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Customer Engagement and Sales Conversion in Indian Passenger-Car Dealerships: A Secondary-Data Study with Propositions for Dealership Practice

Srijon Sarkar
MBA (Marketing), School of Business, Indira University, Pune, India

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Abstracts

Purpose: Indian passenger-car retail has grown strongly, yet dealerships still have to turn enquiries into bookings and bookings into repeat customers. This paper asks what published evidence says about how customer engagement at the dealership relates to sales conversion and retention.

Findings: Passenger-vehicle retail registrations rose from 29.42 lakh in FY22 to 47.05 lakh in FY26, a compound growth rate of about 12.5% a year, while Hyundai Motor India's retail share slipped from 13.48% to 12.29% in FY26. The reviewed studies point to the same engagement drivers: fast and personalised follow-up, a transparent showroom and test-drive process, reliable stock and delivery information, and regular after-sales contact. The weakest scores in the surveyed customer evidence relate to stock availability, delivery time and free accessories. The paper organises these findings into a stage-wise framework and five testable propositions.

Originality and limitations: The paper brings dealer-level engagement evidence from scattered journals into one framework for the Indian car market. Most underlying studies use small convenience samples and descriptive statistics, so the propositions are untested and the findings indicate association, not causation.

Keywords: *customer engagement; sales conversion; automobile dealership; lead follow-up; after-sales service; CRM; India*

1. Introduction

Buying a car is a high-involvement decision. A buyer usually compares models, checks prices and finance, visits the showroom, takes a test drive and waits for delivery before the dealership can count the sale. Each step is a chance to build trust or to lose the customer. Customer engagement, understood as a customer's cognitive, emotional and behavioural involvement with a firm (Brodie et al., 2011), is therefore central to a dealership's sales conversion, that is, the share of enquiries that end in a booking and delivery.

The market backdrop makes the question worth asking now. According to the Federation of Automobile Dealers Associations (FADA), passenger-vehicle retail reached 47,05,056 units in FY26, 13.00% above FY25, and passenger-vehicle inventory fell to about 28 days by March 2026 from over 50 days a year earlier (FADA, 2026). In the same year, Hyundai Motor India's retail share fell to 12.29% from 13.48% and it was the only top-four manufacturer with negative domestic growth (Autocar Professional, 2026). When the market is growing, a dealership that does not convert its enquiries loses ground even if demand is healthy.

Indian journals have published many customer-satisfaction studies on individual car brands, but they are scattered and rarely look at the dealership as the unit of analysis. This paper therefore asks three questions. RQ1: What does the market context suggest about the importance of dealership-level conversion? RQ2: What do published studies report about engagement at each stage from enquiry to after-sales service? RQ3: Which propositions follow for dealership practice and future research?



2. Approach and Transparency Statement

This is a secondary-data paper. It uses (a) retail statistics released by FADA and reported by the trade press, (b) a whitepaper produced by Meta with FADA on digital engagement in automobile retail, (c) one global buyer survey as reported by Business Standard, and (d) nine open-access journal papers on customer relationship management (CRM), satisfaction and purchase behaviour in the Indian automobile sector. The journal papers were identified by searching the websites of IJFMR, IJCRT, IJRAR, AIJFR, IJCOPE and JETIR for dealership, CRM, follow-up and after-sales studies. All sources were read on 15 November 2026.

Two cautions apply. First, the reviewed journals differ in the rigour of their statistics, and several papers report only percentages from small convenience samples, so their results are treated as indicative. One further paper (Bharath & Baba, 2020) was read but is not used, because its text was too garbled to verify its sample and findings. Second, the Meta-FADA results are self-reported by the brands and agencies named in the whitepaper and have not been independently verified. The paper does not report a survey, interview or dealership dataset of its own.

3. Market Context

3.1 Retail growth of passenger vehicles

Table 1 shows passenger-vehicle retail registrations for the last five financial years as first reported in FADA's annual releases. Registrations grew every year, with the sharpest rise in FY23. Between FY22 and FY26 the compound annual growth rate was 12.5%, calculated from the first and last values in Table 1.

