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The 2025 State of AI Adoption
in Car Dealerships
Survey Report, October 2024

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Introduction and Key Findings



Introduction & Methodology

Though Artificial Intelligence (AI) is still largely regarded as a new technology, we are already seeing AI applications in an increasing number of the products and digital experiences we encounter daily. While the automotive sector in the US is a [\\$3 trillion industry](#), it has proven to be more sluggish in implementing new technologies, largely due to the hesitation of dealers to break from long-held traditions.

As the world increasingly shifts towards AI adoption, dealership sentiment towards these technologies has become a focal point for companies in the automotive AI space. With automotive's incomparable influence on the American economy, the evolution of AI technology and the adoption by dealerships will inevitably become a critical factor in the long-term success of not only the infrastructure of the automotive industry, but overall economic growth.

In light of surging AI popularity and the rise of generative AI tools, this survey was aimed at understanding the state of AI-adoption in the automotive sector and explore how AI is impacting the industry. The study explores why AI integration is important to car dealerships in managing large and typically siloed datasets, how AI can contribute to dealership success, and what challenges AI can solve, particularly in the areas of data activation and improved personalization for more effective marketing, enhanced customer experiences, lead generation and increasing revenues.

This report includes benchmarks and insights for executives, owners, general managers, marketing managers and decision-makers responsible for driving tech adoption at car dealerships and franchise dealerships, looking to understand their positioning in terms of AI readiness in the current automotive market.

Methodology

To gain more insight into current AI-adoption trends in the automotive industry, we commissioned a survey of 200 senior decision-makers in car dealerships and franchise dealerships. The survey was administered online by Global Surveyz Research, an independent global research firm and included responses from owners, dealer principals, general managers and marketing executives in car dealerships and franchise dealerships across the US and Canada with more than 50 vehicles on lot.

Respondents were recruited through a global B2B research panel and invited via email to complete the survey. All responses were collected between August and September 2024 and the average time spent on the survey was 5 minutes and 6 seconds. The answers to most of the non-numerical questions were randomized to prevent order bias in the answers.

Key Findings

1

The top factors that will influence dealership success in 2025 are AI and changes in consumer behavior.

AI and consumer behavior changes are the top factors expected to influence dealership success in the coming year (Figure 1). This suggests that, although there may be a gap between the level of AI adoption in car dealerships and consumer expectations regarding AI, dealers recognize that consumers are already accustomed to personalized, AI-powered shopping experiences, and are aware of the impact of AI on their success in 2025 and beyond.

2

95% of dealers believe AI technology will be critical to their success moving forward, with more than 80% either already using AI, currently deploying AI, or planning to deploy AI in 2025 across their operations.

A resounding 95% of dealers view AI technology as an important factor in the future success of their dealerships, with 43% of survey respondents rating it as "very important" and 52% as "important" (Figure 2). This highlights the widely-held belief that AI will play a critical role in shaping the future of car dealerships by enhancing operational efficiency, customer service, and overall competitiveness. This finding is also supported by the fact that more than 80% of dealerships – regardless of lot size – are prioritizing AI adoption, and are either already using AI, currently deploying AI or planning to deploy it in 2025 (Figure 3).

3

100% of dealerships that have already implemented AI have reported an increase in revenue over the past year with 81% of dealerships anticipating an increase in their AI budgets in 2025 as compared to 2024.

Dealers not only understand the importance of AI as a key driver for their success (Figure 2) and are actively working towards implementing it across their operations (Figure 3), those who have already implemented it have seen a positive Return on Investment (ROI) from their AI solutions in the past 12 months (Figure 4). This suggests that AI solutions are driving substantial revenue growth across varying levels of adoption. 37% of survey respondents reported a revenue increase of 20-30%, while 26% saw a more modest increase of 1-10%. 19% of respondents experienced a revenue boost of 10-20%, and 18% indicated a growth of over 30%. The positive financial impact of AI implementation in dealerships is further evidenced by the fact that 81% of respondents anticipate their dealership's AI budget will increase in 2025 compared to 2024 (Figure 5). Notably, 18% of respondents predict their AI budget will increase by more than 25% in the coming year, reflecting a strong commitment to AI adoption.

4

72% of car dealers view AI as an enhancement to current operations and not as a replacement for human employees.

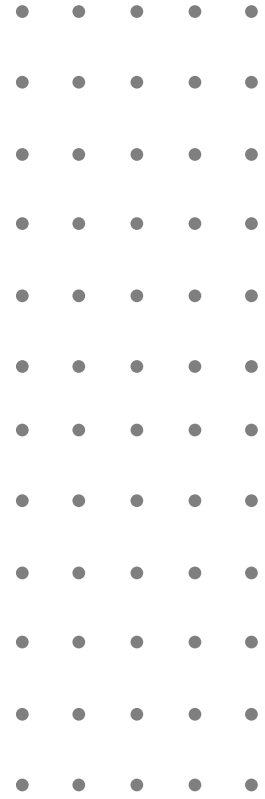
While the fear of technology displacing humans from jobs has led to a delay in AI adoption in car dealerships, a significant 72% of respondents strongly agree that AI enhances performance without replacing humans (Figure 7). Those in leadership roles appear to value AI's contribution to job enhancement within the dealership sector (Figure 8) with over a third of respondents (36%) strongly agreeing that AI tools don't just benefit large dealerships but are essential for small and mid-sized operations as well.

