„PRACTICAL EXPERIENCE“ RELATED TO CRISIS COMMUNICATION DURING THE OIL AND OIL PRODUCTS SHORTAGE

Lukáš HARAZIN¹, Oldřich KRULÍK², Oldřich LUŽA³, Zuzana KRULÍKOVÁ⁴

Abstract:

Oil security (not just oil shortages, but many other possible scenarios) are challenges for society, businesses, or government authorities. The public sphere is in a difficult situation: positive and proactive communication can cause a panic reaction to the public. The same pays for the strategy based on the „relativisation“ of the situation. Based on examples of different „strategies“ in this respect, the authors attempt to summarize their steps to illustrate the „least-bad“ attitude towards this challenge. Individual states are under different conditions, regulatory systems are also different, and the same can be said about the nature of the respective nation.

Keywords:

Oil security, fuel, measures, communication, feedback.

Introduction

Oil shortage is usually demanding challenge. The government is in complicated situation: positive and proactive communication can cause panic reaction of public, as well as strategy, based on relativisation of the situation. On the basis of examples of different „strategies“ in this regard we are trying to summarize its utilization to illustrate the „least wrong“ attitude to this regard. Individual states are in different conditions, the regulation systems are also different, and the same can be said about the nature of the respective nation. The relevant recommendations are presented as an inspiration to some kind of manual that can be used by the public bodies, as well as private companies (especially with regard the drilling and distribution companies). Already at this point it should be noted that, with regard to the topic of study, any coherent concept obviously does not exist, and the potential „manual“ for expert use would be a combination of partial approaches as well as attempt to overcome existing gaps that objectively exist (and aren’t addressed either entirely, or only in very marginal way). Individual scenarios, examples or studies, mentioned in the article, demonstrate some development, potentially usable for the authorities as well as private firms in the Czech Republic. Although the authors have identified other cases, interconnecting the topic of oil shortage and (crisis) communication with public (such as Uganda, Lithuania, Nigeria, etc.), they have not found enough open-sources of information, transferable and generally usable in other their countries.

Materials and methods

Experience from France: The communication regarding the fuel shortage

This part of the study is based on the indicative press monitoring from May and June 2016 (Le Figaro), related to the blockade of refineries in France. The impact of protracted conflict on society is substantial and multi-layered. After the experience with the last fuel shortage scenario in France (2010), it seemed that this country should be prepared for possible problems related to the lack of fuel. However, the opposite is true. (Bartnik, 2016; Decléty, 2016; Strikes, Demonstrations, 2016; Landré, 2016; Leclerc, 2016; Mehadji, 2016; Monicault, 2016; Plummer, 2016; Théobald, 2016; Valls, 2016)

In May 2016, France faced the threat of lack of fuel. Pretext for the wave of strikes at refineries was the governmental proposal of reform of the labor law.

¹ Police Academy of the Czech Republic in Prague, Praha, Czech Republic, harazin@polac.cz
² Police Academy of the Czech Republic in Prague, Praha, Czech Republic, krulik@polac.cz
³ Police Academy of the Czech Republic in Prague, Praha, Czech Republic, o.luza@polac.cz
⁴ Police Academy of the Czech Republic in Prague, Praha, Czech Republic, z.krulikova@email.cz
The new laws make it easier for employers to fire workers and reduce overtime pay. The government used special powers earlier this month to bypass the French parliament to pass the legislation because it feared the measures would be defeated. (Kottasova, 2016)

This development led to a decline in production at three refineries (Donges, Feyzin and Normandy). Later their production was stopped completely, when protesters from French Oil Industry Group (UFIP) proclaimed a siege blockade there. Fuel was not transported to relevant destinations (hundreds of petrol stations, see Fig. 1) and panic among consumers was able to graduate. "Three refineries have been forced to halt operations, and the government has made use of its emergency reserves of fuel for the first time in six years. One in three gas stations is short of fuel or completely dry. But there's no danger of France running out of petrol and diesel anytime soon. The French government said it still has 115 days of consumption in its fuel reserve." (Kottasova, 2016)

