

# Global Trade Policies and Their Impact on Marketing in The Digital Age

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**Abstract:** With electronic commerce and digital services gradually becoming an important part of international trade, the rapid development of digital technologies has led to significant changes in market structures and business models. The article first outlines the salient features of the digital economy, including the widespread use of big data, cloud computing and artificial intelligence. The article then explores the impact of trade policies on product pricing, firm profitability and market diversity, as well as the way digital technologies are changing marketing strategies. Thanks to big data and artificial intelligence, companies are better able to anticipate customer needs and develop appropriate marketing plans. In addition, through digital transformation, business marketing and services can be seamlessly integrated to improve user experience and service efficiency. Finally, the article outlines the difficulties that firms face in the era of digital marketing and proposes creative solutions. In the digital economy, companies must adapt to changes in international trade rules, use digital technologies to improve marketing efficiency and effectiveness, and pursue innovation for sustainable growth.

**Keywords:** Global trade policy, Digital economy era, Marketing, Tariffs and trade barriers, Global value chains, Digital technology, Precision marketing, Digital transformation.

## 1. Introduction

The digital economy era refers to a period of economic activity characterized by the increasing use of digital technologies and online platforms for production, transactions, and consumption. This encompasses e-commerce, digital services, and cloud-based business models. During this period, digital technologies have revolutionized business models and market structures, enabling new drivers of economic growth such as big data, cloud computing, and artificial intelligence applications. As the digital economy rises, trade policy faces new challenges and opportunities. The advent of the Internet and information technology has transformed traditional trade patterns, with e-commerce becoming a significant component of global trade. E-commerce sales in China will reach US\$1,318.7 billion in 2023, ranking it number one in the world, and will maintain its leadership position through 2027, according to a new report by Statista. The shift in purchasing power from the US and Europe to China and South East Asia has already begun and will be further fuelled by the increasing number of Asian consumers being exposed to e-commerce as purchasing power and internet (especially mobile device) penetration increase. This growth necessitates policymakers to update trade rules to address emerging issues such as cross-border data flows, intellectual property protection, and cybersecurity. A study by IBM and Maersk has shown that implementing blockchain technology in their supply chain visualization platform has significantly reduced shipping time and costs. Specifically, blockchain technology has enhanced transparency throughout the shipment process, reduced average processing time by 40 percent, and decreased administrative processing costs by approximately 30 percent. Additionally, digital tools enable SMEs to track goods in real-time and optimize inventory management, thereby managing capital flows and reducing operating costs more effectively [15]. Digitization not only opens new markets for businesses

but also improves supply chain transparency and efficiency, facilitating SMEs' access to global markets. Consequently, global trade policies must be continuously updated to support technological innovation and economic growth while protecting the rights of consumers and businesses [1].

Global trade policy has undergone a significant transformation from protectionism to free trade. After the Second World War, to rebuild the economy and avoid trade conflicts, the international community signed the General Agreement on Tariffs and Trade (GATT) in 1947. This agreement later evolved into the World Trade Organization (WTO), established in 1995, with the goal of reducing trade barriers and ensuring fairness and transparency by monitoring and formulating international trade rules. Additionally, free trade agreements (FTAs), such as the North American Free Trade Agreement (NAFTA) of 1994, have promoted trade liberalization among signatory countries. In the twenty-first century, the rapid development of digitalization has profoundly impacted traditional trade patterns, making e-commerce a vital component of global trade. This shift has compelled policymakers to update trade rules to address new issues such as cross-border data flows, intellectual property protection, and cybersecurity in the digital economy [2].

## 2. The Direct Impact of Global Trade Policies on Marketing

In the current environment of economic globalization, where governments protect their industries and regulate their economies by adjusting tariffs and establishing trade barriers, changes in these policies directly impact international trade and global market dynamics. For example, tariff adjustments affect product pricing and corporate profitability and may also redefine market competition patterns. Simultaneously, trade barriers such as tariffs, quotas, and import licenses profoundly impact firms' market entry strategies and operating costs.

