

Cox Automotive Digitization of Automotive Retail

June 2025

2024 Study Methodology

Cox Automotive conducted research to understand how dealers, shoppers and buyers continue to be impacted by digitization.

2,193

Consumers

385

Franchise Dealers

1,926

Shoppers

- Plan to purchase in next 12 months
- **926** surveyed within *24 hours* of visiting a dealership

267

Buyers

- Surveyed within *24 hours* of visiting the dealership where purchased

Source: 2024 Cox Automotive Digitization of Automotive Retail



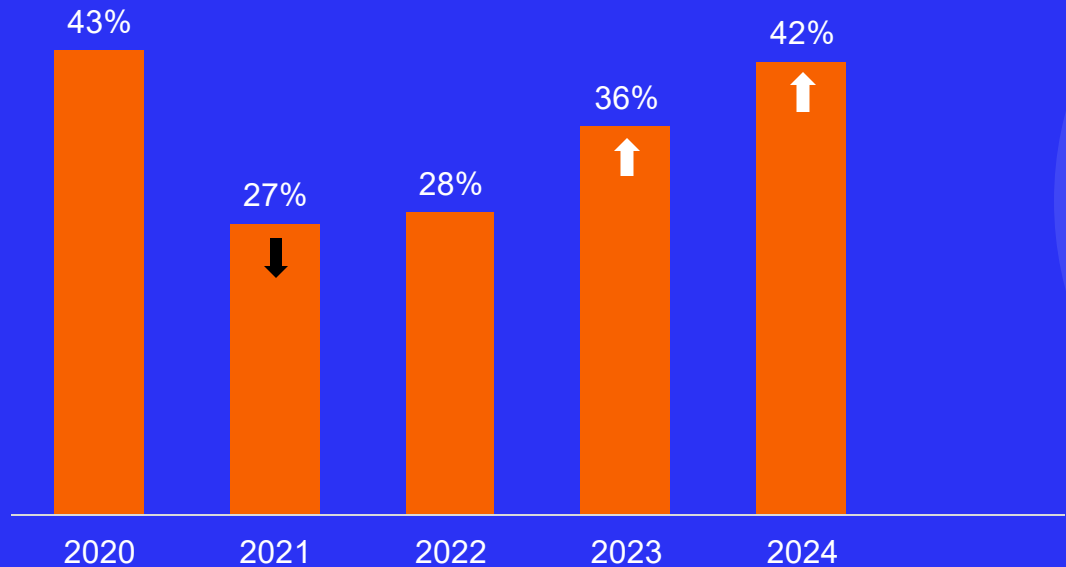
1

Dealers Grow Investment in Online Retailing Tools Despite Shrinking Profits



Dealers cut expenses as higher-than-normal profitability ends...

% of dealers reporting **WEAKER** profits



Source: Cox Automotive Dealer Sentiment Index



...but dealers continue to make significant investments in online retailing to outsource these capabilities

6 of 12

Significant decline in dealers using **in-house** online solutions for half of purchase steps

Fewer dealers using in-house online solutions for...

1. Credit applications
2. Credit approval/response
3. Incentive information
4. Finalize purchase price
5. Provide deal breakdown/details
6. Select F&I add-ons



Source: 2024 Cox Automotive Digitization of Automotive Retail

Steady growth in dealers who offer every purchase step online

Dealers offering customers the ability to complete EVERY step of the deal online...

34%
In 2022

39%
In 2023

43%
In 2024

Source: 2024 Cox Automotive Digitization of Automotive Retail



Dealers are responding to their customers' desire for an online-to-offline purchase experience...

65%

of shoppers say they would conduct some or most of the purchase process online.

69%

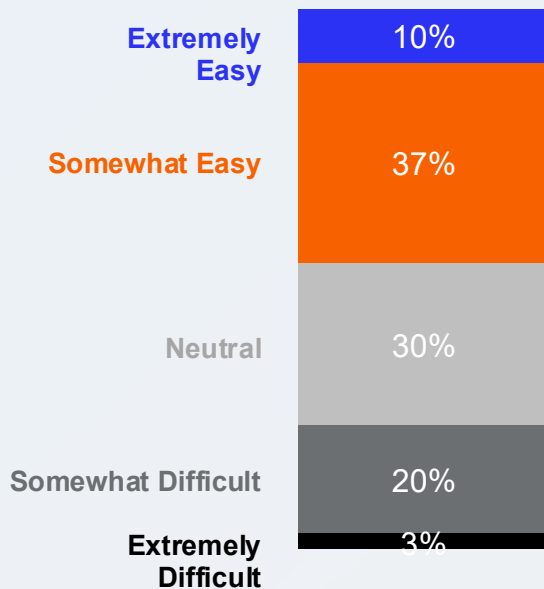
of dealers say customers influence adoption of online retailing tools.



