

Quantifying the impact of store renovation closures

How testing can drive competitive strategy and resource allocation

Renovations are an important investment for retail stores. They aim to modernize facilities, improve customer experience, and ultimately drive higher sales and profitability over the long term. However, in the short term, they require high capital investment and are highly disruptive – closing off parts of the store, changing traffic flow, and altering the shopping experience for regular customers.

Approach

A large retail chain remodeled about 5% of their fleet and partnered with MarketDial to measure the impact of different remodel strategies. The stores that underwent remodel were matched to control stores that were not remodeled based on their historic sales patterns.

This analysis examines the sales impact of two types of renovation-related closures: a partial closure of the inside store where it is renovated in phases, and a full closure of the store. Using MarketDial, a regional retailer measured how much sales declined during construction, how long it took to recover, and whether certain closure strategies result in faster rebounds.

These insights supported the Real Estate team's plans around renovation schedules and strategy, while also enabling the Finance teams to build more accurate forecasts and evaluate the return on renovation investments.

Sales decline during construction

One strategy used by a large retail chain was to remodel their stores in phases, allowing for part of the store to stay open while they underwent construction. These partial closures caused noticeable disruptions in customer spending. On average, in-store sales dropped by more than 20% during the construction period. This pattern underscores how even partial access to the store can deter customers from making purchases.

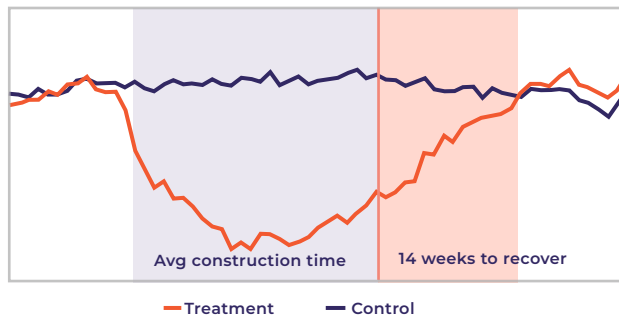
In store sales

Metrics	Results	% Lift
Product Sales	Clear decrease	-22%
Quantity Sold	Clear decrease	-19%
Net Profit	Clear decrease	-21%

Recovery to pre-construction sales

For the stores with partial closures, while construction lasted on average 26 weeks, once the work was complete, stores required an additional 14 weeks for in-store sales to return to pre-construction levels. In total, this means that the average disruption period stretched to around 40 weeks.

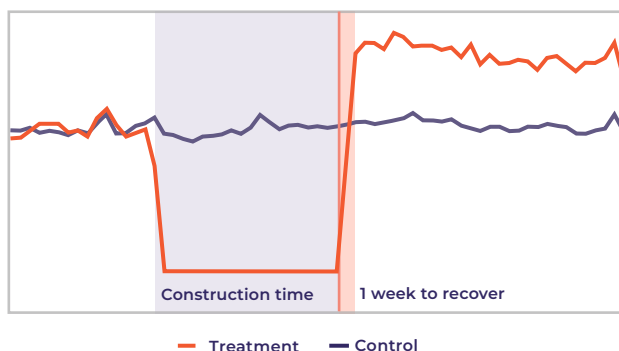
In store sales trend



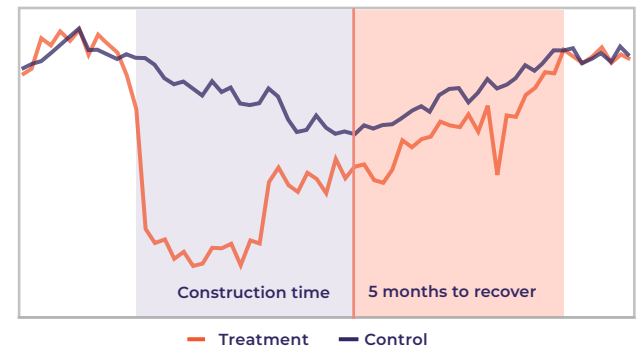
Full Closures vs Partial Closures

One particularly interesting comparison emerged when there was a site in their fleet that was closed completely during construction and had a grand reopening when construction ended. We compared this site to a partially closed site with the same construction length. The fully closed site recovered its in-store sales in just one week and immediately started outperforming its pre-construction sales, while the partially closed site took five months to fully rebound back to normal.

Full closure in store sales trend



Partial closure in store sales trend



The fully closed site lost about \$1.4 million during its construction period but regained that full amount in just 13 weeks after reopening. In contrast, the partially closed site lost approximately \$730,000 in in-store sales during its 40-week total disruption period (construction plus recovery time).

This suggests that while full closures can lead to larger immediate losses, they may also allow for a much faster rebound, likely because customers clearly understand that the store will fully reopen and return in great numbers right away. Partial closures, on the other hand, may cause a more gradual erosion of habits that take longer to rebuild.

Implications for future projects

The data from these projects makes one thing clear: the total impact of a renovation is not limited to the construction period itself. Through MarketDial, businesses can measure the full disruption period that includes both the build and the recovery phase.

While full closures can feel riskier upfront, they may actually lead to faster recoveries than partial closures. Understanding these patterns through MarketDial can help decision-makers better plan renovations schedules, forecast sales impacts, and communicate expectations to both customers and internal teams.