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Robots to 'replace 30% of Nio workforce by 2027'

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Nio, one of China's top three builders of premium electric vehicles, aims to reduce its workforce by a third by 2027 as it rapidly replaces them with robots.

Earlier this month, the company said it had cut 10 per cent of its workforce to boost efficiency and stay competitive.

The Shanghai-based firm was actively pursuing a higher level of automation in production and also planned to slash managerial positions by 50 per cent as it introduced more artificial intelligence (AI) technologies at its plants, said Ji Huaqiang, vice-president of manufacturing, logistics and operations.

"We want to resort to AI technologies to largely reduce reliance on skilled workers and technicians, and hence save more labour costs," he said.

"If 80 per cent of our decisions [in manufacturing] can be made by AI, it will enable us to reduce 50 per cent of our managerial positions in 2025."

Robots could help the company cut the use of workers on the production lines by 30 per cent between 2025 and 2027, he added.

Nio had a workforce of about 7,000 at the end of 2022, according to data from corporate registry website Qichacha.

Nio envisioned full automation, or a labour-free system, at its manufacturing sites in future, banking on advanced AI and robotic technologies, Ji said. He, however, admitted it was difficult to give a time frame.

Major electric-vehicle makers are under pressure to stem losses amid escalating competition on the mainland, the world's largest electric-car market. Crowded with 200 players, concerns are mounting over severe overcapacity.

Nio has yet to make a profit since it was established in 2014, but the firm, along with Xpeng and Li Auto – the three Chinese premium electric vehicle assemblers – is now facing new rivals such as smartphone vendor Xiaomi and search-engine giant Baidu, whose intelligent vehicles are luring wealthy motorists away from the established players.

Nio delivered 126,067 vehicles in the first 10 months of 2023, up 36.3 per cent year on year. President Qin Lihong has said 40 per cent year-on-year sales growth was not fast enough to reflect the company's design and manufacturing strength.

"Nio already has a big production capacity and its manufacturing technique is advanced enough to support high growth," said Chen Jinzhu, chief executive of consultancy Shanghai Mingliang Auto Service.

"The company needs to design and produce more vehicles that can appeal to more Chinese drivers to bolster sales."