

# International Marketing Strategy Adaptation: A Driver of Global Value Chain Embedding: A Review of Chinese Firms

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## Abstract

This study examines how international marketing strategy adaptation supports progressive embedding and upgrading of Chinese firms within global value chains (GVCs). A stage-based conceptual framework was developed by integrating network embeddedness theory and resource orchestration theory. A qualitative review approach was adopted, and comparative case analysis was conducted on Huawei and Lenovo to illustrate how firms navigate distinct challenges, opportunities and upgrading paths at different stages of GVC embedding. The findings reveal that marketing strategies play various roles across stages: facilitating market legitimacy at early stages, enabling relational integration at intermediate stages, and supporting strategic governance at advanced stages. Such marketing adaptation contributes to GVC upgrading primarily by mediating firms' network embeddedness. This study contributes to international business and GVC literature by clarifying the contingent effect of marketing capabilities in value chain upgrading. It also offers managerial and policy implications by highlighting how downstream capabilities and relational strategies can support sustainable internationalization.

## Keywords

internationalization, marketing strategies, global value chain embedding, network embeddedness, resource orchestration

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## 1. Introduction

Internationalization has become a central strategy for firms seeking sustained growth in an increasingly fragmented yet interconnected global economy. In recent years, Chinese firms have expanded rapidly within global value chains (GVCs). In the first ten months of 2024, China's goods exports reached 20.8 trillion yuan, increasing by 6.7% year-on-year. This expansion reflects not only rising export scale but also firms' ambition to move toward higher value-added positions. There is a significant positive impact of global risk management capability on GVC capability, which eventually impacted MNE performance [1]. Therefore, as competition intensifies and institutional environments diversify, the ability to dynamically adapt international marketing strategies has become a critical determinant of global competitiveness.

Existing studies provide substantial insights into the international marketing strategies of emerging market firms, particularly their adaptive behavior under institutional constraints. Meanwhile, GVC research has examined governance structures and value capture across fragmented production networks. However, these two streams remain insufficiently integrated. International marketing studies typically focus on market performance and legitimacy, whereas GVC research emphasizes production capabilities and governance structures. Limited attention has been paid to how marketing strategies shape firms' evolving positions within GVCs.

To address this gap, this study asks: How do Chinese firms dynamically adapt international marketing strategies across stages of global expansion, and how do these adaptations facilitate progressive GVC embedding? Drawing on network embeddedness theory and resource orchestration theory, this study develops a stage-based analytical framework conceptualizing marketing strategies as evolving mechanisms. Rather than viewing marketing adaptation as a one-time localization decision, the framework highlights how its role shifts from legitimacy building to relational embedding and ultimately to governance influence.

As for methodology, the study adopts a review approach and develops a conceptual framework grounded in two theories. Comparative case analysis of two Chinese firms is used to illustrate how firms navigate stage-specific challenges and opportunities. By integrating international marketing and GVC perspectives, this research clarifies how marketing adaptation contributes to sustainable upgrading rather than mere market expansion, offering implications for managers and policymakers.

## **2. Literature Review**

### **2.1 International Marketing Strategies**

Research on international marketing strategies have traditionally focused on how firms adapt product, branding, and channel decisions to heterogeneous institutional and cultural environments. They highlighted trade-offs between global integration and local responsiveness. More recent research shift attention toward dynamic adaptation under institutional uncertainty, particularly for emerging market firms expanding into advanced economies. International marketing is increasingly viewed not merely as a functional activity, but as a strategic capability. However, much of this literature evaluates outcomes in terms of market performance and brand success, with limited attention to how marketing strategies influence firms' structural positions within global production networks.

### **2.2 Global Value Chain (GVC)**

Global value chain research examine how value creation, coordination and governance are distributed across fragmented international production networks. Foundational studies distinguish between different governance structures to emphasize how firms move from low-value manufacturing to higher value-added functions such as design, branding, and coordination. Recent work highlights relational embeddedness and capability accumulation as key determinants of upgrading outcomes. Nevertheless, GVC scholarship has traditionally prioritized production capabilities and governance configurations, so it often underplays the role of market-facing strategies. The interaction between international marketing adaptation and GVC positioning therefore remains a gap.

