third quarter unless you have a really strong third quarter this year. Well, you're comping 11% and things could get better, so, I guess, how should we think about potential incentive comp in the third quarter of this year? And then I hate to ask this type of boring question. But the structure you put in place with the convertible in the offsetting hedge, I think at $52.40 -- $52.42 as I recall, that starts to become dilutive. You're above that now. So can you give us any color on how we should think about the share count going forward?

Lee J. Belitsky
Executive VP & CFO

So I'll take on the expense question first. I mean we do have some significant additional expenses that we're incurring here that could -- with the COVID expenses that we have that could impact the payout of incentive comp for this year. So we have to have some really strong comps in order to get to the level of incentive compensation pay that we had last year. So probably greater than the 11% that we've got quarter-to-date.

With regard to the convertible notes, we did put the bond hedge structure in place. And you're right, the notes economically -- excuse me, the convert becomes economically dilutive at around $52 -- $52.40 or so. Order of magnitude at $55 -- $55 on average for the quarter creates about 900,000 shares of dilution. So it's about 1% dilutive at $55 a share on a non-GAAP basis. On a GAAP basis, it's about 5.9 million shares on average for the quarter. If we are at $55 price for the quarter, it would be 5.9 million shares.

Michael Allen Baker
D.A. Davidson & Co., Research Division

Okay. That's good color. And then presumably, the dilution goes up as the stock price goes higher?

Lee J. Belitsky
Executive VP & CFO

Correct.

Operator

Our next question comes from Adrienne Yih of Barclays.

Adrienne Eugenia Yih-Tennant
Barclays Bank PLC, Research Division

Congratulations on the progress in the quarter-to-date. My first question is on the digital -- you're welcome, well deserved. My first question is on the digital business. As that grows, obviously, you can see the data on new customers you've acquired since the pandemic began. Can you share any of those metrics or statistics there?

For Lauren, can you talk about CALIA and DSG penetration and probably, more importantly, going forward, your physical brick-and-mortar channel is such a competitive advantage given your end of mall and big boxes? Are there opportunities for you to be a distribution channel for digitally native brands in athleisure, footwear or maybe other categories?

And then, Lee, my last question is, last quarter, inventory had been shipping out of the stores to keep inventory clean. What happened in the third quarter? And what should normalized shift from store be?

Lauren R. Hobart
President & Director

Okay. Adrienne, it's Lauren. I'll try to tackle the first few. So as digital grows, we do have new customers joining the DICK'S ecosystem, meaningfully -- a meaningful number of new customers and a meaningful number coming in through the digital channels, and those customers are repeating. So we're very pleased with new customers, generally speaking. I don't think I'm going to go deeper than that at this point. But generally speaking, we're very focused on retaining those new customers this quarter.

CALIA and DSG are doing amazingly well. As I mentioned, CALIA is #2 and #3 -- they are the #2 and #3 women's athletic, and DSG brand is #1 across the board. We're very focused on private brand growth. I don't want to share a penetration goal with you at this point, but we are very, very, very enthusiastic about those brands as well as some other new brands in the future.

And then opportunities for us to be distribution channel for digitally native brands, it's a very interesting thing. It's in a longer-term horizon, not something I would say short term. But certainly, we do believe that the omnichannel strength that we have and the fact that we have 800 points of pickup and distribution, getting those direct to home could really be an advantage for us, first and foremost, and possibly in the future, but no immediate plans on that.

Lee J. Belitsky
Executive VP & CFO

Okay. With regard to the fulfillment channels in Q2, obviously, when you have nearly a 200% comp increase, all of our fulfillment channels lifted in terms of volume. So our market fulfillment centers had significant increases year-over-year, Curbside was huge. Our ship from store picked up as well. Our vendor direct programs picked up. So -- and we talked about in total mix, 75% was fulfilled by the stores between ship from store and Curbside. So all channels lifted in volume. The good news is we had the infrastructure in place to handle kind of holiday level eCommerce sales for months on end with all the different fulfillment channels we have turned on. So as Lauren said earlier, a lot of the investments we made over time, both in technology and in fulfillment, really paid off for us during the quarter.

Operator

Our next question comes from Seth Sigman of Crédit Suisse.

Seth Ian Sigman
Crédit Suisse AG, Research Division

Congrats on the quarter. I wanted to follow up on that last point around the eCommerce economics. Obviously, in this environment, consumer adoption of online has accelerated probably by many years. I'm wondering can you elaborate on the efficiencies and the operating leverage that you're seeing in that perhaps is more encouraging as you think about the scalability of eCommerce. Does it change at all? How you think about the profitability of online over time? I realize that it has been improving in recent years, but does it give you any more confidence in what the profitability could look like over time?

