[Technical difficulty] and I want to thank our associates for rising to the occasion. They are adapting to changing customer needs and tackling new challenges while positioning our business for the future, and we are grateful.

As I shared last quarter, we are operating with a clear set of priorities to guide our discussion-making through this crisis. Those priorities are, one, supporting our associates on the frontline in terms of their physical and financial well being; two, serving our customers as safely as possible and keeping our supply chain operating; three, helping others, which includes hiring so many that need work, supporting our suppliers and marketplace sellers and serving the communities where we operate, including accelerating our efforts to increase, fairness, racial equity, and justice; four, managing the business well operationally and financially in the short-term; and five, driving our strategy to strengthen our business for the long-term.

First, our associates; they continue to be inspiring, and it has been a pleasure to visit with so many of them as I made my way around the country visiting stores, clubs, and distribution centers. During this call, last quarter, we outlined a number of measures we have in place to support them, and those continue. Globally, we have hired more than 500,000 new associates since the beginning of the year. We’ve continued our COVID-19 emergency leave policy, which includes the removal of our tenant's requirements related to our quarterly cash bonus program called Myshare. That enables people to stay home if they are diagnosed with a virus, or feeling sick, need to care for others, or feeling uncomfortable working, and globally, this year we paid or announced $1.6 billion in Myshare and special cash bonuses to support our associates financially.

After supporting our associates, our next priority is serving our customers. Consistent with our purpose, we remain committed to EDLP, ensuring the lowest prices on our basket of goods. During the second quarter, our customers were spending so much more time at home that we experienced strong sales in categories like TVs, computing, and connected home. Customers also took advantage of time for outdoor entertainment and sports, which led to strengthen those categories. With significant operating restrictions for restaurants across the country, families continue to prepare more meals at home, and our business has benefited from that trend. As you would expect, there continues to be extremely high demand for disinfectants, cleaning supplies, and paper goods. At times, we saw a return stock up behaviors in certain food and consumable categories in specific geographies, where hotspots occurred. While there is volatility in the supply chain levels, we are starting to see some categories recover in terms of in stock. From a seasonal standpoint, back-to-school was negatively impacted by health crisis in terms of timing and demand. We have been thoughtful in our approach both in stores and online, and we believe we are well-positioned whether students or teachers work from classrooms or their homes.

The third priority for us has been to help others in the communities we serve. I am proud of the many ways we are supporting communities including our support for food banks. This quarter through our Fight Hunger Spot Change campaign and food donation program, we helped to provide access to an estimated 300 million meals for people in need. We are also continuing our support for communities through COVID-19 testing sites with more than 420 across 33 states. Communities across America have become rightly-focused on racial equity and justice, and so are we. Our work starts inside the company with our diversity inclusion efforts. In addition, we have also established a team to look for places where we can put our core business, and the size of our business to work to influence our nation's financial, healthcare, education, and criminal justice systems for good. In addition, Walmart and the Walmart Foundation have launched a center for racial equity, committing $100 million to fund philanthropic initiatives that complement the company's efforts to shape the four systems I just mentioned.

Even during this crisis, the team is managing our business well and executing our strategy to build omnichannel solutions globally. In the U.S., we continue to expand pickup and delivery services including express delivery with customers receiving their orders in well under two hours.

In Mexico, we have now launched same-day delivery from 70% of Sam's Club, and in India, we launched Flipkart Wholesale, a business-to-business solution that will leverage our omnichannel capabilities to better serve kiranas and other small business as our cash and carry business joins Flipkart. There has been a lot of buzz recently about membership at Walmart. We have been testing membership with delivery on limited subscription since late last year. That customer offer was limited to a grocery and consumables delivery service as the reason to sign up. Since that launch, we have proven to ourselves that we can pick and deliver a broad set of categories across the super center not just food and consumables, but a wide assortment of general merchandize. We think that assort breath and our ability to deliver with speed nationally combined with a few other benefits for customers will result in a compelling proposition. So, we have been moving towards a new membership launch. We'll share more about that membership and timing when it's appropriate.

As it relates to our Q2 performance, I'll begin with the Walmart U.S. segment. Comp sales were strong again this quarter at 9.3% excluding fuel. There were several tailwinds affecting our Q2 performance including government stimulus, more people eating at home, a focus by customers on entertaining themselves at home, and investing in their homes and yards. We also had some headwinds including reduced store hours and out of stocks. As the benefits from stimulus waned towards the end of the quarter, we saw our comp sales settle into a normal range. We are pleased with the progress we are making on walmart.com. We had really strong sales growth and significantly reduced losses. The tailwinds we are experiencing are accelerating our progress to build a healthier ecommerce business as we add new brands, improve product mix, growth the marketplace, and achieve more fixed cost leverage.

The stores and online merchant teams are now integrated, and we believe we will benefit from that change going forward. The improvements in contribution profit and reduced operating losses are really good to see. We made several structural changes within Walmart U.S. during the quarter as we continue on our path to transform into an omnichannel organization. These changes were made to increase innovation, speed, and productivity. This is obviously a difficult time for these associates to experience changes like this. So, we are providing additional financial support and time to look for another role along with other forms of support to make that easier than it would otherwise be. Turning to Sam's Club where the team delivered comps of 17.2% including fuel and tobacco and grew membership income 7.8%. We saw improvements in member count, renewal rates, and plus member penetration. The popularity of Scan & Go is accelerating, which is great to see. The membership value proposition is strong, and the team is executing well.