## **3. Stage-Based Analysis of International Marketing Strategies and GVC Embedding**

This study demonstrates the internationalization of marketing strategies and global value chain embedding as a dynamic and stage-based process. Building on resource orchestration theory and network embedding theory, the study proposes a three-stage framework to illustrate how firms adapt marketing strategies to overcome constraints, leverage opportunities and progressively enhance their positions. According to network embedding theory, corporate internationalization is a process of continuous integration and connection into host country networks [2]. During this process, firms need to obtain, organize, and then utilize resources which are in line with resource orchestration theory [3].

### **3.1 Stage 1: Peripheral Market Entry and Production-Oriented Embedding**

#### **3.1.1 Challenges**

At the initial stage of GVC embedding, firms enter international markets from peripheral positions. Marketing strategies are primarily used to reduce uncertainty rather than capture high-value activities [4]. Companies primarily face liabilities of limited brand recognition and restricted access to key actors. It is also difficult to align with the shared values and cultural needs of global consumers. Firms find ways to combine local cultural expression with global value resonance, thereby standing out on the multicultural international stage [5]. Institutional distance and liability of foreignness further constrain their abilities to control marketing channels or influence value distribution. As a result, firms often depend on intermediaries and lead firms, which limits their bargaining power and strategic autonomy.

#### **3.1.2 Opportunities**

Despite these constraints, early international participation creates opportunities to establish foundational market presence. Exposure to foreign markets allows firms to accumulate experiential knowledge and build initial network ties with distributors and platform intermediaries. Even peripheral participation may trigger upgrading processes over time [6]. At this stage, firms begin bundling basic marketing resources, such as market knowledge and localized distribution capabilities, laying the groundwork for deeper embedding.

#### **3.1.3 Optimal path**

The strategic focus at this stage lies in resource structuring and standardized marketing to achieve cost efficiency and stable participation. Network embeddedness remains transactional, yet it serves as a critical entry point for accumulating market knowledge. The optimal path involves leveraging standardized marketing capabilities to secure stable GVC participation while selectively investing in relational learning. Different industries choose different ways to participate in reconstruction of GVCs due to their different levels of competitiveness, such as constructing National Value Chains and indigenous innovation [7]. Marketing adaptation supports repeated transactions and gradual legitimacy building, but its contribution to GVC upgrading is indirect. Firms secure stable participation first before pursuing higher-value positioning.

### **3.2 Stage 2: Relational Market Embedding and Value Chain Integration**

#### **3.2.1 Challenges**

As firms move beyond initial entry, the central challenge shifts from market access to relational integration. International marketing strategies increasingly operate as deepening network embeddedness within global value chains [8]. Therefore, standardized marketing strategies become insufficient as firms confront heterogeneous consumer demands and intensified competition. Coordination costs increase and technological constraints may limit firms' ability to deliver credible value propositions [9].

Studies show that diversity in governance relationships helps enhance overall resilience, which requires relational aspects to be considered alongside economic aspects of the GVC [10]. Marketing adaptation alone cannot sustain upgrading unless supported by stronger relational and technological capabilities.

#### **3.2.2 Opportunities**

This stage creates opportunities for functional upgrading through deeper integration with local partners and enhanced innovation capabilities. Technological knowledge flows contribute to firms' improved GVC positioning [11]. Firms establish authoritative and highly recognized technological proprietary which helps to differentiate themselves from other companies in the international market, thereby occupying an irreplaceable position in GVC. Marketing adaptation facilitates this shift by aligning branding and value propositions with local market expectations.

#### **3.2.3 Optimal path**

Firms engage in resource bundling to reconfigure marketing capabilities, balancing global integration and local responsiveness. Localization in branding and pricing becomes more pronounced. Simultaneously, firms deepen network embeddedness through strategic partnerships and relational learning [12]. The optimal path involves aligning adaptive marketing capabilities with relational upgrading to facilitate functional GVC

embedding and solving problems of technical bottlenecks. Marketing adaptation contributes to upgrading not through scale expansion alone, but by reinforcing relational integration that enables firms to reposition themselves within production and distribution networks [13].

