



Friction Points Study 2025



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Overview

Today's showroom floors are experiencing a new reality. The automotive retail industry is far past the pandemic and its aftereffects of constrained supply and sky-high profits. Today is about the customer experience and moving dealerships to a position of trust and transparency.

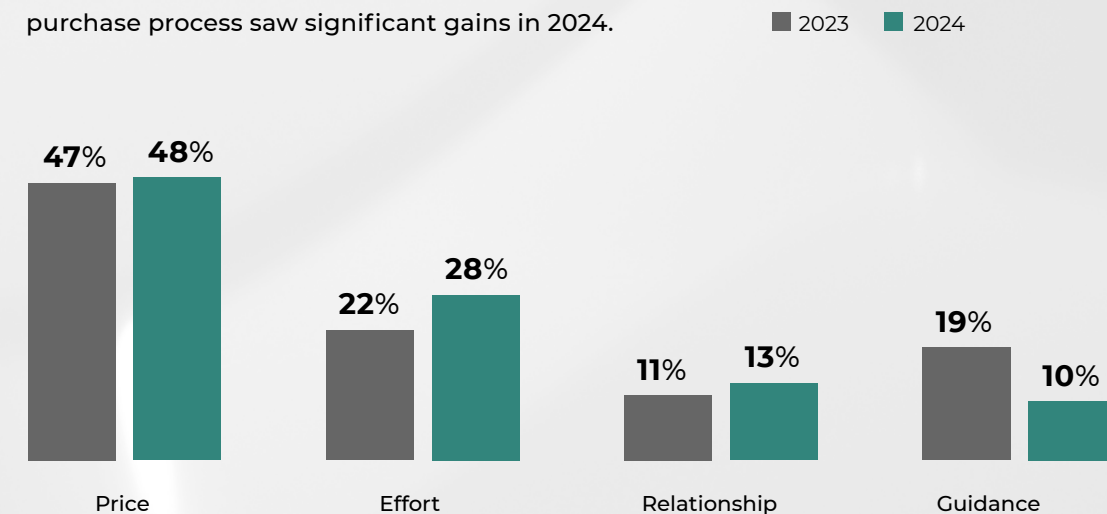
Each year that CDK has fielded the Friction Points study we've found that dealership respondents are eager to meet customer expectations head on. This year, the results show that there's indeed been some progress, especially in terms of speeding up the sales process. But the gains in the overall speed aren't leading to higher satisfaction scores. And both Sales and F&I teams added more friction to the process than last year.

There's also a sense from many dealers that sales and leads are slowing down from previous years despite the fact that, as a whole, the industry is seeing sales slightly improve from last year.

And perhaps the most revealing discovery is that despite the additional efforts needed to drive and close sales opportunities, dealers are struggling to address the issues they themselves are identifying.

Affordability Wins Out

Most shoppers still say price impacts how they shop more than anything else, but an easy purchase process saw significant gains in 2024.



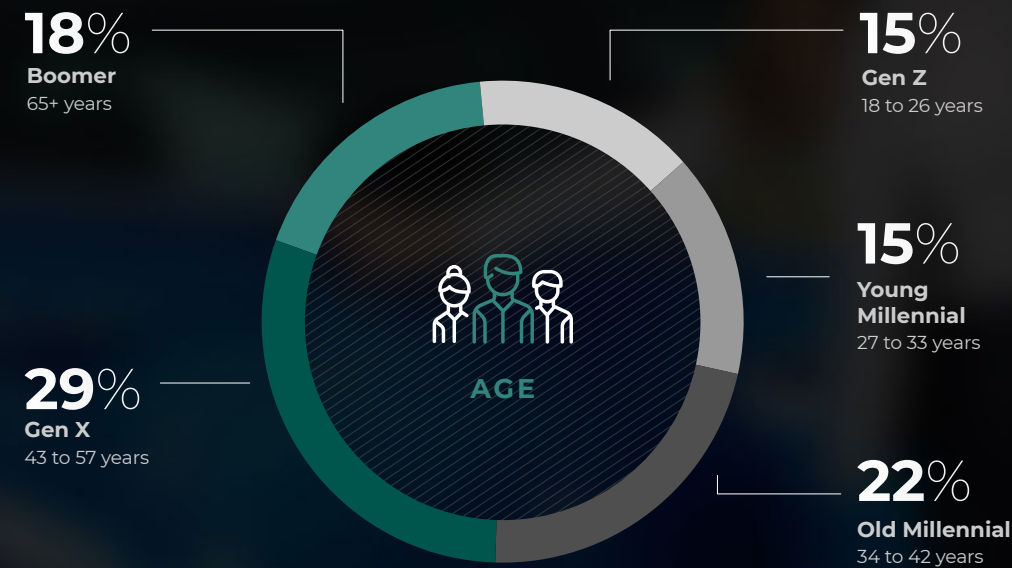
Demographics

CONSUMERS

1,281

BUYERS WHO PURCHASED
IN THE PAST SIX MONTHS

(September, 2024)



LEVEL OF EDUCATION

Less than high school degree	12%
High school graduate (GED)	36%
Bachelor's degree in college (4-year)	40%
Master's degree	11%
Other	1%

DEALERS

406

DEALER
PARTICIPANTS

(September – October, 2024)



DEALERSHIP ROLE

Associate	6%
Department Head	57%
Store Leadership	37%



HOUSEHOLD INCOME

Less than \$25,000	9%
\$25,001 to \$50,000	27%
\$50,001 to \$100,000	40%
More than \$100,000	24%



EMPLOYMENT STATUS

Working full-time	68%
Working part-time	11%
Unemployed	5%
Student	2%
Retired	14%



DEPARTMENT

BDC	5%
F&I	15%
Sales Department	9%
Sales Management	38%
Store Leadership	33%

Dealers Speed Up Deals

One of the glowing success metrics this year's study uncovered is that car buyers are moving through the entire process faster than they have before. Nearly two-thirds of shoppers (61%) say they completed the process in two hours or less, compared to 54% last year. This is also an improvement on the best number CDK has tracked in four years — 57% in 2021.

This accomplishment shouldn't be overlooked. The industry often doesn't take time to pat itself on the back as there's a constant move to the next day, next shopper, next prospect. There's also improvement in how connected dealership management we surveyed is to the customer journey. Generally, what they report compared to the customer's experience is quite divided, meaning: **Dealers think they complete deals faster than the actual car buyer does.**

Last year 68% of dealers thought the process took less than two hours, a 14 percentage-point divide from customers. This year the gap was halved.

