CLASS ASSIGNMENT-I

ON

# International Business

*Submitted in Partial Fulfillment*

*Of the requirement for the award of the Degree of*

## MASTER OF BUSINESS ADMINISTRATION

BM-5031

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ENROLMENT NO. 19MBA00132

*Submitted To*

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## SCHOOL OF MANAGEMENT

SIR PADAMPAT SINGHANIA UNIVERSITY

UDAIPUR

2020

**Case Study**

**American Motor Corporation: International Operation**

American Motor Corporation (AMC) for years had been America’s fourth largest producer of automotive vehicles. It dropped to fifth position when Volkswagen began producing cars in US, after joining with Renault of France in 1980. AMC started to drop them. It began producing and selling Renault’s designed cars instead of its own. AMC was also the world’s largest producer of four wheelers since its acquisition of Jeep from Kaiser in 1870. Joining with Renault did not threaten the viability of AMC’s Jeep line because Renault had no four wheelers. In fact, Renault became exclusive distributor for Jeeps in France and elsewhere.

By 1980, worldwide sales of Jeep were over 2 Lakh per year with ¾ of that in the US and Canada, which represented the domestic business. The international sales in 1981 including communist countries were 45,000. Until the fall of Shah, Iran was the biggest market. Among four wheelers, Jeep was the largest seller. Its competitors in order were Toyota, Nissan and Land Rover. Jeep was the most global of the competitors also with manufacturing, assembly operations in just Indonesia and Venezuela. Most of the Jeeps were produced from Ohio. However, AMC Jeep had equity in plants in Australia, Egypt etc. Altogether, 2 assembly plants in Africa, 3 in Middle East, 12 in Asia Pacific and 4 in Latin America.

Jeep sales outside US and Canada are the responsibility of a firm based in Michigan. The concern has 185 employees, of which 25 are living in foreign countries, 25 are American expatriates. Jeep vehicles have enjoyed universal recognition and appeal due to their use in the Second World War by US. In developed countries, Jeeps are promoted as recreational vehicles while multipurpose in developing countries. It can be seen that Jeeps are sold in large number in world markets and in countries with difficult economic, environmental and use conditions.

**Questions**

1. To what degree should Jeep vehicles be adopted for world markets?
2. Should Jeeps have uniform international brands in world markets?