

## **Evaluating Operational Strategies in Car Dealerships: A Case Study of Franchised Dealership Strategy in Northeast Brazil**

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## **Introduction:**

The automotive sector makes up almost 4% of the world's gross domestic product (GDP), making it one of the most significant and preeminent global industries. Additionally, this sector accounted for nearly 10% of pre-pandemic world trade (Dimitrakopoulos et al., 2021). Analogously, in Brazil, the automobile sector is of critical relevance. As the nation evolved into a car-centric country during post-colonial developments, railroads were deemed obsolete and public transportation negligible. Therefore, car dealerships have become indispensable retail and service hubs, serving customers demanding transportation.

Recife, a coastal city in northeast Brazil, has a unique economic status as a developing regional capital with a middle-income consumer base, distinguishing itself from international or national automotive trends. Most of the literature on dealership strategies focuses solely on developed markets with high-income levels and advanced infrastructure. These studies highlight global best practices, including sustainability, digital marketing, and customer-centric strategies. Although regarded as effective globally in contributing to overall success amongst dealerships, these strategies have been tested in vastly different contexts than those in developing regions like Recife. While national-level studies have explored dealership performance in Brazil, these studies mainly consider economies in major metropolitan hubs like São Paulo and Rio de Janeiro. There is limited research on how specific operational strategies succeed at the regional level.

This study addresses that gap by examining the effectiveness of dealership strategies in Recife. Therefore, this study investigates: "How do operational strategies and market adaptation contribute to the success and competitiveness of car dealerships in Recife?" This research project aims to understand which operational strategies lead to increased dealership competitiveness while examining the applicability of global best practices in the local context. Therefore, this research is highly significant, as it will be practically relevant to local dealerships looking to improve, challenge assumptions that global strategies apply universally, and contribute to the literature on automotive business strategies by offering a developing-world perspective. With the help of the study's findings, policymakers will be able to design better regulations or incentives for dealerships in developing cities like Recife. These findings will also serve as a guide for multinational car brands on how to adapt their franchise models locally.

## **Literature review:**

Car dealers in Brazil experience a distinct set of challenges, given the high levels of competition and fluctuating economic conditions, changing consumer tastes and preferences. In analyzing the factors contributing to success, it becomes important to consider various key aspects. Farkat et al. analyzed car dealerships in Brazil and identified that some factors like innovation, effective management, and customer satisfaction are vital for performance. Their research underscores the importance of adapting to market dynamics and maintaining operational efficiency to stay profitable in a competitive environment (Jamil et al., 2019). On the other side of the business, Corswant and Fredriksson's study on sourcing trends analyzes B2B, emphasizing the growing complexity of manufacturer-supplier relationships and the need for faster product

development and increased supplier involvement to stay competitive globally (von Corswant & Fredriksson, 2002). These studies demonstrate how internal management practices and external partnerships impact dealership performance. Moreover, Borchardt et al. found that dealerships providing high-quality after-sales service tend to have higher revenue and greater customer satisfaction, indicating that post-purchase interactions are crucial for customer loyalty and dealership reputation (Borchardt et al., 2018). Ultimately, the keys to a successful dealership strategy in Brazil are effective adaptability, efficient management, and strong customer and supplier relationships.

In the dynamic automotive industry, car dealerships must implement effective operational strategies and adapt to market changes to achieve sustained success and maintain a competitive edge, particularly in specific regional markets like Recife (Almohri et al., 2018). Some adaptation methods have been observed to work exceptionally well in rapidly evolving sectors. A study on agile market adaptability strategies highlights "flexibility to change," particularly in market demand, as a crucial strategy (Eskelinen & Aaltio, 2016). Moreover, the same research indicated market adaptability with the "execution based on continuous feedback," which may include customer desire. It creates an automotive business model centered around the core product and consumers—eventually leading to a positive business case.