Over the years, the Friction Points study has shown a direct correlation between how long it takes to buy a car and the overall Net Promoter Score a dealer is

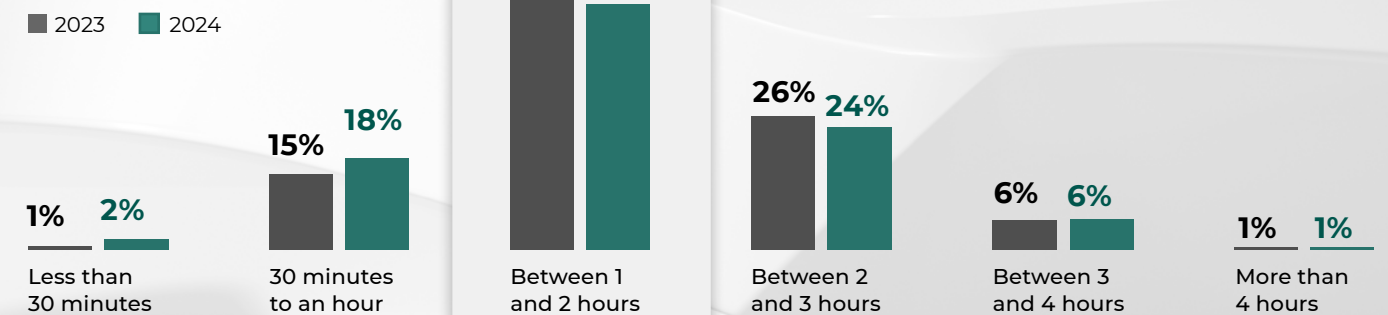
given by the shopper. This is the score reflecting how much a customer would recommend a dealership to a friend or family member. Overall, this year, that score was 47.

And while the NPS of those completing under two hours actually didn't improve, customers were more forgiving to those finishing the deal between two and three hours.

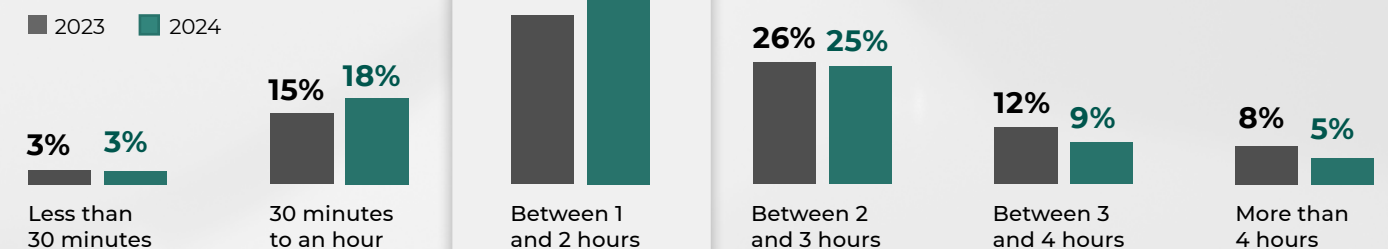
However, there was a significant drop year over year for those who took three to four hours to buy a car. Those scores fell from 40 NPS last year to 32 NPS this year. Luckily, only one in 10 buyers took that long, but that still means dealers aren't likely to see repeat business or recommendations from that group.

Dealers and shoppers are more aligned on how long the purchase process takes, but there's still a gap.

Dealer's Estimate of Average Customer Time Spent at the Dealership



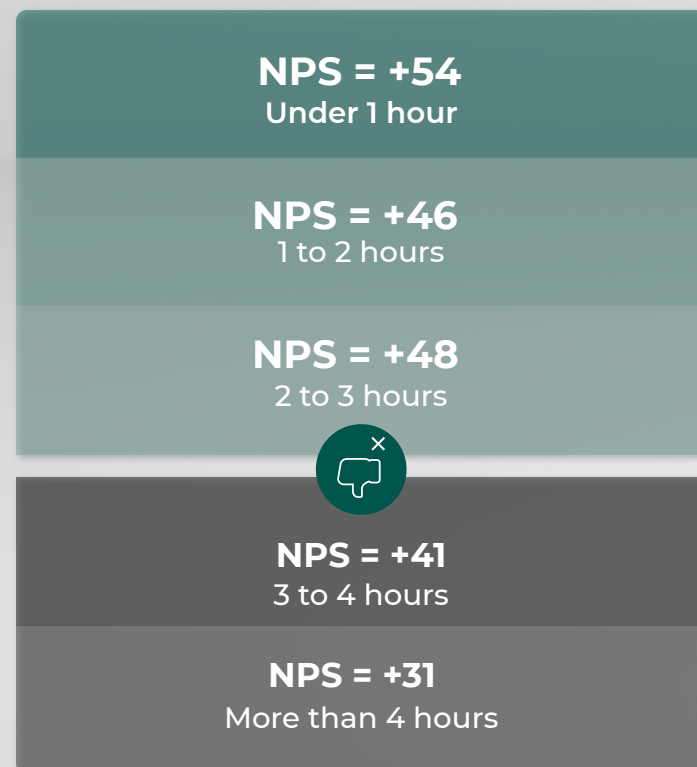
Shopper's Estimate of Average Time Spent at the Dealership



Customer satisfaction shifts depending on how long the sale takes.

