

Driving AI Readiness In Auto Retailing

October 13, 2025

Cox AUTOMOTIVE



AI Readiness in Automotive Retailing

537
Dealers

Qualifications:

1. Employed at a franchise dealer (selling at least 5 vehicles per month)
2. In a qualifying role (Marketing, Sales, F&I, Service/Parts, Upper Management)
3. Considered a decision maker or influencer at their dealership

Participants received an incentive for their participation

PHASE 1

Focus Groups

- 9 Dealers
- April 22nd – 23rd, 2025
- Additional qualifications:
 - Familiar with and adopter of AI

PHASE 2

Quantitative Survey

- 516 Dealers
- June 16th – 26th, 2025

PHASE 3

In-Depth Interviews (IDIs)

- 12 Dealers
- Week of August 4, 2025
- Additional qualifications:
 - Involved with or deeply familiar with use of AI at dealership
 - Responsible for (or part of the team assigned to) deploying, monitoring and/or optimizing AI solution

Most dealers believe AI is here to stay and is poised to positively impact their business

81%

AI is here to stay – We should learn about it and stay on top of advancements

74%

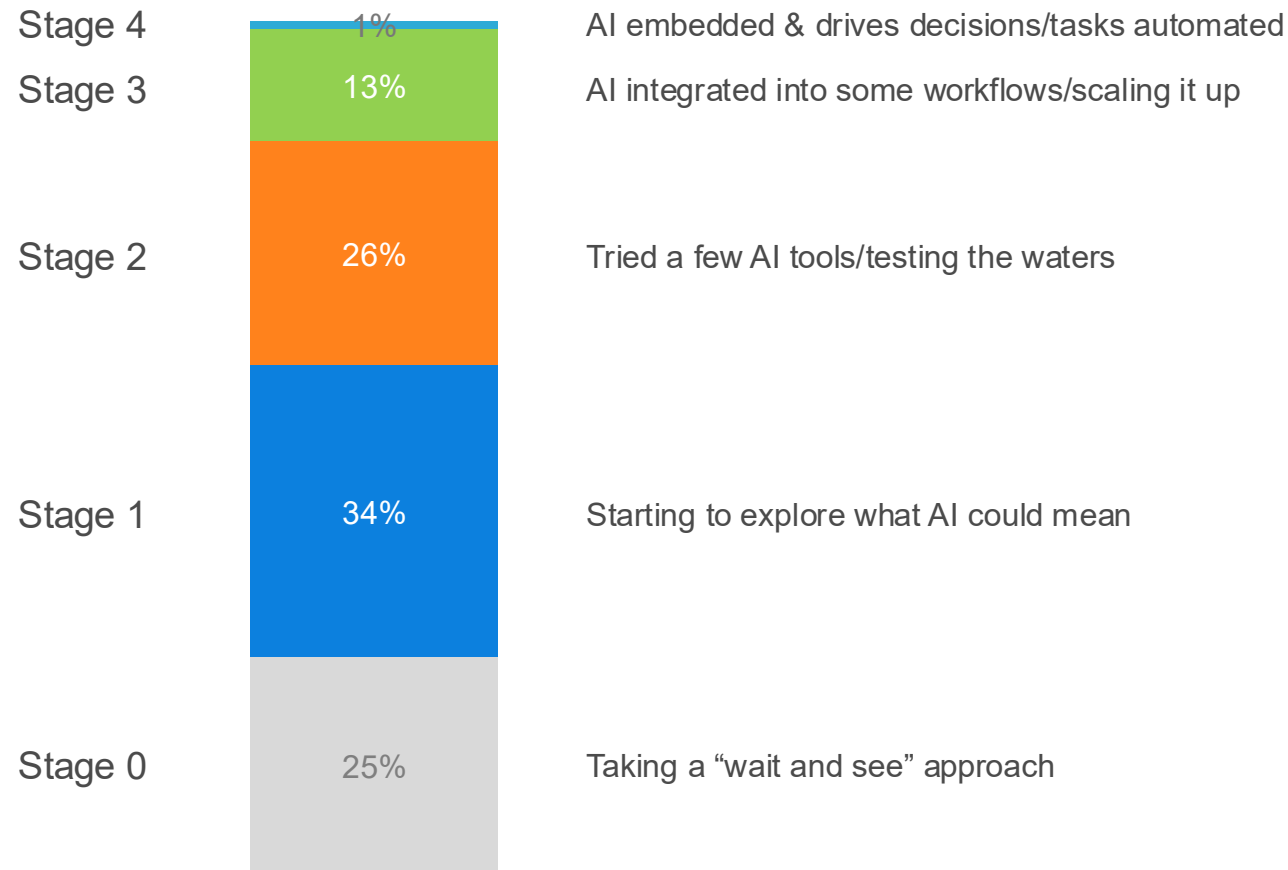
*AI has the potential to generate **more benefits** than risks to my dealership*

63%

*Investing in AI now is **critical** for long-term business success*

Most dealers are early in their AI journey...