Table 1: Passenger-vehicle (PV) retail registrations in India, FY22 to FY26

Financial year	PV retail registrations (units)	Growth over previous year (as reported)	Source
FY22	29,42,273	–	FADA (2023)
FY23	36,20,039	23.04%	FADA (2023)
FY24	39,48,143	About 8%	FADA release reported by DT Next (2024)
FY25	41,53,432	4.87%	FADA data reported by IANS (2025)
FY26	47,05,056	13.00%	FADA (2026)

Note: FADA later restated FY25 to 41,63,927 units, which is the base for the 13.00% growth in FY26. The figures are used as published in each source.

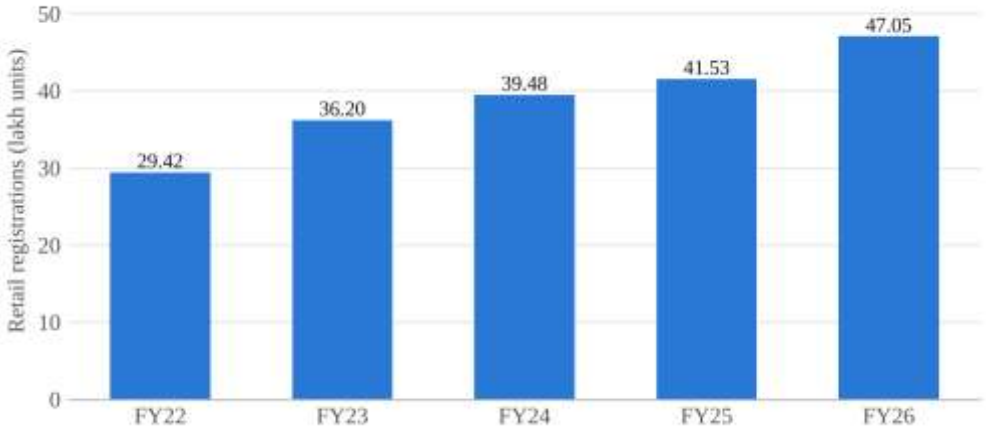


Figure 1: Passenger-vehicle retail registrations, FY22 to FY26 (lakh units). Source: FADA releases as listed in Table 1.



3.2 Inventory and market share

FADA reports that passenger-vehicle inventory fell to roughly 28 days in March 2026 from over 50 days a year earlier, which it called the healthiest reading in recent memory (FADA, 2026). Lean inventory helps dealer finances, but it also means that a particular colour or variant may not be on the lot when a customer is ready to buy. This is relevant for engagement, because the evidence in Section 4 shows that stock availability and delivery time are among the weakest-rated aspects of the dealership experience.

Among manufacturers, Maruti Suzuki held 39.71% of FY26 retail, Mahindra & Mahindra 13.42% and Hyundai Motor India 12.29%, down from 13.48% in FY25 (Autocar Professional, 2026). Even a one-point change in share is a large number of cars across a dealer network, and the dealership-level behaviours reviewed below are among the few levers a dealer controls directly.

4. Review of Published Evidence

4.1 Theoretical lens

Three ideas frame the review. Customer engagement is a multidimensional state that can be built through interaction (Brodie et al., 2011). In relationship marketing, trust and commitment lead customers to stay with a firm (Morgan & Hunt, 1994). In practice, the sales funnel narrows enquiries to test drives, bookings and deliveries (Kotler & Keller, 2016), and a dealership can look at each narrowing step to see where customers drop out.

4.2 Empirical and conceptual studies

Table 2 summarises the nine studies. Studies on follow-up and CRM address the early funnel, studies on the showroom and purchase factors address the middle, and the satisfaction studies address delivery and after-sales service.

Table 2: Summary of reviewed studies

Study and journal	Design and sample	Main reported findings
Pawar, Sharma & Khan (2025), IJFMR	Survey of 251 vehicle buyers; correlation and regression	Personalised offers and dealership trust: Spearman's $\rho = 0.223$ ($p < .001$). Quick response predicts retained interest: $\beta = 0.221$ ($p < .001$). Approval: phone 88.9%, WhatsApp 79.7%.
Khan, Sah & Sharma (2025), AIJFR	Qualitative synthesis of secondary sources	Communication, staff behaviour, transparency, timeliness and after-sales support drive satisfaction. Paperwork and delivery delays are recurring complaints.
Dutta (2025), IJFMR	160 car users, purposive sample; weighted scores	Safety scored 4.8. Test drives offered 3.62. Stock availability 2.88 and free accessories 2.85 were the lowest scores.
Thakur & Kumar (2024), IJCRT	341 Hyundai car owners in Gorakhpur; percentage analysis	58% satisfied with free service, 39% with paid service. Regular customers 71% satisfied versus 11% of rare customers. Delivery time was the main cause of dissatisfaction.
Kumar, Yadav & Hunny (2026), IJCOPE	100 Hyundai owners in Rohini, Delhi; convenience sample	48% highly satisfied, 36% satisfied, 10% neutral, 6% dissatisfied. 46% highly satisfied with after-sales service.
Khan & Loomba (2023), IJCRT	100 Maruti Suzuki customers; SERVQUAL-based questionnaire	88% agreed that after-sales service quality influences car choice. 58% were satisfied with the loyalty programme.



