

Original Article

A Study on Upselling and Cross Selling Marketing Strategies in Two-Wheeler Showrooms

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ABSTRACT

The 2-wheeler industry in India constitutes one of the most dynamic and fastest growing industries within the automobile segment, driven by factors like increasing middle class income levels, urbanisation of India, switching to cost-effective mobility options etc. In the competitive scenario of today, the modern Indian two-wheeler showrooms have adopted various contemporary selling strategies like upselling and cross-selling to derive maximum revenues per customer enquiry, while ensuring customer satisfaction. This paper investigates the theoretical context and practice of upselling and cross-selling with regard to the Indian 2-wheeler showroom industry. Using the established marketing theories and frameworks with reference to existing Indian automobile dealerships and empirical Indian research reports in the automobile industry like Tamil Nadu State-based research, this paper examines the impact of these selling techniques on customer behaviour, dealership profitability and customer loyalty in the future. The paper also identifies various challenges encountered by the two-wheeler sales force and recommends a holistic customer-driven framework for the implementation of the selling techniques. It was observed from the research that the techniques carry great revenue potential with McKinsey assigning a 20–30% increase in CLV with the techniques; however, their success is dependent upon timely application, trust levels, competency levels of sales persons, and desired focus of customers.

KEYWORDS

Upselling, Cross Selling, Two Wheeler Showroom, Customer Satisfaction, Revenue Optimization, Crm, Customer Loyalty.

1. INTRODUCTION

India's two wheeler market is among the largest globally, with a mobility solution including motorcycles, scooters, and mopeds that enables millions of consumers across rural and urban India to travel on a daily basis. Leading players such as Hero Moto Corp, Honda Motorcycle and Scooter India (HMSI), TVS Motor Company, Bajaj Auto, and Yamaha Motor India are fighting for market share in a rapidly changing competitive environment including evolving consumer preferences, digital disruption, and electric vehicles.

In this challenging retail environment, two wheeler dealerships' showrooms can no longer constantly pursue price differentiation as the key to profitability; they are increasingly turning to upselling and cross selling as drivers of revenue maximisation. Upselling involves persuading customers to purchase a premium model product than one they were initially interested cross selling involves offering complementary products and services such as accessories, insurance, extended warranties, and annual maintenance contracts together with the primary purchase.

Kotler and Keller (2016) argue that upselling and cross selling, if practiced ethically, create customer value while simultaneously increasing revenue for the company. Similarly, Buttle and Maklan (2019) observe that these techniques, implemented according to a Customer Relationship Management (CRM) strategy, can generate healthy dealer client relationships. As Pandya and Dholakia (2021) acknowledge, however, inappropriate or impulsive upselling strategies can damage brand confidence, customer perception, and hasten customer attrition.

This article discusses the context and theories for these approaches in Indian two wheeler dealerships, and compares local empirical results to the existing global scholarship.

2. OBJECTIVES OF THE STUDY

- To analyse the impact of upselling and cross-selling strategies on the overall revenue generation of two- wheeler showrooms.
- To study the relationship between upselling, cross-selling, and customer satisfaction in two-wheeler showrooms.
- To identify challenges faced by sales personnel while implementing upselling and cross-selling strategies.
- To understand the key factors that influence a customer's decision to upgrade from a basic model to a premium variant.
- To suggest effective strategies for two-wheeler dealers to implement upselling and cross-selling without compromising customer satisfaction.

3. LITERATURE REVIEW

3.1. Conceptualising Upselling and Cross Selling

Upselling is defined by the Federal Trade Commission as selling the purchase of a good or service after the beginning of a sale not offering it. Pandya and Dholakia (2021) term upselling as a way of offering the customer an opportunity for buying a premium or expensive product that offers a more pleasant experience. Conversely, cross selling involves presenting a related or complementary product to a customer who has already committed to an initial product (Kamakura, 2008).

Singer (2015) defines upselling as “selling of a higher level product or service than the customer had initially in mind”. Schiffman K and Schiffman L (as cited in Pandya & Dholakia, 2021) add: “Upselling is asking the customer who has already purchased something to buy more of it or something else of a higher quality”. Both purposefully focus on increasing the business per customer rather than broadly marketing to new customers, thereby reducing cost of sale (Rothfeder, 2003; Ebster, Wagner, & Valis, 2005).