Lauren R. Hobart
President & Director

Yes. It definitely does give us confidence that we have, this quarter, been able to leverage all the fixed expenses, all the investments that you mentioned in order to drive more flow-through on the bottom line. We also had increased merch margin and then reduced shipping costs on a per package basis because of the increased BOPIS and Curbside penetration. So overall, a very, very meaningful improvement in our eCommerce P&L and something that we think we can continue to leverage. All of the investments that we've made over time to be able to scale the platform are coming to fruition at this point.

Seth Ian Sigman
Crédit Suisse AG, Research Division

Okay. That's helpful. And just to clarify, would the profitability have improved even without the merchandise margin improvement?

Lauren R. Hobart
President & Director

Yes, meaningfully.

Seth Ian Sigman
Crédit Suisse AG, Research Division

Okay. Okay. And then just around merchandise margin, you had been bracing for more promotional activity later in the quarter in Q2. It doesn't really seem like that happened. Can you just update us on what you're seeing now? How are you planning for promotional activity for the balance of the year? And then I'm just wondering how much of the constrained promotional activity has tied inventory versus perhaps a more structural change in how vendors are controlling distribution now.

Edward W. Stack
Chairman & CEO

We don't really see -- the majority of what's driving our business today, we don't see that becoming more promotional. There are inventory constraints across a number of categories. And with those constraints, we don't think it's going to get very promotional. I think vendors are being very cautious and to make sure that the market doesn't get flooded with products that needs to be cleaned up going into next year. So I think everybody has taken a pretty conservative approach from an inventory standpoint. And inventory will be in very good shape, I think, by the -- at the end of the year. I don't think there'll be a glut, I don't think there'll be a meaningful margin rate erosion.

Operator

Our next question will come from Brian Nagel of Oppenheimer.

Brian William Nagel
Oppenheimer & Co. Inc., Research Division

Great quarter. Congratulations.

Edward W. Stack
Chairman & CEO

Thanks, Brian.

Brian William Nagel
Oppenheimer & Co. Inc., Research Division

And I apologize, I had it just for getting too near-term focus. But just when we look at the -- with the performance here so far in the third quarter, and I understand that it's extraordinarily fluid and there may be really no normal markets. But in markets that have opened up more, where you may be seeing more teams -- regular team sports activity, is there -- are you seeing a different performance in the category there than the rest of the chain?

Edward W. Stack
Chairman & CEO

Meaningfully.

Brian William Nagel
Oppenheimer & Co. Inc., Research Division

Okay. Then the second question I have, I guess, as we look into the back half of the year, look, DICK'S is not terribly fashion focused, but there are new product launches from your key vendor partners who help to drive sales. So as you're talking to your partners, given the fluidity, the disruptions in the environment, how are they thinking about product introductions in the back half of the year? How do you think about that as a sales driver?

Edward W. Stack
Chairman & CEO

It depends on the category and it depends on the brands. There'll be some -- Callaway is launching a new driver in a few weeks, the -- which we think is going to be great. Some other people have delayed launches to clean up some inventory and -- so that there's not a glut of inventory or they're not doing product launches until some people are talking about not doing any new product launches until actually '22 in some categories, which I'm not going to get into what those are, with those particular brands. I'll let them talk about them. But we -- whether there's going to be newness, I think it's going to be very good. I think some people that have had some newness now, but for reasons that business slowed down, whether that's in some of the team sports area or backpack, some of that kind of stuff, where there's not going to be as much newness going into next year, we think that's perfectly fine. So we have -- we think the brands are being very thoughtful and appropriate in how they're looking at this going forward.

Operator

Our next question comes from Tom Nikic of Wells Fargo.

Tom Nikic
Wells Fargo Securities, LLC, Research Division

Congrats on a great quarter. I want to ask -- there's been some news out there about shipping cost increases and some of the carriers levying surcharges for the key holiday season in November and December. Do you have any sort of thoughts around that or mitigation strategies? Or how we should think about the gross margin impact from potential shipping, especially in Q4?

Lee J. Belitsky
Executive VP & CFO

The freight markets are tightening up out there, both truckload, intermodal and package delivery. So we are starting to see some increases in rates there on the package side. UPS has announced across the board rate increases. We are -- we only do a very small part of our business with UPS. Most of it is done with FedEx at this point. But with the higher level of eCommerce business, that is likely to occur in the back half of the year, both with us and with everybody else. I would expect there would be some level of surcharges from both FedEx and UPS going forward for the fall. We don't know the extent of that at this point, but it is a potential headwind for later in the year. That's partially offset by the tremendous amount of Curbside pickup that we're doing, which should mitigate some of that expense on the eCommerce side. So we're excited about being able to offer that to our athletes as well.

