The Transformative Power of Automotive AI in Dealership Sales & Service Operations

Impel AI

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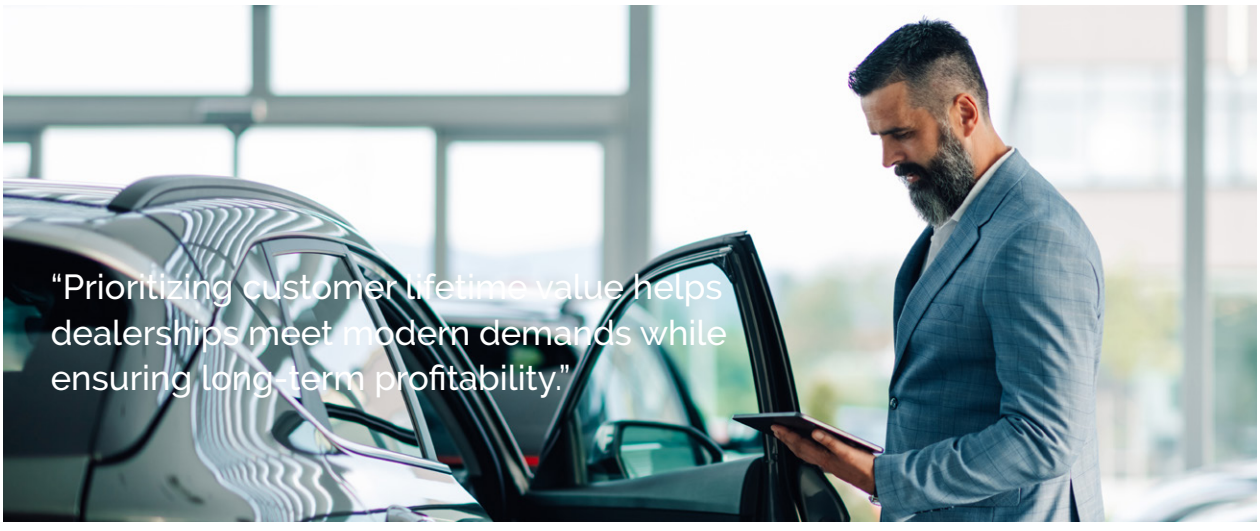
Introduction

The automotive industry is undergoing foundational change. Unpredictable market dynamics, ongoing labor constraints, and uncertain economies are putting more pressure than ever on OEM and retailer revenue and profitability. Dealerships and manufacturers alike also face growing pressure to keep up with technological disruption and ever-changing consumer behavior. Delivering faster, more responsive, and more personalized customer experiences at scale is now a necessity. From managing leads to service scheduling and customer retention, traditional processes often fall short of evolving customer expectations, straining dealership teams and leading to missed revenue opportunities and customer defection.

AI can be the catalyst that enables the productivity, efficiency, and operational scale auto retailers need in today's environment. By activating valuable customer data, delivering personalized engagement at scale, and intelligently automating the vast majority of routine tasks, AI can enable the industry to deliver great CX/CSI while driving measurable improvements across sales and service operations.

The Current State of the Industry

Fluctuating demand, extended vehicle ownership cycles, and rising customer expectations are changing the landscape. Together, these short- and long-term trends emphasize the growing need for dealerships to evolve away from primarily transactional sales models and focus on customer lifetime value (CLV) when building out their long-term business strategies. They must look beyond retail sales to building a service-oriented lifecycle management strategy that delivers continuous value to customers from sale to post-sale service to the next vehicle sale. Strengthening the ownership experience represents a massive revenue opportunity for dealerships that can help insulate them against economic recession and fluctuations in demand.



The Sales Challenge

In sales, responding promptly and consistently to every internet lead remains a critical challenge, as customers expect timely and tailored responses to maintain their interest. A 2024 Pied Piper study found that 21% of dealerships fail to personally respond to inquiries within 24 hours, leading to significant missed opportunities. As a matter of fact, A 2024 Foureyes study revealed that on average, 43% of qualified dealership leads are mishandled due to slow responses, no responses, or the lead never making its way into a CRM.