Technology is revolutionizing the automotive retail sector. Zilber explores General Motors Brazil's use of e-business strategies during the launch of the Celta, showing how online platforms can transform traditional sales methods (Zilber, 2007). Adopting digital marketing and sales channels has enabled companies to cut costs and reach a wider audience, changing how vehicles are marketed and perceived. Hase and Busch discuss how incorporating digital tools into dealership operations underscores the transformative influence of technology (Hase & Busch, 2018). They suggest that organizing sales teams around customer needs and promoting ethical sales practices are essential for navigating the challenges of a digitally-focused market. The interaction between digital transformation and changing consumer behavior emphasizes the need for dealerships to remain adaptable and creative to maintain their competitive edge.

Historical and cultural circumstances also greatly influence car dealerships' operational tactics. Ferro offers a historical examination of the expansion of the Brazilian automobile sector after the Real Plan of 1994, which promoted industrial growth and stabilized the economy (Ferro, 1995). Manufacturers and dealerships were able to implement lean production methods and build collaborative partnerships with the government and labor unions during this economic transformation, highlighting the value of outside alliances in advancing the sector. Furthermore, Musacchio uses automobility as a prism to examine Brazil's quest for modernity, placing the development of the Brazilian automotive sector within larger societal shifts (MUSACCHIO, 2011). This perspective on culture emphasizes how national identity and consumer desires influence the car market, offering a comprehensive view of the dynamics within dealerships. By combining historical, cultural, and operational knowledge, dealerships can create strategies that align with the needs of the market and the expectations of society.

Understanding the dynamics of sales environments and employees is essential to comprehending dealership success. The impact of retail work surroundings on salesperson orientations and job performance is examined by Boles et al.. According to their results, improving staff performance and customer happiness requires both organizational support and the development of a customer-centric approach (Boles et al., 2001). Furthermore, Scott Morton et al. investigate the elements influencing price negotiations in the United States vehicle retailing industry, highlighting the importance of consumer information and search habits in reaching

beneficial outcomes (Scott Morton et al., 2011). Despite concentrating on a different geographical area, this study has clear implications for Brazilian dealerships: giving sales staff the resources and instruction they need to handle challenging discussions can boost customer confidence and increase profitability. Dealerships can develop plans promoting long-term success by considering employee and customer dynamics.

Environmental sustainability increasingly influences operational strategies in the automotive industry. Firnkorn and Müller discuss how automakers are shifting towards sustainable business models, such as car-sharing services, to reduce their environmental footprint (Firnkorn & Müller, 2011). This trend reflects a broader shift in consumer values, with an increasing emphasis on eco-friendly practices. Dealerships must adapt to these changes by promoting sustainable vehicle options and aligning their operations with environmental standards. Borchardt et al. also emphasize the role of sustainability in after-sales services, noting that eco-friendly practices can enhance customer satisfaction and contribute to a positive brand image (Souza et al., 2018). These findings suggest that integrating sustainability into dealership operations is not only ethically responsible but also economically advantageous. As the automotive industry continues evolving, dealerships that prioritize environmental consciousness and align their strategies with consumer expectations will be better positioned to thrive in a competitive market.

Essentially, long-term dealership success depends on sustainability, innovation, cultural sensitivity, and customer satisfaction. Zilber, Farkat et al., and other research provide an in-depth framework for understanding the various elements affecting the success of dealerships. Dealerships can successfully navigate the challenges of a rapidly changing industry by embracing digital transformation, adapting to market dynamics, and building excellent relationships with customers and employees. In addition, integrating sustainability into operating plans will make dealerships resilient and relevant to the shifting values of consumers and concerns about the environment. This comprehensive dealership management approach will provide insightful information to the industry participants seeking to enhance their competitive posture and achieve long-term success.

## **Methodology:**

Initially, the study intended to adopt a mixed-methods approach, combining quantitative dealership surveys with qualitative semi-structured interviews involving store managers and customers. This could provide comprehensive insights from both managerial and consumer perspectives. However, customer interviews proved infeasible due to practical constraints, including confidentiality concerns—limiting access to customer information— resource and time limitations, and logistical barriers. Consequently, the methodology was adjusted to concentrate primarily on internal dealership insights, exclusively with manager interviews and dealership data collection surveys, maintaining a mixed methods approach. This refined approach allowed for an in-depth exploration of internal operational strategies influencing dealership competitiveness, allowing for a sharper focus on managerial and strategic effectiveness while taking quantitative data as a success factor.

