



## Market

Despite increased government taxes and skyrocketing world crude-oil prices, the demand for motor vehicles in Sri Lanka has shown no signs of abating over the past few years. Figures released by the Registrar of Motor Vehicles (RMV) in Sri Lanka indicate that from 2003 onwards, an average of approximately 20,000 vehicles are imported each year. Vehicle registrations have even doubled on an annual basis – for example, from 11,458 in 2002 to 21,115 in 2003 (Source: RMV). In the previous year, only 8,373 vehicles were registered. Of the vehicles that enter the local market each year, a majority of 13,000-14,000 are two-wheel-drive passenger cars and vans.

Land Rover's market in Sri Lanka is small, which makes marketing vehicles in the price range of ten to 40 million rupees a tough challenge. Known for its rugged utility, Land Rover has moved up the value chain, and now competes in the super-luxury segment of the Sri Lankan vehicle market.

A total of around 500 SUVs and four-wheel drive (4WD) vehicles are sold annually. In 2004, 44 Land Rovers were sold by the sole agent in Sri Lanka, Frontier Automotive (FAL). But this number declined to 27 in 2005, as a result of the significant increase in import duty imposed in late 2004. FAL has sold over 100 Land Rovers from January to November 2006, and with these sales, heads the SUV market in Sri Lanka.

## Achievements

Within three years, FAL has taken the Land Rover brand to the position of being the largest selling luxury SUV brand, and the largest selling



European brand, in the country.

The agency's after-sales service facility – the only 24-hour workshop in Sri Lanka – was recognised as being among the best in South-East Asia in 2005, by Land Rover. To make an impact on the local market when selling a high-priced brand like Land Rover, after-sales service is vital and cannot be compromised, according to Frontier Automotive. Frontier Automotive's focus on after-sales service has paid rich dividends – for example, the resale value of Land Rovers has increased some 40%.

FAL introduced a test track to demonstrate the breadth of capability of the Land Rover product. Built by Frontier, the test track is the only one of its kind in Sri Lanka.

## History

Land Rover, a British product, was introduced to Sri Lanka in the 1950s and was widely used by British planters. To these British expatriates, the Land Rover was part of their existence. The brand became an icon for an aristocratic, environmentally sympathetic, active and adventurous lifestyle, and those who lead this lifestyle, or wanted to be associated with such a lifestyle, embraced the brand. Land Rover's current tagline, Go Beyond, embraces these attributes.

Every model of Land Rover introduced to Sri Lanka had been an astounding success. From the Series 1, the Series 2 and the Series 3, to the Defender, the Discovery and the Range Rover and later, the Freelander and the Range Rover Sport, every one of these vehicles had been the most sought after in its class.

FAL believes that selling Land Rovers is a passion that can only be done by those who share this passion. The company attributes its success to its team of youthful, passionate and dynamic enthusiasts, to whom Land Rover is not merely a means of income, but a way of life. This group of people have green blood running in their veins!

## Product

Land Rover is the only manufacturer in the world which can boast that 70% of all products it has ever manufactured, since the 1940s, is still in active use. Unsurpassed off-road ability has been the hallmark of the brand. When other manufacturers began trading in off-road ability for comfort, Land Rover held the view that off-road ability couldn't be compromised. But to cater to the market's growing demand for higher levels of comfort,

Land Rover innovated with cutting-edge technology, to combine comfort with off-road ability – true to its original brand values.

The cornerstone of Land Rover is the Defender – the icon of the range and the embodiment of what the brand stands for: Its rugged durability, its go-anywhere ability and its sincerity of purpose, makes the Defender unique. This epitome of design purity caters to a group of purists who know exactly what they want.

The Range Rover was designed to deliver extreme levels of off-road ability, in a package that combined creature comforts in an ambiance of an aristocrat's living room! In its 35 years of existence, the Range Rover has been unchallenged as the supreme luxury 4WD. It is still the only vehicle driven by the Queen of England herself. In Sri Lanka too, the Range Rover has been purchased by an elite group of entrepreneurs, characterised by their uncompromising quest for the best.