Study and journal	Design and sample	Main reported findings
Boniface, Yakubu & Philimon (2025), IJFMR	Comparative case study of Toyota, BMW and Mercedes-Benz	Digital integration, customisation, dealer training and after-sales investment characterise strong CRM.
Jyotirmay (2023), IJRAR	Conceptual paper with a planned survey	CRM is described as positively related to satisfaction and loyalty. Personalised communication and timely response are named as critical.
Vijaya Nirmala & Gunasekaran (2025), JETIR	200 respondents, convenience sample; Kendall's W	W = 0.109 ($p < .001$): low but significant agreement on purchase-intention factors, with fuel cost ranked highest.

Source: compiled by the author from the cited papers. Figures are as reported by the original authors.

4.3 Reading across the studies

Reading the studies together, four patterns stand out. First, speed and personalisation in follow-up appear to matter. Pawar et al. (2025) report a significant link between personalised offers and trust and between quick response and retained interest, and they find that phone calls and WhatsApp messages are both well accepted by buyers (Figure 2). Jyotirmay (2023) names the same two CRM practices.

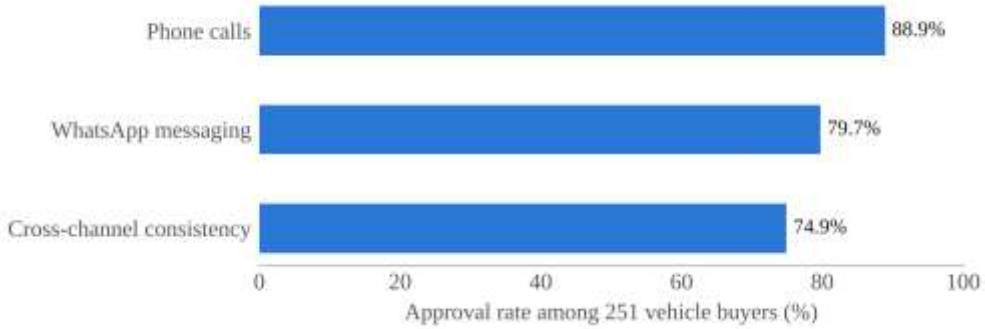


Figure 2: Approval of follow-up channels among 251 vehicle buyers. Source: Pawar, Sharma & Khan (2025).

Second, the showroom stage is judged on transparency and process. Khan et al. (2025) find that buyers value honest information more than discounts and recommend better test-drive procedures. In Dutta's (2025) survey, the statements on information availability (3.97) and test drives (3.62) score well above the neutral point of 3, while operational items such as stock availability (2.88) and free accessories (2.85) fall below it (Figure 3).

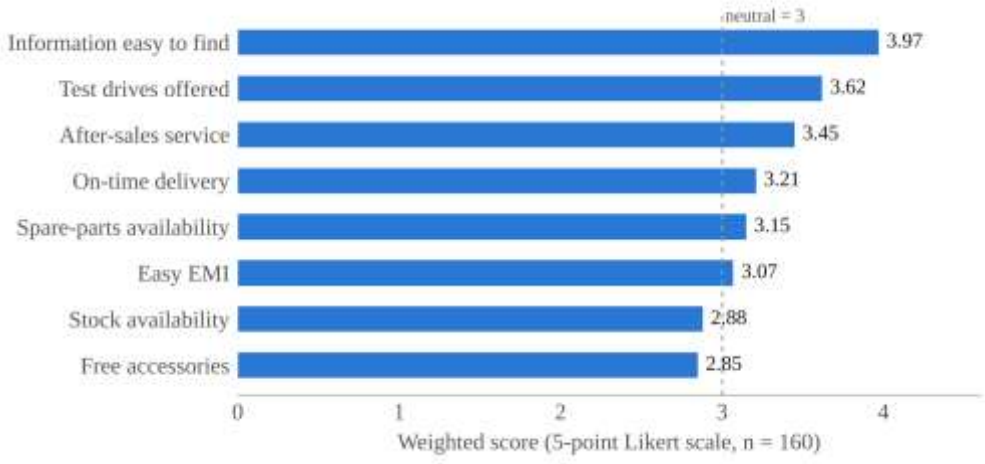


Figure 3: Weighted scores for selected dealership attributes (neutral point = 3). Source: Dutta (2025).