In the case of trade friction between China and the United

States, China's counter tariffs on U.S. goods have had a limited impact on domestic prices, with retailers absorbing the additional costs to remain competitive. Conversely, the tariffs imposed by the United States on Chinese goods have significantly raised their prices in the U.S. market, leading to reduced market shares and consequent price increases by productive firms, exacerbating market imbalances. The increase in tariffs has led to higher production costs and reduced competition, allowing some firms to raise prices and profit margins. Additionally, tariff policies indirectly affect pricing and market diversity by altering supply chain costs, market access, and industry structure. Changes in tariffs not

only modify the cost of intermediate goods and firms' production decisions but also impact market concentration, product mix, and export size, subsequently affecting domestic prices [3].

As a specific case, Apple Inc., an American electronics manufacturer, adjusted its global market strategy as a result of the trade war between the United States and China. Below is a comparative table of Apple's market strategy, cost structure, and sales performance before and after the US-China trade war:

**Table 1.** Comparative analysis of Apple before and after the US-China trade war

| Indicators        | Pre-trade war description                          | Post trade war description                             | Change Analysis   | Data to back it up                                    |
|-------------------|--|--|---|---|
| Market Strategy   | Production in China, sales in developed markets    | Increased reliance on Southeast Asian markets          | Apple seeks to diversify markets and production base            | Apple from 20 per cent to 15% of total sales          |
| Cost structure    | Low production costs, mainly made in China         | Changing supply chains makes production more expensive | Tariff policy affects profitability                             | Production costs rise from \$412.75 to \$558 per unit |
| Sales performance | In Q4 2018, global iPhone sales were about \$6.2bn | Global iPhone sales of around \$5.5bn in Q4 2020       | The trade war affected sales in China and global sales declined | Sales declined by about 11.3%                         |

The table shows how much Apple depended on China as its main market and production base before the US-China trade conflict. But when the US put taxes on Chinese goods, the trade war intensified, forcing Apple to reevaluate its worldwide supply chain and market strategy. To lessen its reliance on China and diversify the origins of its supply chain, Apple has moved a portion of its manufacture to nations with cheaper labour costs, such as Vietnam and India. This tactic improves supply chain resilience in addition to reducing tariff concerns. Apple has streamlined its production procedures and raised production efficiency to reduce expenses in response to growing production costs brought on by higher tariffs. To lessen its reliance on a single market, Apple has also aggressively negotiated better terms and pricing with suppliers and boosted investment in other developing regions like India and Southeast Asia. Apple has significantly increased its market share in these regions by introducing goods and services that are suited to the local requirements.

### 3. Indirect Impacts and Adjustments to Marketing Strategies

With the advancement of globalization, there is a trend towards the localization of Global Value Chains (GVCs). This trend emphasizes the internationalization and decentralization of production activities, where firms bring their production, research and development (R&D), and other operations closer to consumer markets or resource locations. This strategy aims to increase efficiency, reduce costs, and better adapt to local market demands. However, this shift also presents management and coordination challenges and can lead to higher operating costs. For countries, the localization of GVCs necessitates active participation in the global economy, optimization of industrial structures, and improvement of the business environment to attract and retain key links in GVCs [6].

Using the automotive industry as an example, Tesla Inc. has excelled in its localization strategy for its global value chain. To better serve the European market, Tesla established its latest facility, Gigafactory Berlin-Brandenburg, in Germany.

