

# CORPORATE BRAND MANAGEMENT AND REPUTATION

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## MASTER CASES

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### **Deepwater Horizon Reputational Crisis 2.0**

**Greenpeace's Online Spoof Competition Against BP**

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First Edition  
Student Case Papers

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## **Corporate Brand Management and Reputation: Master's Cases**

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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# **Deepwater Horizon Reputational Crisis**

## **2.0**

### **Greenpeace's Online Spoof Competition Against BP**

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## **WRITTEN CASE**

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## Deepwater Horizon Reputational Crisis 2.0

CEO of BP Tony Hayward takes a deep breath and leans his head back on the head-rest in the cab. On his way to the management conference at the BP headquarters in London, he reflects on the hard times the corporation has faced since the Deepwater Horizon Oil Spill two months ago. Even though the oil spill crisis has been handled according to best-practice, the corporation has found itself in the middle of a new crisis. Just as the general public's critical eye started to shift away from BP, Greenpeace UK announced a competition encouraging the general public to produce their own versions, so called spoofs, of BP's "Helios" logotype. The competition has now created a new wave of criticism and danger to the reputation of the BP brand. As Hayward is thinking about BP and its future, he contemplates over the fact that the brand suddenly is not in his control anymore but in the hands of the general public.

### Background & History of BP

BP (also referred to its former name British Petroleum) has roots tracing back to 1908 when a group of British geologists discovered a large amount of oil in Iran. As of 2015, BP had operations in more than 70 countries with around 17,200 service stations worldwide. In the industry, BP is considered one of the world's seven oil and gas "supermajors" whose performance made it the world's sixth-largest oil and gas corporation, the sixth-largest energy corporation by market capitalization and the corporation with the world's fifth-largest revenues.

BP went through a rebranding process during 2000 when the corporation alternated several aspects of the brand. One of the biggest changes was when the corporation changed its marketing name from British Petroleum to BP. A new set of core values was also presented: safety, respect, excellence, courage and one team. The corporation further replaced its "Green Shield" logotype with the "Helios" symbol, a green and yellow sunflower named after the Greek sun god. The cost of the 'Helios logo design' and its rollout cost BP in total 211 million dollars and became one of the

most expensive logo designs and rebranding campaigns of all times. The logotype was designed to represent energy in its many forms.

BP also introduced a new corporate slogan “Beyond Petroleum” along with an extensive advertising and marketing campaign. BP highlighted how the new slogan represents their focus on meeting the growing demand for fossil fuels, manufacturing and delivering more advanced products as well as enabling a transition to a lower carbon footprint. The slogan became a symbol for the new strategy of the organization, a mantra that championed both a vision and a promise for the future. These efforts positioned the corporation as environmentally friendly and caught the attention of the general public.

The corporation’s rebranding process was a success and BP was considered to present a prescient model of credible corporate social responsibility. The corporation was voted Britain’s Most Admired Company in 2002 and Financial Times put BP on the Most Respected Company list of 2005. By 2008, it was shown that the public perception of BP had been affected by the campaign. In the brand consulting firm Landor Associates survey “Image Power Green Brands Survey” it was determined that while petroleum and energy brands lag in overall “green” perceptions, BP surpassed all brands in the category. BP also topped the survey of corporations that had “become more green” in the last five years.

## **Deepwater Horizon Oil Spill**

On April 20, 2010, BP faced the biggest incident in corporation’s history when its Deepwater Horizon drilling rig located in Gulf of Mexico, outside the coastline of Louisiana, exploded due to an uncontrollable blowout. The accident killed 11 workers and caused the largest accidental marine oil spill in the history when the rig sank two days after the explosion.

Releasing 4.9 million barrels of oil into the nature the Deepwater Horizon Oil Spill created the biggest environmental disaster that the United States have ever faced. Several failed efforts were made in order to contain the oil flow before the well was sealed several months after the explosion. The several months-long leak had severe effect on the wildlife putting several hundred species at risk and thus jeopardizing the entire ecosystem in the Gulf of Mexico. The oil spill further damaged the coastal entrepreneurship that was heavily relying on fishing and tourism.