Tom Nikic
Wells Fargo Securities, LLC, Research Division

Got it. And when we think about the -- moving to another topic, when we think about the strong performance in Q2 and the pretty solid quarter-to-date trends despite the back-to-school headwind, is there any way you can think about it in terms of new customer acquisition versus something like wallet share among existing customers?

Lauren R. Hobart
President & Director

This is Lauren. I think it's actually a little bit of both. We know we got new customer acquisition, but we also drove higher AURs and more sales within our existing customer base. So it was both.

Operator

Our next question comes from Sam Poser of Susquehanna.

Frederick William Gaertner
Susquehanna Financial Group, LLLP, Research Division

This is Will on for Sam. I just wanted to follow up on this -- that you guys are taking -- you're obviously taking market share, adding new customers. What are you guys doing to keep these new customers and make them "sticky"?

Lauren R. Hobart
President & Director

We are really, really focused on trying to get customers into the family and then to retain them. So we are -- we've got a massive database of over 20 million athletes. Every time we get a new athlete, it's an opportunity to try to personalize and customize. And I would say, the main change in what we're doing versus what might have done in the past is that it's not just a promotional basket offer. It's a targeted incentive for people to come into the store. So we -- it's a -- and we also have a ton of brand marketing out there to drive brand's health, but the traffic-driving elements are very personalized and data driven.

Frederick William Gaertner
Susquehanna Financial Group, LLLP, Research Division

That's helpful. And then you guys -- you said that your private brands, private label outperformed company average by 500 bps. How does the private label business, specifically for DSG and CALIA compare -- how the performance compare online versus branded?

Edward W. Stack
Chairman & CEO

So they're not as -- right now, we're not going to get into a lot of detail, but they're not as penetrated online yet as some other brands, but we're moving in that direction. CALIA is making some real progress, and DSG is really only launched last year. But DSG will be -- this year will be our largest private brand across men's, women's, kids and then into some of the hardlines categories that we have it in. So we're really pleased with what's going on with it. It hasn't -- it's not as strong online yet, but we're working through that. And that's no different than what we expected, really.

Frederick William Gaertner
Susquehanna Financial Group, LLLP, Research Division

Got you. And just one more for me. So Lee, as far as the SG&A savings, how much of that savings do you expect to continue over into 2H and then into next year? How much of that is sticky?

Lee J. Belitsky
Executive VP & CFO

In the short term, over the next quarter or 2, we're going to continue to have some savings around travel expenses and consulting and things like that as we're not -- obviously, not traveling as much as we had due to the pandemic. But from a staffing perspective, we are out aggressively hiring right now. So I would expect some of the savings that we had from Q2 to mitigate as we work our way through the year and into next year.

Operator

Our next question will come from John Kernan of Cowen.

John David Kernan
Cowen and Company, LLC, Research Division

Ed, Lauren, Lee, congrats on a phenomenal quarter. I wanted to talk on ScoreCard. Lauren, I think you dropped the number 20 million members, 70% of sales, obviously, driving -- data driven, personalization, marketing, et cetera. Can you talk about the future of this business? What it means, the type of growth you're seeing in members and what you're able to accomplish from a sales per member versus nonmember?

Lauren R. Hobart
President & Director

We have a big push behind our ScoreCard program. We've recently, in the past year, launched a gold program to reward our best customers and just keep driving a benefit to them that's better than the standard ScoreCard or the standard customer benefit. So we're driving membership. We have that enhanced online now, so that's easier to apply online, which used to be a barrier. And then just working on the value proposition so that our best customers know how much we value them and just putting everything through that lens when we make any decision to make sure that it's right for our customers and right for, specifically, our best customers.

John David Kernan
Cowen and Company, LLC, Research Division

Got it. Maybe one follow-up question. It feels like despite your private label success, a lot of the relationships with your key vendors across a lot of different categories, whether it's soft-lines, hardlines have been strengthened recently. And you're getting top level product, whether it's Callaway Drivers or Nike on the footwear side of things in the footwear decks, they really help you grow and build. I'm just wondering can you talk about the strengthening relationship you have with a lot of your key vendors as we head into next year. Certainly, it feels like on their own conference calls, they're mentioning you more, as we can see it when we walk the stores. And just talk about the strengthening with the key vendors at this point as we go into holiday.

