

Marketing Environment Analysis of BHP

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Task 1: Marketing Environment Analysis – BHP

BHP is an extremely large mining company and the transition to a lower-carbon economy is influencing its business. BHP claims it is willing to assist in supplying the materials required in clean energy, including copper and nickel and it also claims to work on cleaner production processes and lower-carbon steel chains. The board approved its Climate Transition Action Plan (BHP, 2024) and received the support of 92% shareholders (BHP, 2025), indicating that climate action has ceased to be a side issue, and it is now a major business issue.

Actor 1: Natural Environment

The most significant external actor to the lower-carbon transition by BHP is the Natural Environment. This actor is of importance since climate change has direct impacts on mining. Qarahasanlou et al. (2024) indicate that mining is increasingly being exposed to harsh weather conditions, deteriorated infrastructure, water shortage, tailings hazards, and supply chain deactivation. It further indicates that in addition to adapting to climate change, mining companies are now under pressure to reduce their own greenhouse gas emissions and to adjust their operations to climate change (UNEP FI, 2024). To BHP this is critical since mines require stable weather, water supply, and good roads, as well as good tailings management. Should any of the heat, drought, flood, and fire be aggravated, the cost will increase and the production will be less predictable. It implies that the natural environment is not simply an environmental concern, rather it is also a business risk and a marketing concern as customers and investors require evidence of responsible production at present (Qarahasanlou et al., 2024).

The business opportunity that BHP has presented by the natural environment is also present. A lot of metal is required in the clean energy shift. According to the IEA, clean energy technologies require much more minerals than fossil fuel systems, and it forecasts the total mineral demand of clean energy technologies will increase two times in its given policy case by 2040, and even more in a faster transition (IEA, 2021). Copper is critically significant as it is required by the electricity networks, electric vehicles, wind power, and solar power. BHP itself claims that copper will play a more vital role in a lower carbon future and it characterises copper as being central to the energy transition (BHP, 2025).

BHP also claims that steelmakers will also insist on finer raw materials as steelmaking decarbonises, and attributes this to higher-grade iron ore at South Flank and its greater value chain activity (BHP, 2025). This is an evident marketing chance. BHP can transform itself into not just a bulk miner, but a provider of climate-related industrial solutions, should BHP be able to sell the minerals that can assist its customers in reducing emissions (BHP, 2025).

Nonetheless, there is a grave trade off regarding this opportunity. To achieve the green transition, more mining is required, and more mining means destruction of land, water and biodiversity. Berthet et al. (2024) indicates that when critical mineral supply chains relocate environmental degradation at other locations, such as water basins and areas with low social defence, this can result in emergence of new social and environmental issues. Antonini et al. (2025) also caution that in the event that decarbonisation is not powerful, the mining and metals division might contribute to emissions and other environmental harm even though there is backing of the energy transition. That positions BHP in a tough situation, as it has to be able to provide more transition minerals and at the same time ensure lower cost to the environment. This implies that low-carbon products cannot be relied upon alone. It is also required that BHP uses energy more efficiently, use cleaner power, has enhanced water management, and sensible land use throughout the entire mine life cycle (Gholami et al., 2024; Onifade et al., 2024).

Indicator	FY2025	Why it Matters for Lower-Carbon Transition
Copper production	2.02 million tonnes	Record production supports electrification and renewable energy technologies.
Iron ore production (WAIO)	290 million tonnes	Record production provides high-quality iron ore for lower-emission steelmaking.
Reduction in operational GHG emissions (Scope 1 & 2 vs FY2024)	5% reduction	Shows progress in reducing operational carbon emissions.

Total operational GHG emissions	8.7 Mt CO ₂ -e	Measures BHP's direct climate impact from operated assets.
Economic contribution	US\$46.8 billion	Indicates the company's ability to invest in decarbonisation technologies.