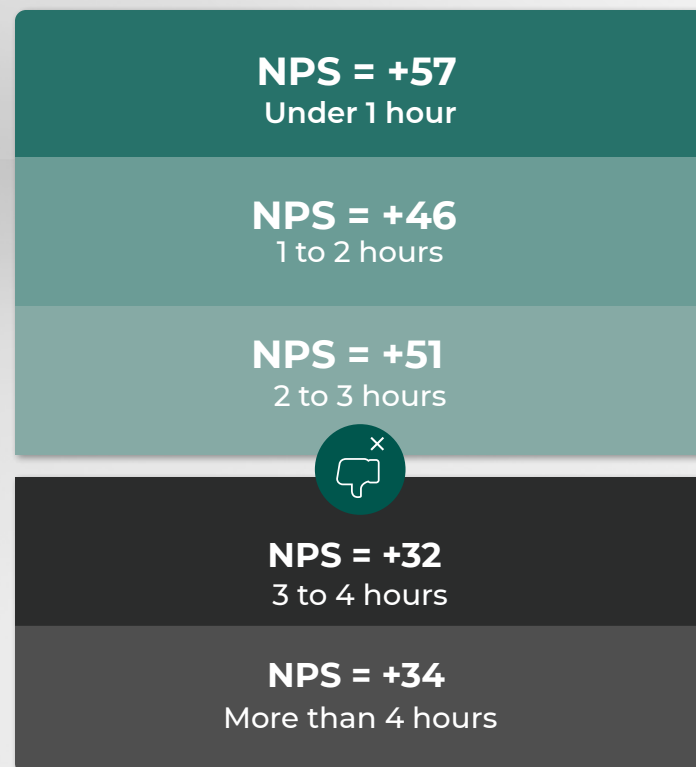
2023

Shopper "Likely to Recommend" Score by Total Time Spent at the Dealership



2024

Shopper "Likely to Recommend" Score by Total Time Spent at the Dealership



Where Dealers Falter

This section title might seem overly negative. But last year, this section was called "Where Dealers Improved." There's been a stark retreat in the progress made last year nearly across the board when it comes to specific steps buyers had to take to finish the deal. Not a single area where customers had to wait on a salesperson improved this year. There was similar regression in F&I.

What's happening here? The annual sales volume hasn't moved so significantly that stores should be overwhelmed with waves of shoppers that didn't exist last year. And indeed dealers told us their teams have more time on their hands. Headcount remains steady but dealers reported significant turnover in Sales, losing 3.3 Sales reps in the past 12 months.

It's possible green Sales teams are having a harder time delivering to today's customers. Especially when you consider the largest drop came from the test drive.

More than half (55%) of shoppers said they had to wait to take a test drive, up from 41% last year. CDK studied shopper habits earlier in the year with a specific focus on the test drive and its importance. More than three-quarters (78%) of buyers in that study said it was the test drive alone that sold them on the vehicle they were interested in.

This pattern continued in the current study, with more than one respondent reporting they arrived to test-drive a vehicle only to find a dealership employee had driven it home or it was "off-site" and they had to wait for them to return. Not surprisingly, these buyers didn't recommend the dealership. On the other hand, one buyer said they'd set up an appointment and arrived to find three options ready for them to test drive. They did recommend the dealership. But this seemed to be the exception.

The second biggest hit was selecting the vehicle they wanted to buy. More than a third (36%) said they waited on a salesperson to find what they wanted, up from 29% last year. Waiting to negotiate the purchase price, always one of the most nerve-racking moments for buyers, increased from 39% to 43%.

What Did Shoppers Wait on Most?

This year saw an increase in almost every step of the customer journey despite improvements in the overall time it took to buy a car.

	2023	2024
TEST DRIVE	41%	55%
PRICE NEGOTIATION	39%	43%
VEHICLE SELECTION	29%	36%
FINANCING	27%	30%
CONTRACT SIGNING AND TITLING	24%	25%
INCENTIVE AND REBATES	22%	25%
CREDIT APPLICATION	35%	35%
TRADE-IN	21%	21%

F&I Wait Times Tick Back Up

Waiting to complete tasks with a salesperson gets shoppers nearly to the finish line, but it's generally the F&I office that gets folks out the door and into their new cars. Last year, there was a massive improvement in the amount of time people waited for F&I. The number of customers who had to wait 30 or more minutes fell from 59% in 2022, to 37% in 2023. **This year, the numbers swung back upward, settling about halfway between at 49%.**

NET PROMOTER SCORE
A satisfaction score based on a customer's likelihood to recommend a business

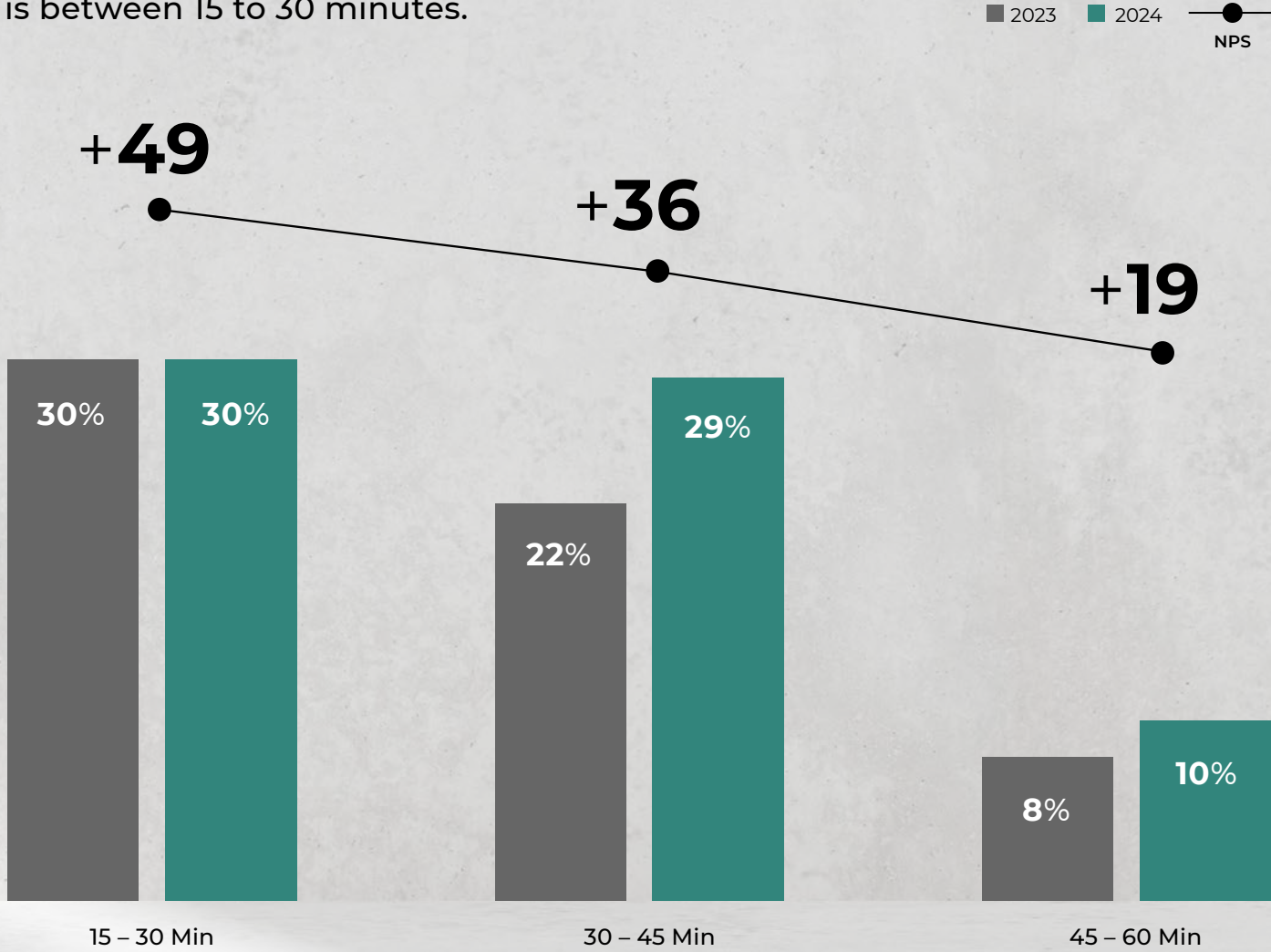
+36
NPS of shopper who **had to wait** for F&I Manager

+48
NPS of shopper who **didn't have to wait** for F&I Manager



Waiting on F&I isn't a deal breaker as long as customers are waiting 30 minutes or less.

