

COX AUTOMOTIVE

THE ROLE OF AI IN LEAD MANAGEMENT AT YOUR DEALERSHIP

**Three strategies for lead management
success using AI solutions.**

An eBook from Cox Automotive Retail & Data Solutions

ABOUT THESE STRATEGIES

Effective lead management systems (LMS) serve as the cornerstone of dealership sales operations, particularly in the context of an evolving retail landscape increasingly shaped by digitalisation and the presence of artificial intelligence (AI) and generative AI. We will explain the difference between these later on.

In response to these transformative trends, Cox Automotive Australia has launched [LeadDriver](#), a cutting-edge lead management platform tailored for all types of dealerships available with a generative AI chat and email solution from market-leading provider Impel. The platform is set to help dealers streamline their lead management process, improve response times, and ultimately increase sales.

AI continues to provoke both excitement and apprehension. One common concern is whether AI is here to replace human workers, particularly in automotive sales roles. It's a valid worry, given the rapid strides AI has made in tasks traditionally carried out by humans. However, at Cox Automotive Australia, we believe that the debate surrounding AI in automotive sales should not revolve around whether it will replace salespeople but rather how it can empower them to perform at a whole new level of productivity. By embracing this perspective, we can harness the full power of AI while ensuring that human expertise remains at the forefront of sales strategies.

In this eBook, we want to demystify AI in automotive lead management and share three strategies that we believe are imperative for lead management success using AI solutions. We hope they help you navigate the evolving world of AI and provoke further questions.



DEMYSTIFYING THE USE OF AI & GENERATIVE AI IN AUTOMOTIVE.

Like many zeitgeist-defining technologies, AI comes with its share of hype. It's helpful to keep our feet on the ground and de-mystify AI, which, at its core, is best used to assist real people instead of replacing them.

IBM¹ explains that “Generative [AI] models have been used for years in statistics to analyse numerical data. The rise of deep learning, however, made it possible to extend them to images, speech, and other complex data types.”

AI is not a new technology, though interest in its progress is at an all-time high. In automotive digital tools, it's already widely used across Cox Automotive solutions, for instance, in AI-backed vehicle damage recognition and valuation tools, customer chatbots, and rapid iterative product testing.

Marianne Johnson, Executive Vice President and Chief Product Officer at Cox Automotive US, shared her perspective on using data and AI in the automotive industry in her session at NADA 2024, Data and Technology Powering the Future of Automotive².

Johnson said, “AI is not new to Cox [Automotive]. Automotive data is not new to Cox Automotive. We have been investing in data for years. We have been investing in artificial intelligence for years, but *what is new is generative AI*...Think about all the amount of data that is available today across the whole Internet that we play in.



Well, the computing power and the processing power caught up with that, and so we had an inflection point where the computing power and the data available allowed AI to do things that it couldn't do before. And that's where we've seen the step change with what we call generative AI."

Similarly, Cox Automotive Europe reports on their AutoFocus issue¹⁰³ that "AI is just the latest technology helping us predict better and faster, which hints at how its latest wave, "generative AI", might play out. Based on large datasets, the most well-known example, ChatGPT, has radically reduced the cost of predicting the next best word in a sentence to the point that it can effectively mimic human communication."

Michael Clarke, General Manager APAC of Impel, a leader in automotive-focused AI technology, said to AutoTalk New Zealand magazine in their May 2024 edition⁴, that "Dealerships have reported impressive gains from AI implementations. We typically see dealerships report a 30-50% increase in leads converted to showroom appointments after implementing AI to engage and follow up with inbound internet sales leads. For one dealer, this represented a 56x ROI on their AI investment. Another dealer group utilising our AI-powered service communications proactively reached out to past customers, generating nearly 3,200 repair orders worth \$1.1 million in just three months."

