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Presentation

Operator

Good day, and welcome to the DICK'S Sporting Goods First Quarter Earnings 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 first quarter 2021 results. On today's call will be Ed Stack, our Executive Chairman and Chief Merchandising Officer; Lauren Hobart, our President and Chief Executive Officer; 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 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 few admin items. First, a note on our same-store sales reporting practices. Our consolidated same-store sales calculation includes stores that we chose to temporarily close last year 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.

Next, as a reminder, due to the uneven nature of 2020, we planned 2021 off a 2019 baseline. Accordingly, we will compare 2021 sales and earnings results against both 2019 and 2020. And lastly, for your future scheduling purposes, we are tentatively planning to publish our second quarter 2021 earnings results before the market opens on August 25, 2021, 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
Executive Chairman & Chief Merchandising Officer

Thanks, Nate. Good morning, everyone. We are extremely pleased to announce yet another quarter of record results as we continue to execute at a very high level and capitalize on incredibly strong consumer demand. We're in a great lane right now, and 2021 will be our boldest and most transformational year in the company's history. We believe the future of retail is experiential, powered by technology and a world-class omnichannel operating model.

Importantly, we are reimagining the athlete experience both across our core business and through new concepts that we have been working on for the past several years, which will collectively propel our growth in the future. We recently debuted DICK'S House of Sport in Rochester, New York. It's off to a great start and is on track to become among our highest-volume stores in the chain. We have reimagined virtually everything in the store and believe it sets the standard for sport retailing and athlete engagement. Our partners who have visited the store all agree there's nothing like it, and we hope everyone has the opportunity to see it in person.

Next, we are completely reengineering our Golf Galaxy business. The game of golf is in great shape and our golf

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business has been tremendous. With Golf Galaxy comps significantly outperforming the company average in recent quarters, we're leaning into this streak by investing in our Golf Galaxy business and adding TrackMan technology to enhance the fitting and lesson experience. We are also investing in talent to elevate the in-store service model and are remodeling 18 stores this year. The new stores we've remodeled are showing promising results. Looking ahead, we expect golf to have a long runway, and we are committed to leveraging this momentum for future growth within our business.

Additionally, we are launching Public Lands, a complete outdoor omnichannel retail concept that will focus on making the outdoor as a place where everyone feels welcome and inspired. We've been working on Public Lands for several years and look forward to opening our first 2 stores later this year. Based on our research, we think there is an opportunity in the marketplace and believe this new concept will be a great growth vehicle for us.

Importantly, conservation will play a prominent role in our new Public Lands concept, and we will champion environmental issues as we speak up to protect the planet and our public lands. As a member of the outdoor industry, we have also joined forces with other retailers to advocate for conserving 30% of the U.S. lands and waters by 2030. We expect to have the same voice and as much impact on these issues as we've had inside the DICK'S business, highlighting the youth sports crisis and sensible gun legislation. We'll be sharing more details about our plans for Public Lands in the weeks and months ahead.

In closing, you can see DICK'S is a growth company, and we will continue to invest in our business to grow our lead as the nation's largest sport retailer. We see significant growth opportunities within DICK'S and Golf Galaxy as well as with House of Sport and Public Lands. We will continue to invest in our vertical brands and with our key partners, including Nike, North Face, Callaway, TaylorMade and others to elevate the athlete experience across the stores and online.

This morning, as Lauren and Lee discuss the results of our strategic growth drivers in greater detail, I couldn't be more excited about our business and more proud of our team and their unwavering dedication to our business. I'll now turn the call over to Lauren.

Lauren R. Hobart
President, CEO & Director

Thank you, Ed, and good morning, everyone. As announced earlier this morning, we delivered another exceptionally strong quarter, achieving record first quarter sales and our highest-ever quarterly earnings, both significantly exceeding our expectations. Our Q1 consolidated same-store sales increased 115% as we anniversaried the majority of our temporary store closures from last year. The strength of our diverse category portfolio, supply chain, technology capabilities and omnichannel execution helped us continue to capitalize on strong consumer demand across golf, outdoor activities, home fitness and active lifestyle.

We also saw a resurgence in our team sports business as kids began to get back out on the field after a year in which many youth sports activities were delayed or canceled. Our strong comps were supported by sales growth of over 100% within each of our 3 primary categories: the hardlines, apparel and footwear as well as increases in both average ticket and transactions. Like others, we also benefited from the recent stimulus checks. These results combined translate to a 52% sales increase when compared -- combined -- sorry, when compared to the first quarter of 2019.

From a channel standpoint, our brick-and-mortar stores generated significant triple-digit comps and importantly delivered an approximate 40% sales increase when compared to 2019 with roughly the same square footage. Our eCommerce sales increased 14%, which was on top of our 110% online sales increase in the same period last year when the vast majority of our stores were closed for over 6 weeks. This represented nearly a 140% increase when compared to 2019.

Within eCommerce, in-store pickup and curbside continued to be a meaningful piece of our omnichannel offering,

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increasing approximately 500% when compared to BOPIS sales during the first quarter of 2019. And as a percent of online sales, we saw sequential growth compared to the second half of last year. These same-day services, along with ship-from-store, are fully enabled by our stores, which are the hub of our industry-leading omnichannel experience, both serving our in-store athletes and providing over 800 forward points of distribution for digital fulfillment.

During Q1, our stores enabled approximately 90% of our total sales and fulfilled approximately 70% of our online sales through either ship-from-store, in-store pickup or curbside. Throughout the quarter, we remained disciplined in our promotional strategy and cadence as certain categories in the marketplace continued to be supply constrained. As a result, we expanded our merchandise margin rate by 787 basis points versus 2020 and 312 basis points versus 2019. This merchandise margin expansion, along with substantial leverage on fixed costs, drove a significant improvement in gross margin.

In total, our first quarter non-GAAP earnings per diluted share of $3.79 not only represented a 511% increase over Q1 2019 but eclipsed our full year 2019 non-GAAP earnings per diluted share of $3.59. During the first quarter last year, we recorded a net loss per share of $1.71 as we temporarily closed our stores to promote the safety of our teammates, athletes and communities.

Looking ahead, we remain very enthusiastic about our business, and we're raising our full year sales and earnings guidance. Our financial outlook balances this enthusiasm with the uncertainties that still exist, particularly as it relates to the second half of the year. Lee will address our outlook in greater detail within his remarks.