Walmart International sales increased 1.6% in constant currency, and seven of ten markets had positive comp sales. The team delivered good top line results given we faced significant headwinds from currency and the government mandated closure of Flipkart for about half the quarter, as well as parts of Africa and Central America for portions of the quarter. Canada, China, and Mexico lead the way as customers choose one stop shopping and omnichannel solutions. In India, Flipkart reopened in mid-May, after which we saw GMV exceeding pre COVID-19 levels, excluding fuel as this performance demonstrated the resilience of the business with growth in a challenging period. Profit for international was also better than we expected when you remove the effects of FX and a discrete tax item.

I'll close today once again by thanking our associates for their incredible work. Our integrated omnichannel offering continues to resonate with customers around the globe. It's positioned the company well during this crisis, and we remain convinced it'll be the winning strategy going forward. I'd also like to mention that we'll be releasing our ESG report next week. I encourage all of you to spend time with report to better understand the incredible work our team is doing in this space.

I wish you and your family's good health, and I'll now turn it over to Brett.

Brett Biggs

Thanks, Doug. Good morning, everybody. Let me start by thanking our associates for their fantastic work serving customers during this unusual time. Every day we are navigating through a broad set of challenges while positioning the company to win. I'm so proud of how the team has quickly adapted to new ways of working and respond to the changing needs of our customers.

The health crisis continued to affect shopping behavior in the second quarter with trip consolidation and larger basket sizes in stores, as well as channel shifts toward eCommerce. Our results are a reminder that customers want multiple ways to shop with us, and we're innovating and leveraging our unique assets to provide solutions for them. Our financial position is very strong, and we remain laser-focused on operating efficiency even as we have incremental COVID-related costs to support associates and customers. We've maintained our strong cost culture and took recent steps to further streamline the organization to better support our U.S. omnichannel strategy.

So let's get to Q2 results. Total constant currency revenue growth was strong of 7.5% to more than $140 billion despite operating limitations in some markets early in the quarter. Walmart U.S. comp sales increased more than 9%. International net sales grew nearly 2% in constant currency, and Scan & Go grew comp sales more than 17% excluding fuel and tobacco.

Gross profit margin was strong in each segment and increased 63 basis points for the total company benefited by strong sales and higher margin general merchandise categories, which in the U.S. is aided by government stimulus, lower markdowns and better fuel margins. This was partially offset by the carryover price investments from last year.

SG&A was negatively affected by approximately $1.5 billion in incremental COVID related costs, about 75% of which related to associate bonuses and expanded benefits, including the recently announced third special bonus of the year. The quarter was also impacted by U.S. business restructuring cost of about $380 million into discrete tax item. In total, these costs negatively affected expense leverage by about 130 basis points, and as a result expenses deleverage by 42 basis points.

Adjusted operating income on a constant currency basis was up more than 18% and adjusted EPS increased about 23% to $1.56 versus last year's Q2 adjusted EPS. Currency fluctuations negatively affected EPS by about $0.02. Operating cash flow year-to-date increased nearly $8 billion versus last year. Free cash flow was up more than $9 billion with higher sales, lower inventory levels, continued operating discipline and lower CapEx some of which is timing. Inventory was down about 7% year-on-year mainly due to heightened demand. While we didn't repurchase any shares in the quarter, our capital allocation strategy is unchanged, and we continue to feel very good about the position of the company.

Now let's discuss the quarterly results for each operating segment. Walmart U.S. had a strong quarter. Comp sales excluding fuel increased 9.3% with eCommerce sales growth of 97%. eCommerce sales are strong throughout the quarter contributing approximately two-thirds of the segment comp growth. We saw significant increases in repeat rates and weekly active digital customers, and we continue to make progress on assortment expansion of seller tools with eCommerce marketplace sales growing triple-digits. For accelerating investments in omni fulfillment solutions, including the continued rollout of same day pickup and delivery services to more stores, expanding store pickup and delivery slots, but nearly 30% since February, and permanently increasing shift from store capabilities from pre-filming levels.

The second quarter started strong as general merchandise categories had accelerating growth both in store and online as government stimulus funds were dispersed. As families spent more time at home, we saw strong increases in categories like home, sporting goods, landscaping, and electronics. Grocery sales had another strong quarter including robust growth in fresh. As stimulus funds tapered off toward the end of the quarter sales started to normalize, but July comps still grew more than 4%. Trip consolidation continued throughout the quarter, resulting in an average ticket increase of about 27% and a transaction decrease of about 14%.

Gross profit rate was strong at 42 basis points due to increased sales and higher margin general merchandise categories and pure markdowns. We also saw improvements in eCommerce margin rates reflecting continued progress on product mix and faster growth and marketplace sales. The carryover of the last year's price investment and the temporary closures of our Auto Care Centers and Vision Centers negatively affected the margin rate. The approximate $1.2 billion of incremental COVID-related costs as well as the restructuring costs negatively affected the expense leverage by about a 170 basis points. As a result, the U.S. segment deleveraged 41 basis points. However, underlying productivity is strong both in physical stores and eCommerce operations.

Adjusted operating income was up almost 17% for the quarter aided by significantly lower eCommerce losses. Inventory declined about 4.6%, reflecting strong sales and higher than normal out of stock in some categories. While we continue to make progress in our in-stock position, there are some specific areas that are still challenging. Overall, we're in a good position.

