



PEUGEOT



Official name: Peugeot S.A.

Owned by: *PSA Peugeot Citroën.*

Current situation: Peugeot is still a major European car manufacturer, but is plagued by poor quality and out-of-control costs. Although Peugeot has been selling more cars globally, many of its sales are in emerging markets like China. In recent years both sales and profits within Europe have plummeted, possibly because customers are sick of buying stylish but crappy cars. A Chinese car company and the French government have come to the rescue, for now.

Chances of survival: uncertain.

Peugeot is operating on low profit margins and losing billions. If its ventures into new countries turn to custard, Peugeot could be in deep trouble •



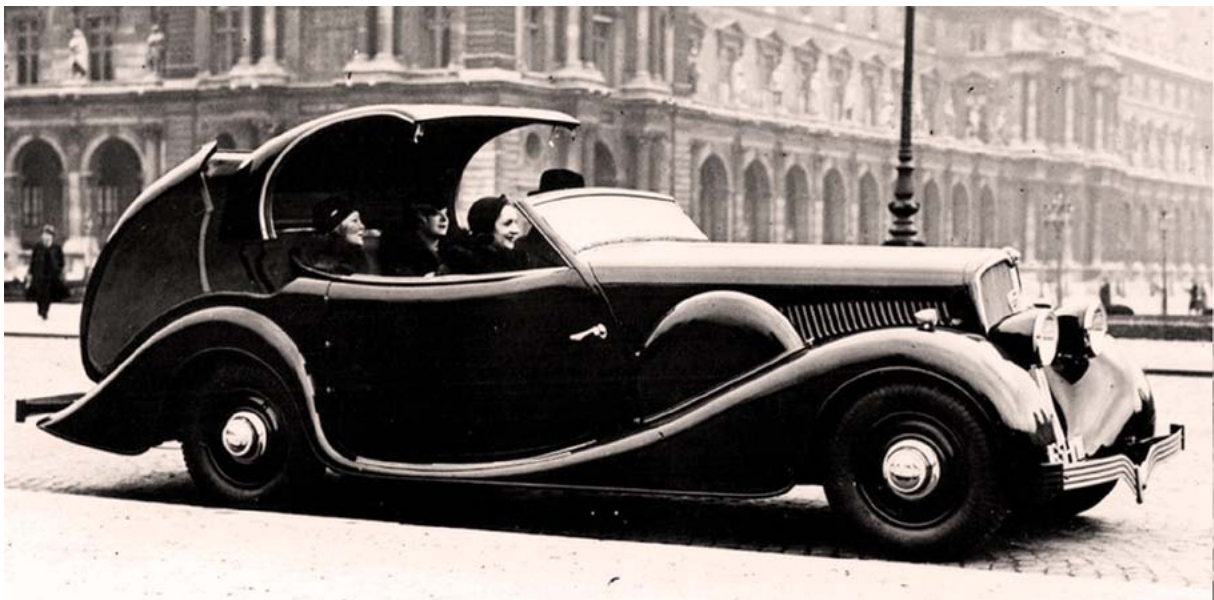
A brief history of Peugeot

IN 1889, the Peugeot family opened a shop in Paris. The shop's name was: *Les Fils de Peugeot Freres* (the Sons of the Brothers Peugeot).

The Peugeot family were already successful French manufacturers, known mainly for their excellent bicycles. They conducted their first experiments with cars way back in 1876, before forming the abovementioned company and beginning full production in Audincourt.



The Peugeot company, based on solid engineering and sound innovation, quickly went from strength to strength. For the next fifty years the name Peugeot came to mean 'affordable French quality' throughout much of the world.





The Peugeot 403 was an extraordinary success during the 1950s, in many parts the world, including French Africa.



The Peugeot 404 (1963-70) was another international hit. The editor's dad had a Peugeot 404 for 10 years and did nothing but basic maintenance during that time. This level of reliability was common in Peugeot cars of that era.



In the 1960s, Peugeot was doing okay, but fellow French manufacturer *Citroën* wasn't doing so well.



During 1964 there was a partial pooling of resources with financially troubled Citroën, particularly in the joint ownership of a diesel engine factory. However, Citroën – the maker of brilliant but flawed cars – lurched from crisis to crisis before going belly-up in 1975. The bankrupt Citroën company was sold to a group that included Peugeot. Peugeot assumed the name *Peugeot-Citroën SA*.

Things went okay at first, but Peugeot then became too big for its boots: having rescued one bankrupt company, it tried again, this time with Chrysler. Thus Peugeot stupidly bought the European assets of the failing Chrysler Corporation. Peugeot-Citroën SA suddenly had too many factories, too many models and not enough customers.



Thus, Peugeot-Citroën SA lost a great deal of money from 1980 to 1985. Facing bankruptcy, Peugeot brought in the bean counters.

The bean counters said: “Your cars last too long, they’re too old fashioned and you make too many different models”.



And that was the end of Peugeot as a separate, quality brand. From that point on Peugeot & Citroën shared the same basic cars under different names, and Peugeot, once the last word in solidity and reliability, became instead a new name for plastic.



Peugeot became a mass-producer of stylish but crappy cars. By the first part of the 21st century, Peugeot was Europe's second-largest builder of cars, exported around the world.



But building lots of cars and making lots of money are two different things.

Peugeot-Citroën SA has lost over 7 billion Euros (US\$9.7 billion) in recent years.

But miracles happen: the company secured a 3 billion Euro capital injection from the French government and Chinese auto maker Dongfeng Motor Group, and, just one year later, Peugeot-Citroën's car business in Europe was profitable for the first time in four years.



Globally, Peugeot-Citroën SA expects to turn a small profit by 2018, but that's a pretty tall order given that the company has to sell 2.6m cars outside China each year just to break even.



History suggests that Peugeot-Citroën SA will try to save money by reducing the quality of the cars they produce. Given how poorly PSA cars are already built, we're not holding our breaths for a brighter future. History has also shown that there's a limit to how much crap the public will accept, even from an iconic French car brand •