AI Adoption Stage



TRIGGERS FOR AI ADOPTION

When performance is suboptimal

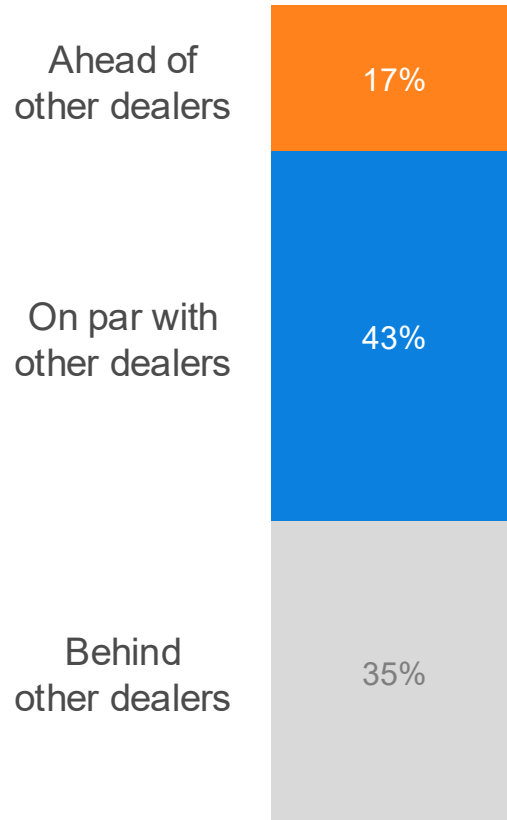
- **Under-performing** store or **unskilled** staff
- **Store under-staffed**
- **Reduce OT** / late night work for BDC
- **Seeing competition** benefit from AI

When change is already in the air...

- **New store** acquired or being built
- Store **processes** being revisited
- Dealers focused on hiring **younger employees**

...but only 1 in 3 dealers feel they lag others

AI Adoption vs. Other Dealers



Tried a few AI tools/
Testing the waters

59%

feel they are **ON PAR**
with other dealers

AI embedded or integrated
into some workflows

57%

feel they are **AHEAD** of
other dealers

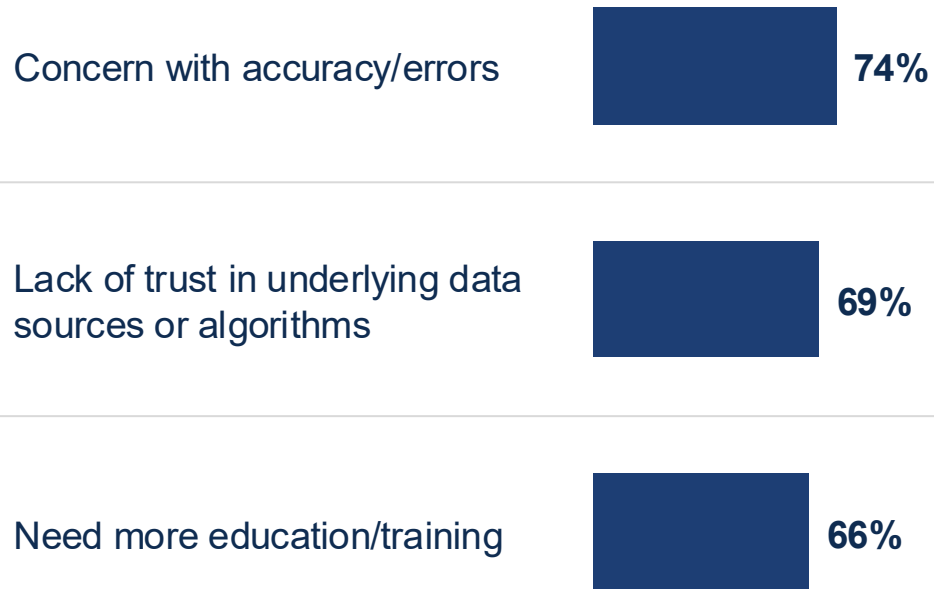
Lack of trust in AI leads to delayed or abandoned adoption

Trust in AI (among non-users & users who may or may not continue)