Edward W. Stack
Chairman & CEO

Yes. I think we've always had great relationships with our vendors. So this isn't something new. We've worked on this for a number of years, and we've got great partnerships with the people that we do business with. I think one of the reasons that they're strengthening going forward is that we have a footprint that allows us to showcase kind of a brand's entire brand, whereas some other retailers that they do business with, they can showcase a portion of a brand, we can showcase an entire brand. If you take a look at some of the athletic companies, we can showcase the apparel footwear in the hardline side of their business, where some others can't. When you take a look at from a golf standpoint, what -- we can showcase across the Callaway's brand for clubs, bags, balls, gloves, the accessory piece of the business. And I think they're looking at us as somebody who can showcase their entire brand, give a great presentation to the consumer walking in that they can't get.

A couple of people have said to us, "You guys -- the way you guys present and the space that you dedicate to and the way that you service it and the way that you merchandise it, is how we would want to do it if we were doing our own store." And I think they just see us as a great gateway to the consumer. And the relationships have just continued to strengthen. And our vendors do what they say they're going to do, and they know that if we say we're going to do something, we're going to do it. So I think the one thing that's really helping to strengthen the relationships with the vendors is the trust and communication on both sides. And there's been more communication, more strategic planning and more trust between us and our key vendors than I think there ever has been in the past. And we see that continuing.

Operator

Our next question comes from Warren Cheng of Evercore ISI.

Warren Cheng
Evercore ISI Institutional Equities, Research Division

I had a question on the new OVERTIME and Warehouse outlet stores that have been -- that are half way through the quarter. How much of the store base is able to utilize the centers for clearance? And is it changing the realizations that you're getting on some of the end of life merchandise?

Edward W. Stack
Chairman & CEO

So it's definitely -- this is very -- this concept is very much at its infancy stage right now. We don't have many of them out there, but we've got -- they can take a lot of the clearance merchandise we can get out of the stores, the traditional stores and make room for the new product, which is really -- is another thing that's helping our margins, and we're able to realize a higher-margin rate in these stores than if we kept it in our store and tried to clean it out. So it's been -- it's early on, we're really pleased with what's going on here with these stores.

Warren Cheng
Evercore ISI Institutional Equities, Research Division

Okay. And then just going forward beyond this year, how do you see that fitting into your overall current strategy? How many more -- or how much larger can that footprint be going forward?

Edward W. Stack
Chairman & CEO

Right now, we really don't know. We're just in the test phase. We'll see how it goes. There's -- we're working through this right now. Early on, we were very pleased with it, but we're not really ready to guide what this can be or how we're going to go with it going forward. It's still really much -- very much in the test phase.

Operator

Our next question comes from Peter Benedict of Baird.

Peter Sloan Benedict
Robert W. Baird & Co. Incorporated, Research Division

Two questions. First, just maybe, Lee, an update on the occupancy cost reductions, your progress on that front with some of your landlords. And I'm curious, how does Curbside figure into those discussions at all, the enhanced use of this Curbside fulfillment. Does that influence those discussions? And then secondly, the BOPIS attachment rates, when folks are coming into the store to pick up an order. What have those attachment rates been historically? And are you seeing any change in that in the current environment when people are doing BOPIS?

Lee J. Belitsky
Executive VP & CFO

So with regard to the occupancy costs, we made some pretty good progress in the second quarter on negotiations of occupancy costs in cases where the stores were closed. And a number of the leases, we had opportunity to abate our rents during a period of time that the stores were closed. From an accounting perspective, we've elected to defer those gains and spread the gains over the remaining life of the lease. So we didn't pick up those earnings in -- during the quarter. Most of those discussions have wrapped up by now, and we're back to paying rent pretty much everywhere at this point. So relationships are pretty good right now, I'd say, with our landlord community.

Lauren R. Hobart
President & Director

On the BOPIS question, in terms of attachment rates, we are -- we haven't -- something that we've disclosed in the past, but we are actually trying to drive reasonable attachments and UPT with every transaction, be it in store, Curbside or Buy Online, Pick Up in Store. And if you go see some of our Curbside expressions, you'll see relevant attachment items, sometimes out on the curb that people can buy and/or offered on the website when you place the orders -- you'll also need this system in it. So we're definitely focused on that.

Operator

Our next question will come from Scot Ciccarelli of RBC Capital Markets.

Robert Scot Ciccarelli
RBC Capital Markets, Research Division

You mentioned that you have seen some meaningful performance differences in various geographies. Can you guys provide any more color on that? And I guess I'm really curious, do you actually start to see a countercyclical effect where the sales of personal fitness and outdoor products actually accelerate enough where it more than offsets the team sports, where we've had additional COVID-19 outbreaks?

