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**The Fiat Brand – Issues and Opportunities of FCA
Brand Portfolio Management**

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Declaration:

I hereby declare that I am the sole author of the thesis entitled “The Fiat Brand – Issues and Opportunities of FCA Brand Portfolio Management.” I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on

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Abstract

Brand and brand equity are terms that have been discussed for decades without having a shared outcome, especially in the automotive industry. This Master Thesis has the goal of discussing these topics in relation with the brand Fiat, strong competitor in the European market since its foundation. The changes in the customer perception, the issues and opportunities that the brand is facing are going to be discussed in order to strengthen the brand image and its positioning within the global market.

The four chapters of this master thesis offer a wide understanding of the Fiat brand being part of the FCA brand portfolio. The first chapter introduces the theoretical framework, fundamental for further discussions while the second chapter is focused on the history of the Fiat brand and the architecture of the brand portfolio after the acquisition of Chrysler. The third chapter includes the Fiat and FCA strategy adopted for the following years in order to participate in a stronger way in the automotive market while the last chapter focuses on the issues and opportunities that the Italian brand has as a major player within the FCA portfolio.

Key words: brand, brand equity, brand image, customer perception, Kapferer prism, brand portfolio, brand heritage, ‘made in Italy’, brand awareness, automotive industry, market segmentation.

Abstrakt

Značka a hodnota značky jsou pojmy, o kterých se diskutuje již desetiletí, a to obzvlášť v automobilovém průmyslu, aniž by bylo dosaženo jednotného názoru. Tato diplomová práce si klade za cíl analyzovat tyto témata ve vztahu k značce Fiat, která je již od svého vzniku silným hráčem na Evropském trhu. Práce se zabývá změnami ve vnímání spotřebitelů, a také problémy a příležitostmi jimž tato značka čelí, za účelem posílení image značky a jejího postavení na světovém trhu. Ve svých čtyřech kapitolách tato práce nabízí široké pochopení značky Fiat, která je součástí portfolia automobilové skupiny FCA. První kapitola představuje teoretický rámec, který je základem pro další části práce, zatímco druhá kapitola se věnuje historii značky Fiat a struktuře portfolia značky po akvizici společnosti Chrysler. Třetí kapitola obsahuje strategii Fiatu a skupiny FCA přijatou na další léta, jejímž cílem je posílit účast na automobilovém trhu. Poslední kapitola se věnuje problémům a příležitostem, které tato italská značka má, jakožto hlavní hráč v rámci portfolia skupiny FCA.

Klíčová slova: značka, hodnota značky, image značky, vnímání zákazníků, Kapfererův hranol, portfolio značky, dědictví značky, 'vyrobena v Itálii', povědomí o značce, automobilový průmysl, segmentace trhu.

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Introduction

The Fiat brand experienced successful and unfortunate periods changing frequently its image in the customer perception within the automotive industry. The awareness of the brand played and still plays a fundamental role in selling vehicles globally as well as the positioning of the brand in the right segment might expand the sales figures. In this way, brand and brand equity are critical in order to be well-known by customers and kept in mind in the act of purchasing cars."Brands are so fundamental to the survival or success of many firms that we need to understand them in all their subtleties and complexities so that we can manage them correctly." (Richards, 1998).

The importance of brand equity came then into people's attention, trying to understand the significance of the brand concept by evaluating the roles and values played within a portfolio. Since the brand has a critical role within the company brand portfolio, Fiat has to be evaluated in detail. Thus the key emphasis of the following thesis is to highlight Fiat strengths and weaknesses and then providing opportunities to increase brand awareness and image. To have a more complete evaluation of the company brand portfolio, the analysis will proceed explaining also the characteristics of other fundamental brands: Jeep, Alfa Romeo and Maserati. The goal of this master thesis is to find out the issues that the Fiat brand and the FCA brand portfolio have to deal with and to propose some recommendation for the future of the brands.

Brand and branding are topics often discussed by authors since the 1980s in which the importance of brand equity started to be a relevant topic. Many books and articles were written about that but without reaching any unique definition of what is a brand and what is brand equity. In a more general description, brand plays a fundamental role in the marketing strategy of a company, that is able to strengthen its position in the market and improve the customer perception by expressing the values of the brand. In this way, brand equity elements are crucial to create relationship between customers and the company but also to characterize the company itself and the main features of the brand.

A premise for significance and importance of this Master Thesis is the role of the Fiat brand within the FCA brand portfolios, in fact being the most representative mass-market brand, it has distinctive values that permits Fiat to be attractive and reliable at the same time. To describe its positioning and its role, the analysis of its history and heritage of the brand is significant in order to understand where it comes from and which were the issues solved in the past. Therefore, for a better understanding of the topic, the whole FCA brand portfolio will be evaluated, stating the segmentation and the targeting of each brand within the automotive market.

People usually connect the Fiat brand with low quality cars and not enough reliable, this trend has changed since a new CEO was hired in 2004 and after the acquisition of Chrysler Corporation that created the new company Fiat Chrysler Automotive (FCA), owning 9 passenger brands and becoming the 7th automaker globally. Thus the qualities and the values of the brand will be explained, providing a deep analysis of the brand equity.

When it comes to the structure of the Master Thesis, the first chapter is going to focus on the theoretical framework of the definitions provided by relevant authors on the topic, such as Kotler, Keller, Kapferer. Therefore the definitions of brand, brand equity and the brand equity elements are going to be explained in detail, providing different point of view. Furthermore, there are going to be clarified the value of the brands and their classification, the importance of building a strong brand portfolio and the roles that each brand might play within the company portfolio. The brand architecture is going to be illustrated in the first chapter as a focused theory in building inter-correlation between brands that is often used in the automotive sector. In addition to that, the theory about the Kapferer prism is going to be explained as a tool to evaluate the brand identity and the values related to it.

The Chapter Two is going to be focused on the history of the brand and of the Italian company, starting from its foundation to the most recent facts, then the acquisition of the American department after the declaration of the Chapter 11 from the US government. The history of the brand is going to define also the changes in the perception of the Italian brand and the decision made by the management that changed the image of Fiat.

Moreover, the Chapter is going to explain all the brand owned by FCA from the most sold brand to the least within the portfolio describing a brief history of each brand, its sales figures, the current line-up and more important the values of the brands and its positioning within the car market.

Chapter Three is going to define the segmentation of the car market proposed, describing first the way it is done and then, the characteristics of each segment are going to be analysed in order to explain how car makers are positioning their brands and the cars produced. The segmentation is going to follow the one proposed by the UK company “Society of Motor Manufacturers and Traders” (SMMT), specialized in the automotive industry. Therefore, the chapter is going to continue explaining the FCA targeted segments and markets, describing which brand is targeting the selected area of interest. Finally, the chapter is going to explain the FCA brand strategy, not only focusing on the Fiat brand, that anyway will have a more detailed analysis, but also Jeep, Alfa Romeo and Maserati that are changing their strategy for the following years, according to the FCA management decisions.

The Fourth Chapter is going to clarify the main issues of the four brands that are going to be discussed in the previous chapter by explaining the weaknesses of each of them and the lack in brand identity and in the customer perception. These issues might be interpreted as opportunities for the company and for the portfolio in continuing its expansion and as an improvement of the brand awareness worldwide. Overall, this chapter is critical for an in depth understanding of the actual issues and opportunities that Fiat is facing and the improvement that might be done in order to position the brand as it was in the past.

The last part of this thesis is going to discuss briefly about the overall project and the aim of each chapter. It is going to be the conclusion of this master thesis, that will have the function of being the link between the chapter and giving sense of the whole writings. It is going to be discussed the main topic of each chapter and the goal that each of them pursued.

1. Theoretical Framework

Several terms and definitions are related with the topic of brand and brand management. Nowadays, this argument is considered even more important and interesting in managing big companies that usually have to deal with a portfolio of brands. In the global environment, brands are used to differentiate products from each company and consumers perceive them with different values based on their preferences and other features. The questions are about how the companies can evaluate their brands and what are the best practices to adopt in cases of a portfolio of brands. In this way, this chapter is going to focus on the role of brands, brand equity and the evaluation of brands. The chapter one is going also to analyse mainly the definition of brand, brand equity and brand portfolio with a brief specification of the global portfolio strategy.

The theoretical framework that would be useful for further analysis in the following chapters is based on the books written by marketing and branding expert, such as Aaker, Kotler, Keller, Kapferer and others. All the arguments that will be treated in Chapter One will be useful for further analysis on the main topic of the thesis, thus the overview on the brand Fiat and on the management of the brand portfolio of FCA N.V.

1.1 Brand definition

Many experts define brands differently, depending on their experience and point of view when speaking about brand and branding. Several definitions were proposed in the past, but the most shared is the one suggested by the American Marketing Association (AMA). AMA stated that “a brand is a name, term, design, symbol or any other feature that identifies one seller’s good or service as distinct from those of other sellers.” (Ama.org, n.d.). The aim of the definition proposed by AMA is to identify the particular features that differentiate the products in the market. All the features (name, design, symbol, image) are the distinctive parts of the brand that make the real value and differences from a product produced by one company or another one.

The distinctive parts of the brand explain also the uniqueness and the originality of the brand itself and the product that is linked to the brand. Brands are unique and original according to the rules that aim to protect the intrinsic brand value depending on which feature of brand the firm wants to protect.

“The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can be protected through copyrights and designs. These intellectual property rights ensure that the firm can safely invest in the brand and reap the benefits of a valuable asset.” (Keller, 2013). Keller underlines the importance of protecting the brand features, the firm benefits from the protection of the brand name and image as no other firms can use them to represent their products.

The protection of the brand is one of the important issue of the topic, as stated in the definition, the use of intellectual properties became fundamental to protect the characteristic of each company from imitation. Brand name, packaging and manufacturing processes are usually protected by companies through the use of trademarks, copyrights and patents.

1.1.1 The role of the brand

Brand plays several roles, not only for the company that owns the brand but also for the customer and for the market itself. A company through the use of brands can identify its own products, doing so the firm shows to the consumer who is the manufacturer and who is the responsible for the experience sold or for the performance related to the product. Moreover, the consumer through the brand can understand who is the manufacturer and which is the product itself.

“If consumers recognize a brand and have some knowledge about it, then they do not have to engage in a lot of additional thought or processing of information to make a product decision. Thus, from an economic perspective, brands allow consumers to lower

the search costs for products both internally (in terms of how much they have to think) and externally (in terms of how much they have to look around).” (Keller, 2013).

Recognizing the brand and remembering of past positive experiences with the brand or the product, consumers can have a faster and then cheaper in terms of time purchasing decision by re-buying the same product. The brand express also the features of the product, the consumer seeing the brand image has a better understanding of the qualities and memories of past usage of that product. It is a mental process in which the customer mind is involved, that is about remembering all the experience with the product and if it was fulfilling all the needs required. The qualities experienced by the use of that product are translated into brand loyalty, the consumer is willing to re-buy the same item instead of another one. With a strong brand, well-known and recognized within competitors, a company can sell more and for a higher price maintaining similar quality as competitors.

“Brands can serve as symbolic devices, allowing consumers to project their self-image. Certain brands are associated with certain types of people and thus reflect different values or traits.” (Keller, 2013). Buying some brands, consumers want to represent himself in a certain way, expressing others his status or his lifestyle. An example of it are fashion brands, consumers wants to show off and represent his luxurious lifestyle. The same is possible with the purchasing of cars, different are the intentions of consumers that buy Fiat or Maserati, in fact who buys Fiat has different needs that who buys Maserati that wants to show off his purchasing power and his lifestyle.

“Brands reduce perceived risk, and exist as soon as there is perceived risk. Once the risk perceived by the buyer disappears, the brand no longer has any benefit. It is only a name on a product, and it ceases to be a choice cue, a guide or a source of added value. The perceived risk is greater if the unit price is higher or the repercussions of a bad choice are more severe.” (Kapferer, 2008).

Brands are playing also an important role in terms of decisions, and on the risk linked with these decisions. Purchasing a well-known brand, the consumer perceives a smaller risk than purchasing a product without brand. Thus, the brand name over a product is the real added value that represents a valuable characteristic within the consumer purchase

intention. This is the reason why cars cannot be sold without any brand on it, the risk will be unknown as well as the reliability of the vehicle. Thus, every car maker has to show its brand in order to be recognized by consumers that will not perceive the risk in buying that vehicle.

To sum up, the relationship with customers are at the basis of building a strong brand, the experiences and qualities are the proof of a great brand and the customer is the judge. Sometimes the relation between brand and customer could be negative, in this case the brand does not have a great reputation in the consumer mind, and the consumption of it may happen only in the case of convenient price in relation with the competition. In this way, the marketers' aim is to create a brand association with the customers that has to inspire them a positive thoughts and feelings through the marketing activities.

1.2 Brand Equity

Brand equity is a feature of each brand and branding in general, it goes more deeply in the function of the brand in financial terms and in the customer perception of brand. A definition of brand equity is stated by Aaker (1991): "A set of brand assets and liabilities linked to a brand, its name and symbols that adds to or subtracts from the value provided by a product or service to a firm and/or to this firm's customer". The function of brand equity is to keep a great product image in the customer mind, inspiring strong feelings and building heavy association with the brand. But building association is not always possible, and it is a difficult issue for companies, thus by taking wrong decisions, the company can subtract value on the brand that will change the customer perception of the product.

Therefore, the association of each brand with name or symbol is critical for the customer perception, companies are often associating qualities to their brands in order to have a direct correlation that the consumer thinking about a brand has directly in mind the main quality of the brand itself and the product manufactured. In the automotive industry this function is evident, every company rely in their own diverse association such as Ferrari

with performances, Tesla with electric and innovations, Fiat with small cars and eco-friendly.

“Brand equity defines the value of the brand and can refer two understandings of brand value, namely strategic, subjective understanding or brand equity as a financial, objective expression of the value of the brand” (Heding, Knudtzen and Bjerre, 2009). Brand equity is usually analysed into two main perspectives, financial and subjective.

Financial perspective, brand equity is the way used by each company to measure the monetary value of brands. Even if it is analysed as an intangible resource it entries on the company balance sheet. The correct evaluation of brand value is extremely important because it depends on various factors and in relation with financial statement to ensure its reliability. Subjective perspective, brand equity is evaluated by the consumer perception of the brand itself, its reliability, qualities, performance and image. In this sense brand equity is the value added to the product or service contributed by the brand name. This evaluation can result as positive or negative customer-based brand equity.

Customer-based brand equity is the evaluation of the marketing effort of the brand in relation with customers. Basically it is the customer reactions and feelings when a brand is recognized, and it can be classified into positive or negative. Positive customer-based brand equity is the margin that the company can get by applying a price premium over their branded products, and customers are willing to pay this higher price in order to do business with that firm for the quality recognized to that brand or for the admiration they have for the company itself, even though they could get the same type of product for a cheaper price buying from other firms. Negative customer-based brand is exactly the opposite of the positive situation. A firm with negative brand equity has challenging issues to deal with, and it impacts negatively its business to the point that would be better to sell the product without any name or brand.

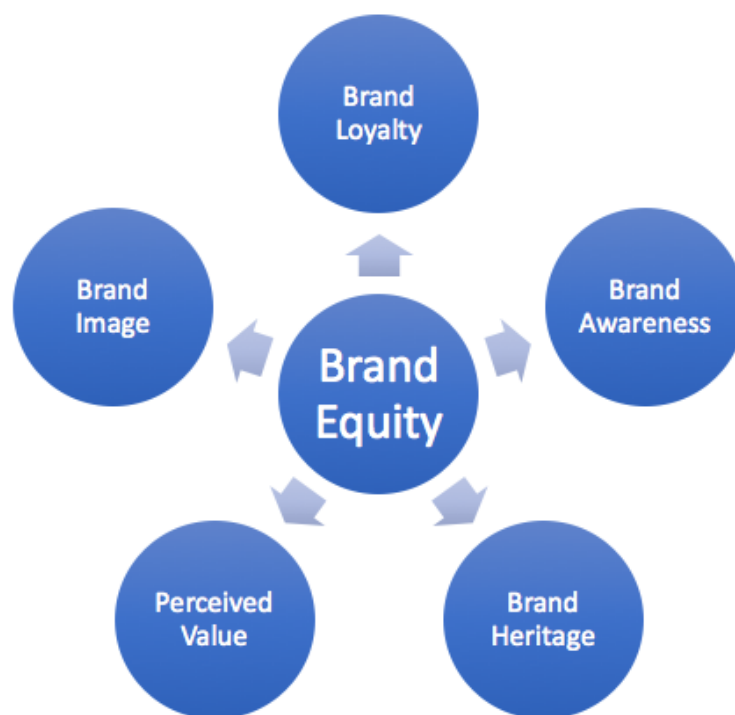
This situation may happen for company major product recalls, scandals within the firm or if the company is involved into environmental disasters. Brand equity is correctly seen as a long-term approach, not only focused in maintaining a strong relationship with the

customer but this approach is also concentrated into the right marketing activities to create and to cultivate a strong brand image.

1.2.1 Brand Equity Elements

Brand equity is composed by several elements (figure 1), that characterize the brand and the company itself. The goal of these characteristics is to keep and to improve the position in customer's mind not only to be successful but also to be well considered when it is time for clients to buy a product. Several are the elements of brand equity, and this sub-chapter will explain the 5 more relevant.

