



The energy brand debate:
Why energy businesses
need to adapt their brand
communications to a
new reality

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A Thirdperson pink paper
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Are energy brands in crisis?

Compounded by the Covid-19 crisis, the current energy landscape has left many energy sector brands needing a bit of TLC, while for others, particularly traditional oil and gas producers, it's more a case of intensive care.

This paper looks at the brand challenges facing energy companies in the context of the post-Covid energy landscape and poses some key questions for energy brands to consider.

Covid-19: accelerating the pace of change

Expectations around the pace of transition to a low-carbon future are increasing all the time. 'Climate emergency' is now the accepted lingua franca of the situation the world finds itself in.

Accelerating the energy transition is generally considered to be essential for the UK to meet its Paris Agreement commitment. It also creates huge opportunities for the UK energy sector.

The Covid-19 crisis initially saw a dramatic fall in CO2 emissions as fossil fuel consumption collapsed, followed by a renewed surge as economies re-opened. This has added fresh momentum to the clamour for sustainable alternatives.

Nick Turton, External Affairs Director at the Energy Institute, believes the challenge is greatest in oil and gas because the polarised public debate about the energy transition has already cast the sector as 'the bad guys'.

'With the drop in demand caused by Covid-19, the waters are certainly choppy for oil and gas companies and, unlike the last global downturn in 2008, this time the relative cost of alternatives like solar and wind are far more competitive.'

Gareth Wynn, OGUK's Stakeholder & Communications Director argues that the limited lasting impact on emissions that even the radical changes brought about by the pandemic have had, makes it clearer than ever that achieving our climate targets requires 'a fair, inclusive, and sustainable transition.'

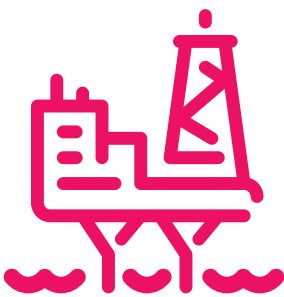
Low-carbon surge

Even before the pandemic, the share of UK power generation made up by fossil fuels had fallen to a record low and renewable energy had become the UK's largest source of electricity.

Supplies of renewable energy boomed during the lockdown, while the fall in demand for oil added to the already considerable investor disillusionment with the sector, even with the continued revival in historically rock bottom oil prices as global economic activity has picked up.

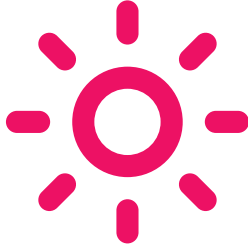
At the same time, the pandemic has also led to a revival of interest in nuclear energy as a long term solution to the climate crisis, particularly at a time when governments may be attracted to large infrastructure projects to restart stalled economies.

Meanwhile hydrogen fuel is being widely touted as the answer to decarbonisation, particularly for heavily polluting transport



systems, although there remains considerable debate about the safeguards required to ensure the use of low-carbon energy sources in its production.

New approaches to energy storage will be key to enabling further expansion of wind and solar, as evidenced by the start of construction in the UK of the world's largest liquid air battery, designed to store renewable energy and cut carbon emissions from fossil fuel plants.



The government is now being urged to ensure a sustainable economic recovery rather than one that props up high-carbon energy. The International Energy Agency has called for urgent reform of energy generation and consumption focusing on wind and solar, alongside dramatic energy efficiency improvements and modernisation of electricity grids to avert a catastrophic rebound in emissions.

Responding to changing perceptions

The shift in public opinion on climate change and against fossil fuels has been dramatic and rapid.

Nick Turton at the Energy Institute, believes that ‘the climate emergency is the lens through which reputation and brand strategies are increasingly looking, because it’s where public opinion, government policy and, crucially, investor sentiment are at, certainly in the UK and other similar economies.’

But he cautions that there is no one-size-fits-all answer:

‘It entirely depends where you sit.’

There are now countless examples of businesses responding to public pressure and potential reputational risk, by committing to net-zero, both within and beyond the energy sector itself – with BP and the UK aviation industry, respectively, among the most prominent examples.

The oil and gas majors are under sustained pressure to stop exploration or at least reduce production, with environmental groups calling for an end to new licences and the running down of current oil and gas fields. A number of other countries have already banned or severely restricted new offshore oil and gas exploration.

While it has been generally accepted that there is a continued place for hydrocarbons in the transition to net zero, the changes in energy consumption seen as a result of Covid-19 are likely to force the pace of change and the future for fossil fuels now seems much more uncertain.

There is also an increased likelihood of greater regulation of investments considered to be in breach of the Paris Agreement.

Progress towards decarbonisation is now imperative for traditional energy businesses to maintain their licence to operate.

And investor sentiment is shifting rapidly, as climate change alters how providers of capital view the long-term prospects of traditional energy companies, along with a rapidly growing appetite for ethical investing in low-carbon alternatives.

Changing the narrative

Nick Turton at the Energy Institute believes that:

'the savviest operators and those that will stay credible longer, are those who are brave enough to reflect the climate emergency in their own narratives, take demonstrable action to clean up how their core products are produced and burned, and champion cleaner alternatives.'

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Companies in the sector will need to be increasingly agile to adjust their vision and service offerings across the low-carbon value chain in response to these changing external pressures and a more volatile marketplace. Like the major operators, supply chain businesses are also increasingly diversifying into low-carbon energy or new markets altogether.

Having already set a goal of net zero emissions by 2050 or sooner earlier this year, BP's recent announcements of record financial losses and the write-down in the value of its oil and gas assets in anticipation of reduced future demand, underlines the seemingly unstoppable forces impacting the sector.