Source: 2024 Cox Automotive Digitization of Automotive Retail

...but there's opportunity to make adoption of online retailing tools easier

Ease of Adopting New Online Retailing Processes/Solutions

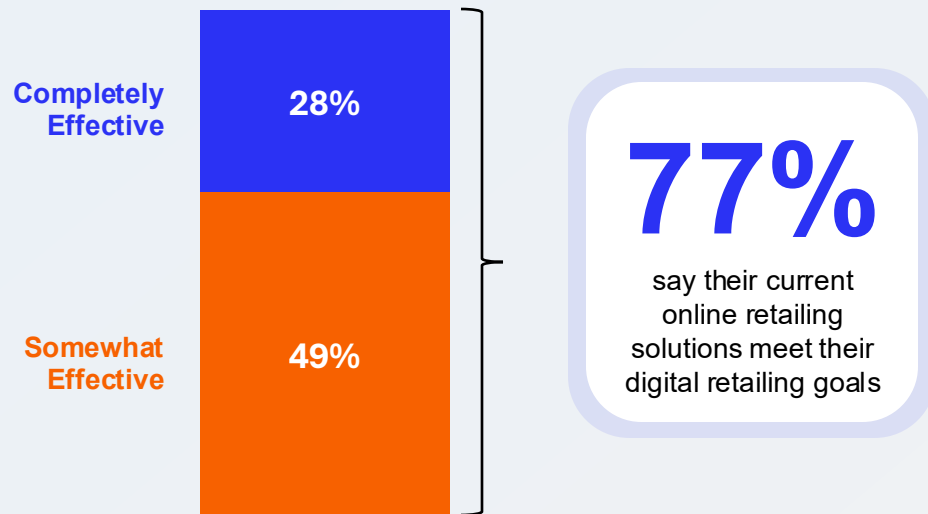


Source: 2024 Cox Automotive Digitization of Automotive Retail

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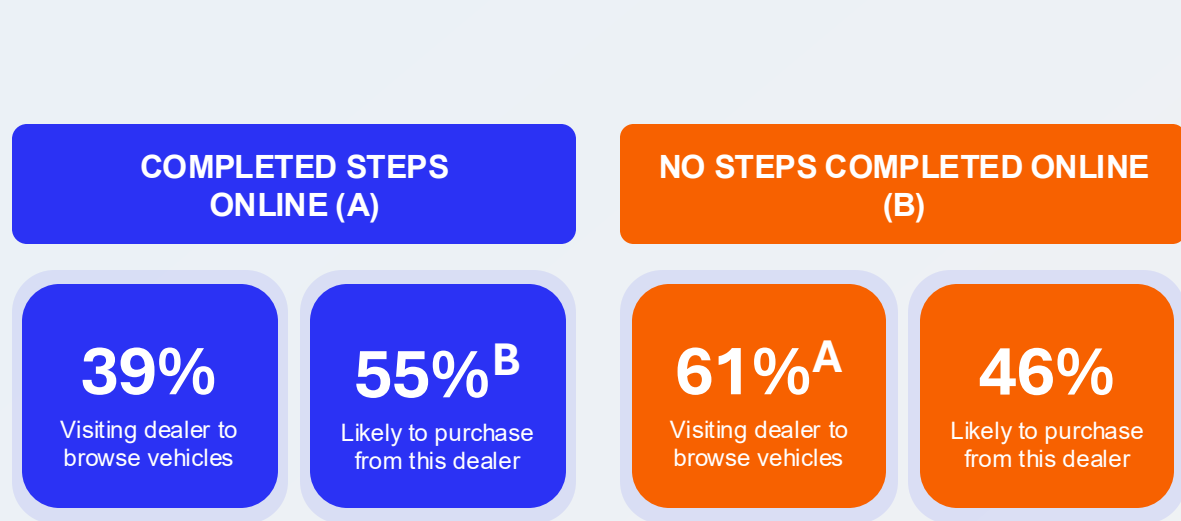
Current online retailing solutions are generally meeting dealership goals...

