

A Journey of Success: Italy's Welcoming of Jeep into the FIAT Family  
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## Introduction

In a culture where words like *famiglia* (family) and *casa* (home) carry heavy importance, to be accepted into an Italian family can be a sign of incredible trust and honor. The acceptance of the Jeep brand in 2014 by the Italian automotive giant Fabbrica Italiana Automobili Torino (FIAT), as part of the new FIAT Chrysler Automobiles merger, was just such a case. In a nation where family businesses have always been at the forefront of industry, the acceptance of an “All-American” brand like “Jeep” could be seen as a giant leap of faith into the unknown (Glover, 2017). Even Italy’s neighbor France who held stakes in Jeep’s previous owner, American Motors Corporation, could not hold onto the relationship forever, selling its shares for \$2 billion (“Do French carmakers want a piece of Jeep” 2019). However, since the complete acquisition of Jeep’s new parent company Chrysler, production has remained stable. Not only has manufacturing remained stable, but also the era of FIAT’s reign over Jeep has seen the creation of the popular SUV the *Renegade*. How did this Italian company successfully promote an All-American vehicle? The successful cultural merging of the entities of Jeep and FIAT would provide valuable insight into how FIAT was able to overcome cultural obstacles to not only maintain Jeep’s image but to grow Jeep’s profit as well. The ultimate purpose of this research is to acquire the knowledge of successful tactics used by FIAT in order to merge an American brand into a European market. The information gained by this research would be valuable in not only understanding the automotive market but also how other American products might become more easily accepted by Italian consumers. These findings on the Italian culture would also be useful in understanding Italian market motivations and getting a better understanding of not only Italian consumers but Italian business partners as well.

This paper will begin with a look at the current literature on the history of FIAT and the company's corporate structure along with the basic understandings of current Italian business culture. A void in the literature will then be addressed that the research in this paper will help to fill. After the literature review is concluded, the methodology of the research will be examined including the CELM framework used to analyze the research findings.

## **Literature Review**

### **The Italian Automotive Industry and FIAT**

FIAT as a company has stood out before among other automotive industries. Luca Germano (2012) noted that during the 2008 economic crisis most companies in the automotive industry were hit hard financially and required the allocation of public funds to stay afloat. Italy, however, stood apart from the rest of the globe and not only avoided the allocation of public funds for FIAT but allowed FIAT to remain completely autonomous (Germano, 2012). Another point of interest in FIAT's career history is the company's use of the world-class manufacturing model (WCM) first proposed by Richard Schonberger in 1986. Schonberger (1986) proposed the WCM as an alternative to the Japanese production model popular at the time. The WCM focused less on top-down decision making and put more effort into increased worker autonomy, shorter consumer-based production goals and continuous evaluation and improvement. Chiarmi and Vagnoni (2015) did a further study on FIAT's use of the WCM as it compared to Toyota's Production System (TPS) that had been the industry standard for many decades. The use of TPS had led to an underlying notion that Japanese production had supremacy in the manufacturing industry until FIAT proved that the WCM could not only keep them financially stable but also

boost their production output and value. FIAT's use of the WCM relies on a structure of managerial and technical "pillars" that included principles such as a clarity of objectives, an allocation of high-quality employees, a focus on safety standards, autonomous activity and quality control (Chiarmi 2015). A finding within Chiarmi and Vagnoni's research was that Europe's high legal standards for safety and work environment could be a reason why the WCM worked so well for FIAT. If the set standards for the WCM were already in the culture of the work force, there would be no problem implemented that new model.