A Sequential Explanatory Design was envisioned to be utilized for the methodological design. This involved quantitative data collection (structured surveys distributed to dealerships) and qualitative exploration (semi-structured interviews with dealership managers). The quantitative data would help identify trends in operational performance across dealerships. Then, the qualitative phase provided explanatory context, deepening the understanding of the strategic

reasons behind quantitative findings. This design would have been well-recognized for effectively utilizing quantitative data to establish broad, generalizable results, while qualitative data offered richer insights to further interpret and validate those results. However, as this investigation entered the outreach phase, it became clear that managers were reluctant to distribute sensitive and confidential dealership data without personally meeting the researcher. Accordingly, data collection was inverted, and an exploratory sequential design was implemented; interviews with dealership managers were conducted, and then surveys with quantitative questions were sent. The first phase of the conducted research — the in-depth, semi-structured online interviews with dealership managers, gathering qualitative data including but not being limited to market strategies, day-to-day operations, and risk management — offered an in-depth understanding of the dealership and how it is led. This qualitative method helped capture strategic rationales, understanding of the overall market and competition, managerial perceptions and techniques, and context-specific insights. Insights gained from this initial qualitative phase were then compared to quantitative data gathered in the structured surveys, which generalized and confirmed these qualitative findings on a larger scale and identified the scale at which each dealership operated.

The mixed-method strategy ensured robust triangulation of data: Qualitative analysis identified strategies in management, market adaptability, risk management, marketing techniques, and other operational strategies, while quantitative analysis verified whether information stated in interviews matched survey results and patterns, significantly strengthening the study's overall validity. Qualitative data offered strategies, and quantitative data verified the correlation between strategy and success.

To correctly and effectively gather data, dependent and independent variables were identified and categorized. The dependent variables included consumer purchase decisions, defined by the number and frequency of sales; customer satisfaction, measured indirectly through dealership returning customer percentages and survey responses regarding perceived satisfaction levels; dealership trustworthiness, assessed qualitatively through manager interviews; and overall dealership performance. As customer interviews became impracticable, customer satisfaction was measured solely on the percentage of returning customers. The study's independent variables were simple yet crucial to determining strategic operational prosperity. They included sales tactics, incorporating pricing strategies, promotions, customer interactions, digital marketing initiatives, and dealership types, either franchised dealerships or independent operations. However, later, franchised dealerships became the primary focus of the study. Identifying these variables was essential in determining how operational strategies impact consumer outcomes, aligning with the primary research question concerning dealership competitiveness.

The study focused on dealership personnel, specifically targeting dealership managers within Recife's automotive market. Initially, a purposive sampling strategy was aimed to be implemented to ensure representation across different dealership types (franchised and independent), yet the study eventually focused entirely on franchised stores. The purposive strategy was administered to represent different operational models (mass-market and luxury segments). The study aimed to recruit participants through professional networks, industry contacts, and direct outreach to dealerships, ensuring diverse representation to minimize potential bias. Even so, due to practical constraints, including accessibility, confidentiality, and credibility as a high school student, a convenience sampling method was employed to select participating dealerships. The study leveraged existing professional networks to facilitate access to dealerships and ensure manager cooperation. Although this approach may introduce potential biases and limit the generalizability of the findings, it enables a more in-depth exploration of dealership

quantitative data (e.g., privileged information). It provides insights into practices within the Recife market.

Numerous tools were employed during the creation and implementation of the study. Regarding communication with dealership managers, the study found the Whatsapp messaging app to be the most efficient and undemanding due to its widespread use in Brazil. All WhatsApp communication with participants was made in text messages and Brazilian Portuguese. A free online tool for survey, quiz, and form creation was utilized: Google Forms. The questions and responses in the survey were in Brazilian Portuguese. The Google form collected data and aided in the analysis of the results. For interviews, the Google Meet platform was used for simultaneous communication. The mobile "Voice Memos" Apple app recorded each interview. Then, interview recordings were uploaded to the "Transkriptor" mobile app to turn audio files into text, facilitating analysis. The tools employed were selected based on established validity and practicality, aligning with recognized social science and marketing research methodological standards.