The investigation of the accident found signs of several human errors made on the rig prior to the accident. The BP’s onsite managers were accused of having overlooked early warning signs indicating of problems on the rig which therefore

made them fail preventing the accident. Further the investigation indicated errors in the communication processes among staff as well as technical flaws on the rig. BP quickly took responsibility for the accident and mounted big scale cleaning operations in order to minimize the damage caused on the ecosystem. The corporation was further willing to compensate for the local residents whose economies were affected by the oil spill.

## SpooF Crisis

BP had faced hard times after the Deepwater Horizon Oil Spill. It had been a couple of intense months, but looking back at them, BP had handled the crisis communications according to plan. However a new potential problem had suddenly began to rise, an incident that might just add fuel to the fire BP had worked so intensely on putting out. Greenpeace UK has just launched an international logotype competition inviting people to rebrand the logotype of BP. *"Their nice green logo doesn't really seem to fit them too well, so we decided to run a competition to find a logo that we could use to rebrand BP"*.

### *Greenpeace – The NGO Protecting the Environment*

Greenpeace introduced the competition by placing an advertisement of the competition on BP's headquarters in London. Greenpeace is a well-known non-governmental environmental organization, whose goal is to ensure the ability of the Earth's nature life in all its diversity. Issues that are in focus are global warming, deforestation, overfishing, commercial whaling and anti-nuclear issues.

### *The SpooF Competition by Greenpeace*

Greenpeace's encouragement of asking people to design a new logotype for BP consequently initiated a wave of spoofs being spread online. Spoofs are defined as illustrations (and their synonyms "spooF visuals", "spooF pictures", "spooF images", or simply "spoofs") "imitating something (i.e. a brand) by altering or exaggerating its characteristics". The competition resulted in over 2000 entries and 25 000 votes on who should be the winner. Some examples of spoofs competing in the Greenpeace logotype competition are provided in **exhibit 2**.

*"The winning logo will be used by us in innovative and exciting ways as part of our international campaign against the oil company"* Greenpeace states on the competition's web site. The winning logotypes will be featured throughout the campaign and will according to Greenpeace be used in several high profile, iconic locations as well as in national newspaper advertising. The corporation further encouraged people to use the logotypes as Facebook profile pictures, print them out as stickers and then upload pictures of this on Greenpeace's Flickr-site. As parody is considered as fair use within

the copyright and trademark law, the competition allowed substantial use of parody without the permission of the rights holder BP. The competition gained a lot of media attention and the spoofs were further spread out through different media platforms.

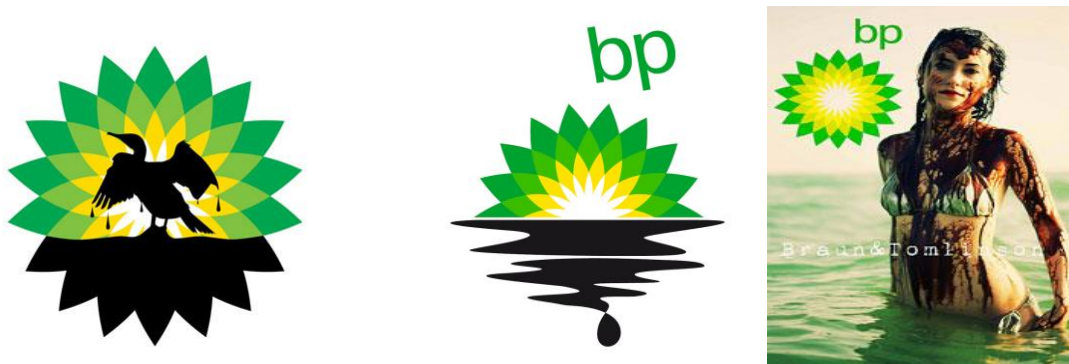
The last couple of weeks' spoof uproar has increased the pressure on CEO Tony Hayward as he enters the corporation's head office in London for the first time since the Deepwater Horizon rig explosion. He prepares himself for the executive meeting, where he will discuss how BP should tackle the spoofs. A plan must be proposed on how to manage the spoofs that are emerging in a staggering pace. **Taking the role of the executive team of BP, answer the following questions:**

1. *How should BP evaluate the seriousness of the spoof situation?*
2. *How should BP address and handle the spoofs?*

