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# the \$70 billion disruption: auto industry white paper

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# EXECUTIVE SUMMARY

The EV transition didn't go as planned. OEMs that recognized it early are pivoting to a hybrid powertrain reality and building new revenue through software, services, and subscriptions. Those still optimizing for an electrification timeline that stalled are falling behind.

At the same time, three key forces are redrawing the competitive map regardless of what's under the hood: marketplaces now control discovery and pricing, retail media networks have monetized the commerce layer, and AI has moved from operational tool to full-stack business intelligence. The auto industry isn't simply undergoing a recalibration. It's undergoing a redistribution of power, and \$70 billion will follow whoever controls the new stack.

## Key dynamics defining the industry today:

- OEMs are pivoting toward a hybrid Internal Combustion Engine (ICE)/EV strategy while seeking new revenue through software, services, and subscriptions
- Marketplaces are becoming primary entry points for consumers, reshaping pricing, discovery, and brand control
- Retail media networks are creating new monetization layers across commerce ecosystems
- AI is evolving into a full-stack intelligence layer, powering everything from predictive maintenance to media buying and pricing optimization
- Consumers are more value-driven than ever, accelerating growth in pre-owned and aftermarket channels

The implication is clear: Brands that fail to unify media, commerce, and data will lose visibility, and ultimately, control of the customer relationship.

# industry backdrop & macro forces

Inventory levels have stabilized post-pandemic, but EV adoption has stalled well below initial projections. OEMs are responding with a balanced powertrain strategy — EV, hybrid, and ICE running in parallel — a mix that will sustain aftermarket demand significantly longer than the original electrification timeline suggested.

Marketplaces have moved past transactional. They are now the primary points of discovery, comparison, and purchase. Consumers are there before a brand ever gets a word in. The consequence is margin compression at scale, driven by price transparency that dealers and OEMs have no mechanism to control.

Retail media networks are no longer emerging. Retailers, marketplaces, and parts distributors are already using first-party data to monetize advertising, turning commerce platforms into media businesses. Automotive brands that haven't adapted their media strategy are now buying visibility on platforms that used to be purely transactional.

Artificial intelligence has expanded well beyond predictive maintenance. It now drives pricing optimization, media buying, demand forecasting, and inventory management — and the brands treating it as an operational tool rather than a strategic one are already behind.

# consumer dynamics

The automotive purchase journey starts online. Digital-first research has become the default across every consumer segment. Buy Online, Pickup In-Store (BOPIS) has closed the gap between eCommerce convenience and the physical experience consumers still want for a purchase this size.

Consumers are trading down. Pre-owned vehicles and aftermarket parts have become the practical choice for a market squeezed by sustained affordability pressure, according to various AAA's 2024 Automotive Consumer Trend Reports. DIY demand has grown as a result, though the Do It For Me (DIFM) segment continues to expand in parallel. Convenience and cost savings are proving to be equally powerful motivators, depending on the segment.

Brand loyalty is being repriced. Heritage and reputation still matter, but value and convenience are now the deciding factors for a growing share of automotive consumers. The brand that built trust over decades can lose a transaction to a marketplace with better price transparency and faster delivery.

#### **Consumers are becoming channel-loyal, not brand-loyal**

Marketplaces, search platforms (including LLMs), and retail ecosystems are the first touchpoint, which means brands are no longer guaranteed a direct relationship with their customers. Convenience continues to outweigh capability, and the result is a fragmented journey where whoever controls the experience controls the relationship. The product is no longer enough.

## b2b & distribution

Dealer service retention is declining. As more vehicles age out of warranty coverage, independents and aftermarket installers are capturing an expanding share of the service market.

Fleet and commercial operators prioritize uptime above all, with predictive maintenance and telematics adoption. Leading dealer groups are pushing back. Loyalty programs, digital integration, and retention marketing are their primary tools. Whether that's enough against the structural shift toward independents remains the open question.

Distribution networks are consolidating. National accounts are gaining influence at the expense of regional players, and the brands without established relationships at scale are the most exposed. Margins are under pressure from multiple directions. Parts shortages, competitive

pricing, and consumer expectations for faster delivery and greater transparency are each taking a cut. OEMs and aftermarket players are navigating all three simultaneously with no near-term relief in sight.

# segment deep dives

## A. OEMs (GM, Toyota, Ford)

The EV pivot is being repriced. Electrification remains a long-term priority, but near-term capital is moving back toward hybrid and ICE platforms. Consumer demand and profitability realities forced the adjustment.

The execution risk is the one worth watching. OEMs are investing in software-defined ecosystems and subscription-based services to rebuild revenue the EV transition threatened to eliminate. But consumers are already pushing back on subscription-gated features.