Figure 1: Brand Equity Elements



Source: Author

Brand loyalty is the feeling perceived by the customer in relation with brands, it is reflected into his/her dedication and commitment in the re-purchase of the same product, regardless price and promotion of it. “Superior brand performance outcomes such as greater market share and a premium price (relative to the leading competitor) may result from greater customer loyalty.” (Chaudhury and Holbrook, 2001). Thus, the importance

of building a strong and durable brand loyalty is functional to the success of the company itself, to its opportunity in expanding in terms of market share and higher price. “Loyal consumers are valuable consumers because it is much more expensive to recruit new customer than nursing and keeping the existing ones.” (Heding, Knudtzen and Bjerre, 2009). Brand marketing is focused on building brand loyalty in order to ensure re-purchasing of the product. The aim of the strategy is stated in the citation above, it will result easier to maintain customers rather than acquiring new one and this is the reason of the strategy adopted by companies to ensure and maintain customers. Many strategies are adopted to cultivate loyal customers, such as loyalty programs and brand ambassadors.

Brand awareness is the characteristic of brand equity that plays a fundamental role in the purchase decision making. “Brand awareness reflects the salience of the brand in the customer’s mind.” (Aaker, 1996). As stated by Aaker, brand awareness depends on what consumers think about the brand, their perception of it and the knowledge of the brand while seeing the name or the image representing the brand itself. It means that the customer is able to recognize brands and to decide for the most valuable. Building a strong brand awareness is important in order to be always present in customer’s mind while they have to take a decision over the purchasing a product. A stronger brand awareness usually is directly linked to a bigger amount of sales and a better position in the market.

To create brand awareness companies are usually focused into the use of three tools: social media, traditional advertising and sponsorship. Social media advertising is becoming more and more influential in people’s mind, and companies are working in order to get profit and building brand awareness through the use of these. The advantages are clear, the usage of them is easy and with few minutes the advertisement could be reached by thousands of potential customers, the penetration of social media in daily life is increasing and people can share their feelings and reviews about products and brands. Banner and aggressive marketing are also used to increase brand awareness. Automotive companies are using social media to increase the awareness of their brands and to explain the feature of their vehicles. Traditional advertising is still used even if magazines and newspapers are not popular as it was in the past. This strategy used in the right way can be profitable in term of creating brand awareness, an example of it could be an

advertisement of a new product placed in a magazine that discuss of a topic related to the product. An example can be the launch of the new Fiat in Top Gear magazine or other specialised magazines.

Sponsorship is often used to improve the brand awareness, advertising the brand during public events help the company to create positive connection and visibility of the company in the market. The fairs that automotive companies are attending every year are the best way to connect with customers and increase the brand awareness. These are not the only tools that are used, others are: Infographic, giving a personal brand identity to the brand, Remarketing campaigns and Influencer marketing.

Kapferer (2012) stated the importance of focusing on brand heritage, “By studying the heritage, roots and history of the brand (its DNA), potential facets of its core can be identified.” Brand heritage is the emotional connection that customers feel thinking about a brand depending on the past activities of the company. The reputation of the brand and of the company is fundamental in this way, a positive brand heritage means that the company is remembered in a good way from customer. Nostalgia and good reputation is what make the difference in brand heritage and often companies decide to offer a revival of the past experiences. Based on this porpoise, Fiat decided to revive one of its more successful brand, 500, which had great reputation all around the world in the 60s.

“Perceived quality may be defined as the consumer’s perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives.” (Aaker, 1991). Perceived quality is an intangible aspect that all the brands have, customers perceive the quality of each brand and product differently comparing the quality of a variety of brands from competitors and substitutes goods. In this way perceived quality is considered a subjective analysis of brands depending on many factors and features of the product. The consumer’s experience with the brand plays an important role in establishing the quality of it, thus it could be positive or negative depending not only on the brand features but also on customers.

Perceived quality depends on price premiums, brand usage and other features of brand equity, but it is critical to measure the high or poor quality of each brand. Perceived

quality, as it impacts on the customer decision of purchasing and on his/her willingness to be loyal to the brand, supports the company's choice of building a strong brand image as a result of high perceived quality.

Brand image is based on the feelings and the association of the brand perceived by the customer. A positive brand image is the one that is expressing great feelings to the customer, remembering him/her good experience. Brand image is everything that the consumers remember thinking about the company and its products. The strength of brand image and consequently of the company itself depends on the influence of it over customers and many marketing activities are used to strengthen the brand image. Brand image is closely influenced and connected with the reputation of the company and of the brand itself, a strong national or international reputation can leverage the image of the company and the people interest in it. Furthermore, reputation is highly controlled by the company, as they take care of it as they want to improve company and brand image, improving the number of items sold.

Fombrun (2000) stated that: "reputation is based on six factors or 'pillars':

- Emotional appeal (trust, admiration and respect);
- Products and services (quality, innovativeness, value for money and so on);
- Vision and leadership;
- Workplace quality (well-managed, appealing workplace; employee talent);
- Financial performance;
- Social responsibility."

1.3 Brand Value

The brand value appears on the balance sheet of the company owner of the brand, but the evaluation of it was a trouble since decades. Basically, brand value is a financial value and the calculation of it could be done following different methodologies and approaches, depending also on the institution that is going to evaluate brands. The evaluation usually is not focused only on tangible data such as marketing budget allocation, marketing ROI, portfolio management, brand extension, licensing but also on intangible features that are more difficult to calculate and to evaluate such as the people's perception of the brand

and how much the clients are loyal to each brand and their willingness in paying a premium price. The establishment of a strong brand value needs time and money invested in building brand image for companies.

1.3.1 Global 500 – The World's most valuable brands

One of the most reliable business valuation consultancy, the Brand Finance based in London is evaluating every year the most valuable brand in the world through their website and annual report.

The evaluation is done on the “Royalty Relief approach”, this is based on the estimation of the future sales of the brand and on the calculate on of a royalty rate that would be paid in case of usage of the brand by other company non-owners. This approach is based on seven steps:

- 1- Calculation of Brand Strength Index;
- 2- Determining the royalty rate range for the sector;
- 3- Calculation of the royalty rate for each brand depending on BSI;
- 4- Determining the specific revenue estimated for a parent company;
- 5- Determining the forecast specific revenue based on history and economic growth rates;
- 6- Deriving brand revenues from the calculation of royalty rate and forecast revenues;
- 7- Discounting brand revenue with post tax to get net present value which is the brand value.

This methodology is used by Brand Finance since 1996, allowing readers and experts to analyse brand value under a more complex study, comparing Brand Finance's evaluations for 20 years.

(Global 500, 2016)

Figure 1 in the appendix shows the 20 brands most valuable in the world in the year 2016, interesting is also the comparison with the previous year. The report underlines the strongest position of Apple with a huge increase on brand value even if it was already in the first position in 2015. In this extract of the complete ranking only two brands are linked with the automotive industry, Toyota (11°) and BMW (16°).

Figure 2 in the appendix shows 18 brands from car industry that were performing well enough to be part of the 500 most valuable brands. Fiat was ranked only as 277^o brand, getting worse its position from the previous year.

1.4 Brand Portfolio

“The brand portfolio is the set of all the brands and brand lines a particular firm offers for sale in a particular category or market segment” (Kotler, 2009). As this definition explain the brand portfolio is composed by several brands in order to achieve determined goals. Generally, the portfolio has to be measured by marketers, in order to understand if it is too big or if there is any chance to expand it, increasing the profit of the company, the presence and the market share but also decreasing the cost structure by exploiting the economies of scale.

“The basic principle in designing a brand portfolio is to maximize market coverage so that no potential customers are being ignored, but minimize brand overlap so that brands aren’t competing among themselves to gain the same customer’s approval. Each brand should have a distinct target market and positioning.” (Trout, 2000).

Brand portfolios are created in such a way that consumers do not need to buy other brands because the architecture of them allow the consumer to be loyal to the same brand even for different, usually related, products. In this way, international companies such as Procter & Gamble and Unilever built their strengths in a huge variety of brands and products to have the maximum grade possible of marketing coverage, doing so no customers are ignored. Besides of the market coverage, the scope of building a successful brand portfolio is to differentiate the business of the company. When the market is mature, differentiation is fundamental as a strategy to struggle with the competitors and to offer a huge variety of products for all the market segment.

Brand portfolios are built strategically, each brand has its own strategic segment and the scope of them is to be successful within the segment. The portfolios are built maintaining the value and the identity of any brand, and the competition within the portfolio is not recommended in order to avoid cannibalization of brands. The identity maintenance of

any brand is central to keep the brand image and the customer perception of it, in this way it is critical for the company to do not address too many qualities for each brand. Doing so each brand has its own qualities that represent the need of any market segment.

The segmentation of the market could be done in different ways, depending on the company and its willingness to approach the market with its differentiated brands and products.

The more frequent segmentations are:

- Socio-demographic, based on the age and the preferences of the customers, companies are offering different brands to cover all the segments;
- Psychographic, based on the general lifestyle and the link between heritage and modernity;
- Benefit, based on the opportunity to get benefits and profit from each part of the market, thus each brand extension has its part of market that is profitable and related to the brand leader;
- Attitude, based on the offer of more than one brand similar to the others in the same segment to benefit from the cost structure and economies of scale, increasing the market coverage by launching innovative products alternating brands;
- Channel, based on offering a brand for each channel with the scope of avoid conflicts and increase the adaptation of the brand;
- Occasion, based on offering a brand or a range of brand for the several occasions that can happen during the day, thus consumption of some goods for a particular occasion. The case of Guinness beer as affiliated with the pub environment is one of the most relevant of this type of segmentation.

(Kapferer, 2012).

1.4.1 Brand Architecture

“Brand architecture is often the external face of business strategy and must align with and support business goals and objectives. And different business strategies may require different brand architectures. Two of the most common types of brand architectures are

called branded house and house of brands” (Petromilli, Morrison and Million, 2002). Branded house is composed by a master brand and sub-brands that are adding features or specification to the master brand, thus these brands are related to each other, and they complete a wide offer to customers.

House of brands is composed by independent brands which are operating autonomously with separate department for a better management of the brand itself and for a better profit. The aim of the strategy is to increase the market share of each brand believing that this independent management is more suitable for the brand portfolio instead of a collective management.

“Today’s focus is on trying get the most from existing brands through better organizing and managing brands and brand inter-relationships within the existing portfolio.” (Petromilli, Morrison and Million, 2002). More and more companies are focusing on the management of the portfolio by positioning in other ways the brands, covering all the market and the customer needs, building strong relationships within the brand portfolio that allows a different customer perception of each brand. Inter-relationship within brands can have a positive or negative impact, in fact a brand with a strong image can increase the awareness of other brand related to it, meanwhile a brand with similarities in positioning and brand value can cause strong competition with results of cannibalization of both brands.

Moreover, it is critical for any company to build a structured portfolio and to increase the efficiency of it, this analysis is done by understanding the positive effects that it might provide to customers:

- First brands have to describe their marketing activities, their roles and explain their relations with other brands. Then the brand relationship has to be evaluated in terms of advantages brought to the brand, thus how much the relationship can be useful for each brand and decide if it is worth to maintain it or broke it.
- The stakeholders have to be involved in the process, to understand their feelings in relation with the brand, what is their perception, and if the brand is perceived as required by the company. In this way, it is critical to communicate a clear and logical brand message to customer to explain all the values within the brand.

(Aaker, 1996).

Following this strategy, many companies with diverse businesses are building relationships to leverage brands, or exploiting the image of popular brands to increase the awareness and the image of the whole portfolio.

Example of this strategy is given by Volkswagen Group that owns Audi and Porsche, these two brands have a huge potential in leveraging other brands, in fact the Volkswagen brand has strong relationship, especially with Audi, to increase the image of Volkswagen and provide better image for the customer perception that will feel better quality in the VW cars. As well as Volkswagen Group, FCA is trying to implement this strategy, the willingness of the company is to increase the awareness of Fiat and Alfa Romeo by their connections with Jeep, already considered a global brand and successful worldwide.

Relationships are not only built within brands, but also in the production of different vehicles in the same plant and sometimes platforms. With this practise, the company is not only able to reduce the production costs but it is also building relationships within the brand portfolio establishing close connections between brands that are sharing the same platform. A relevant case of the use of this practice is the production of Jeep Renegade and Fiat 500X which are sharing the same platform and plant in Melfi, Basilicata that is the place which produce these cars for the European market. (Repubblica.it, 2015).

1.4.2 Brand role in portfolio strategy

“Marketers carefully monitor brand portfolios over time to identify weak brands and kill unprofitable ones” (Kumar, 2009). It is strategic to each company to evaluate the status of the brand, if customers perceive the brand values and if the position of the brand reflects the value of the brand and its characteristics. This practice is often done by companies in order to check if the investments on weak brands are worth enough or in case it would be better to withdraw them from the market.

Brands can also play diverse roles within the portfolio:

- Flankers or fighters are those brands positioned in order to compete strongly but protecting the flagship brands, or more profitable, to gain market share. Flankers

are not easy to manage as they do not have to become more attractive than the higher-priced brand which is covered by the strategy.

- Cash cows are those brands that are profitable and the company can maintain this profitability without investing in marketing.
- Low-end entry level is the role of those brands that are low-priced and they are produced with the aim of increasing the number of customers and bringing them inside the brand and the final scope is to trade up the customer to higher-priced brand or product.
- High-end prestige is the role of those brands which are high-priced with the aim of giving prestige, luxury and credibility to the entire portfolio. They are examples of high qualities and abilities of what the company is able to do.

(Kotler & Keller, 2009).

FCA brand portfolio does not have any flanker or cash cow as the market is very competitive, and all the automotive companies have to invest in marketing campaigns to maintain the brand values and the customer perception of the brand.

Low-end entry level is adopted by Maserati brand with its all-new Ghibli which is considered as an affordable luxury, even if the two words are not related. Ghibli being affordable means that the brand is going down-market by providing a luxury vehicle for a cheaper price reaching a bigger number of customers that can afford this car and then have the first luxury experience with Maserati. The aim of the strategy, started by Ghibli and followed also by Levante, is to trade up customers to more expensive vehicles after the first luxury experience in order to gain higher margin.

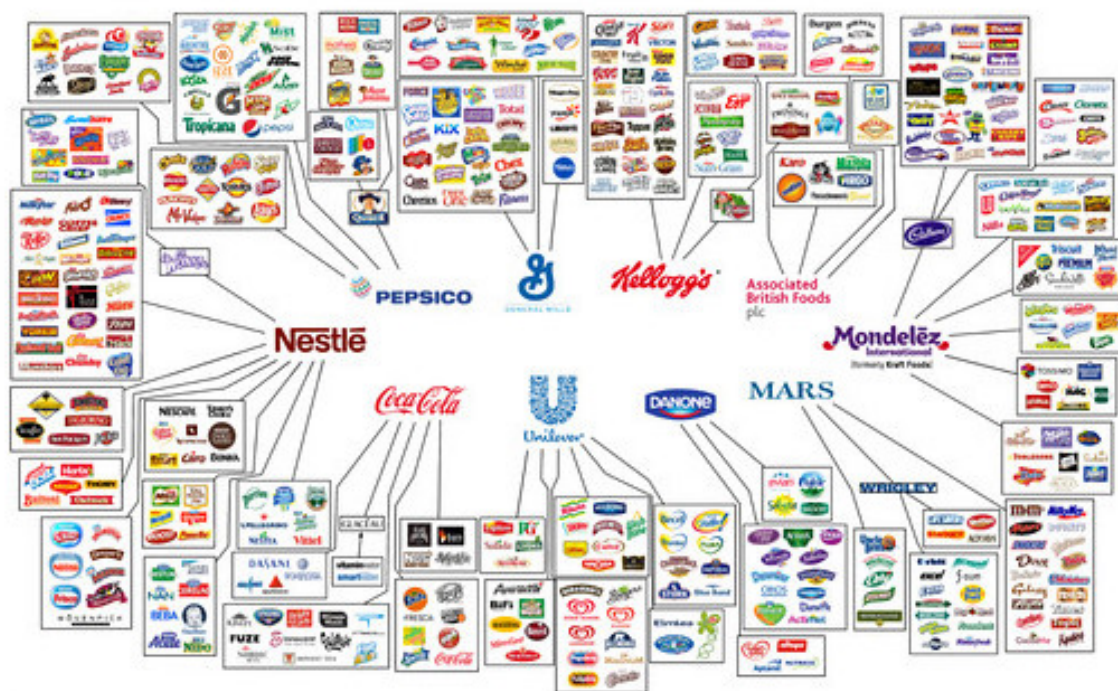
High-end prestige is used to bring customers in the showrooms moved by curiosity or real interest on the brand or a specific product. An example of it was the marketing of Chevrolet Corvette which was a “traffic builder” brand, and comparable to it can be the brand Ferrari that sharing the showrooms with Maserati can leverage the brand and attract people to them.

1.4.3 Global portfolio strategy

Global portfolio strategy is becoming more and more used by international companies that aim to create a huge and varied brand portfolio that allow them to satisfy different customers and the demand of diverse markets. The benefit of building a global portfolio, as it is partly discussed above, is to join the forces and resources of each brand creating a strong correlation of them and saving costs sharing R&D, logistics, manufacturing and distribution processes. Other reason for building a strong global portfolio are the creation of a unique finance and human resources department instead of one for each brand, the opportunity of building a dominant position on the market, and the creation of a possible solution in the struggle against distributors.