### **3.3 Stage 3: Strategic Embeddedness and GVC Position Upgrading**

#### **3.3.1 Challenges**

At advanced stages of GVC embedding, the central challenge lies in transforming accumulated relational assets into strategic influence and governance power [14]. Companies face intensified competition from incumbent multinationals and structural power asymmetries within global value chains, so it is necessary to form transmission mechanisms and arena of actors to yield power in GVC governance [15]. Moving into high-value activities such as brand leadership and ecosystem coordination requires substantial strategic commitment and capability integration.

#### **3.3.2 Opportunities**

Firms that successfully orchestrate marketing capabilities can transition from GVC participants to controllers, which influence standards, consumer preferences and network governance. International marketing strategies increasingly serve as strategic tools for ecosystem construction and brand-based value capture. The internal governance of GVC is a dynamic phenomenon that is subject to continuous adjustments and changes. Different integration and utilization of information or resources affect co-evolution [16].

#### **3.3.3 Optimal Path**

This stage emphasizes resource leveraging at the ecosystem level, where firms integrate marketing, innovation, and relational capabilities to build global brand equity. Deep network embeddedness enables firms to occupy more central positions within GVCs. Then firms enhance both their bargaining power and long-term competitiveness through improved coordination and governance of market-facing activities [17, 18]. The optimal path involves continuous reconfiguration of marketing strategies as dynamic capabilities, supporting sustained high-level GVC embedding. Accordingly, marketing strategies at this stage play a role in supporting firms to shape downstream activities and exert greater control over value distribution.

## **4. Discussion: Implications for GVC Upgrading and Internationalization Strategy**

### **4.1 Framework Explanation**

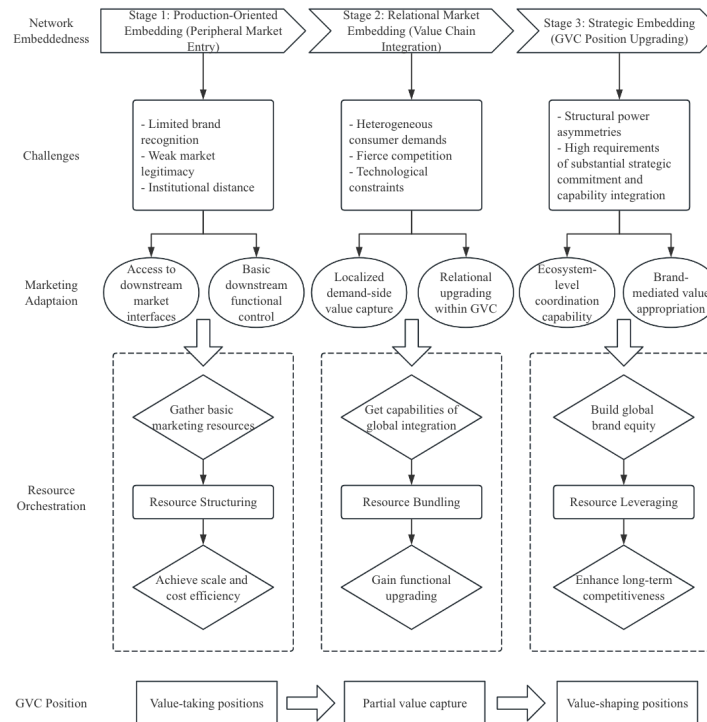
Figure 1 present a stage-based framework illustrating how international marketing strategy adaptation facilitates firms' progressive embedding within global value chains. Internationalization is conceptualized as a dynamic process comprising three stages of network embeddedness, during which firms reconfigure marketing resources and gradually shift from value-taking to value-shaping roles. Transitions across stages are not driven by market expansion alone, but by changes in firms' control over downstream activities, relational positioning, and value appropriation within GVCs.

### **4.2 Case Analyses of Representative Firms in China**

Orchestrating firms can enhance efficiency outcomes of the GVC using social mechanisms, such as relational capital, multilateral feedback and so on. Deployed in an integrative fashion, these mechanisms facilitate coordination and foster innovation or new capability development [19]. International marketing functions as a key mechanism through which firms bundle and leverage different types of resources to overcome capability constraints and achieve higher-value GVC participation [20]. Collectively, marketing strategy operates as a conduit linking resource configurations with dynamic shifts of positions in GVC.

To illustrate how the proposed framework operates in practice, the following section applies the stage-based model to two representative Chinese firms—Huawei and Lenovo, and then makes comparative analysis. These representative cases are selected to capture distinct variation in several aspects such as technological capabilities, strategy changes and so on.

