



BP ENERGY AND GAS

Global Sales Management

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Introduction

The aim of this project is to discover how technology has influenced a 100-year-old company from their start, to the present, and how science and technology is still shifting and developing the organization. One question to answer is how they sell and market a product that is highly criticized, yet still such an important factor in daily life. Looking at the colourful and long history of British Petrol (BP) we will get a strong understanding of just how technological advances have driven growth and sales in this global market, and how technological needs are continuously shifting into today. Briefly looking through their products and services we will see how they have shifted with the times to accommodate their customers, before analysing how they market their products. We will then look at some of the major technological growth factors from the beginning of the oil industry to the climate issues surrounding BP today and how they are working to integrate a clean energy future into their sales plan. Then we will look at how some of this clean marketing comes under stipulation, and the challenges the company faces from climate changes, legalities, and government regulations that impact their outputs. Lastly, we will analyse some of their sales data from the last three years along with the impacts Covid-19 and climate issues have had on the company before closing with final conclusions and company recommendations on what they should continue to invest their technology in.

History of the organisation

The BP story begins in 1901 with William D'Arcy and the rights to explore for oil and gas in Persia for the next 60 years. Oil wasn't discovered however until 1908, and the Anglo-Persian Oil Company was formed. By 1914 the company was close to bankruptcy because although cars were slowly making their way into the market, the sales weren't enough to boost oils sales, and other petrol companies had already held the market with higher quality oils. When Winston Churchill entered the political scene, he wanted a British owned oil company to support the Navy, and the Anglo-Persian Oil Company fit the bill. A few weeks after the contract was signed, World War 1 broke out further supporting the company. World War 2 though, temporarily had the opposite effect, with fuel rationing

suddenly interrupting their growth until Churchill once again called upon them to directly support the war efforts, which pushed the company to begin developing around Europe to reduce transportation risks. In 1954 they officially changed their name to British Petroleum and in 69 they found the largest oil producing field in North America and another large producer in the English Channel. These turned out to be very important for the company as changes in the Middle East led to nationalization of resources, dramatically effecting BP's production so much that in "1975 BP Shipping transported 140 million tonnes of oil from the Middle East. By 1983 that number would shrink to 500,000 tonnes. Over roughly the same period, Middle Eastern oil would go from 80% of BP's supply down to a meagre 10%." (BP, 2021) This pushed the company to develop technologies to find ways to better ship (or pump via pipelines in this case) and refine oil from these remote locations, leading to their first acquisition of American refinery Standard Oil of Ohio. At the same time the British government sold their shares, making the company fully privatized, and the 2000's saw a series of growth and acquisitions fully globalizing the company. In 2005 they started to see issues with safety, first with the Texas Refinery explosion, Alaskan pipeline leaks, and the explosion of the Deepwater Horizon offshore drilling rig in Mexico, and with them the public stipulations, opinions, and environmental safety issues, leading us to today, where climate actions and renewable energies are at the forefront of conversation for BPs future.

Products and Locations

BP is present in 63 different countries across 4 continents, hosting a variety of different products and services most well known for its fuel and Castrol brand lubricants for differing vehicle classes, they also offer asphalt products, fuel cards and services, fuel service stations and products, and now are working towards renewable energy like solar, hydro, and wind energy. (BP, 2021) They most recently have invested £155 Million in solar energy farms across the US with the capacity to power 1.7 million homes, as well as a £462m-a-year lease for two offshore windfarms in the Irish Sea with the ability to power over 3.4m households. (Ambrose, 2021) Biofuels like Ethanol are already in production with BP, but this could be debated due to the companies lack of clarity on their future with Ethanol, (Hirs, 2020) as well as the climate impacts mass agriculture production of this nature has. (West, 2021)

Sales and Marketing methodology

BPs business model and marketing strengths are rooted in years of expertise and knowledge. They are proud of their science and technology experts and rely heavily on their inputs and innovation, supporting strong relationships between leading companies, universities, and governments in the process. The biggest marketing method currently is focused on green energy promotion and production of renewable energies as the market develops for them. Focused on sustainability and keeping the long-term goals of the company at the forefront of the business promotes market resiliency in their willingness and ability to adapt.

