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# Management of marketing risks in sustainable development

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**Abstract.** The article examines the essence and analyses the types of marketing risks in sustainable development in sustainable development. The classification of marketing risks by internal and external factors of influence on marketing activity and “4R” marketing tools has been improved. Considerable attention is paid to the role of marketing research as an important stage of marketing risk analysis for the development of effective marketing strategies for sustainable development. The main stages of marketing risk management are defined, which include: their analysis and identification, qualitative and quantitative assessment, risk control, development of a set of management decisions to minimize or avoid risks arising in the process of marketing activities.

## 1 Introduction

The functioning of enterprises in the conditions of an unstable economy requires the search for new business strategies, where the ability to predict marketing risks and evaluate them is an extremely important task. Today, marketing risks occupy a significant place in the extensive system of business risks. The lack of unified views on the understanding of the essence of marketing risks in author's works creates the complicacy of identifying risks, as it leads to an underestimation or overestimation of the level of risk and does not make it possible to develop a correct system of measures aimed at preventing or reducing marketing risk. That is why there is a need to deepen theoretical developments related to the identification and analysis of marketing risks, the definition of new promising directions, conceptual approaches to the management of marketing risks at enterprises in modern market conditions. Today, the life cycle of a product is shortened, the number of brands is increasing, the effectiveness of advertising campaigns is somewhat decreasing, and in these conditions the risks in marketing are increasing. Methods of minimizing implementation risks used in marketing activities are, for example, the process of optimizing costs for manufacturing and promoting products as an element of marketing product policy, which will allow justifying the expediency of a management decision.

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## 2 Materials and methods

The increase in the number of different types of economic risks, among which marketing risk plays a significant role, requires the improvement of risk management methods and the search for effective means of preventing their occurrence.

The study of risks, in particular marketing risks, is reflected in the works of many scientists: fundamentals of the classification of market risks of enterprises – Oklander (2012) [1]; comprehensively researched the marketing risks of enterprises – Dzwigol and Dzwigol-Barosz (2018) [2]; studies management methodology, which ultimately affects marketing risk management – Kaminska (2018), Kvilinsky (2018), Abuselidze, et al., (2018, 2021) [3-6].

Risk is an integral attribute of entrepreneurial activity, and the theory of risks was created in the work of many scientists. The author of the textbook “Marketing” edited by A. Pavlenko (2008) [7] understands risk in marketing as the threat of loss or lack of income as a result of the implementation of specific decisions or types of production and sales activities, based on marketing recommendations. Macdonald, et al., (2007) [8] offer a classification of risks in marketing, which is divided into three groups: market risks associated with the assessment of the potential size of the market, risks associated with the chosen marketing strategy and profit risks.

Most researchers define marketing risks as a set of risks characterized by the probability of occurrence of certain events and their consequences, which complicate or make it impossible to achieve goals at certain stages of marketing activities or in the field of marketing as a whole.

Management of marketing risks as a confrontation of a set of unforeseen circumstances thanks to strategic diagnostics using the optimal tools, planning of further actions and the path of development can not only reduce the gap between plans and results of enterprise management, but also ensure the success of their management in general (T. Kulinich, O. Lozova, 2018) [9].

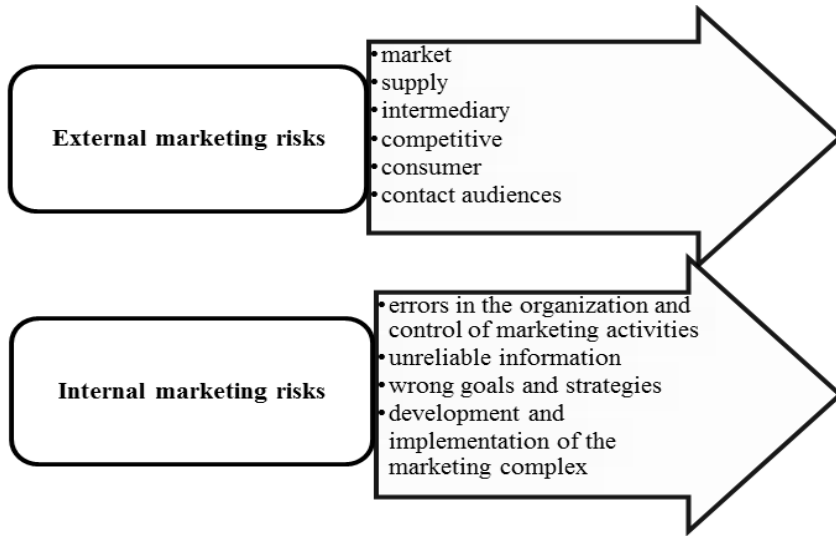
The problems of marketing management are considered in their works by such domestic and foreign scientists as Bortnik, S. (2022) [10]. In particular, T. Oklander (2012) [1] focuses on an in-depth study of the causes of certain types of risks. Diana Buccella (2019) [11] highlights five marketing risks facing the modern business environment. An approach to understanding the nature of risk allows you to choose the necessary measures for its management Abuselidze, et al., (2022) [12, 13].