Optimum time spent waiting for F&I Manager is between 15 to 30 minutes.



These wait times just for F&I can color an entire experience. NPS scores plummet from a 49 to 36 for those waiting between 30 and 45 minutes. They fall even further to 19 for those who waited 45 to 60 minutes.

Dealers' Strategic Focus

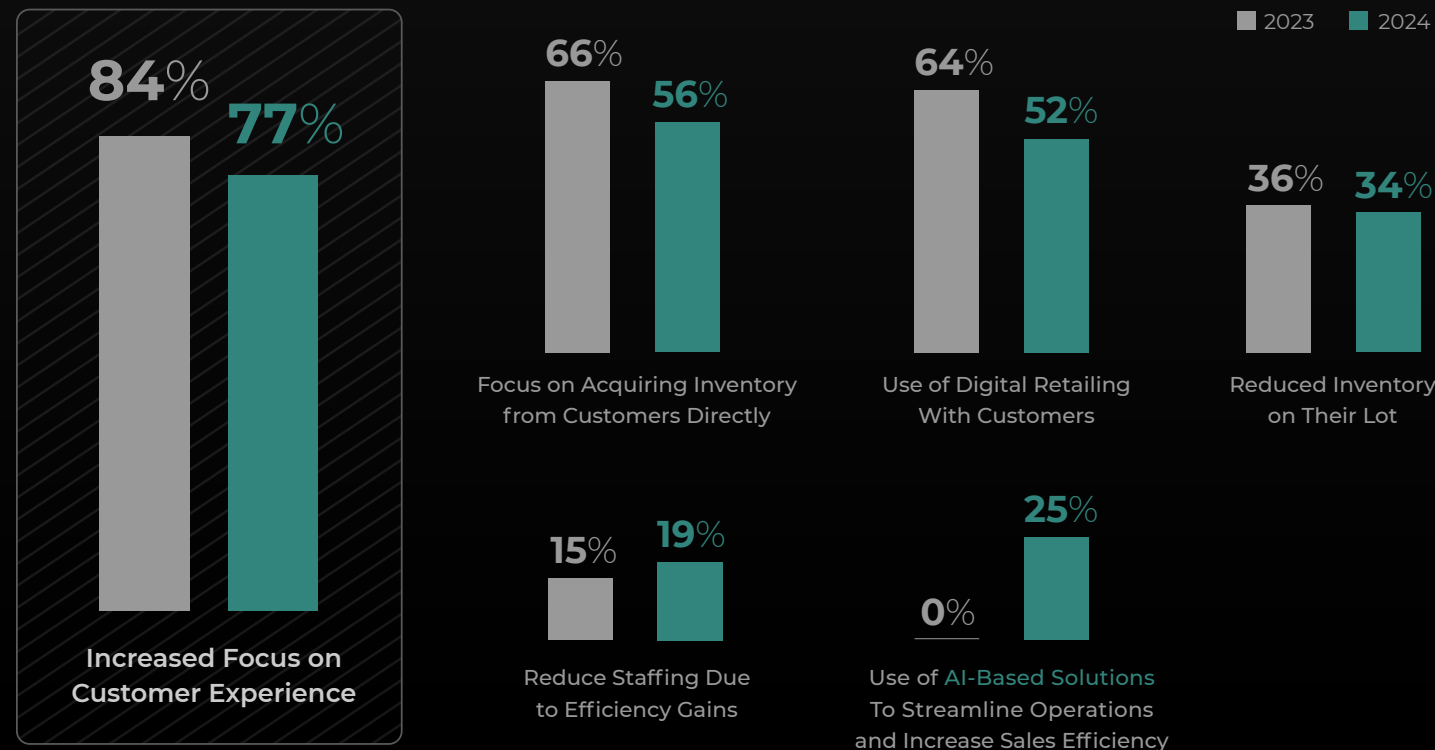
The conversations about customer experience seem to be ever present in automotive retail. Even when inventory issues were top of mind, they never outweighed dealers' thoughts on the experience of their operations.

This year, however, there seems to be a slight crack in the armor of this mindset. Perhaps it's the economy or political shifts, but dealers aren't as certain about what's the right focus for the long term. When asked what strategies are here to stay, an increased focus on customer experience was still first, as it has been the past three years, but it's dipped in importance for a second consecutive year to its lowest point (77%).

Most other areas saw drops as well and none more than digital retailing. It fell to 52% from 64% last year after a high of 76% in 2021. This can easily be written off to the fact that so many shoppers have returned in person to the dealership. However, the world is no less digital than it was during the pandemic with people being more comfortable using technology in various retail settings.

