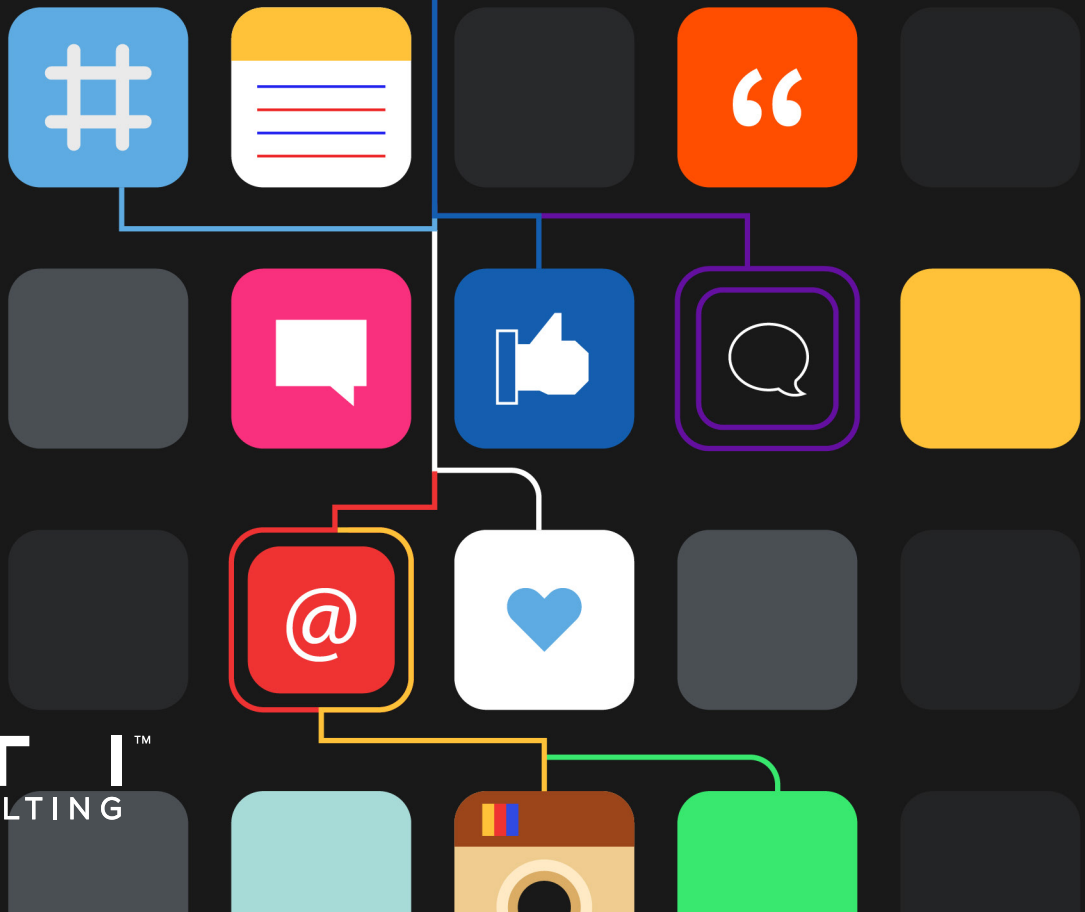


DRILLING FOR A SOCIAL MEDIA STRATEGY:

Why the Oil and Gas Industry Needs to Hit Paydirt

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Long disparaged as a forum for sharing silly videos and endless opining, social media channels like Twitter and Facebook are becoming increasingly important to energy company bottom lines. From conversations about hydraulic fracturing (fracking) to the ongoing Keystone XL debate, social media allows companies to take the public's pulse on critical issues while providing a new opportunity to engage interested audiences quickly and cost effectively. The changing media landscape, in which digital channels are challenging the supremacy of the traditional print outlets, means that energy companies that ignore social media are doing so at their own peril.

When it comes to social media, many people immediately think about cat videos or friends “checking in” at the newest restaurant down the street. Many Facebook news feeds are filled with friends, new and old, complaining about their latest flight or sharing a photo from a recent vacation. To the extent that people use Twitter (last year, Pew Research Center [found](#) that only 18 percent of American adults do), their feeds likely are a mix of sarcasm and gossip, with the occasional splash of real news.

Buried within those layers of trivial content, however, is not only a world of

breaking news and current events but an opportunity to engage audiences constructively and proactively. For those who take the time to learn how to use these platforms to their advantage, there also is a chance to assess — and possibly influence — the public discussion around issues that are critical to a company's success or failure.