5

91% of dealers view AI as important in activating their data and personalizing outreach.

Dealerships accumulate a significant volume of first-party customer data but do not always leverage it effectively. The top challenges they face (Figure 10) are obtaining real-time customer insights and preferences (28%), providing predictive maintenance alerts for customers (20%) and accessing the right technology (18%), all of which rely on AI for data processing and personalizing customer communications, highlighting the importance of increased AI adoption.

While 28% of dealers believe their customer data is currently being used very effectively, 62% believe it is being used only somewhat effectively for personalizing and improving the customer shopping experience (Figure 9), indicating that there is a lot of room for improvement in this area. AI is a crucial part of efficient segmentation and personalization for large datasets, making it even more critical for dealers to accelerate their AI adoption. 91% of the survey's respondents reported that AI plays a significant role in helping them overcome data activation challenges to a moderate extent (59%) or to a great extent (32%), as seen in Figure 11.



Survey Report Findings

Top Factors Set to Influence Dealership Success in 2025

The top factors set to influence dealership success in 2025 are AI and consumer behavior changes as cited by 16% of the survey respondents. Car dealerships have traditionally been slower to adopt new technologies, with the impetus for adoption typically driven by changes in consumer behavior towards tech adoption *outside* of the automotive industry.

Consider the prioritization of mobile website design in automotive. While most industries were amping up their mobile web design in 2012/2013, the automotive industry joined in around 2016, after finally accepting the reality that mobile usage was dramatically increasing, making it in their best interest to optimize their web presence for mobile as well.

This survey finding suggests that, while there may be a gap in the level of AI adoption in dealerships and consumer expectations regarding AI, dealers recognize that their consumers are already accustomed to personalized, AI-powered shopping experiences from other retailers, and they are highly aware of how AI will impact their dealership success in 2025 and beyond.

The integration of AI is likely to manifest in most of the other success factors mentioned by the respondents, further bolstering AI's top spot positioning.

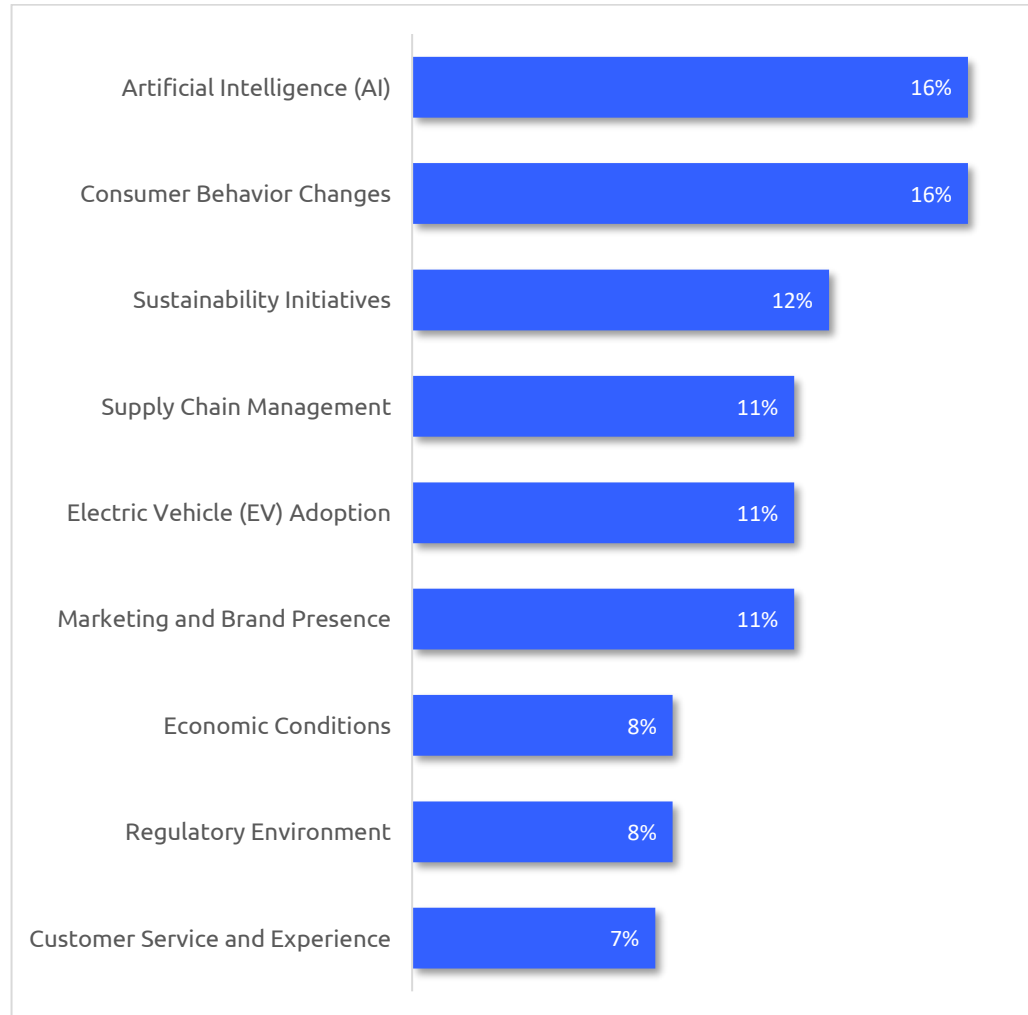


Figure 1: Top Key Factors Set to Influence Dealership Success in 2025

Importance of AI for Future Dealership Success

When asked specifically about the importance of AI technology to the future success of car dealerships, a resounding 95% of respondents view AI as important, with 43% rating it as "very important" and 52% as "important." Only 5% consider AI to be of little importance, highlighting the widespread belief that AI will play a critical role in shaping the future of car dealerships by enhancing operational efficiency, customer service, and overall competitiveness.