## B. Tires & Service

Tires and service remain the backbone of retention strategies for both OEMs and aftermarket networks. Consumers are highly price-sensitive in this category, driving intense competition among retailers. eCommerce adoption continues to grow, and fleet operators are increasingly entering long-term maintenance contracts. Subscription-based tire services are also emerging, particularly in urban markets.

## C. Retail Parts & Performance/Accessories

Marketplaces have stopped being transactional. They are now the first stop in the consumer journey, the benchmark for pricing transparency, and the entity setting fulfillment expectations every other channel gets measured against. Brands built around owning the full funnel are now competing within ecosystems they don't control.

The retail media layer compounds it. Marketplaces are monetizing search and placement, selling competitors the ability to outrank you at the exact moment a consumer decides.

Commerce in this segment is no longer about selling products. It's about buying visibility. Brands without a retail media

strategy are ceding the shelf to someone who has.

#### **D. Pre-Owned / CPO Retail**

The pre-owned market has become the primary outlet for affordability-conscious consumers. Reconditioning has become a meaningful revenue layer, creating opportunities in tires, batteries, and accessories that the new vehicle sale rarely generates, according to J.D. Power's 2024 study. Certified Pre-Owned (CPO) programs are driving it by giving consumers the warranty coverage and pricing transparency they need to commit to a used vehicle at scale. Digital transparency in vehicle history and pricing is critical for building consumer trust.



# ai integration & subscription models

By 2030, AI-driven diagnostics will likely be embedded into service contracts, helping to reduce downtime and extend vehicle lifespans.

Subscription models are also gaining traction. OEMs and aftermarket players are piloting subscription services not only for software features, but also for tires, maintenance, and service packages. These models provide predictable revenue while delivering convenience and value to consumers.

Artificial intelligence is rapidly expanding beyond predictive applications, increasingly supporting business-critical functions such as real-time pricing optimization, inventory forecasting, customer service, and media buying. In the coming years, AI will be embedded infrastructure, not a competitive advantage, driving diagnostics, service contracts, and vehicle lifespan optimization across the industry, according to McKinsey.

Subscription models are expanding beyond software. OEMs and aftermarket players are piloting subscription services for tires, maintenance, and service packages, creating predictable revenue streams that the traditional vehicle sale never provided. The risk is execution.

Consumers have already signaled resistance to features that feel artificially gated. The subscription models gaining ground are the ones built around genuine convenience, not manufactured dependency.

## forward outlook

**Looking ahead to 2030, several structural changes will define the auto industry:**

- **Consumer Behavior:** Affordability challenges will drive demand for pre-owned and aftermarket solutions. eCommerce and BOPIS will become the default experience. DIFM will expand further as the desire for convenience dominates consumer expectations.
- **OEM & Dealer Dynamics:** EV adoption will grow but plateau below initial projections. Internal Combustible Engine aftermarket demand will remain robust. Digital retail will become table stakes.
- **Aftermarket Evolution:** Tires and service will continue as anchor categories. Right-to-repair will expand access, while Advanced Driver-Assistance Systems

calibration and telematics create new service categories.

- **Fleet & Commercial:** Predictive maintenance and telematics will become standard, shaping service networks for mixed ICE/EV fleets.
- **Industry Structure:** Consolidation among distributors will intensify. Pre-owned/CPO will gain share. Circular economic pressures will reshape supply chains.

# recommendations

**In the next 12–18 months, industry players should consider the following:**

- **OEMs:** Bundle tires, service, and accessories; accelerate digital retail.
- **Aftermarket:** Build trust with fitment tools and warranties; expand DIFM convenience.
- **Dealers:** Focus on pre-owned reconditioning and loyalty programs.
- **Fleet/Commercial:** Pilot predictive maintenance contracts.
- **Retail Parts:** Differentiate through eCommerce/BOPIS and transparency.

**On the road to 2030, strategies must evolve from channel optimization to ecosystem control:**

## OEMs

- Fully embrace consumer preference and adapt, balancing EV ambitions with sustained ICE demand
- Build integrated software, services, and subscription ecosystems that extend beyond the vehicle
- Compete more directly with marketplaces by strengthening owned digital retail and data platforms
- Use AI as a core operational layer across pricing, forecasting, customer engagement, and marketing execution

## Aftermarket

- Lead in data-enabled service ecosystems, including ADAS calibration, telematics integration, and predictive maintenance offerings
- Expand DTC and DIFM models into unified

omni-channel service ecosystems

- Use AI to optimize commercial performance across pricing, demand, and customer retention

### **Dealers**

- Lean into CPO as a central growth engine within dealership economics
- Transition fixed operations into data-driven, proactive service businesses
- Build loyalty systems that compete directly with marketplaces and OEM digital ecosystems
- Leverage AI tools to enhance customer targeting, retention modeling, and service outreach