The Discovery, the next in the line, has been the brand's single most successful product. This embodies the DNA of the Defender and the attributes of the Range Rover, in a package that is more accessible to a larger number. Again, off-road ability is not compromised, while comfort and on-road behaviour is class leading. Purity of design is, of course, a brand attribute.

The Freelander was a further feather in Land Rover's cap. Since its inception, it has been the most successful small SUV ever. The Freelander keeps the brand's fundamental value of extreme off-road ability (in its class), in a market segment where this attribute is not an essential. The Freelander was successful in introducing the magic of the green oval to an entirely new segment – and this segment has progressed to other models in the range.

The latest model in the range is the Range Rover Sport. This product is designed for the driving enthusiast who needs the adrenaline of a sports car, the utility and space of an SUV and the off-road ability of a Land Rover. Again, Land Rover identified a new market segment, and conquered it. The Range Rover Sport is today one of the most desirable SUVs in the market – stealing market share not only from other SUVs, but from sports cars as well.

## Recent Developments

During the period January 2004 to January 2006, the government increased taxes on seven separate occasions for vehicles with engine capacities exceeding 1,500cc, which are considered to be in the luxury class. These import-related taxes have impacted heavily on the cost of motor vehicles in Sri Lanka, with Land Rover being no exception. Duty on a passenger car with a 1,500cc engine, which stood at 97% of the Cost, Investment and Freight (CIF) value in January 2004, increased to 225% of the CIF value by November 2006. Its range of vehicles comes under the super-luxury category and the price of a unit in the local



market is about four times the price of a similar model in the UK, its country of manufacture.

In addition to rising vehicle and crude-oil prices, which were just above US\$ 30 per barrel in January 2004, motorists had to contend with record levels that once touched US\$ 75 per barrel. Despite rising fuel costs and an increased quotient of taxation impacting heavily on the purchasing decision of buyers, vehicle imports into Sri Lanka have hardly been impacted. The RMV's vehicle registrations in Sri Lanka in 2003, 2004 and 2005 were at 21,115, 19,095 and 17,276 respectively. Industry sources point out that in 2006, vehicle imports will surpass the 20,000 mark again, but the composition of new imports comprise a large proportion of small cars and very few luxury cars. This trend is an indication that vehicles in the local market have a very high elasticity of demand. Local Land Rover sales, pointing to a similar trend, have recorded rapid growth, especially in 2006.

## Promotion

FAL has invested heavily in promoting the brand locally. Part of the core strategy has been to understand and promote the Land Rover brand values, its DNA, which is all about delivering the spirit of adventure. Towards this end, FAL organised a series of events, such as off-road challenges, fun drives and rallies. A specially designed off-road simulation test track was constructed outside the showroom in Kollupitiya, to demonstrate the brand's off-road supremacy. These marketing strategies have made Land Rover the leading SUV brand in Sri Lanka, with products that sell from between ten million and 40 million Rupees, according to statistics sourced from shared data compiled by the industry.

Land Rover has one of the most active Owners Clubs – the LROC. FAL has worked closely with and supported the LROC, in all its events. In return, the LROC and its membership render yeoman service towards promoting the link between Land Rover and the spirit of adventure.

And FAL, using resources from Land Rover, has organised a series of driver-training programmes for fleet owners, including the

military, on maintenance of the product, and a host of such activities that aims to enhance the owner's level of appreciation of the product.

## Brand Values

Land Rover's aim is to be the world's leading brand at inspiring, creating and delivering a spirit of adventure and this goal is shared by its agent in Sri Lanka, Frontier Automotive. In creating this aura, the values Land Rover has chosen to associate with the brand are: supremacy, authenticity, guts, and being worldly and adventurous.

[www.frontierautomotive.com](http://www.frontierautomotive.com)



## THINGS YOU DIDN'T KNOW ABOUT

### LAND ROVER

- Land Rover's association with Sri Lanka dates back to the 1950s.
- The Discovery 3 is the most internationally awarded SUV in the market.
- The original Range Rover is the only SUV to be displayed in the Louvre, as a form of contemporary art.
- Over 70% of the Land Rovers produced are still on the road today.