THE STATE OF AI IN AUTOMOTIVE RETAIL

INTRO AND METHODOLOGY

Artificial intelligence (AI) is rapidly transforming the automotive retail sector. Dealerships and automotive groups are leveraging AI to streamline operations, improve customer communications, and boost overall efficiency. With vendors bringing more AI tools and agents to market every year, dealerships have plenty of opportunities to seize an advantageous position among their peers.

This report gauges where dealership personnel are on that journey. The research was designed to better understand how dealership personnel feel about and use AI. This report also captures how dealership personnel think their customers feel about using AI when doing business with the dealership.

We interviewed more than 500 personnel from across all dealership departments. The interviews were conducted by phone and by email survey from October 28 to December 6, 2025. Respondents who participated in the survey are from dealerships in North America with a variety of DMS providers and numerous third-party vendors.

This report provides a snapshot of current AI usage, its prevalence, the benefits to dealers, and the outlook for AI in automotive retail. Throughout, verbatim real-world insights are shared by industry professionals who are using AI today and seeking to do so in the future.

HOW ARE DEALERS USING AI TODAY?

Over the past few years, AI applications have gained significant traction in automotive retail, with several core use cases emerging as industry standards.

Of the respondents who reported their dealership has implemented AI, the most common uses included:

> **"I think anything you do you can find something useable in it. We are always looking for new solutions, we can't just discount things because we don't know about them."**

- **Customer Communications:** AI-powered chatbots and automated lead response systems handle initial customer inquiries, providing timely and consistent information to online shoppers.
- **Scheduling:** Automated scheduling tools help coordinate appointments for test drives, service visits, and consultations, reducing manual effort for dealership staff.
- **Reporting:** AI assists in compiling and interpreting sales and service data, producing insights that drive dealer decision making.
- **Marketing Content:** Personalized emails, offers, and advertising content can now be generated by AI, enabling efficient and targeted marketing strategies.
- **Handling Internet Leads:** AI tools immediately engage with leads originating from dealership websites, third-party platforms, or digital ads, ensuring no opportunity is missed.

Question: What part of your day do you think AI helps you with the most?

"AI helps with responses to clients with concerns by inputting the concerns or issues and coming up with an amicable solution that is easy for the customer to digest."

"I think that AI and new technology should take a lot of stress off my front-line people. AI will be able to handle the calls, service appointments, and service follow-ups."

"AI helps any time I need to run reports or analytics."

"It helps me the most with converting sales leads."

WHO IS USING AI?

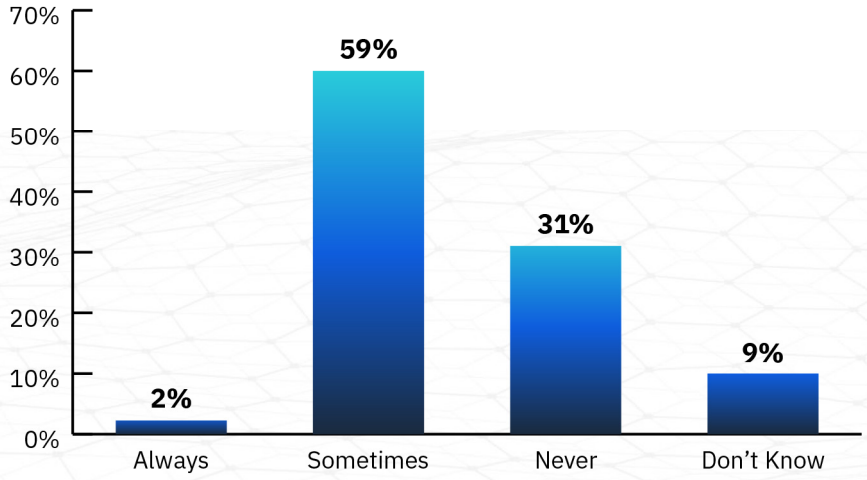
AI adoption is becoming mainstream among automotive retailers, and our survey data highlights its fast-growing presence. When asked, **57% of dealership personnel reported using AI** in some capacity as part of their job function.

Among all respondents, personnel in fixed operations departments had the second highest usage rate at 57%, while **70% of executives and dealer principals** reported using AI.

> **"You see AI everywhere; everyone is moving towards it. To keep up with technology, I think everyone should be able to use AI to be more productive. I am always working with the CFO on how we can make things faster."**

Regardless of whether they use it personally, **61% of respondents believe customers would rather use AI** for certain dealership interactions, indicating a growing consumer readiness for technology-driven service.

