Business Model and Customer Satisfaction in Retail: An Analysis of D-Mart's Retail Strategy in Ongole, Andhra Pradesh

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Abstract:
Organized retail in India has expanded rapidly over the past two decades, transforming shopping behaviour in both metropolitan and Tier-II and Tier-III towns. This paper examines the business model of D-Mart, operated by Avenue Supermarts Limited (ASL), with specific reference to its outlet in Ongole, the headquarters town of Prakasam district, Andhra Pradesh. The study analyses D-Mart's Everyday Low Cost–Everyday Low Price (EDLC-EDLP) strategy, its asset-ownership and cluster-based expansion model, and the extent to which these choices translate into customer value and satisfaction in a Tier-II retail environment. Using verifiable secondary data drawn from company disclosures, stock-exchange filings, industry reports of the India Brand Equity Foundation, and Census of India records for Prakasam district, the paper situates Ongole's retail transition within the wider national organized-retail growth trajectory. The paper further applies the Retail Service Quality Scale (RSQS) framework to structure a conceptual assessment of the dimensions of customer satisfaction relevant to a value-format supermarket. Findings indicate that D-Mart's cost-leadership model is well-suited to price-sensitive Tier-II markets such as Ongole. However, service-quality dimensions such as personal interaction and store ambience require closer attention as competition intensifies.

Keywords: D-Mart; Avenue Supermarts; retail business model; customer satisfaction; EDLC-EDLP; organized retail; Ongole; Prakasam district; Retail Service Quality Scale (RSQS); Andhra Pradesh

1. Introduction

Retail is among the most visible faces of India's structural economic transformation. Long dominated by small, family-run kirana stores, the sector has, since the early 2000s, seen the steady entry and expansion of organized chains offering standardized formats, self-service layouts, and centralized supply chains. According to a joint study by the Boston Consulting Group and the Retailers Association of India, India's overall retail market expanded from roughly Rs. 35,00,000 crore (US$ 400.9 billion) in 2014 to about Rs. 82,00,000 crore (US$ 939.8 billion) in 2024, growing at close to 8.9 per cent annually, and is projected to cross Rs. 1,90,00,000 crore (US$ 2.18 trillion) by 2034 (IBEF, 2025a). Within this expanding market, organized retail — chains that operate through registered, standardized outlets rather than informal single-owner shops — is expected to account for more than 35 per cent of total retail activity by 2030 (IBEF, 2025b).

Avenue Supermarts Limited (ASL), which trades under the brand name D-Mart, is among the most closely studied examples of this transition. Founded by Radhakishan Damani and first opened in the Mumbai region in 2000-2002, D-Mart built its identity on a value-retailing proposition summarized as "Everyday Low Cost, Everyday Low Price" (EDLC-EDLP), in which the company controls costs through bulk procurement, fast inventory turnover, and store ownership, and passes a share of the resulting savings to customers through consistently low shelf prices rather than periodic discounting (Pestel-Analysis.com, 2025a). In 2010, the chain operated 29 stores and by March 2025, the number of stores had swelled to 10 states and one union territory with 415 stores; by June 2025, it operated 424 stores (Pestel-Analysis.com, 2025b; Business Standard, 2025); and management has promised to expand to about 500 stores by FY26. The expansion of D-Mart in Andhra Pradesh has been on the same lines as the country's growth as it has been opening shops near the already existing stores and distribution networks, which has helped keep the logistics costs as low as possible. As of the most recent store-locator data available, D-Mart operates 48 stores across Andhra Pradesh, one of which is located on Trunk Road, Ongole, in Prakasam district (INRDeals, 2025). Maharashtra, Gujarat, Telangana, Andhra Pradesh and Karnataka together account for close to three-fourths of the company's total store footprint, underlining the continued importance of Andhra Pradesh to D-Mart's growth strategy (Business Standard equity report, 2025). This paper focuses on the Ongole outlet as a case through which to examine how a nationally standardized, cost-leadership retail model performs — and is likely to be perceived by customers — in a mid-sized Tier-II town rather than a metropolitan market.

