

What's next for robotaxis?

In 2023, it almost felt as if the promise of robotaxis was soon to be fulfilled.

Hailing a robotaxi had briefly become the new trendy thing to do in San Francisco.



However, that dream crashed and burned when a serious accident in downtown San Francisco ignited distrust, casting a long shadow over the technology's future.

Despite that, other robotaxi companies are still forging ahead. In half a dozen cities in the US and China, are still serving anyone who would like to try them. Regulators in places like San Francisco, Phoenix, Beijing, and Shanghai now allow these vehicles to drive without human safety operators.

However, other perils loom. Robotaxi companies need to make a return on the vast sums that have been invested into getting them up and running. Until robotaxis become cheaper, they can't meaningfully compete with conventional taxis and Uber.

After years of testing robotaxis on the road, companies have demonstrated that a version of the autonomous driving technology is ready today, though with some heavy asterisks. They operate only within strict, pre-set geographical boundaries; while some cars no longer have a human operator in the driver's seat, they still require remote operators to take control in case of emergencies; and they are

limited to warmer climates, because snow can be challenging for the cars' cameras and sensors.

The problem is that this version of automated driving is much more costly than traditional taxis. A robotaxi ride can be more expensive than what it costs other taxi companies.” Unfortunately it’s doubtful that the technology will dramatically change in the coming year to really drive down that cost.”

That higher ticket price will inevitably suppress demand. If robotaxis want to keep customers—not just those curious to try it out for the first time—they need to make the service cheaper than other forms of transportation.

And as robotaxi companies keep burning the cash from investors, concerns are growing that they are not getting enough in return for their vast expenditure. That means even more pressure to produce results, while balancing the potential revenues and costs.