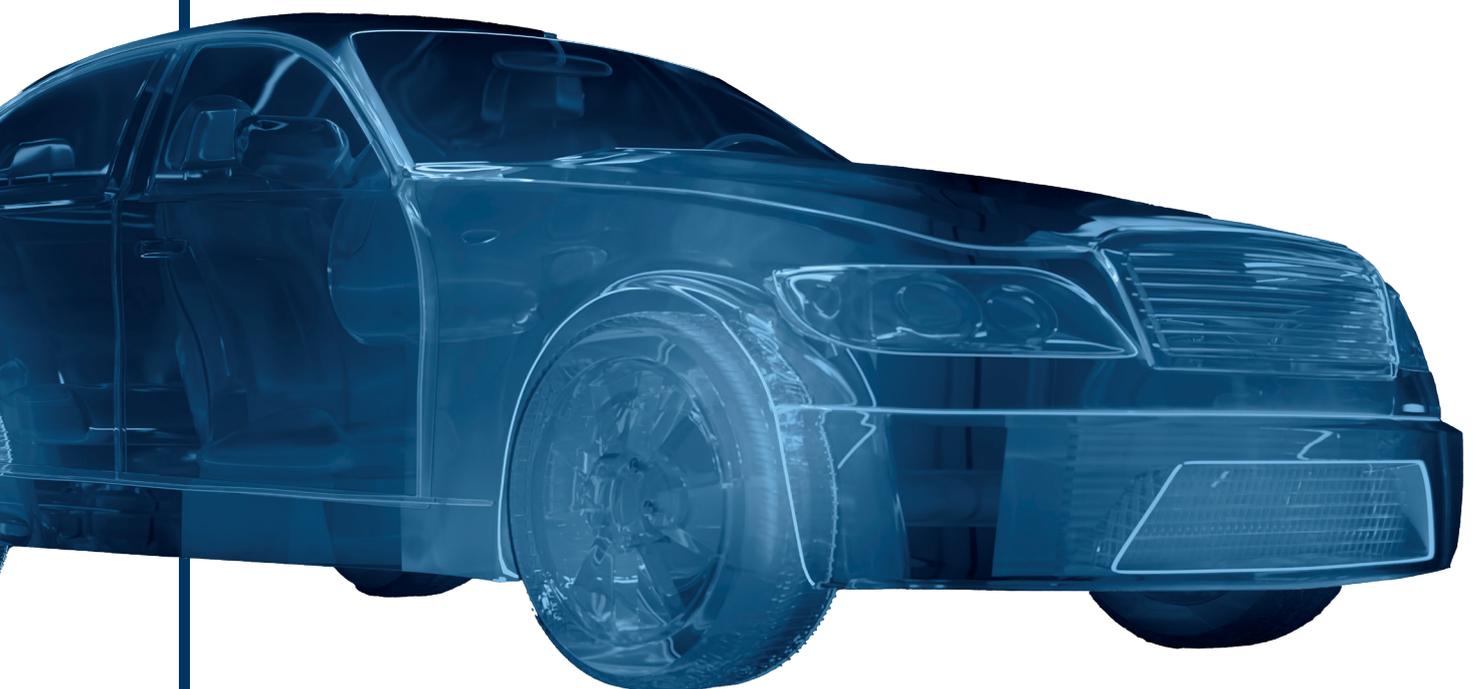
Clarke also highlights that **when selecting an AI partner, automotive companies should prioritise proven expertise and a strong track record in AI technologies specific to the automotive industry**. Key attributes include solution scalability, robust research and development capabilities, and a deep understanding of automotive processes, challenges, and opportunities. These attributes are generally limited to very few

automotive providers in the market, let alone in a sector where the technology is so nascent.

AI can perform repetitive tasks with aplomb and engage with prospective customers around the clock when it suits them. As a positive side effect, it liberates people to focus on areas where the human touch is needed, principally customer experience.

