

# Value. Not Price



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Peugeot is respected for its quality and stature and is a vehicle brand that has made an impression on many Sri Lankans. Carmart the sole agent for Peugeot in the country, has over the last 60 years ensured the strong presence of the brand in the country by identifying that it is value that matters, not the price. Yasendra Amerasinghe, Director/Chief Executive Officer of Carmart is the third generation at the helm and is propelling his grandfather's legacy forward.

By Udeshi Amarasinghe  
Photography Indika De Silva

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**As the sole agent of Peugeot. What can you tell us about the progress of the company since its inception?**

The company was founded in 1948 as Used Car Mart by my grandfather, Clarence Amerasinghe. Carmart as we know it today was incorporated in 1953. At the time the company was established, the importation of brand new vehicles was not allowed due to the prevalent Government policies. As such my grandfather started bringing in second hand Peugeot and Volkswagen cars. In 1953, we obtained the distributor agreement and became the official agent for Peugeot in Sri Lanka. We still have the car my grandfather imported in 1950 displayed in our showroom.

My grandfather was a very determined and dedicated person. He toured country after country in Europe in a quest for agencies, and finally found success with Peugeot. He was a brilliant and tenacious entrepreneur. Prior to him taking over the agency, barely 63 Peugeots were sold annually. In merely one year, that number skyrocketed to 300.

My father headed the company after my grandfather passed away. Peugeot was very popular in the Government sector during his time. I took over as the CEO in 2011, and during the last couple of years the company has undergone several changes. The market too for Peugeot, has seen considerable change, as the brand continues its premium push upmarket. We are focussing on modernising the company. What sets us apart is that we are not a vertical organisation, our structure is flat. Our organisation has a corner store feel where the customers feel at home rather than having to deal with a faceless corporation. Many of our customers have a close, personal connection to Carmart and feel at home here. That is what we hope to capitalise on, improving professionalism whilst, offering exceptional, personalised service that makes our customers feel at ease. We have many repeat customers because they feel very comfortable dealing with us.

Carmart celebrates its 60th anniversary this year. 2013 also commemorates Peugeot's 203rd anniversary, which is quite significant for us because the 203 is the first vehicle we imported. We are planning to have a Peugeot rally and a golf tournament this year where the winners will be sent to Paris for the Peugeot International tournament.

**Peugeot Has A Very Strong Heritage In Sri Lanka. CARMART IS The Oldest Continuously Running Importer For Peugeot In The Asian Region And One Of The Oldest In The World.**

### **What can you tell us about the market for Peugeot in Sri Lanka?**

Peugeot has a very strong heritage in Sri Lanka. Carmart is the oldest continuously running importer for Peugeot in the Asian region and one of the oldest in the world. We find that compared to some of the other countries in the region, Peugeot has a very strong brand presence and emotional connection in Sri Lanka because virtually everyone has either owned or knows someone who has owned a Peugeot. There is an emotional link with the brand. It has always been a positive story. Customers always have very fond memories of the car and the brand and we are looking to really build on that going forward.

There is obviously much more competition now and Japanese brands have a stronger market presence than 60 years ago. However, our unique selling proposition lies in the fact that Peugeots are comfortable, luxurious, and prestigious but still accessible. It is not completely out of reach of customers who would otherwise opt for a 'non-luxury' vehicle. The Peugeot 4-series has historically been very popular with the Government sector. □We are hoping to rekindle that popularity with the 408.

### **Would you agree that the Peugeot is actually a niche market?**

At the moment yes, but it has the potential to be more mass market. □If you look at our vehicle industry, especially the luxury vehicles, much of it is running on permits. Virtually our entire sales are on permits at the moment. We have, however, expanded our model range. We started off two years ago with the 3008 crossover SUV and 508, which was the first large car from Peugeot since the 607. This was very popular as it was affordable, while having the highest level of features and comfort, making it the best value in its class.

We are currently, gradually expanding our model range. We have introduced the 308 facelift, which is popular with ladies and those who need a compact car with a spacious interior. The 208, which will be launched soon is expected to be quite successful for the brand. When most people think of B segment (small) cars, they think of economical vehicles. It is not a cheap vehicle, but it is fantastic value for money. This too will be popular with lady drivers, who would like a safe, luxurious and feature laden car without the hassle of manoeuvring and parking a typical large luxury car. There is nothing else like it available in the market. This car really fits into that gap. It is basically a luxury car condensed. A large, touchscreen system is standard on every 208, and the car even parks itself!

Bringing the RCZ sports car to Sri Lanka was a move that most people thought we would not make. The market for small coupés here is miniscule, but this model has proven a tremendous image booster for the brand, and has also become the highest selling brand new car in its class. We hope the 408, which was launched recently, will be our 'bread and butter' vehicle, because of the affordability and the value proposition that the car represents.