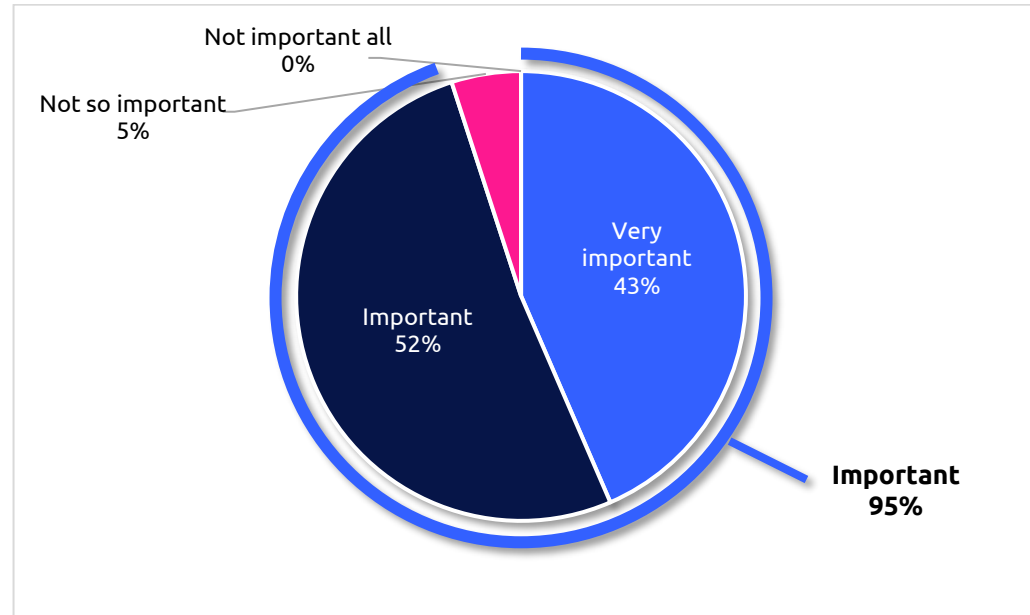


Figure 2: Importance of AI for Future Dealership Success

Current Status of AI Implementation in Dealership Operations

When asked about the status of implementation of AI solutions in their various dealership operations, regardless of the size of their dealership, respondents indicated that **the level of AI implementation is evenly spread, indicating AI-adoption is a high priority in the industry.** The areas with the highest level of AI-implementation include **customer relationship management (31%), sales and customer service (29%), and fraud detection (29%).** AI deployment is also prominent in areas like **predictive maintenance (34%)** and **employee training and management (32%),** with further expansion expected by 2025. The least explored areas for AI, with higher percentages of "no plans to deploy," include **inventory management (18%)** and **predictive maintenance (17%),** suggesting that AI may be more difficult to implement in certain dealership operational aspects than in others. **'Marketing and advertising' is the area with the least "no plans to deploy" responses at 13%.** This is an expected result considering it is typically among the first areas prioritized for AI adoption in other industries. This is further supported by respondents indicating that they expect marketing and advertising to see the largest deployment of AI implementation in 2025 (34%).

