

# Responsible business marketing: bp case study



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## **Introduction**

The BP Company first began in 1909 under the name of the Anglo-Persian oil company. They later went onto create an agreement with the UK government to help their Royal Navy switch from using coal to fuel in 1914. During 1912 to 1918 the company further expanded their oil production in Iran. In 1917 Anglo-Persian Oil Company purchased the BP co. from the European Petroleum Union, and in 1935 renamed its company to Anglo-Iranian Oil Co. The oil industry was formerly nationalised in Iran in 1951. Through 1960 to 1970, there were multiple oil discoveries happening in Alaska and the North Sea; this led to an agreement happening between the Standard Oil Co. of Ohio and the Anglo-Iranian Oil Co. in 1969, which resulted in the transportation of fuel in the largest oil field in the United States. In 1982 the Anglo-Iranian Oil Co. formally changed its corporate name to BP. BP decided to purchase the Standard Oil Co. in 1987, and proceeded to merge all BP's interests thus creating BP America. Today BP is known as one of the world's most prominent and recognised international oil and gas companies. Through their work, they help provide their customers with fuel for transportation, lubricants to keep engines running, and energy for heating and lighting homes.[1]

The ecological marketing theory of Hennison and Kinnear (1976), illustrate that BP put emphasis on environmental issues with geographic focus, i. e. climate change. The foundation of their green marketing campaigns is created by using evidence of the existing environmental issues and environmental views with business collaboration; thus resulting in BP

concentrating on the inter-relationship between the business society and the environment society within their marketing mixes and sustainability reports.

BP specifies five core values[2]to paint a picture of the way the company does business and help convert the mission into practical achievement:

1. Safety - BP are committed to delivering energy to the world safely.
2. Respect - BP complies with laws and regulations and holds themselves to the highest ethical standards.
3. Excellence - BP are committed to excellence with quality outcomes.
4. Courage - BP has the courage to face difficulties and stand up for what they believe in.
5. One Team - “ whatever the strength of the individual, we will accomplish more together.”

## Thesis

BP has the intentions of becoming the leading environmentally friendly creator and supplier by creating eco-friendly petrol and gas. BP has become more ethically and socially aware, with a strong CSR and sustainability policies and with the comprehension of customers and stakeholders requirements and expectations from the company. Nonetheless, with a further in-depth analysis it is pointed out that BP advertisements and public relations within its marketing mixes are actually created to make the company look more environmentally friendly than it actually is. This is a term called 'green washing'.

According to the Advertising Standard Agency; the increase of this occurrence is becoming a severe problem to which they have implemented <https://assignbuster.com/responsible-business-marketing-bp-case-study/>

new guidelines to discontinue this new trend. The Advertising Standards Agency has seen an increase in the number of complaints received about environmental claims in advertisements.

The ASA's consumer research has brought to light that the awareness of green issues is on the rise, however there is also a presence of confusion and a lack of basic knowledge when it comes to environmental and ethical claims and what they truly mean.[3] This occurs due to the profits and interests of the shareholders which come first before the environmental aspects, in contrast to BP's sustainability report and its actions.

In July 2000, BP launched a huge \$200 million public relations and advertising campaign with a new slogan and change of name, 'Beyond Petroleum'. Additionally BP also decided to change its logo to a green and yellow sun and stated it was becoming a greener business.

In 2005, there was a fire and explosion at BP's Texas City Refinery, which resulted in 15 workers deaths and more than 170 others getting injured, this occurred although BP stating it claims to have safety as one of its top priorities. BP was then subject to lawsuits from the victim's families after they were charged with criminal violations of federal environmental laws. BP received a fine of £53 million from The Occupational Health and Safety Administration in the US for multiple safety violations, and consequently received a greater fine after discovering that BP had been unsuccessful in implementing new safety improvements after the tragedy.[4]

In 2006, BP spilled 200, 000 gallons of crude oil in Alaska. The transpired due to BP failure to complete routine maintenance on their pipelines. BP claimed  
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to work with sensitivity around the environment and animals. In 2007, BP was then ordered to pay in excess of \$60 million by the US Department of Justice for violations against the environmental laws in Texas and Alaska. BP petitioned incessantly to open up the Alaska National Wilderness Reserve for oil drilling to increase their accumulative profits with no attainment. BP claims to support wants to protect the environment from its green advertisements. In 2007 BP financed \$1.5 billion to extract oil from the Canadian wilderness by means of approaches which environmentalists say is part of the 'biggest global warming crime' in history, although two years prior BP openly said they would not invest nor use any damaging environmental equipment.[5]

In 2010 BP was involved in the biggest environmental disaster which occurred when there was a massive oil spill in the Gulf of Mexico which was attributed to meagre safety and maintenance yet again. However, a few months later BP decided to use \$50 million on a new green advertisement bestowing a clean image of them which obviously backfired accumulation to the increasing tide of resentment from their American consumers.[6]

Demonstrating BP practices within the green marketing mixes i. e. green products; BP creates and supplies a variety of products and services. Nevertheless, fossil fuels production and supplying are their foremost source of profit which is environmentally negative as it generates carbon emissions. As a consequence BP's primary business is not environmentally friendly. BP cannot practice green packaging or reduce layers for their core business, of oil production. Oil and fuel have specific storing requirements which are in drums and depot containers which cannot be diminished for safety reasons.

