The Casons Story

Having been in business for 14 years, Casons Rent-A-Car has now expanded to become a large operator in the automobile rental industry in Sri Lanka. Zakir Ahemed, Managing Director, Casons, spoke to Business Today about the company's success story.

By Shabana Ibrahim

Casons is the brainchild of Zakir Ahemed who has always been interested in vehicles. Armed with an automobile engineering degree and having gained experience by working for a transport company, Ahemed decided to venture out on his own.

In 1987, Casons was born, at a time when only few such businesses existed. The company began operating from Colpetty with only one vehicle and Ahemed. In 1990 his brother joined him in the business. The brothers advertised asking to hire vehicles for their use. "We did not own a single vehicle at the time. All the vehicles we used for the business were hired from others," Ahemed said, adding that there was a lack of vehicles to satisfy the great demand. Expansion was slow in the beginning, but from 1994 onwards, rapid growth took place. Today Casons owns a fleet of over 350 vehicles. Once every three years the entire fleet is sold off and a new one is bought.

For the past year and a half, the company has predominantly handled four-wheel drive vehicles and they have emerged as one of the top providers in the domestic market in that sector.

Casons has a wide repertoire of clients ranging from holidaymakers, expatriates, locals, companies, NGOs, and diplomatic missions. "Our corporate clients help to maintain the momentum of the business, even during off-peak times," Ahemed said, explaining that business is at its peak from November to' April. Furthermore, the company has online facilities so that tourists can rent cars with ease, even prior to their arrival in Sri Lanka. Casons operates 24 hours a day and therefore customers can rent vehicles at anytime from anywhere. This feature means that the company has the capacity to handle any automobile problem at any time. "We have the capacity to handle a breakdown even in the north and east," he claims. Casons

also has a mobile repair unit, so in the event of a breakdown, they promptly assist and educate the customer on repairs.

The company also functions in the capacity of a tour operator, albeit on a small scale. This special facility is provided to assist clients who hire vehicles and request Casons to find them suitable accommodation. Foreigners who hire cars always examine what kind of insurance package they receive with the vehicle. As a result, Casons has made it a priority to obtain the best packages from insurance companies.

“We always strive to provide our clients with reasonably priced rates coupled with quality service and professionalism. Our prices are highly competitive,” Ahemed explained. When it comes to liaising with customers, Ahemed or his brother personally attend to their needs instead of sending any representatives. “This way all our clients are assured a personalized service,” he said.

Although the company’s policy is to rent out vehicles for a minimum of three days, for regular customers, should an emergency arise, even a day’s renting is allowed. Casons also has clients out of Colombo. The 65 strong staff competently deals with the needs of clients who are not within the capital city limits. Confirming the company’s competence, Ahemed stated that a few days after the tsunami disaster, Casons transported 1,000 US Marines and 200 Canadian troops to tsunamiaffected areas.

Like all businesses, even the rent-a-car business has its pitfalls. Since the vehicle prices in Sri Lanka are extremely high, it is not possible for car rental operators to hire out vehicles at a low rate. “There is a good future for the transport business in Sri Lanka provided the vehicle prices do not increase,” he said. According to Ahemed, no Sri Lankan Government has given much support to the transport industry. “What is needed is duty relief and not fuel subsidies, and that too only on commercial passenger vehicles,” he said. Since Casons does not directly import their vehicles but instead purchases them in the local market, they spend a lot more.

Most of the vehicles provided by Casons are without a driver and a problem faced by foreign clients is the hassle in obtaining a Sri Lankan driving license or a permit.

Ahemed also claims that the bad road conditions affect the business because maintenance costs are high due to the heavy wear and tear.

When asked whether the recent rise in taxi companies has affected the car rental service, he said that the threat was not from the cab services but from the mushrooming rent-acar businesses. “As a large company our rental charges include the Value Added Tax (VAT), but the small businesses need not do so because they have not been registered. As a result, their charges are lower than ours. The government must take action with this regard in order to ensure a level playing field,” he explained.

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According to Ahemed the greatest threat to their business is the increase in vehicle theft. “Once a vehicle is stolen, it is very difficult to trace it. Furthermore no local insurance company, except one, allows claims when a vehicle has been stolen after it has been rented out. I would like to make an appeal to the police to be more vigilant in this regard,” he said. Irrespective of all the problems, Casons has thrived and has managed to capture around 48% of the automobile hire market in Sri Lanka. “The company adapts itself according to the prevailing environment in the country, and being a family business, we deal with things together,” he said. Casons hopes to diversify by setting up a mobile garage and has plans of opening a rent-a-car counter in the arrival lounge of the Katunayake airport. They also wish to commence a private bus service next year. Operating from 2230 to 0600 hours, it will be called the ‘Time Bus’ service and whether there are passengers or not, the bus will travel between specific destinations at certain times.

Ahemed does not want to expand the company further, but instead improve its standards and services by providing prompt service when it comes to reservations, bookings, delivery of cars, and attending to support services. “Although we advertise, most of our new clients come on the recommendation of others. We have 95% client satisfaction and that is the main strength of our business. Without the patronage of our long-standing customers, Casons would not be what it is today,” he concluded. ®