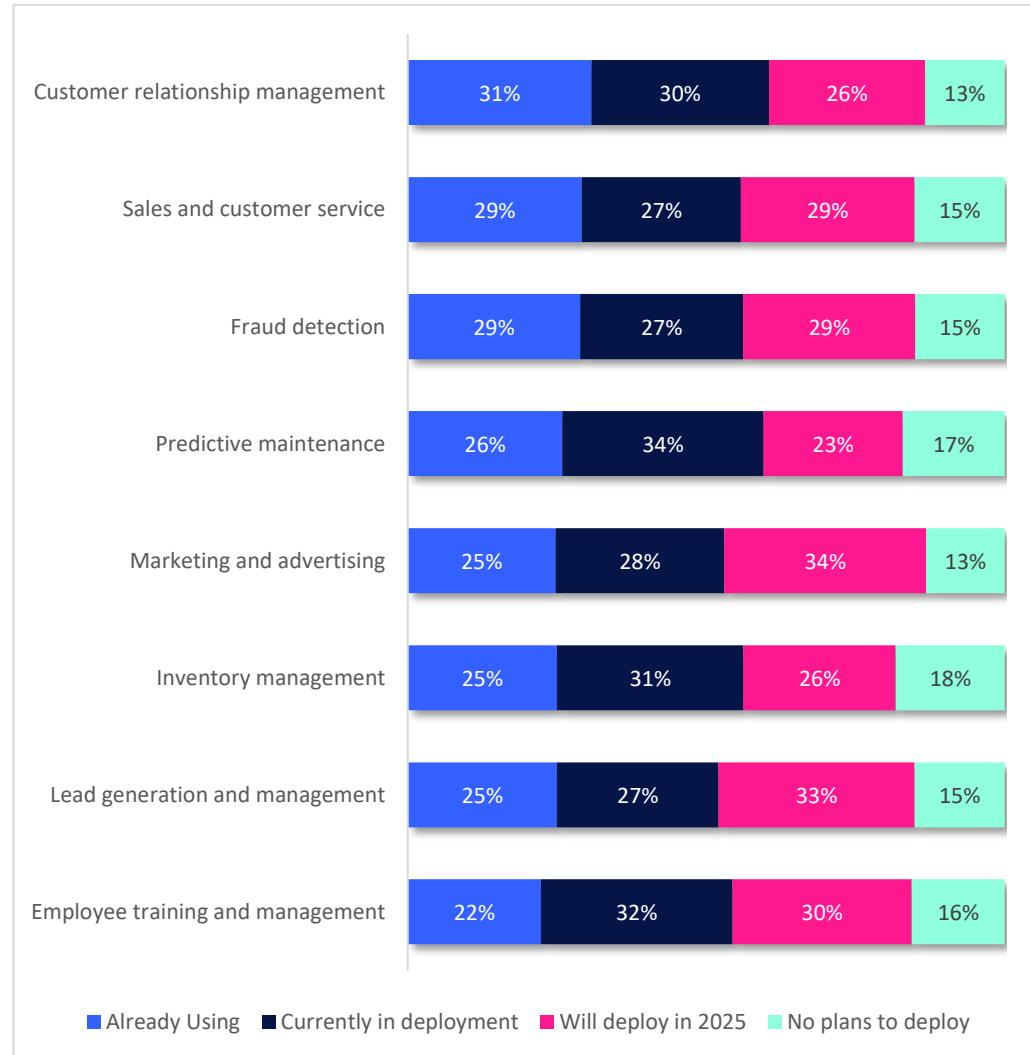


Figure 3: Current Status of AI Implementation in Dealership Operations

Impact of AI Solutions on Dealership Revenue Over the Past 12 Months

Not only do most dealers understand the importance of AI as a key driver for their success (Figure 2) and are actively working towards implementing AI across their operations (Figure 3), but **those who are already using AI solutions are seeing a positive ROI (Figure 4).**

When asked to estimate to what extent AI implementation has contributed to their revenue in the past 12 months, the majority of respondents (37%) reported a revenue increase of 20-30%, while 26% saw a more modest increase of 1-10%. 19% experienced a revenue boost of 10-20%, and 18% indicated a growth of over 30%.

Notably, none of the respondents reported no contribution or a decrease in revenue, underscoring the positive financial impact of AI implementation in dealerships. This suggests that AI solutions are driving substantial revenue growth across varying levels of adoption.

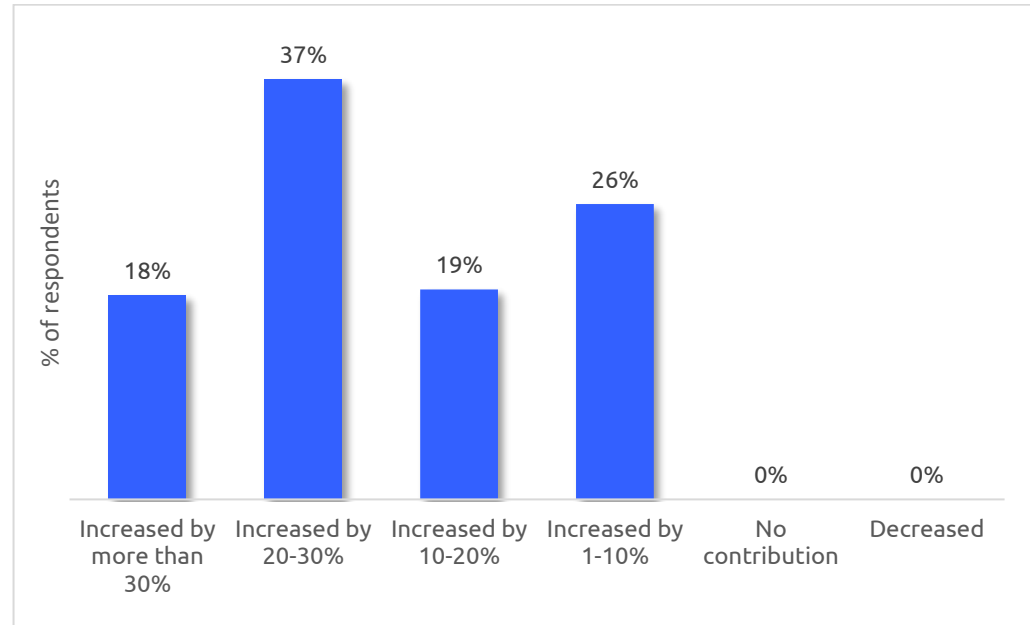


Figure 4: Impact of AI Solutions on Revenue Over the Past 12 Months

Anticipated Changes in AI Budget for 2025

81% of survey respondents anticipate their dealership's AI budget will increase in 2025 compared to 2024. 34% expect their AI budget to increase by 11-25%, while 29% anticipate a smaller increase of less than 10%. Only 7% expect no change in their budget, and a small percentage (1%) foresee a decrease in their AI spending. **Notably, 18% of respondents predict their AI budget will increase by more than 25%,** reflecting a strong commitment to expanding AI adoption. When analyzing the breakdown of respondents by position, we see that **General Managers (25%)** and **Dealer Principals (22%)** who tend to work more closely with the AI solutions and observe their impact and ROI firsthand, are more likely to advocate for a larger increase in AI budgets, highlighting a strategic focus on AI investment.