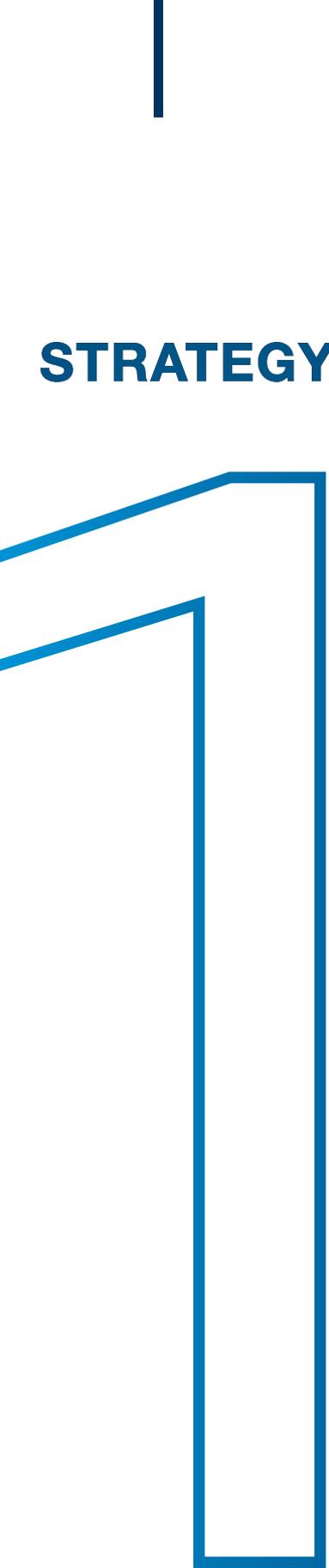
Johnson believes that AI is more than a buzzword and that it should be unpacked: “AI is machine learning. It’s what we call natural language processing (NLP). It’s how you engage from a chat perspective and voice, and its computer vision.”

She believes that the future of the automotive industry revolves around harnessing data’s potential and strategically deploying it in direct interactions with consumers. “This approach will be pivotal in determining whether we achieve profitable growth in the years ahead.”



So, what should be considered when evaluating your current lead management approach and how to make the best use of AI tools?

To help, here are three strategies drawn from Cox Automotive's experts in this area.



STRATEGY

IMPLEMENT LEAD-SCORING MODELS

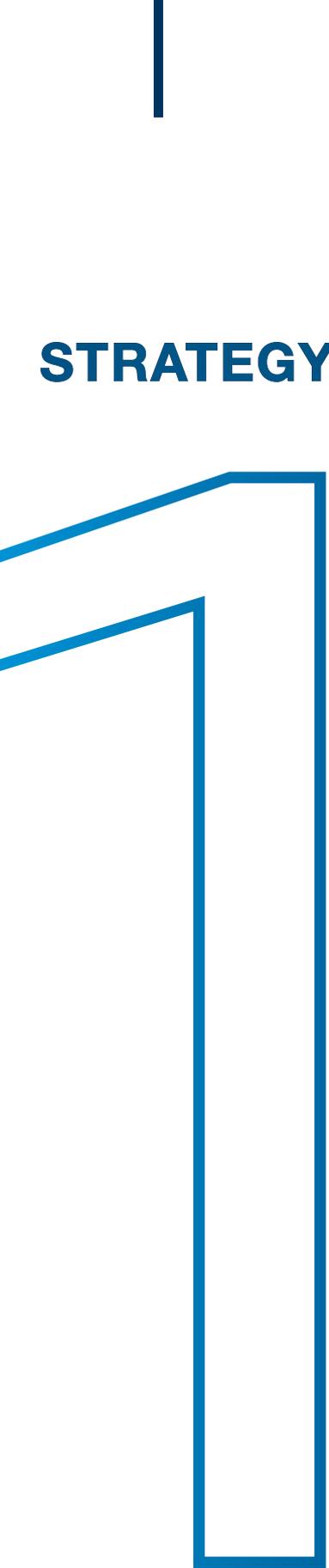
Lead scoring involves analysing lead data and assigning a score to each prospect based on their likelihood of making a purchase. By employing AI algorithms, dealers can dig deep into their data to identify patterns and behaviours that indicate buying intent. This enables sales teams to prioritise high-quality leads.

Gillian Allen, Head of Product at Cox Automotive Australia, highlights the pivotal role of AI in lead scoring and its implications for sales success. Allen emphasises the significance of investing in data and insights, noting that understanding and leveraging data are essential components of effective lead management.

By harnessing AI-driven analytics, businesses can gain valuable insights into customer behaviour and preferences, enabling them to tailor their sales approach accordingly.

So, what makes a lead have a higher score over another?

