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08

AI and Automotive

Independent dealers, repair shops, tire and service centers: AI for leads, service scheduling, inspections, reviews and the back office.

DEALERSHIPS | REPAIR SHOPS | DETAILING | TIRE & SERVICE

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Book 8 of 14 · netwebmedia.com

About this series

Fourteen books, one question: what does AI actually change for a business like yours? Each book is written for one industry — its customers, its tools, its rules — so you can act on it this month, not someday. Buy one, or get all fourteen in the bundle.

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Every statistic in this book carries a numbered reference to a named, dated source in the Sources section. Benchmarks are medians or averages from other businesses as published by those sources — not predictions of your results.

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Contents

Start here

This book is for the people who actually run automotive businesses: the independent dealer with 40 cars on the lot and two salespeople, the franchised store's general manager whose service drive pays the bills, the owner of a four-bay repair shop who answers the phone with a wrench in the other hand, the tire and lube center with a line out the door on Saturdays, the detailer who books everything on Instagram. If you sell, service, repair or clean vehicles, this is written for you.

It is not a book about the future of AI. It is a book about the next thirty days. Every chapter ends in something you can do this week, and every number in it comes from a named, dated source you can check in the Sources section.

Here is what you get. Chapter 1 shows where your peers already are, with the adoption data from Cox Automotive, CDK, Pied Piper and the repair-shop surveys of 2025 and 2026. Chapter 2 explains, in plain English, the five jobs AI can do in a dealership or shop and the ones it cannot. Chapter 3 is about your customers: how buyers now use ChatGPT and Google's AI answers before they visit a lot, and what service customers expect from an inspection. Chapter 4 ranks the ten use cases that pay back fastest. Chapter 5 gives you a tool stack with real September 2026 prices, in three budgets. Chapter 6 covers the rules: total-price laws, TCPA, the FTC's review rule, Colorado's AI law and Chile's Ley 21.719. Chapter 7 is the 30-day plan. Chapter 8 is for readers in Chile and Latin America.

You can read it front to back in about forty minutes. If you are short on time, read Chapter 4 and Chapter 7 and come back for the rest.

Automotive and AI in 2026 — four numbers to know

82% of US dealers now use AI in some form	**22%** of dealers report AI actually growing sales or revenue	**63%** of in-market shoppers plan to use AI on their next purchase	**~25%** of buyers actually book their first service at the selling dealer (80% intend to)

Sources: Cox Automotive AI in Auto Retail Tracker, 2026 (vendor survey); Cox Automotive Fixed Operations Study, 2026 (vendor survey)

The pattern those four numbers describe is the whole story of this book. Almost every dealer uses AI. Fewer than one in four can point to revenue from it. Shoppers are arriving with an AI assistant already open. And the service customer you already sold a car to walks away three times out of four, which is where the money actually lives: not in a new subscription, but in answering the phone, replying to the lead and bringing the customer back.

1. Why AI matters for automotive now

A flat sales market and a growing service market

New-car volume is not going to save anyone's year. US new light-vehicle sales reached 16.2 million units in 2025, up 2.4% on 2024, with an average transaction price of $47,104 in December; NADA forecasts 16.0 million for 2026.[1] The 16,972 franchised dealerships sold 8.1 million vehicles and $645 billion in the first half of 2025, about $38 million per store, and wrote more than 137 million repair orders worth $81.08 billion in service and parts.[2] The typical store has 65 employees and earns 13.3% of its revenue from service and parts.[3]

The service side is where growth is. The US light-duty aftermarket was $413.7 billion in 2024, up 5.7%, and the total aftermarket is projected to reach $664.3 billion by 2028; the average vehicle on the road is 12.8 years old.[4] The June 2026 joint forecast from the Auto Care Association, MEMA and S&P Global projects 5.2% growth in 2026.[5] Older cars need more work.

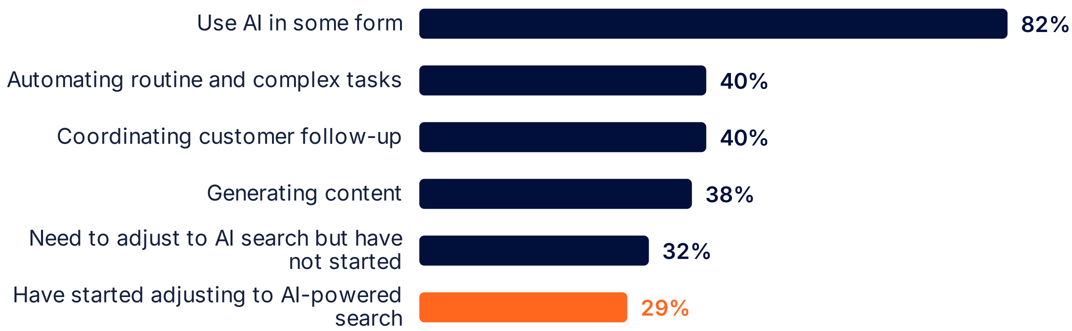
Independents are winning that work. Dealers' share of service visits fell to 29% from 33%, while roughly 299,000 auto-mechanic businesses now operate in the US, up 12% since 2018; customers spend $261 per visit at a dealership, $275 at a general repair shop and $417 if they drive an EV.[6] The average dealer still books about $9.23 million a year in service and parts, up 33% over eight years: the pie grows even as the dealer's slice shrinks.[6]

> **Key number:** 80% of buyers intend to book their first service at the dealer that sold them the car, but only about 25% do. Each lost service customer is worth an estimated $12,000 or more in lifetime service value, and customers who return for service are 30 percentage points more likely to buy their next car from you.[6] Retention is mostly a follow-up problem.

