

AutoCo Robotics: Pricing Strategy



About AutoCo

Industry leader with 26,000+ employees and \$6B+ sales in 2020. Founded in 1854 in Glasgow.

Currently experiencing a slight sales decline.



Strategic Focus

CEO Julia Meiners drives innovation and modernization.

Investments target Classical and Collaborative Robotics.



Team Mission

AutoCo Robotics: Strategic Pricing for Cobots and Industrial Robots in the German Market

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Product specification

Industrial Robot – KUKA KR 210 R2700

- **Payload/Reach:** 210 kg / 2700 mm
- **Repeatability:** ± 0.06 mm
- **Applications:** Welding, palletizing, heavy material handling (auto & steel industries)
- **Key Features:** High durability, low maintenance, ideal for harsh environments
- **Price:** ~€27,000–€35,000 (config-dependent)



Collaborative Robot – UR10e by Universal Robots

- **Payload/Reach:** 12.5 kg / 1300 mm
- **Repeatability:** ± 0.05 mm
- **Applications:** Assembly, packaging, pick & place, inspection, machine tending
- **Key Features:** Easy setup, human-safe, ideal for SMEs
- **Price:** ~€45,000



Pricing Approach – Classical Robots

Competition-based pricing

- FANUC R-2000iA/210F, R-2000iC/210F 210 Payload: €25,000–€35,000 range
- Compelling Reason : Superior service, flexible integration, or innovative features such as AI-driven maintenance, easier programming, or modular upgrades
- Pricing : Slightly below competitors (€21k–€25k Range)

Cost-based pricing

- Core Methodology: Price = Total Production Cost + Fixed Markup (e.g., 25% markup on €100 cost = €125 price) 17.
- Strategic Approach: Combines cost-plus (ensure profit) and break-even (cover fixed/variable costs) pricing models 136.
- Key Advantage: Guarantees 15–25% margins while simplifying price justification (e.g., "Raw materials increased 10%")

Customer value-based pricing

- Use surveys, interviews, or pilots to understand customer priorities and price sensitivity.
- Tailor offers by customer type (e.g., SMEs vs. large manufacturers).

Base Price: €22,500
(includes cost + 25% markup)

Target Range: €23k–€30k

Tiered Offerings:

- **Standard:** €22,000 – €23,000 (*SMEs*)
- **Advanced:** €25,000 – €27,000 (*AI features, modular upgrades*)
- **Premium:** €28,000 – €30,000 (*services, warranty for large firms*)

Pricing Approach – Collaborative Robots

Competition Based Pricing

- KUKA LBR iiwa: ~€92,000, Kawada NEXTAGE: ~€55,000, ABB YuMi: ~€37,000
- Pricing : Slightly below competitors (€83k–€96k Range)
- Main focus should be high end product with high margins and better feature set than competitors

Cost Based Pricing

- Core Methodology: Price = Total Production Cost + Markup
 - Estimated production cost: ~€35,000 (based on reverse-margin analysis of competitors)
 - Markup: 25%–35% for cost-plus model
- Price target: €45,000–€50,000
- Aligned with cost recovery + modest profit entry strategy

Customer Value Based Pricing

- Subscription-Based: €500–€1,500/month, depending on features and service levels.
- Deploying cobots can lead to a 30%–40% increase in productivity, with most cobots offer ROI within 6–12 months; some within 3–6 months

Base Price: €48,000
(cost + 30% markup)

Target Range:
€46,000–€83,000

Tiered Offerings:

- **Standard:** €45k–€50k
(lean features for SMEs)
- **Advanced:** €55k–€65k
(AI, vision modules)
- **Premium:** €75k–€85k
(full service & support bundle)
- **Subscription Option:**
€500–€1.5k/month
(hardware + support)

Conclusion & Strategic Suggestions for AutoCo

Adopt a Dual Product Strategy

- Target **SMEs with UR10e** for flexible, collaborative automation
- Target **large industries with KR 210** for heavy-duty tasks

Implement Tiered & Subscription Pricing

- Offer **Standard to Premium tiers** based on features and services
- Provide **monthly subscription plans** to attract cost-sensitive SMEs

Use Data-Driven Value-Based Pricing

- Highlight **ROI benefits** like 30–40% productivity improvement
- Align pricing with **actual production costs and market demand**

Stay Competitive Yet Differentiated

- Price **slightly below competitors** while offering added value
- Focus on **AI, easy integration, and service support** as differentiators