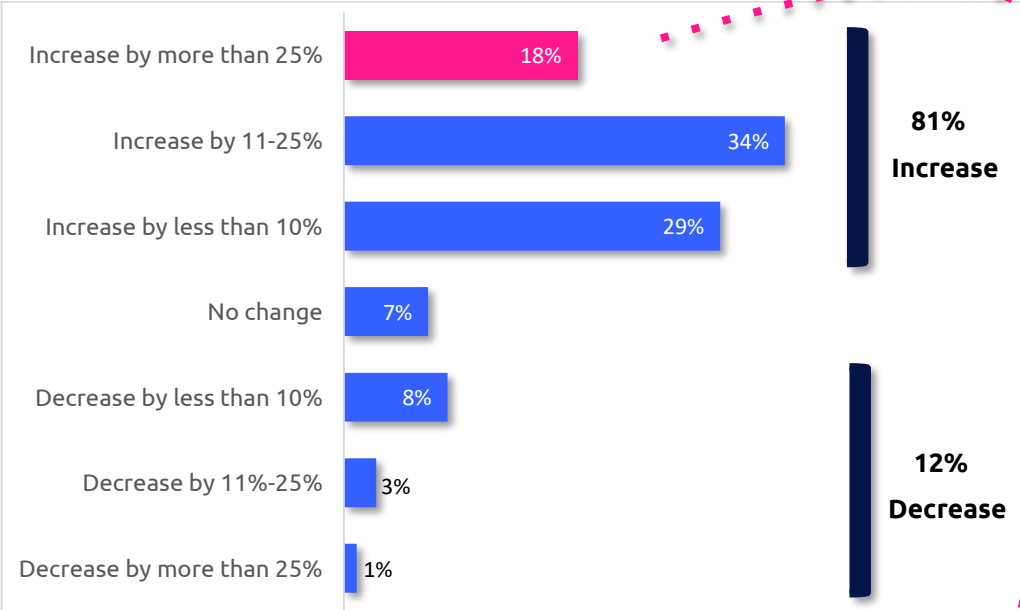


Figure 5: Anticipated Changes in AI Budget for 2025 Compared to 2024

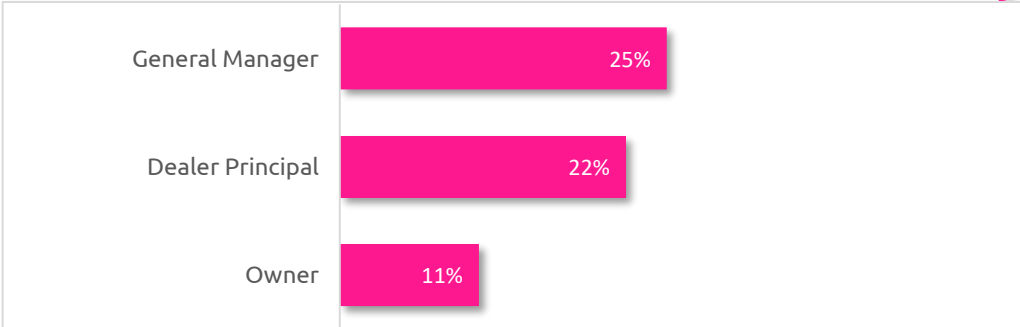


Figure 6: "Increase by more than 25%" by 'Job Role'

Attitude Towards AI Impact Jobs and Benefits Based on Dealership Size

A significant 72% of respondents strongly agree that AI enhances jobs without replacing them. When analyzing this result by dealership position, we see that **General Managers (80%) and Dealer Principals (78%) are most likely to strongly agree with this sentiment**, suggesting that those in leadership roles particularly value AI's contribution to job enhancement within the dealership sector. When asked to what extent they agree or disagree with the statement, "AI tools are scalable and beneficial not only to large dealerships, but plays a significant role in small/mid-sized dealerships operations as well", **over a third of respondents (36%) strongly agree that AI tools are beneficial not just for large dealerships, but are essential for small and mid-sized operations as well.**

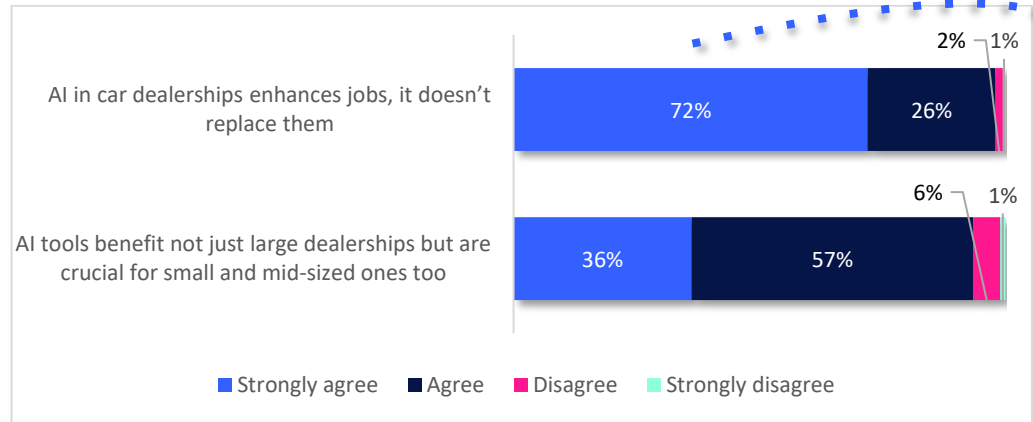


Figure 7: Attitudes Towards AI's Impact on Jobs and on Benefits Based on Dealership Size

