

# What does Geopolitical Risk have to do with Marketing?

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At Selbey Labs our mission is to use intelligence, data and observation to help our clients succeed.

As we've begun to explore ways to do this, we've considered cultural trends, consumer behaviour, socio-economic drivers and a range of other factors.

However, recently like many of us, we've become aware that global events e.g. the ongoing impact of coronavirus and the war in Ukraine are reshaping the world as we know it and having an impact on brand behaviour, decision making, reputation and past actions.

As one of the central tenets of Selbey Labs is to test and learn, we decided to take a dose of our medicine and research ways in which a deeper knowledge of geopolitical risk and its impacts could help us to inform brand strategy and wider marketing decisions for ourselves and our clients.

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One of the first things we considered was the challenge for brands to maintain consistency of behaviour, communications and positioning as they operate globally across diverse ideological frameworks country by country.

What might be straightforward and accepted in one country may be seen as controversial in another. In the past some brands chose to localise and vary advertising messaging and imagery to match the mores and values of a particular place. Today, in a globally, inter-connected world, what a brand does in one market, is seen in every market and it will quickly be held to account if consumers or other stakeholders feel it is being inconsistent.



But the need for brands to consider geopolitical events goes much further. Changes in government, policy, legislation or even the underlying mood of a country can have profound effects on a brand, which may suddenly find itself needing to adapt quickly or take a stand to defend itself.

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So based on this, our hypothesis is that brands must develop an understanding of geopolitical risks if they are to successfully manage reputational issues that can arise from manufacturing, retailing or partnering in countries with different cultural practices and operating environments. It feels self-evidently true, but we wanted to first test this thinking on our own business ie [Selbey Anderson Group](#) firstly to establish the best way to go about it and secondly, identify the key areas to focus on in a marketing and wider business strategy context.

We began by finding two relevant and expert partners who could bring a deep understanding of geopolitical risk and applied strategic thinking to brand decision making.

These partners were [Quirk Solutions](#), a leading strategic consultancy that has both deep understanding of change management and business strategy and planning and [Geopolitical Risk Advisory](#), a specialist in advising companies on the financial and operational risks they may face across the world.

We then designed a one-day seminar inviting all group agency MDs as well as the Selbey Anderson executive team to attend.

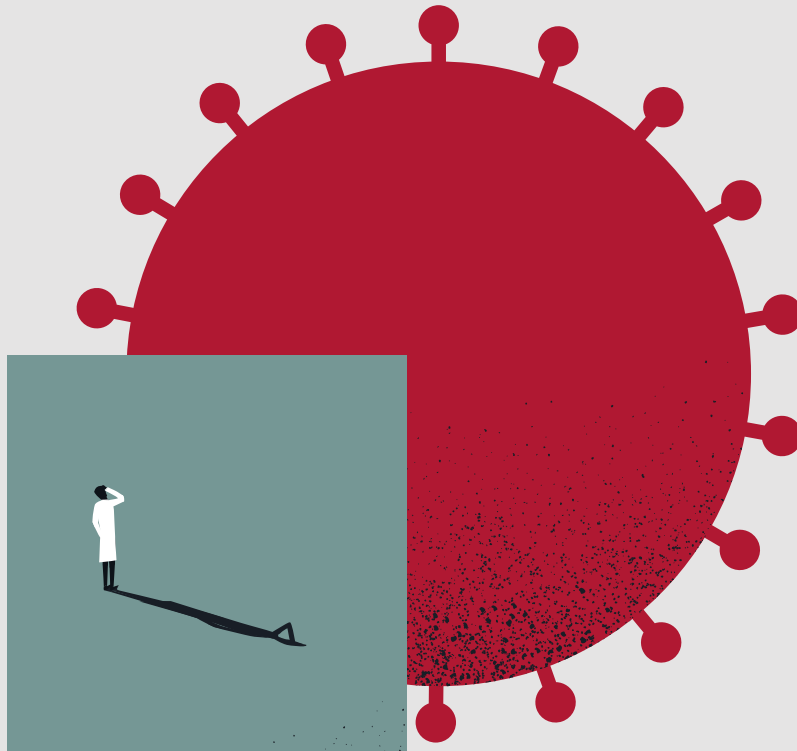
This began with a masterclass in geopolitical risk management from Dr. Elizabeth Stephens, who holds a Phd in International Relations from the London School of Economics. She also lectures at the Henley and Cass Business Schools and runs Geopolitical Risk Advisory, so we were in very good hands.