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There are assortments of problems when it comes to handling the green promotional mix; BP has embraced a green branding marketing strategy which has been specified to being environmentally friendly. Yet, the embracing of this green brand in their advertisement has not been integrated into BP's production mechanisms.

BP has green logistics which centralised around their distribution centres and their usage of eco-friendly trucks have supplemented their green strategies; on the other hand manufacturing crude oil from the tar sands requires a heavy mixture of bitumen, water, sand, and clay which is found underneath more than 54, 000 square miles of primary forests in northern Alberta. Furthermore, a region the size of England and Wales in BP's tar sands development collectively produces more than four times additional carbon dioxide, which is the major global warming gas, than conventional drilling. The oil sands industry produces over 100 million tons of CO<sub>2</sub> which is equal to around a fifth of the UK's whole annual emissions which is currently being undertaken by BP.

For their \$200 million worldwide advertising campaign, BP has attained several awards; though, since the oil spill in the Gulf of Mexico they have spent over \$93 million on publicity cleaning their image.

Anti-thesis

More recently, environmental apprehensions have created the 'green consumer' who has increased the demand for more eco-friendly products and services. This has in turn created the development of 'green marketing',

which tries to balance the requirement of sales and profit with an apprehension for its environment and society.

According to Prothero (1990) 'green marketing' is defined as "The holistic management process responsible for identifying, anticipating and satisfying the needs of customers and society, in a profitable and sustainable way"[7]

These days' consumers worldwide presume large companies with identifiable brands such as BP to have first-rate environmental and social credentials, if not their brand image may possibly suffer from the damaging publicity.

Disregarding social and consumers' requests for first-class ethical practices can extinguish customers' expectation and trust and could lead to government legislations being enforced. Integrating ethics and sustainability programmes can improve and construct public standing, which can escalation market shares, costs savings and profits worldwide. Therefore sustainability is the basis of the green marketing notion which comprises of two criteria, consumption and pollution.

Expending on BP marketing mix, BP's production creates fuel, energy and invests in the research of environmentally friendly fuel this demonstrates the ground-breaking and broad-minded component of their values which makes every effort to decrease the usage and necessity of fossil fuel by society. In addition, this supports the reduction of global warming through exploration and study methods such as fuel with lesser carbon monoxide that aids the reduction of the carbon emissions accountable for adversative climate changes beneficial to all living creatures.

As a manufacturer of oil, BP does not surplus production of fuel, as it benefits fiscally from a steady price within the profit and market share features of the business. Within their company, BP has developed more meticulous and progresses strategies that consolidate distributions into larger but less frequent loads by improving vehicle usage with the expenditure of eco-friendly trucks which creates a smaller carbon footprint. This is a design of the elements within the marketing mix, the performance-driven and accountable elements of their values.

### Synthesis (Conclusion)

BP is first and foremost a business. BP operates in various countries worldwide each with diverse environmental laws and guidelines. Legislations in some countries are altering to mirror the publics' environmental awareness for going green. Sequentially, BP allotted profits towards their green branding which is also used in their green marketing strategies. However, in some occurrences BP was unsuccessful in executing its green marketing strategies into their production units. This brought about the oil spills and further environmental catastrophes. In contrast, BP has had some positive accomplishments with their sustainability and CSR polices. Manipulating these accomplishments to try and strengthen their green credentials would be business suicide when it goes wrong.

The amount BP spends on their green marketing is considerably out of proportion to their real green energy investments. BP's investments into the oil sands is extremely environmentally damaging due to the massive CO<sub>2</sub> emissions being created from the production. Moreover, BP's accountabilities



on safety are very deprived which contradicts BP's statement of safety being their top priorities in their sustainability policy. Therefore BP is broad-minded when building relationships amongst the business and its shareholders. BP is accountable for numerous environmental disasters worldwide as a direct result of lacking safety and maintenance procedures. BP is pioneering through discovering different ways to revolutionise their green marketing advertising and BP are performance driven in keeping their promises to their shareholders to find new ways to harm the environment.

## References

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