## 3 Results

It is advisable to consider marketing risk management as a set of interrelated methods and techniques that make it possible to predict the possibility of creating risks in time and take measures to prevent them, minimize or overcome negative consequences. However, it is worth remembering that although risk is usually defined in the economic environment as a danger, it can still have positive results and become a prospect for obtaining profit in the future.

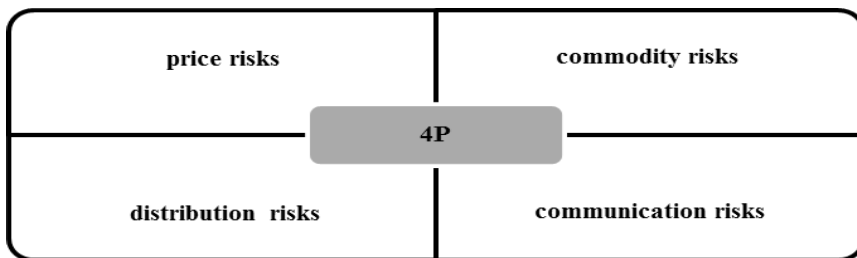
The peculiarity of marketing risks is that they can arise not only under the influence of internal uncertainty of the enterprise, but also under the influence of uncertainty in the development of external factors related to economic processes and the lack of necessary information about the market environment. Let's consider several common classifications of marketing risks. Marketing risks are classified according to the causes of their occurrence, that is, factors of the external and internal marketing environment. External risks include market, supplier, competitive, trade intermediary, consumer, contact audience

risks. Although these risks are objective in nature, marketing specialists are able to influence them. Internal risks include errors in the organization and control of marketing activities, risks of obtaining unreliable information during marketing research, risks of adopting and implementing incorrect marketing strategies, and risks of developing and implementing a marketing mix that does not meet market conditions (Fig. 1).



**Fig. 1.** External and internal marketing risks [14]

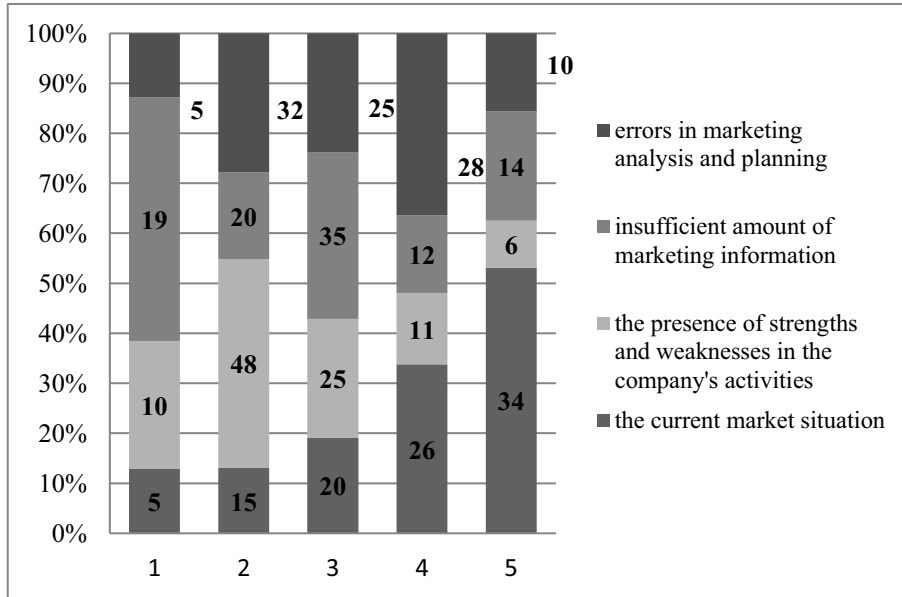
Depending on the cause of occurrence, marketing risks are classified according to the main “4P” marketing tools: price risks – risks related to price policy; product risks – risks related to product policy; distribution (marketing) risks – risks related to related to distribution policy; and promotion (communication) risks – risks related to promotion policy (Fig. 2).



**Fig. 2.** Classification of marketing risks according to the main “4P” marketing tools [10]

In the case when brand building becomes an important means of fighting for a consumer, reputational risk becomes especially relevant, where, in turn, various marketing tools are the most effective means of reducing this risk.

The emergence of marketing risks is associated with a number of reasons due to various factors. We conducted a survey of 100 retailers who identified and evaluated the reasons for the emergence of marketing risks (Fig. 3).