Basic ↓ Complex	AI Levels	Description	Example	Trust %
	Insights	AI that delivers insights and actionable information	John is shopping for SUVs	11%
	Predictions	AI that delivers predictions by anticipating trends, behaviors or potential issues	John's likely monthly payment range is \$375-\$515	13%
	Recommendations	AI that delivers recommendations by suggesting actions based on predicted patterns in data	John should be texted an offer on a 2025 SUV	14%
	Task Automation	AI that automates daily tasks	John was automatically retargeted with ads for that same SUV on social media	14%
	Decision Automation	AI that automates decisions	Tool automatically shifts the allocation of marketing spend to optimize the marketing budget	

AI trust issues fueled by concerns of accuracy and a limited understanding of the technology

Top 3 AI Barriers (Across All Use Cases)



*“You **can’t just automatically trust it**. But I think once that you verified that it’s working correctly, you can take your hands off the wheel and just roll.”*

*“**If we understand the tool**, we understand where it’s pulling data from, **then the trust is much higher**. The AI can only communicate what it’s given — so if there’s trust in the input, there’ll be trust in the output.”*

Transparency, consistency, and education will help accelerate adoption

Top 3 AI Comfort Builders

Training in how to set up and use the tools most effectively



41%

Knowing and trusting the sources of data used by AI



36%

Education on the functionalities AI can deliver



33%

Dealers need...

- Clarity on data sources, decision logic, and AI parameters—vague or “black box” outputs undermine confidence.
- Consistent, accurate outputs and visible impact, often over months of active trial, use and refinement.
- Vendors who are honest, responsive and willing to stay engaged post-sale.
- The ability to review, override and fine-tune decisions.
- To avoid early mishaps (incorrect information, poor handoffs, etc.) that create long-lasting skepticism.

Marketing is AI's entry point – but expanding to other areas of the business boosts its impact

Top Use Cases

Marketing & BDC

1. Chatbots to engage with customers 24/7 (52%)
2. Personalized emails/texts (48%)
3. Predicts consumers ready to buy & targets with personalized messages (39%)
4. Automates data-driven marketing campaigns (38%)
5. Generates SEO content (36%)

Why “Marketing” Use Cases?

- Availability of solutions
- Clear benefit/easy to understand
- Experience with these technologies in other industries / in daily life
- Endorsement by ad agency
- Help mitigate staff shortages or reduction

Use Cases Most Associated with Greater Sales/Profits

Pricing & Inventory

- Dynamic market-based pricing (#1)

F&I

- Lender comparisons (#2)

Marketing

- Predicts consumers ready to buy & targets with personalized messages (#3 tie)
- Automates VIN-specific image classification & backgrounding (#3 tie)

Dealers who optimally leverage AI for more complex use cases achieve better results

24% of dealers are “Optimal AI Users”

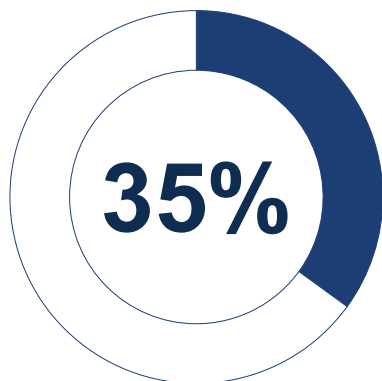
Use Decision Automation or Recommendations

+

Use Some AI Tools Optimally

Business Performance	Optimal AI Users (A)	All Others (B)
Current Overall Performance: Strong (T3B)	72%B	58%
Expect to Significantly Improve Next Year: Bottom Line/Profit	60%B	46%
Current Efficiency Performance: Strong (T3B)	54%B	42%
Significantly Improved In Last Year: Efficiency/Employee productivity	42%B	28%

Only a minority of dealers have a strategic AI roadmap – those who do see better business performance and efficiency



Agree: My dealership **has a strategic plan** for how to roll out AI across the business
(vs. We adopt AI tools as vendors approach us about potential solutions / as we learn more)

Those with a strategic plan do better.

They are more likely to...

- ✓ Rate **current performance** as **strong** (71% vs. 57%, top 3 box)
- ✓ Rate **efficiency** as **strong** (54% vs. 39%, top 3 box)
- ✓ Say **efficiency improved** in past year (38% vs. 27%) along with **operating costs** (16% vs. 9%)



Recommendations

1. Use AI with purpose to meet a business need
2. Get buy-in from dealership leaders and appoint an internal AI champion
3. Map out how to integrate AI into your process
4. Rollout AI gradually – piloting first
5. Provide ongoing training for staff and incentivize them to optimally use AI
6. Identify KPIs and track performance regularly
7. Leverage learnings to optimize AI performance