Leads can be scored based on variables such as whether the person submitting it has sought a valuation for their current car, sought finance, looked at specific sections of a company's website, or shared personal information.

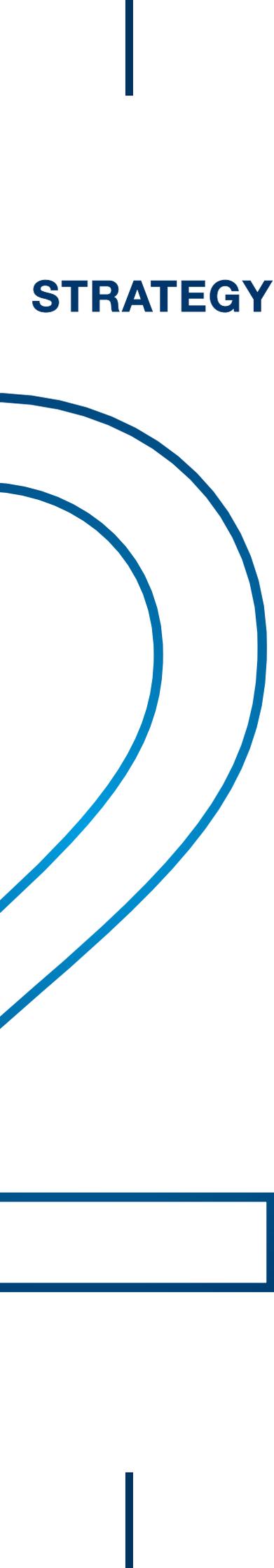


STRATEGY

All interactions contribute to determining the quality of a lead. Each lead will then be marked according to the number of interactions, and the higher the interactions, the higher the score.

Lead management systems equipped with AI solutions allow salespeople to gain a deeper insight into their customers' data and behaviour, ultimately enhancing the lead-scoring process.

By prioritising lead quality over quantity, salespeople can focus their efforts on engaging with prospects who are more likely to convert into valuable customers. This strategic approach not only optimises resource allocation but also fosters long-term customer relationships, driving sustained success for your salespeople in today's competitive automotive market.



STRATEGY

AUTOMATE LEAD NURTURING

Follow-up, and follow through with generative AI

Lead nurturing is staying in touch with your leads after they show interest. Using AI, or more specifically generative AI, you can take lead nurturing to the next level.

Generative AI allows you to go beyond initial sales-team engagement, providing resource-light but continuous support throughout the entire sales process, from proposal to deal closure. Before we dig deeper into how to use generative AI to automate the lead nurturing process, it is important to understand how generative AI differs from AI.

In their research, AI-powered marketing and sales reach new heights with generative AI⁵, McKinsey & Company explains that **“traditional AI is typically trained for a single task under human supervision, using task-specific data. Generative AI, on the other hand, can be trained to anticipate the next word in a sequence and can extend this ability to diverse text-generation tasks like writing articles, emails, jokes, or even code. Online AI chatbots and image generators are examples of generative AI.”**



STRATEGY

How can generative AI empower your lead nurturing process?

By analysing behaviours, preferences, and demographics, generative AI can create personalised content and messaging, act as a 24/7 virtual assistant, and offer tailored recommendations and reminders to boost engagement with customers who have already entered your funnel.

With its ability to anticipate what's next, generative AI can assist in scheduling demos, generate personalised trade-in valuations and instantly confirm bookings to enhance the customer experience. As the deal progresses, it also delivers additional real-time negotiation guidance and predictive insights based on analysis of historical transaction data, customer behaviour, and competitive pricing.

This is particularly useful for dealerships and dealer groups receiving a high volume of leads, from different sources, from consumers who are at different stages of the buying journey.

For example, the lead quality from sources such as paid social media platforms, traditional automotive classified sites or your dealership website is different. Using a lead management system equipped with generative AI means that technology can be used to nurture the leads to a point where they are ready for human interaction; this allows sales teams to focus their efforts where they can add the most value, ultimately leading to more effective conversions and higher customer satisfaction.



STRATEGY

IS YOUR WEBSITE

AI-READY?

