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LCBB5015 Principles of Marketing at SHELL

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1. Introduction of the report

The purpose of this report is to analyse the external and internal factors that may affect Shell as a company. I have chosen the SWOT analysis model to develop these main factors, as it allows for the simultaneous examination of both internal and external elements influencing the organization

1.1 Introduction to business

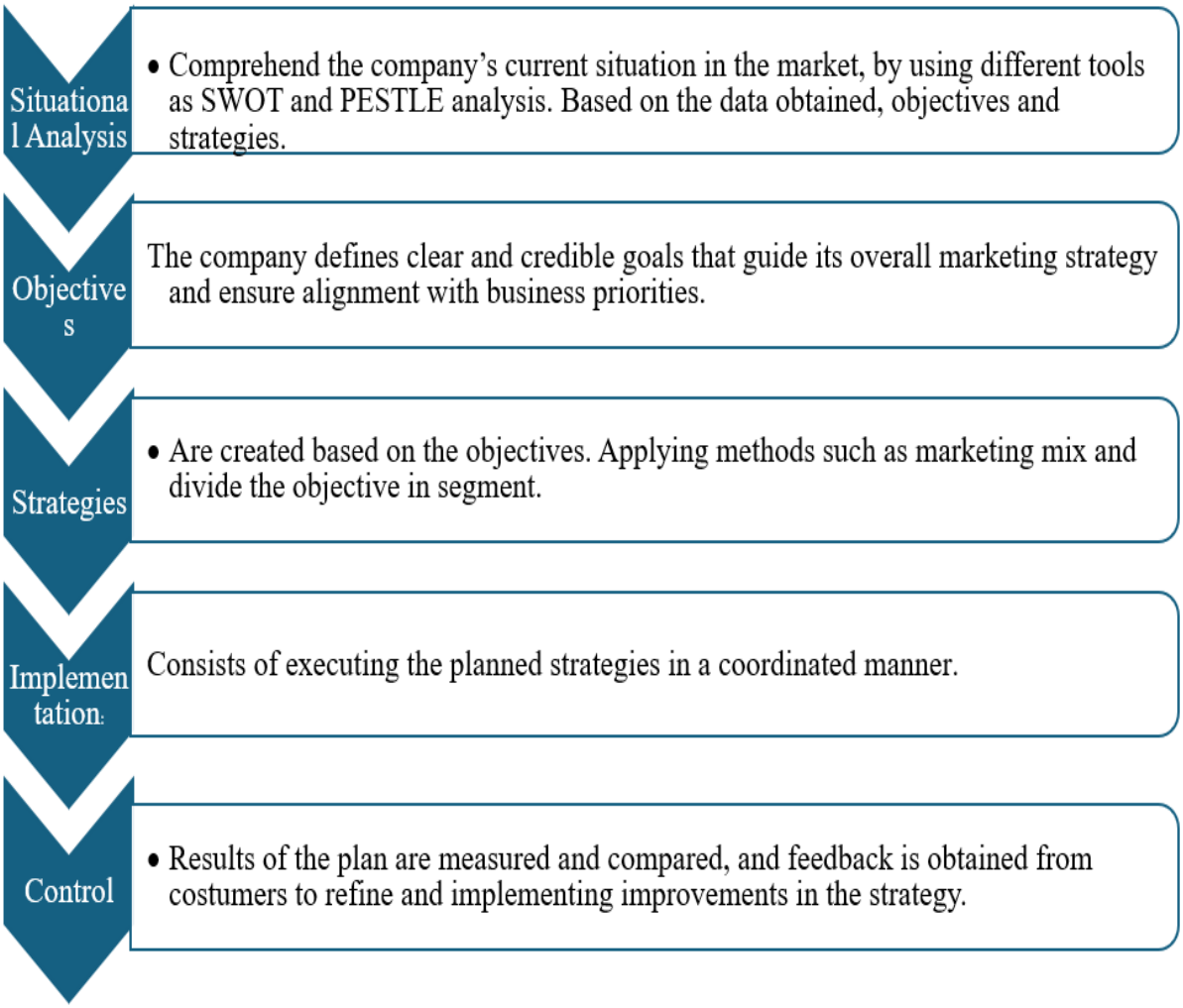
From Seashells to Global Energy Leadership: Shell originated in London in 1833 when Marcus Samuel opened a seashell shop importing goods from the Far East. In 1897, he founded the Shell Transport and Trading Company, which merged with Royal Dutch Petroleum in 1907. This union enabled Shell's expansion across Europe, Asia, and America. During World War I, Shell became the main fuel supplier for the Allies (Heller, 2009).

Today, Shell operates in the energy and petrochemical sectors, focusing on oil, gas, and renewables like electricity. It offers fuels for domestic and industrial use, engine optimization services, technical support, and loyalty programs with discounts (Shell UK, 2025). Ranked fourth in the global energy market, Shell increased its brand value by 4% to USD 50.3 billion (Brand Finance, 2025).