Finally, for clarity and methodological consistency, the study defined operational costs exclusively as overhead expenses. Product acquisition expenses (cost of goods sold [COGS]) were excluded. This choice separated dealership overhead and fixed operational efficiency from varying inventory costs, thus showcasing the direct effect of strategy alone on dealership competitiveness.

The actual execution of the study went as follows: dealerships were recruited through industry networking and encompassed various car brand dealerships. Store managers were then sent a message requesting participation in the study. After further clarification of the study and consent on engagement, a date and time were set for interviews. The interviews were recorded, and the audio files were kept secure in the Voice Memos app, where data (the titles of recordings and the recordings themselves) were encrypted and stored in iCloud. Audio files were then transcribed into text using the Transkriptor app. Finally, interview transcripts were downloaded as PDFs to be analyzed. Simultaneously, surveys regarding quantitative data were shared with dealership managers. The survey was conducted on the Google Forms platform, ensuring data security due to the website security standards using encryption and access controls.

## **Findings:**

To better protect the identity and confidentiality of managers and car dealerships participating in the study, they have been renamed. They will be referred to as "Interviewee A," "Interviewee B," "Interviewee C," and "Interviewee D," following the order of interview conducted from first to last. Likewise, the dealerships they manage have also been renamed "Dealership A," "Dealership B," "Dealership C," and "Dealership D." Interviewee A manages DA (Dealership A), Interviewee B manages DB (Dealership B), Interviewee C manages DC (Dealership C), and finally Interviewee D manages DD (Dealership D).

To accurately compare and score each dealership's competitiveness and performance quantitatively, a series of equations were derived. There was the Sales Efficiency Index (SEI) to show how well the dealership utilizes physical area, salespeople, and vehicle stock to generate sales; Cost Efficiency Index (CEI), to measure how efficiently each dealership converts spending into revenue; Marketing and Relationship Efficiency Index (MREI), to assess how effective the dealership is at marketing and customer retention, relative to its marketing spend; and Overall Dealership Performance Score (ODPS), to find a composite dealership performance score by combining all indices into a single one. CEI and SEI are versions of classic efficiency ratios (output/input) widely used in economics and finance (e.g., ROI). MREI mirrors a marketing ROI

but was expanded to include customer retention. Finally, ODPS is a composite score (similar to index scoring in business or finance) used to combine multiple performance measures into one metric.

The following are the expanded equations, followed by the explanations of variables and how to interpret each result.

$$SEI = \frac{\text{Total Cars Sold per Month (new+used)}}{\alpha A + \beta SE + \gamma S}$$

A, SE, and S are dealership surface area, number of sales employees, and vehicles in stock, respectively.  $\alpha$ ,  $\beta$  and  $\gamma$  are weights assigned based on relative importance.  $\beta$  was weighted most heavily, followed by  $\gamma$  and  $\alpha$ . A high SEI represents more sales with relatively fewer resources, indicating high efficiency. A low SEI means the dealership requires more resources to achieve the same number of sales, indicating lower efficiency.

$$CEI = \frac{\text{Monthly Revenue}}{\text{Monthly Costs}}$$

A higher **CEI** means the dealership generates more revenue than its total monthly cost (efficient and profitable). A lower **CEI** means the dealership spends more than it earns (inefficient, operating at a loss).

$$MREI = \frac{\text{ConversionRate} + \text{DigitalChannelSales\%} + \text{ReturningCustomer\%}}{\text{Marketing Spend as \% of Total Monthly Costs}}$$

A higher **MREI** means the dealership is highly effective at marketing and customer retention relative to their marketing spend. A lower **MREI** means the dealership's marketing strategy and customer relationships are less effective relative to their marketing spend.

$$ODPS = w_1 * SEI_{norm} + w_2 * CEI_{norm} + w_3 * MREI_{norm}$$

$w_1$ ,  $w_2$ ,  $w_3$  are weights assigned equal values (1/3). The indices were normalized with min-max normalization.

