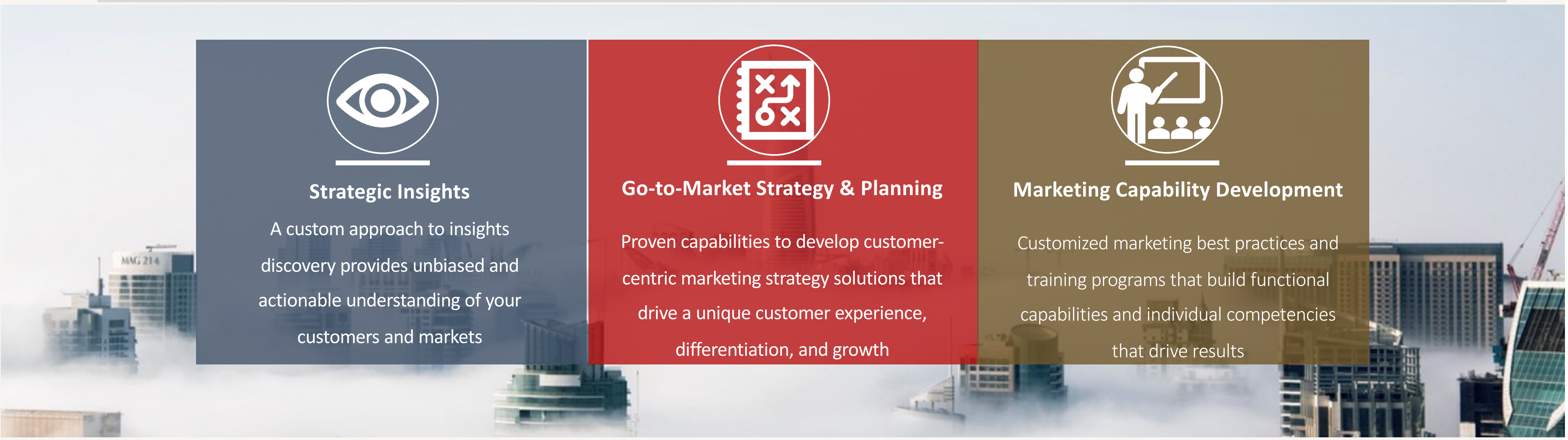
Marketing Risk Management – Mission Possible

ISBM Member's Meeting – Spring 2026

June 25, 2026

emmgroup

We help B2B2C Clients grow by developing actionable insights, creating better strategies focused on value creation and building the capabilities to sustain growth.



Strategic Insights

A custom approach to insights discovery provides unbiased and actionable understanding of your customers and markets

Go-to-Market Strategy & Planning

Proven capabilities to develop customer-centric marketing strategy solutions that drive a unique customer experience, differentiation, and growth

Marketing Capability Development

Customized marketing best practices and training programs that build functional capabilities and individual competencies that drive results

"Am I to understand that my proposal is greeted with some skepticism?"

The importance of marketing risk management

- Key leadership goal: protect and enhance shareholder value.
- Accomplished by managing a portfolio of investments through resource allocation.
- Plans assessed for probability of successfully delivering promised returns – do they create or destroy shareholder value?
- Leaders want effective marketing plans to deliver a better risk-adjusted rate of return than the alternatives.
- Key for marketers: recognize real risks and have a clear-cut plan to mitigate them.

Good marketing plans demonstrate that the risk is understood and managed to increase the probability of success

What is risky about marketing?

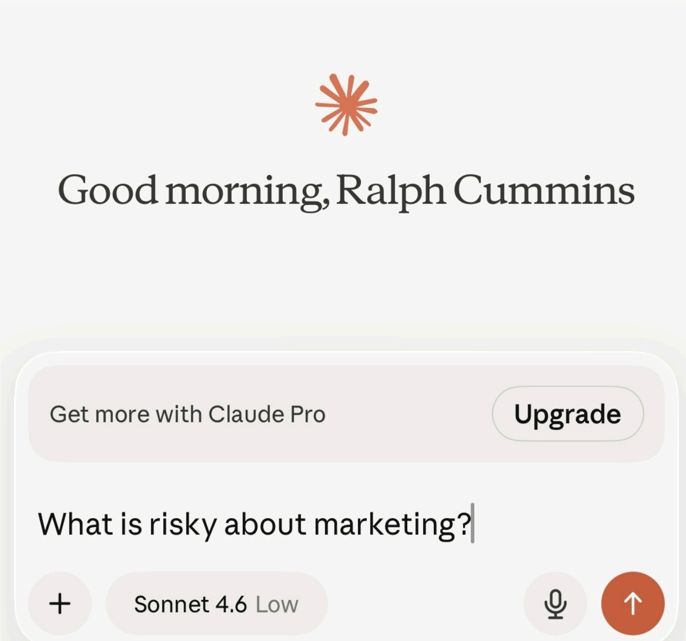
Blimps!