The representatives of the government eased pessimism and stated that everything is under control. Minister for Transport Elisabeth Borne has repeatedly stated that there is no major shortage of oil or supply difficulties in certain areas. She urged consumers not to increase panic and to maintain their usual patterns of consumption. (Panicked Drivers, 2017)

"Advice to motorists around France was to stick to usual refuelling routines: I'd say if you don't plan to run your car any more than usual for the next week or two, then there should be no problem. If you're planning a long trip or need your car more than usual, then you probably need to make sure you have enough." (Mosier, 2017)

Despite the fact that the government insisted that no shortage of fuel was expected within weeks or months, motorists started to panic. At least this was true for the northern part of France. Also stations in Marseille and near Lyon were hit by this situation. The lack of fuel was not caused by the shortage itself, but more likely it was the impact of the fear from the concern of motorists who were afraid of gas shortages in the coming days.

A great role was played also by the fact that during the time of the strike was France preparing for European Football Championship. It was expected, that championship - and thousand of fans travelling across the country - will bring economic benefits for the entire country. UFIP representatives noted that there is nothing to worry about, that there is no shortage of fuel, although they admitted that locally, especially in the western part of France may be the fuel sold out. The dispute comes at a difficult time for France. Tourism has slumped following deadly terrorist attacks in Paris last year, and the economy is expected to grow by just 1 % this year. The country is preparing to host the European soccer championship, which kicks off on June 10 in cities across France. The blockades are also scaring big oil companies. Total, which operates five of the eight refineries, said it might revise its investment plans in France following the blockade. (Kottasova, 2016)

It is worth to mention, that the situation in France was carefully monitored in the United Kingdom. The British tourists have been advised to fill up with petrol or diesel at home before holidaying on the continent.

An interesting dimension of the tense situation, which can also be seen as a milestone for dealing with similar situations in the future, were the advertising campaigns of the manufacturers of electric vehicles. "When's the best time to advertise electric cars? The middle of a gas shortage ... Gas stations are running dry, lines are building at the pumps and people are hoarding fuel. The only people smiling? Electric car owners." (Dichristopher, 2017)

Other manufacturers and distributors of electric vehicles and hybrids in France took a similar stance, attempting to overcome the current situation, when electric cars made only about 3 % of the car-fleet in the country. France's Renault launched a campaign to boost the visibility of its top selling electric car, Zoe. "In France, we don't have any more petrol but we do have Zoe." (Dichristopher, 2017)

Communication problems related to oil security in France has not been solved yet - although it is clear that the lack of fuel causes a string of negative phenomena in society (riots, looting, theft, herd behaviour, violent crime, corruption, illegal trade). It is a question, what else must happen, to ensure
that communication with the public about energetic policy would become priority of the competent authorities. The startling finding is that there is no statistics, no information system to inform the state or the public about which fuel stations still have fuel. (Panicked Drivers, 2017)

**Mexico and United States of America**

Before Christmas 2016, drivers in different parts of Mexico were in long rows at petrol stations. The lack of gasoline was recorded in at least 12 Mexican states, including San Luis Potosi, Guanajuato, Aguascalientes, Chiapas, Nuevo Leon and Oaxaca (see Fig. 2).

"The shortages have been attributed to a number of factors, including pipeline theft, pricing and maintenance issues for state oil company Pemex, and speculation ahead of a shift to competitive-pricing model slated for January. These challenges and the resultant shortages come at a time when Pemex’s refining and transport capacity is lagging the strong growth in demand." (Petroff, 2016)

Many drivers bought fuel in stock, although Pemex authorities asked consumers not to make "panic buying" of gasoline to make the situation even worse. At the same time, however, the speculation about the removal of subsidies and the increase of petrol prices for the next year by 10 to 20 % were not refuted.