Effectiveness of Current Online Retailing Solutions to Meet Dealership Goals



Source: 2024 Cox Automotive Digitization of Automotive Retail

...with online retailing tools delivering shoppers who are the most likely to close a deal



Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

2

Dealers Need a Seamless Online-to-Offline Process to Keep Pace With Rising Consumer Expectations



Future consumer preference is highly fragmented – majority prefer an alternative to traditional dealerships

Likely to Buy From Most in 10 Years; % Ranked 1st



Source: 2024 Cox Automotive Evolving Consumer

Greater efficiency is #1 for improving dealership experience

% of in-store
visitors who
said their
experience
could have
been improved

64%^B
Buyers
(A)

53%
Shoppers
(B)

#1 Area of Improvement:
Shorter wait times/Greater efficiency

Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail



Shoppers are idle for nearly 1/3 of their time at the dealership – even greater amount of time for buyers

Idle time as % of
total time at dealership

40%^B

Buyers
(A)

31%

Shoppers
(B)

Top steps buyers spend more
time than expected:

1. Waiting to sign paperwork
2. Apply for financing/waiting for approval



Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

Enabling online-to-offline paths to purchase provide the improved, efficient experience consumers want

FRANCHISE DEALERS

7-in-10

dealers agree that online retailing tools...

create **efficiencies** at the dealership
&
positive impact **customer
satisfaction**/experience

CONSUMERS

7-in-10

buyers agree that completing steps
online prior to visiting the dealership...

**saved time, increased efficiency
&
improved my experience**

Buyers more impacted by digital tools than shoppers

Source: 2024 Cox Automotive Digitization of Automotive Retail

Mostly digital buyers save nearly an hour at the dealership and have greater satisfaction

Among recent vehicle buyers...

Time Saved at Dealership
Mostly Digital (vs. Light)

42
minutes

**Highly Satisfied with
Dealership Experience**
Mostly Digital Buyers

81%B
(vs. 71% Light Digital)

Mostly digital buyer = 50%+ purchase completed online
Light digital buyer = <20% purchase completed online

Letters indicate significant difference between groups at the 95% confidence interval
Source: Cox Automotive Car Buyer Journey - 2024



Lacking the seamless, connected online-to-offline experiences that consumers expect can hinder efficiency

CONSUMER EXPECTATIONS

85%

shoppers agree that digital retailing...

“Allows me to seamlessly continue in-store where I left off online”

REALITY

97%

of dealers said that customers complete steps online and **repeat** them in-store

83% of dealers say that this impacts dealership efficiency

Source: 2024 Cox Automotive Digitization of Automotive Retail

Biggest obstacle to a seamless, connected online-to-offline experience is lack of confidence and consistency in online data

Top Omnichannel Challenges Dealers Say Their Customers Face When Coming To the Store

#1

Customers need to repeat steps

#2

Deal terms are different online

Top Reasons for Repeating Steps In-store

1. To verify that the online information is accurate (68%)
2. It's our process (30%)
3. To help build trust with the customer (25%)



Source: 2024 Cox Automotive Digitization of Automotive Retail

Many dealers use multiple online retailing tools to power their purchase experience, resulting in data and integration challenges



62%

of dealers use *multiple*
online retailing solutions
(including in-house solutions)

Top Challenges Using Multiple Online Retailing Solutions | *Among those that use multiple solutions*

1. Cost/More expensive
2. Challenging for staff to use multiple solutions
3. **Data inconsistencies**
4. **Data redundancies**
5. **Software does not integrate well into other systems**

Source: 2024 Cox Automotive Digitization of Automotive Retail

3

AI Fueled by High-Quality Data Takes the Shopping Experience into High Gear

Consumers and dealers are not aligned on the impact of AI

83%

of *consumers* say the rise of technologies like AI will impact the way they purchase vehicles over the next 10 years

37%

of *dealers* think AI is important to the evolution of dealership operations



Source: Cox Automotive 2024 Evolving Consumer, 2023 Dealer Workflow Study

Younger generations are the driving force behind the growing acceptance of AI in car buying

% Agree (in 10 years)

59%

Gen Z/Millennials

Comfortable using chatbots for common questions & standard vehicle information

(vs. 49% Gen X/Boomers)

48%

Gen Z/Millennials

Trust AI over salesperson to analyze history and make vehicle recommendations

(vs. 37% Gen X/Boomers)

46%

Gen Z/Millennials

Trust AI over human underwriter to analyze finances when applying for automotive loan

(vs. 34% Gen X/Boomers)

Gen Z/Millennials significantly higher than Gen X/Boomers at the 95% confidence interval
Source: Cox Automotive 2024 Evolving Consumer



While dealers generally need more education on AI, many of those who are familiar with it do not use it...