Third, delivery and paperwork are where satisfaction tends to be lost. Thakur and Kumar (2024) identify delivery time as the main cause of dissatisfaction among Hyundai service customers, and Khan et al. (2025) list paperwork and delivery delays among recurring complaints. Fourth, after-sales contact is linked to retention. Thakur and Kumar (2024) report that 71% of regular service customers were satisfied against 34% of occasional and 11% of rare customers (Figure 4), and Kumar et al. (2026) find that 84% of Hyundai owners in their sample were satisfied or highly satisfied overall.

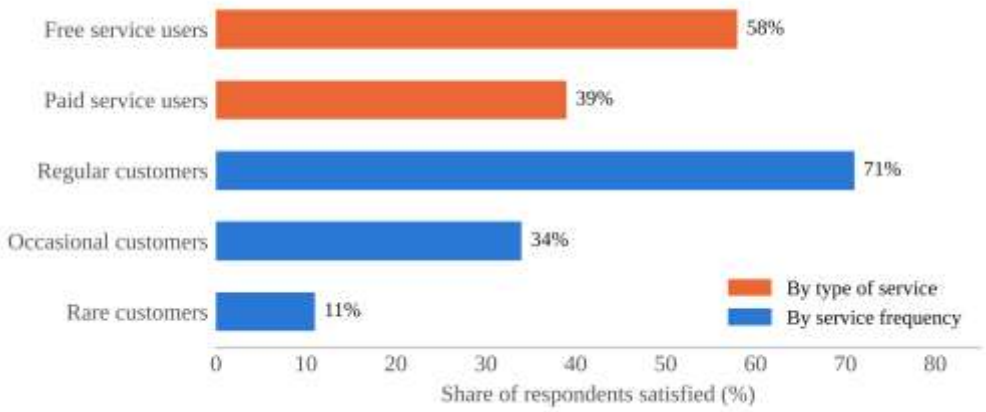


Figure 4: Share of Hyundai service customers who were satisfied, by type and frequency of service. Source: Thakur & Kumar (2024), n = 341.

Figure 4 needs careful reading. The free-service and paid-service bars describe different groups of customers, and the frequency bars use a separate grouping, so the five values are reported shares and not a ranking of one group against another. The same study also found that 49% of respondents said they would not return for service after the warranty period, which shows how easily the relationship can end once the free service stops.

5. Digital Engagement Evidence

The Meta-FADA whitepaper reports results from a Kantar online survey of new automobile buyers aged 18 to 64 in India (2023) and from dealer and manufacturer campaigns (Meta & FADA, n.d.). Table 3 collects the figures most relevant to dealership engagement.

Table 3: Digital engagement indicators from the Meta-FADA whitepaper

Indicator	Reported value	Nature of evidence
New buyers who used digital platforms while evaluating which car to buy	84%	Consumer survey (Kantar, 2023)
Buyers who discovered the brand or nameplate on Meta's apps	72%	Consumer survey
Buyers who used WhatsApp to engage with an automaker or dealership	48%	Consumer survey
Buyers who would like service reminders by messaging	47%	Consumer survey
Hyundai India: change in cost per lead with Advantage+ placements	34% lower, with 18% more leads	Self-reported brand result
MG Motor India: qualified leads with CRM-integrated instant forms	40% more	Self-reported brand result
Dealer group of 600+ dealers: change in sales, H2 2024 versus H1	37% higher, cost per retail 29% lower	Self-reported agency result

Source: Meta & FADA (n.d.). Results are self-reported by the parties named and not independently verified.



