

Microeconomics report on fiat

[Economics](#), [Microeconomics](#)



CNN-Money assignment Presented to Prof. Dr.

Iman Zaky By Dr. Adham ABulnour Article: Fiat 500L: A really big tiny car The new larger Fiat is still very small but somehow manages to have a giant-sized interior. <http://money.cnn.com/gallery/autos/2013/08/28/fiat-500l/index.html>? Interpretation

Microscale or Macroscale economy? The article deals with the microscale

economics of the Fiat Corporation private cars industry with a special focus on the Fiat 500 series.

Macroscale economy ramifications on the global automobile industry might propagate Fiat competitors to redesign their compact cars to become ergonomically more spacious. What, how and for whom? The article is locked upon one of the latest additions to the Fiat 500 family; the 500 L (large). This model features 4 passenger doors (instead of the 2 passenger doors of the traditional Fiat 500) and is 2 feet longer than its predecessor allowing a 20% increase in length and 40% increase in interior space. <https://donemyessay.com/microeconomics-chapter-4/>

Through ingenious design and meticulous detailing, Fiat's factors of production (land, labor, capital and entrepreneurship) were put to action to conceive this latest addition by the company. The Fiat 500 L is designed for the traditional Fiat 500 fans who are seeking a more saloon' feel to the car.

The fiat 500 L target customers are those who would perceive this model as an 'enjoyable' driving experience disregarding the sense of 'wobbling' on the road that can be generated by the car's extended length and soft suspension.

<https://assignbuster.com/microeconomics-report-on-fiat/>

Self-interest Vs. social-interest? Needless to say, any physical enlargement in a specific car model means more materials and energy (consumables in general) being used and depleted. One might assume, at the first gaze, that Fiat is only seeking its self-interest by augmenting the range of its private cars family disregarding the impact of excess material usage and energy consumption on the ecologic balance. In other words, Fiat can be criticized for following unsustainable paths of development.

Nevertheless, it must be also mentioned that introducing a new model into the market usually means cutting down the production of another model(s) by the same manufacturer. This is typically intended to adorn the new model with a window of success. Cutting down the production of cars means less materials and energy being used and depleted. And so in away, although not pragmatically intended, the self-interest. Tradeoffs and opportunity cost? The question that might pose itself at this point is occupied with the car model whether from the Fiat 500 family or not) that Fiat would downsize in production to give way to the 500 L.

On a similar notice of importance, the question remains regarding the opportunity cost (highest value of an alternative) that Fiat is giving up to produce the 500 L model.

In order to conjure up an answer to this kind of questions, a special set of data must be collected and statistically analyzed. Current corporate sales as well as purchasing power and trends are on top of the list. Nevertheless, and in a general sense, one can forecast the new Fiat 500 L can be appealing to a wide sector of customers.