As noted, throughout the market, the back-to-school season is off to a slower start than usual given the uncertainty around the timing of students, physically returning to school. As a result, we expect the season to be choppy and come later than normal. Items like laptops, tablets and home office furniture performing well, while others like basic school supplies, backpacks, and apparel are understandably soft. Despite the slow start to back-to-school, overall U.S. comps are a fairly normal range to sort of quarter.

International results are better than anticipated coming into the quarter. Despite operational limitations in several markets due to the crisis, including the government mandated closure Flipkart, net sales increased 1.6% in constant currency including nearly 40% growth in eCommerce. Seven of 10 markets posted positive comp sales. Sales in Canada and China were exceptionally strong, and Mexico showed solid results. Excluding fuel, the comps were also solid with online grocery growing faster than the market. Customers are responding favorably at expanded eCommerce and omnichannel offerings driving triple-digit eCommerce sales growth in most of these markets year-over-year.

We faced extensive government mandated closures in markets like India, South Africa, and Central America particularly early in the quarter. Flipkart operations were closed for around half the quarter, but since reopening in mid-May, GMV is exceeding pre-COVID levels. In Africa, about one-fourth of stores were closed for a portion of the quarter, and certain high-volume sales were restricted. In the U.K., decreases in travel pressured fuel sales.

Currency fluctuations were significant headwind of sales of approximately $2.4 billion during the quarter. International operating income declined about 9% on a reported basis, but increased 11.5% on adjusted constant currency basis, excluding the previously-announced discrete tax item. During these challenging times, we continue to execute the strategy of building strong local businesses powered by Walmart and announced additional investments in China, India focused on positioning the portfolio for growth. For example, we're excited about the launch of Flipkart wholesale, creating a B2B marketplace to help small businesses in India source directly for manufacturers and producers. We will also continue to evaluate opportunities to strengthen our position across the portfolio.

Sam's Club had another terrific quarter with strong comp sales growth of 17.3%, excluding fuel and tobacco with positive contributions for both increased transactions and average ticket. ECommerce sales grew 39%, with strong demand for direct-to-home delivery. The business showed broad strength across categories including food consumables, which were particularly strong, and our member smart brand also performed well. The sales strength reflected strong member growth and benefits from government stimulus. We're pleased with the strong membership trends of Sam's. Membership income grew 7.8% Q2, the best quarterly performance in more than five years. New member signups and renewal rates were very strong and plus member penetration was at a historically high-level. Sam's also incurred incremental COVID-related expenses. However, the approximate $100 million of additional costs was more than offset by strong gross margin, which resulted in Sam's operating income increasing more than 24% excluding fuel.

Consistent with our first quarter release, we aren't providing FY 2021 financial guidance due to continued uncertainty around key external variables related to the health crisis and their potential impact on our business and the global economy. The health crisis has created tailwind both tailwinds and headwinds to our business. In Q2, we saw stronger than expected sales due in large part stock buying and stimulus spending, but the duration extent of future government stimulus remains uncertain. In Q2, stimulus spending improved our sales mix, and in turn, gross margin and operating profit. We've also managed the greater operational complexities incurred incremental costs to ensure associate and customer safety and some of those will continue. Currency headwinds also remain quite strong. If rates stay where they are today, the top line impact would be more than $1.1 billion in the third quarter.

Despite the various challenges, our strong performance throughout the dynamic and challenging first-half of the year reinforces the strength of this business and the omni channel strategy we're leading. Walmart's financial position remains excellent, allowing us to position the company for success now and in the future.

Thank you for your interest in Walmart and we would be happy to take your questions.

Question-and-Answer Session

Operator

Thank you. At this time, we’ll be conducting the question-and-answer session. [Operator Instructions] Our first question is coming from the line of Karen Short with Barclays.

Karen Short

Hi, thanks very much. I want to focus on eCom growth a little bit. So, wondering, first, if you could just give an update on the customer mix and where you think you're gaining share, and I did ask this last quarter, but I'm obviously very interested in terms of the demographics, and then, wanted to get a little more granularity on the attachment rates on general merchandize given the consolidation of the app, and then, the last part of that was, if you could give any more color on marketplace, obviously you called out triple-digit growth on that, maybe anything you could provide in terms of number of sellers, number of SKUs, or any more granularity would be helpful.

John Furner

Hi, Karen. It's John Furner. Good morning. Thanks for the question. As we said, eCommerce up 97% in the quarter, and we are excited by new customers that have joined and retention rates, and I think we've also been pleased to see the improvement and mix in categories that are selling online, which ties a bit to your second question. We've had stronger growth rates in both home and apparel online, which also, home has been strong in the stores as customers moved into their homes and a set of offices and now beginning to have school from home. Those have all been strong businesses, and then the third point that you made, marketplace, which is a very important part of the strategy also performed well in the quarter. In addition, marketplace, we've been opening up new supplier seller tools I should say, and including, which is now a small business, but our Walmart Fulfillment Service business is up and running, and we're excited by the prospect that it brings as well. So, again, the team did a nice job in the quarter reacting to customer's changes and trends. More and more customers are buying from Walmart Online, and we're happy to see the new customer segments and the retention rates.

Operator

The next question is from the line of Paul Trussell with Deutsche Bank.

