AI Buzzwords Explained – Dealership Edition (2025 Field Guide)

This guide breaks down common AI and tech buzzwords into simple, dealership-relevant terms. Use it as a cheat sheet when exploring new tools, explaining AI to your team, or evaluating new vendors.

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| Buzzword | Simple Definition | Dealership Example |
| LLM | A large language model trained to understand and generate human language. | GPT-4 can write personalized follow-ups for unsold internet leads. |
| Prompt Engineering | Crafting clear, specific instructions to get better results from AI. | You write a prompt that gets ChatGPT to generate VDP descriptions that follow Ford's tone. |
| RAG | Retrieval-Augmented Generation—AI that pulls info from your own files. | Ask 'What was our May close rate?' and it pulls from your uploaded CRM report. |
| Embeddings | A way for AI to turn words into numbers so it can search or understand meaning. | Helps find similar past emails when writing a service campaign reply. |
| Fine-tuning | Training an AI model on your business data so it acts more customized. | You fine-tune a bot so it answers like your top-performing BDC agent. |
| Token | A chunk of a word used in AI processing—used to count input or output length. | ChatGPT has a limit per response (measured in tokens), so keep prompts tight. |
| Hallucination | When AI makes up incorrect or false info. | It might claim your store is open Sundays—always double-check the output. |
| Agent | An AI system that performs a series of steps automatically. | An AI that scans lead quality, sends a follow-up, and updates your CRM log. |