The global portfolio strategy is more used by FMCG companies that aim to keep a strong or even dominant position over the market by owning a huge number of brands in order to be able to offer any kind of good to customers. In the figure below (figure 2) is shown few of the brands owned by FMCG companies. The common practise is to expand as much as possible the presence on the shelves, having a complete offer of brands for any customer need.

Figure 2: Brand Portfolios



Companies have to be aware of troubles that could happen in managing this strategy and in building the global portfolio. The creation of the portfolio is done by merger, acquisition, affiliation or partnership with other brands, following this strategy, managers have to always control the portfolio structure avoiding over-centralisation of brands that could cause loss of brand identity and differentiation within the global portfolio.

The practice of companies by acquiring brands has the scope of entering a segment which is not served yet or offering a more complete line-up to do not lose any customer, doing so the company can acquire also more clients and attract those to other brands already owned.

The decision about the perfect number of brands that a company has to own is not stated, the matches of the brands within the portfolio is critical. Thus, brands have to be inter-related by supporting and completing each other, but also by sharing some department held only by the holding. This practice would save money for the company and built connections within the portfolio. The strategy is also useful to increase the perceived quality of the brand, especially if those connections are done with a premium brand that its image could be exploited by the holding.

This strategy is often used by car makers, that built the brand portfolio by acquiring brands to expand the offer and enter new markets and segments. Those portfolios are usually composed by a mass-market brand, premium brand and a top range or luxury brand. The portfolio, with this structure, can offer cars for a wide number of customers with different needs and without cannibalize any brand.

An example of this strategy is done by Volkswagen Group and FCA, in fact Volkswagen and Fiat are their mass-market brands, Audi and Alfa Romeo as premium brands and Porsche and Maserati as Luxury brands. Even though those are not the only brands owned by the two companies, the segments are fundamental for a wide position of the holding in the global market.

As stated by Kapferer (2012), “the practice is to decrease the number of brands owned in order to concentrate and to invest in the more profitable brands which have positive prospective ahead and not just to increase the number of items sold.”

In fact, FCA decided to dismiss the exportation of Lancia and to maintain the distribution of Lancia Y only in Italy in order to save money for other investments that nowadays are done mainly for Alfa Romeo, Maserati and Jeep. This decision was taken because of the troubles in which Lancia is right now and for its negative perception that it has in Europe.

1.5 Brand positioning

“Positioning is the act of designing a company’s offering and image to occupy a distinctive place in the minds of the target market” (Ries, 2000). Positioning is the strategy held by each company in order to clarify the value and the benefit that each brand can give to customers. Positioning is then useful also for marketers that following the strategy know the message to communicate to customers and to make comparison with similar brands owned by other companies. The differences between brands can be published in order to distinguish brands and explain better how the products work better than the competitor ones.

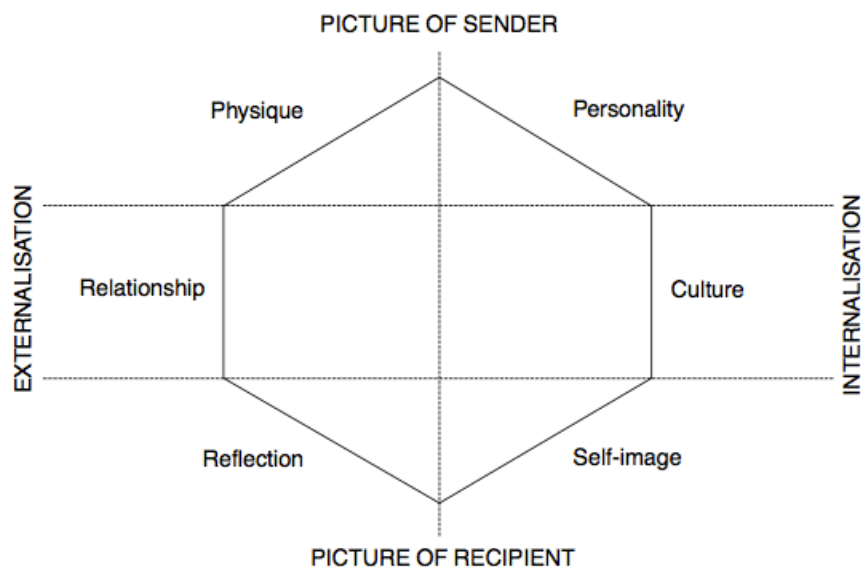
Positioning has to be strategic, then marketers can show what is the brand and what it will be in the future, the changes and how the brand should be perceived by customers.

Following a strategic positioning, FCA is trying to explain to customers that Alfa Romeo is a premium brand, but the communication of it has to be gradual, so the company is showing the qualities and the characteristic of the brand to customers that is the first step to become a premium brand. Other example of positioning brand done by FCA is the one of Fiat. Fiat is perceived as a cheap car maker for the mass market.

1.6 The brand identity prism

The identity prism is a marketing tool created by Jean-Noel Kapferer which aims to describe the brand identity by characterizing the main features of the brand. The Kapferer prism has six facets that represent the brand identity (figure 3).

Figure 3: Kapferer identity prism



Source: Kapferer, J. (2012). The new strategic brand management. 1st ed. London: Kogan Page. (p.183)

As stated by Kapferer (2012):

Brand identity should be represented by a hexagonal prism:

1. A brand, first of all, has physical specificities and qualities – it is physique. It is made of either salient objective features (which immediately come to mind when the brand is quoted in a survey) or emerging ones. (...)
2. A brand has a personality. By communicating, it gradually builds up character. The way in which it speaks of its products or services shows what kind of person it would be if it were human. (...)

3. A brand is culture. There is no cult brand without a brand culture. A brand should have its own culture, from which every product derives. The product is not only a concrete representation of this culture, but also a means of communication.
 4. A brand is a relationship. Indeed, brands are often in the crux of transactions and exchanges between people. (...) This facet defines the mode of conduct that most identifies the brand. This has a number of implications for the way the brand acts, delivers services, relates to its customers.
 5. A brand is a customer reflection. (...) Reflection and target often get mixed up. The target describes the brand's potential purchasers or users. Reflecting the customer is not describing the target; rather, the customers should be reflected as he/she wishes to be seen as a result of using a brand. (...)
 6. Finally, a brand speaks to our self-image. If reflection is the target's outward mirror (they are...), self-image is the target's own internal mirror (I feel, I am ...).
- (p.182 – 186)

The brand identity prism aims to describe in a detailed way all the features of the brand, starting from the physical qualities so what the customers remember about the brand when he/she sees the logo; the interior personality so the feelings that the brand could express as a human being; the culture of the brand and its origins in terms of countries or historical background; the connections that the customer associates with the brand; and finally analysing what the brands wants to be in the customer perception and what the customer really perceives and what he/she feels in consuming that brand.

The prism as showed above is divided into the picture of the sender, which describe what the company is delivering to the customer, who are them and which are the main characteristics of the brand. The picture of the recipient aims to define the customers, what the brand expects from them and what the clients feels using the brand. Relationship and culture, as stated by Kapferer (2012), “bridge the gap between sender and recipient”.

This tool will be useful for further analysis in Chapter 3 for a better understanding of the strengths and the weaknesses of FCA brand identities and to define opportunities to increase the awareness and the brand perception of the portfolio, especially of the brand considered in the FCA strategy.

2. The Fiat brand history and FCA portfolio

The Fiat brand has a long and successful history, becoming one of the most influential company in Europe for the production of small and functional cars. The brand had many troubles for the lack of awareness outside Europe as it was never strong with the exportation particularly in the US and Asian markets.

This chapter is going to explain, since the foundation of the company, all the major events in the brand history defining the successful and the unfortunate period of Fiat. Moreover, the chapter is going to focus on the nine brands owned by FCA in its portfolio, analysing facts and figures of each of them.

2.1 The History of Fiat

On July 11th, 1899 few Italian aristocrats founded the “Società Anonima Fabbrica di Automobili – Torino – F.I.A.T.” that means translated in English language “Anonymous Society Automotive Factory – Turin”. (fcagroup.com, n.d.).

Giovanni Agnelli was one of the co-owner of the company, he was elected Operational Secretary, but later on he became the most influential figure in the F.I.A.T company with the biggest share owned. In the following years, thanks to Giovanni Agnelli, F.I.A.T. became profitable and it was listed on the stock exchange.

In 1906 F.I.A.T. proceeded with acquisition of other Italian industrial firms that permitted the creation of a new company named Fiat, without any dot. In the new company, Giovanni Agnelli could possess a bigger share than in the previous one, getting a dominant position within the firm.

“The Fiat design and industrial capabilities were concentrated in the production of engines in the first period. Starting from this strength, the company started the first attempt to diversify its activities.” (Scotti, 2003). Doing so, Giovanni Agnelli was able to follow his strategy, extending the production, diversifying the business and implementing a new organizational structure. The production was now based on the American assembly line that he discovered travelling in the U.S., allowing the plant to produce a higher number of vehicles based on applying the Henry Ford theories.

The perception of the quality of the new brand and of the cars produced by Fiat plants was measured by national and international races, the reliability of the cars in the competitions was important to increase the market share and the potential customers. Participating at the car races, people saw the Fiat victories and the feature of the car, reliable and fast.

The foreign market was increasing as well as the Italian market, thus Fiat started with the exportation of its cars abroad but the number of car produced was not enough to cover the international demand. In the years just before the War, Fiat started the production at Lingotto factory, the innovative plant built in Turin that was at that time the largest factory in Europe. The new factory was built with the aim of increasing the production of cars and decreasing the cost of manufacture to offer cheaper vehicles for the middle class.

After World War I Fiat had to challenge the issue of turning the production from war equipment to civil manufacture. The conversion of the production was not the only problem that Fiat had to deal with, in fact the Italian company had to face the frequent workers strikes according to their willingness of reducing the working hours and increasing the salary.

Fiat was already considered as one of the most influent company in the industrial sector, and one of the few in the Italian automotive industry to have an enormous capacity of car production as some of the other companies were acquired by Fiat or they dismissed the production, while only two firm were able to survive to the strong competition imposed by Fiat and these were Alfa Romeo and Lancia.

2.1.1 The Fascist Period

During the Fascist period, Fiat continued its exponential growth, even though it suffered from the Crisis of 1929, the Italian company was able with the help of Mussolini to struggle against the crisis and improve the quality and the quantity produced. Mussolini enforced customs duties for the vehicles imported from other countries that helped the internal production, and it decreased the importation of foreign cars, especially the ones produced by Ford industries in the U.S.

Though, the solution was not adequate to solve the company's situation, in fact "The value of the Fiat share decreased of 70%" (Giacchè, 2002). In that period, Mussolini was preparing the war in Ethiopia, and Fiat was one of the factory that had to produce the war equipment and it allowed Fiat to maintain the employees and sustain the high production. The production of the war equipment was due in the perfect period, the stagnation of the demand in the automotive market was deep, allowing Fiat to involve more resources in the preparation of the equipment for the war. Fiat gained an increase in revenues, profit and new resources to invest. It was the starting point for a new project, the expansion of the production by building a new factory.

2.1.2 The situation after the Second World War and the Marshall Plan

The damages on the infrastructures were substantial, the bombardments in Turin were multiple and targeted directly to the plants, destroying the places where fascist could get new vehicles, then within those also Fiat factories. During the war, Fiat reduced strongly the production of civil vehicles due to the increase in manufacturing trucks, airplane, marine engines and tanks.

The important change in the post war was not only in the production, from war production to civil one, but also in the management of the company. Giovanni Agnelli died in 1945 and the vice-chairman took his place, Vittorio Valletta.

Valletta had to face the over employment and the procurement of the raw material that was problematic due to the problem in the Italian transportation system that at that time

could not be used. The fundamental economic and monetary help came directly from the USA strategy of reconstruction of the European industrial power, thanks to the Marshall Plan, the Italian economy and Fiat got funding to restart the production and the exportations.

2.1.3 The Italian Economic Miracle

“Italy experiences a period of economic boom and the car industry is one of the main drivers of intense growth: one car for every 96 inhabitants in 1949 becomes one for every 28 inhabitants in 1958 and one for every 11 inhabitants in 1963.” (fcagroup.com, n.d.). The evidence shown from the Fiat history is representative not only for the automotive industry but also for the Italian economy, the number of cars sold, as it was still considered a luxury good at that time, was increasing that means the economy was growing and the living conditions were improving.

“Relevant is the fact that between 1951 and 1963 the GDP growth on an average of 5,9% per year (reaching the peak of 8,3% in 1961).” (Villa, 2013). This season that lasted for almost 15 years was named by the experts “The Italian Economic Miracle”.

The period was characterized by the increase of the number of vehicles produced by Fiat per year that reached more than 230.000 items in 1955. (Giacchè, 2002). Fiat launched in these years the “New 500”, that was already a success but it was destined to be an icon in terms of design and usability.

In 1966 Gianni Agnelli, the grandson of the founder, became chairman.

2.1.4 The Gianni Agnelli Era

Gianni Agnelli, after years of international relations particularly with the USA, became chairman of his family company only in 1966 when Vittorio Valletta resigned from his

position recommending Gianni Agnelli as his successor. Fiat came to his hands just after the best period for successful growth in the company history.

The end of the 60s were characterized by the numerous worker strikers, especially from the employees that had just an operational function to control the production systems. The claim was about a better working condition, as the job was heavy in terms of type of work and working hours, and they were asking also a better salary, that was blocked from years before. The social unrest and the long period of protest affected the production and the profitability of the company as the workers stopped the production for many hours and sometimes also for days.

Even though the period was not the best in Fiat history, the company continued to pursue its goal of growing and expanding, then Fiat acquired Lancia in 1969 with the aim of saving the successful Italian brand, known for elegance and high technologies.

In 1969 Fiat also signed the agreement with Enzo Ferrari, in which the founder of Scuderia Ferrari continued with the car competition while Fiat started the production of the vehicles with the famous brand from Maranello. The Ferrari brand was known worldwide for the luxury and for the performances of the cars, the brand was well-established and owning a Ferrari represented a dream for all the fans. Though, the company finances were not sustainable in the long-run and Enzo Ferrari had to leave the production to Fiat.

In 1974 a new CEO was hired by Fiat, Cesare Romiti started his work at Fiat and his main task was to improve the situation in which Fiat was operating and to solve all the issues that the company was facing. It was the time for the change in the Fiat organization which was composed by 100 directors that were helping the CEO in his duties and decisions. Romiti created sub-holdings which were managed autonomously, and he maintained the CEO position of the main holding, Fiat Spa. All these so called sub-holdings were managed independently with their own budget and investment, while the head-holding, Fiat Spa, had few issues like setting the budget, checking the results and solving disputes within the company.

With the strategy adopted and the solution found with the labour unions, Romiti improved his position and the consideration of his work within the company. With the legitimization of Romiti, Agnelli was able to dedicate more of his time to his hobbies and travels. He was known as a football expert, owning Juventus Football Club, one of the most important soccer club in Italy. He was also interested in car races, travelling with the Ferrari team during the Formula One season that became part of the Fiat holding.

The strategy of Fiat was clear from the beginning, the company wanted to be the leader of the Italian market increasing the perception of their brand and pursuing its goal, Fiat decided to buy Alfa Romeo, the last automotive industry that was not part of the Fiat portfolio. Alfa Romeo, owned previously by a State company due to reasons of financial difficulties, was manufacturing middle size cars that were excelling in performances but it never sold well enough to be sustainable in the market. Buying the shares of Alfa Romeo in 1986 and controlling it, Fiat started his monopoly over the Italian market as all the car industries were owned by the Agnelli family.

2.1.5 The crisis of the 90s

In the 90s Fiat suffered a strong crisis and the company was close to bankruptcy, the crisis was prolonged to the first years of the new Millennium but the causes came from a huge mistake in strategies that have been taken in the previous years.

Nevertheless, other automotive companies suffered the crisis of the 90s but were able to react quickly to the new situation and the new competition. Volkswagen suffered the same situation as Fiat, but the German company was able to solve the internal problems and to improve its market share and its brand awareness in the car industry.

The main objective of Fiat and of its CEO was to diversify the financial risk that the company could incur in case of a deep crisis in the automotive market, not seen stable nor profitable enough in the future from the Fiat management. Therefore, Romiti decided not only to diversify the risk, acquiring shares of companies in different productive sectors, but also to outsource the most important part of the car production, including the

outsourcing of the new vehicles design. This strategy was seen as a lack of quality of the cars, as the Fiat cars were always designed in Italy by Italian engineers and as a representation of “made in Italy”. Doing so the brand lost its credibility and the image that it built in the previous year. Customers perceived the brand as not reliable enough that is crucial for selling cars.

Regarding the changes in the feature of the cars, Fiat decided that huge investments were not needed even though the other car companies were changing them, especially regarding the innovations in the sector such as the use of the car electronics and the “ECU” (Electronic Control Unit). It was perceived as a lack in the quality of the car and in a stagnation of the composition of it.

To sum up all the causes of the Fiat Spa crisis in the 90s, partly stated by Giacchè (2002) in his article, the company had to deal with:

- The management preference in diversification instead of increasing the investment in the car industry, in innovations and in Research and Development, symptom of lack of foresight;
- The overall crisis within the country due to its high public debt and the activities that have been taken by the state in order to reach the requirements stated in the Maastricht Treaty;
- The decision of outsourcing of the design and sometimes also the manufacture of the vehicles, without taking care of the quality of the cars;
- The changes in the composition of the market and of its rules, through the entrance of new companies in the Italian market that previously were dissuaded by entry barriers that were held before the EU agreement.

