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Class BADM

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Industry Analysis

Industry name and NAICS code

**Oil Industry**

**NAICS COD: 42383056**

**Industry history**

The Oil Industry (Development) Act, 1974 was enacted following successive and steep increase in the international prices of crude oil and petroleum products since early 1973, when the need of progressive self-reliance in petroleum and petroleum based industrial raw materials assumed great importance. The following objects were included in the statement of Objects and Reasons for the OIL INDUSTRY (DEVELOPMENT) BILL, 1974:

**Factors that affect industry growth**

Countries with healthy supplies of crude oil benefit economy-wise from higher oil prices. The fluctuating oil prices of the past year – 2005 – are a good example of what can happen when factors affect the price and supply of oil. Remember from basic economy courses that higher oil prices act to put the brakes on consumer spending. This will be true as long as the major source of oil for industrialized countries is petroleum based. The price of all goods produced hinges on the price of a barrel of oil. If the oil prices rise, so do production and supply prices for most consumer goods.

**Government regulation**

In recent years Petroleo industry has expanded our engagement with non-governmental organizations (NGOs) in recognition of the need for open dialogue and cooperation to find sustainable solutions for the global water and energy challenges we face. However, Government regulation of Deepwater offshore explorations has found it either difficult to evaluate the environmental impact, or too costly to perform the required review.1 Corporate self-regulation without effective government oversight will not adequately reduce the risk of accidents within the offshore oil exploration industry, nor will it ensure that corporations prepare effectively to respond to a major spill. The potential, near-term, financial benefit for the oil company prevails over the low probability risk that a major spill will occur.

**Oil industry top three competitors China, Ecolab, and Chevron**

China is one of the top three competitors and Nalco recently opened two new facilities in order to better serve and support the expanding Chinese marketplace. The expansion includes a recently completed $25-million manufacturing plant in Nanjing and the dedication of a new research and development center at its existing site in Suzhou, near Shanghai. Ecolab is the largest provide chemical, and services for water and wastewater treatment, agreed to buy Champion Technologies Inc. for about $2.2 billion in cash and stock, in a bid to become the largest oil-field chemicals supplier in North America. Chevron Corporation (NYSE: CVX) is an American multinational energy corporation. One of the successor companies of Standard Oil, it is headquartered in San Ramon, California, and active in more than 180 countries.

**TRENDS IN SALES OVER RECENT YEARS**

A trusted partner at more than one million customer locations, Ecolab is the global leader in water, hygiene and energy technologies and services that provide and protect clean water, safe Food, abundant energy and healthy environments. This year more than 25,000 sales-and-service associates comprise the industry’s largest and best-trained direct sales-and-service force, dedicated to helping customers solve a full range of cleaning, sanitizing and water and energy management challenges.

**Management trends with the industry**

Develop environmentally sustainable and safe solutions – through our products,

Processes and technology – that bring value and confidence to our customers, employees, shareholders, communities and our business.

**Marketing strategies**

The strategies are to operate with concern for the health and safety of individuals, the environment and with a commitment to global sustainable development, and protect the environment by reducing the demand for non-renewable resources, eliminating waste and minimizing the volume and impact of emissions to air, water and land.

**Marketing strategies**

The strategies is changing the edible oil industry because today’s eating habits are shifting and creating new markets. While vegetable oils are becoming increasingly valuable in biofuels production, high energy prices and low margins put pressure on balance sheets in the edible oil industry. As a partner with the edible oil industry, they are helping us in making the most of these changes.

**Increase and decrease sales**

Oil and gas production continues to rise in the Bakken and Three Forks formations, but the rapid pace of growth has been easing decreasing recent years.