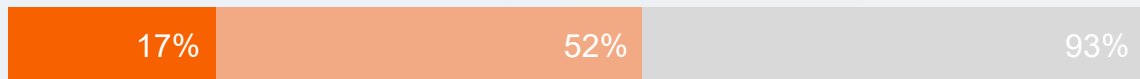
Experience with AI Capabilities

Chatbots with a 24/7 response



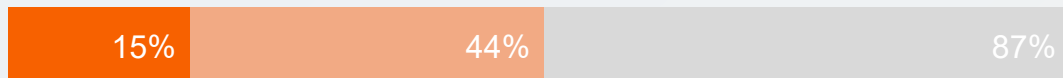
Consumer online activity and behaviors

Predictive/actionable insights (i.e., likelihood to purchase a vehicle)



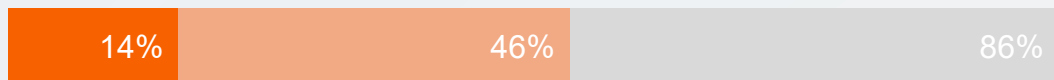
Generative AI

Generating salesperson-approved customer communication responses based off conversation history and consumer data



Automated offers

Automatically send the shopper a proposal on their interested vehicle (based on consumer behaviors and indicators)



Currently Use

Familiar

Aware

Currently use +
familiar with

Currently use +
familiar with +
have only heard of

Source: 2024 Cox Automotive Digitization of Automotive Retail

...despite widespread perceptions that AI boosts efficiency and productivity

#1 benefit of AI to dealers:

54%

of dealers agree
that AI boosts
productivity/efficiency
and saves time

71%^B
AI user
(A)

44%
AI non-user
(B)

Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

“

Speed kills deals. If a digital solution got accurate info and sped up the rest of the deal, that would have a lot of value to it.”

“It makes the whole process seamless, and customers spend much less time at the dealership.”

”

Many consumers who are willing to use AI say it improved their experience

25%

of buyers think they interacted with a chatbot prior to their recent dealership visit.

57%

of buyers said it IMPROVED their dealership experience.
(among those who know they interacted with a chatbot)

Top consumer benefits of chatbots:

- Immediate responses
- 24/7 convenience
- Personalized responses

Source: 2024 Cox Automotive Digitization of Automotive Retail

Shoppers are willing to provide personal data to power personalization



42%

of shoppers prefer a text or email with a link to a personalized offer

Information Willing to Share with Dealership Beyond Contact Information

(Among shoppers who prefer a personalized offer link)

1. Credit score range/tier
2. Estimated down payment
3. Estimated monthly payment
4. Income
5. Vehicle features/options
6. Date of birth

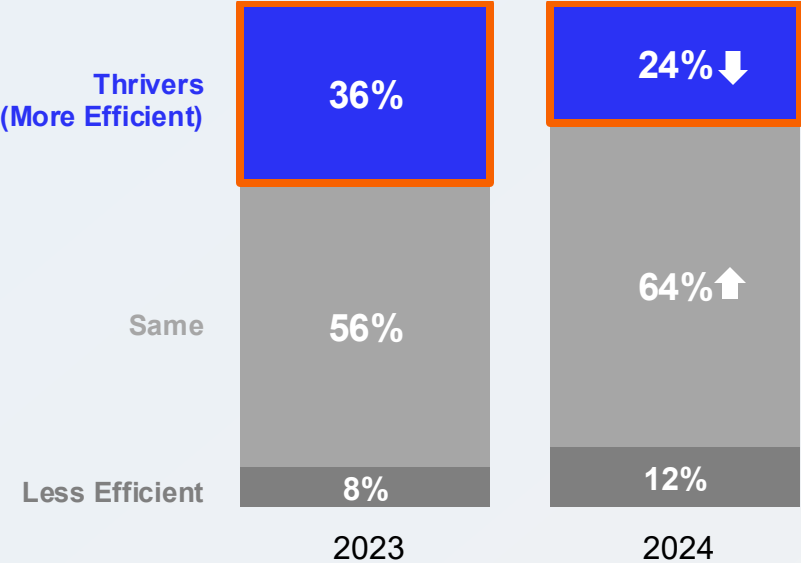
Source: 2024 Cox Automotive Digitization of Automotive Retail

4

Sales Efficient Dealers Maximize Their Digital Potential

Continuing to drive greater efficiency in Sales & Marketing is becoming more of a challenge

Change in Sales & Marketing Efficiency Over the Past Few Months



Arrows indicate significant difference between years at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

Dealers driving greater efficiency are more likely to outsource online retailing capabilities...