All those causes decreased the value and the perception of the Fiat brand, as it was considered not in line with the competitors, producing cars that were not reliable enough to compete in the European market.

In 1998 Cesare Romiti resigned, and Paolo Fresco took his place.

2.1.6 The Fiat-GM Agreement

The main objective of the new CEO was settled by the chairman, he had to set a contract regarding the selling of part or the entire company due to the enormous debt that Fiat contracted in the period of the crisis. Agnelli had to take this decision grudgingly especially for the willingness of the founder, his grandfather, that was to maintain the company always within his family assets. In March 2000, Paolo Fresco signed the alliance with GM, it was composed by 2 fundamental parts, an exchange of shares and the building of a joint venture.

“On the financial side, GM will buy a 20% share in Fiat Auto, while Fiat SpA will receive in exchange 5.1% of GM's shares (though there will be no exchange of board representatives). The Fiat group will become GM's second- largest shareholder (the majority of the shares are in the hands of a US investment fund) and its leading industrial partner. The financial agreement provides also for the option, though not the obligation, of Fiat SpA offering - not sooner than three and half years, and not later than nine years from the signature of the agreement - the remaining 80% of its shares to GM, which will have a first option to purchase them. The production and industrial alliance will take the form of two joint ventures (owned 50% by Fiat and 50% by GM): the first will conduct purchasing activities, while the second will produce engines and gear equipment. Cutting expenses will be the main policy as regards production.” (Eurofund, 2000)

The alliance between the two companies is the first attempt to become an internationally-recognized company that Fiat Spa always wanted to be but it was never successful in completing its dream. The alliance was signed due to financial problems that Fiat was suffering and in the beginning of the new millennium the best solution seemed to be the agreement with the largest auto maker in the world.

2.1.7 Sergio Marchionne

In 2003, Gianni Agnelli died and his brother, Umberto, took his position as chairman. After a succession of 3 CEOs, Sergio Marchionne was hired in May 2004, he was already part of the Board of Directors of Fiat Group since 2003 but still he was not recognized as

a figurehead or a leader with enough experience that was needed to improve the critical situation of the major Italian manufacturing company. Marchionne had his major experience abroad, he worked in Canada having also the citizenship there and in Switzerland, directing a multinational company that provides inspection services.

“Fiat receive 2\$ billions that allows the company to look forward and it return all Italian based.” (Ilsole24ore.com, 2005). Marchionne started his work by ending up the agreement with GM according with his strategy to solve the situation with the Fiat own forces. Marchionne retracted the alliance signed by Paolo Fresco, solving it with the payment done by GM of around 2\$ billions and ending the joint-venture.

One of the main successful result during his administration was the restarting of the manufacturing of the “500” in 2007, that was an icon in the past years but it resulted the real help in strengthening the assets and in supporting the whole company over the recession period. The Fiat 500 represents the image and the brand Fiat in the last decades, symbol of beauty, fashion and low consumption. It marked also the first attempt in re-entering the US market after few years without any exportation in the country. In 2009, Marchionne supported by the Agnelli family decided to offer to the US government an agreement regarding the saving of the Chrysler group after the filling of the Chapter 11 by the authorities. The President Obama agreed for the alliance, starting first with a Fiat participation in the shares of Chrysler that can be increased by reaching certain objectives. “In January, 1st 2014 Fiat signed an agreement with VEBA and it bought the remaining shares of Chrysler” (Bogliari, 2012).

After a gradually increase in the shares, Fiat acquired the totality of Chrysler in 2014, and on October of the same year the new company was formed, formally called FCA N.V. as it is based in The Netherlands.

One of the main decision taken by Marchionne was the business plan signed in 2014 in which all the strategy for the following 5 years was formulated with the target for each brand and for the number of cars sold per year. The strategy will be discussed in the following pages and in chapter 3.

2.2 The FCA brands

With the agreement signed in 2009 Fiat acquired part of Chrysler automotive company, becoming one of the biggest automotive company in the world, with 15 different brands, and different vehicles that allow the new company created, FCA N.V, to offer a wide range of cars according with the needs of each market and of each customer.

In the following sub-chapters the main brands will be described focusing on the history, the number of vehicles sold in 2016 of each brand and on the current line-ups. Only the passenger brands, thus nine, will be taken into consideration for a better understanding of the brand portfolio strategy of FCA, as the other brands, mainly components companies, are considered only subordinates.

The Italian department of FCA, known previously as Fiat Group or Fiat Automobiles, has its headquarters in Torino, Italy. Among the brands owned by the department, the Fiat brand remains the most important for number of vehicles sold and for the number of employees hired in the plants. The brand portfolio of FCA Italy consists in: Fiat, Alfa Romeo, Lancia, Abarth, Fiat Professional and Maserati for the manufacture of vehicles. Moreover, it includes also less known brands that are related with the production of components: Teksid, Comau and Magneti Marelli.

The US department of FCA, known also as Chrysler Group or Chrysler Corporation, is based in Ann Arbor, Michigan. The founder of the US department is the Chrysler company that represents also its main brand for the success that it had in the past and for becoming one of the big Three of Detroit, even though it is not the most representative brand in terms of car sold.

The brand portfolio is composed by: Jeep, Dodge, RAM, Chrysler and SRT. It also includes Mopar that produces parts and components for all the automotive plants.

Brand	Market	N. vehicles sold in 2016	Brand values	Segment
Fiat	EU28 (ITALY) BRASIL	1,5 million	Affordable and energy efficiency	A-B-C (small and city cars)

Jeep	WORLDWIDE (mainly in USA)	1,41 million	Versatile, capability, off-road	J (SUVs)
Dodge	USA	0,665 m	Performance, speed and uniqueness	D-S (Sport and middle size cars)
RAM	USA	0,660 m	Capability, efficiency, durability	M (Commercial vehicles)
Chrysler	USA	0,230 m	Distinctive design, technology	D-E-M (middle size and multi-porpoise cars)
Alfa Romeo	ITALY (more than a half)	0,067 m	Performance, driving experience, elegance and sporty	B-C-D (medium and premium cars)
Lancia	Only Italy	0,067 m	Elegance, fashion, originality	B (small cars)
Maserati	World wide	0,040 m	Luxury, performances, personality	F-S (luxury and sports cars)

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[US/investor_relations/financial_information_reports/annual_reports/annual_reports/FCA_2016_Annual_Report.pdf](https://www.fcagroup.com/en-US/investor_relations/financial_information_reports/annual_reports/annual_reports/FCA_2016_Annual_Report.pdf) [Accessed 20 Mar. 2017].

2.2.1 Fiat

Figure 4: Fiat Logo



Source: FCA website

<https://www.fcagroup.com/en-US/group/brands/Pages/default.aspx> [Accessed 20 Mar. 2017].

The Fiat brand has a long story characterized by brilliant and dark moments in which the brand awareness has changed in the customers' perception. Even the logo has changed during the time, first with a blue background and a more classical design then represented by a circle and a red background, that is still used (figure 4). The Fiat brand had many trouble to deal with in the past, especially with the positioning of its vehicles. The brand awareness was the main strength of the company, but it was limited just in Italy and few other countries in Europe. The company was not able to export its vehicles abroad, due to the high cost of production in Italy and the strong competition abroad. The only relevant market abroad is Brazil, in which FCA in general is the market leader, mostly due to the number of Fiat vehicles sold in the Segment A and B. "The brand aims to make cars that are flexible, easy to drive, affordable and energy efficient." (FCA, 2017). Thus the strategy of the brand is to produce small and medium cars that can be driven for a daily use, they are also easy to park for their small size and the price is not expensive even though their engine is innovative for its low consumption. The Fiat brand has always tried to enter the C segment with medium cars but mostly it was not successful for the low-quality of the cars, and the small number of cars produced that didn't enable the brand to offer medium cars at lower prices.

The main area in which Fiat sells its vehicles is Europe, but in 2007 the brand re-entered the US market with Fiat 500 after its great success in Europe. Moreover, Fiat is stable in the first and second place in the segment A with Panda and 500 that are top selling in Europe.

The line-ups are different around the world, for the European market Fiat has a wider range of vehicle while in the US market it has a restricted selection. The common line-up for both markets is represented by: "124 Spider", "Tipo Range", "500", "500L", "500X" and "Panda".

In 2016, Fiat sold more than 1,5 million vehicles including Abarth cars and commercial vehicles, representing the highest amount within FCA having a strong position in Italy selling more than 380000 vehicles and doubling the second auto maker in the country, Volkswagen. (Focus2move, 2017)

2.2.2 Jeep

Figure 5: Jeep Logo



Source: FCA website

https://www.fcagroup.com/it-IT/media_center/photogallery/Pages/jeep.aspx [Accessed 20 Mar. 2017].

Jeep is an US brand and automotive company founded in the early 1940s, the first car produced with the brand “Jeep” was manufactured by American Bantam company, which designed the first vehicle under the supervision of the US government that needed a reconnaissance car. Thus the brand was born first for war porpoise, and only after the Second World War some models were produced for civil usage. The brand Jeep was sold many times, until Chrysler Corporation bought it in 1987 starting to be part of the Chrysler brand portfolio. Jeep brand it is popular also for the dispute that it had with Hummer for the front grille of the vehicles, the controversy ended up with the Jeep exclusive use of the 7 slots front grille, that become an iconic face for Jeep’s vehicles.

Jeep became not famous only for its iconic face but also because it is considered as one of the few cars that can transport people in every situation and in every ground, it is perfect for the countryside, the mountain or even where the concrete roads do not exist.

“The brand has continued to produce unique, versatile and capable vehicles” (fcagroup.com, n.d.), it means that the company manufactures unique experiences for the customers and the vehicles are perfect for all the route, off-road and on-road. Jeep’s production is based on two main groups of vehicles that are called sport utility and off-road vehicles, these vehicles compete mainly with SUV produced now almost by all the automotive companies even if Jeeps are sporty and more adequate for extreme situations.

The current line-up is composed by: “Compass”, “Grand Cherokee”, “Grand Cherokee SRT”, “Cherokee”, “Renegade”, “Wrangler” and “Patriot”.

Jeep sold 1.41 million vehicles in 2016 with an increase of 12% in comparison with the year before. Over 900 thousand were sold in the US, but the brand is increasing its sales figures worldwide. (Focus2move, 2017)

2.2.3 Dodge and SRT

Figure 6: Dodge Logo



Source: FCA website

https://www.fcagroup.com/it-IT/media_center/photogallery/Pages/dodge.aspx [Accessed 20 Mar. 2017].

Figure 7: SRT Logo



Source: FCA website

https://www.fcagroup.com/en-US/media_center/photogallery/Pages/srt.aspx [Accessed 20 Mar. 2017].

Dodge is an US brand and automotive company founded in the early 1900s by the Dodge brothers. In the beginning the company was manufacturing components for other automotive companies and it was one of the best supplier of Ford, then in 1914 they decided to build their own complete car and sell it directly to the customers. In 1928 the

company was sold to Chrysler and it started with the building of a new line-up, increasing the number of cars and changing the design of them.

Dodge became popular for its success in the NASCAR competition and for the production of the extremely powerful engines. These cars were part of a new segment of the car production, called muscle car, that is still profitable and huge market in the US.

SRT brand is strictly connected with Dodge, as a department of FCA US it develops high-power engines for the whole company but especially for the brand Dodge. In fact, just few cars from other manufacturer were tuned by SRT brand, this is the case of Jeep Grand Cherokee, Chrysler Crossfire and Chrysler 300C. The main porpoise, successfully achieved, for its creation was the building of a completely new car for a segment that it was not covered by Dodge before, the sports car. SRT was able to develop a brand-new car that is became one of the most successful car in the segment, the Dodge Viper.

“Dodge, America’s mainstream performance brand, together with SRT, the “ultimate performance” halo of the Dodge brand, offer a complete lineup of performance vehicles that stand out in their segments.” (fcagroup.com, n.d.). The brand description done by FCA explain the brand value that is based on the performances of the vehicles that are not natural but unique. The horsepower and the engines are the main feature that represent the two brands.

Dodge does not have a standardized size of cars, it has diversified vehicles on its line-up, but all of them are united by a shared feature that is the high power of the engine, the performances of all the line-up are exaggerated and it can be possible only in the US for the high demand and high passion of a huge number of horsepower. Dodge manufactures medium cars, minivans and SUVs maintaining its main feature unchanged. Dodge became famous not only for NASCAR competitions but also for its presence in numerous movies, the most popular is “The Dukes of Hazzard” in which Bo and Luke were driving the “General Lee”, a Dodge Charger manufactured in 1969.

Dodge is producing 7 types of car, from muscle and super sport to SUV and caravan, and the models are: “Charger”, “Challenger”, “Journey”, “Gran Caravan”, “Durango”, “Viper” and “Dart”.

Dodge sold more than 665000 vehicles in 2016, mainly in the US that represents the main market for the brand especially for the engine features that target the American needs. (Focus2move, 2017)

2.2.4 Ram Trucks or RAM

Figure 8: RAM Logo



Source: FCA Website

https://www.fcagroup.com/it-IT/media_center/photogallery/Pages/ram.aspx [Accessed 20 Mar. 2017].

Ram Truck is a US based brand that commercialize the commercial vehicles and pick-ups produced by Chrysler. The RAM division was established only in 2009 by FCA US, which preferred to differentiate the commercial vehicles into an independent brand, while previously those vehicles were produced under the Dodge brand. “Ram Truck is committed to innovation, capability, efficiency and durability” (fcagroup.com, n.d.). It is the slogan of the brand, that represents the characteristics of its commercial vehicles that are reliable, efficient and with a huge space for any kind of transportation. The Ram Trucks’ logo represents the one that was previously the Dodge’s logo to continue with the tradition of the commercial vehicles that were produced before the 2009. Thus the logo was dismissed from the production of Dodge vehicles and it now represents only Ram commercial vehicles.

The current line-up is composed by: “RAM 1500”, “RAM 2500”, “RAM 3500”, “RAM Chassis Cab”, “RAM Promaster City” and “RAM Promaster”.

RAM sold more than 660000 commercial vehicles in 2016, mainly in the US. (Focus2move, 2017)

2.2.5 Chrysler

Figure 9: Chrysler Logo



Source: FCA website

<https://www.fcagroup.com/en-US/group/brands/Pages/default.aspx> [Accessed 20 Mar. 2017].

Chrysler is an US automotive company founded in 1925 by Walter Chrysler. The history of the firm is marked by huge differences in the finances and the condition of the company that suffered high loss but also high success, it was part due of different alliances, partnership, mergers and acquisition. In the end of the 1920s Chrysler bought the Dodge company that is still productive and DeSoto vehicles that were manufactured until 1961. In the following years Chrysler with its success was able to acquire Jeep, famous for SUV vehicles, and to develop internally other brands like RAM, well-known for pick-ups, and SRT, called also “Street & Racing Technology” that manufacture high-performance vehicles for the other 3 main brands. In 1997 Chrysler signed a partnership with Daimler-Benz, the alliance was not particularly successful, especially for Daimler-Benz that had already a partnership with Mercedes, which was made to produce the luxury cars with the brand Mercedes-Benz. The German automotive firm understood that the relationship with the two partners would be not possible to manage.

After the financial crisis of 2008, the US Government under the Obama Presidency filled the Chapter 11, that is the reorganization of the company under the US bankruptcy law. In 2009, Fiat Group announced the alliance with Chrysler by acquiring gradually stake in the US company depending on the achievement of various objectives.

“Since 1925, the Chrysler brand has delighted customer with distinctive designs, craftsmanship, intuitive innovation and technology” (fcagroup.com, n.d.). As stated in the FCA website the brand stands for its innovation and for the design of the cars that produces now as in the past. FCA is trying also to position Chrysler as a premium car but without a premium price, it means that the prices of the vehicles are worth for their characteristics. The brand sells its cars worldwide, even though its main market is in the US, but recently it had troubles in implementing its cars in Europe under the brand Lancia, and now the production of these cars is dismissed. The Chrysler company is part of the Detroit Big Three referring to the US-based automotive companies, but for its history Chrysler was never able to win the competition against the other two firms, Ford and General Motors. In the past Chrysler was able to manufacture innovative and trend cars, especially for the American market while its experience in the European market was never enough successful.

The logo (figure 9) has changed during the time, essentially the main logo was the Pentastar reintroduced by FCA after a short period of not usage but replaced again with a winged logo in 2014.

Chrysler manufactures 3 cars: “Chrysler 200”, “Chrysler 300” and “Chrysler Pacifica” that is available also in the Hybrid version.

Chrysler sold over 230000 vehicles in 2016 in the US, representing the smaller number in comparison with the other brands from the US department. (Carsalesbase.com, 2017)

2.2.6 Alfa Romeo

Figure 10: Alfa Romeo Logo



Source: FCA Group Website

https://www.fcagroup.com/en-US/media_center/photogallery/Pages/alfaromeo.aspx [Accessed 20 Mar. 2017].

Alfa Romeo is an Italian automotive company founded in 1910 by the French entrepreneur Pierre Alexandre Darracq and the Italian engineer Nicola Romeo.

The company was owned by the Italian State from 1933 to 1986 in order to save it from bankruptcy, after that it was sold to the Fiat Group. The brand logo (figure 10) represents on the left side the symbol of Milano, the city in which the company was funded, while on the right side is represented the “Biscione”, symbol of the Visconti family that was the leading dynasty in Milan during the Middle Ages. The company was not only producing cars but also commercial vehicles, public transportation vehicles and during the war periods the production was focused on marine and airplane engines.