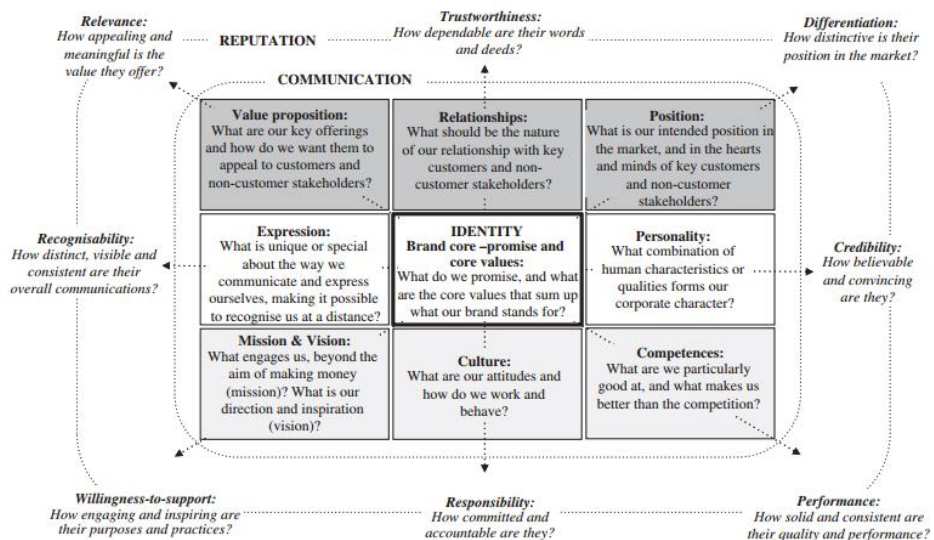
**Exhibit 1** Change of logotype 2000



**Exhibit 2** Examples of spoofs from the Greenpeace logotype competition



**Exhibit 3** Corporate Brand Identity and Reputation Matrix (CBIRM)





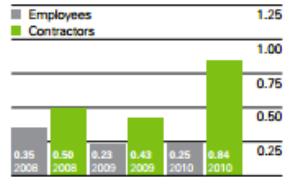
## Exhibit 4 Output from BP financial statement, safety, 2010

### Safety

#### Personal safety – reported recordable injury frequency

Reported recordable injury frequency (RIF) measures the number of reported work-related incidents that result in a fatality or injury (apart from minor first aid cases) per 200,000 hours worked.

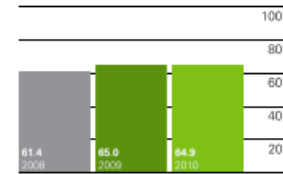
In 2010 our workforce RIF, which includes employees and contractors combined, was 0.61, compared with 0.34 in 2009 and 0.43 in 2008. The nature of the Gulf Coast response effort resulted in personal safety incident rates significantly higher than in other BP operations.



#### Environment – greenhouse gas emissions<sup>a</sup> (million tonnes of carbon dioxide equivalent)

We report greenhouse gas (GHG) emissions on a CO<sub>2</sub>-equivalent basis, including CO<sub>2</sub> and methane. This represents all consolidated entities and BP's share of equity-accounted entities, except TNK-BP. We have not included any emissions from the Gulf of Mexico oil spill and the response effort due to our reluctance to report data that has such a high degree of uncertainty.

We aim to manage our GHG emissions through a focus on operational energy efficiency and reductions in flaring and venting.



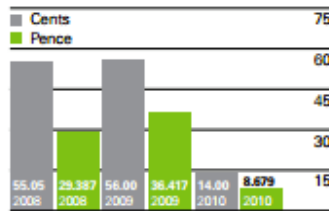
<sup>a</sup> See BP Sustainability Review 2010 for more information on our GHG emissions performance.

## Exhibit 5 Output from BP financial statement, performance, 2010

#### Dividends paid per ordinary share

This measure shows the total dividend per share paid to ordinary shareholders in the year.

In June 2010 the BP board reviewed its dividend policy in light of the Gulf of Mexico incident, and the agreement to establish a \$20-billion trust fund, and decided to cancel ordinary share dividends in respect of the first three quarters of 2010.



#### Total shareholder return (%)

Total shareholder return represents the change in value of a shareholding over a calendar year, assuming that dividends are re-invested to purchase additional shares at the closing price applicable on the ex-dividend date.

Total shareholder returns in 2010 were significantly impacted by the cancellation of dividend payments and the fall in share price brought about by the events in the Gulf of Mexico.