Paul Trussell

Thank you, and good morning, and congrats on a strong second quarter. Brett, you spoke to back-to-school shopping being negatively impacted, but all that's going on, but comps in a normal range. Just any additional color you can provide on what you're seeing -- to-date or at least maybe any other puts and takes that we should be factoring in as we think about how to model the third quarter?

And Doug, you know, most Americans shop at Walmart in some form each year, and the company has always had this like everyday low-price model.

So, maybe just help us understand big picture, what a membership program can achieve for the consumer as well as for the company? Thank you.

Brett Biggs

Hey, thanks, Paul. This is Brett. I'll start. As we pointed out, we're not giving guidance for the rest of the year, and as you can imagine with the various puts and takes that we've seen for the last five months, that certainly led to that decision, and there's things that in the second quarter some things that helped the business, certainly stimulus is one of those, and some things that were headwinds to the business, and we know, we're going to continue to see headwinds and tailwinds in Q3 and in the back-half of the year, and so, the balance of those and the timing of those makes it really challenging to try to put guidance up for a longer period of time, and that's why we didn't do that. We talked about back-to-school, it's just slower than it'd normally be, but that's understandable, given what's going on with students and how quickly they'll get back into classrooms, and so, we're just not talking much past that just given everything that's going on right now.

Doug McMillon

I would just chime in on back-to-school, and say that it's just one component of the quarter, and we'll have to sort out how customers want to shop as we go, but we think our inventory is well-positioned, and we'll just react location-by-location. I don't think we got a lot of liability exposure there. The sales exposure will be mixed as we go through the quarter, and manage other parts of our business.

As it relates to the question about membership, Paul, I think from a customer point of view, they'll continue to get everyday low price. So, continue to get the broad assortment that we sell in the stores and increasing assortment online, but the reason that they would want a membership is because of the increased levels of service that we can provide, and it kind of starts out with a thread being about pick up and delivery, and if you want delivery from Walmart frequently, it's just more efficient for the customer to buy it in bulk, and that takes the form of an annual membership, and then, we'll add some things to it beyond just delivery. So that it's really more of a membership and a relationship. Building repeat is going to be an important aspect for the company to focus on. We'll also get the benefits of data, and learn how to serve customers more effectively in time as that membership grows. So, I think in a nutshell for the customer, it relates to experience. Then we keep talking about how omnichannel is a winning strategy, and what we really mean by that, I think is the customer is ultimately in charge. We are going to be flexible. We're going to have multiple ways to serve them, and those families will decide in that moment how they want to shop, and sometimes they'll be in the store, and sometimes they'll do pickup, and sometimes they'll do delivery, and many of them will buy membership, and when they do, they'll get benefits from that, and we'll make sure we manage that in a way where we're able to still keep our shelf prices low and offer EDLP to customers that really need that value, and are focused on opening price points, and we will manage the P&L in a way that prevents any kind of risk with that.

Operator

Your next question is from the line of Simeon Gutman with Morgan Stanley.

Simeon Gutman

Good morning. I have two topics, my first also on membership and the second on Flipkart. On terms of membership, Doug, I don't know if there's any more detail you can share in terms of how you plan to differentiate the offer, you mentioned that you're going to add some features, and is there any indication of interest from work that you've done, and then how it fits into profitable growth, if that relationship can be maintained? And then on the second topic of Flipkart, right, there was a valuation on the quarter, I think it was a little less than what the market was expecting, so can you talk about the performance of it, and what's the proper read that we should take away from the latest round of financing?

Doug McMillon

Yes, this is Doug. Simeon, I'll take Flipkart first, and then John, you can chime in on membership more. As it relates to Flipkart, Simeon, I think we're really pleased with how this whole thing has gone since we made the investment and the teams managed this environment, the COVID-19 environment in a really effective way, and it was nice to see once the government restrictions started to get lifted, how the volume came back, and we're staying close to the decisions that they're making, and excited about the strategy going forward, and with the investment, just wanted to make sure that they've got enough room, enough cash to operate. This is a time when there's so much of an opportunity that the size of the price in India is significant. We want to make sure that we're on our front foot being aggressive. So, we're not really getting hung-up on the valuation in the short-term. Over time, I think everybody will understand just how valuable that business in India is, whether it's the Flipkart portion or the PhonePe portion.

Brett Biggs

And Simeon, first good morning, and thanks for the question on membership. It's important that we first acknowledge our strength in the entire businesses offering a wide assortment of everyday low price products across multiple channels, and that won't change, what we're thinking through with membership, as Doug said, is how to remove friction from customers lives and make it easier to access those assortments at everyday low prices throughout the multiple channels, so we don't have too much else to offer this morning, other than to say that, in addition to the delivery component, which we've tested now for since last year with the program called Delivery Unlimited, we're confident that that's a great base of an offer, and we'll have more to offer when we're ready to come out and talk about it.

Operator

Your next question is from the line of Michael Lasser with UBS.

Michael Lasser

Good morning, thanks a lot for taking my question. Recognizing that you have everyday low-price strategy and some of your competitors within the grocery category have a high lower promotional strategy and the promotions were less intense for them this quarter. Your grocery sales were up high single-digits, Fresh was probably better, but a lot of your competitors reported mid-teens or better comps during the period. So, do you think you lost market share in this important category on a unit basis, and why was that the case?