It is challenging to determine if greater revenue is the product of strategies employed by managers (mentioned in interviews) or simply greater investment from each dealership. Therefore, to affirmatively confirm that increased revenue was a direct result of tactics adopted, isolating the impact of revenue from raw investment alone, another equation was designed: Revenue Due to Strategy (RDS). The following is the expanded equation, followed by the explanations of variables and how to interpret the results.

$$RDS = R_{actual} - R_{expected}$$

Where

$$R_{expected} = \delta(\text{Surface Area}) + \epsilon(\text{Sales Employees}) + \zeta(\text{vehicle stock}) + \eta(\text{Monthly Total Cost})$$

"R" represents revenue. Positive RDS: Actual revenue exceeds what you would typically expect based on investments alone, clearly indicating that strategic decisions (pricing, customer service, marketing techniques) are positively influencing sales. Zero or Negative RDS: Actual revenue is equal to or below the expected revenue based on investments alone, suggesting strategies are not particularly effective or that investment alone explains positive performance. Table 1 outlines general reference ranges for each index's high, moderate, or low performance.

<u>Index:</u>	Low Performance	Moderate Performance	High Performance	Notes
SEI (Sales Efficiency Index)	< 0.0200	0.0200 – 0.0400	> 0.0400	Values > 0.04 show highly efficient use of space, staff, and inventory
CEI (Cost Efficiency Index)	< 15.0	15.0 – 20.0	> 20.0	> 1.0 always means profit; > 20.0 reflects exceptional cost efficiency
MREI (Marketing & Relationship Efficiency Index)	< 13.0	13.0 – 17.0	> 17.0	Includes customer return, digital use, and conversion rate relative to spend
ODPS (Overall Dealership Performance Score)	< 0.3	0.3 – 0.7	> 0.7	A higher ODPS means the dealership performs exceptionally well across multiple areas. Lower ODPS means dealerships are underperforming.

**Table 1, Interpretation thresholds for each dealership performance index**

Dealerships answered surveys through ranges rather than precise amounts, limiting precision. Exact values were needed for calculations (SEI, CEI, MREI, ODPS, and RDS). Hence, midpoints of reported ranges were employed to reasonably represent financial trends. This approach, however, has limitations as it can mislead conclusions, cause potential misinterpretation, and lose granular detail, especially since response ranges were often significant. For example, the average variation in dealership area measurements was 28.75%, with the highest variation being 40.00%.

The table below shows values for each dealership's score in formulas, rounded to the nearest ten thousandths when necessary:

	SEI	CEI	MREI	ODPS	RDS
Dealership A	0.0305	19.5	19.0	0.6021	3.9488

Dealership B	0.0387	18.6923	16.1538	0.5001	1.3039
Dealership C	0.0138	17.1429	11.5	0.0	-6.2957
Dealership D	0.0621	24.3571	16.4103	1.0964	2.2724

**Table 2, Performance Scores for Dealerships A–D**

Table 2 showcases how, although DA dominates the MREI scores, DD dominates the SEI, CEI, and ODPS. On the other hand, DC ranks last in all categories. The quantitative analyses demonstrate that DD is the top overall performer, primarily due to strong cost efficiency and strategic digital marketing. DD's total monthly revenue greatly outweighs its operational expenses, explaining the high cost efficiency. DA also demonstrated notable performance, particularly in marketing effectiveness and customer relationships. Conversely, DC scored the lowest overall despite its premium market positioning.

Qualitatively, notable strategies emerged throughout the interviews. In particular, as Interviewee A said, "When it comes to discounts, rewards, and bonuses, there's a lot of variability. It's really about communication—determining what customers value most in the purchase, whether they prioritize a higher trade-in value for their used car, a lower price for the new car, a better financing rate, additional gifts, or accessories. Ultimately, the discounts are primarily applied in-store because customers typically don't purchase vehicles online." Essentially, DA emphasized customized in-store promotions. Additionally, Interviewee A gives crucial insight into the importance of employee training in car dealership success as it helps increase customer satisfaction and conversion rate. Interview A adds that although the franchisor standardizes its training, her team makes sure to increment its unique touch.