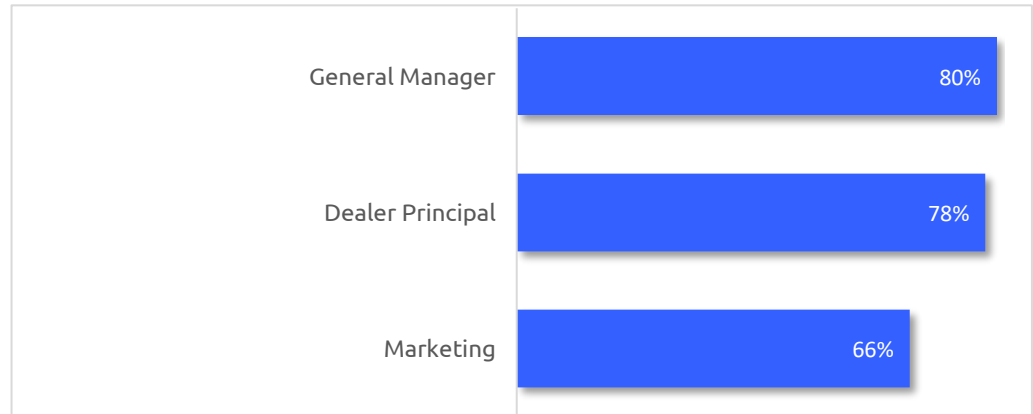


Figure 8: Strong Agreement on "AI Enhancing Jobs" (72%) by 'Job Role'

How Effectively is Customer Data Currently Being Used for Personalization?

62% of respondents believe dealership customer data is used somewhat effectively for personalization, while 28% say it is being used very effectively. Only 10% think it is being used somewhat ineffectively, and no respondents reported that it is not being used effectively at all. To illustrate the importance of using data for personalization more effectively, consider a customer who buys a vehicle with a monthly payment plan. Over time, the customer accumulates 'positive equity,' meaning they have reached a point where the amount they have paid is greater than the amount they owe on the car. Dealers can leverage this equity data to offer the customer a new car with a lower payment. What they can't necessarily do with equity data alone is identify customers who are even more qualified for an offer based on their interaction with *other* dealership touchpoints, such as those who have recently visited the website and are potentially actively looking to purchase a new car. The ability to link data from multiple sources allows dealers to personalize their offers far more effectively.

This finding indicates that while most dealerships see some success with data-driven personalization, there is also room for improvement to maximize the full potential of customer data in creating personalized experiences.

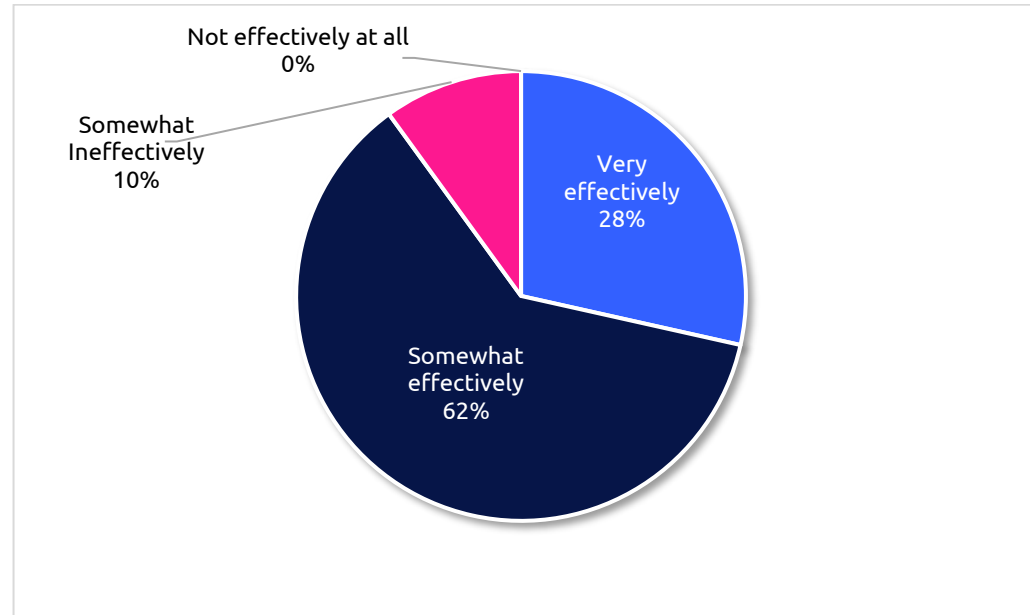


Figure 9: How Effectively is Customer Data Currently Being Used for Personalization?

Biggest Challenges in Leveraging Data for Customer Experiences

The top challenges dealerships face when leveraging data to improve the customer shopping experience are obtaining real-time customer insights and preferences (28%), providing predictive maintenance alerts for customers (20%), access to the right technology (18%) and integrating multiple data sources into a single, unified view of the customer (18%).