John Furner

Hey, Michael, it's John. Now first, I'd say we were up high single digits for the quarter, and that equates to sales growth of about $3 billion and for the year we're somewhere around just over $8 billion sales growth in grocery for the year. So, pretty big dollar gains for the year. We did keep our prices at the levels they were throughout the entire quarter. So, being an everyday low-price retailer, we have seen average unit retails that have resulted in wide price gaps and even wider price gaps in the second quarter than we saw in the first quarter. So that's probably an important point determining the two differences. Then a couple of things that we're focused on, the rent headwinds that are ours to deal with, and one is we've had a significant level of in-stock issues that happened late in the first quarter and early in the second quarter but we do think that our inventory levels are now normalizing, we do still have pockets of in-stock issues that are both related to the supply chain and then other factors that have been caused by the pandemic.

Then the last thing that we're doing, we now have 4,100 stores that have shifted from 8:30 PM closing to 10 PM closing, but we do think that was a factor especially during the summer months, as the days got later, but if you look at the entire business, the real positive is in total, we believe Walmart did gain share, general merchandise was very strong and look like the share gains there did make up for anything that could have been lost in food, but the data it's a lot to work through, and we'll be reacting to the situation as time goes and we'll be able to tell a little bit farther out, how this really turns out, but overall, just really proud of the way the team has responded to such an intense change in the way people have been shopping and we had big sales spikes late in Q1, and early Q2 and the team have done a great job reacting to that.

Operator

Your next question comes from the line of Kate McShane with Goldman Sachs.

Kate McShane

Hi, thanks. Good morning. I wondered if we could get a little bit more detail behind your commentary around the eCommerce losses improving during the quarter, was the biggest driver of that mix driven and what other improvements did you see within those losses were there that you would expect to continue into the second-half of this year?

John Furner

Hi, Kate, it's John. There are few things that affected the business first, the sales growth is always helpful because you gain leverage on fixed costs anytime, you have growth rates really any meaningful percentage but 97% effectively doubling the business helps to leverage. The second thing that has helped is what we call contributed profit rate, CP. Our CP benefits have come from a number of factors, one factor being the mix of sales, we've been stronger in home and apparel than we're in the rest of the business which are higher CP categories, the second our marketplace business has been strong which is also an accretive category in relation to the rest of the business.

And then the third thing, we're excited about the way of working, the two merchandise and supply chain teams have come together and now we have merchants and people in supply chain here responsible for businesses across all of the channels. So, Walmart as a business should be able to gain continued leverage from those but leveraging a fixed, improve CP rates and CP rates coming from both leverage and from mix all contributed to lower losses in the quarter.

Operator

Your next question is from the line of Seth Sigman with Credit Suisse.

Seth Sigman

Hey guys, good morning. Congrats on the quarter. I do want to follow-up on the online business. Two parts here; one, I think somebody mentioned repeat rates. If you could just elaborate on that whether you're seeing that more in online grocery, or general merchandize or possibly both online, just thought to get a little bit more color on that and then the second part of it around profitability, the improvement in losses you just talked about, is there anything that you mentioned there that's unique to this quarter whether it's the volume or the mix or the marketplace growth or should we be thinking about for this trend of improving losses to continue? Thank you.

John Furner

Yes, I said, a few things on repeat rates. First, online grocery you asked about - we've traditionally had a high repeat rate and a high number of customers who are loyal in the channel, and that hasn't changed, and at the end of the first quarter, we had to reduce the number of slots due to inventory level, and then over the second quarter, we got slots not only back to where they were, but pick up slots up about 30%. So that's a strong part of the business and continues to grow online. In your very traditional direct to home orders, we have new customers and we have customers who are buying more. So, there are positives there.

As far as if there is anything related to this. The second quarter that's anomaly I think it's too early to tell as we said, we're not able to forecast or provide guidance beyond what has already happened in the second quarter, certainly strong businesses and home where people were moving home and building home offices and buying office equipment yet to be determined of how long that trend could continue, but there are other areas within the eCom business that are also strong and everywhere that we see headwinds. We also see tailwind, so we'll just have to sort those out over the next couple of quarters.

Operator

Our next question is from the line of Peter Benedict with Baird.

Peter Benedict

Hi, guys, thanks for taking the question. Just wanted to get maybe expand a little bit on the on the health care strategy, kind of where that sits right now.

There has been some changes, which is maybe helpful to understand where you are today and where you're taking that effort? Thanks.

John Furner

Hi, Peter, this is John. We're really committed to healthcare. I don't think we'd have any change in strategy that we would talk about at this point other than say that we were appreciative of the work that Sean did while he was here at Walmart, and he was here about two years and he wanted to get some clinics open and get started, which he did and did a great job. We now have clinics in Georgia, Arkansas, moving into the Florida market, and then later in the year, we've also announced a couple clinics that will go into Chicago. So, for Americans, who are looking for high quality access -- access, high quality care at an affordable very transparent price, Walmart will be a great solution for consumers and we remain committed to the healthcare space.

Doug McMillon

Hi, Peter, this is Doug, I'll just add that. We recently opened another clinic not far from Bentonville, Elm Springs and it's a smaller clinic than the one that some of you have seen in Dallas, Georgia, and I think it's an example of us, trying to figure out how many sizes we need with this square footage needs to be the equipment, investment, all those kinds of things. So, we're playing around with it as you would expect, and it's been interesting to watch how customers are interacting with that experience during the COVID-19 environment. The team has done a great job and the medical doctor and the other professionals in the clinic of keeping people safe, and demand is still strong in an environment where people are not necessarily taking advantage of a lot of preventative care. So, it's really -- I think interesting and exciting for us to try and figure this out, and even during this COVID-19 period of time, we're learning and figuring it out.