Bigfoot Bombs

July 4, 1993

And Big Platforms

Marketing Risk According to



- Brand and reputation risk
- Legal and regulatory risk
- Financial risk
- Trust risk
- Competitive and timing risk
- Cultural and audience risk

In Other Words, EVERYTHING

Marketing is an investment in the growth of your business

We cannot predict the future

We cannot guarantee a return on marketing

Marketing is a financial risk

You are a risk

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- You are a risk

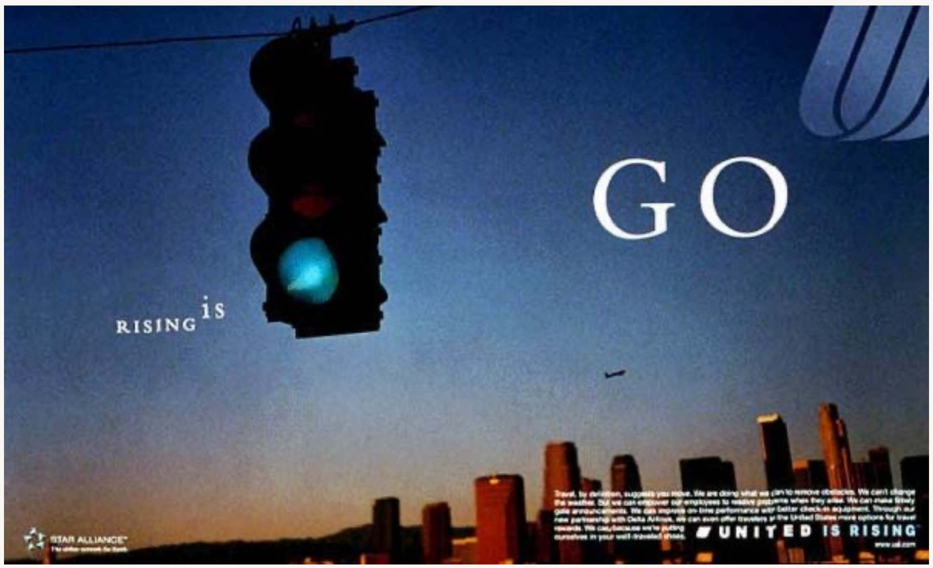
The goal of risk assessment is not to avoid risks – but to identify and take risks that can be managed.

But what is the source of marketing risk.

1

People

People - Talent



…more of a haiku than an ad
…not a great look for the world's largest airline
…artful but ultimately mind-numbing, ineffective, and self indulgent
…woefully out of touch with the onboard experience
…a self indictment of the hard-working employees

People - Cognitive Bias

- Marketers are people.   Each of us have cognitive biases that unknowingly influence our plans and decision making
- Core psychological tendencies cause our brain to draw differing and sometimes incorrect conclusions.
- The “bounded rationality” in decision-making is limited by information, the cognitive limitations of our minds, and the finite amount of time to make a decision.

People – Bias

1. Confirmation bias
2. Survivorship bias
3. Anchoring bias
4. Overconfidence bias
5. Bandwagon effect
6. Sunk cost fallacy

1 *People*

2 *Market*

Market-based Risk

- Market Risk: is there a market for my product?

- Share Risk: can I capture and retain share?
- Earnings Risk: can we make money and sustain earnings?

