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Nissan unveils ‘The Arc’ business roadmap to drive competitiveness and profitability

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Japanese carmaker Nissan Motor Corp. announced an all-new business plan, named The Arc, to sharpen its global electric-vehicle transition strategy

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On March 25, Japanese carmaker Nissan Motor Corp. announced an all-new business plan named The Arc, to sharpen its global electric-vehicle transition strategy, while applying new approaches to engineering and manufacturing to strengthen competitiveness and improve profitability. The plan entails a broad product offensive with an increased focus on electrification of vehicles, adoption of new technologies and use of strategic partnerships to drive global sales volumes.

In a statement, the automaker said that The Arc is positioned as a bridge between the Nissan NEXT business transformation plan running from full year 2020 to full year 2023 and Nissan Ambition 2030, which is the carmaker's long-term vision. The new business roadmap under The Arc is split into midterm imperatives for full year 2024 to 2026, as well as mid-long-term actions slated for execution through 2030.

The first part of the two-part plan entails Nissan working to ensure volume growth through a tailored regional strategy and prepare for an accelerated transition to EVs, supported by a balanced electrified and internal combustion engine (ICE) product portfolio. The plan also includes a focus on achieving volume growth in major markets as well as financial discipline in its operations. As per the plan, these initiatives are aimed at lifting annual sales by one million units, while increasing its operating profit margin to more than 6%, both by the end of fiscal year 2026.

Achievement of milestones under the first part will pave the way for the second part of Nissan's business plan, which involves enabling EV transition across all markets, realizing long-term profitable growth backed by strategic partnerships, enhanced EV competitiveness, differentiated innovations and new revenue streams.

With this roadmap, Nissan aims to realize a revenue potential of ¥2.5 trillion (over $16.5 billion) from new business opportunities by 2030.

Nissan's action plan under The Arc roadmap includes the following:

a) Balanced product portfolio: The automaker plans to launch 30 new models over the next three years, of which 16 will be electrified, and 14 will be ICE models. Between full year 2024 and full year 2030, Nissan plans to launch a total of 34 electrified models, catering to all the product segments, with the model mix of electrified vehicles expected to account for 40% of global sales by full year 2026, rising to 60% of global sales by the end of the decade.

b) EV competitiveness: Nissan's product offensive will be supported by new development and manufacturing approaches aimed to make EVs more affordable and increase profitability. The roadmap involves developing EV models in families, integrating powertrains, utilizing next-generation modular manufacturing, group sourcing, and battery innovations. This approach, according to the company, will help it in terms of cost reduction to the tune of 30% as compared to the current model Ariya crossover. On a larger scale, this move is aimed at achieving cost-parity between EVs and ICE models by full year 2030.

Nissan estimates that developing modular EVs (in families) will help it reduce cost of product development by 50%, reduce variation of trim parts by 70% and shorten development lead time by four months. “By adopting modular manufacturing, the vehicle production line will be shortened, reducing the production time per vehicle by 20%,” the company said Monday.

Furthermore, under The Arc plan, the carmaker said that more plants in Japan and overseas will adopt the Nissan Intelligent Factory concept, with the Oppama and Nissan Motor Kyushu plants in Japan, the Sunderland Plant in the UK and Canton and Smyrna plants in the US starting the adoption from full year 2026 through 2030.

Meanwhile the EV36Zero production approach will be extended from Sunderland in the UK to plants including Canton, Decherd and Smyrna in the US, and Tochigi and Kyushu in Japan from full year 2025 through 2028.

c) New technologies: The plan also includes accelerating the evolution of vehicle intelligence technologies such as next-generation ProPILOT driver-assistance system, which realize door-to-door autonomous driving technology from on-highway to off-highway, private premises, and parking.

On the battery front, Nissan plans to offer enhanced nickel cobalt manganese or NCM lithium-ion, lithium iron phosphate or LFP and all solid-state batteries to provide diversified EVs to meet different customer needs. The automaker said that it plans to significantly enhance NCM li-ion batteries, reducing quick-charging time by 50% and increasing energy density by 50% compared to the current-generation Ariya crossover.