A data set on automotive logistics in Italy in 2004, before the merger with Chrysler, shows that the Italian industry as a whole was already expanding (Automotive Logistics in Italy 2004). This automotive logistics data set also showed that the Italian automotive market has expanded into the aftermarket and components sector which was Italy's fastest growing segment of the car market at the time. These data sets show that before the merger with Chrysler, the Italian automotive industry was already seeing a rise in profitability. Chiappini (2012) brought to light another market strategy being practiced by France and Italy at the time as well; integrating into emerging markets. This strategy involved producing automotive products in countries with low production costs and a growing demand for the product. By 2007 the highest percentage of Italian cars produced abroad were found in South America with the second and third highest percentages being found in Eastern Europe. Also noted by Chiappini (2012) is that Italy had begun producing more vehicles abroad by 2004 than domestically. France had a similar approach to offshore production, but what Chiappini states that made Italy more unique was its slower integration abroad. The creation of FIAT Auto Poland in 1993 has been giving Italy experience with abroad production for over twenty-five years. This experience could prove very valuable to FIAT's future international expansion of production.

FIAT, however, has not grown internationally without some setbacks. Moretti and Zirpoli (2017) highlight two main difficulties for the Italian automotive industry: a lack of qualified human resources and limited reliance on their sources of innovation abroad. The lack of qualified personnel within the industry could setback the company since industries usually look to the knowledge of higher-ups in order to promote internal innovation. The lack of reliance on external sources/resources also cuts back on the ability to formulate new ideas and innovations that could help the company and its abroad market. Moretti and Zirpoli (2017) concluded that the Italian automotive industry should focus on both the pursuit of inter-organizational relationships and the development of internal resources together in order to boost industry effectiveness. Despite these few setbacks, however, the Italian automotive industry has had some unique growth in the past few decades.

### **RQ 1: What obstacles did FIAT overcome to succeed in Italy?**

#### **Italian Business Culture**

Another aspect of FIAT's "uniqueness" is the culture in which the company was created. Italian business culture, like all other parts of the Italian culture stems from the dynamic history of the Italian states. A cultural study done by Glover and Gibson (2017) remarked on some of the more prominent features of Italian culture including family businesses and an eye for luxury brands. Glover and Gibson explain that the economic boom in Italy within the 1950's and 60's, due to the monetary support of the Marshal Plan, helped many family's start businesses. Some of the businesses grew into powerhouses such as Bulgari and Bertolli. Unfortunately, many tried to remain within family control, a practice Glover and Gibson remark as detrimental in the ever-

evolving world market. The two authors also remark that Italian craftsmen were put on the global marketing map through their luxury brands. These brands began to dominate the fashion houses and luxury car market. Lawrence and Phillips (2002) worked on a new way to look at these types of cultural industries that involved the understanding that cultural goods must not only provide an aesthetic representation of the host culture but also a productive value to the customer. The authors also suggest that this merging of product and aesthetic is not an easy one to create and requires very careful management in order to be successful as an industry (2002). In continuation of the idea of cultural products described by Lawrence and Phillips, author Comunian (2008) applied the presented concepts of cultural industry towards the Italian market. Comunian conducted a case study analysis of leading Italian coffee brand *illy caffè* and the furniture craftsmen *Fantoni Group* and concluded that investing in existing Italian cultural spheres and craftsmen could help prove profitable for the Italian economy. There is some worry about the progression of the Italian business market, however. Author Calvelli (2011) looked at Italian business progressions and reforms put in place around the late 1990's and their effect on the current progression of the Italian market. Calvelli presents that Italy does not have many large businesses and most businesses within the country have a variety of private owners that tend to take more time to make decisions. The fear is that with the slow reforms and decision-making practices along with the vastness of private ownerships, the Italian market looks unappealing for investors. A lack of investors proves an obstacle to advancement. Another obstacle is in the language used for business itself. Maggi (1997) investigated the importance of the Italian language in Italian business and found that capitalist business "jargon" actually hindered the high context language of the Italian culture. The more straightforward business terms and topics were, the harder it was for the Italian businessman/woman to properly express themselves in the way

that felt natural. The Italian language along with all the other aspects of Italian culture have created and molded the unique style in which Italians now do business.

## **RQ 2: What strategies did FIAT adopt to merge Jeep into the Italian market?**

### **Gap in the Literature**

Although there is good information in the current available literature about FIAT's business models and Italian culture, there is more that can be added to the discussions about cross-cultural business acquisitions. There are many reports on the monetary success of FIAT since the company's acquisition of Chrysler and the Jeep brand but not much research on how the culture of the Italian people might influence the success of Jeep. This research plans to delve further into the cross-culture examination of the image of Jeep and how that image has been taken on and cultivated by its new Italian ownership. This paper explores the unique cultural dynamics that have allowed the Italian culture to grow an American brand beyond American cultural borders.