This type of engagement on social media can protect and enhance a company's reputation, stave off and correct misinformation about its (or an entire industry's) operations, and ultimately help preserve (or secure) a company's license to operate in certain communities.

By the Numbers: The Length, Breadth and Depth of Social Media

Nearly 70 percent of U.S. adults [read newspapers](#) (either print or online), including 60 percent of young adults aged 18-24. The average American (aged 15 and up) watched television for nearly three hours per day in 2012, according to the [U.S. Bureau of Labor Statistics](#). By contrast, less than 20 percent of American adults are on Twitter. Fewer than one in four use LinkedIn. Among adults, Instagram and Pinterest are used

only by about one in six and one in five, respectively.

With such comparatively small usage, it's easy to see why some companies write off social media to focus on traditional print and television advertising. But these numbers mask an important fact: Social media has incredibly high rates of usage by key influencers: men and women who are deeply interested in a particular subject and gather and share news on a topic as it breaks. That is why, for example, virtually every journalist — from network TV correspondents to local newspaper editors — is on Twitter.

Even though usage rates may seem small among the general population, the impact and influence of social media cannot be denied. According to a [March 2014 report from Shareaholic](#), which

tracks social media and web traffic, Facebook was responsible for over 20 percent of the overall traffic that websites received (based on a review of data from more than 300,000 websites). That's an increase of almost 40 percent since December 2013.

Pinterest was the second largest social media source for web traffic referrals, driving a little over 7 percent of all traffic to the analyzed sites, representing a 48 percent increase since December 2013. Twitter was in third place, referring about 1 percent of all traffic.

Once again, some of these numbers may sound small, but the number of people influenced is high. For example, a review of web traffic in April 2014 for five of the largest integrated oil and gas companies demonstrated an average of about

141,000 unique visitors that month for each site. Based on the numbers from Shareaholic, Twitter could be driving over 1,000 visitors to each respective site. More than 28,000 could be visiting these sites from Facebook referrals, representing individuals that companies otherwise might not have influenced at all had they ignored social media.

Traffic referral numbers come with caveats. Overall web traffic measurements can — and often do — include multiple visits by the same individual. But even a fraction of the referral numbers listed above would constitute a significant source of potential engagement with the public. Given the ease with which information is shared on social media with other individuals, engaging these audiences also can have a multiplier effect.

What This Means for the Energy Industry

It's no secret that the oil and gas industry's public image is not good. When people were asked their opinion, positive or negative, of 25 major U.S. industry sectors [in an August 25, 2013 Gallup poll](#), oil and gas ranked dead last. Only 26 percent of respondents registered a positive view. And since 2001, those numbers have not materially changed. Clearly, the industry needs to tell a better story to the American public.

That it's not doing so certainly is not due to a lack of opportunity or positive points that could be made. Construction of the Keystone XL pipeline — a major topic of interest for much of the past half decade — has enjoyed sustained popular support for several years. In fact, an April 2014 poll actually showed that approval had hit an [all-time high](#).

The top search results for #KeystoneXL on Twitter reveal a predominantly pro-pipeline sentiment. Many of these tweets emphasize the jobs that will be created from construction work, as well

as positive messages related to energy security and independence.

Polling data also suggest strong public support for domestic oil and gas production, even if the industry itself often is maligned. A [University of Texas poll](#) from March 2014 showed that concern about consuming oil from foreign sources was a full 10 points higher than worries about the environmental impact of oil and gas drilling. More than 70 percent of respondents said job creation is a benefit of domestic natural gas production; 66 percent and 64 percent said the natural gas boom is associated with lower costs and increased energy security, respectively. Over 80 percent of respondents supported more natural gas production, and nearly two-thirds were in favor of increased oil production.

These results track with broader trends in the public mood. Unemployment and lackluster job creation were considered the top problems facing the United

States, according to a [May 2014 Gallup survey](#), whereas the environment and pollution tied for the least important among 13 issues presented. A [separate Gallup poll](#) that was conducted just one month after the Deepwater Horizon rig exploded in the Gulf of Mexico in April 2010 showed that Americans still supported offshore drilling. One year later, in 2011, approval had grown 10 points, and a year after that — according to a [Pew poll](#) — support had risen another five points.

These opinions have not changed much over the years, which indicates there are opportunities the oil and gas industry can pursue to promote its value to the economy. Executives at some of the industry's larger companies deserve credit for investing in campaigns to tell the story. However, despite decades of effort and hundreds of millions of dollars spent on television and print ads, the industry's reputation still is poor, suggesting that new strategies should be considered.