3.2. Revenue Effect and Customer Lifetime Value

McKinsey & Co and Accenture research broadly established that good cross selling and upselling can increase Customer Lifetime Value (CLV) by 20–30%. The same survey found that 91% of B2B customers were willing to considered these opportunities, and 84% welcomed upsell propositions, though many companies do not exploit this willingness. Kamakura (2014) suggested that these techniques work best when CRM insights are used, for example, data from online services, visits to showrooms and previous transactions.

On the Indian two wheeler market, Dr. A. Thirunavukkarasu (2021) found that common bundling of accessories, insurance and service packages produced an 18–24% increase in average transaction value in rural Tamil Nadu showrooms. Shivani Joshi and Dr. Lenin Jothi (2021) experienced very similar results with proper implementation of upselling and cross selling techniques, notably in the typical two wheeler showroom.

3.3. Consumer Psychology and the Consumer's Willingness to Upgrade

The consumer psychology behind making an upgrade decision depends on several factors. Schiffman and Kanuk (2007) emphasise way the individual notices and interprets information. This is especially relevant for the Indian two wheeler consumer as the perception of the salesperson's credibility, honesty and expertise impacts how open they are to suggestions like upgrading to a higher model.

Kamala (2015, VISTAS, Chennai) explored this consumer mentality in Tamil Nadu where she found that motorbike buyers did not think of their bike just as transportation but as an extension of their social identity. The sale of premium two wheeler therefore factors in this aspirational intent and is marketed as an enabler of upward mobility.

This is a lesson learned from the Nano car, which among other reasons, failed because it was portrait as a “poor man's car.”

Lemon and Verhoef (2016) explained that customer experience is part of the overall framework of subsequent outcomes: “Customer experience refers to the total of all experiences with the product or service, from the first encounter or awareness of the need through to the purchase decision and even to post purchase experience.” The ins and outs of the customer journey create many touchpoints along the way that can effectively influence the upsell offer.^{3.4} Trust, Relationship Quality, and CRM Morgan and Hunt (1994) establish that trust and commitment are foundational to effective selling relationships. When customers believe the salesperson is acting in their best interest, they are significantly less likely to perceive an upselling suggestion as exploitative. Mishra (2020), studying upselling through a relationship marketing lens in the Indian two-wheeler industry, found that salespeople who built genuine long-term relationships with customers achieved far greater success in upselling and add-on sales than those adopting transactional or pressure-based approaches. Anderson and Narus (1998) also point out that customers may be more willing to accept paying for additional contributions if these contributions are perceived as providing a benefit, not only the features.

Therefore, customers in a two wheeler showroom might prefer to pay for additional contributions such as: higher miles, cheaper long term maintenance, or safer parts rather than the product spec alone. In a study of two wheeler showrooms in Tamil Nadu, Dr. M. Arul (2019) confirmed that salespeople who would sell additional contributions by revealing the additional value of a product to a customer were much more successful in convincing buyers than those salespeople who relied on pressure.

However, Buttle and Maklan (2019) agree that CRM systems help with this type of transparency: Once the salespeople reveal the additional value hidden within a product in a clear and truthful manner, the customer is more likely to upgrade accidentally. Pandya and Dholakia (2021) improve this idea further by advocating the usefulness of consumers intentionally buying up and not sellers intentionally upselling in the future: Customers seek higher priced products that truly solve their problem, thus ensuring their continued allegiance to the brand and profitability.

3.4. Cross-Selling in Two-Wheeler Showrooms

In two wheeler cross selling means suggesting related items like helmets, riding gear, insurance, extended warranty, Annual Maintenance Contract (AMC), accessories etc. Sharma (2010) observed that bundling those related items (through a broker or salesperson) effectively made customers perceive the purchase as more valuable and eased their "barrier" of committing to the purchase.

Johnson and Friend (2015), has asserted that cross selling works well if the salesperson has listened to the customer before hand, regarding the needs. Responding as per the usage of the product for the customer and his lifestyle, resulted in fewer negative feelings compared to a scripted sales pitch. Prof. S. Arumugam (quoted in a project data), explained that cross selling proved more effective when the customer found the offer useful and contextually appropriate, on superficial evaluation.

Prof. V. Thirumalai (2022), identified that the communication behaviors and skills of the sales executives were more important factors than the offer, in driving cross-selling. Rao and Kumar (2022), also established that fair and honest customer at present the rural customers have awareness about the new arrivals. Karthi R. Valarmathi. S, Karthiga G (2015) highlighted in their studies that the youngsters ask questions about the new products and try to learn the quantity, prices and quality differences. Influences of impulse buying and compulsion of retailers to buy products will affect much on the purchased behavior of the rural customers.