Now let me provide a few updates on our strategic growth drivers. First, within merchandising, our well-defined brand strategy drives differentiation and exclusivity within our assortment as we leverage both our key national brand partnerships and our highly profitable and growing vertical brand portfolio. During the quarter, our vertical brands continued to be a significant source of strength, posting triple-digit comps, with merchandise margin rate expansion that outperformed the company average.

We saw sustained success in DSG, our largest vertical brand, as well as in CALIA, our second-largest women's athletic apparel brand. This year, we are investing to make our vertical brands even stronger through improved space in store and increased marketing. In March, we augmented our men's athletic apparel selection by launching VRST, our new premium apparel brand that serves the modern athletic male. The team has done a great job with VRST and is off to a really strong start.

Next, to increase engagement with our athletes, we're taking steps to dial up service in our stores and to make our stores more experiential. As Ed mentioned, we've been very pleased with the early results from our first DICK'S House of Sport and are excited for the grand opening of our second location in Knoxville next week. Virtually everything in House of Sport is new, from our engagement and service models to our merchandising standards, brands and concept shops, as well as an adjacent outdoor field to host sports events and promote product trial. These highly experiential stores are exploring the future of retail, and they provide us a great opportunity to test and learn. We'll continue to refine and grow the House of Sport concept while also rolling the most successful elements into our core DICK'S stores.

Beyond House of Sport, we continue to evolve the DICK'S athlete experience. During the quarter, we added more than 30 soccer shops that provide a high level of service from in-store soccer experts who are especially trained to help athletes find the equipment and cleats they need to excel at the game. The soccer shops also feature a variety of updated in-store elements, including an elevated cleat shop, an expanded selection of licensed jerseys and soccer trial cages in select locations. We've been pleased with the initial results and plan to add additional shops throughout the year.

As discussed on prior calls, footwear is a key pillar of our merchandising strategy. And during the quarter, we converted more than 40 additional stores to premium full-service footwear. Over 50 more stores will be converted by the end of the

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year, taking this experience to approximately 60% of the DICK'S chain.

Lastly, as the #1 premium golf retailer in the world, we are benefiting from renewed interest in the game. Participation rates are healthy and energy for the game of golf continues to increase, with women, juniors and young adults contributing to the game's growth. As a result of this robust demand, our golf business has been great at both DICK'S and Golf Galaxy, with Golf Galaxy comps significantly outperforming the company average in recent quarters.

In 2021, we're investing over $20 million to transform our Golf Galaxy stores via a combination of elevated experience, industry-leading technology and unmatched expertise through our certified PGA and LPGA professionals. As part of this, we rolled out TrackMan technology to over 80% of the chain to enhance the fitting and lesson experience. We've also completely redesigned nearly 20 stores.

In addition, we enabled online booking of lessons and club fittings and invested in talent and training to elevate our in-store service model. We supported these efforts through our first Golf Galaxy-specific brand campaign, Better Your Best, across TV, social and in-store.

Now moving to our omnichannel capabilities. We continue to drive significant improvement in the profitability of our eCommerce channel through fewer promotions, leverage of fixed costs and strong athlete adoption of in-store pickup and curbside. We're continuing to enhance the curbside experience with new features like proxy pickup as well as through improved inventory availability and reduced pickup wait time for athletes.

During Q1, over 90% of curbside orders were ready within 15 minutes and upon check-in at the store, 50% were delivered to the athlete's car in under 2.5 minutes. Looking ahead, we continue to expect curbside pickup will remain a meaningful piece of our omnichannel offering as our athletes turn to this service for speed and convenience.

Along with curbside, our ScoreCard Program continues to be a key to our omnichannel offering with more than 20 million active members who drive over 70% of our sales. We're using data science to drive more personalized marketing and engagement with our athletes, which is resulting in strong retention of the 8.5 million new athletes we acquired last year. Speaking of new athletes, we acquired nearly 2 million new athletes this past quarter, and relative to our existing athletes, they continue to skew younger and more female, representing a great opportunity for future growth.

In closing, we are a growth company steeped in technology and omnichannel experience with a bold path forward. As we continue to execute against our strategic priorities, we are enthusiastic about our business and confident that our investments will strengthen our leadership position within the marketplace. I had the pleasure of visiting many of our stores during this first quarter, and I would like to thank our teammates across the company for their continued hard work, collaborative spirit and passion for serving our athletes and supporting our business. I will now turn the call over to Lee to review our financial results and outlook 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 first quarter results. Consolidated sales increased 119% to approximately $2.92 billion. Including the impact of last year's temporary store closures, consolidated same-store sales increased 115%. This increase was broad-based with each of our 3 primary categories of hardlines, apparel and footwear comping up over 100%. Transactions increased 90% and average ticket increased 25%. Compared to 2019, consolidated sales increased 52%.

Our brick-and-mortar stores comped up nearly 190% as we anniversaried last year's temporary store closures, and compared to 2019, increased approximately 40% with roughly the same square footage. Our eCommerce sales increased 14% over last year and increased 139% versus 2019. As a percent of total net sales, our online business was

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20%. As expected, this decreased from the 39% of net sales in 2020, given last year's temporary store closures, but increased compared to the 13% we had in 2019.

Lastly, in terms of stimulus, while this can be difficult to quantify, we recognize that our athletes had more cash to spend during the quarter and believe we benefited from this during the first quarter.

Gross profit in the first quarter was $1.09 billion or 37.3% of net sales and improved approximately 2,100 basis points compared to last year. This improvement was driven by leverage on fixed occupancy costs of approximately 1,000 basis points from the significant sales increase and merchandise margin rate expansion of 787 basis points, primarily driven by fewer promotions and a favorable sales mix. Additionally, last year included $28 million of inventory write-downs resulting from our temporary store closures, which were subsequently recovered in the second quarter of 2020 due to better-than-anticipated sales and margin on merchandise nearing the end of life upon the reopening of our stores.

The balance of the improvement was driven by lower shipping expense as a percent of net sales due to higher brick-and-mortar store sales penetration following last year's temporary store closures. Compared to 2019, gross profit as a percent of sales improved by 795 basis points, driven by leverage on fixed occupancy costs of 475 basis points due to the significant sales increase and merchandise margin rate expansion of 312 basis points, primarily driven by fewer promotions.

SG&A expenses were $608.3 million or 20.84% of net sales and leveraged 940 basis points compared to last year due to significant sales increase. SG&A dollars increased $205.1 million, of which $21 million is attributable to the expense recognition associated with changes in our deferred compensation plan investment values. This expense is fully offset in other income and has no impact on net earnings. The remaining $183 million is primarily due to normalization of expenses following our temporary store closures last year to support the increase in sales as well as higher incentive compensation expenses due to our strong first quarter results.