Here are a few things we learnt:

- Trends vs Events: Some things build slowly over time and can be understood and planned for, others come out of nowhere and must be responded to instead. In the context of “Geopolitical Brand Management”, we are primarily interested in trends, as they often give rise to seemingly sudden seismic shocks, but could have been managed if they had been tracked and understood earlier.
- Data input to most risk models is backward looking but most risk management is forward looking. So, if we’re going to be effective, we need to develop more dynamic data feeds and faster computation and analysis (hint, AI and data science might help us here).



**The key question to ask is what can we know about likely future events and how might these impact our ability to operate, trade and act in a particular country or region?”**



- The Covid-19 pandemic changed the world and the Russian invasion of Ukraine changed it again. Individuals, corporations and governments are now scrambling to adjust to a new reality, one in which the US and China appear to stand on opposing sides in the largest European military conflict since the Second World War and economic sanctions imposed on Russia may accelerate the de-coupling of the global financial system.
- Risk is the probability that any event will turn into a measurable loss. It is composed of two factors: probability and impact ie how likely is it to occur, and how big is the impact?
- Geopolitical risk looks at Country Risk, Sovereign Risk and Political Risk but often takes an holistic view and this is most relevant for brands.
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- Geopolitical risk should not be viewed as a standalone risk, but one that plays out across multiple touchpoints and business areas e.g. cyber-security, employee safety, brand reputation and franchising are all impacted by current and future geopolitical events as we have recently seen.
- When, as company executives, we feel we can exert no impact over geopolitical events as compared with the influence we can wield over other things, there is a temptation to ignore it. This is a fundamental miscalculation: understanding geopolitical fault lines and the ways in which they will reshape the marketing environment is a pre-requisite for commercial success.
- Brand voice, ESG and brand behaviour are all clearly affected by geopolitical risk and country, regional and global events. We are, for example, seeing the impact on brands of decisions regarding ceasing trading or continuing to trade in Russia. It is important to recognise that as brands operate across regions, they also operate across ideologies and belief systems and maintaining a consistent brand position, ethos and behaviour requires careful thought and planning.
- As regards trading in Russia, either directly or indirectly, this has rapidly become a crucial issue, which wasn't even on the radar six months ago.



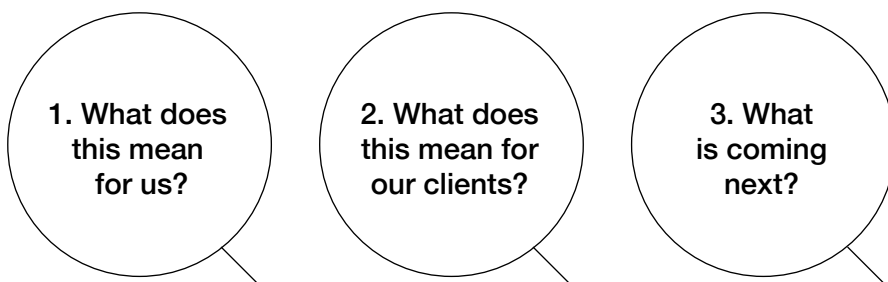
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## What does Geopolitical Risk have to do with Marketing?

We then took our new-found knowledge and with the help and guidance of the expert team at Quirk set to work in applying it to our own business. What Quirk are particularly adept at is facilitating rapid idea generation and then pressure-testing them and the potential strategies and actions that flow from them to see what survives.

Using some specific examples of Geopolitical events that are playing out today, they walked us through three focus areas:

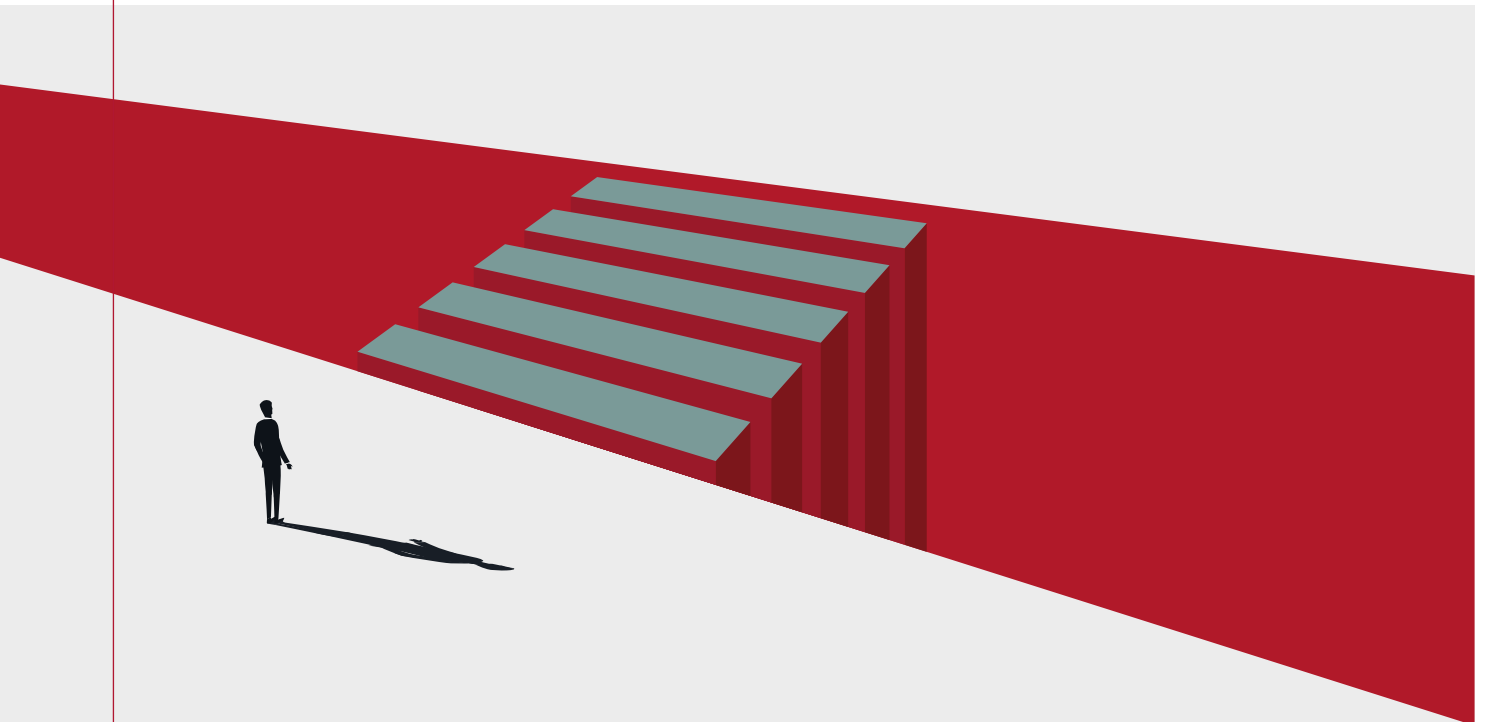


For obvious reasons, we can't go into too many specifics about what we learnt and how we're going to apply it, but there are a few observations worth sharing:

- A brand or business purpose that is meant to work globally must start with some universal principles but be road-tested in a variety of regions to understand what it means to consumers, employees and other stakeholders on the ground, as often what sounds great in the boardroom, doesn't work in the field.
- Our primary risks are connected to capital; finance, human capital, social capital and reputational capital. We have to manage all very carefully.
- Managing these risks will be best achieved by getting closer to all our stakeholders and developing continuous dialogue and useful and timely intelligence to aid our decision making.
- Good ideas can come from anywhere so we should both cultivate the widest possible network of partners and collaborators across the group and invest in continual research and observation to guide our decisions.



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- The risks we face, are shared by our clients and working with them to manage them and get ahead of them benefits everyone.
- There is a crucial role for rapid-prototyping, testing and learning and developing proof of concepts to innovate in an evidence-based and scientific manner before scaling.
- As we live through a period of significant geopolitical turbulence, all brands and businesses need a geopolitical risk management strategy to succeed.

The day ended with a frank assessment of what we have learnt, and whether the format of the workshop and its outputs would be useful for us going forward and for our clients.

The overall verdict was a resounding yes and we now have a prototype that we've road-tested and refined. We would love to further refine it with interested clients or any business that would like to explore the role that this vital skill can play in their own brand management.

**If you would like to find out more about our Geopolitical Brand Management workshop or any aspect of Selbey Labs, please contact us at [info@selbeylabs.io](mailto:info@selbeylabs.io)**



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## About Selbey Labs

Selbey Labs is part of the Selbey Anderson Group, a fast-growing marketing services group headquartered in London. Selbey Anderson's mission is to find and unlock value in people, agencies and brands. It focuses on mobility, financial security, connectivity, vitality, home life and recreation. For more information visit [www.selbeyanderson.com](http://www.selbeyanderson.com)

Selbey Labs brings intelligence, data and human observation together to help our agencies, partners and clients succeed. Its remit spans forecasting, research and innovation with a focus on cultural insights, social science, data and analytics applying a test and learn methodology to rapidly move from exploration to exploitation of actionable foresights.



If you would like to find out more about our Geopolitical Brand Management workshop or any aspect of Selbey Labs, please contact us at [info@selbeylabs.io](mailto:info@selbeylabs.io)