Marketing Risk Management

1 *People: actively develop and manage in real time*

2 *Market-based Risk: deliberately analyze, understand, accept, and mitigate*

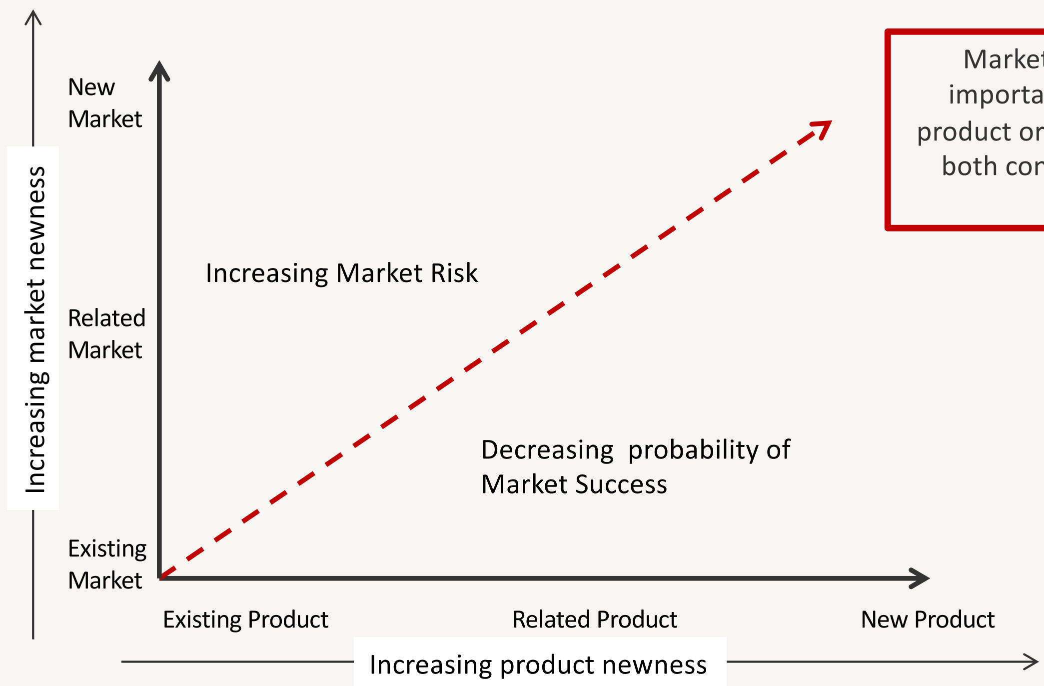
Identify, Analyze, and Mitigate the Natural Risks

- Natural risks exist throughout the marketing planning and implementation process.
  - **Market Risk**: Is there a market?
  - **Share Risk**: Can I capture share?
  - **Earnings Risk:** Can I sustain earnings?
- Marketer behaviors can add/reduce risk
  - **Ignoring Bias:** even with the right information, bias can creep in and color your judgment.
  - **Lack of planning, rigor, & discipline**: not following a disciplined process means that critical analysis may not be completed.
  - **Lack of contingency plans**: failure to measure or failure to plan when risk becomes real

The Nature of Risk Changes Over Time

As your product portfolio grows and matures the type of risk you face evolves

Market risk increases as uncertainty rises



Marketing risk management plays an important role when introducing a new product or entering a new market, but when both conditions apply, this role becomes critical

Understanding where you are in the market or product lifecycle helps focus on likely source of risks.

Source: Ansoff Matrix

EMM Group's Marketing Risk Management Framework

Market Risk Factors	Share Risk Factors	Earnings Risk
Product Category Existence The product category may not exist or may be smaller than planned.	**Target Market Risk** The value proposition may have limited across segments.	**Profit Pool Risk** Future total profit pool may be less than planned.
Market Existence The market segment may be smaller than planned.	**Value Proposition Risk** The value proposition may not be relevant/compelling across segments	**Earnings Source Risk** Earnings may be less than planned because of competitor reactions.
Sales Volume Risk Sales Volume may be lower than planned.	**SWOT Risk** The strategy may not leverage company's strengths or compensate for its weaknesses	**Competitor Impact Risk** Earnings may be less than planned because of a single competitor reacting to the strategy.
Forecast Risk The market may grow less quickly than planned.	**Uniqueness Risk** The strategy may compete head-on with powerful rivals.	**Internal Gross Margin Risk** Internal gross margins may be lower than planned because internal costs are not well known or clear.
Pricing Risk Pricing levels in the market may be unknown or lower than planned.	**Future Risk** The strategy may be designed for yesterday's market and not today's market.	**Other Costs Risk** Net margins may be lower than planned because other costs are higher than anticipated.

