

Bp solar



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BUSTER**

BP has responded through its thin film photovoltaic cells designed to reduce manufacturing costs towards a level at which solar energy will become economically competitive compared with other energy sources. As BP's Energy Commission chairman stated: " Our goal is to eliminate the 'Catch 22' faced by producers of renewable technologies...without the promise of volume sales, there is little incentive for a company to make the investments that could bring down costs and make these products commercially viable on a large scale" (Chambers, 1998, p.).

BP Solar has invested some \$200 million in solar power between 1996 and 2002, which has helped it build an 18 percent market share. It has launched a large advertising campaign in the US where it puts renewable energy at the fore of its offering. However, this was heavily criticised by Fortune Magazine (2002) bearing in mind its renewable energy business was worth just \$1 billion compared to BP's total value of ? 115% billion (Murphy, 2002).

Like Shell Renewables, BP Solar does not state how it will innovate to achieve its goals. However, unlike Shell Renewables strategy of joint ventures and acquisitions, BP Solar implements its strategy simply through large investments into its own manufacturing processes. According to Porter (1985): " The essence of formulating competitive strategy is relating a company to its environment" (p. 3) in relation to the industry or industries in which it competes.

This leads companies to choose one of three generic strategies – low cost, differentiation or focus – which will help them to form competitive, profitable positions within the industry. To understand the low-cost strategies that both

SBUs adopted, a formal PEST and five forces analysis of the SBUs (see Appendices III and IV), the key drivers for change and critical success factors (CSFs) for the industry (Appendix V) are outlined. The major trends in the global and alternative energy industries are briefly explained.