SG&A expenses include $13 million of COVID-related safety costs, which in light of the latest CDC guidance, we expect these costs to decline significantly beginning in the second quarter. Compared to 2019's non-GAAP results, SG&A expenses as a percent of net sales leveraged 446 basis points from -- due to the significant sales increase. SG&A dollars increased $122.3 million due to increases in store payroll and operating expenses to support the increase in sales and hourly wage rate investments and COVID-related safety costs as well as higher incentive compensation expenses.

Driven by our strong sales and gross margin rate expansion, we delivered record quarterly non-GAAP EBT and EBT margin results. Non-GAAP EBT was $477.1 million or 16.35% of net sales, and it increased $684.8 million or approximately 3,200 basis points from the same period last year. More relevantly, compared to 2019, non-GAAP EBT increased $396 million or approximately 1,200 basis points as a percent of net sales.

In total, we delivered non-GAAP earnings per diluted share of $3.79. This is compared to a net loss per share of $1.71 last year and non-GAAP earnings per diluted share of $0.62 in 2019, a 511% increase. On a GAAP basis, our earnings per diluted share were $3.41. This includes $7.3 million in noncash interest expense as well as 9.2 million additional shares that will be offset by our bond hedged at settlement but are required in the GAAP diluted share calculation. Both are related to the convertible notes we issued in the first quarter of 2020. For additional details on this, you can refer to the non-GAAP reconciliation tables of our press release that we issued this morning.

Now looking to our balance sheet. We're in a strong financial position, ending Q1 with approximately $1.86 billion of cash and cash equivalents and no borrowings on our $1.85 billion revolving credit facility. While our quarter-end inventory levels decreased 4% compared to the same period last year, our strong flow of products supported Q1 sales growth in excess of our expectations. Looking ahead, our inventory is very clean and we continue to expect a robust product flow.

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In terms of supply chain expense, we are seeing elevated costs, which we expect to continue but thus far have mitigated this pressure through higher ticket as a result of being less promotional and increasing prices in select categories.

Turning to our first quarter capital allocation. Net capital expenditures were $57.2 million, and we paid $33 million in quarterly dividends. During the quarter, we also repurchased just over 1 million shares of our stock for $76.8 million at an average price of $74.59. And we have approximately $954 million remaining under our share repurchase program, and our plan for 2021 continues to include a minimum of $200 million of share repurchases.

Now let me move on to our fiscal 2021 outlook for sales and earnings. As a result of our significant Q1 results, we are raising our consolidated same-store sales guidance and now expect full year comp sales to increase by 8% to 11% compared to our prior expectation of down 2% to up 2%. At the midpoint, our updated comp sales guidance represents a 22% sales increase versus 2019 compared to our prior expectation above 11%.

While we have been very pleased with the start of our second quarter and are highly encouraged about the rest of the year, beginning in June, we will start to anniversary significant comp sales gains from last year. There's also continued uncertainty around when consumer behavior will normalize and what the new normal will be. And we are limited in our ability to forecast demand, particularly as it relates to the second half.

Given this, within our updated outlook, we have maintained our Q3 and Q4 performance expectations in line with our original guidance, which assumes comps will decline in the range of high single to low double digits. Non-GAAP EBT is now expected to be in the range of $1 billion to $1.1 billion compared to our prior outlook of $550 million to $650 million, which at the midpoint and on a non-GAAP basis is up 142% versus 2019 and up 45% versus 2020. At the midpoint, non-GAAP EBT margin is expected to be approximately 10%.

Within this, gross margin is expected to increase versus 2019, driven by leverage on fixed expenses and higher merchandise margins. When compared to 2020, gross margin is also expected to increase, driven by leverage on fixed expenses, while merchandise margins are expected to be approximately flat. This assumes a gradual normalization of promotions beginning in the second quarter and modest deleverage on fixed expenses in the second half.

SG&A expense is expected to leverage versus both 2019 and 2020 due to the significant projected increase in full year sales. As a reminder, at the beginning of 2021, we transitioned last year's premium pay program to a more lasting compensation program, including increasing and accelerating annual merit increases and higher wage minimums. The impact of these programs has been included within our guidance.

In total, we are raising our full year non-GAAP earnings per diluted share outlook to a range of $8 to $8.70 compared to our prior outlook of $4.40 to $5.20. At the midpoint and on a non-GAAP basis, our updated EPS guidance is up 126% versus 2019 and up 36% versus 2020. Our updated earnings guidance is based on 97 million average diluted shares outstanding and an effective tax rate of approximately 24%.
In closing, we are extremely pleased with our Q1 results and 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 the line for questions.

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Question and Answer

Operator

[Operator Instructions] Our first question comes from Robby Ohmes with Bank of America.

Robert Frederick Ohmes
BofA Securities, Research Division

I'm sorry, I'm still too speechless to say congratulations. I wanted to -- I think -- I guess, Lauren, I'm going to ask you. On the curbside customers, can you remind us what the spend is on them? Is there like a calculation whereas you're building more curbside customers? Do they spend 2x or 3x normal customers and do they spend that within the stores, not in the stores?

And maybe also with, I guess, it's 10.5 million new customers, you said they're younger and they're more female. Could you talk about how they're spending with you and can you give us any kind of numbers? Do they spend more than historical customers? Are you losing some customers as you bring on all these new customers? Sort of more help on what -- who's actually coming into the store and how they're spending.

Lauren R. Hobart
President, CEO & Director

Yes. Thanks, Robby. So in terms of curbside customers, I mean, our best customer is our omnichannel customer, someone who shops in all channels. And this curbside is so new, we don't have specific data on those specific customers versus the general eCommerce customers. But overall, when somebody comes into our system and if they shop in a store and they shop online, they are a more valuable customer.

In terms of new customers, so you're right, we had 8.5 million last year and 2 million new customers this year. Our database continues to grow. We have over 30 million e-mails that we can reach out to people with and communicate to and personalize our offers to them and our communication to them. And those athletes are spending more than last year and doing well versus existing customers. We're not going to share specifically how they're doing but we are very pleased with their retention rate. They're shopping again. They're shopping again within a short window, a few week window, and we're very pleased with that.

Robert Frederick Ohmes
BofA Securities, Research Division

Got you. And then just a quick follow-up. Lee, on the guidance, I just want to clarify. What kind of promotional environment are you guys expecting, kind of a return to full normal in the back half of this year? Or how should we think about the promotional environment?