DB implemented aggressive digital marketing and focused heavily on financing flexibility, ensuring a stable yet not excessively competitive position against other dealerships in Recife. Following the franchised luxury brand's image, DC prioritized premium experiences, sustainability initiatives, and minimal direct discounting, creating a bubble of exclusivity. Accordingly, Interviewee C highlights, "Our strategy for managing fluctuations in demand has been to invest heavily in the physical dealership experience, exclusive events, personalized test drives, and highly targeted communication toward a high-income clientele." while stating the dealership has also "made significant investments in training related to [company name] electric and hybrid vehicles and have partnered with local companies to provide sustainable solutions integrated with our vehicles." In contrast, DD leveraged frequent price-based promotions and integrated proprietary financing methods. This allowed DD to vary prices based on demand, sell regardless of the time period, and outperform the competition's stagnant prices. All dealerships recognized the importance of employee training, but implementation varied, with dealerships A and C notably emphasizing tailored, brand-specific training, reflecting higher scores in customer retention metrics.

### **Discussion:**

Before analyzing how and why strategies affected dealerships, the study had to determine if managerial strategies were accountable for competitiveness in the business. The study had to

eliminate the quantitative variable that could be responsible for higher revenue. Therefore, the RDS equation was employed. It demonstrated that DA, DB, and DD had actual revenue exceeding expected values. Specifically, DA scored high, followed by DD and DB. Conversely, DC's actual revenue is below expected based on investments alone, suggesting that investment alone explains possible positive performance. Ultimately, for the rest of the discussion, it is key to highlight that DA and DD's success can be directly attributed to specific operations employed, DB's success can be attributed partially to strategic choices, and DC's insignificant success stems exclusively from dealership investment.

When analyzing results, DD's success emerges in various areas. This unequivocal success can be attributed to multiple factors, one of them being globally functioning and accepted operations. For example, Interviewee D discussed their store's focus on adaptability and efficiency, which are directly supported by Farkat et al.'s study, showcasing how these themes are key to industry success. Additionally, the dealership's operations closely relate to Zilber's digital marketing and financing techniques, supporting DD's high revenue. Furthermore, DA's high scores on the indexes can be explained by Borchardt et al.'s conclusions that customer retention and after-sales care directly impact revenue. As interviewee A mentions, after-sales is critical to their dealership's sales process, aligning with Borchardt et al.'s findings and corroborating DA's positive results. Thus, some globally accepted practices can relate to dealership performance.

However, previous research's findings were not always applicable to Recife's market. Though Firnkorn and Müller's research emphasizes sustainability and exclusivity, these strategies proved purposeless. Interviewee C highlighted the brand's push for sustainable, premium, and exclusive experiences, yet revenue and index scores remained low. Although DC applied "best practice" models, they failed in this context. Furthermore, collaborative partnerships, employee well-being prioritization, and creative business strategies are either absent or never mentioned in interviews. Business strategies are generally monotone and similar between different dealerships, showcasing the lack of implementation of proven successful strategies.

These divergences between accepted sales approaches and actually implemented methods are likely due to Brazil and Recife's specific market and customer preferences. These discrepancies may be linked to culture, economic disparities, ethics, ethnicity, religion, education level, and personal preferences. For example, DC's poor overall productivity may not be directly linked to ineffective tactics but rather to Recife's lower income levels and, therefore, a smaller luxury market. Recife is still a developing city, with a GDP per capita of less than eight thousand dollars (IBGE Aponta Recife Com O Maior PIB per Capita Do Nordeste | Prefeitura Do Recife, n.d.). Hence, Recife's citizens are less prone to spend money on luxury cars DC sells when basic needs like food and utilities are a constant concern. Overall, automobiles have a high price elasticity of demand because of their nonessential nature, and in Recife's market, that elasticity is intensified. Additionally, the cross-price elasticity of demand in cars is high, meaning if a price increases for luxury cars, then the demand for more accessible cars will increase. Overall, Recife's luxury goods are in the niche, so dealerships like DC are greatly affected.