Where your peers are

Adoption is no longer the question. Cox Automotive's AI in Auto Retail Tracker, built on quarterly surveys of about 500 dealers and 1,500 consumers, found that 82% of US dealers use AI in some form; the top applications are automating tasks (40%), coordinating customer follow-up (40%) and generating content (38%).[9] Only 29% have started adjusting to AI-powered search, and 32% say they need to but have not started, up from 26% the quarter before.[9]

How US dealers use AI (Cox Automotive tracker, Q2 2026)



Source: Cox Automotive, AI in Auto Retail Tracker, 2026 (vendor survey)

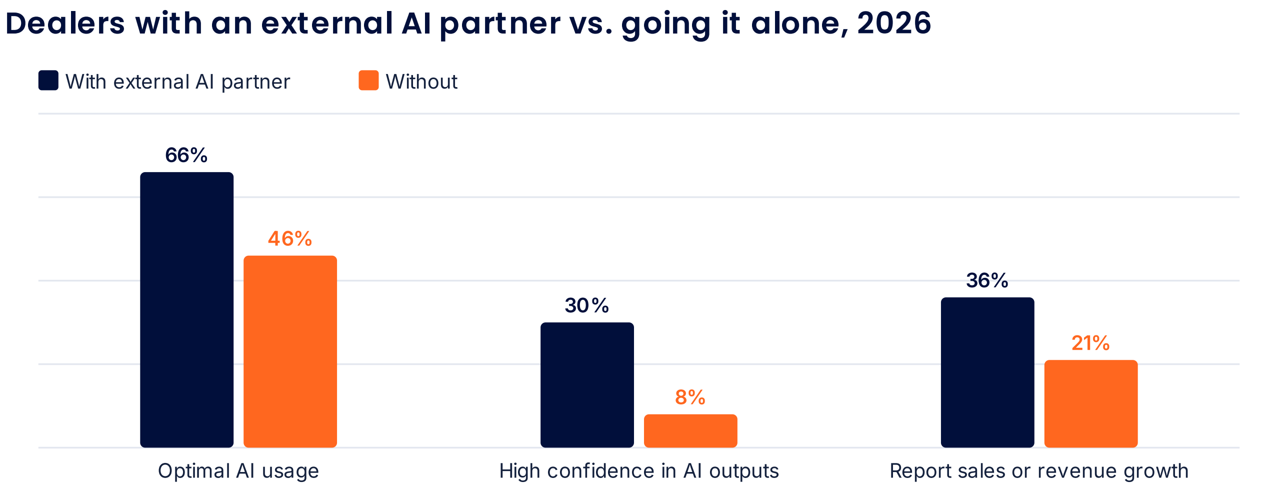
Notice the last bar. Dealers use AI to write and to automate, and fewer than a third have done anything about the fact that their customers now shop inside an AI answer. That gap is what Chapter 3 is about.

A second study, from CDK Global, puts everyday use lower: nearly 40% of dealers use AI in some way at their stores.[10] The gap between 82% and 40% is the gap between "someone here has used ChatGPT" and "we run a process on it."

The impact gap

Using AI and getting results from it are different things. In the Cox tracker, 69% of dealers expect AI to drive sales and revenue growth, but only 22% report actually experiencing it; about a third either do not measure AI's impact or do not know how to.[9] The benefits most often reported are softer: customer experience (28%) and employee productivity (26%).[9]

The dealers who close the gap tend to have help. Dealers using external AI partners report optimal usage 66% of the time versus 46% for those going it alone, high confidence in AI outputs 30% versus 8%, and sales or revenue growth 36% versus 21%.[9] The lesson is not "hire a consultant"; it is that results come from someone owning the process, which is what Chapter 7 is for.



Source: Cox Automotive, AI in Auto Retail Tracker, 2026 (vendor survey)

The repair shop is behind, and busy

Shops have adopted more slowly. In Fullbay's 2026 survey of about 900 heavy-duty and commercial repair professionals, 70% of them independents, 35% use some AI, with ChatGPT the tool of choice at 35% and Google Gemini at 16%; 61% are interested in AI diagnostic support.[13] The same survey found 54% of shops understaffed and a median labor rate of $149 per hour, up 10%.[13]

Ask shop owners what keeps them up at night and AI is not on the list. IMR's December 2025 survey of 500 repair shops ranked parts prices (46%), overhead (35.8%), keeping up with diagnostic tools (30.0%), customer retention (28.6%) and finding technicians (23.8%); only 6.2% named marketing.[14] That is the right way to read this book if you run a shop: not as marketing, but as a way to answer more calls, keep more customers and free the people you cannot hire.