Lee J. Belitsky
Executive VP & CFO

We're not anticipating a return to full normal that we might have seen in 2018 and 2019, but we are anticipating a gradual return of promotions kind of beginning here later in Q2 and then building throughout the back half of the year.

Robert Frederick Ohmes

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BofA Securities, Research Division

Got it. Congratulations.

Operator

Our next question comes from Adrienne Yih with Barclays.

Adrienne Eugenia Yih-Tennant
Barclays Bank PLC, Research Division

Just when we thought it couldn't get better, it does. So congrats. Lauren, so my first question for you. For those -- and we've talked about this. For those who were strengthened during the pandemic, you're in a very unique position of being able to accelerate investment, test some new formats, take a little bit more risk than maybe some others. And so we're seeing you do that with House of Sport.

But you're also doing a variety of other things, exclusive high-touch in-store soccer shops and then also lower -- going lower with OVERTIME, Warehouse and off-price concepts. I know they're very small and still in test format, but what are you learning about each, particularly at the lower end, OVERTIME, Warehouse and the Going, Going, Gone! Are you just testing those to see which format will win out? And then any ideas on kind of the thoughts there, the strategy?

Lauren R. Hobart
President, CEO & Director

Okay. Thanks, Adrienne. So in terms of -- you're right, we're investing in our business in many, many different ways. But the one thing, I think, is important to realize is that many of these initiatives were in place before the pandemic and are just continuing on now. So that would be including our Golf Galaxy investments, our House of Sport, all -- a lot of things -- our soccer shops, a lot of things were in the works and just basically paused during the pandemic.

We come out of the pandemic now with a lot of consumer demand and tailwinds and the strategies that we knew made sense before the pandemic, we are even more eager and more excited to get going on them. So we're definitely investing in the business. We're investing in our omnichannel experience. We're investing in experiential aspects of the store you see with House of Sport and things like rock climbing walls and the soccer shops and footwear decks and HitTrax, everywhere where we can add experience, we're doing that.

Specific to Warehouse and Going, Going Gone!, that is truly just a test. We're using it as a clearance vehicle in the DICK'S channel, and we will have more to come on that, but it's just -- it's a handful of stores right now and it is a test just in order to keep our clearance moving. I hope I answered all of your questions.

Adrienne Eugenia Yih-Tennant
Barclays Bank PLC, Research Division

Okay. Super helpful. And then Lee -- yes, you did. Lee, a quick one for you. What percent, if you're willing to share that with us, what percent of Team Sports and associated accessories sort of on an annualized basis, and I'm sure that, that bumps up in the back-to-school season, so if you can give us kind of penetration in the third quarter? And then lastly, $2 billion, close to $2 billion of cash. What are your thoughts on what to do with all that money?

Lee J. Belitsky
Executive VP & CFO

Well, a couple of things. Team Sports has its highest penetration in the business typically in the first quarter. And then

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that's followed by the third quarter as the second highest penetration and then the second and the fourth. Fourth quarter is the lowest penetration. So we did really well with Team Sports in the first quarter, and that's in its highest penetration quarter. So we're excited about it. We were well inventoried coming into the quarter, expecting a resurgence, and we were able to meet that demand.

With respect to the cash that we have on the balance sheet right now, overall, we intend to continue to be conservative on maintaining cash balances. However, we're able to support the investments in new concepts that we have going forward. We're able to invest in working capital. We haven't rebuilt our inventories yet but we are continuing to be fairly aggressive on our inventory buys for the back half of the year. So even though in our guidance, we have anticipated sales down 10%, approximately 10% to last year, up 10% to 2019, we are going to be buying to support continued comp sales gains as -- because we don't want to kind of lead the consumer there, and we want to let our customer tell us when they're ready to slow down. So we're going to have the inventory and we have the working capital, and we have the cash to go do that and make those bets.

Ed had talked earlier, and as had Lauren, that we're going to continue to invest in our stores and new concepts. We are maintaining our guidance on buying back $200 million of -- at least $200 million of stock this year. And we expect to continue to make our dividend payments as we've increased those over the last several years. So we have a lot of uses for it. But having said that, we anticipate continuing to be conservatively capitalized and maintaining a sizable cash balance.

Operator

Our next question comes from Simeon Gutman with Morgan Stanley.

Simeon Ari Gutman
Morgan Stanley, Research Division

Nice results. My first question is on gross margin and I wanted to focus on 2 elements of it. First, if you can look at product margins and look at it within category, are there any changes that are improving that you could sort of attribute structurally getting better, whether the hardline margin is getting better within itself because of mix or apparel and footwear? And then the other part of it is, if you look at the eCommerce business, and I realize you look at it all combined multichannel, but any way to quantify how much better EBIT margins can be structurally from higher BOPIS or from ship-from-store than pre-COVID?

Lauren R. Hobart
President, CEO & Director

So I'll start with the last question. So with eCommerce, it's certainly advantageous for us to have a higher penetration of BOPIS and curbside. We're up 500% versus 2019 on those areas. The channel is benefiting from that but also benefiting by the fact that we invested in technology many years ago, and we've created a platform now where we do get leverage as the sales come in and then our gross margin, again to your second question, which has been extremely strong for the last few quarters and including this past quarter.

Within categories for gross margin, we are finding, across the board, we are not in a promotional environment nor are we certainly leading in any promotional way. And so across the board, the categories have been improving in gross margin. It's true of hardlines, it's true of footwear, it's true of apparel. So overall, it's a really, really good story, and we're very, very pleased with eCommerce profitability. The more BOPIS and curbside, the better, but even the ship-from-home business, everything is more profitable now as we scale.

Lee J. Belitsky
Executive VP & CFO

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And I would just add to that, due to the strength of demand kind of across our product assortment, we're not really creating much in the way of clearance merchandise. So we don't have a little bit of an anchor on our merchandise margin rates coming from dealing with clearance that we would typically have. And the clearance stores that we've opened have also helped us to more efficiently deal with our clearance inventory. So structurally, that's helped us with our merchandise margin rates, but the strong demand has helped us as well.

Simeon Ari Gutman
Morgan Stanley, Research Division

Okay. And then my follow-up maybe for Ed and for Lauren. I know you're trying to be prudent about what we extrapolate for the future, given how strong things are right now. Maybe can we talk about certain things that you think may continue, whether it's the category stays stronger? And then things that you've changed, whether it's product assortment or your platform? And I don't know if you throw around, at this stage, sort of comping the comp again, right, but this business is, I think, did double digit last year. Now it should -- looks like it's on track to do double digit again. Is that even a scenario that -- you've been joking around with? I know it's early but curious how you think about what's sustainable here.