Alfa Romeo was highly successful in car competitions but it is mostly recognized for the innovations in car engineering as it was always implementing new technology for a better future. The design of the cars was characterized by elegance and refinement, and it became the emblem of the company and the strategic view for the following vehicles.

“The mechanic of emotions” (fcagroup.com, n.d.) is the brand slogan, which wants to represent the main features of the brand in the customer perception, mechanic as the performances given by the Alfa Romeo engines and emotions as the sensations that the driver can experience with the vehicles. These characteristics were also marked in the commercials during the Super Bowl 2017 that represented the heritage of the brand and

the new car, Giulia. Alfa Romeo is considered an executive-middle car with high performances and sporty lines, completely diverse segment than Fiat that is specialized in city and compact cars. Alfa Romeo is also considered high qualitative car due to its engines and to its lines that are at the same time sporty and elegant.

Part of its customers, called “Alfisti”, are 100% loyal to the brand, they love the brand and purchase always an Alfa Romeo instead of preferring other brands.

Alfa Romeo is producing 6 diverse vehicles for feature and car body: “Mito”, “Giulietta”, “4C”, “4C Spider”, “Giulia” and “Stelvio”, the first SUV in Alfa Romeo history.

FCA started huge investments in order to gain market share in the segments in which Alfa Romeo is targeting its vehicles, in 2016 Alfa Romeo sold 67000 cars in Europe, which is its main market and about half of them were sold in Italy. (Carsalesbase.com, 2017)

As Alfa Romeo entered the US market only recently, it sold only few hundred cars but with the launch of the all-new Stelvio and Giulia, FCA expect an overall increase.

2.2.7 Lancia

Figure 11: Lancia Logo



Source: FCA website

<https://www.fcagroup.com/it-IT/group/brands/Pages/default.aspx> [Accessed 20 Mar. 2017].

Lancia is an Italian automotive company founded in 1906 by Vincenzo Lancia in Turin and it was sold to Fiat Group in 1969. The Lancia brand became famous for the car races in which the company was used to participate with new and innovative vehicles, and especially the racing team was specialized mainly in rally races. Lancia was the only real competitor of Fiat until its acquisition within Fiat Group, but it was never able to win the competition, due to the small number of vehicles produced. During the all life of Lancia, the company and its engineer produced different models and vehicles but never with a strong success except for two cars, Lancia “Thema” and “Ypsilon”.

“The Lancia range is designed for people who live a contemporary and original lifestyle.” (fcagroup.com, n.d.), is the slogan of the brand, marking the connections with fashion that the car has and its original style represented by the customization options of the cars. Lancia is considered an elegant, fashion brand but with reasonable prices. In the past, the brand produced many types of cars, from the classic “Y” that is a small fashion city cars to bigger cars in size targeting the C segment. In 2012, FCA tried to launch new cars with the Lancia brand in Europe that were based on the Chrysler models, but due on many problem and especially for the Lancia brand awareness in Europe the cars were not successful and they went out of production after few years from their launch.

Lancia is producing only Lancia “Ypsilon”, that has a great success as a cheap city cars in terms of price and consumption. In 2016, Lancia sold around 67000 cars, almost all of them in Italy. (Carsalesbase.com, 2017)

2.2.8 Abarth

Figure 12: Abarth Logo



Source: FCA Group website

https://www.fcagroup.com/it-IT/media_center/photogallery/Pages/abarth.aspx [Accessed 20 Mar. 2017].

Abarth is an Italian automotive company founded in 1949 by Carlo Abarth, successful pilot and entrepreneur. The Abarth brand was born thanks to the passion of his funder that enthusiastic about car races wanted to purchase high speed vehicle, but it was not yet produced. The brand logo (figure 12) represents the scorpion, that was the Zodiac sign of Carlo Abarth, on a yellow and red background representing Merano, an Italian city in which his family was based. The company and the brand were born first as a racing team, winning many competition in Europe, and only later it started with the manufacture of engines, transmission, gears and other components. Their business was mainly based on the production of range of conversion boxes that permits every customer to improve the performances of the car, changing the technical specification and the rumble of the vehicle, then the specific box helps to improve the speed and the readiness of the engine ensuring a better experience for the pilot.

Later on, Abarth started with its own customization of the cars, directly upgrading and selling the cars to customers, the brand was able to improve the production and the number of unit sold thanks to the victories done by the racing team and the willingness of customers to own a high-performance car. It became famous with its original

customization of diverse but limited brands, such as: Fiat, Alfa Romeo, Lancia, SIMCA and Porsche.

The Abarth Philosophy means, as described in the official website, “Abarth vehicles were renowned for being high-performing and powerful, but first and foremost small and agile just like the Scorpion.” (Anon, n.d.). Then the scorpion is the image of the brand, high speed especially in the small spaces as the Abarths are. As the brand is synonymous of speed, the vehicles are manufactured for the use in circuits. The brand is well recognized around the world, but the product is targeting a niche market as Abarth is considered a brand just for enthusiastic of performances and high speed in small and city cars. Abarth cars are mainly targeting Europe, and the country with the higher number of vehicles sold is Italy.

The company is maintaining the racing team and it is still producing engines and components and sells range of conversion boxes and two cars based on the Fiat bodies: “500 Abarth” derived by the “500” and the “Fiat 124 Abarth” derived by “Fiat 124”.

2.2.9 Maserati

Figure 13: Maserati Logo



Source: FCA Group Website

https://www.fcagroup.com/it-IT/media_center/photogallery/Pages/maserati.aspx [Accessed 20 Mar. 2017].

Maserati was founded in Bologna in 1914 by four brothers, that were enthusiast in the car industry since that time. The brand started to be known by winning cars competitions, and the company started to produce road cars. As the production was never in huge numbers, Maserati was considered a car for few people, for its uniqueness and for the limited number of vehicles produced.

“Maserati: cars that are immediately recognizable for their extraordinary personality.” (fcagroup.com). The sentence proposed in the FCA website wants to underline the values of the brand: the unique style of the cars, the luxury that the car represents and the Italian design. Maserati considered a sport luxury car is sold in more than 70 countries worldwide maintaining its tradition of exclusivity and performances. The symbols that represent the brand are the Trident taken from the fountain of Piazza Maggiore in Bologna that inspired the founders and the radiator grille that all the Maserati are characterized by, and it represent luxury and elegance.

The current line-up is formed by: “Levante”, “Quattroporte”, “Ghibli”, “GranTurismo” and “GranCabrio”.

Maserati, as representing an exclusive brand, sold around 40000 vehicles in 2016 worldwide with only 7900 in Europe. (FCA, 2017)

The analysis of chapter two is crucial for a better understanding of the FCA portfolio in order to analyse the situation and the fundamental role of Fiat within the company. Fiat is then the brand that sold the most within FCA reaching 1.5 million cars sold holding the strongest position in the A segment that is going to be defined in the next chapter.

Therefore it will be interesting to analyse which brand targets the market segments that are going to be explained in Chapter Three.

3. Market segmentation and FCA strategy

The European market is divided into nine segments that are characterized by diverse features, such as the size of the car, the quality of them and the power of the engine. These segments are going to be explained in detail to define which brand is strategically positioned in the segment, avoiding cannibalization of vehicles and brands within the same portfolio. Moreover, the chapter is going to explain the brand strategy of FCA, focusing mostly on the Fiat brand, for the brand portfolio and what they expect for the following years.

3.1 The car market segmentation

The segmentation in the car industry plays a fundamental role, not only in targeting in the right way each vehicle with its corresponding segment but also in increasing the perception and the value of the brand itself. The segmentation of the car industry is somehow a critical topic to discuss for its facets and for the rapid changes that it suffers. Moreover, the changes in the features of the market are the primary issues of the failure of the automotive company that cannot recognize properly the changes and respond to it rapidly. However, those changes could be a great deal for companies that can improve the perception of the brands and the number of car sold.

The segmentation in the car industry has to analyse diverse features of the market that could be critical for the success of the company, for targeting the vehicles and for planning the future decisions. Then, the segmentation analyses the demography, the geography, the perceived value and the susceptibility to change.

The demographic segmentation in the car industry is based on the age, the gender and the income of the potential customers. Automotive companies have to measure the size of the segment to target in the right way customers and to understand if it is worth to invest in the country. Age and gender play an important role in the analysis of the demography

of one country or one region in the way of targeting the one segment instead of another. A brief example of it could be the target of MINI, that is one of the most sold cars among younger generations and especially for the female customers. The income is another parameter used in the socio-economic segmentation, based on it the companies analyse the region with the highest income to offer there a wider line up that fits better the customer demand and willingness of higher qualitative cars. Moreover, developed countries have larger choice in the car market for their general higher income and willingness to spend more money in cars, while developing countries or less developed ones have smaller line ups.

The geographic segmentation is linked with the demographic one as it is based on the regions in which the company can target easily its vehicles, not only for the mere number of people living in one region or country but also for the major focus of the country itself. This means that if the country or state is mainly based on agriculture or industrial production, the companies that manufacture tractors or commercial vehicles would target this market and start selling vehicles there. Another example could be the company that manufacture luxury cars would focus its production in the metropolitan cities, that would allow it to have a higher amount of potential customers that can afford that type of cars. Following this type of segmentation, Maserati has dealers only in the main cities in Italy as it is recognized as luxury brand only for a limited number of customers.

The segmentation based on the perceived value has the goal of understanding what really represents value for the customers that could reflect in different features required for the segment. The value could be represented by different factors: the price, the sustainability, the quality, the performances, the best car for the customer budget, the design or the status within the society that owning a certain type of car gives you. Most of the customers in the automotive industry are highly sensitive to the price of the car and as the demand is consistent also the offer is huge, thus clients have a large range of cars within the same price range. Those customers are usually buying from mass production companies, such as Ford, Toyota, Fiat and few others that are able to produce a huge number of vehicles per years and selling them for a cheaper price than the competitors.

Other types of customers prefer to have a qualitative car that show up that the owner can afford a higher price, and usually they are buying BMW, Mercedes or Audi.

Furthermore, only few customer can afford luxury cars, that represent the status of the owner, and these vehicles are usually manufactured by Ferrari, Lamborghini or similar.

The last segmentation is based on the susceptibility of change by the customers, basically there are three types of customer behaviour: completely committed to the brand, without any loyalty to the brand or easily persuadable. The first group will never change its habits of buying the same brand while the second is exactly the opposite, it bought a brand because of a special feature, like the design or the accessories included, and not because manufactured by a determined company. The last group is the one that the marketing departments usually target in order to increase the number of vehicles sold, this group is composed by undecided customers that can be persuaded by a good usage of the marketing tools. Then advertising by convincing the uncommitted customers could be a strategic solution for the company, targeting those customers that are not sure about which brand they want to buy. (Yankelovich, 2014)

3.2 The European market segmentation

The European market is slightly different than the US market, particularly for the structure and the body of the vehicles and for the preferred engine. In fact, US customers prefer bigger vehicles called pick-up that are not popular at all in Europe or muscle cars featured by powerful engines that would be not sustainable in Europe due to their fuel consumption and the European traffic jam, even though those cars are still sold in EU to few enthusiast of this type of vehicles.

The European segmentation done by the UK company called “the Society of Motor Manufacturers and Traders” (SMMT), that is considered one of the major experts in the automotive industry, proposes 9 diverse segment depending on size, technology and quality of the cars (smmmt.co.uk, 2015):

SEGMENT A: The Mini cars

Mini cars are considered too small for a normal use even in the European country that is the most significant market for this type of cars. The number of mini cars sold was always fluctuating in the past due for its non-clear usage but perfect for driving in traffic jams

and for parking easily in small spots. Then vehicles from this segment are usually used as a daily transportation but not comfortable enough for trips. These mini cars have also the advantage of being particularly cheap in their pricing but also in their consumption that are usually featured by small and sustainable engines.

The mini cars that had the most success in the last years are: Hyundai i10, Volkswagen up!, Suzuki Alto, Skoda Citigo, Smart Fortwo, Citroen C1, Fiat 500 and Fiat Panda.

SEGMENT B: The Supermini cars

Supermini cars are one of the most successful car segment in terms of usability of the vehicles and in terms of number of vehicles sold. This segment competes with the C segment for number of vehicles and it is enjoying a rapid growth thanks to its features that can be partly taken from the A and C segments. Supermini cars are characterized by bigger engine than the previous segment, but still sustainable and low fuel consumption, and by better technologies within the car, especially by control unit and other optional features. Supermini car segment proposes the choice between 3 or 5 doors vehicles and a huge variety of engines, powered by petrol, diesel or electric. This segment contains also small-luxury cars that were launched few years ago, such as Audi A1 and some vehicles manufactured by MINI. The super mini cars that had the most success in the last years are: Ford Fiesta, Opel Corsa, Volkswagen Polo, Nissan Juke, Peugeot 208, Fiat Punto.

SEGMENT C: The Lower Medium cars

Lower medium cars segment is the one in which most of the consumers are going to buy the cars, and it is also one of the most competitive ones due to the high number of different vehicles present in the segment as almost all the automotive companies are producing at least one car for this segment. Those cars are characterized by bigger size and engine than the previous segment, and especially by better performances. The competition helps to maintain lower prices even though luxury cars are entering this segment, bringing better technologies and more reliable engines in their cars. The Lower medium cars that had more success in the last years are: Volkswagen Golf, Ford Focus, Opel Astra, Nissan Qashqai, Audi A3, Mercedes A, BMW 1 Series and Alfa Romeo Giulietta.

SEGMENT D: The Upper Medium cars

Upper Medium cars segment is considered the one containing the representative cars, for important people and it is usually the preferred segment by the middle-class but also as representation of companies, thus for business purpose. Part of the segment is composed by station wagon cars, that are basically a bigger saloon cars in term of size, but the

principal features of those cars are their forefront innovation and bigger displacement that could reach also 3000cc. Upper Medium cars are significantly performing better and they are considered perfect for long trips. The Upper Medium cars that had more success in the last years are: BMW 3 Series, Mercedes-Benz C-Class, Audi A4, Skoda Octavia, Volkswagen Passat, Opel Insignia, Lancia Thesis and Alfa Romeo Giulia.

SEGMENT E: The Executive cars

Executive cars segment is considered an intermediate level between the Upper Medium and the Luxury segment, that will be explained later. Executive cars are more reliable than the previous segments in terms of safety and less problem with the mechanics. This segment is called full-size in the U.S. for the length of the cars that are between the longest in the automotive industry. This segment is particularly popular in the Northern countries, and especially in Germany that is the best market for this type of car not only for the huge presence of the automotive manufacturers but also for the demand. The Executive cars that had more success in the last years are: Mercedes-Benz E-Class, BMW 5 Series, Audi A6, Jaguar XF, Skoda Superb, Chrysler 300, Volvo S80 and Maserati Ghibli.

SEGMENT F: The Luxury cars

Luxury cars segment is addressed to people that appreciate fashion and great car, but at the same time they can afford expensive vehicles. The segment is small, thus it is considered a niche market in which only few manufacturers are producing their expensive cars. Those cars are usually sold with full optional and they are the top of the range of each automotive company. The Luxury cars that had more success in the last years are: Mercedes-Benz S-Class, Mercedes-Benz SL, BMW 7 Series, Audi A8, Jaguar XJ, Porsche Panamera and Maserati Quattroporte.

SEGMENT S: The Sports Coupé cars

Sports Coupé cars was a segment with huge investments in the past by automotive companies but right now is just a niche market for the number of sports cars sold.

Sports cars are characterized by powerful engines and small size, usually just for 2 persons, with huge horsepower and high performances. Those cars are bought by enthusiasts and customers that like to “feel the street” as they are very successful in performances and in giving a great driving experience to the users. This segment is very particular as it collect many sports cars in one group, thus Luxury sports cars with more common sports cars. The Sports Coupé cars that had more success in the last years are: Mercedes-Benz SLK, Volkswagen Scirocco, Audi TT, BMW 6 Series, BMW Z3,

Porsche Carrera, Porsche 918 Spyder, Aston Martin DB9, Ferrari FF and Maserati GranTurismo.

SEGMENT M: The Multi-purpose cars

Multi-purpose cars segment is represented by various type of vehicles in terms of size, usage and number of passengers. In this segment are present Cargo Van, Minivan and Passenger Van which have diverse features. Those cars are used both for civil or commercial use, for transportation of high volume or bigger number of passenger than usual as they can transport from 5 to 9 people. Some of those cars are purchased by big families with a lot of kids for their huge space and comfort. The Multi-purpose cars that had more success in the last years are: Opel Zafira, Citroen C4 Picasso, Ford C-Max, Volkswagen Touran, Mercedes-Benz Viano, Chrysler Town & Country, Ford Transit and Fiat Ducato.

SEGMENT J: The Sport Utility cars

Sport Utility cars segment includes all the Sport Utilities Vehicles (SUV) that are becoming more and more popular throughout the globe. Differentiated in size but also for their Off-Road driving style, SUV are demanded by clients and many are the models in this segment. The automotive companies are investing strongly in this segment as the segment is growing, cars has usually 4x4 drive providing a perfect experience Off-Road. The SUV segment is divided into 2 smaller, depending just on the size that can be Small or Large. The Sport Utility cars that had more success in the last years are: Peugeot 2008, Volkswagen Tiguan, Volkswagen Tuareg, Ford Kuga, Range Rover Evoque, Range Rover Sport, Audi Q5 – Q7, BMW X3 – X5 – X6, Mercedes ML, Kia Sportage and Jeep Renegade – Cherokee – Grand Cherokee.