Another significant operational barrier is effectively managing the complexities of long-term engagement across the customer journey. With many leads requiring persistent long-term follow up over extended purchase cycles of up to 120 days, and over one-third of leads arriving after hours, delivering a consistent, personalized, high-quality experience is no small feat. Traditional approaches, such as relying on Business Development Centers (BDCs), are resource-intensive and often fall short, leaving dealerships unable to thoroughly engage every lead or effectively prioritize high-value opportunities. The end result is a sub-par customer experience that impacts brand reputation, lower conversion rates, missed revenue gains, and team frustration.

The Service Opportunity

In the service realm, outdated scheduling tools, highly manual processes, and disconnected marketing applications exacerbate customer dissatisfaction, hindering fixed operations performance, limiting scalability, and decreasing team productivity. Customers increasingly expect seamless scheduling, timely reminders, and proactive communication—expectations that traditional systems and lean service teams often fail to meet. This disconnect is evident: up to 80% of customers abandon online service scheduling applications due to friction in the process, and only 34% return to dealership service centers after purchase, leaving a vast portion of the market open to aftermarket competitors (Cox Automotive, 2023).

Adding to these challenges is the use of disparate tools for marketing, follow-up, and communications, which create an expensive, fragmented system and leave customers with a disjointed experience. Service teams are often overburdened by routine tasks and lack the resources to consistently mine the DMS for opportunities, engage in proactive outreach, or deliver personalized experiences at scale. This results in gaps in follow-up, abandoned service opportunities, and customer defection—each representing significant lost revenue.

Together, these issues highlight the need for scalable solutions that can optimize the customer experience while maximizing operational efficiency and lifecycle management.

Addressing Sales Challenges with AI

AI provides a scalable and sustainable solution by automating lead engagement and nurturing. In particular, verticalized AI platforms that are purpose-built for the automotive industry deliver tailored solutions designed to meet the unique needs of dealerships. By analyzing customer data and tailoring responses to individual needs, these platforms ensure no lead goes unanswered, regardless of time or complexity, while driving successful dealership outcomes and enhancing the automotive customer experience.

To evaluate the impact of verticalized automotive AI on sales performance, Impel conducted a study that analyzed the results of 230 dealerships and 360,000 leads, comparing two groups:

- A traditional group: Dealerships relying on conventional lead management methods.
- An AI-enabled group: Dealerships using AI-driven systems to manage leads.

The study leveraged data from dealership CRM and DMS systems to analyze showroom appointments set and vehicle purchases made. The results were conclusive:

- AI-enabled dealerships achieved 27% higher showroom appointment set rates and 26% higher lead conversion to sales compared to the traditional group.
- Past dealership customers showed a 24% increase in repurchase rates, highlighting the value of AI in driving long-term loyalty.

These results demonstrate how AI improves dealership business performance by increasing sales team productivity and enabling staff to focus on higher-value activities.

Enhancing Service Operations With AI

Service departments are essential to dealership profitability by driving revenue and shielding auto retailers from front-end demand fluctuations. Verticalized AI platforms tailored for automotive service departments can help address business challenges by increasing customer engagement, enhancing responsiveness, and automating routine tasks . By constantly mining dealership data, these platforms can identify service opportunities, deliver proactive reminders, and facilitate appointment bookings—serving customers while alleviating the pressure on service staff. Additionally, AI can unify messaging and workflows, streamline operations, \ and eliminate inefficiencies that lead to defection and lost revenue.