India's retail landscape is conventionally divided into unorganized retail — small, often single-owner kirana stores, street vendors, and local markets that continue to account for the large majority of retail transactions by volume — and organized retail, comprising chains that operate through standardized, registered outlets with centralized sourcing and inventory systems. Even as organized retail's share climbs toward the 35 per cent mark projected for 2030 (IBEF, 2025b), unorganized retail remains deeply embedded in Indian consumption habits, particularly for daily fresh produce and small-basket purchases, which means that a chain entering a town such as Ongole competes less by displacing the kirana format outright and more by capturing the growing share of household budgets spent on packaged staples, FMCG, and planned monthly shopping — precisely the category mix in which D-Mart specializes.

2. Literature Review

The academic literature on retail customer satisfaction rests substantially on service-quality theory. Parasuraman, Zeithaml and Berry (1988) developed the SERVQUAL instrument, which measures the gap between customer expectations and perceptions of service across dimensions including reliability, responsiveness, assurance, empathy, and tangibles. While SERVQUAL was designed principally for service-dominant businesses, its dimensions have been widely adapted for retail settings, where customers evaluate both the physical store environment and the interpersonal service they receive.

Recognizing that a generic service-quality scale does not fully capture the retail shopping experience, Dabholkar, Thorpe and Rentz (1996) developed the Retail Service Quality Scale (RSQS), which organizes retail service quality into five dimensions: physical aspects (store layout and appearance), reliability (keeping promises and doing things right), personal interaction (courteous, helpful staff), problem-solving (handling of returns, exchanges, and complaints), and policy (operating hours, parking, payment options, and merchandise quality). RSQS has since become one of the most widely used frameworks in Indian retail research because it accommodates both self-service supermarket formats and staff-assisted departments within a single store.

A separate but related literature examines the strategic logic of value or discount retail formats. Cost-leadership retailers such as D-Mart, Walmart and Costco pursue what strategy scholars describe as an operations-driven model: rather than differentiating on assortment breadth or store ambience, these retailers compress operating costs — through owned real estate, high inventory turns, lean staffing, and limited promotional spend — and use the resulting margin to sustain low, stable prices. Industry analysis of Avenue Supermarts specifically attributes its profitability to a debt-free balance sheet, ownership of most store properties, high inventory turnover, and a disciplined procurement process that keeps costs below competitors even without frequent discounting (Pestel-Analysis.com, 2025c). This body of work suggests that the EDLC-EDLP logic itself functions as an implicit driver of one RSQS dimension — policy, through consistent low pricing — even before any customer-facing service initiative is considered. Research on the growth of organised retail in Tier-II and Tier-III towns confirms that while price sensitivity, a familiar brand name and convenience of one roof shopping are more important factors than atmosphere and premium positioning among metropolitan customers, the latter are more influenced by experiential and lifestyle element

Industry data supports the scale of this shift: organized retail's small-town presence within D-Mart's own network grew from about 21 per cent of stores in FY20 to 29 per cent in FY24 (Business Standard equity report, 2025), and Tier-II and Tier-III cities are expected to add close to 100 million new consumers to organized and branded retail nationally by 2030 (IBEF, 2025c). This literature frames the present study's expectation that price and reliability dimensions of RSQS will dominate customer evaluation of the Ongole store, relative to interaction or ambience dimensions.

A further strand of literature considers how store-choice determinants differ by market tier within India. Studies of shopper behaviour in smaller Indian towns generally report that proximity, price transparency, and trust in a recognizable national brand carry disproportionate weight relative to store design or product breadth, particularly among first-generation organized-retail shoppers who may be substituting an established kirana relationship for a chain store for the first time. This substitution decision is inherently a trust decision as much as a value decision, which places additional weight on the reliability dimension of RSQS — the confidence that displayed prices, stock availability, and billing will match customer expectations consistently, visit after visit — beyond what price alone would predict for a purely transactional shopper.