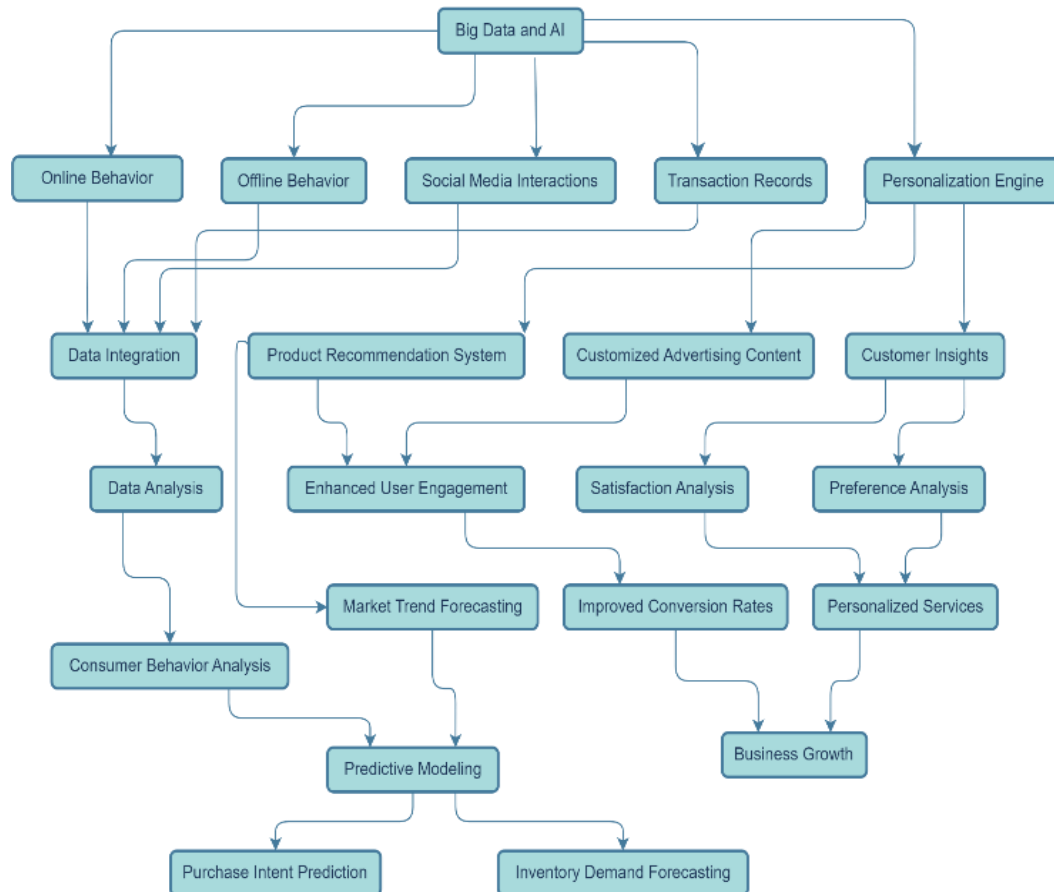
This move has enabled the company to reduce its market response time in Europe from six weeks to two weeks and lower transport costs by approximately 30%. The decision was driven not only by the growing demand for electric vehicles in Europe but also by the desire to minimize transport costs and circumvent potential trade barriers. The localization of the factory allows Tesla to leverage Germany's efficient supply chain and technical expertise, thereby improving production efficiency and cost control. By implementing an advanced supply chain management system, Tesla Inc. has increased its production efficiency by 20%. Moreover, this localization strategy enables Tesla to respond more swiftly to market changes and customer needs, enhancing its competitiveness in the highly competitive European electric vehicle market [4].

Trade barriers, including tariffs, quotas, and import licenses, are restrictions on imported goods imposed by governments to protect their domestic industries. These barriers significantly impact firms' market entry strategies. Tariffs can directly increase the cost of imported goods, reducing firms' competitiveness in the market and necessitating alternative strategies to reduce costs or add value within the value chain. Quotas and import licenses can restrict market access, forcing firms to limit their sales or seek alternative markets. In response to such trade barriers, firms may need to adjust their market strategies, such as establishing production facilities within the target country to circumvent these obstacles [5]. Consequently, firms must reorganize their supply chains or find local partners to reduce dependence on imported components and adapt to local production requirements. To better adapt to the target market, firms may also need to localize their products and services, exemplified by Apple's introduction of mobile phones with dual-SIM functionality for the Chinese market to meet local consumer preferences. Additionally, compliance with the legal policies of the target market is an essential aspect of business operations. Given the uncertainty of trade policies, firms must conduct risk management when formulating market entry strategies to cope with potential policy changes.