1.2 Marketing process concept

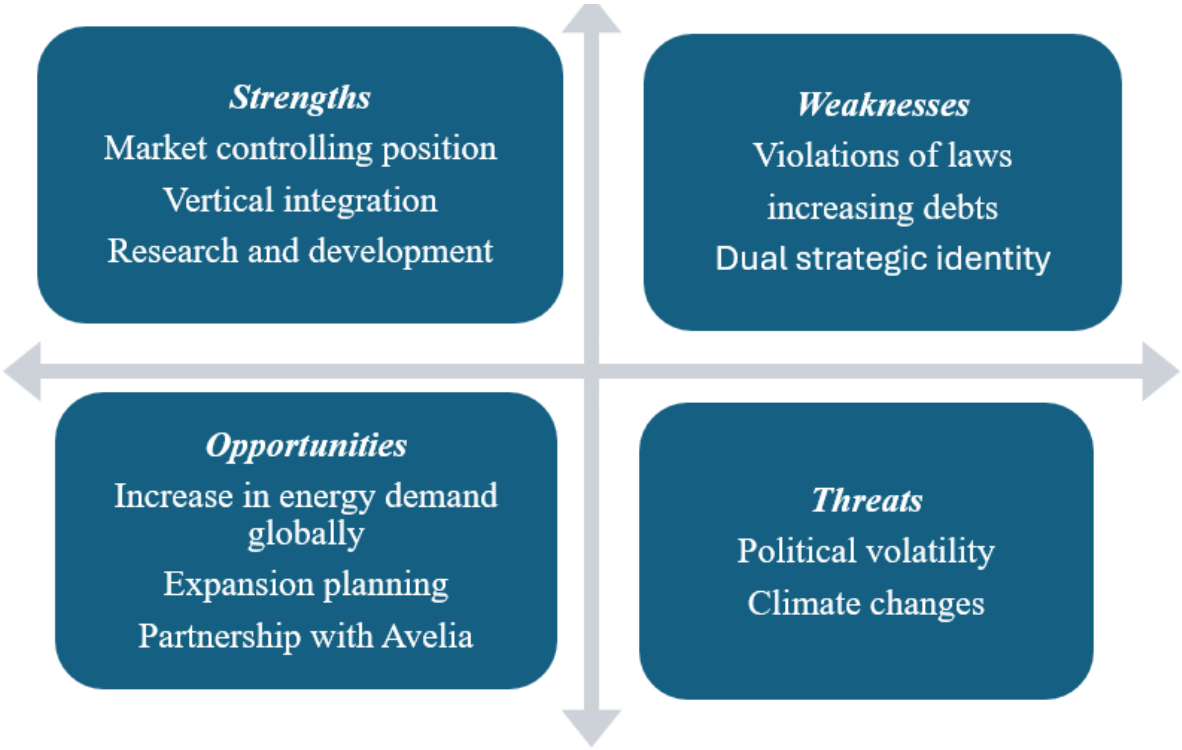
The marketing process are developed in multiple stages that a company uses to determines a market challenge and identifies its target public for a peculiar product. And design and execute strategies to face it. For generate the maximum profit.

1.3 Stages of Marketing Process



(Cambridge Network, 2023).

2. SWOT analysis model of Shell



(Shastri,2025)

3. SWOT Analysis and Evaluation of SHELL

3.1 Internal Factors

- **Strengths**

  -Market controlling position

  Shell holds the fifth position globally in the petroleum industry, operating in over 70 countries (Bhasin, 2019). Its strong international presence enhances industry influence and positively impacts employee engagement and motivation. For instance, in 2024, Shell reported a net profit of $43.4 billion, reaffirming its rank in the global energy market (SWOT & PESTLE, 2025).

  -Vertical integration

  Shell has consolidated its operations across the value chain, from raw material extraction to direct customer distribution (Bhasin, 2019). This integration enhances coordination, improves communication, and reduces intermediary costs. For example, crude oil extracted by Shell is transported via its own pipelines and tankers to Shell-owned refineries for processing (Shell UK, 2025).

-Research and Development

Shell is constantly improving the innovation to use AI and automation to produce fuels and alternatives as biofuels and gas with less cost. As a result, obtain a superiority in front of competitors. (Bhasin.2019). The impact on Shell it can mean a strategic advance to plan decisions for company future development to reach and surpass the competitors. According to Shell UK (2025). Shell invest profit in research and technologic development, due that innovation is the first one in achieve a milestone in extracting oil from more than 1000 feet deep, from his oil platform in the Gulf of Mexico.