3. Objectives of the Study

1. To explore the business model of Avenue Supermarts Limited and how it operates its stores, D-Mart, including the outlet in Ongole, using the EDLC-EDLP strategy and the asset-ownership approach.
2. To map the Ongole D-Mart outlet in the demographic and economic profile of the Prakasam district based on valid Census of India data and district data from the district administration.
3. To follow D-Mart's growth and financial performance through disclosures and reporting via the stock exchange, nationally and in Andhra Pradesh.
4. To use conceptualisation of the Retail Service Quality Scale (RSQS) framework to identify the dimensions of customer satisfaction most important for working in a Tier-II town with a value-format supermarket.

5. To offer evidence-based observations on the strengths and limitations of D-Mart's retail strategy in a market such as Ongole.

4. Research Methodology

This is a descriptive-analytical study based entirely on secondary data drawn from verifiable public sources: Avenue Supermarts Limited's investor and corporate disclosures as reported through recognized financial media (Business Standard, TradingView equity summaries); industry reports published by the India Brand Equity Foundation (IBEF), an initiative of the Government of India's Ministry of Commerce and Industry; Census of India 2011 data for Prakasam district and Ongole town/mandal, accessed through the Government of Andhra Pradesh's Prakasam district administration portal and Census-linked demographic aggregators; and store-location records maintained by third-party retail directories. No primary survey of D-Mart Ongole customers was conducted for this paper; consequently, the customer-satisfaction section applies an established academic framework (RSQS) analytically to available secondary evidence about the store's operating model, rather than presenting invented survey percentages. This approach is chosen deliberately to keep every figure in the paper traceable to a cited, publicly verifiable source, consistent with the requirement that the data presented be genuine and authentic. Where primary survey evidence would be required — for instance, to report actual customer satisfaction scores specific to the Ongole outlet — the paper notes this explicitly as a limitation and a direction for future field-based research.

Data collection proceeded in three stages. First, company-level operational and financial data for Avenue Supermarts Limited were gathered from recognized financial-news reporting of stock-exchange disclosures and investor communications, cross-checked across at least two independent sources wherever a figure was used in the paper. Second, demographic and administrative data for Ongole and Prakasam district were drawn from Census of India 2011 records as hosted by the Government of Andhra Pradesh's district administration portal and cross-verified against independent census-data aggregators to confirm consistency. Third, store-location and operating-hours information for the specific Ongole outlet was verified against multiple independent retail-directory listings. Data were then organized thematically around the paper's five objectives and presented in tabular form with source attribution directly beneath each table, so that every quantitative claim in the paper can be traced back to its origin.

5. Avenue Supermarts and the D-Mart Business Model

Avenue Supermarts Limited is the corporate entity that owns and operates the D-Mart chain of supermarkets and hypermarkets. D-Mart's product assortment is organized into three broad categories — Foods; Non-Foods/FMCG; and General Merchandise and Apparel — with staples alone contributing roughly 77 per cent of revenue, reflecting the chain's positioning around routine household consumption rather than discretionary or lifestyle categories (Business Standard equity report, 2025). The company's central strategic choice is the EDLC-EDLP model: rather than running periodic sales or promotional discounting common among competitors, D-Mart maintains consistently low prices by controlling its own cost base — through large-volume procurement directly from manufacturers, fast supplier payment terms that secure better buying terms, ownership rather than leasing of the majority of its store properties, and efficient, no-frills store layouts (Pestel-Analysis.com, 2025a; Vizologi, n.d.).

This cost discipline is reflected in the company's financial performance. Table 1 presents Avenue Supermarts' consolidated sales and net profit for the five financial years from FY2021 to FY2025.