![Fig. 2 The GasBuddy website, which asks the driver to report the service stations that are out of service (red), has gained popularity.](Woody, 2016)

The lack of supplies contributed to the widespread dissatisfaction of the public with the government. While the Mexican economy is growing and the number of cars also, the state's oil infrastructure is not. In 2016, Mexico, a major oil exporter until then, became the oil importer for the first time.

The state-owned industry only partially opened in 2013 to private investment to make it more efficient. (Petroff, 2016)

A year later, the United States, especially Texas, was dealing with the aftermath of Hurricane harvey (about 25 % of production in Texas, a 2 % reduction on a federal scale). There were signs of panic in Dallas that could lead to a self-fulfilling prophecy regarding the lack of fuel. The crisis was further exacerbating: The worried drivers were constantly filling up their partly full tanks as well as the tanks of vehicles that their families did not use so much, because they were afraid the petrol stations would be out of stock - and this would lead to a real shortage. (Tanneau, 2017)

Gasoline prices have risen from USD 2.60 sometimes to almost USD 8. The authorities asked the public to report excessive fuel prices (for example to take a photo of a petrol station price list and send it to the consumer protection portal consumerreamergency@oag.texas.gov). (Woody, 2016)

The situation was not "improved" by PetroTexFuel's management's statement that its stockpiles in South East Texas were empty. Texas Governor Greg Abbott tried to appease the public and said: "There is a lot of gas in Texas. Do not be afraid, it will not be sold out." Experts from the energy hedge fund Again Capital stress that the United States has gasoline stockpiles that are above average. "There's enough gasoline. You may not like the prices you're paying for it, but there's no reason for any kind of panic to ensue." (Tanneau, 2017)

Jay Hatfield, portfolio manager of AMC Fund, said that "Chances of long-term shortages are zero. The only question is if it takes one week, two weeks or three weeks, not a month, two months, three months. " (Woody, 2016)

**BP Communication Strategy**

Concept, related to 2010, is primarily reactive, related to the oil spill from the well in the Gulf of Mexico (Deepwater Horizon, from 20 April to 15 June 2010) and the negative publicity, in connection with the respective company. Experts from the advisory company "Calumet" in this regard emphasize that monitored the situation was full of emotions, because of the objective damage to the environment and the economy. In relation to the uncertain future of people living on the coast, it is difficult to downplay the situation (see campaign "I want my life back"). The authors first summarize the mistakes done by the BP (Beyond Petroleum,
British Petroleum) in the first phase of the campaign, and which damaged its image: (Lenci; Mullane, 2010; Villines, 2011)

- Original assumption that it is a small incident „under the resolution“ of the public and media was not fulfilled. The first communication was held in the sense that „no oil leaked“. Only gradually was accepted that there is leaking 1,000 barrels, 2,000 barrels, 5,000 barrels, 20,000, 30,000 and finally 60,000 barrels per day.
- Instead of an honest admission of guilt, there was a behaviour that the public evaluated not as „too optimistic“, but as arrogant and contempt.
- The company's management focused on technical solutions of the accident. Media coverage of the situation wasn’t understood as priority. The assumption that the public will appreciate it, wasn’t fulfilled. The same was true about too technical and generally incomprehensible statements done by the corporate experts.
- Unsuccessful was an effort to find a possible scapegoat (subcontractors and specific foramen). Thus denigrated companies and individuals faced the situation in very active way and summoned their own press conferences, where they held positions, detrimental to BP.

BP was later (the oil spill itself lasted 86 days) able to establish measures that have been evaluated positively:

- To support the public's demand for information, BP brought in employees from all over the country and engaged a number of consulting agencies to fill a range of needs: from media relations and government relations to community relations, advertising, online communications, and more.
- One of the firstly denounced foremen, Thad Allen, became the chief spokesman for BP on the topic of disaster. He exuded integrity, intelligence, and commitment. Allen was the reassuring spokesperson, the steady hand that the public needed to see. „It won't be done until the relief well is complete."
- After some hesitation, BP decided to invite media representatives into the centre and surface some of their technical staff as spokespeople.
- Particularly noticeable was the lead engineer on the relief well, John Wright. With him was associated description of the closure of the well, which described him as „an unassuming Aggie from Houston ... who must hit a 7-in. bull's-eye under a mile of water and 2 miles of rock, using a drill bit not much bigger than his two fists. “ (Villines, 2011)
- The media finally got other images and stories than just beaches and animals covered with oil: pictures of heroes in the company colours, trying to mitigate the impact of the situation on nature and landscape.
- Investments of about $ 100 million in professional press releases, advertisements and Internet page has paid off. Internet page was easy to understand and informative, including updates on the response, claims information, pictures, videos, BP contacts, and more. Visitors to the site could sign up to receive e-mail newsletters, and BP extended its online reach by placing, and continually updating, content on Facebook, Twitter, Flickr, and Youtube.

BP was able to manage the situation and to move it from a series of negative emotions, during the last days of the campaign appeared some criticism again, for example about the „too productive“ communication channel (over-producing of the information and materials). What had started out as an open and responsive communications approach began to look more like an effort to control and shape the news. Criticized were also some other aspects of the company's efforts:

- Some images seemed implausible, for instance those that showed mostly clean workers, unsullied beaches, and unaffected wildlife - depicting a view of the spill's impact more positive than other media images.
- Some activists also discovered that several photos on the site were electronically altered to depict several aspects of the response effort. BP confirmed that the pictures were touched up but did not explain why.
- The BP purchased search terms, including „oil spill,“ on Google and other search engines to insure that its web site would receive prominent placement in a search. BP tried to explain that this was an attempt to make it easier for people to find information about the spill. But it was criticized for trying to crowd out news media sources.
- BP sent regular e-mail news updates to people who registered. The idea was good, but the updates were not well-written. They were overly technical and consistently behind the media reports. Some of them were full of abbreviation, not familiar to wide public.

If we try to summarize the whole case study, it is possible to say, that BP was faced with an extraordinary set of circumstances in the Macondo well blowout and subsequent oil spill. Confronting the potential for environmental catastrophe, BP mounted the largest and most sophisticated spill responses ever. There were
many things BP got right and some missteps that may only have exacerbated the company's terribly difficult situation. Efforts to extract some lessons for future incidents of this kind and for oil companies, can result in some general recommendations:

- Try to avoid many of the communications failures by promptly sending senior executives to the scene and providing regular updates on the response.
- General unspecific acceptance of guilt can also help ("This situation is a tragedy that never should have happened"; "Our firm take full responsibility for the relevant expenses"; "We are committed to making this right.").
- Prefer to avoid any numbers (estimates of the impact of damage or duration of resolving the situation).
- Avoid also to speculate about who is in charge of (who caused) the damage. This investigation can wait a bit.
- In a large incident, a range of spokespeople, including engineers and other on-the-ground experts, can help feed the public need for factual information and reassurance that the response is being handled appropriately.
- Providing media access to command centres, worksites, and video and other materials can build trust and enhance public understanding of an incident response.

**Corporate communication study: Incidents in India**

The paper focuses on the role played by the corporate communication departments, during crisis that occurred between 2005 and 2009 in oil sector in India. (Saha, 2014)

Crises do not discriminate itself based on a company's size or ill repute, and they can hit when a company least expects them. During the time of crisis, one of the crucial challenges for any organization is to identify the right media channel and communication attitude, to keep the maximum impact. According to the authors, quick response, albeit with vague content, is better than silence, which will provide space for speculation. When the situation arises, many institutions and companies stay unprepared and tend to handle the situation inefficiently. Organizations who waste valuable time at the beginning of a crisis can expect to see a monetary loss in terms of revenue and stock prices. Sure, some scenarios are purely unpredictable, but it would be a mistake not to prepare to scenarios that are predictable.