The vast majority of our clientele are Colombo based but we are increasing promotions in Galle, Kandy and Kurunegala. There is definitely potential for expansion out side of Colombo, especially with the improvement of infrastructure and construction of highways.

**My Philosophy Is Providing Maximum Value, Not Minimum Price; Which Coincides Perfectly With Peugeot's Three Core Values Of Excellence, Emotion And Allure**

**Do you think that Carmart will cater to a more economical segment?**

My philosophy is providing maximum value, not minimum price; which coincides perfectly with Peugeot's three core values of excellence, emotion and allure. We are really concentrating on improving end user experience and the quality of service from pre sales to after sales. That is our key focus right now, rather than trying to provide affordable transporation for the masses.

We have finished the refurbishment of our Peugeot Blue Box showroom and have just started renovating the workshops in Colombo and Ratmalana. When I say providing the total ownership experience, this includes the availability of spare parts and trained personnel to provide the required services efficiently with the minimum of hassle to our customers.

We send our technical staff for training to Peugeot's Regional Training Centre in Malaysia. We also ensure that the correct tools and special equipment are available. We also utilise a state-of-the-art diagnostic computer system that connects online to Peugeot's technical platforms. We are also working to improve logistics processes with our partners so that we are able to minimise lead time as well as cost for special order parts. Our ultimate goal is to maintain customer mobility. We also have plans to streamline our IT systems to maximise our ability to provide efficient yet personalised service to each of our customers. In essence, we want our clientele to have a fantastic ownership experience.

**Over the past two years, we have seen changes in policies in relation to the vehicle industry. How has this affected the automotive market?**

Well, a couple of years ago actually there was a massive boom in the car industry. Unfortunately for us, we were only able to catch the tail end, as Peugeot's product cycle was in the midst of a change. But in 2012, import taxes were increased again, which caused a huge drop in the industry. From April to September, 2012 there was a 71 percent overall market drop for passenger cars. For us not so much, but our wave of growth did abruptly level off. At this point we found that our sales began to be exclusively through concessionary duty permits. I do understand that there is a restriction on the Government and they need to limit the outflow of foreign currency.

The problem as a business in terms of strategising is that these changes are very unpredictable. As such it is very difficult to plan and maintain a momentum when such drastic changes come in overnight.

**Do you think we will see a newer range of vehicles in Sri Lanka such as the diesel hybrids? Does Sri Lanka have the potential for such vehicles?**

There is definitely potential and interest in vehicles such as the diesel hybrids. Peugeot was actually the first and still the only manufacturer to produce diesel hybrids. They are very technically advanced and expensive to develop. However, diesel technology has always been a forte of Peugeot.

The issue for us at the moment is that the diesel hybrids are not as yet tested for hot and dusty climates, therefore, they are not allocated for any country in Asia. However, the process to test and adapt the vehicles for our neighbouring markets has already begun, and we are hopeful of being able to introduce these models in a few years' time. I have driven the cars and they are fantastic. Having said that, they have to be tropicalised before we can look at introducing these models. Our infrastructure needs to be improved and special tools and training are required as well as hybrids are very complex vehicles. Peugeot hybrids are also four wheel drive unlike most other hybrids. The diesel engine drives the front wheels and the electric motors power the back wheels, giving the most flexible powertrain combination possible.

**What about commercial vehicles?**

We will be launching a model called the Expert, which is a nine seater luxury van. We feel that there was a gap in the market that was not catered to by other

commercial vehicles. This vehicle can accommodate, both the passengers and their luggage comfortably. We feel that this will have demand from high end tour operators.

**Though The New Infrastructure And Showroom Are Very Nice And Are Brilliant Marketing For Us, The Core Of This Organisation Is The Staff**

**As the CEO of Carmart what mechanisms have you put in place to further the business?**

The number one focus was to get the right people. Though the new infrastructure and showroom are very nice and are brilliant marketing for us, the core of this organisation is the staff. The driving force and culture of an organisation is determined by its people, not its assets or infrastructure. We firmly believe that we must have the right people in the right places as our number one priority.

Further to that we also aligned our policies to be customer focussed. Our staff have been recruited and groomed with customer service in mind, and are ready go beyond the call of duty to meet our customers' needs. We have some of the most dedicated and customer-oriented sales staff in the industry, and indeed other industries, and we are in the process of carrying this through to aftersales as well. It is a little more difficult because the volumes are higher, but we want that same level of service and confidence to be instilled in the customers for after sales.

This year we are focussing on consolidating and providing exceptional customer service. That is the key. Rather than expanding at this point, we want to consolidate. Having said that our model range is larger than it has been in the past 15 years, therefore, we want to adequately support these models and not launch new models for the sake of it. Each model needs to fit in with the our brand positioning. The brand has moved exponentially upmarket with each product iteration and we expect that trend to continue in future.