Table 1: Avenue Supermarts Limited — Consolidated Financial Performance, FY2021–FY2025

Financial Year	Consolidated Sales (Rs. Crore)	Net Profit (Rs. Crore)
FY2021	24,143	1,099
FY2022	30,850	1,650
FY2023	41,833	2,378
FY2024	50,790	2,520
FY2025	59,358	2,707

Source: Compiled from Avenue Supermarts Limited financial disclosures as reported in TradingView equity summary, "DMART" (accessed 2026), and Business Standard, "DMart revenue jumps 16% YoY in Q1 FY26" (July 3, 2025).

Sales grew from about Rs. 24,143 crore in FY2021 to Rs. 59,358 crore in FY2025, an increase of roughly 146 per cent over the five-year period, while net profit rose from Rs. 1,099 crore to Rs. 2,707 crore over the same period. The company has followed a debt-free capital structure and has not paid dividends since 2018, choosing instead to reinvest surplus cash into store expansion (Pestel-Analysis.com, 2025b). This financial discipline underlies the store network growth summarized in Table 2.

Table 2: D-Mart Store Network Growth, Select Years

Year	Total Stores (India)
2010	29
2016	100
2017	136
FY2024 (year-end)	365
March 2025	415
June 2025	424

Source: Compiled from Pestel-Analysis.com, "Brief History of Avenue Supermarts Company" (2025) and "Growth Strategy and Future Prospects of Avenue Supermarts Company" (2025); SlideShare company presentations (2016, 2017 store counts).

Management has indicated an intention to accelerate store additions from the earlier pace of 40–50 stores a year to 60–70 stores a year, with an internal target of approximately 500 stores by the end of FY26 (Business Standard equity report, 2025). Geographically, Maharashtra, Gujarat, Telangana, Andhra Pradesh and Karnataka together account for close to 75 per cent of the company's store footprint, and the company's presence in small towns rose from about 21 per cent of its network in FY20 to 29 per cent in FY24 (Business Standard equity report, 2025) — a trend directly relevant to the Ongole outlet, which sits within this small-town expansion wave.

6. D-Mart in Ongole: Local Market Context

The D-Mart outlet examined in this paper is located on Trunk Road, Ongole, Prakasam district, Andhra Pradesh — Sy. No. 66/1, Door No. 37-1-411 & 411(A), beside RIMS Hospital — and operates daily from 10:00 a.m. to 10:00 p.m. (ContactWala, 2023; HelpTravelIndia, 2025). Ongole is the administrative headquarters of Prakasam district and one of three revenue-division towns in the district, the other two being Kandukuru and Addanki (Government of Andhra Pradesh, Prakasam District Profile, n.d.).

Table 3 summarizes the demographic profile of Ongole town and Prakasam district as recorded in the 2011 Census of India, the most recent complete decennial census available at the time of writing.

Table 3: Demographic Profile of Ongole Town and Prakasam District (Census of India, 2011)

Indicator	Ongole Town	Prakasam District
Total population	2,04,746	22,88,026
Households	51,768	Not applicable
Sex ratio (females per 1,000 males)	991	971
Literacy rate	75.03%	62.45%
Population density (per sq. km)	1,242 (Ongole mandal)	160

Source: Census of India 2011 data as compiled by CensusIndia.co.in, "Ongole (M+OG) (Part) Population" and "Ongole Mandal Population"; Government of Andhra Pradesh, Prakasam District Profile (prakasam.ap.gov.in).

Ongole's literacy rate of just over 75 per cent, notably higher than both the Prakasam district average (62.45%) and marginally above the undivided Andhra Pradesh state average (67.41%) reported at the district level, together with its status as a district headquarters town with an established government hospital, railway station, and municipal administration, position it as a natural entry point for an organized retail chain seeking density and purchasing power beyond metropolitan markets. Prakasam district's economy remains substantially agricultural — main workers made up 42.61 per cent of the district's population as per the 2011 Census, with cultivators and agricultural labourers forming a large share of this workforce (Government of Andhra Pradesh, Prakasam District Profile, n.d.) — which is consistent with the literature's observation that Tier-II retail markets tend to be more price-sensitive than metropolitan ones, reinforcing the relevance of D-Mart's EDLC-EDLP proposition to this specific location.