Some important steps involved in drawing up a contingency plan include:
- Specify the likely consequences.
- Assess the degree of risk to each eventuality.
- Draft the plan and identify responsibilities.
- Simulate crises and run „paper exercises” to each serious scenario.
- Prepare positive write-ups related to each unwanted development.
- Analyse, whether you might expect aggressive counter-communication during individual scenario and prepare relevant proactive reaction.
- Simulate event appearances by higher management.

As an example of best practice in this context is often mentioned the Johnson & Johnson’s (company, not connected with the oil industry). This company was able to handle the affair, when the cyanide contained in the drug Tylenol killed at least seven people.

Conversely, as an example of failure are mentioned some cases of India itself. For illustration, a strike that paralyzed oil drilling in the Nazira-Sivasagar (region Assam), was based solely on the grapevine and fears of privatization of state oil concern. Interruption of mining extensively damaged mining equipment, generally designed for continuous operation. State authorities had delayed in media and other reactions, so communication channels were filled with the attitudes of other actors. Local political leaders were talking about discrimination of the remote peripheral territory. Instead of the original requirements, regarding future mining conditions, suddenly appeared call for massive infrastructural investment in northeast India.

Local and nationwide media also helped to put the fuel to the fire. They were busy listening to the local people and they did not bother what the government wants to say. The strike took much longer time than anybody originally anticipated and the costs to fix the situation were multiple, than in the case of the immediate response scenario.

Usability of the document for other actors (including institutions such as state reserves or state or semi-state companies in the oil industry) particularly applies to following generally applicable recommendations:
- Corporate communication must be linked closely to the company’s or institution’s overall vision and strategy. Company’s corporate communication team plays an important role in defining a corporate mission and communicating that to the external and internal constituents.
• Internal corporate communication not only conveys organizational messages to its employees, but also makes sure that the message is not misinterpreted and is rightly understood and accepted. Choosing the right channel (and trustworthy spokesperson) is an essential pre-requisite for successful communication.
• The first step in preparing for a crisis is to understand the basic fact that any organization, no matter what industry or location, can find itself involved in very unforeseen situation.
• If the crisis arises, people in charge of corporate communication should immediately set up a brainstorming session with the relevant senior managers and representatives of the area who are most likely to be affected by the crisis.
• The strategies that an organization should adopt to maintain the reputation of the brand includes positive write ups in publication’s editorial, advertorials/ads denying the allegations, event appearances by higher management, as well as „terrain“ meetings to clarify the situation.
• Understanding the (sometimes unclear and hidden) individual players motivations behind the crisis is also more than crucial.
• It is also necessary to prepare road map to handle crucial crisis scenarios and to carry out effective internal and external communication with the employees, management, media, stakeholders, investors and consumers - in order to maintain the reputation and image of the institution.

**Talkwalker Crisis Management in the Oil Industry studies**

Two interconnected, de facto anonymous, studies on the Talkwalker portal (offering services in the field of content analysis, social networking and related influencing of the public opinion), points on „communication strategies in the oil industry“ following: (Three Steps to Better Crisis Management in the Oil & Gas Industry, 2015; Three Steps to Better Crisis Management in the Oil Industry, 2015)

It’s no surprise that companies in the oil and gas industry are often at the sharp end of criticism from many directions. Customers are complaining about high prices for petrol, Environment groups are protesting against new projects, etc. The oil companies are usually the „bad guys“. That’s why they must, more than other firms, aim for continuous and proactive public relations. During this phase, active public relations and communications should already have established social media monitoring and reporting processes to evaluate their company’s online performance and be aware of potentially critical topics. With this knowledge, the firm or other institution can prepare a communication strategy; establish approval processes and train employees and management on how to handle media inquiries about relevant topics. „Depending on the regions or languages the team wants to monitor, the search queries can also be adapted with language or country filters. This is especially useful if social media monitoring and analytics are handled by country-specific teams or the public relations team can expect an increased level of buzz in one particular market, for example due to a protest or after a new campaign is launched in a country. ” (Three Steps to Better Crisis Management in the Oil & Gas Industry, 2015)

Pre-defined dashboards allow for an easy overview of a company’s online performance. Dashboards, which already cover important metrics for different cases, are efficient way to get important insights at a single glance. By adding some important theme cloud to their individual dashboards, communications managers can monitor the development of the general conversation and react immediately to shifts some negative trends. At the same time, this attitude allows them to monitor the success of their crisis communication strategy and further adapt it, if necessary.