Operator

The next question is from the line of Bob Drbul with Guggenheim.

Bob Drbul

Good morning. I guess just you gave me some commentary around back-to-school being a little slow right now. Just wondered if you could maybe take a step back and give us some thoughts on where you think the consumer is, what do you think the economy is, and I guess most importantly, when you think about the holiday season, you have to plan a little early, if you might give us some color about the holiday season and sort of how you're really thinking about it at this point in time? Thanks

Doug McMillon

Bob, I'll go first. This is Doug. It's obvious to say this, but there is just a lot of uncertainty right now, and so, much variance in how customers are feeling about their situation, and this decision that the government's got to make about Phase 4, investments is an important one, and I think it's really important as it relates to small business, in this economy in this country are driven so much by small and medium sized businesses that we want to see something happen there that will help support those folks. I think though, the larger companies are getting things sorted out and the government's paying attention to the larger companies that need some sort of financial support, but it's that small business group that in particular, I think we all need to keep our eye on and we'll probably determine just what this economy looks like on the other side of the face for stimulus.

John Furner

And I think, Bob, I'd also add. Definitely, we see a number of consumers, who are feeling better about their personal finances, but the sentiment is a little lower than a year ago, and then we are also thinking about the number of consumers, who are thinking about job security and other opportunities. I think, in general, people perceive they're spending more money on food, despite eating out less, and so I think with the consumer will be thoughtful about the way we plan the rest of the year and we'll be very adaptive and react to changes and the trends that we see from our shoppers.

Operator

The next question is coming from the line of Greg Melich with Evercore ISI.

Greg Melich

Hi, thanks, guys. One key question on the costs incurred in the first quarter, you said it was $900 million of incremental COVID costs, is that right number for this quarter, the 1.2 and anything you could give us in terms of the breakdown of that on sanitation versus labor costs, and what you think might persist into the third quarter and fourth quarter? Thanks.

John Furner

Yes, thanks, Greg. So, the $900 million in the first quarter would be equivalent to the $1.5 million, and the second quarter $1 billion, sorry, the $1.2 billion, which is Walmart U.S. only, about 75% of those costs are related to bonuses, payroll benefits, and the like for associates. Those are about quarter of that. That's related to cleaning and sanitation and other things inside the store. They're certainly going to be some part of that, that continues the rest of the year and potentially I would think in the next year as well, so our ability to continue to be thoughtful about it, but safety of our customers and our associates are just number one on our mind as we take on those costs. So, it's obviously something that we're going to do going forward. The bonus -- the number in total is a little higher than last quarter, the second quarter or the last bonus, the third bonus that we announced -- was a crew for the second quarter so that that got picked up. So that'd be one additional bonus versus what you would have seen in Q1 and that's the main difference.

Operator

Thank you. Our next question comes from the line of Oliver Chen with Cowen.

Oliver Chen

Hi, thank you. All the momentum and curbside, would love your thoughts and what you see ahead with automation and profitability, and also as you look at your customer insights and data, what are your thoughts about the customer type that would use curbside versus delivery and how that may manifest over time?

John Furner

Hi, Oliver. The question on automation all is well, I'll start with. First, we have been working on a couple pilots where we're able to say automate, but really increase the amount of picks we're able to deliver from a store. We've got a store in New Hampshire with a system called Alert that does our grocery picking and has this with everything right up to dispensing, and we'll be expanding that pilot into Texas over the next few months. So I think mostly we're optimistic about the number of orders we'll be able to fill from these sorts of installation going forward, and then as far as the customer who is picking up today, and whether they're interested in delivery, and I think what we learned from delivery unlimited is that there are a wide range of people who appreciate delivery and are looking for ways to be able to buy delivery and pay for it in a way as Doug said, it's in bulk. So I think it's largely the same customer now. Well, of course learn more as time goes on, but Americans all over the country are looking for convenience and with Walmart's everyday low price plus a convenient delivery fee we see a lot of customers who are interested in this type of service.

Doug McMillon

It's also been nice to see the Scan & Go team get curbside rolled out so quickly, and I think when small business comes back online, we're wellsuited to serve bigger transactions from them that currently, the restaurants being closed aren't happening as much as they will after the pandemics over.

Operator

Our next question comes from the line of Kelly Bania with BMO Capital.

Kelly Bania

Hi, good morning, thanks for taking our questions. Just wanted to ask with so much discussion about membership and the potential there with Walmart with delivery unlimited or down the road with what may evolve into Walmart Plus, I was just surprised to see the headlines about the test with Instacart. So, I was wondering if you could just help elaborate on the thought process there.

John Furner

Yes, hi, Kelly, good morning. We are excited about the prospect of customers being able to access products and prices at Walmart any way they choose and including deliveries you said, and then the specific question on Instacart. It is a test in California, and then one market in Oklahoma, and what we're hoping to learn is a combination of those to reinforce the value proposition that Walmart has to offer. Certainly, it's early, it's only been about a week. So really no read or anything to report on at this point, but we're looking forward to learning about the data as it comes in.

Operator

Our next question is from the line of Edward Kelly with Wells Fargo.