Digital channels are clearly part of the journey, but they do not replace the showroom. A global Urban Science survey of more than 9,000 buyers reported that nearly nine in ten Indian car buyers are more inclined to visit a physical dealership (Business Standard, 2024). Read with Table 3, this suggests that digital channels create the enquiry and the follow-up thread, while the physical visit, the test drive and the delivery decide the sale. Business Standard (2025) reports that about 10,000 of FADA's 15,000 dealers had joined Meta's dealer programme by January 2025, so digital lead handling is fast becoming a baseline capability and not a differentiator.

6. A Stage-wise Engagement Framework

The evidence can be arranged along the funnel from enquiry to retention. Table 4 maps each stage to the engagement behaviour the studies point to, the supporting evidence, and an indicator a dealership can track from its own CRM records.

Table 4: Stage-wise engagement framework for a passenger-car dealership

Funnel stage	Engagement behaviour	Supporting evidence	Indicator to track
1. Enquiry and lead capture	Quick first response through the customer's preferred channel	Pawar et al. (2025); Meta & FADA (n.d.)	Time to first contact; enquiries contacted within one day
2. Follow-up	Personalised, multi-channel follow-up with consistent information	Pawar et al. (2025); Jyotirmay (2023)	Follow-up calls per lead; lead-to-visit rate
3. Showroom and test drive	Transparent explanation; structured test drive	Khan et al. (2025); Dutta (2025)	Visit-to-test-drive rate; quotation shared on the day
4. Quotation and booking	Clear price components, finance and discount approval	Khan et al. (2025)	Test-drive-to-booking rate; quotation turnaround
5. Delivery	Honest delivery dates; stock visibility; complete paperwork	Dutta (2025); Thakur & Kumar (2024); Khan et al. (2025)	Booking-to-delivery days; delivery complaints
6. After-sales and retention	Service reminders; regular contact; loyalty offers	Thakur & Kumar (2024); Khan & Loomba (2023); Kumar et al. (2026)	Share of customers returning for paid service

Source: synthesised by the author from the studies in Table 2 and Table 3.

6.1 Propositions

The framework suggests five propositions that a later primary study can test with dealership CRM data.

P1. Dealerships that respond faster and follow up in a personalised way achieve a higher lead-to-showroom-visit rate.

P2. A structured test drive and a transparent explanation of the quotation are associated with a higher booking rate among customers who visit the showroom.

P3. Giving customers honest stock and delivery information reduces late-stage cancellations and delivery-related dissatisfaction.

P4. Regular after-sales contact, such as service reminders, is associated with a higher share of customers returning for paid service after the warranty period.

P5. Digital channels such as WhatsApp complement, and do not substitute for, the physical showroom visit in converting leads to bookings.



7. Discussion and Practical Implications

The author's on-the-job training at a Hyundai dealership in Pune involved customer follow-up, showroom interaction and stock and delivery coordination, and it prompted the question that this paper tries to answer from published sources. What the literature adds is a reminder that conversion is built from many small operational habits and not from one campaign. Three practical points follow for dealership managers.

- Treat follow-up as a measured process. A simple lead log with the time of first contact, the number of follow-ups and the outcome allows a dealer to compute the Stage 1 and Stage 2 indicators in Table 4.
- Close the information gap on stock and delivery. The lowest-rated items in the survey evidence were stock availability, delivery time and free accessories. Sharing a realistic delivery date at booking, and updating it, costs little and addresses the most frequently reported complaint.
- Keep the customer engaged after delivery. With about half of the free-service users in one study saying they would not return after the warranty period, service reminders and relationship calls look like a direct way to protect the customer base.

8. Limitations and Future Research

The paper is limited by its secondary design. The reviewed studies come from different cities, brands and years, use different scales, and are mostly descriptive, so the evidence cannot be pooled into a single effect size. Several studies use convenience samples of 100 to 341 respondents, and a few report conclusions that go beyond their statistics. The retail figures were published at different times and FADA revises earlier numbers, as the FY25 restatement shows. Finally, the digital results are self-reported by commercial parties. Future work should test P1 to P5 using dealership CRM records, ideally across several dealerships and brands, and should measure conversion at each funnel stage rather than overall satisfaction.

9. Conclusion

Indian passenger-car retail is growing and inventory is lean, so the dealership's own engagement behaviour matters more for conversion. The reviewed literature points to consistent drivers: fast and personalised follow-up, a transparent showroom process, honest stock and delivery information, and regular after-sales contact. The stage-wise framework and five propositions in this paper give dealerships a way to track these drivers and give researchers a starting point for primary studies on dealership conversion.

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