Edward W. Stack
Chairman & CEO

We're not going to get into kind of the geographic piece of this. What we did say is where they're playing team sports, we've seen the Team Sports business meaningfully outperform where they're not, which is not surprising. I think the fitness business is going to be very good all over it. And people are just -- know that in order to fight the pandemic or whatever comes next, people need to be healthy. And that doesn't mean that we're going to have a lot of marathon runners, but people are going to get out and they're going to walk, they're going to buy a treadmill, they're going to do -- lift some weights, even if they're lightweights, kettlebells, this whole fitness trend is just people are going to try to be healthier. And we don't see that changing even when COVID-19 is in our rearview mirror for quite a while.

Robert Scot Ciccarelli
RBC Capital Markets, Research Division

Okay. And then, I guess, a follow-up here. I'm just curious if your field teams are starting to see any competitive closures. It just seems like a lot of the biggest economic pressures we're seeing within the retail landscape or on smaller private companies, one-off businesses and the like, I wonder if you start to see any of that in your particular sector.

Edward W. Stack
Chairman & CEO

Well, we've seen some closures. I mean, Modell's is -- even before COVID, they were going to close. So Modell's is closing. I think we'll see a number of competitors close stores, and we think we'll be a beneficiary of some of this as it happens.

Operator

Our next question will come from Chris Svezia of Wedbush.

Christopher Svezia
Wedbush Securities Inc., Research Division

Congratulations. I've got 2. I guess, first, just on the -- just curious the 75% that's -- of eCom that fulfilled in stores, did you call out by any chance how much of that is actually -- what percentage of that is actually Curbside? I'm curious about that, number one. And number two, I guess, Ed, for you, overall, when you made a comment earlier that you're planning the business off of 2019. I guess I'm curious, as we look at the business model from a financial perspective, is that a way we should be looking at it as well, just given a lot of the sort of abnormality and fluctuations we're going to see in 2020, some things stick around, some things don't. Is that a fair way to kind of look at it? Or do you feel like there is structurally going to be revenue benefits, margin benefits that will carry into 2021 over and above, how we should think about looking at 2019?

Lauren R. Hobart
President & Director

Chris, so in terms of your first question, we haven't specifically broken out how much Curbside is as a percent of that 75%, but we did say that it used to be majority right around half, and it's now 75% that's coming through the stores. So you can do some rough interpretation there in terms of Curbside, it's very meaningful.

And Ed, do you want to take the second one?

Edward W. Stack
Chairman & CEO

And as far as we go into '19, I think you've got to look at your model, however, it works for you. We're going off '19 because we suspect next year, in the first quarter, if you just look at it versus '20, our comps will be positive. I'm not sure that our comps will be positive in the second quarter next year just because in the second quarter -- our team did a great job. There was some pent-up demand from Q1. So this is a really odd year of how this is all going to play out. And hopefully, '21 will be a more predictable year, let's put it that way. And the best way we think to do this is to go off of '19 from not only a sales standpoint, inventory standpoint. It's been our job to make a decision of what we think is going to happen category by category, department by department in region of the -- country by region of the country. And so we've already started talking about this. We've started planning for '21 already, as you would expect. And we're really using '19 as the base of where to go.

Christopher Svezia
Wedbush Securities Inc., Research Division

And just a follow-up -- quick one just from a -- and that's helpful. But just from a margin perspective, eCommerce, things like Curbside, Pickup, just sort of the sustainability of those to structurally impact the margin for the better as we move forward, just how do I -- how do maybe do we think that? And against the offsets to a degree as we start to think about that as well?

Edward W. Stack
Chairman & CEO

I think the eCommerce business is going to continue to accelerate. I think the Curbside piece is going to accelerate. So I think the Curbside piece is what I think some people miss about this is it started off as a safety piece. People wanted it because they didn't want to come in contact with anyone else. It's now becoming a convenience piece. There was -- a number of people have said to me, "Hey, Curbside was great. I called, I got there, I sent the text or I made the phone call, in a couple of minutes, they brought the product up, and I was on my way." So this is really getting to be a convenience piece. I think it will be more a convenience piece in '21 than it is a health and safety concern as it is today. So we think that's going to continue. And I think that will accelerate. But one thing everybody -- I'm not -- maybe not right now, but the one thing everybody felt time constrained was their time. And I think Curbside gives people some time back, and I think it's going to continue.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Ed Stack for any closing remarks.

Edward W. Stack
Chairman & CEO

I'd like to thank everyone for joining us on our Q2 call, and we'll look forward to talking to everybody when we release earnings for Q3. Thank you very much, and everybody stay well and stay safe.

Operator

The conference has now concluded. Thank you for attending today's presentation, and you may now disconnect.