Table 1: BHP Performance Indicators Supporting the Lower-Carbon Transition (FY2025)

Source: (BHP, 2025)

Actor 2: Political and Legal Environment

The other significant actor is the Political and Legal Environment. This actor is important since BHP has no control over the regulations regarding climate, carbon, disclosure, and product regulations. Climate rules are becoming tougher and that alters the mining strategy by governments and regulators. It is wreaking havoc on the business models of mining firms, according to Qarahasanlou et al. (2024) because new government demands, carbon pricing and the renewable energy policies require changes in the business models of the firms. The IEA also indicates that the reduction of the policy makers of risk in investments has been greatly important and in accomplishing this, they need to provide clear signals of the climate as well as upholding the supply chain Integrity and the supply chain due diligence (IEA, 2021). This is significant to BHP as its lower-carbon products need to be relied on by steelmakers, investors and governments. BHP itself indicates that it has a climate transition plan, plans with carbon prices, and climate decisions involving board-level control (BHP, 2024).

The steel value chain is also a contributor to this actor creating market pressure. BHP has already indicated that lower-carbon steel will require improved raw materials and that its Pilbara iron ore has the potential to sustain this transition with its steel decarbonisation effort seeking to assist its customers to reduce emissions along the blast furnace pathway (BHP, 2026). Next, Cox et al. (2022) demonstrate that carbon taxes have the potential to alter the incentives in the mining industry which implies that policy can restructure not only cost but demand as well. It also demonstrates that demand changes in critical

minerals could present a fiscal risk, and opportunity to mineral-rich countries, thereby putting an extra burden on governments to ensure they can deliver on the transition (D’Orazio, 2024). In the case of BHP, this implies that compliance costs do not simply arise due to political and legal pressures. They also influence the origin of future demand, the evaluation of the products, and the perception as to which companies are regarded as carbon leaders.

Task 2: Strategic Growth and Competitive Positioning

2.1 Strategic Growth Using the Ansoff Matrix

The analysis in Task 1 showed that the Natural Environment and the Political and Legal Environment are the two main external factors affecting BHP. The mining industry is evolving due to climate change, more stringent environmental regulations, as well as increased requirements to clean energy minerals. These developments pose threats as well as open new business avenues to BHP. In order to stay competitive, BHP should have a growth strategy which facilitates lower-carbon products and fulfil the future customer demands.

The Ansoff Matrix is a strategic planner model that was created by Igor Ansoff (1957). It assists the companies in selecting a growth strategy through examining existing and new products and existing and new markets. The model consists of four strategies and these are Market Penetration, Market Development, Product Development, and Diversification (Ferreira and Marques, 2024).

With BHP, every strategy brings in varying opportunities yet not all are equally viable. The Market Penetration is aimed at selling more of the currently available mining products among the existing customers. This approach can be beneficial in the short-term because it boosts revenue, but fails to directly assist BHP in shifting towards a lower-carbon business model. This is because customers and investors are becoming more and more insistent on products with lesser environmental impacts and not just on increased quantities of traditional mining products (BHP, 2024).

Market Development deals with selling already produced goods in new markets. Nonetheless, BHP already enters numerous international markets, serves the customers

worldwide. Hence, further expansion into other markets would only offer a slight growth but make no significant contribution in cutting down carbon emission or enhancing the sustainability of products (BHP, 2025).

MARKETS / PRODUCTS	EXISTING PRODUCTS	NEW OR IMPROVED LOWER-CARBON PRODUCTS
EXISTING MARKETS	Market Penetration • Increase sales of existing iron ore, copper and nickel to current steelmakers and industrial customers • Improve operational efficiency and strengthen customer relationships through reliable supply and ESG reporting	Product Development (Recommended) • Develop lower-carbon iron ore products for green steel production • Invest in technologies that reduce emissions across mining operations and the value chain • Expand partnerships with steel producers to reduce Scope 3 emissions and commercialise low-carbon steelmaking solutions
NEW MARKETS	Market Development • Expand supply of existing transition minerals such as copper and nickel into growing clean energy markets in Asia and Europe • Increase sales to renewable energy, battery and electric vehicle industries	Diversification • Invest in new businesses such as carbon capture, green hydrogen partnerships or other clean energy technologies • Enter new sustainability-related industries beyond traditional mining through strategic investments and partnerships