- **<u>Weaknesses</u>**

-Violations of laws

In recent years, Shell has faced legal actions in countries like Nigeria, Argentina, the USA, and the Netherlands for oil spills, fraud, corruption, and human rights violations (Pacini et al., 2019). These issues have deeply impacted Shell's operations, environment, and social standing, affecting its business model, reputation, and long-term strategy. A key example is the *Milieudefensie et al.* case, where environmental groups sued Shell in a Dutch court, resulting in a ruling that ordered a 45% CO_2 reduction by 2030 (Duncombe, 2024).

- Dual strategic identity

Shell faces internal tension between its commitment to clean energy and continued investments in fossil fuels (Northwood, 2025). This duality creates uncertainty among stakeholders and affects long-term strategic planning. For example, Shell announced new oil projects in Brazil and Mexico while simultaneously promoting its net-zero emissions goal for 2050 and investing in renewables like hydrogen and electricity (Shell UK, 2025).

-Increasing debts

Shell reported negative earnings in Q2 2025, driven by major investments in energy transition initiatives (Bhasin, 2019). This financial strategy focused on asset management and capital allocation has increased borrowing costs and limited investor

confidence, reducing overall profitability. According to Acharya (2025), HSBC downgraded Shell's rating to "hold," citing rising debt and the loss of its valuation premium compared to competitors.

3.2 External Factors

- Opportunities

  -Increase in energy demand globally

  The rapid development of both advanced and emerging economies has increased energy demand, particularly in transport, industry, and residential sectors (Sheridan, 2025). This trend positively impacts the economy through infrastructure investment and job creation. According to Shell UK (2025), Shell expects a major rise in global energy demand and promotes LPG use, driven by Asian market expansion and emission reduction goals.

- **Expansion planning**

  Shell is expanding its investments in renewable energy, starting with LPG and electric charging stations, while reducing fossil fuel reliance by selling high-emission assets (Sheridan, 2025). This shift supports environmental goals by lowering greenhouse gas emissions and promoting cleaner energy. According to Cherepovitsyn and Rutenko (2022), Shell is aligning with international climate regulations, applying AI for carbon reduction, and reshaping its business model through long-term strategies and global partnerships like Avelia, which advances sustainable aviation fuel.

- **Partnership with Avelia**

  According to Shell UK (2025), Shell—initially the main SAF supplier—offers the fuel through Avelia, a digital platform. In 2025, Avelia evolved to include multiple suppliers, broadening SAF access for companies and airlines. This collaboration marks a strategic shift toward climate action, targeting aviation—one of the most carbon-intensive transport sectors.

- **Threats**

-Political volatility

In recent years, Shell has faced political instability, including international conflicts and new climate regulations, which have driven up fuel prices (Sheridan, 2025). These fluctuations negatively affected Shell's global operations, reputation, and financial standing. According to Hurley (2025), Shell reported losses in its renewable energy segment in 2024 due to low profitability, prompting a strategic shift back to fossil fuels amid growing shareholder pressure on climate-related actions.

-Climate changes

Shell is at the centre of the climate change debate, as one of the largest oil companies globally and a major contributor to greenhouse gas emissions (Sheridan, 2025). Climate-related impacts affect Shell across legal, reputational, and strategic dimensions. According to the Business & Human Rights Resource Centre (2025), the British government denounced Shell for severe environmental damage and human rights violations linked to pollution in Nigeria's Niger Delta.

3.3. Advantages and Disadvantages of SWOT model

Advantages

- **Integrity:** Considers both internal (Strengths, Weaknesses) and external (Opportunities, Threats) factors.
- **Intelligible:** Clear to comprehend.
- **Collaborations:** Cover numerous stakeholders and promoting shared view to management.
- **Strategic:** Permits create strategies according to the market and capabilities circumstances.

Disadvantages

- **Subjectivity:** It is subjective to the participants perspective.
- **Lack of prioritization:** Doesn't rank or weigh the importance of each factor.
- **No provide solutions**: Identifies issues but does not contribute directly on the strategies or implementation plans.
- **Contextual dependency:** Its effectiveness diminishes when not updated frequently or when implemented without regard to the real-world context.

4. Recommendations

- **Internal Factors**

1. **Promote conscious leadership** focused on long-term sustainability and organizational well-being over short-term financial gains.
2. **Unify data platforms across all operational segments** (downstream, upstream, midstream) to enhance decision-making and efficiency
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- **External Factors**

1. **Invest in social impact initiatives** like rural energy access and environmental education to strengthen reputation.
2. **Form alliances with environmental organizations** to foster collaborative sustainability efforts and deepen stakeholder engagement
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5. Conclusion of Shell's SWOT Analysis

In summary, the key findings indicate that Shell prevails in a strategic position, supported by its strong global presence in the energy market. This is largely due to its energy diversification and advanced technological capabilities. However, Shell continues to face significant challenges stemming from climate change, evolving legal frameworks, regulatory pressures, and the ongoing energy transition.

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