Product availability and convenience is maintained through partnerships and continuous assessment of customer needs as well as ease of access and use of their products. For example, in the future, they may directly work with producers of electric vehicles to place charging stations at BP fuel stations. This supports their B2B customers by providing a needed service, but also forces BP to analyse their stations and see what locations are best to place charging stations for their customers. (BP, 2021)

Technological growth and support

Technological advances historically have been a main driver of growth in the crude oil industry. While oil has been used as far back as ancient Egypt, (Britannica, 2021) the development of modern combustion engines was the biggest driver for crude oil searches that lead to BPs development. These technological advances were a result of the need for better refinement and engine use practices. The Royal Navy for instance had complaints of the company's oil not functioning well in colder climates, pushing BP to open a laboratory near London to develop better refining practices and address such issues. World War 2 had a dramatic effect on the development of engine technology with airplanes becoming a significant part of not only war efforts but daily life, once again driving production and sales for the company.

Climate action shifts are some of the most recent actors in the play for BPs developments with big changes coming from the company in their purchase and development of solar and wind farms to lessen the global dependencies on oil and natural gas with the goal of making the shift to alternative energy sources by integrating them into our daily life. These blending of technologies gives the company the upper hand to utilize and learn to better manage these practices that are being pressured and legalized into our society. Marketing themselves as a ‘green’ energy company is also going to appeal to their customers especially since so many vehicle and motor companies are likely going to require clean energy partnerships for their own sales in the future. (TheGuardian, 2016)

Technological Backfires

While advertising is a powerful tool for many businesses, BP and other fossil fuel companies have found themselves under scrutiny by climate action group Client Earth when BP released green advertisements promoting their support for new and different types of renewable energy. Climate Earth claims that advertising as a ‘green’ energy company while still using fossil fuels is a game of smoke and mirrors to cover up their fossil fuel use, and that these advertisements should all contain a warning label stating their products contribute to much of the climate crisis. (TheGuardian, 2019)

“This is a smokescreen. While BP’s advertising focuses on clean energy, in reality, more than 96% of the company’s annual capital expenditure is on oil and gas. According to its own figures, BP is spending less than £4 in every £100 on low-carbon investments each year. The rest is fuelling the climate crisis.” Sophie Marjanac

Challenges

Globally energy consumption is still on the rise, with oil, coal, and natural gas all averaging around 30% in our supply chain source. That leaves renewable energy sources at approximately 10% of production. (BP, 2021) With such a low output the renewable energy market is going to take time to build the resources it needs globally, as well as the power

capacity, to transport these new energy sources to facilities capable of taking them in and distributing them to the energy grid. (Forbes, 2020)

BP, along with other oil and gas companies were recently excluded from formal roles in COP26 with allegations that these companies were not taking their climate actions seriously enough to play a part in the event. (Garza, 2021) But BP states with the actions they are taking to integrate renewable energy into their system that energy companies like them are stepping up and taking climate actions seriously and needs to be included in climate conversations in order to move forward and help initiate and delegate the new renewable world. (Looney, 2021)

Legal policies are also stricter on a global level with many governments getting involved with setting carbon neutrality and emissions goals helping to pressure companies into action. Many companies had previously invested in renewable energy sources, but they were not taken as serious because the pressure was not there to replace coal and oil. BPs Pickens Plan, a wind generation plan which was started to lessen the dependency on foreign oil and the high prices they incurred, failed because as the economy declined, oil prices dropped, and so did the need and funding to replace costly oil energy with new types of enterprises. (Forbes, 2009) Since the Paris Climate agreement came into place, governments are now legally bound to act against carbon and emissions, which opens the gates for renewable energy viability and success.

Sales performance/data

The 2020 group income statement took in several considerations, but the Covid-19 pandemic had a massive impact on all aspects of energy usage around the globe. The company still made sales over \$180,000 million, but that's \$100,000 less than the previous 2 years also with \$100,000 million less in purchases. Expenses and losses on sales of assets were also significantly higher, with all other joint venture and associates' earnings at a loss, and a \$20,000 million loss was seen overall for the year. (BP, 2020)

Conclusion

After analyzing this information, we can conclude that BP has a strong sales and marketing strategy with their historical ability to adapt to the technologies available and develop new ones as they are needed which follows into today's market likely contributing to their success. Their products and services are centered at the core of their business, keeping them focused on production and development. Technological development has massively driven the company to where it is today. We cannot however overlook the historical impact the British government had on supporting their growth and developments early on as without this support they may not have survived as a company, as well as the current pressures governments are having on how they continue to produce into the future. As we have seen, some of this government pressure could result from outlier groups like Client Earth, wanting more transparency in energy companies, especially in the cases of environmental advertising and climate issues since they are active topics. This attention may also impact the financial issues facing the company, where funding, may be needed to help develop new and current technologies and renewable energy sources. While they are highly active in carbon credit trading already, (BP, 2021) they should continue to seek alternative offset resources and technology since trading these assets is not readily available and may not have enough potential for them to reach their carbon offset targets. (ScienceDaily, 2021)

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