Another underperforming strategy evident when analyzing dealership efficiency was the sustainable practices employed by DC. Unfortunately, environmental concerns are not yet a purchase driver in Brazil. Economic priorities, lack of education and awareness, absence of government policies, perception of nature as abundant, and agribusiness and deforestation normalization cause sustainable strategies to lack traction with current consumers, suggesting that even validated strategies may fail without contextual alignment. This is highlighted by the lack of green spaces in Recife (Santos Melo et al., 2022) and the fact that although environmental goals

are outlined, they lack clear deadlines and funding, making proposals ineffective in practice (Institute, 2022). Accordingly, it is imperative to recognize that strategies must be tailored to local socio-economic conditions. This will create stores shaped around their clients while establishing shared foundations for sales representatives to collaborate effectively. Recognizing Recife as a developing urban center is crucial—successful strategies differ from those in other more developed European or American contexts. To combat this, dealerships should adopt "glocal" strategic thinking; employees will have global insight with local adaptation.

Ultimately, the key to a successful business in the retail automotive industry is boringness. Although it may seem counterintuitive, creating a boring dealership allows for a competitive advantage in a massive market. A boring dealership must not be equated with a store that does not excite clients, create urgency, or have an unmotivated staff. Instead, it relates to a store that successfully operates and manages its fundamentals. These basics are as simple as updating car prices, checking inventory, finishing paperwork, ensuring websites work, and fixing features such as inoperative phone numbers or incorrect car model pictures. Before plunging into extravagant and distinct strategies, management staff must first set their foundations, concentrating on everyday operations that allow for greatness to come from boring, everyday tactics. As highlighted by DD's simplistic tactics, doing the basics brilliantly sets a dealership apart, as many times, management staff jumps to innovative strategies to fix problems caused by simple issues. The greatest threat to success is not failure but boredom. If a dealership gets bored of daily tasks, it is prone to failing. Thinking outside the box should continue staying outside the box; these operations should be made infrequently; if you employ outside-the-box strategies constantly, the outside of the box becomes the inside.

While these insights offer valuable strategic guidance, it is important to acknowledge the limitations of this study. Firstly, only four dealerships were used for data collection. Additionally, all of the stores are franchised. These constraints greatly limit generalizability. Internal validity remains relatively strong as insights are based on real data and interviews. However, the same is not applied to external validity. Generalizing these results to all dealerships in Recife, let alone in Brazil, is challenging given the differences in dealership size, brand, and age. The small number of dealerships also restricts the ability to find various strategies, performance patterns, or management styles. With more study participants, more creative findings could have been observed. Finally, certain conclusions may be specific to dealerships rather than universally applicable. It is imperative that the study's findings are interpreted as exploratory, not definitive, and that, consequently, broader conclusions must be drawn cautiously.

Furthermore, customer perspective is a limitation of this study as customer interviews could provide external validations from buyers. Without customer feedback on dealerships, it is harder to understand what methods clients view most positively and how they affect client acquisition. Essentially, the study may be subject to being biased toward the internal viewpoint of management. Not capturing real-world clientele opinion limits generalizability across consumer segments, indicating conclusions about customer satisfaction (e.g., from returning customer % or interviewee comments) should be treated as indirect inferences, not first-hand accounts.

Finally, with car acquisition costs excluded, the CEI might overstate profitability, especially for high-volume dealerships, distorting comparisons between dealerships with different ticket prices and car sales. Not including COGS may limit construct validity as dealerships with tighter margins, but more sales may appear more efficient than they truly are. It also creates a divide between the study and similar studies that include COGS. The decision is justifiable for isolating operational strategy, but readers should know that CEI and RDS do not reflect total

financial performance. Although it slightly narrows the scope of your conclusion, it does not affect the study's relevance.