Lauren R. Hobart
President, CEO & Director

Yes. So there -- look, we're learning everyday, as is everybody, in terms of what the new consumer's going to be and what the new consumer behavior is going to be. There's a lot of factors going on right now, including, as Lee said, stimulus and a whole bunch of other things. But there -- but what we've seen for sure is that Team Sports came back with a vengeance, rightly so, because it had been a year or so since people have played or more.

And at the same time, some of the "surging categories" that were "pandemic-related" such as golf and fitness, outdoor, are still really, really, really strong. So can we predict the future? We can't. We were sort of joking that you guys were going to ask about if we can comp the comp, but we feel really, really positive about the business and what we're seeing about consumer demand as we head into the future.

Edward W. Stack
Executive Chairman & Chief Merchandising Officer

I think a couple of things that have changed that we've done has been -- our team has done a great job with differentiating product that we have in the store versus our direct competitors or even some tangential competitors by differentiating product not only from the key brands that we have. If you take a look at our footwear assortment and what we've done with the premium full-service footwear areas or what we've done with our concept shops from Nike and a few other brands and along with what we've done with our vertical brands, the team has so differentiated the product out there that we're really a different retailer than our competitors.

And I think that's -- the consumer is realizing that, shopping us more and gives us the opportunity from a margin rate standpoint to not be in that promotional environment. And I think we'll be less promotional. When and if a promotional environment comes back, I think we'll be in less of a promotional aspect of -- from our company because of the differentiated product. And I can't say enough about how this merchandising team, the store team, the marketing team has developed this and one of the real reasons for our success right now.

Operator

Our next question comes from Paul Lejuez with Citi Research.

Paul Lawrence Lejuez

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Citigroup Inc., Research Division

Curious if you could give some of the comp metrics, traffic ticket versus 2019, particularly at the store level. But also would be curious to hear about categories versus 1Q '19, just which ones have really taken a large amount of share within the box and online versus those that are down. Obviously, hunt would be, I think, the obvious one there, but curious if any others are lower. And then just second, on the Team Sports strength that you saw in the spring, how much of that was driven by spring team sports versus fall sports that just got pushed out of the spring?

Lauren R. Hobart
President, CEO & Director

Yes. So our traffic and ticket versus 2019 are both positive, and we're feeling really good about that. Obviously, when you look versus 2020, the traffic numbers are a little distorted due to the fact that -- I mean we're up significantly, our stores were closed. But even during versus '19, where we have strong double-digit growth in both of those. With regard to team sports, it's an interesting thing, what's happening with team sports. There's certainly a lot of pent-up demand, and then there's also strange phenomenons like there was a mini-football season this January, February that you wouldn't have thought would have happened. And so it's definitely -- there's been excessive amounts of team sport demand in Q1. But I don't think that, that's -- and that's -- I mean, I'm guessing, but I don't think it's a pull forward of fall sports. I think there's still a tremendous number of athletes who are going to take the field who are not equipped yet and football come back in mass, and kids are still growing. So we feel good about the future of team sports.

Paul Lawrence Lejuez
Citigroup Inc., Research Division

Got it. And just on the supply chain side, any categories that you're still finding it hard to chase?

Lauren R. Hobart
President, CEO & Director

So I think this is an important point, but our supply chain group has done an absolutely outstanding job managing through 15 months of real challenges from a supply chain standpoint. And that's been -- originally, it was in the hard goods and fitness, and we talked about that. But we -- it's hit almost every aspect of the business, so we're chasing all the time. We're chasing everything. But we've gotten really good at it. And we have attack teams on it day in and day out. We're working with our vendors. We're picking up product wherever it is and helping get it into our supply chain sooner. And so I think this has actually become a core capability of ours that we can drive growth with a challenged and challenging supply chain.

Operator

Our next question comes from Michael Lasser with UBS.

Michael Lasser
UBS Investment Bank, Research Division

So you're pointing to a 10% operating margin this year. Your prior peak has been a 9% operating margin. Is it 10% margin the right way that we should be modeling the business moving forward?

Lee J. Belitsky
Executive VP & CFO

Michael, we're going to have to see how the back half of the year settles out this year. I think there's still quite a few unknowns about what the new level of demand is that's out there within our product categories. We know it's going to be -- we're very confident it's going to be significantly higher than 2019, and we become meaningfully more optimistic about

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that as we get longer and longer into this run we're making right now. But we certainly feel better about higher levels of operating margin than we did 3 months ago, 6 months ago. But I don't think we're ready to guide on what the long-term margin outlook is yet until we see kind of a normalization of spending on travel, on restaurants and how that affects our categories. But certainly, the consumer is saying they want to continue to be outside, trying to -- continue to try to get fit, buying athletic apparel, athletic footwear, playing golf. And I think a lot of those trends are going to stay with us for some time, but we've got to let this play out a little bit before we can get the long-term view.

Michael Lasser
UBS Investment Bank, Research Division

And Lee, as part of that, can you frame when you had a 9% operating margin back in 2012, you had a 31.5% gross margin. eCommerce penetration was much lower than. How does your merch margin today compare to where it was back then? And as an unrelated point to that, you had mentioned that you were very pleased with the start of the quarter. What does that put the bias to the upside, too, for your full year guidance, if the strength you're seeing now continues?

Lee J. Belitsky
Executive VP & CFO

The merchandise margin rates are running higher now than they were at peak because -- simply because we just don't have any promotions right now, and we have very little clearance merchandise to work with, and we've never really been in a position where we haven't had to run promotions. Now that's going to be -- as we go forward, it's going to be a matter of when the promotions return at what level. We're encouraged by some of the activities of some of our brands. We have been narrowing distribution of product and have been narrowing it basically away from some of the players that have typically led promotions in the past. So we're excited about that and what the outlook could be around promotions there. We're encouraged by the restraint there's been on putting product into the various channels as well. So product continues to be -- product levels continue to be pretty thin, which suggests a continuing of favorable margins. So the merch margin, as we look out, should continue to be favorable, but right now, we're running meaningfully higher than we were at peak.

The start of the quarter, how does it impact fiscal year guidance? We baked some of the beat from Q2 into the guidance. We -- the guidance rolls in our first quarter beat versus what our expectations were and a little bit from Q2. At the low end, it's got a small beat from Q2. At the higher end, it's got a little bit of a bigger beat from Q2, but we are flowing through some increases from the second quarter as well.