These challenges rely on AI for data processing and personalizing customer communications – once again highlighting the importance of increased AI adoption in overcoming these challenges.

Disconnected dealership data sources represent missed opportunities to personalize offers more effectively and convert shoppers into actual sales. The data may exist, but the lack of data infrastructure and technology makes it impossible to connect the dots. It is vital for dealers to be able to integrate their data sources to get a full picture of the behaviors and interactions of potential customers, to offer hyper-personalized outreach and maximize engagement and sales.

16% of respondents report difficulties with producing comprehensive reporting, suggesting that, even if they have access to their data, they may not be able to A/B test, track metrics, or measure the ROI of their efforts and technology solutions. This indicates that data visibility and integration remain significant hurdles in improving customer experiences

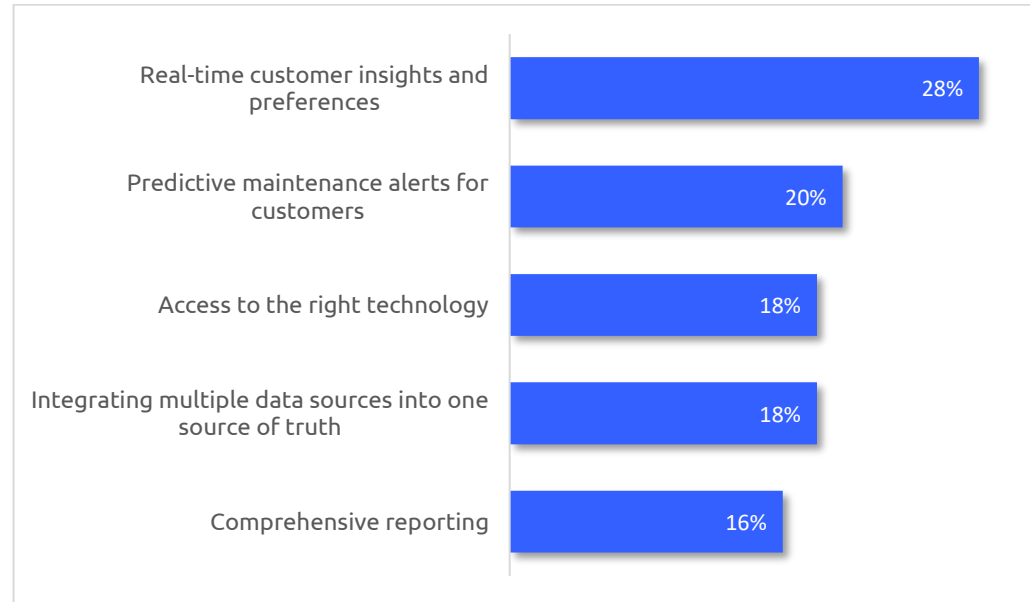


Figure 10: Biggest Challenges in Leveraging Data for Customer Experience

AI's Role in Overcoming Data Activation Challenges

AI plays a significant role in helping dealerships activate their data because AI is crucial for effective segmentation and personalization in large datasets to ensure that the right marketing campaigns are deployed at the right time to move shoppers more effectively along the sales funnel. **59% of survey respondents say that AI helps their dealership overcome data activation challenges to a moderate extent, while 32% believe it aids to a great extent.** Only 9% of respondents said AI contributes to a slight extent, and no respondents reported that AI has no role in addressing these challenges.

Dealers with fewer cars on lot feel more strongly (47%) than the larger dealerships that AI should be leveraged to a greater extent to overcome data activation challenges. This may be because they are more motivated to maximize sales or that they need to be more efficient with their marketing spend, both of which can be achieved more effectively with AI. This high regard for AI's role in data activation by smaller dealerships is something that larger dealerships should note if they want to remain competitive and retain their success as industry heavyweights.