### **Fleet/Commercial**

- Standardize AI-powered predictive + prescriptive maintenance systems across fleets
- Optimize total cost of ownership through real-time operational intelligence
- Expand partnerships with OEMs and aftermarket providers for integrated service ecosystems
- Build infrastructure for continuous data exchange across vehicles, platforms, and service networks

### **Retail Parts**

- Compete in an ecosystem where marketplaces increasingly shape demand and pricing transparency
- Develop proprietary data and loyalty systems to reduce dependency on third-party platforms
- Build AI-enabled commerce systems that connect pricing, inventory, and customer behavior in real time
- Move beyond transactions to build end-to-end automotive service and ownership ecosystems



# conclusion

The automotive industry is no longer competing on product alone. It is competing on **who owns the customer relationship**.

As marketplaces, retail media networks, and AI-driven systems gain influence, brands risk becoming increasingly disconnected from their end customers.

**The path forward is clear:**

Brands must **unify media, commerce, and data into a single, connected ecosystem**.

**Those who do will:**

- Capture demand more efficiently
- Personalize experiences at scale
- Maximize lifetime customer value

**Those who don't will face a growing challenge:**

Losing visibility into their customers, and with it, their ability to compete.

## THE MINDGRUVE SOLUTION

Mindgruve's advanced analytics solution, Sightline, is designed to help automotive brands break down the silos between media, commerce, and data and bring them into a single, connected ecosystem. By unifying performance signals across marketing channels, retail platforms, and customer interactions, Sightline enables brands to see the full customer journey in real time and translate fragmented data into actionable insight. This connected view allows for more precise decision-making, like optimizing media investment, improving commerce performance, and identifying high-value opportunities across the funnel.

In an industry where marketplaces, retail media networks, and AI-driven systems are reshaping how demand is created and captured, Sightline provides the infrastructure brands need to regain visibility, improve efficiency, and ultimately make faster, smarter, and more profitable business decisions.

Contact us today at [Mindgruve.com](https://www.mindgruve.com) to learn how we can help you drive real results.



# automotive industry case studies: executing recommendations

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## CASE STUDY 1

# treads — ai-driven car maintenance subscription

**Overview:**

Treads is a mobile-first app that combines tire replacements, alignments, oil changes, and even auto insurance into a single subscription service. AI is used to predict maintenance needs and alert users proactively.

**Key Outcomes:**

AI-driven predictive maintenance alerts reduced unexpected vehicle issues.



Customers can manage all maintenance needs through a single platform, enhancing convenience.



Expanded offerings to include insurance and other services, increasing customer retention.

**Strategic Alignment:**

Treads exemplifies the integration of AI into consumer services and subscription-based models for vehicle maintenance.



CASE STUDY 2

# penske — ai-powered fleet maintenance

**Overview:**

Penske Truck Leasing uses Catalyst AI to analyze over 300 million data points daily, predicting maintenance needs for its fleet.

**Key Outcomes:**



Prevented over 90,000 truck failures in the past year.



Improved fuel efficiency and reduced operational costs.



Enhanced technician efficiency through AI-guided diagnostics and repairs.

**Strategic Alignment:**

Supports recommendations for AI-driven predictive maintenance and B2B fleet optimization.

CASE STUDY 3

# adas trak — streamlining adas calibration

## Overview:

ADAS Trak provides a platform for collision repair shops to manage ADAS calibrations, ensuring vehicles are safely and accurately repaired.

## Key Outcomes:



Reduced missed calibrations, enhancing safety and compliance.



Improved workflow efficiency, leading to faster turnaround times.



Provided documentation to support liability reduction and insurance claims.

## Strategic Alignment:

Shows the value of investing in ADAS calibration technology for safety, efficiency, and trust.

CASE STUDY 4

# epicor — predictive maintenance in the aftermarket

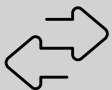
**Overview:**

Epicor’s cloud-based ERP integrates predictive maintenance capabilities, helping aftermarket businesses anticipate service needs and optimize inventory.

**Key Outcomes:**



Enhanced customer experience through proactive service and reduced downtime.



Optimized inventory management, ensuring parts are available when needed.



Increased revenue per vehicle via upsell opportunities and service efficiency.

**Strategic Alignment:**

Demonstrates leveraging AI for predictive maintenance and inventory optimization in aftermarket operations.

# about the author



Jacob Boven is a results-driven marketing and advertising professional with 16+ years of experience spanning categories such as automotive, healthcare, retail, spirits, and sports marketing, leading integrated campaigns across brand strategy, content & creative, paid media, PR/communications, social, influencer, experiential, and analytics.

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