Michael Lasser
UBS Investment Bank, Research Division

That is very helpful. Good luck with the rest of the spring.

Operator

Our next question comes from Mike Baker with D.A. Davidson.

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

Okay. A couple of follow-ups here. Just we know the first quarter. You said the third and fourth quarter down about 10%. You can get a pretty big range for the second quarter anywhere from -- looking at my math, down high single digits to up low single digits. Can you sort of -- why not just tell us what you think the second quarter will be since you already -- what the guidance is in the second quarter since you already gave us the back half, just to make sure everyone's on the same page?

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Lee J. Belitsky
Executive VP & CFO

We're not going to give the specific numbers around the second quarter. However, we're very pleased with the start. And really in June, we start to come up against these significant double-digit comp sales gains and coming to Father's Day and beginning of back-to-school. So we're going to have to let it play out here as we start to come up against the big gains that we saw in the kind of the back half here of the second quarter.

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

Okay, okay. Fair enough. I also wanted to follow up on Mike Lasser's question just about where you are now versus your prior peak. It seems to be that your vendor relationships have improved quite a bit. Just on my math, you're a -- Nike is actually a smaller percent of your business than it was. And you're a bigger percent of Nike's North American business, if you will. I think Under Armour is cutting back on some of their vendors. Can you just give -- bigger picture, maybe this is a question for Ed, just describe how and why your vendor relationships have changed over the past 8 years or 9 years since the past peak?

Edward W. Stack
Executive Chairman & Chief Merchandising Officer

Well, I think our vendor relationships are better than they were back then, but they weren't bad back then either. And I think that some of the key people that we partner with have seen the commitment we've gotten to from a service standpoint, a commitment we've gotten to the environment and the experience when an athlete comes into our store, and they've liked that. We've worked with them with that. They've given us additional allocation of product, which we've done a great job. Our teams have done a great job of merchandising, marketing, selling.

And I think it's -- we really look at the key partners that I mentioned truly as partners. And I think partnership can be an overused word but we really do partner with them. They partner with us. We understand what their objectives are. They understand what our objectives are. We sit down. We have a conversation. We come to marketplace that's good for both of us. And I think that will continue to move forward. And our relationships with the brands, I think, will only continue to get better. And I think that's good for us and I think it's good for our brands, too.

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

Okay. Yes, makes sense. I'll just end by saying I'm not looking forward to buying my second pair of football cleats for my son in 5 months. But I guess bad for me, good for you.

Lauren R. Hobart
President, CEO & Director

His feet are growing.

Edward W. Stack
Executive Chairman & Chief Merchandising Officer

Well, I hope that everybody feels the same way you do.

Operator

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Our next question comes from John Kernan with Cowen.

John David Kernan
Cowen and Company, LLC, Research Division

Yes. Let me extend my congratulations on just phenomenal performance and just such a differentiated offering versus all your competitors out there. Lee, could you give us any detail on how you're thinking about transactions and tickets for the remainder of the year? I feel like there's still tailwinds behind ticket. Obviously, transactions was going to be huge in Q1, but I'm curious in terms of how we should think about transactions ticket in the overall comp guidance for the remainder of the year.

Lee J. Belitsky
Executive VP & CFO

Well, I think generally, there are more tailwinds behind the ticket side in the transaction to what will remain to be played out here. But as we continue to be not very promotional and not getting back to normal kind of levels of promotion really this year, that bodes well for ticket. Also, we've seen trading up in some areas as well, particularly like in golf where there's a better inventory supply of new products than there is in cascaded prior year products. The consumers showed a willingness to trade up and we expect that trend to continue.

So I think that there's pretty good tailwinds around ticket around promotions, lack of clearance, trading up a bit to some better products. So we feel good about that. Transactions, we're going to have to let that play out and see when as folks get back to kind of normalized activities and travel and so on. But we continue to get the trips, the high level of trips that we're getting now into our stores. Our comp sales in stores have been fantastic and we'll continue to get the traffic online as well. But I'd tell you, the outlook for ticket is good. The outlook for traffic may be good but we're not that certain around it.

John David Kernan
Cowen and Company, LLC, Research Division

Understood. Maybe just a quick follow-up on private label. The performance in Q1, I think it was annualizing around $1.3 billion last year, just the margin profile of that business, the top line performance in Q1. And then any initial reads on VRST?

Lauren R. Hobart
President, CEO & Director

Yes. The vertical brands performed fantastically in Q1, in line with the entire chain, and margin did expand somewhat, so really great trends on vertical brands. And did you say about VRST, was that your last question?

John David Kernan
Cowen and Company, LLC, Research Division

Yes.

Lauren R. Hobart
President, CEO & Director

Yes, we're very pleased with VRST and how we've launched and the fact that it is a true white space in our stores. It's not -- it's an opportunity to get the athletic male in a lifestyle capacity in a way that we weren't serving before. So I would say everybody on the call should go try it. It's amazing. It's a really high-quality fashion-forward product and we're

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excited about it.

Operator

Our next question comes from Warren Cheng with Evercore ISI.

Warren Cheng
Evercore ISI Institutional Equities, Research Division

Great quarter. I just want to follow up on Adrienne's question about some of the new banners that you're piloting. Can we see square footage, the square footage component of the algorithm start to pick up in the near term? And also, can you just talk a little bit about how the OVERTIME and Going, Going, Gone! concepts are tying into the inventory clearance? What products go through these channels? Are they moving the needle on gross margin?

Lauren R. Hobart
President, CEO & Director

So first question on the square footage, we do have some net growth in stores coming in the next few years. In the long term, our strategy is not to significantly expand our square footage but possibly that we will show up differently within the square footage we have. But we are building new concepts, there will be some net square footage growth. Lee, I'll turn it to you for the Going, Going, Gone! and clearance question.

Lee J. Belitsky
Executive VP & CFO

I mean, Going, Going, Gone! and clearance, we have a couple of different concepts within here. But at this point, they're handling clearance product coming from DICK'S stores. The DICK'S stores have been generating less clearance but we certainly have enough to give us a good test in these stores. It is moving the gross margin needle, the gross margins. The merchandise margins that we're getting out of these stores are considerably higher than when we handle clearance merchandise within the DICK'S stores. So we're really pleased with that.

And it's still a test for us. We're going to read it for a while and make a determination. But so far, the signs are good that at a minimum, it's helping us with clearance in the DICK'S stores and maybe there's an opportunity to make some money at it over the long term. But we're going to test it and see how it works for us.