(smmt.co.uk, 2015)

3.3 The FCA Objective

FCA with its brand has the objective of covering almost all segments listed above with different models and targeting the right car and brand for the right segment. Then, if the segment is particularly sensitive for luxury and exclusivity, Maserati and Alfa Romeo would be the perfect match for the consumer needs or if the segment is more price sensitive, Fiat would be more adequate.

With the agreement and the building of the new company in 2014, FCA stated a new business plan to settle all the goals and the strategy to get to the main objective: selling more than 7 million cars in 2018 (Business Plan Updated, 2016). Then each brand is focused on a special segment of the market, trying to get bigger share within the segment and struggle with the competition that characterizes all the automotive market.

3.3.1 FCA targeted markets

The strategy of FCA is based on dividing the world automotive market into 4 strategic areas, in which the production of the car is similar and in which the willingness of the customer is somehow comparable. These areas are:

- NAFTA includes all the activities in the United States, Canada, Mexico and Caribbean Islands;
- LATAM includes the activities of South and Central America with focus on Argentina and Brazil as most interesting countries for the FCA business;
- APAC includes the activities in the Asia Pacific region, in which huge investments were made in the last years for increasing the mass-production;
- EMEA includes all the activities in Europe, Africa and the Middle East.

The division in 4 areas permits FCA to select which brand is more suitable for each area for taking decision over investments, production and marketing. The management of the portfolio is then critical, not only for matching the perfect feature of the brand with the market but also for measuring and improving if needed the brand awareness and the customer perception of each brand.

Figure 14: Market covered by brands

	NAFTA	LATAM	APAC	EMEA
Abarth				X
Alfa Romeo	X		X	X
Chrysler	X	X	X	X
Dodge	X	X	X	
Fiat	X	X	X	X
Fiat Professional			X	X
Jeep	X	X	X	X
Lancia				X
Ram	X	X		

Source: FCA Website

<http://2014annualreport.fcagroup.com/en/report-operations/overview-our-business> [Accessed 28 Mar 2017].

Considering only NAFTA and EMEA areas as the two strategic zones for the company, FCA strategy is based on maintaining the brands that were historically important players in their home countries, thus Lancia and Abarth are only sold in EMEA while Dodge is not sold at all in the European countries. The most interesting data, that the chart shows, are how Fiat, Chrysler and Jeep are the only brands marketed worldwide and the non-presence of Maserati in the table which is considered not a mass-market brand but a luxury brand and thus with a separate strategy from the other brands.

Mass-market brands have the objective of producing and selling as much as possible that is fundamental for the company to be profitable. The automotive market and especially the one composed by mass-market brands is extremely competitive and this decrease the margin for the company that can survive only producing a high number of vehicles per year. Thus, the goal of each company is to increase the production, offering better cars but also cheaper price to compete with the other companies and gain market share. And in this way the brand awareness and the brand image is critical to increase the sales figures. This is the main reason that explains the FCA decision of entering the APAC market, increasing the production and become stronger with the competitors. In fact, China in 2016 was the larger market in terms of number of vehicles sold with around 22 million cars sold and India is increasing the demand every year. (Kwang, 2017)

FCA is investing a lot in the APAC area, especially in Jeep and Fiat that are considered the two brand with higher opportunities of being successful for the size and the market requests.

To sum up the brand objective FCA declared in its Annual Report (FCA, 2017): “Our mass-market vehicle brands target different group of consumers in different region. Leveraging the potential of our broad portfolio of brands, a key component of our strategic plan is to offer vehicles that appeal to a wide range of consumers located in each regional market”. Therefore, FCA analysed all the feature of 4 markets in order to provide to each of them the correct brands and line ups that fit with the demand and the requirement stated by local regulation in term of respect on the environment. The strategy of FCA based on avoiding overlapping of different model in the same market, it means that only one brand can offer a type of cars for an area, thus if two brands produces SUVs within the same portfolio, only one of these brands would produce for the area. It is a standard strategy adopted by almost all the automotive companies to avoid internal competition within the portfolio that decreases also the risk of damaging the brands. Thus to explain the FCA brand strategy, some of the main cases will be explained in the following paragraphs with main focus on the 500 family, the Jeep global Brand, the re-shaping of Alfa Romeo.

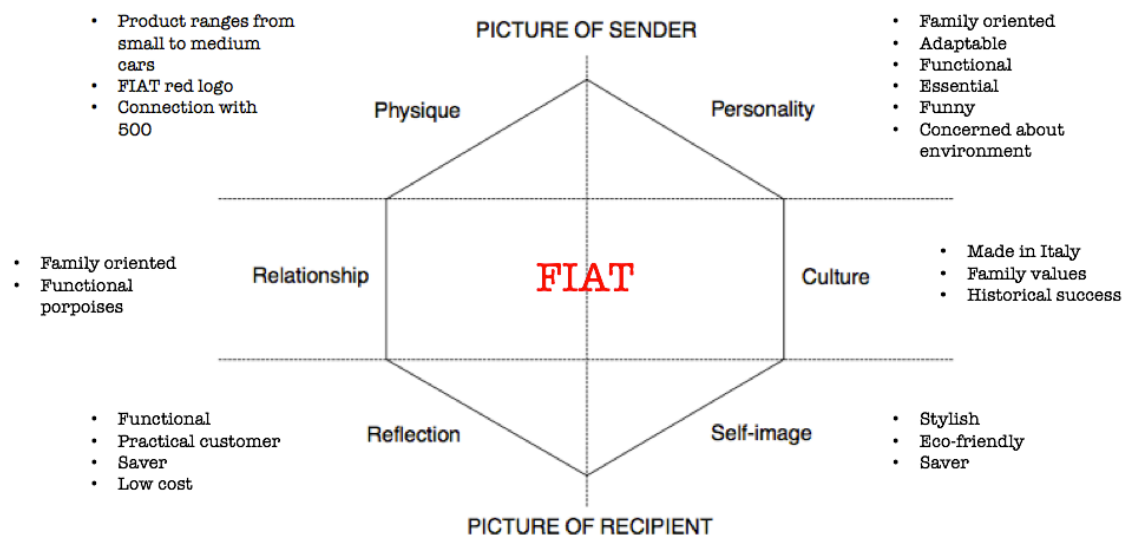
3.4 The FCA brand strategy

FCA stated its strategy with the business plan of 2014, thus it decided all the activities to reach the goal of 7 million cars sold per year before 2018 (Business Plan Update, 2016). Even though the experts were sceptical, the FCA CEO considered it a realistic target that the company was able to reach without any problem and considering a huge increase in the European market. After two years, FCA reached 4,72 million vehicles sold and the target seems far away from any forecast, but anyway the company is continuing with their main brand strategy that are: Expanding the Fiat brand through the 500 family and the fiat “Range”, building the Jeep global brand, re-shaping Alfa Romeo and the increasing of the Maserati sold worldwide. (FCA, 2017)

3.4.1 The Fiat strategy

The Fiat brand is mainly focused on the A and B segment with two top selling cars: Panda and 500. Their sustainability, even if they are similar, is crucial. As they could compete within the same segment, the two cars are able to sell and hold the top two spots as the most sold car within the A segment in 2016 (Demandt, 2017). The strategy of Fiat brand was to differentiate the vehicles not in targeting them into two different segments but giving them different features even though they are both produced in the same platform. Thus, 500 has a better style, design, customization and technology, while Panda has a bigger room for people and in the trunk, it has also easier features and it is more practical. The strategy was successful, in fact who buys Panda would never buy a 500 because they are completely different, fulfilling different needs of different customers within the same segment. The figure below represents the brand identity for the Fiat brand proposed by the author, based on the customer perception and the image that Fiat represents.

Figure 15: Fiat brand identity



Source: Author

The brand identity prism (figure 15) shows the main characteristics of the Fiat brand that can be intended slightly different for each sub-brands but it is represented by its family orientation and its adaptation to any kind of need. The brand lacks of emotions perceived

by the customer, in fact, usually Fiat users perceived themselves as eco-friendly and saver for the price and the low consumption of the car. The stylish self-image is only limited for the small 500, considered a fancy car. The brand is leveraging its identity by exploiting the heritage of Fiat that was used to be as successful and well-known brand in Europe and partially also in the US. Starting from this point and re-designing the new 500 similarly to the previous one, Fiat was able to reshape the image and the identity of its brand, playing an important role in the car industry.

Fiat 500 restarted to be in the production line in 2007, and since the first period it had an enormous success, as it was considered a fashion and design car with a sustainable engine without any competitor with the same features. As the car is distributed worldwide, the brand 500 is recognized around the globe, and FCA decided to exploit the sub-brand 500 to enter new segment that were always difficult for Fiat, leveraging on the brand awareness and image of the 500. The strategy was then to build the 500 family, producing a compact car called 500L. The production started in 2012, following the feature of the classic 500, then design and elegance but also technology and energy efficiency.

The 500L, as a compact car, has also a bigger room for passengers and in the trunk, and more powerful engines.

In 2014 a new launch was scheduled, the Fiat 500X sharing the platform with Jeep Renegade started the production and it was designed as a bigger 500 in size. The new Fiat 500X is technically a small crossover, which can be driven on-road or off-road with different settings in the driving mode. After the announcement of the release of the car in the US, 500X was in the top ten of the vehicles searched on Google in the US, meaning that first of all US potential customers know the brand and then they were attracted by the car that could result a profitable decision for Fiat. (Senatore, 2015)

The strategy on producing 3 different cars with the same sub-brand was not taken only to leverage the sub-brand name but to propose a wide offer of vehicles for every need. As Lorenzo Ramaciotti, head of global design, said “We have an opportunity to present a family of cars that can work throughout a person’s life – from a young lady in her 20s through to a family with an active lifestyle and children.” (Holder, 2013). These words explain us the brand strategy held by FCA, developing a sub-brand line-up that might

leverage the whole portfolio of cars produced by Fiat. The strategy was also held to follow the changes in the customer need within the market, in fact, Europeans are shifting from compact cars to crossovers or mini SUVs. Thus, FCA decided to target those potential customers by offering the new 500X, entering a new segment that Fiat had never tested before.

The strategy of Fiat is also about re-entering the C segment that was never very successful for the Italian brand, due to the lack of quality required from the vehicles. In 2015, the new Fiat Tipo (or Range in the US) entered the market, using the name of a previous Fiat car, covering all the aspects of the segment providing a compact, a sedan and a station wagon car. The usage of the name Tipo is critical for leveraging the heritage of the previous model and the memories of that car in the customer mind. This strategy is often used by Fiat, but also by automotive companies in general, to re-shape the name or sub-brands that were successful in the past and expressing feelings to precedent customers.

To sum up, the strategy of Fiat is to cover the segments A, B and C with different models, leveraging the Italian design and the sub-brand 500. At the moment Fiat is representing itself with the 500 family, in fact it is becoming a strong brand and recognized throughout the markets. Thus, leveraging the 500 brand, Fiat is designing and implementing new cars to increase the number of models and to provide a wider offer to customers. Thus the identity of Fiat is strongly dependent on the 500 family that is gaining importance and awareness globally. Moreover, Fiat is also entering the segment of small SUVs with the production of 500X which is one of the cheapest of its segment and the main competitor of Nissan Juke and MINI Countryman.

3.4.2 Jeep, a global brand

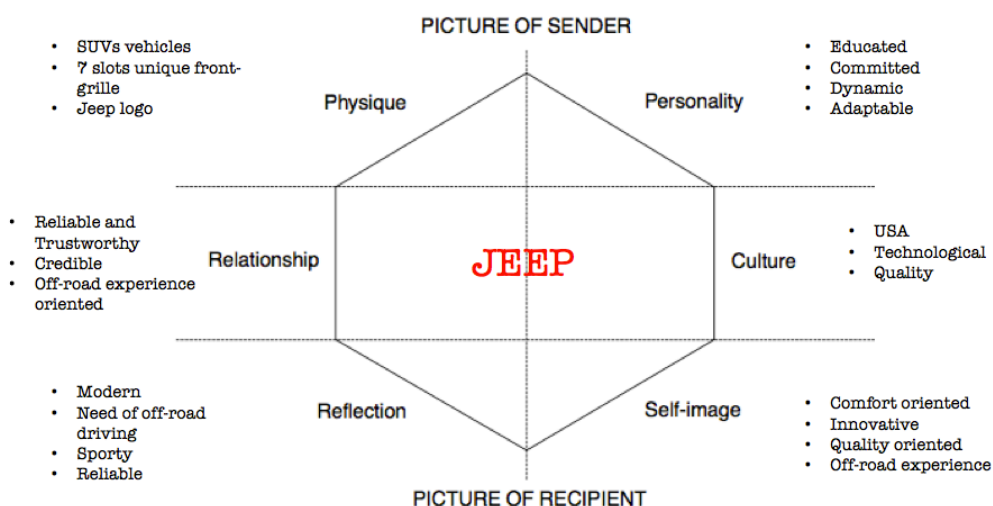
As Marchionne said in 2015: “Jeep needs to become the larger brand within FCA, and it needs to become the most global brand within FCA.” (Bloomberg, 2015). Thus the strategy of FCA is on the increasing of the number of Jeep sold and building a global brand, recognized throughout the world. The two goals that FCA wants to reach are linked together in the way to reach them. In terms of number, FCA set the target of 1,83 million

vehicles sold per year that has to be reached before 2018, becoming then the more important brand within the FCA brand portfolio. (Manley, 2014). The brand is increasing each year the number of Jeep sold, maintaining NAFTA as main market. Even though the European market is the one that had the faster growth in the last years, Jeep is more focused in China, India and Brazil that following the FCA expectations these countries will be important markets for SUVs.

Targeting only the segment J, thus only SUVs, Jeep is a focused brand that has great opportunity on expanding the market share and the number of vehicles sold thanks to their experience and knowledge on the needs of the market and of the customers. SUVs and the all segment J is becoming more popular within the automotive market with high growth and high margin for the car makers.

The strategy of FCA for Jeep brand is based on offering a wide range of SUVs characterized by different size, features and engines and distributing them worldwide maintaining the whole line-up. The figure below represents the brand identity for the Jeep brand proposed by the author, based on the customer perception and the image that Jeep represents.

Figure 16: Jeep brand identity



Source: Author

The brand identity of Jeep (figure 16), as shown in the prism above, is reliable and trustworthy, the US production ensure quality and technology to the brand and its off-road feature allows customers to drive on any kind of road. The customer feels secure, comfortable and innovative while using the brand. The strength of the brand is the deep knowledge of the market and of the customer needs but also the exclusivity on targeting the market. Thus, Jeep is not like the other car brands, that operate in different segments and produce also for the SUVs, Jeep is synonym of SUVs. Jeep does not propose only a complete line-up but also an experiencing life, spirit of adventure that are shared worldwide. And these are the values of the brand. Therefore, the strategy is on proposing the same line-up worldwide but communicating it in different ways, understanding which are the needs and the interests of the potential customers without losing the brand values.

In this way, Renegade was launched in 2014 and it is produced in Italy, China and Brazil targeting mainly the emerging markets and Europe rather than the US market in which other vehicles produced by Jeep have already stronger presence.

“The Compass is Jeep's big growth driver as it sees the compact SUV space as the fastest growing opportunity globally.” (Patankar, 2016). Jeep Compass will be the responsible for the future growth of the Jeep brand globally, and it would be the main player in the J segment, selling a huge number of vehicles and hit the competition with its elegant lines and low price.

3.4.3 Alfa Romeo, the re-shape

The business plan set in 2014 signed the starting of the strategy for the brand Alfa Romeo, that was producing appreciated cars as in the past but in the last years these cars did not have much appeal. The strategy of FCA is to re-shape the Italian brand through the production of a wider line-up and the distribution of these cars in the US and worldwide. The FCA CEO announced huge investments in building platforms and models that will reposition and re-shape the brand by gaining market share in the competition against BMW, Mercedes and Audi.

The strategy of Alfa Romeo is based on launching new models in the next years, covering various segments in which the competitors are already offering vehicles, thus mainly in the segment D, E and J. The plan was updated and shown to investors in 2016, targeting segments and planning the vehicles for the following 5 years.