For future research, it is essential to expand the sample size to include independent dealerships and increase geographic, social, educational, and economic diversity across Brazil, increasing generalizability. To properly analyze and study quantitative data, further research should seek more precise financial metrics instead of ranges if access allows. Consumer-side research should be incorporated to triangulate findings and prove internal perceptions. Researching the effects of strategies over long periods to track the evolution of strategies could be a great benefit of longitudinal research. Eventually, exploring how emerging sustainability awareness may grow and begin influencing dealership performance in the coming years would be advantageous.

### **Conclusion:**

In conclusion, did operational strategies and market adaptation contribute to competitiveness and success in Recife's car dealerships? It remains challenging to determine. With the study's findings, it should seem clear that specific practices in various areas of dealerships can affect revenue, customer return rates, and other metrics indicating excellence if they are specific, contextually aligned strategies. Still, it cannot be asserted with certainty that the relationship between techniques employed and strategic advantage is causation over correlation. The key takeaway is that "boring," well-executed fundamentals and adaptable, customer-oriented practices outperformed trendier techniques. It is key to emphasize that the study helps point out that global strategies do not universally translate to regional markets like Recife and, therefore, approaches must be shaped around local economic, cultural, and consumer dynamics. Franchised dealerships succeed when they combine basic operational discipline with regional awareness.

Due to limitations such as small sample size, lack of COGS, and missing consumer voice, the study has restricted external validity and data granularity. However, the value of the core insights is maintained regardless. Thus, it is crucial to emphasize that the findings are exploratory and not generalizable.

- Through this investigative structure, there are some significant observations for both the operators and the involved parties:
- Local dealership managers should critically evaluate whether their strategic choices resonate with local market realities rather than mindlessly replicating national or global models.
- Policymakers may benefit from promoting regionally adaptive business support, prioritizing context-specific solutions over top-down standardization.

Automotive brands are encouraged to reconsider the one-size-fits-all deployment of operational strategies across franchises, especially in socioeconomically diverse markets like Recife.

To further corroborate and expand on this study's findings while gaining a deeper understanding of the automotive sector, further research is essential, given the exploratory nature of this study. Specifically, research including larger, more diverse samples of dealerships would enhance external validity and capture a broader spectrum of strategic practices. Additionally, incorporating consumer-side perspectives would allow for more robust conclusions about customer satisfaction, loyalty, and perceived value. Longitudinal studies could also track the evolving effectiveness of operational strategies over time to substantiate correlation. Finally, future research might integrate COGS and profitability metrics more fully, bridging the gap between operational

efficiency and financial performance. These expansions would not only reinforce the insights of this study but also contribute meaningfully to the global conversation around strategy localization in emerging markets.

Taken together, success in Recife's car market is not built on reinvention—it is built on doing the fundamentals brilliantly in a place that demands local vision over global mimicry. As interviewee B says, "You don't see an ad for a soggy pizza or a warm beer, right?" asserting that the basics should be a dealer's primary worry. Adaptation must precisely match each dealership's local context. Ultimately, success is not about being the loudest—it is about being the clearest in a market that's already full of noise.

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<sup>1</sup> All interviewee quotes were translated from Brazilian Portuguese to English by the author. Original in Portuguese quotes (in order mentioned) go as follows:

- *"Então, com relação a desconto e premiações e bonificações, ele é muito variável... é muito também de comunicação para entender o que o cliente valoriza mais no carro dele. Se é o carro usado, se é o carro novo, se é taxa, se é brinde, se é acessório, o que ele quer... o desconto é muito mais aplicado fisicamente, porque o cliente não compra online."*
- *"Nossa resposta às oscilações na demanda tem sido investir pesadamente na experiência física da loja, eventos exclusivos, test drives personalizados, e comunicação extremamente direcionada para um público de alta renda."*
- *"Investimos significativamente em treinamento sobre veículos elétricos e híbridos da [nome da empresa], e criamos parcerias com empresas locais para oferecer soluções sustentáveis integradas aos nossos veículos."*
- *"A gente não vê uma propaganda de uma pizza murcha ou de uma cerveja que não esteja gelada, entendeu?"*

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