Operator

Our next question comes from Christopher Horvers with JPMorgan.

Christopher Michael Horvers
JPMorgan Chase & Co, Research Division

So following on the sort of use of cash opportunity that you have ahead, are there -- as you continue to focus on experiences and getting better at eCommerce, are there certain capabilities that you think would be useful in terms of using some of that cash deployment and acquiring that and bringing those capabilities in-house?

Lauren R. Hobart
President, CEO & Director

So we always are looking to improve our core capabilities, and a lot of our investments in capital this year is exactly that, improving our capabilities. We look opportunistically at M&A as well, if that's what you're getting at. But right now, we're

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very focused on building capabilities internally.

Lee J. Belitsky
Executive VP & CFO

Right. And I'll just say that we've got a really, really good relationship, at this point, with Federal Express and meet with them regularly as they talk about different ways to get product to our athletes more quickly. So while we do look at opportunities to bring capabilities in-house, we're really pleased with the partnership we've got with the team at FedEx. And they've been extremely helpful in coming up with new ideas as well.

Christopher Michael Horvers
JPMorgan Chase & Co, Research Division

Got it. That's very helpful. And then looking at the merchandise margin improvement, in 1Q relative to 4Q, it did tick down a little bit, obviously, relative to 2019, that is. Obviously, very strong numbers on a 2-year basis. So was that just we have more winter clearance, more clearance activity in the fourth quarter around winter and that's the delta on a 2-year basis versus not -- 1Q is not as big of a clearance quarter?

Lauren R. Hobart
President, CEO & Director

Lee, you want to take that?

Lee J. Belitsky
Executive VP & CFO

Yes. I mean, it does come down to mix and there was more clearance in the fourth quarter of 2019 than -- and first quarter is not a big clearance quarter for us. So you're on it, Chris.

Operator

Our next question comes from Joe Feldman with Telsey Advisory Group.

Joseph Isaac Feldman
Telsey Advisory Group LLC

And again, congratulations on the quarter. So one of my questions, with regard to back-to-school and that period, are you guys changing your approach this year? I mean, presumably, it's coming at a time when the child tax credit's coming through and that should help families. And I would think you guys should be able to capitalize on that. So I was wondering if you're thinking about it differently than you have in years past.

Lauren R. Hobart
President, CEO & Director

Back-to-school, we think, is going to be big. A lot of opportunity to meet both the field and in the classroom for athletic apparel and footwear, so we're leaning into it. We have a great marketing campaign plan. We've got great products coming in and we're expecting it to be a strong season.

Lee J. Belitsky
Executive VP & CFO

And call it, last year, back-to-school, I'd say was smaller than typical because a lot of kids didn't go back to school and it

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came later because many of the schools were delayed for several weeks before they got going. So there's a big opportunity between the child tax credit that's coming and the smaller and delayed back-to-school to get the third quarter off to a good start.

Joseph Isaac Feldman
Telsey Advisory Group LLC

That's great. And if I could follow up one more on -- with regard to labor, we keep hearing so much about it's been difficult to find labor out there. And also, we know of wage pressure, but then -- and I know you guys talked about that. But can you maybe share some thoughts on how you're -- if you're able to get labor as easily as you have in the past, and what kind of wage pressure you are thinking about for this year?

Lauren R. Hobart
President, CEO & Director

Yes. So it's a good question and it's something obviously that we and everybody else is focused on. We've gotten ahead of it in a number of different ways in that we are -- we were out trying to build to peak volumes and hire people in advance. But I do think one thing that's really important to note is that our teammates, between our policies and how we've shared some of the upside in our earnings over the last year and also how we treated people during the pandemic and tried to bring them back as quickly as possible and kept people's health insurance paid, we really put our team first.

Personally, I can say, the company felt like a family in every single way during that time and it was really a joy to see. And I actually do think that, that's helping us from a retention standpoint. I think in general, we are an employer of choice right now. And so we certainly are struggling -- a few markets we're struggling but it's not a top-of-mind challenge.

Joseph Isaac Feldman
Telsey Advisory Group LLC

That's helpful. And good luck with this quarter.

Operator

Our next question comes from Scot Ciccarelli with RBC Capital Markets.

Robert Scot Ciccarelli
RBC Capital Markets, Research Division

So you guys are obviously making a lot of changes to the business. You talked about the golf, the soccer shops and new store formats. And you've also talked about how you're happy with the early results. But honestly, it seems like everything is really strong right now. So do you think you're in a position where you can really evaluate these initiatives properly and whether they're going to generate the kind of returns you guys are looking for in a more normal environment?

Lauren R. Hobart
President, CEO & Director

Yes, it's a great question. I mean, obviously, you're right. Every category is trending right now or most of them are. So obviously, things are doing much better than we might have expected. But when we built these initiatives out, we didn't expect comps quite like this or sales quite like this. We have a productive business model and we're learning from these concepts every day in terms of what can be translated back into the DICK'S store, both in golf and with the House of Sports and all these experiential concepts. So I think we can tell and we look versus balance of chain, how things are doing, we can tell what's working and what's not.

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Edward W. Stack
Executive Chairman & Chief Merchandising Officer

And these are not concepts or programs that we've put in place recently or thought about recently. As I said, these have been a couple of years in the gestation period, and we're pretty confident that these are going to work. Whether it's the soccer shop, we had done a couple of soccer shops last year and have, right in the middle of the pandemic, and knew that soccer was an area that we weren't great in. If you take a look at how we are in baseball and football, soccer was an area that we trailed in.

So we're just making some of these investments in these areas to bring us up to parity with some other categories that we are -- we are more top of mind with. So these have all been very thoughtful, and I suspect there might be a surprise or 2 here but we're pretty confident with these. And the House of Sport that we opened up in Rochester is off to a great start. The other House of Sport that we've done in Knoxville is a very differentiated experience. And I think they were going to continue to be very viable as we go forward.

Robert Scot Ciccarelli
RBC Capital Markets, Research Division

That's all really helpful. And then kind of related to that, I'm assuming a lot of these changes does increase your cost of doing business or the comp breakeven level. So is that something we should kind of think about when we think -- if we assume that we'll go back to a more historical comp pattern at some point?

Edward W. Stack
Executive Chairman & Chief Merchandising Officer

We think that these areas have a big growth opportunity even when we go back to something that would be normal, whatever the new normal might be. But these are categories that we felt that we were deficient in or had a great opportunity in prior to the pandemic. And the pandemic put them on hold, and we've had the opportunity to continue to refine and test them during this period.