Figure 17: Alfa Romeo future plan



Source: FCA Group website

Available at: [https://www.fcagroup.com/it-](https://www.fcagroup.com/it-IT/investor_relations/events_presentations/other_presentations/2016/FCA_NV_September_2016_Presentation.pdf)

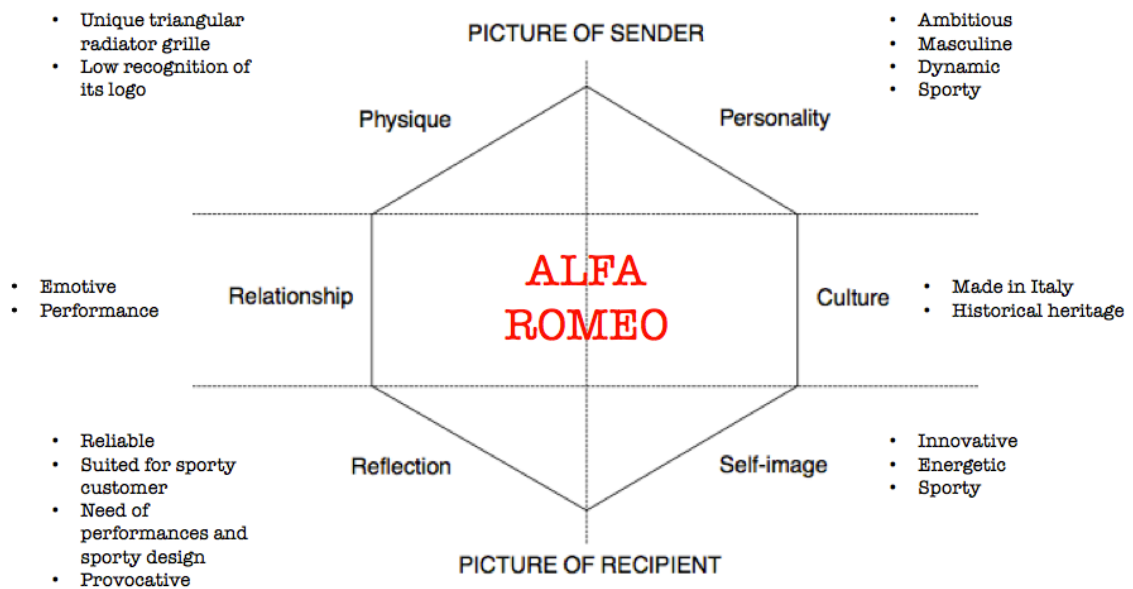
IT/investor_relations/events_presentations/other_presentations/2016/FCA_NV_September_2016_Presentation.pdf [Accessed 29 Mar. 2016]

The plan of Alfa Romeo (figure 17) is then to launch 5 all-new vehicles in line with the cars that are already in production. The first car was Stelvio that hit the market in 2016 with great design and performances. Stelvio is the first SUV produced by Alfa Romeo, thus it will be critical to understand the potential of the brand within the J segment and the perception of the vehicle in relation with the competitors. The strategy is focused re-shaping the brand value and image by producing qualitative cars with high performances and elegant but at the same time sportive design. The re-shape of the brand is done also by re-positioning Alfa Romeo within the few premium brands. The change into a

premium brand started officially with the presentation of the all-new Giulia in 2016. The main problems of the precedent Alfa Romeo models were the price, the performances and the appeal. All these features were not in line with the history of Alfa Romeo, the vehicles were over priced in relation with the qualities of the cars and especially in comparison with other mass-market brands, the performances and the technical features were not as in the past years and the exterior and interior design was old and without any appeal.

The figure below represents the brand identity for the Alfa Romeo brand proposed by the author, based on the customer perception and the image that Alfa Romeo represents.

Figure 18: Alfa Romeo brand identity



Source: Author

The brand identity (figure 18) as shown in the prism is not clear, as the brand is reshaping its position and its awareness. The logo is not recognized worldwide anymore as it was in the past and the brand needs strong marketing campaign to implement the new positioning and the re-shape of its identity.

The strategy is based on re-shaping the brand identity by Italian design, engines and production, all of them made in Italy, that is still maintaining a certain perception around the world in premium production. Thus, the new line-up will be all produced in Italy,

even if the vehicles will be sold worldwide. The sales in the US are increasing exponentially, in fact Alfa Romeo sold around 500 units in 2016 but in the first two months of 2017, it has already sold more than 550 vehicles (Carsalesbase.com, 2017).

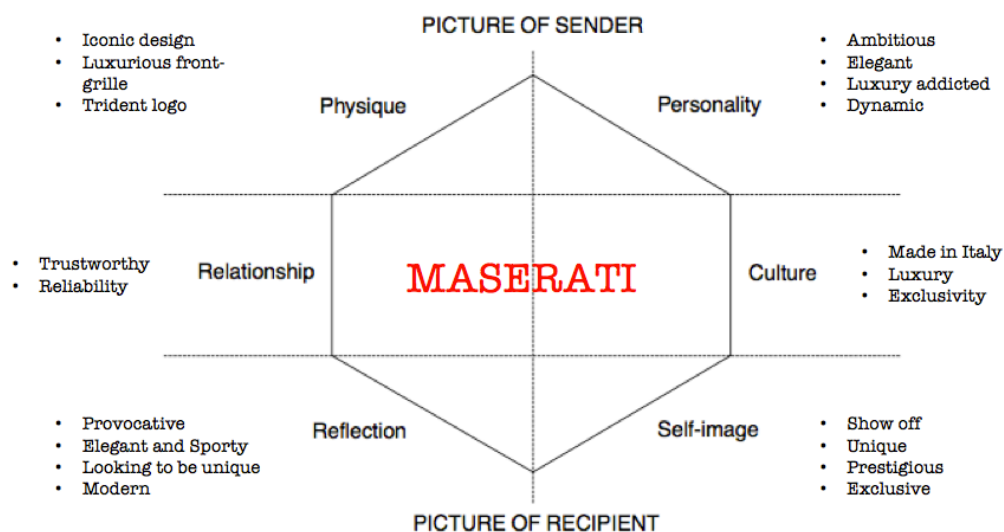
The strategy will take time, as it is a long process and the gap with the competitors is deep, thus to change the situation is critical not only to express the new image of Alfa Romeo to customers but also to show to journalists and experts the qualities and performances of the all-new cars.

3.4.4 Maserati, synonym of luxury

The 2014 business plan set a clear target for Maserati: increase the number of vehicles sold reaching 70000 units in 2018 (Wester, 2014). FCA is investing strongly in the Italian luxury brand, offering all-new models like Ghibli and the SUV Levante and increasing the distribution of the Maserati line-up.

The figure below represents the brand identity for the Maserati brand proposed by the author, based on the customer perception and the image that Maserati represents.

Figure 19: Maserati brand identity



Source: Author

The brand identity of Maserati (figure 19) shown in the prism is reliable and focused on the luxury market that the brand fits since its foundation. The elegant but at the same time sporty lines and the performances of the Maserati are the main features of the brand identity. Uniqueness and exclusiveness are the characteristics of the brand, positioning Maserati as one of the few luxury brands. Maserati brand is based on the ‘made in Italy’, thus on the design and the performances that the Italian engineer can guarantee in manufacturing cars. The Maserati ‘made in Italy’ is not derived only from the production of the vehicle body in Italy but it is even underlined by the production of the engine made by Ferrari, giving even more exclusivity and reliability in the performances of the cars.

Since the Ferrari spin-off in 2015, in which FCA and Ferrari split into two separate companies, Maserati is the only luxury car maker within the FCA brand portfolio, thus with the highest price in the market. (FCA, 2017)

“The Italian luxury automobile company Maserati has gone down-market.” (Fleming, 2014). By using the down-market strategy, the aim of FCA is to increase the number of cars sold per year that is done offering an affordable car that at the same time maintain its exclusivity. This strategy was done by starting the production of the all-new Ghibli, that is offered at around 70000€ (Maserati.it, n.d.).

The strategy is based not only on providing to customers a luxury car, for the design, technology and performances at accessible prices but also a high level of customization that can bring the price much higher. In fact as Marco Dainese, sales manager for Maserati, said the same car starting from around 70000€ can reach around 130000€ depending on various customization, personalization and different accessories that are sold separately (Maserati, *eccellenza italiana a tutto tondo*, 2016).

Maserati Ghibli is maintaining the luxury and the exclusivity that the brand represents but it is also not expensive as the other Maserati vehicles, such as Quattroporte, GranCabrio and GranTurismo, that costs more than 100000€. (Maserati.it, n.d.). Levante, the new Maserati SUV, adopts the same strategy in order to increase the number of car sold worldwide.

Chapter three defined the segmentation of the car industry based on the SMMT guidelines describing which features are characterizing each segment. Moreover, the chapter was focused on the brand identity and the strategy set by FCA for the four brands that are considered more interesting for their future perspectives. The following chapter is focused on the issues and opportunities that all those brands have within the FCA brand portfolio and how they can increase their actual situation.

4. The Fiat and FCA brands issues and opportunities

The last chapter of this thesis is going to focus on the issues that the four brands have to deal with, representing opportunities for improving the actual situation of the company and of the portfolio itself.

Fiat, playing a crucial role within the FCA portfolio, has real opportunities to implement its brand globally by increasing its brand awareness in relatively new markets and changing the customer perception in relation with the brand.

4.1 The opportunities of FCA brand portfolio

The FCA portfolio, representing the eighth car maker in the world ranking, has issues to deal with but also opportunities to increase the position of its brand worldwide and subsequently of the whole portfolio (focus2move.com, 2017). Thus, it is going to be explained the issues and opportunities of the four brands that were already considered in the previous chapter, as considered the most interesting brands within the portfolio in terms of future perspectives.

4.1.1 Fiat brand issues and opportunities

The Fiat brand, as explained in the previous chapter, does not have a strong and clear perception outside the EMEA market, due to its low penetration of the foreign markets and to the features of the car produced. This fact is also analysed by the Kapferer prism showed in chapter three, in fact, the brand represents for customers only a functional car with low consumption and eco-friendliness. The other value that is strongly recognized by customers is its style, but only limited to the 500 Family while the other vehicles produced are only functional.

Therefore, the brand lack of a unique identity is one of the main issue that Fiat has to deal with, in fact a better brand identity might be helpful for a better positioning in the customer mind and consequently better sales figures. The positive opportunities that the brand has are established by the main values of Fiat that could be leveraged and proposed as a new unique identity. These values are mainly composed by the ‘made in Italy’ and the successful history that the brand has, manufacturing cars for more than 115 years.

“Though initially a hot seller, the 500 wasn’t a brand new design by the time North Americans were permitted to buy the car. Never has the 500L been anything other than ignored, a situation only worsened by dreadful reliability ratings and the 500X’s launch.” (Cain, 2015). Speaking about the low penetration, Fiat hit the US market only in 2007 with the 500 after many years without exporting in the country. The 500 clearly does not fulfil the US mass-market requirements even if it was a hot seller in the beginning. The brand is still suffering its European and Italian origins that designed the car mainly for the EMEA market and not for a global market. Fiat does not have room for customization for the engines, just few of them are available but under the standard of the US market and without expressing any feeling in driving those cars. Therefore, this fact is perceived as a lack, and the brand suffers from that.

Moreover, the Fiat brand is maintaining its production that is limited for a niche market, especially in big cities in which a small car can be practical in traffic jams. Fiat has a strong dealership in the US thanks to the acquisition of Chrysler company, so it is helpful for the distribution of the vehicles and the direct contact with the customers, these benefits also the increase of the brand awareness and the mental connection between Fiat and the US brands within the FCA portfolio.

Different is the case of Asia, in which the main markets are China and India for the number of cars sold per year. In these countries, Fiat has already two agreement for the production and the distribution of the vehicles but the production and the line-ups are still limited. In fact, the Italian brand sold just around 13.000 cars in China and 6.500 in India (Carsitaly.net, n.d.).

Even if Fiat was not able to sell enough, the margin for an increase in those markets are huge; the size, the low consumption, the usability and easy-parking qualities of Fiat could improve the sales figures. The low penetration of the brand is due mainly to its late entrance in the Asian markets and a good level of brand awareness within the customers is not yet reached. One of the main issues that Fiat has to deal with in the Asian markets are the short line-ups proposed and the lack of a capillary distribution that could help the brand to remain in the mind of customers and increase the awareness and image of the brand.

Doing so, Fiat has the opportunity of leveraging its brand history and the marque ‘made in Italy’ that is synonym of beauty and reliability. Only few are the models sold in China and India that are two important countries in which expand the production of vehicles, especially the Chinese market in which “Carmakers sold 28.03 million cars in 2016, an increase of 13.7 per cent on the previous year.” (Kwang, 2017). China represents the first market in terms of cars sold per year, then a strong presence on the market is needed as the potential of the country is still increasing. By implementing a longer line-up, Fiat could offer opportunities to customer looking for sustainable, functional and affordable cars.

The brand awareness is increasing in India as the Italian company signed an agreement for production and development of engines and bodies with TATA motors back in 2006 ended then in 2013 but still increasing the presence in that market (Baggonkar, 2015). The Fiat line-up in India is slightly wider than in China but in both markets some functional vehicles are missing. With a complete line-up in India, even if investments are needed, Fiat can have a different position, becoming a stronger competitor of TATA motors.

The Fiat brand has to be recognized worldwide, as it is actually the Italian mass-market brand within the FCA portfolio and it is also the brand that sold the most in 2016. To increase the awareness of the brand it is fundamental the strong presence worldwide but in a different way than Jeep is doing.

The Fiat line-up is not complete as it was in the past, in fact some of the segment are not covered by the brand that is mainly focused in the segments A, B and C. The opportunity of increasing the line-up, following the strategy of Volkswagen, would increase the brand awareness of the Italian brand becoming able to offer a wider range of cars for any consumer need.

The presence of a wider line-up can offer solutions to a higher number of potential customers that need versatility and usability of the cars, but also low consumption and comfort in the traffic jams. And the Fiat brand might be seen as the solution for any need.

To increase the number of cars available in the markets, Panda can be a successful vehicle there, characterized by functionality, small size, low consumption and easy to drive. Panda sold thousands of cars in its history in Europe and it is the best seller in the A segment, so this model can be exported in the countries as representative of the Fiat success.

As started with the 500 family, Fiat could exploit another successful sub-brand within its line-up: Panda. FCA CEO was already thinking about a Panda XXL in 2014, which had to compete with the Skoda Yeti and others small SUVs (Ansa.it, 2014).

Building a Panda family, other models will complete a wide offer for the Fiat brand. The Panda family has to be planned carefully, managing the models in order to do not cannibalize the models already present in the market but with the aim of increasing the coverage of the market leveraging the awareness of a sub-brands already well known in Europe. Doing so, Fiat could leverage its brand identity by exploiting the two sub-brand families, Panda and 500. Fiat would increase its own brand awareness by exporting and producing these families globally and also by commercializing the sub-brands in connection with the main brand.

The brand would then benefit from the internationalization of the sub-brands, underlining its own family orientation by producing cars for any type of occasion and need. Moreover, the strategy would be held to keep the customers within the sub-brand, then users of Panda for diverse need do not have to change brand but just buy another model of the 'Panda

family'. Therefore, the strategy allows Fiat to increase the number of diverse vehicles sold, positioning them in different segments that are not yet covered, relying on brands that already are considered trustworthy and efficient.

Fiat has also opportunities to link its brand with innovation as it has already one technology in development: the electric car.

The electric car is already produced but just distributed in California and other few states within the US due to the local legislation which impose the car makers to sell not only traditional engines but also electric engines. The CEO is not particularly in favour of the development of the electric segment, he rather prefers to increase the technologies over the traditional engines in order to become more powerful and with less consumption.

Marchionne declared: "I hope that you will not buy the 500 electric, because anytime that I sell one of those, I lose 14000\$." (Bal, 2014). This declaration was done because he thinks that the electric car industry will not have future, it is not profitable enough to produce electric cars. In fact, he continued his speech saying that all the car makers, except Tesla, are producing electric cars without margin (Bal, 2014).

The electric car industry is considered the future of the car market, as stated by The Guardian (2017): "At the moment, wholly electric cars are still a tiny minority of those on the road, but their number is growing very fast as they become more affordable and more practical." Even though the market is growing, and almost all the car makers are producing electric cars, Marchionne has a different view that could cost in the future time and money in filling the gap created in these years. In fact, the electric market is developing, countries are increasing the number of charging stations around the cities, and car makers are developing innovative engines that allows customer to buy those electric cars for a cheaper price. Therefore, Fiat would have to follow the competitors that already developed the electric technology and lose market share. The brand would suffer for the decision of not developing the electric engines as the Fiat brand could be considered as not reliable and technological enough for the market, nor enough turned to the future and the long-term opportunities.

4.1.2 The Jeep brand issues and opportunities

Jeep brand is the only one in the FCA portfolio to be focused only in one segment and it is also the most profitable brand of the company. It experienced a high growth in the last six years, in fact: “In the period 2010-2016 Jeep global sales in the period 2010-2016 had been the best in the World with sales raised 230% from 0.44 million in the 2010 to 1.45 million in 2016.” (focus2move.com, 2017). Thus, Jeep had a fast growth and the expectations are to increase even more the actual production and sales figures, not only due to the qualitative car produced but also for the SUVs market forecast.

“The global SUV and sub-compact SUV market, in terms of sales, is projected to grow at a CAGR of 5.67%, to reach 23.4 million units by 2020.” (PRnewswire, 2016). The market forecast is projected to a constant growth till the 2020, but the market is also extremely competitive. In fact, all the car makers are increasing their line-ups with all-new SUVs as they are profitable and requested by customers. In this sense, Jeep plays an important role in the market and in the FCA portfolio but the brand has issues to deal with and opportunities to improve its position.

Jeep has to deal with premium brands that are producing more and more SUVs with high qualities and technologies but also supported by a well-known brand. The price of those SUVs is higher than the Jeeps one but the American brand can leverage its strong position within the segment since its foundation. Leveraging the history of Jeep, that was a successful brand since the 30s in which it started to produce reconnaissance vehicles for the war periods and then producing passenger vehicles that can be driven in all the condition. In fact, the strong brand is based on the functionality of the Jeeps that ensure experiences off-road and on-road, thus they are usable in any condition. The history of Jeep is also strongly related with the Wrangler sub-brand that is the most known vehicle within the line-up and the one that is produced since the 80s. The Wrangler is the image of the Jeep brand, it is a car that can go along any type of road, even if the road does not exist.