### **Research Method:**

The research of this paper includes a textual analysis of Jeep's Italian website including the promotions and features not found on the American Jeep website. A more detailed look is also made towards the specifics of the Italian market and business culture. Analysis will also be made about where Jeep has and will be able to fit into the existing market. This essay will be applying the CELM framework created by Dr. May Gao to investigate the culture, business

environment, consumer lifestyle and consumer mentality around the Italian people that make it possible for this merger to be a success for FIAT. The CELM framework created by Gao (2013) is designed as a cultural analysis method to study the cultural framework of a specific host country. By using this CELM framework, insights will be gained into how FIAT used the needs, mentalities and style of the Italian people to integrate their new acquisition and allow for the sales of Jeep products to increase within their home nation. The framework will also help identify who the target market for Jeep vehicles is within Italy. This information in turn will also identify how big the need for vehicles is in Italy and why these consumers are choosing to buy these vehicles.

### **Research Findings of the CELM Model:**

#### **Culture**

On October 15, 1919, a young Italian by the name of Enzo Ferrari competed in his first car race in Parma, Italy. Although he was not the best driver and finished in fourth place, he eventually retired from racing and began focusing on his passion to build cars instead of drive them. This decision led the creation of some of the most sought out sports cars on the market even today (“Enzo Ferrari makes his debut”, 2019). Although Ferrari never worked for FIAT, his story highlights a very important part of Italian culture and history: car racing. In fact, every year Italy hosts the Mille Miglia or “Thousand Miles” that attracts audiences from all over the country and the world. This thousand-mile race from the city of Brescia to Rome and back passes through some of the most historic parts of the country including Siena, Parma and Modena. Even famous celebrities have participated including American late-night host Jay Leno and English actor Jeremy Irons (“Mille Miglia”, 2020). The presence of auto-motive racing has brought a



passion for cars to the nation of Italy that creates a perfect environment for the introduction of new car models.

Another place in the market to introduce cars can be seen through Italian travel needs. Although many Italians can get around using public transportation there are still many parts of the country where travel can be difficult. Since Italy sits near a fault line the country is full of mountainous and rugged terrain with mountain ranges often separating villages or cities. Jeep presents a solution to this important obstacle in travel. On the official Italian website for Jeep a tab at the top of the homepage reads "Mondo 4x4" which delves into the world of "off-roading" (jeep-official.it). By prominently displaying this Mondo 4x4 tab on the homepage of the website, Jeep highlights how Jeep drivers have to solution to navigating the mountainous terrain of the nation.

### **Business Environment:**

Although Italy is known in many fashion houses around the world; shoes and handbags are only part of the Italian business industry. In fact, many of Italy's top industries include machinery, iron and steel and specifically motor vehicles (The World Factbook, 2020). Most of these industries are within the northern half of the country which is a prime location to trade goods and resources with the Northern European countries such as France, Germany and the United Kingdom. The flat land of the north was also ideal for building factories and attracting a high population density which helped build a strong labor force and market (Micali, 2009). The strong labor force and industry location has created a global marketplace that has helped Italy grow to the ninth largest exporter in the entire world (The World Factbook, 2020). This marketplace is an ideal location for an automotive industry such as FIAT, whose original production house was in Turin/*Torino* in the northern Italian region of Piedmont/*Piemonte*.

Although the southern half of the country is not nearly as industrialized, the percentages of labor force found throughout the country are ideal for internal growth in the automotive industry. As of 2011, around 28.3% of the Italian labor force was employed in industry jobs and around 67.8% were in the service industry (The World Factbook, 2020). Manufacturing cars would fall into the hands of those in the industrial field, but making the car is only part of the automotive industry. Once a car is manufactured it must still go through the process of being sold, washed, maintained, and repaired. Car salesmen, service managers, mechanics and car detailers are just some of the service jobs required in the automotive industry. Having almost 70% of your workforce with service career experience makes the labor force ripe for an increase in automotive production and maintenance.