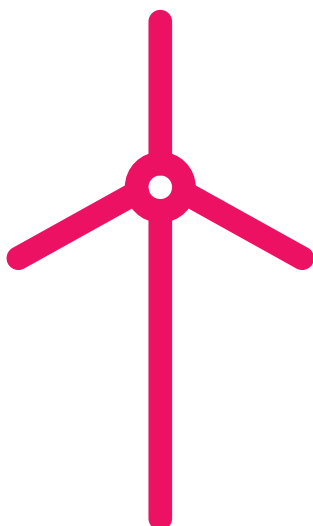
However, despite the apparent change in strategic direction of BP and others, many industry observers have suggested that the oil and gas majors need to set out more detailed plans for the interim steps they will take to meet these ambitious targets.

Brand challenges

Addressing all of the factors discussed above requires effective management, strong leadership and clear communication. But the Covid-19 crisis has brought them into even sharper focus and highlighted the need for a reassessment of brand and communications for many in the energy sector.

There have been numerous examples of traditional oil and gas companies responding to changing attitudes by 'rebranding' themselves as 'energy' companies. Industry bodies are also repositioning themselves to reflect the world's shift to cleaner energy in the fight against climate change

While these rebranding exercises may reflect a genuine change in direction, they have often prompted accusations of greenwashing.



Energy brands will need to redouble their efforts to engage with consumers and other stakeholders in line with changing attitudes. They need to be open and honest about the difficult energy challenges and dilemmas ahead, and the need for wider change in public behaviour to support energy transition.

They also need to forge new partnerships to pioneer carbon-neutral solutions and transformative technologies – and this too throws up new communications challenges.

For its part, Nick Turton says the Energy Institute is building up collaborations in onshore and offshore wind, in hydrogen, carbon capture and power networks.

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‘We’re finding they have more in common that you would think. Tribalism won’t help us get to net zero while meeting growing global demand. Energy’s future is not about either/or, it’s and, and, and...’

Informing the debate

In addition, traditional energy brands need to ensure a seat at the table to inform the debate on the energy transition and to protect their licence to operate. They need to take the initiative and position themselves as key to developing the solutions to net zero, working closely with the government while highlighting the sector’s contribution to the UK economy in terms of tax revenues, employment and energy security.

Gareth Wynn at OGUK believes that by meeting UK oil and gas needs with energy produced with fewer emissions, and at the same time using its skills to develop technologies that will help other energy intensive sectors to slash emissions, the UK oil and gas sector can play a key role in the transition to a lower carbon and more diverse energy future:

‘This has been reaffirmed in our recently announced target to halve emissions from the production of oil and gas by 2030 en-route to achieving net zero emissions by 2050.’

This sentiment is echoed by Marc Height, Head of ESG at Curation Corporation, who says:

‘While the oil and gas sector has traditionally had a large impact on emissions, it will also need to play a substantial role in the future low-carbon story. To date we’ve seen great progress in the decarbonisation of the power sector, but to meet the goals of the Paris Agreement we will also have to cut emissions from harder-to-abate sectors, such as industry, shipping and aviation.’

According to Marc, this means technologies such as hydrogen and carbon capture will become increasingly important. Oil

and gas companies, with their expertise in handling fluids, in chemistry and in drilling – when it comes to sequestering CO₂ – can play a vital role:

‘Effectively communicating this journey, for the firms that manage to do so, will also be very important.’

At the same time, there is increasing public awareness of the continued lobbying power of the major oil producers to influence the climate change conversation. If they are to continue to influence that conversation, energy brands will need to work harder to win hearts and minds.

It is also widely acknowledged that the skills and expertise of the oil and gas sector will be vital to achieving the transition to low-carbon energy and emerging energy brands will have to work hard to attract that talent.

In short, businesses across the energy landscape face unprecedented challenges in developing effective brand communication strategies to maintain trust with existing audiences and build trust with new ones.

In the final section of this paper we highlight some key brand communication questions for energy companies to consider.

Key energy brand communication questions to consider



How will you keep your people onboard?

How do you take the pulse of your people? How are you communicating your vision internally and cascading your strategy through the business? How can you energise your people around a shared vision, improve employee engagement and keep up momentum?



How will you attract new talent?

What is your value proposition to employees? Do you understand what prospective employees are looking for? How will you attract, engage and retain them in a competitive market? What are the values and behaviours that will sustain your business over the long term?



How will you adapt to changing markets?

Who are your key audiences? How are they changing? How do they segment? Do you have a clear understanding of their changing needs and motivations? Do you need to change your comms approach and channels to engage them? How will you tell your brand story?



Is your brand still fit for purpose?

Does your brand reflect your strategic vision and future objectives? Will it allow you to engage effectively with all constituent audiences – consumers, existing and prospective employees, partner organisations, government, NGOs and the media?



What is your place in this new world?

Have you defined your future vision and values? How will you remain relevant in the changing energy landscape? What's the story you need to tell and is it compelling? How can you influence the climate change conversation? How will you win hearts and minds?

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We're called Thirdperson because that's the position we adopt – we stand back and help organisations to communicate creatively and effectively with their chosen audiences.

We believe that the secret to success in brand engagement and communications isn't just creativity. It's as much about a rigorous, structured approach to understanding the audience.

Our proven approach to creating and evolving effective strategies for both internal and external audiences helps teams build clear propositions and tools to communicate effectively and create successful engagement.

For further information, or to discuss your specific brand or communication challenges and how we can help, please contact Thirdperson.

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