So whether it's access to product, and when you take a look at the soccer shops that we've done, we have access to shoes at price points that we didn't have access to before or decided not to put in. And when we've tested these, that athlete who's the more enthusiast athlete, has really responded no differently than what we did with baseball prior to the pandemic when we reengineered our baseball department and really tried to cater to that enthusiast baseball player, which did great. We've got the same thing that is going to happen -- is happening in soccer, and we've got a couple of other opportunities that we'll be looking at later this year and into next year that we think we can do the same thing with.

Operator

Our next question comes from Chuck Grom with Gordon Haskett.

Charles P. Grom
Gordon Haskett Research Advisors

Just this one quick one for me. When you look at sales performance in the quarter and maybe into the month of May by region, particularly in states that are farther along in the reopening process, I'm curious what you're seeing from a trip frequency and overall buying perspective.

Lee J. Belitsky
Executive VP & CFO

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I mean, we're seeing strength across the country right now. Probably seeing a little bit more strength in the states that were closed for longer like in the Northeast and California. But nationwide, we're seeing strength.

Operator

Our next question comes from Steven Forbes with Guggenheim.

Steven Paul Forbes
Guggenheim Securities, LLC, Research Division

Congrats as well. Maybe just to follow up on loyalty and customer trends, right? If I look for the presentation here, you did note that 70%, right, of the 8.5 million new athletes were acquired during the -- through the digital channel in 2020. So curious if you can sort of discuss how that cohort is engaging with the brand in '21 thus far in terms of channel and whether the repeat or retention behavior has historically differed between those acquired through digital versus brick-and-mortar?

Lauren R. Hobart
President, CEO & Director

Yes, it's a great question. What we're finding is that generally speaking, people's first transaction once acquired is in the same channel that they came in through. And we have so many new users in the digital channel that I don't think looking backwards to say how that's going to change is going to be very helpful. So retention is good. It's good across all of whichever way they're coming in, and they're repeating more often than not in the channel where they came in.

Steven Paul Forbes
Guggenheim Securities, LLC, Research Division

And then just a quick follow-up. I'm not sure if the number was disclosed before, right, but you called out the -- in the presentation, I think it's the 4 million ScoreCard Gold, right -- sorry, 5 million ScoreCard Gold loyalty members, $500 or more. So 2 questions on that. One, what was that up versus 2019 or any sort of commentary on growth right in that -- in the Gold member base? And then also any comment on just the breadth of category participation, right, among that group, right? How broad is their purchasing behavior in terms of the categories in which you serve?

Lauren R. Hobart
President, CEO & Director

Yes. The ScoreCard Gold program, actually, one of the reasons why I think you're noticing it for the first time is this isn't -- it's only a year or 2 old, like we don't have a comp versus 2019. We've started -- I want to say it was 18 months ago or so that we started the program, and it's obviously our best customers. You have to spend $500 to get into the program or be a credit card member, and they definitely buy a broad range of products. So they are the best of the best.

Operator

Our next question comes from Seth Basham with Wedbush Securities.

Seth Mckain Basham
Wedbush Securities Inc., Research Division

Congratulations. My question is around fiscal stimulus. I know it's tough to quantify, but do you have a sense how much this stimulus might have driven your sales growth versus 2019 in the first quarter?

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Lee J. Belitsky
Executive VP & CFO

Yes. We certainly believe that it helped the business but I wouldn't want to put a number on it. The business was in good shape going into the stimulus. We did get a nice lift when those checks started hitting. But the business has continued to be strong throughout the first quarter and going into the second quarter as well. So...

Seth Mckain Basham
Wedbush Securities Inc., Research Division

If we looked at the slowdown implied in your guidance for the second quarter from the first quarter in terms of growth versus 2019, would you say that the biggest driver of that slowdown is fading fiscal stimulus benefits?

Lee J. Belitsky
Executive VP & CFO

I wouldn't say that.

Seth Mckain Basham
Wedbush Securities Inc., Research Division

What would it be then, if you could give us some recap?

Lee J. Belitsky
Executive VP & CFO

So I would say that versus '19, I think our biggest concern is when people start traveling over the summer and they're booking vacations and spending in restaurants and going to concerts and things like that, where is the share going to be? And I think that's more of our concern than stimulus because there is actually some new stimulus coming beginning in July with the child tax credit that is going to start to be distributed on a monthly basis.

Edward W. Stack
Executive Chairman & Chief Merchandising Officer

Seth, did you have another question or do we want to go on to the next question? Next question, Sarah.

Operator

Our next question comes from Brian Nagel with Oppenheimer.

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

I actually want to add my congratulations on a great start to the year. And we're getting towards the end, so I'm going to ask just one question. It's a bit of a follow-up. But clearly, we've talked about -- you mentioned the forthcoming more difficult comparisons. And it is telegraphed in your guidance, you're smarter and conservatively assuming a moderation in sales trends through the back half of this year. So the question I have is, are you -- as you think about this, are you prepared to sort of say just let the business run against these comparisons as well? Or are there levers at your disposal that you could potentially pull to help cushion impact these comparisons?

Lauren R. Hobart
President, CEO & Director

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Go ahead. Yes. Sorry, I've got it. So yes, there are multiple levers we could pull if we wanted to and we'll have to assess it. I mean, as we've mentioned, we're not promotional right now. Could we pull that lever? Yes. Do we want to? No. So we're going to watch it. We're really monitoring the business versus 2019 trends and trying not to get caught up in the ups and downs of each of these quarters or do anything irrational as a result of what might be uncomfortable for short term. So yes, we have levers but we are planning to continue with the business as it is.

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

Great. Then maybe just one quick follow-up from a bigger picture standpoint. Clearly, the business performed extraordinarily well here as the economy is reopening. Are you seeing indications that through the COVID crisis, there was some competitive fallout within the sporting goods category? You know potentially making it an easier competitive backdrop for DICK'S now?

Lauren R. Hobart
President, CEO & Director

Yes. I mean, there's been obviously some other channels, nonsporting goods. Some competitors have gone out of business and some of the department stores have stopped selling some products. But generally speaking, no. We are the leader in the sporting goods category and remain that way.

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

I appreciate it. Congrats again.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Lauren Hobart, President and CEO, for any closing remarks.

Lauren R. Hobart
President, CEO & Director

Okay. Thanks, everybody, for joining our Q1 call, and we will see you next quarter. Have a great spring.

Operator

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

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