Conducting business in Italy is often a complicated issue if one is unaware of Italian business culture. Oftentimes businesses begin or maintain standing in society using the concept of "*la bustarella*", literally translating to "the envelope". This idea surrounds the ability of a business partner to pay off someone in the government in order to ensure the recipient of a business contract or permit (Gioseffi, 2009). *La bustarella* is an example of a way around strict governmental bureaucracy towards businesses. Claudia Gioseffi's *Passport Italy* remarks on how these strict governmental business practices have both hindered and helped Italian industry grow. Italians tend to not like rules and when the government places them on Italian industries, the Italians will find a way around them (Gioseffi, 2009). Due to the overwhelming "red tape" businesses are often kept within the family. Giovanni Agnelli himself started FIAT as a family owned business, employing his children, grandchildren and even in-laws. The line of business inheritance throughout family generations, along with an increase in trade unions, various professional organization memberships and even a layered network of organized crime within

the nation speaks to this overwhelm sense of loyalty found in not business relations but in customer loyalty as well (Glover & Gibson, 2017). In this sense Italians rarely change where they shop and choose a familiar business over a new one. This loyalty however can interfere with outside investors trying to tap into the business environment. Foreign workers trying to obtain a work visa may be examined in order to ensure they are not taking business away from Italian citizens which can complicate immigrants wanting to begin work within the nation. The best advice in this case would be for foreign investors to partner with already established Italian business partners (Gioseffi, 2009). This ease into the business by Italian connections can signify an understanding of being a part of the business “family” and lead to more opportunity.

### **Consumer Lifestyle**

Italians have already been noted as having a relationship driven culture. This can also be seen in the popular social gatherings in the main square (or *piazza*) of Italian villages and cities. In the *piazza*, people discuss politics, religious holidays, news or simply just gossip. These gatherings can be an important source of community and when it comes to the Jeep name, FIAT wants to keep this tradition alive. In America, the concept of “Jeep Life” is found amongst Jeep owners. When someone buys a Jeep they are considered part of a community of like-minded individuals that promote “taking the road less traveled” and a “lifetime of freedom” (jeep.com). Not only is Jeep Life a main and prominent part of the Jeep website on the United States server but a similar feeling of community can also be found on the Italian Jeep website as well. The Jeep Life tab on the Italian website leads to a page reading “Il Mondo Jeep” or “The World of Jeep”. This page links to Jeep owner events and “Jeep Camp Italy” which is a large weekend event for Jeep enthusiasts (jeep-official.it). These events not only promote the prestige of owning a Jeep but also provide that community event lifestyle that is so important to the Italian people.

Another interesting note about the lifestyle of Italians is that often young Italians tend to live at home for a good portion of their young adult life. This point is important since the lack of rent and utilities to pay generally lead to young Italians having more disposable income (Gibson & Glover, 2017). This leaves room for younger Italians to spend this extra money on luxury items such as clothing and vehicles. If there was a target market that would be interesting in buying new cars the younger portion of the population would be it.

### **Consumer Mentality**

Even though it is not entirely understood who first made the signature “Made in Italy” famous, the words have since signified the high quality of goods made by Italian craftsmen. After the second World War, the need for accessible and well-made clothing helped launch the billion-dollar fashion and design industry that is known around the world today (Gibson & Glover, 2017). This growth in style and well-made products however is nothing new to Italian consumer mentality. In fact this representation of style and elegance can be seen in two common Italian phrases: “*la sprezzatura*” and “*fare la bella figura*”. *La sprezzatura* is not only a classic phrase but was first used by Baldassare Castiglione in the late fifteenth century in his writings “The Book of the Courtier”. The book remarked on how to look both elegant and proper but with a sense that the look was effortless (Lee, 2018). Although the word has no direct English translation, the style it imposes is still sought after today. This style involves the idea of looking effortless with touches of imperfection. Although “imperfection” seems contradictory to the rules of the fashion house these choices are made purposefully such as a fine watch worn over the sleeve or work boots worn with a suit (Lee, 2018). This feel and style is meant to show that even imperfection can be worn as perfection. *La sprezzatura* also offers the hint that Italians are

willing to take risks to improve their prestige and personal style. This ties into the second common and more widely spread mentality of "*fare la bella figura*".