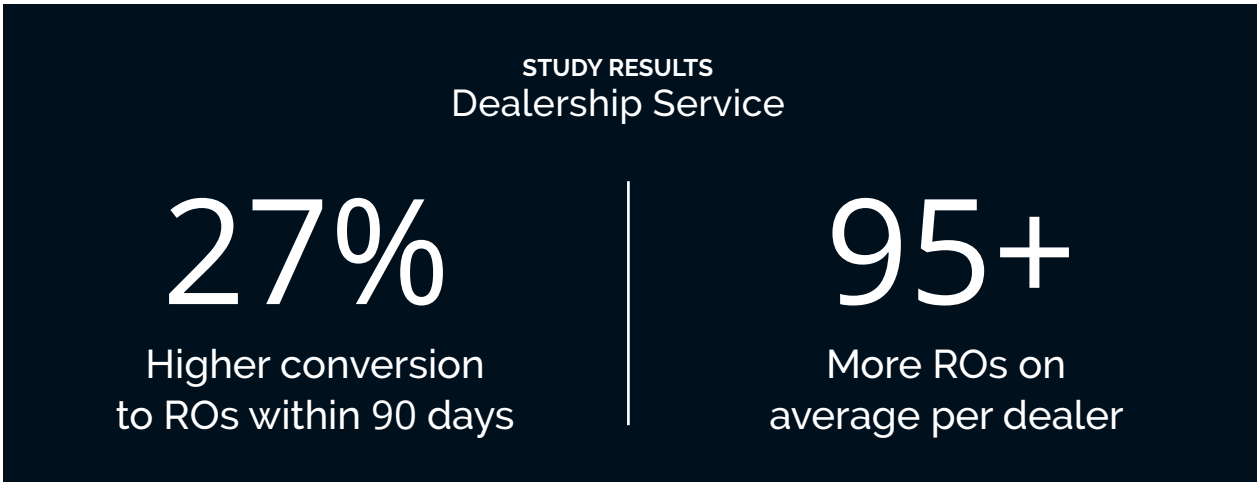
To understand the role of AI in service operations, Impel analyzed 50 dealerships and 120,000 repair orders, dividing consumers into two groups:

- Traditional group: Dealership customers who received no proactive outreach.
- AI-enabled group: Dealership customers who received AI-driven communications tailored to their service needs.

The results were significant:

- Customers receiving AI-driven communications were **27% more likely to complete a service appointment** within 90 days, demonstrating AI's ability to engage and influence customer behavior. **This translated to an additional 95 repair orders** per dealership per month.
- The study also found that integrating service schedulers into conversational AI outreach generated **additional** business impact, increasing service revenue per dealership by **22% per month, for an average of $15,000 in incremental monthly revenue.**

By automating outreach, streamlining engagement, and simplifying scheduling, AI empowers service departments to drive greater customer retention and lifetime value. Through continuous data mining, AI identifies service needs, conducts proactive customer outreach, and facilitates hassle-free appointment scheduling. Aligning department processes under a unified AI platform enables dealerships to deliver a cohesive customer experience, foster revenue growth, and achieve long-term profitability.



Bridging Sales and Service for Greater Impact

Purpose-built automotive AI that's deployed at scale across the dealership can create a virtuous cycle of growth and retention. AI-enabled sales operations ensure a steady pipeline of engaged leads, greater conversion, and stronger purchase rates. Applying that same unifying AI engine throughout the service lifecycle fosters increased customer retention, transforming one-time buyers into loyal customers - and eventually, repeat purchasers.

The Path Forward

The adoption of AI is no longer a luxury but a necessity for dealerships aiming to thrive in an increasingly digital and customer-centric market. To capitalize on AI's potential, dealerships must leverage automotive AI to:

1. **Activate data from the CDP** to deliver hyper-personalized customer experiences at scale.
2. **Automate repetitive tasks** in both sales and service operations to free up resources for higher-order activities, including strategic and customer-centric initiatives.
3. **Focus on customer lifetime value** as the dealership's core strategy, prioritizing long-term relationships over transactional revenue.

AI-powered solutions enable dealerships to turn operational challenges into opportunities for growth. By investing in these technologies, dealerships can enhance efficiency, elevate customer experiences, and achieve sustainable profitability.

Sources

1. *Pied Piper. Infiniti Dealers Ranked Highest in Auto Industry Study Measuring Responsiveness to Website Customers. 2024.*
2. *Cox Automotive. Service Study: Dealerships Losing Ground to General Repair Shops as Costs and Visit Frequency Increase. 2023.*
3. *Foureyes. 2024 Automotive Dealer Benchmarks Report. 2024.*

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