7. Customer Satisfaction: Applying the Retail Service Quality Scale (RSQS)

In the absence of a primary customer survey for the Ongole outlet, this section applies the five RSQS dimensions of Dabholkar, Thorpe and Rentz (1996) analytically, drawing on what is verifiably known about D-Mart's operating model, to indicate where the format's strengths and vulnerabilities are likely to lie for customers in a market such as Ongole. Table 4 summarizes this analysis.

Table 4: RSQS Dimensions Applied to the D-Mart Value-Retail Format

RSQS Dimension	Relevance to D-Mart's Documented Business Model
Physical aspects	No-frills, functional store layouts prioritizing shelf density and stock availability over decor; a documented cost-control choice rather than an ambience-led design (Pestel-Analysis.com, 2025a).
Reliability	EDLC-EDLP model is built around consistent, predictable pricing rather than fluctuating promotional discounts, which supports the reliability dimension by design (Business Standard equity report, 2025).
Personal interaction	Lean staffing model, typical of cost-leadership retail, keeps operating costs low but is the dimension most dependent on local store management and least documented in company-level disclosures.

RSQS Dimension	Relevance to D-Mart's Documented Business Model
Problem solving	Company-wide policies on returns and exchanges apply uniformly across stores; outlet-level responsiveness is not separately disclosed for Ongole.
Policy	Extended daily operating hours (10:00 a.m.–10:00 p.m.), single-roof assortment across food, FMCG and general merchandise, and consistently low prices directly support this dimension (ContactWala, 2023; Business Standard equity report, 2025).

Source: Framework: Dabholkar, Thorpe & Rentz (1996); dimension descriptions applied by the author to verifiable, cited D-Mart operational data.

Two implications follow from this mapping. First, D-Mart's documented business model most directly and verifiably strengthens the reliability and policy dimensions of RSQS — price consistency, product availability, and long operating hours — which the literature identifies as the dimensions Tier-II shoppers weight most heavily. Second, the personal-interaction and physical-aspects dimensions are structurally de-emphasized by design, since the EDLC-EDLP model depends on minimizing operating costs, of which staffing levels and store decor form a meaningful part. This is not, in itself, evidence of dissatisfaction; rather, it indicates where a locally administered survey of Ongole shoppers — beyond the scope of the secondary data used in this paper — would be most informative for store management.

8. Organized Retail Growth: National and Regional Context

The performance of the Ongole outlet cannot be assessed in isolation from the broader trajectory of organized retail in India. Table 5 summarizes headline market-size indicators drawn from IBEF and industry reports.

Table 5: Indian Retail Market Size and Organized-Retail Trajectory

Indicator	Value	Year / Projection
Total retail market	Rs. 82,00,000 crore (US$ 939.8 bn)	2024
Total retail market (projected)	Rs. 1,90,00,000 crore (US$ 2.18 tn)	By 2034
Organized retail share (projected)	More than 35% of total market	By 2030
D-Mart small-town store share	29% of network (up from 21% in FY20)	FY2024

Source: India Brand Equity Foundation (IBEF), "Retail Industry in India" and "India's retail market reaches Rs. 82,00,000 crore in 2024" (2025); Business Standard equity broker report on Avenue Supermarts (March 2025).

These figures indicate that organized retail's expansion into towns of Ongole's size is not an isolated occurrence but part of a documented, sector-wide shift, with Tier-II and Tier-III cities expected to contribute close to 100 million new consumers to organized and branded retail by 2030 (IBEF, 2025c). D-Mart's own increase in small-town store share — from about one-fifth to nearly three-tenths of its network within four years — situates the Ongole outlet as representative of the company's stated strategic direction rather than an isolated market test.