For crisis tracking and management, it is key to be up-to-date on the public conversations about any of important topics and react as quickly as possible to prevent lasting damage to company or institution reputation. For communications teams at oil companies it is important to keep track of the overall discussion about their firm, to be aware of the sentiment towards them, and monitor the company’s reputation as well as public opinion towards the company. It is also necessary to react quickly with a targeted communication strategy or by adapting the already existing campaign. In advance prepared response with regard some controversial topics must be complemented by flexible types of expert teams (economy, environment, social aspects etc.). Communications team should be sure to have their side of the story heard. This is not only important for the company’s reputation, but the decision could also have a direct financial impact.

Usability of the document for other players (including institutions such as state reserves or state or semi-state companies in the oil industry) suggests the need to follow the latest technical possibilities of monitoring the media space, including social networks and discussions connected to news webpages.
Regarding the methods and/or recommendations related to the issue, there are not many unambiguous summaries here. The public sphere is in a difficult situation: positive and proactive communication can cause a panic reaction to the public. The same pays for the strategy based on the „relativisation“ of the situation.

Among other things, for them it may be more appropriate to use the methods of so-called „social intelligence“ to detect and prevent upcoming crises already in the pre-crisis phase (also called the „calm before the storm“). Anyone who „hear the grass grow,“ will be at an advantage compared to those who adhere to traditional methods or remain entirely reactive.

Results

As evident from previous passages, it is difficult to identify a coherent approach to the topic of oil emergency in a foreign environment - either this would be applied for academic study or practical response done by respective experts or politicians. The topic is mentioned only in fragments and possibly attitude of the state reserve authority in any specific country would have to be constructed on a „greenfield“. Undoubtedly, there is yet possible to use general rules of the crisis communication, as well as some modern technical trends, related to the media analysis (see Fig. 3). However, it is possible to draw out at least partial examples of best or bad practice from various foreign, transnational or academic insights, which can serve as “puzzle of information” for interested national experts. In part, it may serve as a background material that can be used to educate experts at national or regional level (some of them are very hesitative, about the potential propability or severity of oil shortage scenario, although foreign examples show the diversity of the topic, including the possible causes of a very rapid escalation of the situaion).

Conclusion

With use of the foreign experience it is also clear that if the proclamations of the responsible authorities are not going hand by hand with the strict regulatory measures, their impact is rather counterproductive. Instructions for „calm reaction“ are generally not accepted by the public. The result of such attitude is very often just opposite: The public such instructions understand as confirmation of the fact that the situation is serious. It is therefore generally inappropriate not to deal with the situation (of oil shortage) only when it really occurs. It is necessary to understand the agenda itself in a broader context, to approach it in advance. Only interconnected technical, international-political and media measures can help to ensure that a possible stress situation of this kind does not exceed a certain limit. The potential of the oil shortage should be seen as an appropriate topic for the exercise of crisis management bodies (ideally not at regional but at nationwide level - because this situation will probably not be limited to a particular region). The whole spectrum of the preventive but also repressive measures (distributing of fuel vouchers, protection of filling stations and refineries, publishing press releases for the public, etc.) would be practiced. The authors are also going to prepare a separate contribution on the topic, designed as a manual for public authorities.

References


Le Figaro. 26th May 2016. [cit. 2018-01-02] Available at: http://www.lefigaro.fr/economie/2016/05/25/20003-
20160525livesw0011-en-direct-greve-raffinerie-depot-carburant-penurie-loi-travail-valls-hollande-force-
de-l-ordre.php (in French).

cgi?article=1092&context=ugtheses.

com/christmas-gas-shortages-weaknesses-in-mexicos-oil-industry-2016-12.