Fracking vs. Keystone XL: Lessons Learned

The oil and gas industry has to contend with its share of controversies, including subjects that elicit negative feedback derived from the terminology itself. For example, a Google search for fracking generates nearly 7 million hits, and more than half of the results on the first page link to websites or organizations that oppose oil and gas development. The hashtag #fracking on Twitter yields plenty of positive tweets but decidedly more negative views.

A [report posted on Forbes' website](#) in November 2013 detailed how the use of social media by fracking opponents — and the failure to leverage it by the industry and its supporters — actually may prevent oil and gas activity from occurring. The report came just days after four Colorado towns voted to ban or temporarily halt fracking:



"The Colorado Oil and Gas Association spent \$878,120 on city-specific campaigns to defeat the four proposed moratoriums. Activists spent \$26,000 in support of those measures. But while industry money went into advertising and traditional "outreach" campaigns ... activists stretched every dollar with online efforts that prove far more effective.



"They built content-rich microsites that clearly and succinctly laid out the supposed dangers. They utilized Facebook to target their messages, tap into supporters' networks and ensure their people got to the polls. They utilized Twitter to push every positive development and promote local screenings of the anti-fracking documentaries "Gasland" and "Gasland II." They even leveraged YouTube to share visuals of fracking's alleged impacts and infuse their overarching messages with added doses of emotion and fear.



"They also supported each of those efforts with search engine optimization and search engine marketing campaigns that shot their messages to the top of the Google rankings."

The report goes on to describe how the top 10 groups opposed to fracking have combined Twitter followers and Facebook likes that number in the millions; the numbers for supporters are in the tens of thousands. The researcher also looked at a single 24-hour period for use of the hashtag #fracking, which registered about 1,500 individual tweets. The findings were [significant](#):

*"What's most interesting is there is **no engagement by industry. No communicating with influential neutrals, no two-way conversation.** It's just another one-way street dominated by the anti-fracking community. Activists aren't monolithic or dumb. They are open to conversations and new ways of looking at the world. Talk with them (not at them), and most will listen, and some will even re-tweet a different point of view." (Emphasis added.)*

The researcher concluded: *"Television and newspaper advertising, campaign contributions and heavy lobbying fees no longer guarantee successful outcomes for the energy — or any other — industry."*

This raises an important question: What explains the difference between fracking and Keystone XL on social media?

There are a variety of theories, although the most compelling is the nature of the discussion for each. In the case of Keystone XL, the project, by definition, is a national issue. This undertaking must secure authorization from the U.S. Department of State. A broad nationwide dialogue over energy, when framed in the context of jobs and security, often will favor the oil and gas industry. The debate over fracking, however, has gone increasingly local after activists largely failed to secure support for banning the process at national or state levels. (Only [Vermont has banned fracking outright](#) — a symbolic stance as the state has no significant underground gas deposits.) Opponents of development now frame the argument not as a ban on oil and gas development (which many of them, in fact, do support) but merely as community concern over local impacts. Local organizing is made even easier with the use of tools like Twitter and Facebook.

Unfortunately, many in the oil and gas industry have continued to prioritize federal and state regulatory engagement, leaving community outreach near the bottom of their strategic concerns even though fracking is pre-eminently a local issue, with local municipalities possessing the power to grant or withhold licenses for exploration and production. In this environment, it's important to remember that social is local.

Social media provides a channel for the industry and its allies to communicate directly with the people who are important to such organizations. Facebook has geo-targeting tools that allow companies to tailor their messages to designated regions and to put updates in front of users in those specific areas. With some basic research, it's easy to find hashtags on Twitter that people in any given state or city can use when discussing an issue, which, in turn, allows for targeting messages to distinct communities.

For the oil and gas industry in particular,

social media can provide a highly effective medium for communicating with key demographics. According to a [recent survey](#), more than 70 percent of web users in 24 countries are sharing content on social media; for those under the age of 35, the number is over 80 percent. That last number is important as younger users tend to view the oil and gas industry in the least favorable light. When [Gallup](#) asked Americans whether they support increased production of coal, oil and natural gas as compared with more development of wind and solar, only about 20 percent of respondents aged 18-34 picked coal, oil and gas. That's 12 points lower than the overall average among all adults and the lowest of the age groups sampled.

Put succinctly: The demographic with which the oil and gas industry needs to improve its image also is the most active on social media, sharing content more frequently than any other group.

A Social Media Strategy for Oil and Gas

Research from [Ipsos OTX](#) indicates that the most shared content on social media is pictures, with more than 40 percent of users noting they had shared pictures within the last month. Recognizing this, companies, nonprofits and activists increasingly are using infographics — [key messages](#) in easy-to-digest graphs and charts ([such as these](#)) — to spread messages quickly and effectively.