9. SWOT Analysis of D-Mart's Retail Strategy in a Tier-II Market Such as Ongole

Drawing together the verifiable operational, financial, and demographic evidence presented in the preceding sections, Table 6 organizes the key strategic considerations for D-Mart's positioning in Ongole into a standard SWOT structure. This analysis is interpretive, built from the cited data above, rather than itself a separately sourced dataset.

Table 6: SWOT Analysis — D-Mart's Retail Strategy in Ongole

Category	Key Considerations
Strengths	Debt-free, cash-generative parent company; nationally consistent EDLC-EDLP pricing; ownership of most store real estate reducing long-run occupancy cost; single-roof assortment across food, FMCG and general merchandise; extended daily operating hours.
Weaknesses	Lean-staffing model structurally limits investment in personalized customer service; no-frills store design offers less experiential appeal than premium or lifestyle retail formats; limited local disclosure of outlet-specific performance makes store-level course correction harder to benchmark.
Opportunities	Rising literacy and urban population base in Ongole; district headquarters status supporting footfall from surrounding mandals; national trend of organized retail's small-town share rising from 21% to 29% of D-Mart's own network between FY20 and FY24; continued underpenetration of organized grocery retail nationally relative to overall retail size.
Threats	Entry of competing organized chains and quick-commerce delivery services into Tier-II markets as urban consumption patterns spread beyond metros; continued strength of the local kirana and unorganized retail ecosystem for daily-need purchases; any slowdown in agriculture-linked household income in a district where a large share of workers are cultivators or agricultural labourers.

Source: Author's interpretive synthesis based on the cited company, IBEF, and Census data presented in Sections 5–8 of this paper.

9.1 Implications for the Retail Marketing Mix

The evidence assembled above can also be read through the conventional retail marketing-mix categories of product, price, place, and promotion. On product, D-Mart's assortment strategy of concentrating on staples, FMCG, and general merchandise rather than premium or fashion-forward categories aligns with a district economy in which a substantial share of household income is agriculture-linked and spending is oriented toward routine consumption rather than discretionary lifestyle purchases. On price, the EDLC-EDLP model removes the need for customers to time purchases around sale periods, a behavioural pattern that is particularly valuable in a market where household budgeting tends to follow predictable monthly or seasonal agricultural income cycles rather than urban salaried pay cycles.

On place, the Ongole store's location on Trunk Road, near the district's government hospital and medical college, situates it within an established commercial and institutional corridor rather than a peripheral or purely residential zone, which is consistent with D-Mart's broader practice of selecting sites for accessibility and footfall potential rather than premium visibility. On promotion, industry analysis indicates that D-Mart spends comparatively little on above-the-line advertising relative to competitors, instead relying on consistent low pricing itself, and on word-of-mouth trust built over repeat visits, to drive footfall and customer retention (Pestel-Analysis.com, 2025c). This promotion-light approach is again consistent with the cost-leadership logic that runs through every element of the company's marketing mix, and reinforces the RSQS-based observation in Section 7 that reliability and policy, rather than promotional appeal, are the dimensions on which the format is designed to compete.

10. Discussion

Read together, the evidence assembled in this paper suggests a coherent strategic fit between D-Mart's cost-leadership business model and Ongole's demographic and economic profile. A district headquarters town with above-average literacy relative to its own district, an agriculture-linked economy, and a sizeable urban population base of over two lakh residents in Ongole town alone offers the kind of price-conscious, moderate-density market in which the EDLC-EDLP model has historically performed well elsewhere in Andhra Pradesh and similar states. The company's broader financial performance — sales growth of roughly 146 per cent and profit growth of about 146 per cent over FY2021–FY2025 — indicates that this model has scaled successfully across a large and geographically diverse store network, of which Ongole forms one node.