Table 2: Ansoff Matrix

Source: Adapted from Ansoff (1957)

Diversification involves venturing in whole new markets with new products. Although this strategy can decrease the business risk, it is very expensive to implement and it is highly uncertain. It would also take BHP out of its fundamental strength in mining and minerals. According to recent research, there is a positive correlation between mining firms developing their capabilities based on what they already can do and going green unlike relying on industries unrelated to their initial core operations (Sánchez and Hartlieb, 2020).

Finally, Product Development is the most appropriate approach to be applied to BHP. The approach will enable the company to create reduced-carbon mining products to retain the existing customers. BHP has already made investments in technologies that help to lower-carbon produce steel, renewable energy and decarbonise value chains. The company also collaborates with steel producers to decrease the scope 3 emissions and enhance the sustainability of iron ore products (BHP, 2024). Meanwhile, the International Energy Agency (IEA, 2021) says that demand on transition minerals like copper and nickel in the world will only increase in the future since they can be used to power electric cars, renewable energy sources, and power networks. Hence, Product Development is in tandem with future market demand as well as the long-term sustainability strategy of BHP. It offers the best balance between business development, less adverse environmental impact and long-term competitive success, as compared with the other three growth choices.

2.2 Applying Porter's Generic Strategies to BHP

Michael Porter is the developer of Porter's Generic Strategies (1985). The model offers the understanding of how a firm can attain a competitive edge within its sector. Three key strategies such as Cost Leadership, Differentiation, and Focus were proposed by Porter (Ali and Anwar, 2021). The objective of Cost Leadership is to sell products at the lowest possible cost, Diversification work towards unique products that the customers will appreciate and Focus is based on a specific segment of customers (Porter, 1985). In the case with BHP, Differentiation is the most appropriate strategy as the company is transforming its products and activities towards adapting to the globalization of low-

carbon economy. This is also a strategy that corresponds to the Product Development approach suggested in the Ansoff Matrix.

PORTER'S STRATEGY	APPLICATION TO BHP	SUITABILITY
Cost Leadership	Continue improving operational efficiency, automation, and productivity to reduce mining costs.	Low–Medium Although lower costs remain important, major investment in low-carbon technologies increases costs in the short and medium term. Therefore, cost leadership alone cannot create long-term competitive advantage.
Differentiation (Recommended)	Develop lower-carbon iron ore products, support green steel production, invest in renewable energy, reduce operational emissions, improve ESG reporting, and work with customers to reduce Scope 3 emissions.	High Creates unique value through sustainability, innovation, and responsible mining practices.
Focus Strategy	Supply certified lower-carbon materials to selected industries such as electric vehicle, renewable energy, or premium steel manufacturers.	Medium This could support niche markets but limits future business growth because BHP supplies a broad range of global industries.

Table 3: Porters Generic Strategy

Source: Adapted from

The Differentiation Strategy will have the greatest competitive ability for BHP since it gives value above price. Competition to sell minerals at a low cost is not the only way through which BHP can compete, rather it can offer products that would enable the customers to also reduce their own carbon emissions. The firm is already pursuing lower-carbon steelmaking technologies, renewable electricity, electrification of its mines, and reduction

of its carbon emissions in all its operations and the value chain (BHP, 2024). It also collaborates with major steel producing companies via strategic alliances to come up with technologies that cut greenhouse gas emissions when producing steel (BHP, 2025). These activities are among the factors that have distinguished BHP among its competitors who primarily compete within production volume or costs.