Mark Perry, a professor of economics at the University of Michigan at Flint and a scholar at the American Enterprise Institute, fills his blog, [Carpe Diem](#), with graphical representations of oil and gas production data, job numbers associated with resource extraction, and even the monetary value of oil produced in a given state.

“Using charts helps make the blog more visually interesting compared with text-only blogs and websites,” Perry wrote in an email to FTI Consulting, “and has

crossover appeal to social media. A tweet with a graph always gets more interest and re-tweets than one that is text only.”

Another major upside of communicating via social media is speed. “Energy production stories and news now can be reported faster using Twitter, Facebook and blogs,” Perry noted.

Indeed, one of the most significant benefits of information shared on social media is that it can reach users directly and almost immediately, unfiltered and uncolored by any media spin. The fact that users then will share this unadulterated information with their own networks means social media is the ultimate way to get ahead of the news and, in some cases, shape the tone of the ensuing coverage.

Journalists and Social Media

According to [a survey from Indiana University](#) released earlier this year, one-third of American journalists use social media for at least 30 minutes every day, and more than 50 percent said they use microblogs (i.e., Twitter) on a regular basis for gathering information and reporting their stories. Nearly 60 percent of journalists said they use social media to identify story ideas and to interact with audiences, and approximately 55 percent said they use social media to find news sources. Nearly 80 percent reported using social media to check for breaking news.

Among the areas where journalists said they would like additional training, social media engagement was ranked second highest, behind only video shooting and editing, which could be considered social media as well.

A [separate survey](#) of 500 journalists across 14 countries found that 59 percent of journalists worldwide used Twitter in 2013. Interestingly, the survey also found that a nearly equal number of journalists reported Twitter/Facebook/LinkedIn as their first stop when researching a story compared with those who first looked at traditional press releases. As late as

2011, five times more journalists checked press releases first rather than social media, indicating a very rapid change in how information is being aggregated and reported.

What does this mean? Put simply, the conventional method of communicating a company announcement — sending a media release out to news wires — rapidly is being replaced by social media.

It's also worth noting that some of the biggest stories in recent years originally were reported by users on social media:

The crash of US Airways Flight 1549 in the Hudson River (aka the “Captain Sully flight”) initially was reported by an onlooker who tweeted the first images of the crash.

The death of Osama bin Laden was announced first by a tweet, nine hours before hitting the news wires.

A Facebook page broke news of the beginning of the 2010 uprising and revolution in Egypt.

The Boston Marathon bombings were cataloged at the very beginning by photos and reactions from runners and other bystanders, all shared on Twitter.

Carl Icahn announced his position in Apple on Twitter.

It's little wonder, then, why journalists are looking more to Twitter and other social media sites for scoops and tips.

Keys for Building Your Social Media Strategy

Companies (and the trade associations that represent them) need to develop social media-specific strategies as part of their non-technical risk management plans. The most effective approach is to focus on regional assets and address specific local concerns. In the case of shale development nationwide, there are issues to address — air emissions, health, seismicity and water impacts, among many others — but individual regions rarely view all of these matters as equally important. Responding to every possible problem likely will overlook the fact that a given community is interested only in one or two topics. Social media can provide a glimpse into a community's most important concerns, as well as a platform for addressing them directly, clearly and effectively.

In an environment where towns are considering restrictions on hydraulic fracturing, local issues are bigger than an individual operator's plans. A locally passed measure can have a snowball effect if companies operating outside that locality fail to respond in a timely fashion. Even a brief delay can mean local residents already have been flooded via Twitter and Facebook, as well as microsites with carefully crafted talking points designed to sway opinions against development. The speed with which information travels over social media means that, in the absence of a proactive engagement strategy, any public outreach after the fact likely will be too little and too late.

The oil and gas industry has an overwhelmingly positive (and broadly supported) story to tell. That story — job creation, economic growth and energy security — has not changed much over the decades, but the way people look for and share news has.

Those who are interested in “getting the story right” about their companies or organizations cannot afford to ignore social media, especially if competitors — or advocacy groups fighting against corporate interests — are themselves actively engaging in those channels. Ignoring social media allows others to shape the public narrative.

Paid advertisements and conventional media outreach still are useful to the energy industry, but they no longer are sufficient for achieving public relations (“PR”) goals. As the experience with the Colorado fracking debate showed us, ignoring social media ultimately could result in something much bigger than bad PR: It could mean losing the license to operate altogether. ■

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