How often do you believe customers would prefer using AI over interacting with a human?



WHAT BENEFITS ARE DEALERS SEEING?

When discussing the benefits AI provides their dealership, respondents shared several examples of how implementing it gives them clear advantages.

The most common ones included:

- **Faster and Consistent Lead Follow-up:** AI enables near-immediate engagement with potential customers, especially outside normal working hours, reducing response time and improving consistency.
- **Process Automation:** By automating repetitive tasks such as appointment setting, templated emails, customer chat, upsell recommendations, and service reminders, employees save substantial hours weekly.
- **Enhanced Efficiency:** AI gives dealerships the bandwidth to handle higher lead and customer volumes without adding additional staff, which is a significant cost saver.
- **Improved Data Analysis and Reporting:** AI algorithms deliver deeper, actionable insights, allowing dealers to fine-tune their operations and marketing with greater precision.

Question: How long did it take to do [those processes] without AI, and how long does it take now that you're using AI?

"**[Repair order creation]**: Before AI, several minutes. After AI, 30 seconds."

"**[Reporting and analyzing data]**: Before AI it took a couple of hours. After AI it takes 10 minutes."

"**[Creating descriptions for vehicles]**: Before AI, probably 10 to 15 minutes a car. After AI, less than a minute, and it is more descriptive."

"**[Sales follow-up for lead engagement]**: Before AI, 10-30 minutes. After AI, within three minutes."

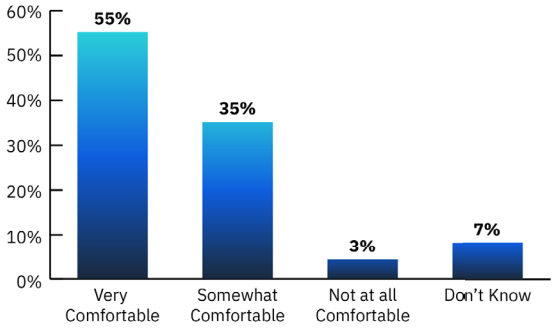
WHAT IS NEXT IN AI?

Looking ahead, dealership personnel are optimistic about AI. **77% of survey respondents reported they are satisfied with current AI solutions**, with a rating of 5 or higher on a scale of one to 10.

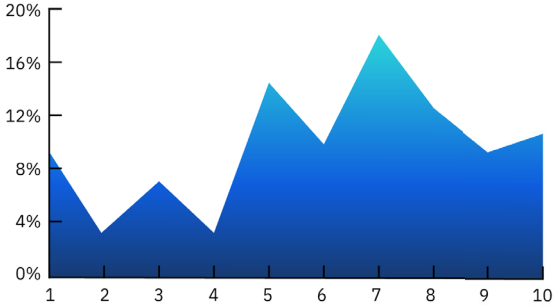
52% of respondents describe their experiences as extremely positive, giving a rating of seven or higher.

Additionally, **90% of respondents express confidence** — ranging from somewhat to very comfortable — in their ability to learn and integrate new technologies like AI.

How comfortable are you with learning to use new technology?



Overall, how satisfied are you with using AI in your dealership/department?



Question: What do you think the future of AI is in terms of dealership operations?

"AI has grown really quick. I'm excited to see where it goes."

"AI is here to stay and will only branch and run deeper and deeper in our business and economy."

"I picture it as a tool that we would use to help with day-to-day operations just to make things faster. Kind of similar to what Excel was all those years ago. Everyone thought it was going to take over but now we use it every day."

CONCLUSION

AI is already delivering transformative value for automotive retailers, simplifying processes, enhancing customer experience, and supporting growth. The next frontier is a **unified AI data layer**, enabling AI tools to operate more autonomously by having access to trusted, comprehensive datasets.

This development is poised to drive even greater efficiency gains and further streamline dealership operations. As adoption broadens and technologies mature, especially with a unified AI data layer, the industry can expect AI to become central to the dealership of the future.

As with any emerging technology, widespread adoption takes time as people and organizations become more comfortable with and knowledgeable about its use. But make no mistake, AI is here now. How the automotive retail industry adapts to it — and how quickly — will play a role in each dealership's success.

"Everything is getting more technical. It makes cars safer and makes monitoring your accounts safer. Technology is the way it is and if you're not willing to grow you're going to be stuck."

©2026 The Reynolds and Reynolds Company. All rights reserved. 1/26