While AI technology offers tremendous benefits for lead management, specific prerequisites are necessary for implementing a successful system.

Key findings from the Cox Automotive 2023 Car Buyer Journey Study⁶ in the US found that 43% of car shoppers preferred an omnichannel experience, a mix of steps completed online and offline. In the same study, 71% of shoppers reported being likely to complete their next purchase using a mix of steps that can be completed online and offline, with only 8% reporting that they would be likely to complete it all in person and 21% all online.

These numbers highlight the importance of having a website that is focused on conversions and offers shoppers a fully integrated shopping experience throughout the entire vehicle journey, from searching for vehicles to accessories and booking services.

In simple terms, dealerships need a robust website and complete vehicle data for the AI algorithms to work effectively in answering VIN-specific questions and ensuring every lead gets answered, whether the leads enter your funnel via your vehicle details page, latest offer, finance or service page.



STRATEGY

A dealers' website fully integrated with their DMS and LMS, with enhanced analytics and reporting capabilities, allows salespeople to seamlessly prioritise sales efforts based on lead sources and lead scoring. It also provides easy access to back-end functions, eliminating multiple logins into separate platforms.

Additionally, dealers should ensure that their website and AI solutions are designed for the automotive industry. This will ensure the AI system operates within industry-specific guardrails and control layers. These guardrails serve as checks preventing the AI from making decisions that could have negative consequences or violate industry regulations, such as data privacy.

Ongoing monitoring and optimisation of your website and its inventory data are essential to ensure that the AI system continues to deliver accurate and relevant responses over time.

By harnessing the power of AI and generative AI, dealerships can enhance customer engagement, increase sales, and stay ahead of the competition in today's digital age. **Embracing AI technology is not about replacing your salesperson—it's about empowering them with the tools they need to succeed in a rapidly evolving marketplace.**

With industry-specific platforms like Cox Automotive's new lead management system, [LeadDriver](#), which features Impel's AI solution, dealerships can confidently embrace AI-driven innovation, knowing they have the tools they need to succeed in today's rapidly evolving market landscape.

As Johnson shared, **AI is here to stay and will power the future of automotive. It will help you build lasting customer relationships and operate more efficiently.**

If you'd like to learn more about any of these, please schedule a time to meet one of our experts [here](#).

1. Martineau, Kim. “What Is Generative AI?” IBM Research, May 1, 2024. <https://research.ibm.com/blog/what-is-generative-AI>
2. Samantha. “watch now: Data and Technology Powering the Future of Automotive - Cox Automotive Inc.” Cox Automotive Inc., April 15, 2024. <https://www.coxautoinc.com/learning-center/speaker-sessions-episode-5/>.
3. “AI in Automotive: Capturing Value beyond (Just) the Vehicle - AutoFocus Issue 10 - Q3 2023,” July 20, 2023. <https://coxautomotive.h5mag.com/autofocus10/dataiku>.
4. “The rise and risk of artificial intelligence in dealerships.” The New Zealand Vehicle Dealer’s News Source, May 2024, 15. https://autotalk.co.nz/wp-content/uploads/2024/05/autotalk_may24.pdf.
5. Deveau, Richelle, Sonia Joseph Griffin, and Steve Reis. “AI-Powered Marketing and Sales Reach New Heights with Generative AI.” McKinsey & Company, May 11, 2023. <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/ai-powered-marketing-and-sales-reach-new-heights-with-generative-ai#/>
6. “Why Are Car Buyers so Happy? Key Findings from the Cox Automotive 2023 Car Buyer Journey Study.” Coxautoinc.Com, 2024. <https://www.coxautoinc.com/wp-content/uploads/2024/01/2023-Car-Buyer-Journey-Infographic.pdf>.

Cox AUTOMOTIVE

Copyright © 2024 Cox Automotive Australia.

No reproduction, distribution or transmission of the copyright materials contained in this e-book in whole or in part is permitted without the prior permission of Cox Automotive Australia.

The information in this e-book should not be considered as advice or final. Cox Automotive Australia does not accept any liability arising in any way from any omissions or errors in this e-book.

coxautoretail.com.au