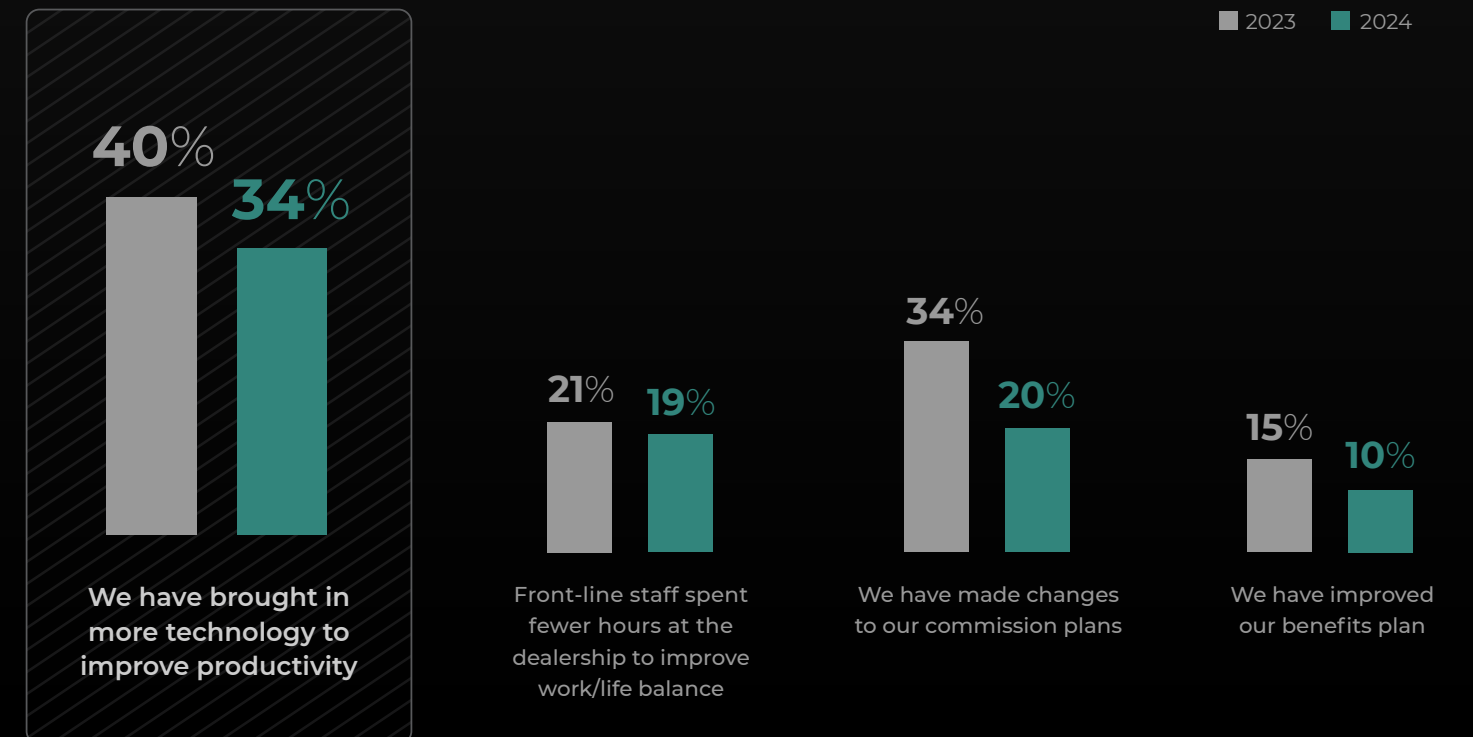
Top Strategies at Dealerships

Increased focus on customer experience remains the most important strategy for dealers. **The most dramatic gains over last year are shown by the 1 out of 4 dealers flocking to AI-based solutions** for streamlining operations and making sales process more efficient.



Changes in Headcount Management

Overall spending on **technology continues to drop** and Sales is spending more time at the dealership.



Modern Retail Out of Focus

Taking focus away from a digital retail strategy certainly isn't supported by how ingrained it is into most dealerships. The question is: just how effectively is it being used? A very healthy 78% of dealers said they use digital retail to support Sales, up slightly from 77% last year. The problem is that more dealers see digital retail strictly through the lens of their website.

Nearly two-thirds (63%) said the only use of digital retail solutions is the actual store's website. That's up from 57% last year. The number who incorporate digital retail into the showroom has reversed the upward trend we saw last year when it was 36% back to the historical norm of 31%.

This lack of focus on equipping teams with digital tools seems to be reverberating across teams when we asked about their specific pain points. While there was a steady line of improvement last year, in this year's study, there was far more erosion.

For example, 34% of Sales Managers said they were having trouble rekeying information. That's up from 30% and reverses three years of steady improvement. For salespeople, dealing with inaccurate information quoted online jumped from 18% to 24% this year. This was also a key issue for F&I Managers with 30% dealing with bad information coming from their websites compared to 26% last year.

Only **31%** of dealers incorporate digital retail into the showroom, in a reversal of the growth trend seen last year.

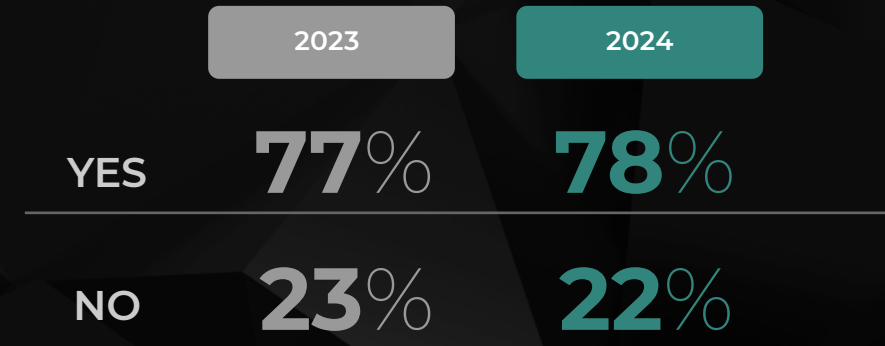


F&I also remains the area faced most with a lack of full system integration, with 36% saying it's a pain point compared to 33% of Sales Managers (up from 28% last year) and 23% of salespeople.