Edward Kelly

Yes. Hi, good morning. Just a few mostly kind of follow-ups, just first on July, any color on the gross margin performance in July, and then as it relates to holiday and just kind of curious early thoughts on the current environment, what we should expect sort of consumer behavior, you know, and how are you preparing to win in a shopping environment that probably will be different than anything we've seen historically?

John Furner

Hi, Edward, on the margin, we don't break out by month, but across the quarter, the results are of course in a really stronger mix, and then fewer markdowns as a result of higher salaries and general merchandise, and then as far as the holiday season, its August now, and we're in the midst of the beginning of back-to-school. So we're carefully thinking through each of the different holidays and how they may change as a result of what's happening, but even like with schools, we're still learning day-to-day, which schools are open or planning to open, and I think everyone in the holidays that will be experienced over the next couple months will have to decide as we get closer so. The team is really working on plans and contingency plans and making sure that we are ready for the customer any way they want to shop, they've shifted purchasing online, you can see that in our online results of 97% and with the growth of pickup, we'll make sure that we're ready with both of these types of fulfilment options in addition to store shopping, so however the customer wants to shop will be ready.

Operator

Our next question comes from Scott Mushkin with R5 Capital.

Scott Mushkin

Hi, guys, thanks for taking my question. Actually, I did want to follow-up on something that came up earlier, the call on the grocery business, I think the second quarter by no food was up high single-digits, but the overall grocery business was up mid-single-digits, and I know you guys referenced some out of stock issues, but that was a kind of a challenge across the industry. So we kind of take a step back. I mean, it looks like a lot of your competitors ran in the high teens, and so that's a pretty big difference, and I was wondering if you can maybe revisit that again and say what you twirls that big delta, between you and some of your grocery competitors?

John Furner

Yes, Scott this is John again. As I said earlier, we were high single-digits in the food category, stronger comps and general merchandise, and the growth in the quarter in food was about $3 billion in sales, and what we're really focused on is the change in the number of stock up trips, which you've had a pretty big increase in the average ticket, and then internally, what we're working through as I said earlier, we've now got over 4000 of our stores back open until 10 p.m. We think that had an impact, and then again early in the quarter coming out of the first quarter, we dealt with a number of issues with our stocks and Walmart has been improving over the years, its ability to run a very lean and efficient supply chain and with the spikes in sales early -- or late in the first quarter or early in the second quarter. Those had a disproportionate effect on our business because of our stocks, but for the most part I'm feeling much better about normalized inventory levels in our recovery, and now we'll just work through different categories and issues we have a supply chain not been able to fill at the right time, but in general, the inventory levels are coming back into a more normalized position.

Operator

The next question comes from the line of Chuck Grom with Gordon Haskett.

Chuck Grom

Hi, thanks a lot. Can you guys just unpack the ticket versus traffic dynamic throughout the quarter? And I guess I'm curious, was a slowdown in July and mostly ticket, and then when you look ahead to 2021 how you're thinking about lapping these great results, and then the final question would be if you guys could elaborate on Walmart fulfillment services? Thanks.

John Furner

Yes. Good morning, Chuck. The question on lapping next year, we're working on the month of August.

Chuck Grom

[Indiscernible] if you could please tell us what's going to happen in 2021, we would appreciate it.

Brett Biggs

That's right, that's right, and so, we are just constantly reevaluating, evaluating how to dynamically make sure that we are staying ahead where the customer is and what the customer needs from us. Back to what was your first question again?

Chuck Grom

Traffic.

Brett Biggs

Traffic ticket, yes, traffic was -- we again, we don't breakup the months for the quarter, but you saw the quarter number down 14, then stock up trips are up. So customers are coming less often, but they're buying a lot more while they're there, and the combination of those two factors are what resulted in the 93 comps, so just much bigger baskets, and our pickup business, which is growing faster than the total, our eCom business is growing fast than the pickup businesses are much larger ticket than what you see is a permanent store shopper, and then, on the marketplace and fulfillment services, again early in the journey, we're just a few quarters in, but excited about the leadership, and the team and what they're able to do for sellers, and this will -- the combination of this along with marketplaces, and then other relationships or sellers can easily list a number of items on the site, we think will provide a really valuable place for sellers to come and sell to our customers, so we're excited about the prospect of all these businesses.

Doug McMillon

This is Doug. For the future, I would remind everybody that at this point we've got stores, pickup, delivery, a growing e-commerce fulfillment center assortment instead of capabilities and so we're positioned to serve them how they want to be served, how they want to shop.

So, I think the flexibility to respond to 2021 and beyond is there, and the team's done a great job of reacting with speed. The cadence inside the company has picked up. We kind of smile when we think about the holiday because while we have to plan in some aspects of the holiday, we're managing near-term much more actively than we would in a different environment, so I think we're set up to have a business that will grow at a fast rate, and to manage the profitability of it. It was good to see in the last few years, our general merchandise business online grow and you guys know we've had a lot of brands a lot of items, and then, this last quarter it was unique because a lot of people were at home, and stimulus checks supported purchasing things for them to use at home, they obtain themselves or fix their home up. So, that was unique, but the commonality of it is that the GM business in Walmart is strong, and that contribution percentage, contribution profit percentage of e-commerce is an encouraging metric. So, I know you're all trying to figure out what the future looks like. I think we're fundamentally well positioned for it and then we'll manage the short-term to react to the opportunities that are presented.

Operator

Thank you. The next question is from the line of Paul Lejuez with Citi.