Average # of online retailing capabilities outsourced through a vendor

4.8^B
Thrivers
(A)

4.0
Other
Dealers (B)

Thrivers more likely to outsource:

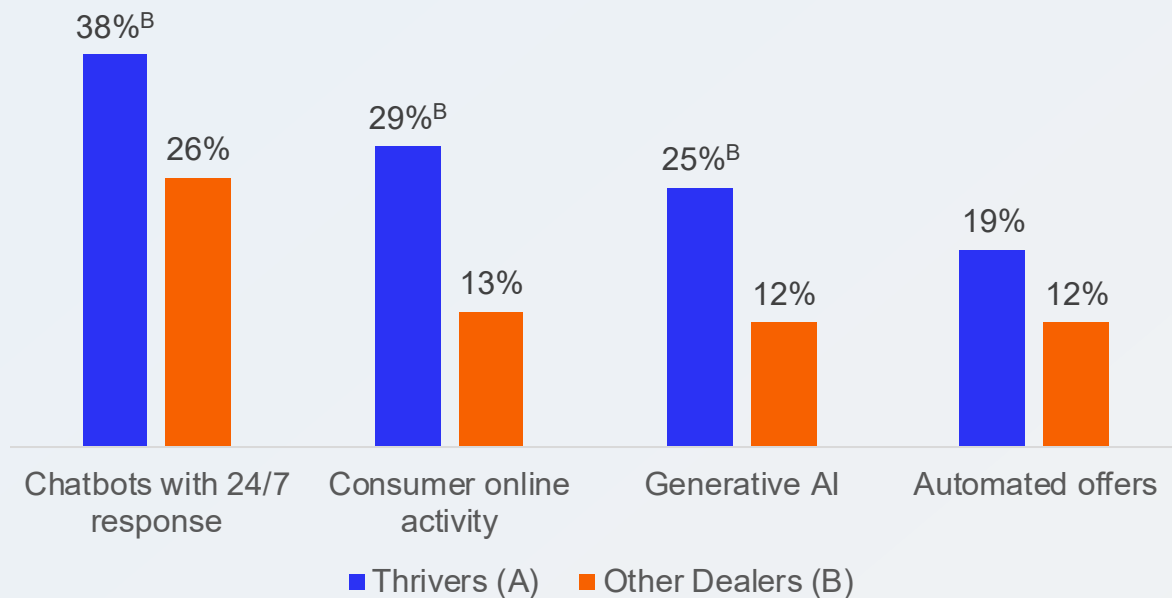
- Test drive scheduling (60% vs. 44%)
- Credit approval/response (56% vs. 40%)
- F&I selection (54% vs. 39%)
- Review and sign final paperwork (39% vs. 28%)

Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail



...and integrate Artificial Intelligence technology into their sales process

Currently Using AI Capabilities



Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

% using 1+
AI capabilities

49%^B
Thrivers
(A)

32%
Other
Dealers
(B)

Thrivers are early adopters of innovative online retailing solutions

% Find concept appealing

76%^B

Thrivers
(A)

61%

Other
Dealers (B)

% Agree “could improve dealership’s sales process”

81%^B

Thrivers
(A)

65%

Other
Dealers (B)

Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

Product Concept:

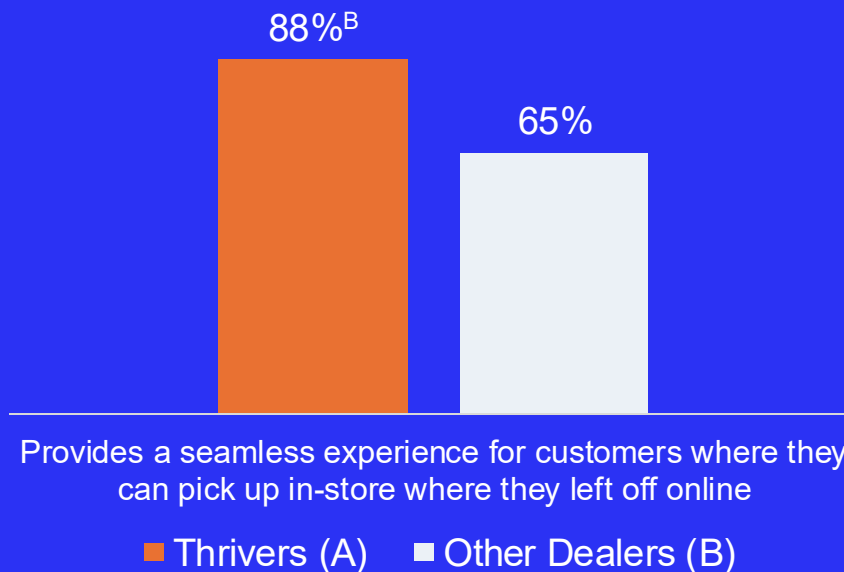
Enhance the efficiency and consistency of every deal with a new retailing solution, backed by powerful automation from desking to signed contract. Access the full details of every deal from a location, whether a consumer starts, continues, or finishes their deal online, in-store or over the phone. Close deals faster with a workflow embedded with powerful shopper insights.

Thrivers' digital-first mindset enables them to offer more seamless online-to-offline experiences...



of Thrivers say their current tools provide a good omnichannel experience.
(vs. 56% same/less sales efficient)

% agree that digital retailing...



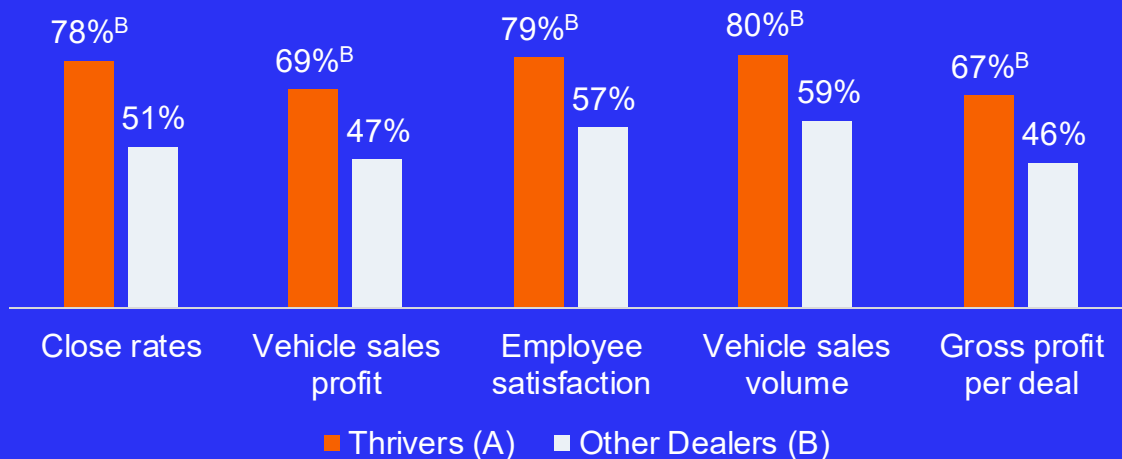
Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

...setting them up for success

91%^B

of Thrivers say their online
retailing solutions meet their
dealership goals.
(vs. 75% same/less sales efficient)

Positive impact of digital retailing on...
(Largest gaps Thrivers vs. Other Dealers)



Letters indicate significant difference between groups at the 95% confidence interval
Source: 2024 Cox Automotive Digitization of Automotive Retail

Implications

1. Invest in online retailing tools to enable all paths to purchase for shoppers and buyers
2. Integrate data from websites, marketplaces, and showroom experiences to ensure information is consistent for wherever and however a customer shows up
3. Leverage AI behind the scenes to automate low risk actions, drive greater efficiency, and deliver insights for heightened personalization

Source: 2024 Cox Automotive Digitization of Automotive Retail



COX AUTOMOTIVE

Autotrader 


 CentralDispatch

 Dealer.com

 Dealertrack

 EV Battery Solutions

 FleetNet America

 Fleet Services

 **Kelley Blue Book**

 Manheim

 NextGear Capital

 vAuto

 VinSolutions

 xtime