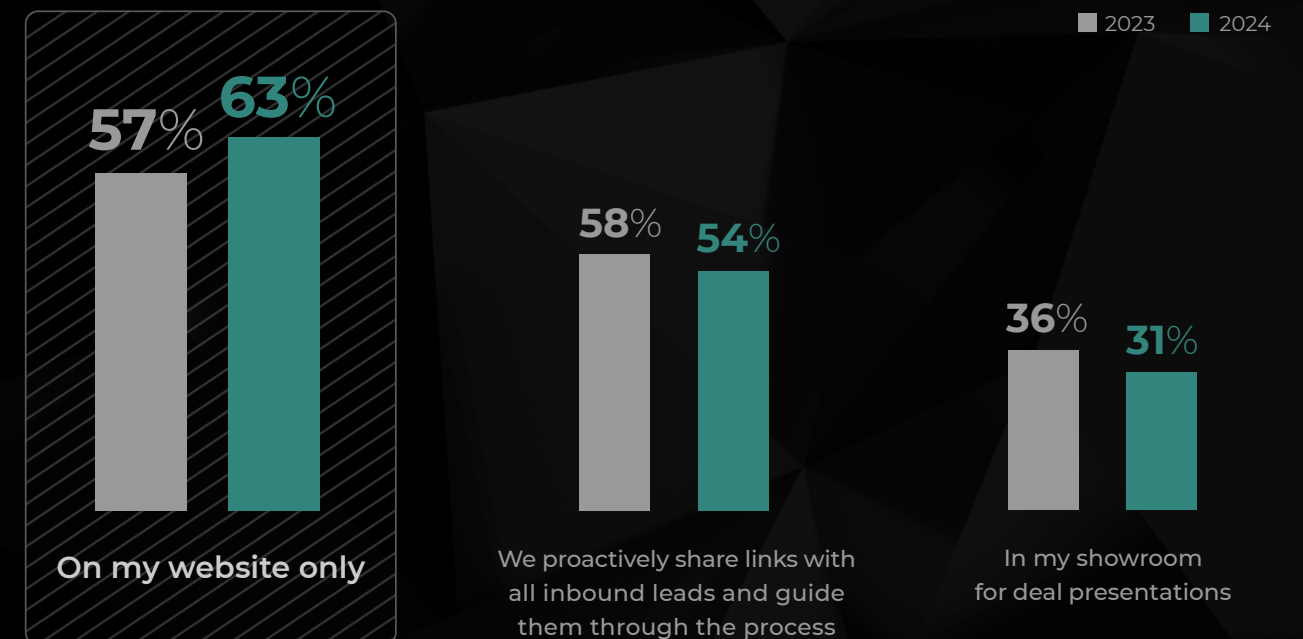
In fact, across the Front Office, there are more systems being used than in past years. While most dealers (47%) use two to three systems, the number who use six to seven systems more than doubled from 6% last year to 13% this year.

Digital Retailing Adoption Remains Steady

Use of Digital Retailing To Support Sales



The Dealer Website Is the Most Popular Use of Digital Retailing



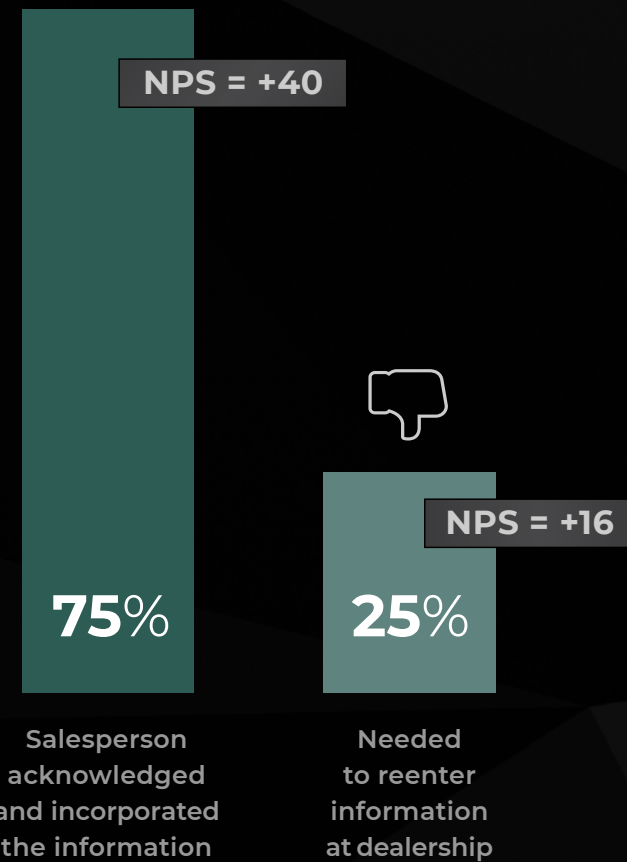
Don't Drop Shoppers' Details

The beauty of a digital retail tool is letting customers do some of the tedious busy work when and where they want before they come into the dealership to finish the purchase process. But this year's report found that a quarter of customers had to repeat the process once at the dealership. This failure led to a huge drop in customer satisfaction.

75% 

of the shoppers who started their journey online said that upon visiting the dealership the salesperson **acknowledged them** and had **their information incorporated into the system**

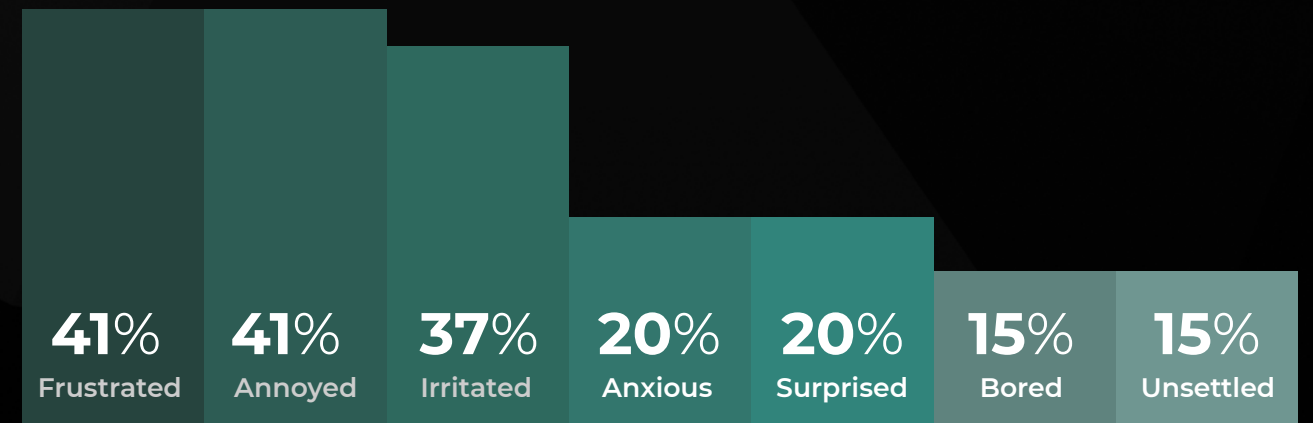
Which of the following best describes your interaction with the salesperson?



NET PROMOTER SCORE
A satisfaction score based on a customer's likelihood to recommend a business



Which of the following words best describe how you felt doing the same thing twice?



AI's Early Impact on Modern Retail

However modern retail as a monolithic tool is viewed, the hot topic of AI — generally embedded in modern retail solutions in some manner — is quickly making its way into the day-to-day of Variable Operations.

With **3 out of 10 dealers** claiming to have incorporated AI-based solutions into their Variable Operations, BDC takes a significant lead in AI application.