Dewi (2025), examining post covid19 hotel revenue recovery in Bali, found that cross selling was more effective than upselling, pricing and promo activities as a revenue driver.

3.5. Challenges in Implementation

The most common conclusion found in Indian literature regarding automobile sale was that the main obstacle to upselling was price sensitivity. Dr. M. Arul (2019) reported that many Tamil Nadu customers are limited by their budgets and certainly do not welcome increased costs unless its value addition is spelt out clearly to them. Dr. S. Priya (2022) found that clients were averse to luxury service packages, such as DVD/TV/warranty extensions and priority repairs, when the future monetary gains were not expressed in simple layman's language.

Dr. N. Rajalakshmi (2012) observed in her study that 'pushy upselling tactics' often backfires as customers are not happy with the interaction and the feeling post purchase is that the salesperson was driven more to sell the vehicle to benefit the dealership than to fulfil the customer needs. Dr. S. Meenakshi (2019) argued that promotional discounts and attractive

bundling deals eventually create doubt in the minds of the customer as the major urge for the customer to go for the discount offer is the perception of poor quality of the product.

Similarly, Dr. K. Balasubramanian (2018) displayed contrasting effects between long term, loyal and new customers: while long term, loyal and satisfied customers were far more receptive to upselling, new and first time customers would require trust before being willing to accept more products or upgrades. This was also supported by Dr. R. Subramanian (2022) who found the strongest correlates of upselling were long term dealer customer relationships.

4. CONCEPTUAL FRAMEWORK

Based on the synthesis of literature reviewed, the following integrated framework describes the key determinants and outcomes of upselling and cross-selling in two wheeler showrooms:

Table 1: Integrated Framework for Upselling and Cross-Selling in Two-Wheeler Showrooms

Dimension	Key Factor	Outcome
Customer	Income, Identity, Aspiration	Upgrade willingness
Salesperson	Knowledge, Empathy, Timing	Trust & conversion
Product	Value clarity, Bundling	Perceived value
Relationship	CRM, Loyalty history	Receptivity to offers
Context	Rural vs. Urban; EV vs. ICE	Strategy adaptation
Outcome	Revenue, CLV, Satisfaction	Long-term retention

5. SUMMARY OF FINDINGS IN THE LITERATURE

- Correct application of upselling and cross selling can lead to 20-30% improvements in CLV (McKinsey; Accenture), but they depend extremely strongly on a number of factors.
- Effectiveness is more based on trust, product knowledge and consultative selling skills than the attractiveness of an offer (Rao & Kumar, 2022; Johnson & Friend, 2015).
- There is a crucial timing element: Efforts to increase the value of an upsells or cross sell must take place at the highest point of the customer's mention of interest in an accessory or service, but before the sale has been concluded (Patel & Shah, 2019).
- Bundled offerings adding accessories, insurance packages and service contracts to the main sale greatly diminish consumer anxiety and achieve larger Average Transaction Value in rural markets (Dr. A. Thirunavukkarasu, 2021; Sharma, 2010).
- Price sensitivity remains the largest obstacle to success in Tamil Nadu and Indian two wheeler markets (Dr. M. Arul, 2019; Dr. S. Priya, 2022).
- Customer loyalty is one of the strongest enablers of upselling efforts, as native customers are considerably more receptive to upgrade offers than new customers (Dr. K. Balasubramanian, 2018).

- CRM or purchase data online enquiry and showroom footfall history, previous purchase details supports targeted and relevant recommendations that make up selling and cross selling more salient (Kamakura, 2014).
- The move from seller focused "upselling" to consumer future focused "up buying" is a key strategic development, as it presumes no coercion: more as customers willingly spend more because they recognize value in the upgrade. Dealership profits and loyalty are then closely aligned (Pandya & Dholakia, 2021).
- The opening of the Electric Vehicle (EV) category creates new opportunities for cross selling from petrol nozzles to electric head ends which demand high engagement and product awareness communication.