**Fig. 3.** Predominant causes of marketing risks according to retailers

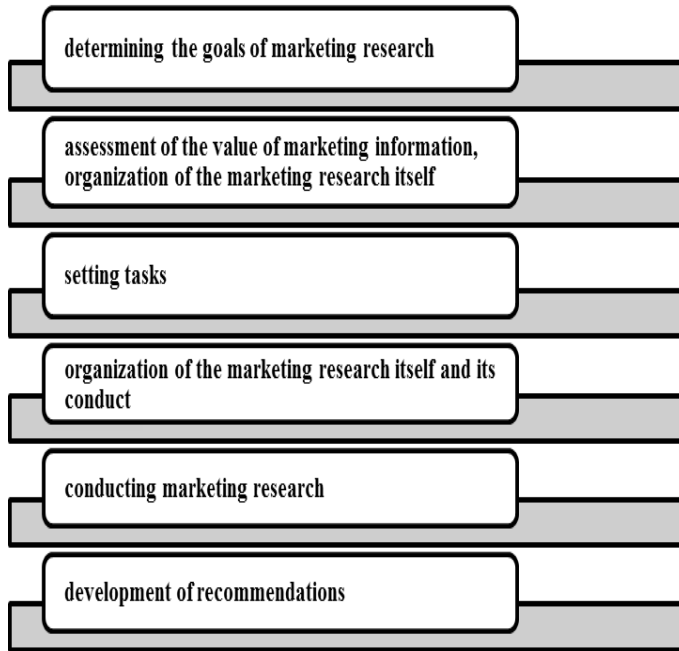
Respondents rated the proposed causes of risks on a scale from 1 to 5, where the number 5 is the highest level of impact. According to the interviewees, the current situation on the market and the insufficient amount of marketing information have the greatest influence on the formation of marketing risk, and the least – the presence of strengths and weaknesses in the company's activities and errors in marketing analysis and planning.

In order to effectively manage marketing risks, first of all, it is necessary to conduct a comprehensive analysis of them. The main goals of marketing risk analysis are the creation of an information base for making appropriate managerial marketing decisions, determining the possible causes of marketing risks, assessing possible consequences, analyzing the possibilities of risk prevention, and developing measures to prevent the consequences caused by marketing risks.

We also note that the next important stage preceding marketing risk management is marketing research, as a marketing risk assessment tool, the trend of which is based on the probability of certain risks for each marketing activity.

The following stages are distinguished for the research of the marketing risk management process: defining the goals of the marketing research, setting tasks, evaluating the value of marketing information, organizing the marketing research itself and conducting it, conducting the marketing research, developing recommendations, preparing a report, and presenting the results of the marketing research (Fig. 4).

Marketing research is aimed at reducing the risks of the enterprise, increasing its competitiveness and improving financial results, and is also a source of necessary and reliable information for making informed management decisions and implementing effective management influences.



**Fig. 4.** Stages of marketing risk research [15].

The risk management system is formed from the following stages:

- Definition, identification of risks;
- Marketing research of risks;
- Qualitative and quantitative assessment;
- Planning measures to reduce risks, monitoring the implementation of measures to minimize them and evaluating implemented measures (Fig. 5).



**Fig. 5.** Marketing risk management system

Risk management in marketing activities is developed on the basis of research on the state of the sales market, competition on it, its conjuncture, taking into account internal and external factors of the marketing environment. Standard risk assessment techniques can be successfully applied to identify and assess marketing risks with minor modifications. When making management decisions, the situation is evaluated, possible outcomes are formed, the probability of their implementation is presented, a choice is made from possible options and that is, risk is generally a subjective assessment. A risk management system is a management system, using the tools of which you can control risks at all levels.

## 4 Conclusions

The growth of marketing risks is largely due to the influence of such marketing factors as the decline in the purchasing power of consumers, the intensification of competition, and the adoption of insufficiently substantiated marketing management decisions. At the same time, the problems of defining the essence, systematization and formation of scientific approaches to marketing risk management remain insufficiently studied. The causes of marketing risks are the current situation on the market, factors of the internal and external environment of the enterprise, the presence of strengths and weaknesses in the enterprise's activities, insufficient marketing information, and errors in marketing analysis and planning. Effective management of marketing risks should be aimed at optimizing the ratio of expected profit and risk, subject to previously conducted qualitative and quantitative marketing research. The marketing risk management system includes the definition of potential marketing risks and their classification, analysis and research of marketing risks, their qualitative and quantitative assessment, measures to minimize, eliminate or transfer marketing risks, and evaluate the results of implemented measures.

Thus, despite the deep level of marketing risk research, the process of identification, analysis, evaluation, and minimization through effective management remains relevant and requires revision and determination of new promising directions, conceptual approaches to marketing risk management in modern market conditions.

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