Figure 1: Framework of International Marketing Strategy Adaptation



#### 4.2.1 Huawei: From Peripheral Participation to Strategic Embeddedness

Huawei’s internationalization reflects a transition from peripheral participation to strategic embeddedness within global value chains. In its early stage, the firm entered foreign markets through cost-based competition and arrangements for original equipment manufacturer (OEM), occupying low value-added positions with limited control over branding and downstream activities. As technological capabilities and market knowledge accumulated, Huawei shifted toward localized solutions and relationship-based market development. This strategic reorientation strengthened its integration within host-country networks. In the advanced stage, Huawei leveraged its technological base and global partnerships to move into higher value-added segments, despite growing geopolitical and regulatory constraints.

Although institutional distance and weak initial legitimacy posed significant barriers, learning and continuous capability upgrading enabled the firm to reposition itself within global networks. Huawei’s trajectory illustrates that marketing localization alone is insufficient for upgrading if without technological credibility. Sustainable strategic embeddedness depends on the interaction between technological credibility and relational integration within GVC structures.

#### 4.2.2 Lenovo: From Peripheral Manufacturing to Brand-Oriented Embeddedness

Lenovo’s international expansion reflects a transition from production-oriented participation to brand-driven embeddedness within global value chains. In its early stage, Lenovo operated primarily as an OEM, relying on cost efficiency and standardized products. While this strategy enabled market access and scale expansion, it offered limited downstream control and minimal value capture beyond manufacturing. A major turning point was the acquisition of personal computer (PC) business arm of international business machines(IBM), which provided access to established global brands, distribution networks and customer relationships. This strategic shift transformed Lenovo’s international marketing orientation from cost-based competition to brand-centered positioning.

However, upgrading through brand acquisition also introduced integration challenges and governance complexity. Successfully managing these trade-offs allowed Lenovo to convert marketing capabilities into a strategic lever for higher-value positioning. The case demonstrates how brand control enhances downstream influence but requires effective organizational integration to sustain GVC upgrading.

### 4.3 Conceptual Refinement of the Framework

The comparative case analysis refines this framework by demonstrating that marketing-led upgrading is inherently stage-contingent. In early phases, marketing adaptation supports market access and legitimacy building under limited downstream control. As firms accumulate technological capabilities and deepen relational integration, marketing increasingly functions as a mechanism that mediates network embeddedness and enables governance influence. GVC upgrading therefore depends on how firms align marketing adaptation with evolving resource configurations and network positions. Rather than generating direct value capture, international marketing strategy shapes firms' upgrading trajectories through its interaction with relational and organizational capabilities.

## 5. Conclusion

This study examines how Chinese firms adapt international marketing strategies to achieve deeper embedding within global value chains. Drawing on a stage-based framework and two case analyses, it shows that marketing-driven upgrading is dynamic and contingent rather than linear. International marketing strategies evolve from facilitating market access and legitimacy building to enabling relational integration and governance influence. Marketing adaptation contributes to upgrading primarily through its interaction with firms' network positions and resource orchestration [21].

The study advances a stage-based perspective on GVC embedding, clarifying how the role of marketing capabilities shifts across phases of internationalization. It highlights network embeddedness as a mediating mechanism and integrates resource orchestration into GVC analysis [22]. Rather than treating marketing localization as a universal upgrading strategy, the findings demonstrate how firms translate marketing initiatives into sustained development and upgrading heterogeneity [8].

Several limitations warrant attention. First, the study relies on qualitative evidence from two large Chinese firms, which may limit the generalization of the findings to smaller firms or other emerging economies. Second, broader institutional and geopolitical dynamics are not fully examined. Future research could adopt mixed methods or cross-industry datasets to test the framework across diverse contexts [23, 24].

From a managerial perspective, the findings suggest that firms should combine marketing adaptation with evolving network positions and resource configurations rather than treating localization as an isolated tactic. For policymakers, maintaining institutional openness promotes value chain advancement by reducing institutional transaction costs and augmenting technological innovation [25]. So, capabilities like branding and channel development can enhance firms' resilience and facilitate sustainable GVC upgrading.

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## **Conflicts of Interest**

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