*Fare la bella figura* translates as "to cut a good figure" but the deeper societal implications are vast. At its simplest the phrase defines the public attitude of Italian people, but in reality it is a reflection of all the important aspects of Italian mentality. In Italian society it is important to be attractive, elegant, poised, charismatic and display a high sense of social status, etiquette, reputation, and esteem (Nardini, 1999). This idea of *la bella figura* is displayed in Italian dress and luxury styles that began after the second World War. Clothing and accessories worn in Italy are generally Italian made and are often of designer quality (Gioseffi, 2009). In addition to designer clothing, the automotive industry also is a player in the luxury market. Automotive makers generally offer sleek high-priced automotive designs and custom vehicles (Gibson & Glover, 2017). Lifestyle pieces such as clothing and cars are easy ways to promote one's social status and promote *la bella figura*. If any consumer good wants to be promoted in the Italian market, it must find a way to fit into the *bella figura* lifestyle. Promoting Jeep as a luxury American brand fits right into this prestige and symbolic lifestyle.

### **Conclusion, Limitation, Discussion:**

Jeep's adoption by FIAT works well into the Italian culture, business environment, lifestyle, and mentality. When it comes to obstacles within the Italian culture, FIAT's connections and history in Italy provided Jeep with a pathway into Italian industry. The governmental paperwork and sheer loyalty of the Italian people would make it hard for Jeep prosper in the market alone. However, FIAT is a long-standing family company that has had Italian loyalty

since the company began in 1899. This connection to the Italian market helped Jeep ease its way to consumers. Italy's labor force is also full of people with experience in industry and service jobs. This labor force presents a good population to expand automotive production and service throughout the country. FIAT's access to these resources would prove useful in spreading the production of Jeeps into the nation. The strategies presented by FIAT to promote Jeep reflect the motives, lifestyle and mentality of the Italian people. The inclusion of Jeep Life and Jeep events promotes the idea of community and connection that is treasured by the Italian people. Italians also believe in luxury goods. Presenting Jeep as an American brand emphasizes its identity as a foreign import. This idea of a "foreign" model makes the Jeep seem more of a foreign luxury than an average SUV. Lastly, using the history of automotive racing and a love of cars in Italy, promoting the off-roading power of Jeep really intrigues the Italian audience that loves cars for their precision and power.

Despite these important findings about Jeep, there are some limitations to the research presented. A global issue that should be addressed came up during the collection of this research. The novel coronavirus (COVID-19) has not only become a pandemic but severely struck the country of Italy. The impact of this virus has potentially caused a large shift in the Italian economy that could affect the future health of the automotive industry along with many others. Although many people in the country still need to drive, the car market could be considered a luxury in a time of crisis and therefore cause a decrease in consumption. As of March 16th, 2020, many car production plants around the globe have ceased production or closed for the time being and many have not addressed when they will reopen (Riley, 2020). In response to the virus, Jeep has placed a banner ad on the front page of the company's Italian website. This advertisement shows the major Jeep models all in white in front of a large Italian flag with the saying

*“Parcheggiati sì, fermi mai”* or “Parked? Yes. Stopped? Never”. This link from this banner ad sends the user to a page about special financing for vehicles during this pandemic (jeep-official.it). Although this shows that Jeep is taking steps to help customers during this time of crisis, only time will show if these steps are profitable for both the Jeep and FIAT brands.

Regardless of the limitations presented by COVID-19 there are many ways FIAT could continue to promote Jeep and be successful in their market. Promoting the unity of Jeep with the Italian identity seems like the best course of action to continue expanding within the country. Tying the Jeep brand to the FIAT family allows the Italian market to trust in Jeep and continue supporting the Italian automotive company that has been selling Italy cars for over one-hundred years.

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