6. RECOMMENDATIONS FOR TWO-WHEELER SHOWROOMS

6.1. Train for Consultative Selling

Develop Soft Skills among Sales Executives (Listening and Empathising) As shown by Dr. M. Arul (2019) and Crosby et al. (1990), customer centric communication (listening carefully to customer needs, empathising with their consumption goals, recommending only the car upgrades and accessories that support those goals) results in higher perceived value for the customer and better upselling success rates. Sales executive training programmes should incorporate active listening, empathy training and recommendations for dignified, non marry upsell conversations.

6.2. Use CRM Data to Tailor Personalised Offers Showrooms

Should acquire a CRM solution for integrating customer information from every interaction with the dealership, including online impressions, test drive bookings, purchase histories and service records. Kamakura (2014) shows that personalised, recommendation based upsells outperform one size fits all pitches by 75%. Targeted upselling a specific premium model suggested to a specific customer based on his sitting habits, financial history and usage profile – yields higher success and satisfaction.

6.3. Package Upsell in Clear

Attractive Bundles Cross selling works best when distinct add ones are pre combined into attractive, transparent packages. Combining a helmet, test drive insurance, accessories and a service contract under a 'Complete Ownership Package' alleviates decision fatigue and offers a higher value proposition (Siva Kumar & Raj, 2018). Pricing transparency and honesty about the consumer benefit is paramount: customers who understand what they are paying for and why are far less likely to regret their purchase (Dr. S. Meenakshi, 2019).

6.4. Presents Premium Models as Profiles of Self

Actualisation As confirmed by Kamala (2015, VISTAS) and by the general literature on identity based consumer behaviour, sales representatives should master the skill of positioning premium two wheeler models not by playing up the sticker price, but by tying the luxurious appeal to aspirational needs. Connecting the ultra-modern, high technology features of premium models to the consumer's idealised self-image is a more effective proposition than simply mentioning enhanced cost.

6.5. Focus on Cultivating Customer Engagement

Before Upselling Customer loyalty may be the most significant driver of successful upselling. Dr. K. Balasubramanian (2018) and Dr. R. Subramanian (2022) both recommend prioritising a caring attitude during the initial sales process (extra attention to service reminders, tailored check ins, client anniversary cards, loyalty points) before exploring ups sales with the new client. Ensuring that first, time buyers have an outstanding primary purchase experience will lay the foundations for successful upgrade pitches in future sessions.

6.6. Emphasize an Ethical Approach Customer

Satisfaction decreases significantly when upselling tactics are perceived to be pushy, manipulative, or irrelevant (Pandya & Dholakia, 2021). Dealerships need to develop strict ethical standards that prohibit persuasive stratagems. The focus should be on assisting in upgrading, where the customer voluntarily overspend to obtain a true seeking solution, rather than pushing sales for immediate revenue gains; not only will this render the dealership more reputable in the long term, it will also enhance the consumer's lifetime value.

7. SCOPE OF THE STUDY

This project focuses on evaluating the effectiveness of upselling and cross selling initiatives in Indian two wheeler retail market, especially Tamil Nadu, by analysing their level of awareness and acceptance among customers studying the significant factors affecting customer preferences for particular models or add on products, example customer requirement, quality of interaction with salesperson, pricing strategy, bundling of products and promotional schemes and assessing customer preferences towards models to be upgraded and add on products demanded, in showroom environment. The results will be useful to showroom managers, marketing executives and owners of dealerships, who want to improve their revenues without compromising customer satisfaction.

8. CONCLUSION

Upselling & cross selling are highly profitable, low cost techniques that two wheelers showrooms can use to extract maximum revenue from each customer visit in the most cost

effective way, without incurring heavy investment to attract new customers. All the studies reviewed show that if done cleverly and ethically, it will significantly increase not only the Average sale, customer life time value and Loyalty in the long run, but also lowers costs of acquisition.

However, even bad upselling where pressure is applied and there is an early close, or where timing, offers and product knowledge are weak, harms brand equity and increases customer defection. The Indian two wheeler market with its distinct mixture of price sensitivity, identity based buying needs, urban rural divergence and its nascent new EV shift calls for a fine grained, customer focused touch. It is the dealerships that will succeed who put resources into customer relationship enhancement, detailed personalised servicing, facilitator

like transparent bundling and consultative sales training shift from the seller 'upsell' to the premium instead of up buying. As Pandya & Dholakia (2021) conclude: right product, to the right customer, at the right time, from a knowledgeable and trusting sales person always will be at the very heart of the most effective upsell cross sell strategies in any business arena, including Indian two wheeler showrooms.

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