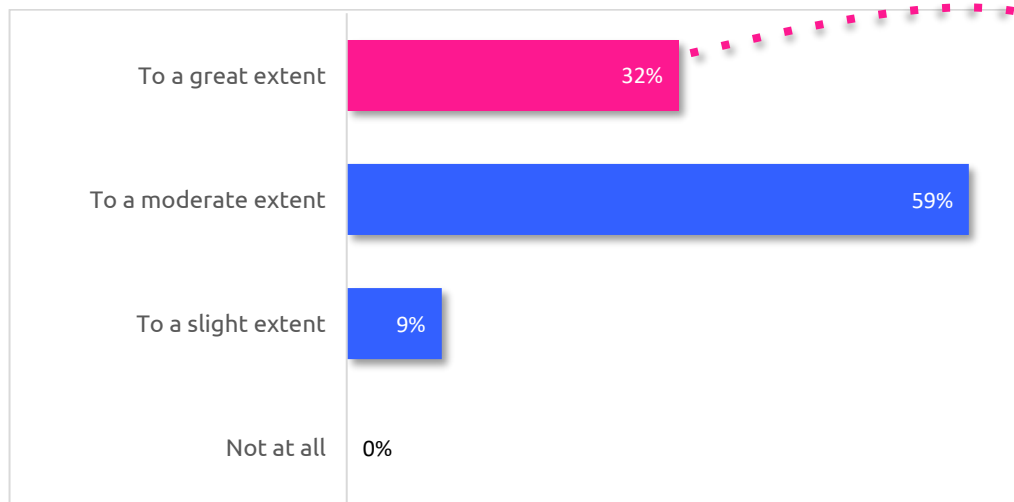


Figure 11: AI's Role in Overcoming Data Activation Challenges

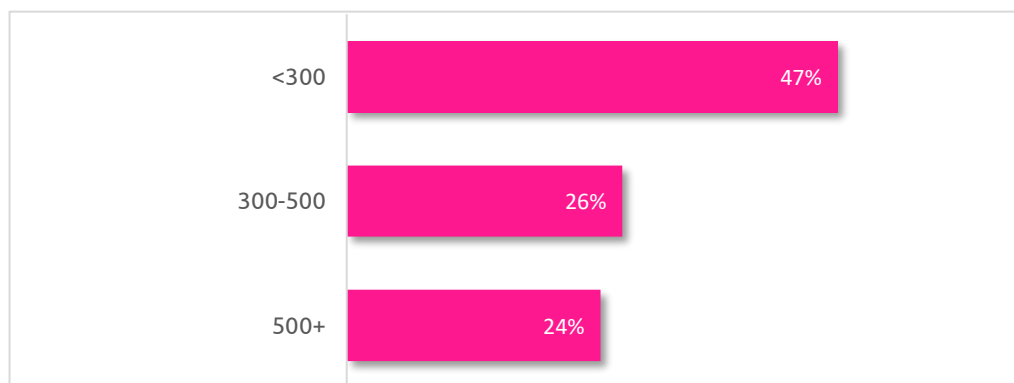
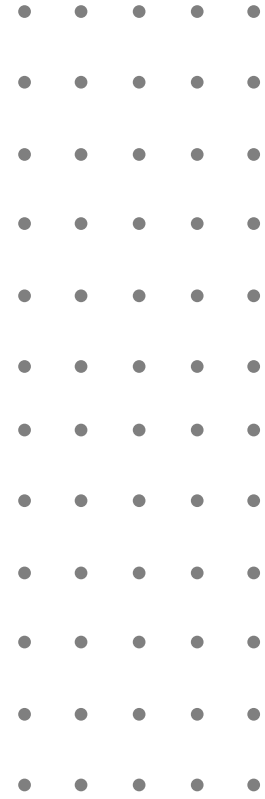


Figure 12: "To a great extent" Responses by 'Number of Vehicles on Lot'



Demographics

Country, Job Role, Number of Vehicles

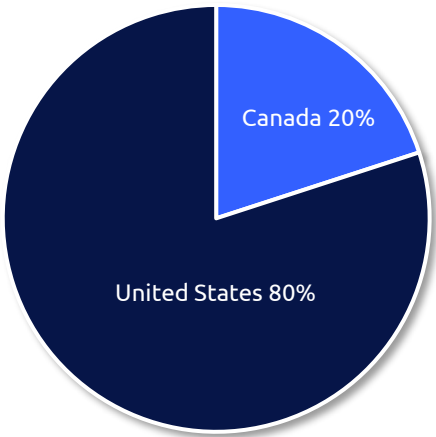


Figure 13: Country

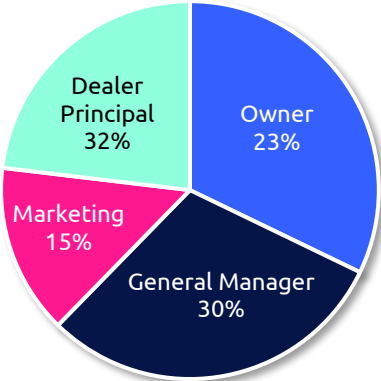


Figure 14: Job Role

Average: 454.5 vehicles on lot

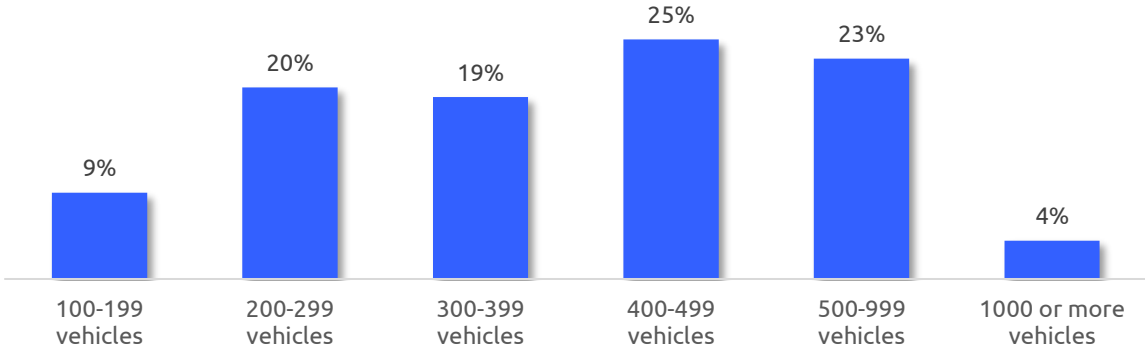


Figure 15: Number of Vehicles on Lot

About Fullpath

Fullpath is the automotive industry's leading enhanced Customer Data Platform (CDP) working to unify first-party dealership data and activate it by layering powerful AI and marketing automation on top to create a Customer Data and Experience Platform (CDXP). Dealerships that invest in the platform create lasting, resilient, data driven businesses that can withstand any competitive environment.

Request a Demo

For more information, please visit us:



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