Innovation is a key part of this strategy. The investment in new mining technologies, renewable energy and the digital systems and cleaner means of production enables BHP to advance the environmental performance and business performance. The IEA (2021) projects that copper, and nickel will keep gaining popularity due to the fact that the products are required in renewable electricity systems, in the electricity networks, and in electric vehicles. Subsequently, by working on lower-carbon products, BHP will be more likely to cater to this future demand, as well as consolidating its position in the market.

The Differentiation Strategy enhances the value of customers. Several manufacturers and steel makers now have a net-zero target and desire their suppliers to assist the climate aims. BHP supports its customers in enhancing the sustainability of their own products by offering them lower-carbon raw materials, as well as collaborating to cut on Scope 3 emissions. This will establish more sustainable business relationships over time and enhance customer loyalty (BHP, 2024).

Lastly, differentiation enhances the relationships with the key stakeholders. Governments demand more action on climate and clear reporting, and investors are increasingly putting their money in companies that have good environmental, social and governance (ESG) practises. Mining companies also have an obligation to minimise environmental effects and act in a responsible manner by the local communities. Investment in lower-carbon technologies, bettering climate reporting and responsible mining practices can help make BHP gain more trust among customers, investors, regulators and local communities. Thus, BHP Product Development as per Ansoff Matrix combined with Differentiation Strategy by Porter offers a sustainable competitive advantage to the business that will improve the long-term business development and adaptation to lower-carbon business model.

Task 3: Critical Reflection on AI Usage

3.1 Tool Disclosure

The use of Artificial Intelligence (AI) was a supporting tool in the process of preparing this report. ChatGPT (OpenAI) was the AI tool utilized that helped brainstorm the idea, enhance the points that could have been included in the report, describe marketing theories, and create draft content. AI helped me to propose the structure of the report, locate pertinent academic materials, and give examples on how the marketing framework like Ansoff Matrix and Porters Generic strategies can be applied to BHP.

3.2 Critical Evaluation of AI Output

Despite the overall increased efficiency provided by AI, the entire content produced by AI was required to go through critical examination before I could finally prepare the report. The data produced by AI has been checked against high-quality and authoritative resources, such as the BHP Annual Report, Climate Transition Action Plan, international reports of the International Energy Agency (IEA), and peer-reviewed articles published within last five years for quality assessment. In this process, I could point of a few falsehoods and unsubstantiated claims. To illustrate, there were gaps or non-existent AI-generated references, and not all claims contained enough evidence or were too broad. The problems on these I solved by locating original scholarly materials, verifying publication information, validating the reference and finally, ensuring that all the in-text citations appeared in the reference list. Such a verification procedure minimized the chances of including AI hallucination and enhanced the overall credibility of the report.

3.3 Contribution Analysis

Finally, my resulting report is a synthesis of AI support and autonomous research. The earliest phase of the writing process was aided by AI to generate draft paragraphs, literature summary, recommended structure of the report. The choice of BHP as the case company, the analysis of the marketing environment, the reasons why Product Development is the chosen Ansoff strategy, using the Differentiation Strategy formulated by Porter, and critical discussion of the competitive advantage, was all done in my

personal analysis. I also chose the sources of academics, analysed the evidence, edited the arguments and made sure that the report met the assessment criteria.

3.4 Ethical & Professional Reflection

There is ethical and professional problem regarding the use of AI in marketing analysis. AI is being able to contribute to productivity and aid learning but should not settle on critical thinking and academic judgement. AI-driven information can include factual errors, biased assumptions, or even false or altered sources in case it is accepted without cross verifications. As such, it is a professional duty of the user to critically assess AI outputs, to acknowledge AI assistant transparently, and to maintain academic integrity. I believe, with the help of the conscientious use and with the support of independent research and critical analysis, AI could become a useful tool that not only complements the quality and efficiency of academic work but also does it in a morally and professionally acceptable manner.

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