Using the Marketing Risk Management Framework

1 → 2 → 3 → 4

1. Assess the Risk

- Rate the level of risk on a 1-5 scale across the five dimensions in key risk areas using the Scorecard
- Tip: for all high risks, provide data or proof

2. Analyze the Risk

- Conduct secondary analysis on all dimensions rated four or greater to clarify the source of risk.
- The goal is to determine if the risk is real or a matter of opinion or bias.

3. Finalize the Assessment

- Revisit the rankings and create an inventory of high-risk dimensions.
- Provide source of risk and potential financial impact on the plan

4. Mitigate the Risk

- For each area of high risk, create a mitigation plan
- Impact horizon
- Risk detection and measurement
- Mitigation plan

Risk Assessment Scorecard

Market Risk Assessment Scorecard - Page 1

Company — Market/Segment:

Market Risk Assessment Input risk Assessment values in blue cells below

Market/Category Risk

The entire market/category may be smaller than planned. Risk is higher if the market/category is novel and lower if the market/category is well established.

5 Market/Category is very poorly established (does not exist nor are there closely related industries, though it may exist in unrelated industries)

4 Market/Category is poorly established (does not exist but there is a closely related industry)

3 Market/Category is nominally established (exists but few examples exist)

2 Market/Category is well established (exists but few examples exist)

1 Market/Category is very well established (exists with many examples and a long history)

Market Existence Risk

The market existence may be smaller than planned. Risk is higher if it is a new market/segment and lower if the market/segment is well established.

5 The existence of the market/segm

4 The existence of the market/segm this product)

3 The existence of the market/segm product)

2 The existence of the market/segm

1 The existence of the market/segm

Sales Volume Risk

Market Risk Assessment Scorecard - Page 4

Company — Market/Segment:

Risk Assessment Inventory

Risk Type	High Risk Rating	High Risk Rating and Underlying Cause	Potential Financial Impact on the Plan	Impact Horizon	Risk Detection	Mitigation Strategy	Mitigation Remedy
Summary Risk Category and Sub-category for all Risk Ratings	For all 4 or 5 risk ratings (red cells), complete the rest of the template	For all red cells, elaborate on why you give this rating, including assumptions made, data or other information used that this rating is based on. Try to pinpoint the exact reason (trend, dynamic, data point, assumption, etc.) that led to the high risk rating.	For all red cells, quantify or describe, as clearly as possible, the potential financial impact on the plan.	For all red cells, what would trigger this risk? Over what time period would you expect to detect and react to the risk should it occur? (Now, 2022, 2023, anytime, etc.)	For all red cells, what do you need to monitor in order to detect rising risk as early as possible? How will you measure the risk?	For all red cells, what would be the right mitigation strategy? **Avoidance** (eliminate, withdraw from or not **become involved)** **Reduction** (optimize – mitigate) **Sharing** (transfer – outsource or insure) **Retention** (accept and budget)	For all red cells, how would you apply the strategy. If known, what tactics would you use to mitigate the risk.
Market/Category Risk	5	Uncertainly around how the market will react in the long-term to Covid risks	Could impact market sales by as much as Euro 100K in our market	2021	Customer preference; consumer demand; market growth	Reduction	Optimize portfolio to manage multiple possible customer and consumer actions
Market Existence Risk	2						
Sales Volume Risk	3						
Forecast Risk	3						
Pricing Risk	3						
Target Segment Risk	3						
Value Proposition Risk	2						

Sample Assessment

Market Risk Assessment Scorecard - Page 2

Company — Market/Segment:

Share Risk Assessment

Input risk Assessment values in blue cells below

Target Segment Risk

The value proposition may appeal only to a minority of the customers targeted. Risk is higher when each target segment is heterogeneous in its needs and lower when each is homogeneous in its needs.