Meanwhile, it plans to develop and produce LFP batteries in Japan. EVs with LFP batteries will be launched with an aim of reducing the cost by 30% compared to the Sakura EV mini vehicle.

“New EVs with enhanced NCM li-ion, LFP and all-solid-state batteries will be launched in FY 2028,” it said.

d) Strategic partnerships: Harnessing its strategic partnerships globally, Nissan said it will continue to leverage its alliance with Renault and Mitsubishi Motors in Europe, LATAM, ASEAN and India. In mainland China, it plans to fully utilize its local assets to meet the needs of China and beyond; and explore new partnerships in Japan and the US. That said, it looks to develop and source 135GWh worth of EV batteries with partners through this decade.

e) Financial discipline to deliver resilient, profitable performance: Nissan has chalked out a plan to follow firm financial discipline, enabling stable CAPEX and R&D investment ratio versus net revenue of between 7% to 8%, excluding battery capacity investment. The automaker disclosed that it plans to invest more than ¥400 billion (over $2.64 billion) in battery capacity.

Meanwhile, investment in electrification is expected to steadily increase, becoming more than 70% by full year 2026. “Managing these investments is aimed to allow delivering benefits to all stakeholders, with Nissan maintaining positive free cash flow before M&A – even after electrification investments. This is to secure total shareholder return at more than 30%,” the company said, adding that Nissan aims to maintain net cash at a healthy level of ¥1 trillion (over $6.6 billion) throughout The Arc plan period.

That said, Nissan plans to deploy tailored strategies for different regions across its major markets globally. In key markets, Nissan’s actions by full year 2026 include:

Americas:

1. Increase across-region sales by 330,000 units (in full year 2026 and compared to full year 2023)

and invest $200 million in integrated customer experience in the US.

2. In the US and Canada: Launch seven all-new models

3. In the US: Refresh 78% of passenger vehicle line-up for Nissan brand and launch e-POWER and plug-in hybrid models.

Mainland China:
1. Refresh 73% of Nissan-brand models and launch 8 new-energy vehicles (NEVs), including 4 Nissan-branded models

2. Target 1-million-unit sales in full year 2026, representing an increase of 200,000 units.

3. Start vehicle exports in 2025; aim for 100,000-unit level.

4. Continue to optimize production capacity with local partners.

Japan:
1. Refresh 80% of passenger model line-up, launching 5 all-new models.

2. Achieve a 70% electrified level in passenger vehicle line-up.

3. Increase sales by 90,000 units (compared to full year 2023) to 600,000 units in full year 2026.

Africa, Middle East, India, Europe and Oceania:
1. Increase across-region sales units by 300,000 units (in full year 2026 and compared to full year 2023).

2. In Europe: Launch six all-new models; achieve 40% EV passenger-vehicle sales mix.

3. In the Middle East: Launch five all-new SUVs.

4. In India: Launch three all-new models and become a hub for exports, at a level of 100,000 units per annum.

5. In Oceania: Launch a 1-ton pickup and introduce a C-crossover EV.

6. In Africa: Launch two all-new SUVs and expand A-segment ICE vehicle lineup.

Commenting on the new business plan, Nissan President and Chief Executive Officer Makoto Uchida said: “The Arc plan shows our path to the future. It illustrates our continuous progression and ability to navigate changing market conditions. This plan will enable us to go further and faster in driving value and competitiveness. Faced with extreme market volatility, Nissan is taking decisive actions guided by the new plan to ensure sustainable growth and profitability.”

“Under this comprehensive plan we will enhance Nissan’s competitiveness and achieve sustainable profitability. Nissan is confident that it has what it takes to properly execute this plan, which will provide us with the firm foundation we need to bridge to our Nissan Ambition 2030 vision,” added Uchida.

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