32%  of dealers claimed to have incorporated AI-based solutions into their Variable Operations

53% BDC
37% Sales Management
29% Sales Department
23% F&I



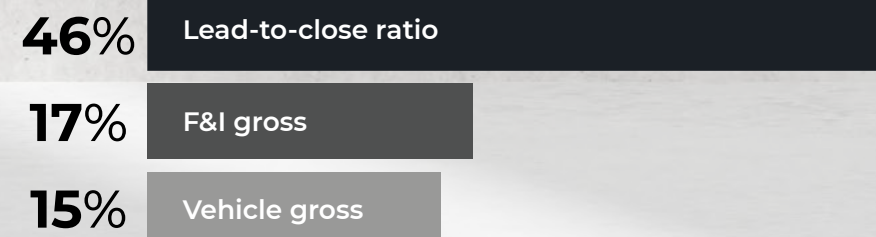
10 New Ways Dealers Use AI

1. AI-powered chatbots and virtual assistants for lead generation and qualification
2. Virtual sales assistants providing real-time information to customers
3. Scheduling appointments with customers
4. Targeted marketing campaigns based on customer segmentation
5. Analyzing customer feedback to improve customer satisfaction
6. Enhanced customer profiling to understand customers' financial history, preferences and purchasing behavior
7. Intelligent vehicle suggestions
8. Predictive analytics for identifying high-potential leads
9. Automated test-drive scheduling
10. Predictive analytics for recommending suitable F&I products to customers (e.g., extended warranties, service plans)

Lead-to-Close Ratio Improved the Most as an Impact of AI application

The uses of AI are varied but respondents saw clear impact when it came to closing on leads. As AI continues to seep into more parts of dealership operations, it'll be important to track its impact on leads and overall profitability.

What critical metrics improved after applying AI?

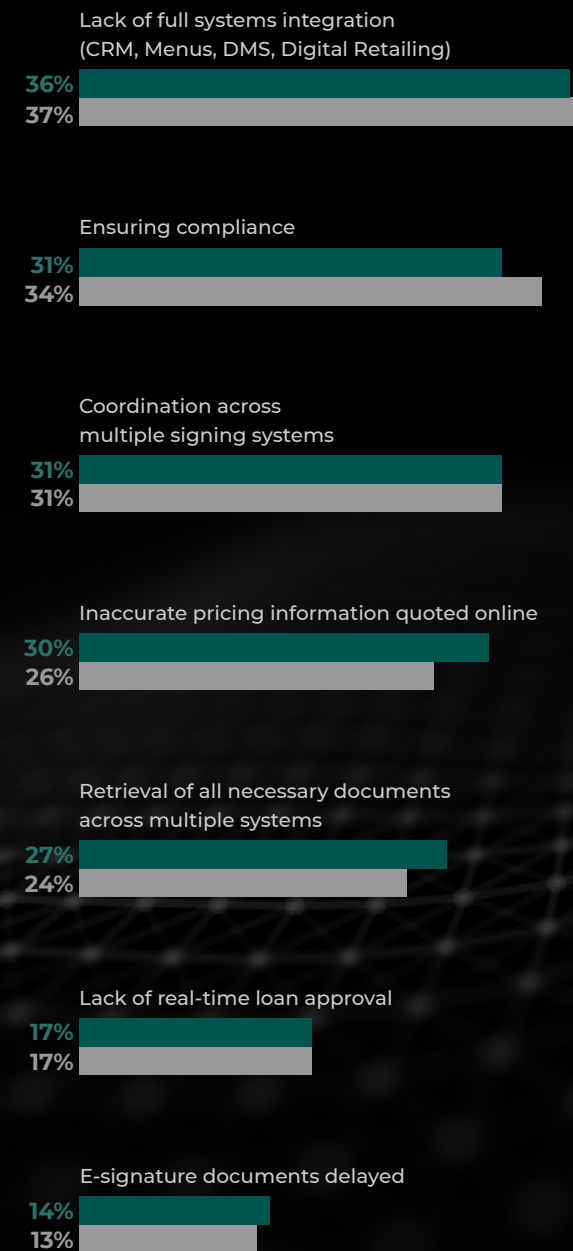


Top Pain Points for Dealership Employees



F&I MANAGERS

■ 2023 ■ 2024



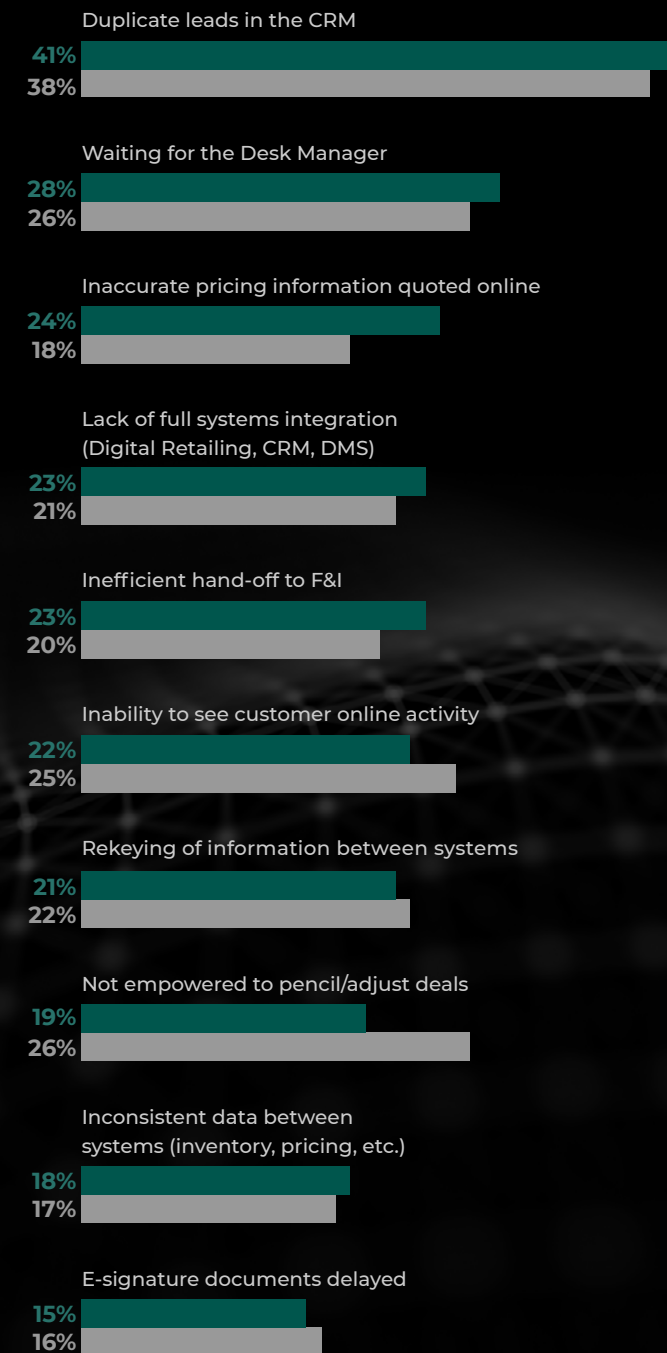
The customer journey and the friction points they encounter are vitally important to understand so dealers can meet the moment and find ways to smooth out those disruptions. But there are equally vital pain points for dealership employees that are just as much a part of the equation.