	3
5	Target segment is very poorly defined (no more clearly than by product category or channel)
4	Target segment is poorly defined (by product category and channel with some sub-targeting by demographics)
3	Target segment is nominally defined (by product category and channel with some sub-targeting by demographics internally validated)
2	Target segment is well defined (with a set of distinctive needs that drive purchase and use with some measurable descriptors/demographers)
1	Target segment is very well defined (with a set of distinctive needs that drive purchase and use with clear, measurable descriptors/demographics to identify members of the segment)

Value Proposition Risk

The value proposition may not be quite right for some or all of the customers targeted. Risk is higher when strategy involves a single offer to the whole segment and lower when strategy involves making specific offers to each target segment in the market.

	2
5	The value proposition is not target specific (no significant variation between the propositions offered to different targets)
4	The value proposition is target specific to a small degree (some of the non-core components are adapted to the needs of the different targets)
3	The value proposition is nominally target specific (non-core components are adapted to the needs of the targets with some offer variations)
2	The value proposition is target specific to a significant degree (non-core components are adapted to the needs of the targets in a coordinated manner with offer variations)
1	The value proposition is totally target specific (all components are adapted to the needs of the targets with significant variations offered to different targets)

SWOT Risk

	5

Sample Assessment

Market Risk Assessment Scorecard - Page 4

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Risk Assessment Inventory

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Market/Category Existence Risk	2						
Market/Category Quanitification Risk	4	Market size is not well defined. Following slow code adoption	$2-6M range	2025-2027 dependent on code adoption and ahj acceptance	customer demand	Reduction	Grow distribution network and market solution to customer segments
Sales Volume Risk	3						
Forecast Risk	2						
Pricing Risk	2						
Target Segment Risk	3						
Value Proposition Risk	3						
SWOT Risk	3						
Uniqueness Risk	3						
Future Trend Risk	2						
Profit Pool Risk	3						
Earnings Source Risk	3						
Competitor Impact Risk	4	RFS launched own product separate from WCW. They are trying to take business direct and through distribution vs using one channel	$1M	RFS, Windy City, and Gamma could have immediate impact in 2025	monitering customer demand though distributors and end users	Reduction/Sharing	maintain relationships with current customer base/distribution partners and strategize how to promote our supply chain/leading product/superior service
Internal Gross Margin Risk	2						
Other Costs Risk	3						

Marketers Who Manage Risk Reduce Risk, Lead Better, Decide Smarter

Manage Risk

Better understanding of risk and where to emphasize resources and diligence

Better understanding of risk and how to mitigate in Marketing strategies and plans

Mitigate Risk

More Effectively Lead

More effective coaching by Leaders and Leader/Decision Teams

Better support and guidance where it matters for Marketers

Get Leadership Support

Make Better Decisions

Better portfolio and investment decisions by Leaders and Leader/Decisions Teams

Higher chance of approvals and resources. Higher chance of market success

Obtain Resources

The Secret Benefits of the Marketing Risk Management Process

No AI Necessary!

What are the risks of using an AI engine for marketing risk assessments?

Here's a breakdown of the main risk categories:

Accuracy & reliability

- Hallucinated facts, stats, or competitor claims presented confidently
- Outdated training data missing current market conditions, regulations, or competitor moves
- Overconfidence — AI rarely flags its own uncertainty unless prompted

Bias & blind spots

- Training data skews toward dominant markets/demographics, missing risks specific to niche audiences or underrepresented groups
- Can reinforce groupthink if your team treats AI output as objective truth rather than one input

Compliance & legal exposure

- May miss jurisdiction-specific regulations (advertising law, data privacy, industry-specific rules like pharma or finance)
- Can't reliably assess legal risk the way a lawyer or compliance officer can — false confidence here is costly
- IP/trademark issues if it suggests campaign concepts too close to existing protected work

Strategic/judgment gaps

- Can't read internal politics, brand history nuance, or unstated stakeholder priorities
- Tends toward generic, pattern-matched risk lists rather than insight specific to your situation
- May miss second-order or reputational risks that require human social intuition (e.g., how a campaign could be misread culturally)

Over-reliance

- Teams may skip independent verification, treating AI risk assessment as sufficient due diligence
- Creates a false paper trail of "risk was assessed" when the assessment was shallow

The Secret Benefits of the Marketing Risk Management Process

- A great back check on your strategic plan.
- A great test of your team's acumen.
- Free and worth the price!

Thank You

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