Leveraging the history of the brand and its heritage, Jeep attracts more customers that are interested in the J segment offering them reliability and trust in their vehicles, supporting with the fact that Jeep is producing similar vehicles since the foundation. Jeep brand has to emphasise its legendary history and its versatility in handling any journey with security and reliability.

Jeep is also increasing its presence globally, as mentioned in chapter three. FCA started the production of the American brand also in China and India that are two fundamental markets for the future of any car maker. Jeep started to sell car in China in 2016 and in India just one year later.

As said Mike Manley, head of the Jeep brand: “Our aggressive expansion in international markets is one of the key drivers behind our current global sales momentum.” (PRnewswire, 2016). Jeep is benefiting a great expansion of the sales and on its brand globally, the strategy was set by the CEO back in 2014 and becoming a global brand would be strategic in the future in the case the market would growth at lower pace. Therefore, holding a predominant position within the SUV segment is critical for maintaining a profitable and qualitative production. The recognition of the brand globally, based on the history but also on the present, is the great opportunity for Jeep to increase its position and perception in the customer mind.

The brand identity of Jeep, as shown by the prism in chapter three, is based mainly on the heritage and history of the American brand, leveraging the functionality and the practicality of the cars. The modernity and the technology of the new models is also increasing the potential customer involving young drivers that are becoming more and more interested in Jeeps, especially thanks to the all-new Renegade that has room for customization and sportier lines.

4.1.3 The Alfa Romeo brand issues and opportunities

The right positioning of Alfa Romeo, between premium brands, is the main issue that the brand has to deal with.

In fact, the willingness of FCA is to step up the Alfa Romeo brand to become premium, thus to be well-recognized around the globe and to be more profitable. The aim of the brand is to gain market share mainly from the German auto makers by selling cars to those customers that are bored with Audis, BMWs and Mercedes. Alfa Romeo is then the only alternative to those manufacturers, establishing its premium brand on different values than them.

The situation of the brand was negative in the last decade and the sales figures were not profitable for the company. This fact would make even more difficult to set up the brand strategy for the process from a non-profitable general brand to a premium brand in strong competition with car makers that already established their position in the market.

The global distribution would play an important role in establishing the premium brand, in fact a wide dealership is needed to position the brand in the customer mind, reflecting the quality and the reliability of the brand. In this sense, Alfa Romeo has already 240 dealers in the US which should become a fundamental market for the brand (Wahlman, 2015). The positioning of the brand will take long time and financial resource even though FCA already planned huge investments for it. The positioning it is not just about the improvement of the quality of the cars, thus design and performances, but it is more about the perception of the brand, what the brand stands for and its distribution worldwide.

Therefore, FCA has just started the long process to reduce the gap with premium brand, providing an aggressive strategy in launching all-new vehicles, like Giulia and Stelvio, and commercializing them strongly as they advertised the sedan car during the last Super Bowl. To become a premium brand, Alfa Romeo has to proceed with a focused commercial strategy in order to inculcate the new positioning of the brand, inspiring them positive feelings that the other premium brands does not have to do anymore, or just partially, because they have already established the brand.

The strategy of Alfa Romeo is then long-time oriented that means the company needs huge financial resources to maintain and increase the production and the line-up.

The connection within the brand portfolio could also leverage the premium position of the brand, in fact sharing dealers and production with well-recognized brand might help the brand to reach the position set by the company.

Inter-connections between brands might be helpful for the customer perception of the brand, thus, linking Alfa Romeo with others successful brands owned by FCA could create a positive synergy for a better positioning of the Italian brand. To reach a better global position, then a premium position, Alfa Romeo might create linkages with Jeep, that has already reached a global recognition. The Jeep brand, already well established globally, has a strong dealership worldwide that could help the Italian brand to reach a higher number of potential customers and new markets not yet covered. This strategy would aim to expand the brand in new markets and to increase the brand perception thanks to the image of Jeep. The only showroom that is offering only those brands is the 'Motor Village Arese', close to Milan, which aims to include only the FCA premium brands (Talotta, 2015). In the other cases, Alfa Romeo is linked with Fiat, sharing the dealership and the showrooms but this way of promoting Alfa Romeo might not help the premium position that the brand aims to reach.

Alfa Romeo can also leverage its main value that is the 'made in Italy', synonym of beauty, performances and reliability. Its production and design done in Italy might contribute to the successful future of the Italian brand, promoting the high quality of the Italian plants and the performances that are produced by Alfa Romeo engines in collaboration with Ferrari engineers. Thus, Alfa Romeo could compete with the German competitors by proposing different values in the premium brands, offering innovation and opportunity for change to the usual premium brands.

As shown in the Kapferer prism in Chapter Three, Alfa Romeo does not have a strong brand identity for the recent issues that the brand suffered. The Italian brand decreased its awareness globally, maintained only in Europe and in the mind of expert remembering about the history of what was Alfa Romeo. FCA marketers have then several opportunities in re-building the brand identity of Alfa Romeo, basing their work on the heritage and on the 'made in Italy'. These features could inspire feelings to customers

changing the perception of the brand and positioning it within the premium brands as aimed by FCA.

Therefore, the re-positioning and the re-building of the Alfa Romeo brand would take time, it will be a long-term project and more issues will be discovered later. These issues are not strictly related with the quality of the cars or the performances of them, but it is more about the perception of the brand, the awareness of it and the values that Alfa Romeo inspire in customers. Reaching the premium position of BMW, Audi and Mercedes is an optimistic objective that might be reached only with attention to detail and a detailed brand strategy.

4.1.4 The Maserati brand issues and opportunities

Maserati, positioned as a luxury brand, has just a niche market selling in 2016 only 40000 cars (FCA, 2017). The aim of the brand is to sell more cars but maintaining its uniqueness and prestige. The brand has to deal with the strong competition done by Porsche that is the market leader for luxury, or affordable luxury, vehicles. Porsche established its strong market position long time ago and Maserati did never play an important role, but more focused in a small and selective market. In fact, the Maserati cars were expensive and not sold worldwide.

The issue of the dealership might be managed by increasing the distribution of the luxury vehicles with new showrooms, targeting the position in which this brand can be sold, or by linking the brand with Ferrari, that is still strictly connected with FCA, then sharing the showrooms as it is done in some of them. It might be helpful for Maserati to strengthen its position as a luxury brand and improve the market coverage globally. The Maserati brand has to target big cities and metropolis in which rich people with passion for luxury and beauty are living, and in those countries in which showing off is part of the culture.

The competition, as said above, is done mainly by Porsche and other premium brands that are producing also luxury cars, example of it is the Mercedes S line.

Porsche is not only a competitor but also a successful case to imitate. In fact, Maserati is adopting a strategy that Porsche have already implemented in the past and it is still using that. This strategy is called down-market, as said in Chapter Three, and it consist in offering an affordable price for a qualitative/luxury product.

In the case of Maserati, down-market strategy is about offering a luxury brand for a cheaper or affordable price. Luxury and affordable are not synonyms, in fact these two words are not used together but the aim of the down-market strategy is to offer goods that seems or are perceived as affordable for the customers.

Doing so, Maserati hope to increase the number of sales and the awareness of the brand worldwide as it sold only 40000 cars in 2016. Following the strategy done by Porsche previously, Maserati could gain market share becoming an important department on FCA portfolio thanks to the high margin of the sales and the prospective for its future to become a 250.000 car maker (Brooks, 2016).

Porsche reached that target by producing cars for affordable prices, like Cayman, Boxster and Macan, the small SUV released few months ago. The strategy held by Porsche was to increase the number of cars sold, even if more affordable, but maintaining the exclusivity and the luxury that the German brand represents. Thus, the brand becoming cheaper, only in some cars, could reach more customers that previously just could dream about owning a Porsche.

Maserati is adopting the same strategy with Ghibli and Levante, proposing affordable prices that could rise with the customization of the cars. The brand Maserati has to be aware of possible pitfalls in the down-market strategy that could change the customer perception and the positioning of the brand. In fact, proposing too low prices for its cars would not be perceived as unique and luxurious anymore, losing its charm and prestige underlined by the brand identity prism in chapter three.

4.2 The portfolio opportunities

FCA signed a crucial partnership for its future with Waymo for the development of the driverless technology. The driverless car is already under development with Waymo, Google's controlled company, which is implementing its technology in FCA vehicles. The partnership started in 2016: "FCA supplies Google's Waymo car brand with 100 Chrysler Pacifica Hybrid MPVs to test the autonomous technology." (Sheehan, 2016). Therefore, the partnership created allows FCA to be the first car maker to produce prototypes with the driverless technology that would be the change of the entire car industry. The car market need to evolve and the driverless technology is considered one of the most interesting for the future of the automotive industry but still it needs to be tested before its implementation.

"Parent company Google is widely acknowledged as being at the forefront of autonomous systems development, so this partnership with its sub-brand could push FCA to the front of the race to produce a production autonomous vehicle." (Sheehan, 2016). As the partner company is the forefront for this type of technology, FCA has a strong opportunity to be the market leader by producing under its sub-brands the first driverless car. This opportunity might be crucial for the re-shape of the all portfolio, by implementing the technology in diverse brands covering more segments and providing different car size with the driverless technology.

To sum up, Fiat has room for improving its actual situation by expanding the production globally and by increasing the brand awareness and its identity outside Europe that is not still sufficient. This strategy, if adopted in the right markets, perhaps China and India, might increase the customer perception of the brand and subsequently increase the units sold.

The other three brands taken into account are characterized by huge potentials, also for the higher margin that they have, compared with Fiat, but as well as the Fiat they have some issues to deal with for strengthen their position allowing the FCA portfolio to become stronger in the competition with the other car makers.

Conclusion

The objective of the master thesis was to explain the brand strategy adopted by FCA for the brand Fiat and the management of the entire portfolio in order to define the issues and opportunities that the brand has. Despite the fact that the company is facing the issue of the portfolio brand management only since 2014 in which FCA was established, the goal was to approach the problems that Fiat has, characterizing its brand identity derived from the past and its customer perception in relation with the brand. The literary for writing the theory of this thesis is taken by expert authors in the field of marketing and branding that resulted critical for a better understanding of the architecture of the portfolio and the brand identity of the companies analysed. Differently, the more specific material quoted for the understanding of the FCA brand strategy is mostly taken by the Annual Report of 2016, published by the company itself, and from the interviews of the FCA CEO and other managers. Moreover, several articles were taken into account to explain also the brand image from the point of view of the critics.

The thesis defined in chapter one the theoretical background proposed by several authors for a better understanding of the individual approaches that are diverse, thus for a more in depth analysis of the topic facets. In this chapter were explained in detail what is a brand, what it represents and the role that it could play within a portfolio. Thus, giving examples of strong brands, it was explained how important is to establish well-known brands for every company that might benefit from their extra value. The brand equity values and elements were explained, to clarify the importance of all of them for the success of the brand and to quantify the higher value that it brings to the company. Moreover, the aim of the first chapter was to provide the knowledge and the theory required for further analysis that were done in the following chapters and to involve the reader into the complex topic of branding. Examples were also provided in order to connect the theory with the automotive sector to have a more practical view. Finally, the brand identity prism developed by Kapferer was provided that is an efficient tool to evaluate the identity and the values of brands, the prism was used in other chapters to evaluate better the identity of the brands considered and to understand the issues that each of them has to deal with in the future.

Chapter two looked into much closer detail with respect to the history of the Fiat brand and the changes in the customer perception of it from the foundation of the company until the more recent years. Therefore, the history of the brand played a fundamental role, defining the brand heritage of Fiat right now, that represents a critical value for the future of the Italian brand. The history of Fiat was characterized, as clarified along the chapter, by unfortunate and profitable periods changing the future prospective of the brand and its awareness in people's mind. Moreover, the chapter was analysing the acquisition and the alliances that from the beginning of the new millennium changed the structure of the holding and thus starting the creation of the new brand portfolio owned by FCA. The last part of chapter two comprehended the general analysis of each brand of the portfolio, presenting the logo, the characteristic of the brands and their values. Furthermore, for each brand was represented the number of cars sold in 2016, fundamental to understand the importance and the weight of the brands within the portfolio, and a brief history of the brands. The aim of chapter two is to set the scene for the following two chapters, in this way the reader could understand the structure of the portfolio, which brand has the greatest importance and which of them has opportunities to growth.

Chapter three represents the analysis of the brand strategy decided for Fiat and the other brands that were taken into account for their future prospects and for their importance within the portfolio. The chapter started with the segmentation of the market, defining the different segments that are critical for positioning the vehicles and the brands. The chapter continued with the markets that are covered by FCA, defining the relations between brands and markets without overlapping brands or similar vehicles. Finally, the chapter analysed the main topic of the master thesis, thus the strategy that FCA decided for its brands, thus the targets in terms of cars sold and the expansion of the brands abroad. The analysis is done focusing on four brands that are crucial for the future of FCA in Europe, thus Fiat, Jeep, Alfa Romeo and Maserati. These brands are considered the most relevant for discussing about FCA portfolio and the ones that might have great opportunities in the next years for a successful future of the holding. Moreover, the chapter explained how the brands are perceived and what is their brand identity using the Kapferer prism.









































The final chapter represents the most crucial part of this master thesis, giving value to the readers interested in the new FCA holding, in brand portfolios or more generally in the automotive industry. The final evaluation is done by analysing the issues that the brand Fiat is facing for its not correct perception of the real values that the brand has. Therefore, those issues might also represent opportunities that the brand and the company have to evaluate in more details, coming up with a strategy held to change the customer mind when thinking about the Italian brand.

Therefore, Fiat has to deal with its low brand awareness outside Europe and it suffers also for its not recognized brand identity. The solution recommended by the author are based on spreading the brand globally, especially in China and India, and the production of a wider line-up, exploiting the sub-brand Panda by building a 'Panda family'. Alfa Romeo has similar problem in terms of brand awareness, in fact its sales figures decreased rapidly in the last years, and the new positioning between the premium brands represents the main issue that Alfa Romeo has to deal with. The recommendation are based on building a strong brand identity leveraging the 'made in Italy' and the connections with other brands within the portfolio. Jeep and Maserati do not have problems in terms of brand identity, but these brands have to deal with other type of problems. Specifically, Jeep needs a better positioning within the market, as it is only focused in SUVs, thus reaching a leading position in the market, and it might be done by leveraging its brand heritage. Differently, Maserati has issues in terms of communication of its strategy. As it is going down-market, following the strategy held by Porsche in the past, it has to continue in providing luxury cars for affordable price increasing the number of Maserati sold per year without losing its uniqueness.

In conclusion, the issues and opportunities of the Fiat brand represent an attractive topic for its success in the past and for its global presence in the automotive markets. With the acquisition of the American department, FCA built up a strong brand portfolio with huge opportunities to increase its position worldwide. Fiat represents a crucial position in this portfolio, thus its future perspectives might affect the situation of FCA, with huge opportunities to become the main competitor of Volkswagen Group, representing the benchmark within the automotive industry.











































































Appendix:

-Appendix 1

Rank		Brand Value ⓘ (USD \$ Millions)				
2016	2015	Logo	Name	Country	2016	2015
1	➡	1	 Apple		145,918	128,303
2	⬆	3	 Google		94,184	76,683
3	⬇	2	 Samsung Group		83,185	81,716
4	⬆	8	 Amazon.com		69,642	56,124
5	⬇	4	 Microsoft		67,258	67,060
6	⬇	5	 Verizon		63,116	59,843
7	⬇	6	 AT&T		59,904	58,820
8	⬇	7	 Walmart		53,657	56,705
9	⬆	11	 China Mobile		49,810	47,916
10	⬆	15	 Wells Fargo		44,170	34,925
11	⬆	14	 Toyota		43,064	35,017
12	⬇	9	 McDonald's		42,937	52,909
13	⬇	10	 GE		37,216	48,019
14	⬆	22	 ICBC		36,334	27,459
15	⬆	27	 China Construction Bank		37,539	26,417
16	➡	16	 BMW		34,968	33,079
17	⬇	12	 Coca-Cola		34,180	35,797
18	⬆	32	 Facebook		34,002	24,180
19	⬇	17	 T (Telekom)		33,194	31,108
20	⬆	37	 Agricultural Bank of China		32,261	22,714

Source: < http://brandirectory.com/league_tables/table/global-500-2016 > [Accessed 10 Dec. 2016]

-Appendix 2

<u>2016</u>	<u>2015</u>	<u>Logo</u>	<u>Name</u>	<u>Country</u>	<u>2016</u>	<u>2015</u>
11 	14		Toyota		43,064	35,017
16 	16		BMW		34,968	33,079
21 	24		Mercedes-Benz		32,049	27,328
36 	53		Hyundai		23,691	19,357
46 	47		Ford		19,771	20,315
49 	39		Honda		19,332	22,424
57 	18		Volkswagen		18,923	31,025
64 	58		Nissan		17,785	18,085
124 	128		Audi			
141 	178		Chevrolet			
162 	212		Land Rover			
175 	163		Renault			
277 	230		Fiat			
279 	356		Harley-Davidson			
284 	361		Lexus			
289 	267		Kia Motors			
328 	301		Mazda			
329 	411		Porsche			

Source: < http://brandirectory.com/league_tables/table/global-500-2016> [Accessed 10 Dec. 2016]

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