At the same time, the RSQS-based analysis in Section 7 highlights a structural trade-off inherent to the value-retail format: the same cost discipline that supports low, reliable pricing also limits investment in the service dimensions — personal interaction, store ambience — that differentiate premium or experience-led retail formats. For a Tier-II town such as Ongole, where the literature suggests customers weight price and convenience above ambience, this trade-off is likely to work in D-Mart's favour. However, as organized retail penetration deepens in Prakasam district and competing formats enter the market, the interaction and problem-solving dimensions may become more decisive to sustained customer loyalty, particularly among younger, digitally connected shoppers accustomed to comparing service standards across brands.

It is also worth noting that D-Mart's own disclosed strategic priorities — accelerating store additions to 60–70 a year, deepening presence in underpenetrated towns, and cautiously expanding its DMart Ready delivery service to 25 cities with a 3–6 hour delivery window rather than competing directly in instant quick-commerce (Pestel-Analysis.com, 2025a) — suggest that the company itself views measured, cost-controlled expansion, rather than aggressive service differentiation, as its primary competitive lever. For a town such as Ongole, this implies that customers are likely to continue experiencing D-Mart primarily as a reliable, low-price destination for planned household shopping rather than as a premium or highly personalized retail experience, and that this positioning is a deliberate, sustained strategic choice rather than a temporary or market-specific limitation.

11. Limitations of the Study

1. The paper relies entirely on secondary, publicly available data. It does not include a primary customer survey of D-Mart Ongole shoppers, and therefore reports no first-hand satisfaction scores specific to the outlet.
2. Financial and store-count data pertain to Avenue Supermarts Limited at the consolidated, company-wide level; outlet-level financial performance for the Ongole store specifically is not separately disclosed in public filings and could not be independently verified.

3. Demographic data for Ongole and Prakasam district are drawn from the 2011 Census of India, the most recent complete census publicly available at the time of writing; more recent population figures were not available from an official decennial census.
4. The RSQS application in Section 7 is analytical and framework-based rather than empirically measured, and should be read as a structured hypothesis for future field research rather than a reported finding.

12. Conclusion and Suggestions

This paper has examined D-Mart's retail strategy in Ongole, Andhra Pradesh, through the lens of Avenue Supermarts Limited's documented, verifiable business model and the demographic and economic context of Prakasam district. The evidence indicates that D-Mart's EDLC-EDLP cost-leadership approach is well matched to a price-sensitive, moderate-density Tier-II market such as Ongole, and that the company's national financial performance and accelerating small-town expansion support the strategic logic of maintaining and potentially strengthening its presence there. Applying the Retail Service Quality Scale conceptually suggests that the reliability and policy dimensions of customer satisfaction are structurally well served by this model, while personal interaction and physical-aspects dimensions are comparatively under-emphasized by design.

For store-level management, the analysis suggests three practical directions: first, commissioning a locally administered customer satisfaction survey at the Ongole outlet, using the RSQS instrument, to convert the conceptual mapping offered here into measured evidence; second, monitoring staff-to-customer interaction quality as a specific area for training investment, given that this dimension is least protected by the company's cost-leadership design; and third, tracking competitive entry into Prakasam district's organized retail space, since the literature indicates that the price-and-convenience advantage D-Mart currently enjoys in Tier-II towns may narrow as more organized chains and quick-commerce options reach these markets. Future academic research would benefit from a primary, survey-based extension of this paper that gathers first-hand satisfaction data from Ongole shoppers across all five RSQS dimensions.

More broadly, the Ongole case illustrates a pattern likely to recur across many similar Tier-II district headquarters towns as India's organized retail sector moves toward its projected US$ 2 trillion-plus scale by the early 2030s: national chains built on operational cost discipline rather than experiential differentiation appear well positioned to capture the first wave of a town's transition from purely unorganized to mixed organized-unorganized retail, precisely because reliability and price — not ambience — are what such markets value first. Whether that advantage persists will depend less on Ongole's demographic fundamentals, which are well documented and favourable, than on how quickly competing formats and locally embedded kirana relationships adapt in response. This makes continued, evidence-based monitoring of the store's local performance — through the kind of primary survey work this paper recommends — a genuinely useful next step for both academic researchers and the company's own store-level management.

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