Across Sales and F&I, employees we surveyed reported an increase in many pain points compared to last year. These responses may be data points on the page, but at the dealership they lead to employee dissatisfaction, hurt retention or lead to burnout — key issues for the automotive retail workforce at large.



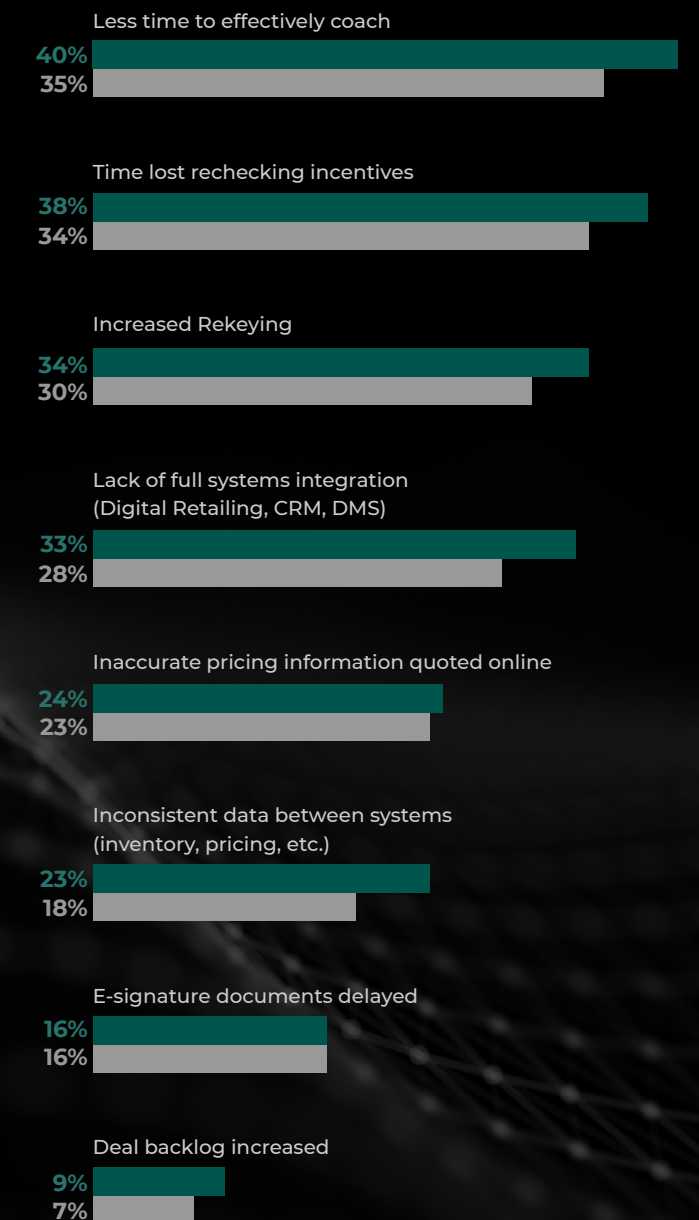
SALES REPRESENTATIVES

■ 2023 ■ 2024



SALES MANAGERS

■ 2023 ■ 2024



How Dealers Can Step Up

Dealers were frank in responding that leads are harder to come by than in recent years. Yet, they also admitted to a drop in lead follow-up and in the use of equity mining tools among their Sales teams.

1 Look Closer at Leads

Each respondent answered independently to separate questions, so they likely didn't realize this disconnect around leads. But while 83% of dealers said their Sales staff spent their focus on following up on inactive leads, that's down from 87% last year. The use of equity mining tools dropped an entire 10 percentage points from last year to just 42%. It seemed clear that dealers understand the importance of leads but their teams just aren't using the right tools.

If it's truly a time when leads are down and there's more time for Sales teams, they shouldn't just be spending time managing new leads. They should ensure the leads they've converted are given white-glove treatment, no matter the brand or price point.

2 Up Your Experience

It was interesting to see the focus on customer experience slipping with dealership respondents this year. Perhaps it's just been talked about so much in the broader retail ecosystem that it's become less powerful. But when you read through the quotes from shoppers who'd recommend the dealership they bought from, one thing shines through: They were treated great. One respondent couldn't have put it better:

“I gave a high score because the dealership provided excellent customer service, with a friendly and knowledgeable staff that made the process smooth and stress-free.”



ABOUT THIS STUDY

CDK is focused on connecting dealers with their customers to continuously improve this pivotal relationship. The Friction Points study is our guiding light each year that highlights the success and setbacks in the car-buying process and establishes the landscape for much of the exploration produced by our Research and Content teams throughout the year.



PETER KAHN

CDK Head of Research

With over 20 years of experience in researching all aspects of the automotive retail industry, Peter's work is focused mainly on how dealerships and brands can improve efficiencies and meet the changing needs of the vehicle buyer and service consumer.

As the Senior Director of the CDK Research and Insights group since 2015, Peter has produced work that covers a range of topics, such as Artificial Intelligence in the Dealership, Women in Automotive, the State of the Automotive Retail Industry, Job Seekers in Automotive Retail and many more that help inform decision-makers in our industry.



DEVIKA BIRNALE

Study Lead Researcher

Devika Birnale is a Market Research Analyst at CDK, where she works on a variety of research initiatives across thought leadership and the Product Technology and Marketing teams. Her research bridges the gap between end customers, dealerships and CDK. Devika holds a master's degree in Marketing Intelligence from the University of San Francisco.



ROHINI TRIPATHI

Study Lead Researcher

Rohini Tripathi is a Senior Market Research Analyst at CDK. She has nearly 10 years of experience in research with global organizations spanning different industries such as media and entertainment, CPG and automotive retail. At CDK, Rohini works on various research initiatives for the Product, Technology and Marketing teams and provides insights and analysis to help make business-related decisions.

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