Paul Lejuez

Hey, thanks, guys. There's two questions; one, I'm just curious to talk about the gross margin improvement. How much of that was from the mix shift versus maybe if you can talk about, which categories or segments to see gross margin improvement on year-over-year basis, and then, second just back to the eCom profitability. Doug if the eCom runs up about 100% in for the rest of the year, what does profitability look like for 2020? Thanks.

Doug McMillon

A lot better, and it's a lot better. We figured that out. Brett was reminding us this morning, if you get more sales, it helps everything else. So, we've written that down and we're going to talk about on that. I think John walked through the components of e-commerce earlier. I won't repeat all the pieces, but there are some big pieces of the e-commerce P&L that are moving in the right direction and they were before. It's just that these tailwinds accelerated that, so we don't know what the economy will look like next year in the U.S., we'll have to wait and see, but this theme of an omnichannel presence is happening inside the company, all over the world. We’ve focused in this conversation a lot on the U.S. because that's where your questions went, but if you dig into what's happening at WALMEX, look at what Canada is starting to do. It's exciting to see that thematically this work is looking more and more common, and of course we're learning a lot from Flipkart and how they operate, but these conversations about strategy and the e-commerce P&L are increasingly common from country-to-country.

Brett Biggs

On gross margin, there was a number of different things, which I mentioned a lot of it was mixed. Certainly general merchandise as Doug said, we've been very focused on general merchandise business and it's nice to see that really come to fruition in the second quarter, but also, just sell more of your markdowns and markdowns were a big part of the story and lack of markdowns, big part of story in Q2, fuel margins were also better. So, it's really all three of those things that were in our favor for the quarter.

Operator

Our next question comes from the line of Edward Yruma with KeyBanc.

Edward Yruma

Hey, thanks for taking the question. I guess, really quickly on last mile. I know you've been innovating a lot there. Could you give us an update on kind of your ability to roll-up this membership from a Spark perspective? If you see any changes in California due to AB5 and then second, just as you think about store comps, when some of your non-essential peers opened up, did you see any discernible difference? Thank you.

Doug McMillon

Edward on last mile, today we're delivering from about 2,800 stores with line of sight expanding more, we've now got Express, which is a service that you can expect in delivery in just under two hours in some cases even faster than that in around 2,000 stores. So those are big numbers and getting bigger. So I think the ability for Walmart to expand its delivery service is strong, Spark is a program that we're running as you're aware mostly in the center of the country in the Midwest, and it's doing well and growing, and we're excited about the innovations that that the team were working on in Spark to make this a business platform that's easy, easier for drivers and others, and then…

Brett Biggs

And then on the last question, it's Edward my sense that the order of things, the order of tailwinds that impacted the business were, one, stimulus; two, eating at home; three, being at home and all the things that you wanted to do to have the indoors and outdoors be more pleasurable and you weren't spending money if you're a customer on travel and lodging and things like that. So those dollars were available for you to buy things for your home as well. Those are the things that were more impactful tailwinds than whether or not other competitors were open.

Operator

The next question is from the line of Ben Bienvenu with Stephens.

Ben Bienvenu

Hey, thanks. Good morning, everybody. I wanted to ask around working capital inventory in particular obviously, working capital has been a really nice tailwind for the business for the last couple of quarters in light of what inventory and receivables and payables have done. You've built-up a pretty sizable cash balance on the balance sheet, could you help us think about, how you think about positioning the cash balance going forward, whether it's preparedness for normalization of working capital or otherwise, and then if I think about inventory in particular, they're down 7.5%. Where would you have liked that to have been in a normal environment? Where you guys are positioning that?

Doug McMillon

Ben, this is Doug. Brett will respond to the working capital questions. We're laughing here because if you've been in some stores with us in the second quarter early in the second quarter, we could have used inventory everywhere. I saw some stores that were remarkably like, just it was deeply concerning, and the team was obviously scrambling that we could walk you across Supercenter and we've felt pressure in eCommerce too, but we were obviously feeling pressure in the beef and pork categories was well reported, but we were out of stock on fabrics. We were having challenges in sporting goods, we needed a lot more inventory than what we had during portions of the second quarter, and we look a lot better today, but we were really a lot lighter than we would have wanted to be.

Brett Biggs

Just an example, Ben, when we think about 25 million Americans would go fishing on a regular basis before February, and that number has now moved to 35 million. So, 10 million people decided to pick-up just this one hobby and playing Golf, bicycle is the same way.

Doug McMillon

I love fishing in the week and we're still really liking basic terminal tackle hooks and bombers and stuff like that this kind of lead time on it, different than what this environment requires.

Brett Biggs

Then on working capital, and then just how we think about capital allocation in general, it really hasn't changed. We're going to continue to support the business, our CapEx down a little bit, but I would think about that more is timing, just not wanting to interrupt our stores with everything that's going on. We have built up a little more cash than normal, and some of that just because we're generating more cash than we have in the past, but also it's not a bad time to have a little bit of extra cash on hand as opportunities come about and just ensuring that we protect the business but wouldn't -- as far as I would say about capital allocation, I wouldn't view any changes in that.

Ben Bienvenu

Thank you.

Operator

At this time, we have reached the end of our question-and-answer session. Now, I will turn the floor back to Doug for closing comments.

Doug McMillon

We don't have anything else to say other than thanks for paying attention to the company, and we appreciate you dialing in today. Thanks.