In the context of the digital economy, enterprise marketing management is undergoing profound changes and challenges, but it also presents significant opportunities. Digital technology is reshaping all aspects of marketing, including precision marketing, personalized service, and online-offline integration.

Firstly, the application of big data and artificial intelligence enables enterprises to gain more accurate insights and predict consumer demand. By collecting and analyzing data on consumers' online and offline behaviors, companies can

pinpoint their target customers, understand their preferences and buying habits, and develop personalized marketing strategies. For example, Alibaba uses the massive user data accumulated on its e-commerce platform to classify user needs through machine learning algorithms, achieving precise delivery and personalized recommendations, thereby significantly improving advertising efficiency and purchase rates. Here's a flowchart of how big data and AI can help businesses achieve precision marketing and personalised service to help us visualise the process more:



**Figure 1.** Precision Marketing and Personalisation Flowchart

This is a process map explanation:

(1) Big Data and Artificial Intelligence: The central node of all processes.

(2) Data collection: Segmented into online behaviour, offline behaviour, social media interactions and transactional records.

(3) Data Integration: The process of combining data from different sources.

(4) Data Analytics: Includes analysing consolidated data to understand consumer behaviour and predict market trends.

(5) Predictive modelling: Using historical data to predict consumer behaviour and inventory demand.

(6) Personalisation engines: Components responsible for creating personalised experiences.

(7) Product recommendation systems and customised advertising content: The output of the personalisation engine, designed to increase user engagement.

(8) Customer insights: Gained through preference and satisfaction analyses, used to further refine marketing

strategies.

(9) Increased conversions and personalisation: The direct result of precision marketing efforts.

(10) Business growth: The ultimate goal achieved through effective precision marketing and personalisation.

Secondly, digital technology promotes the seamless integration of enterprise marketing and services. With the help of mobile Internet, social media, and other channels, enterprises can interact with consumers in real-time to provide timely and thoughtful personalized service. The application of intelligent tools such as chatbots and online customer service not only improves service efficiency but also enhances user experience. For instance, Haier uses its COSMOPlat industrial Internet platform to facilitate user participation in design and personalized customization, allowing users to customize products according to their needs, thereby achieving 'user direct connection.'

Digitalization enables enterprises to integrate online and offline channels, thereby realizing omni-channel marketing. By synchronizing data from offline stores and online

platforms and sharing inventory, consumers can choose freely between purchasing methods, leading to a more flexible and convenient shopping experience. Additionally, the combination of offline experiences and online ordering enhances consumer trust and willingness to buy. For example, Uniqlo launched an 'online and offline integration' strategy, allowing consumers to browse products online and then visit physical stores to try on and purchase items or try them on in-store and then order online, thereby achieving seamless omnichannel connectivity.

According to Bain & Company, digital marketing can increase the marketing return on investment (MROI) of enterprises by 5 to 8 times. A McKinsey report also pointed out that enterprises with a high degree of digitalization have an average annual revenue growth rate 5 percentage points higher than those with a low degree of digitalization. Evidently, digital technology is becoming a key force driving the change and growth of enterprise marketing.

In the face of the wave of digitalization, enterprises need to establish a comprehensive 'Internet +' mindset and accelerate the pace of digital transformation. It is essential to develop a data platform, integrate data from various channels, and enhance data analysis and application capabilities. Strengthening the digital skills training of the marketing team and introducing digital marketing talent is also crucial. Additionally, enterprises should innovate their marketing models by utilizing new technologies to enhance the accuracy and efficiency of marketing. Only by proactively embracing change and accelerating digital transformation can enterprises seize the first opportunity to achieve breakthroughs in the digital economy.

#### 4. Case Study Analyses

Huawei, as a leading global enterprise in China, has demonstrated exceptional strategic flexibility and innovation in response to the challenges posed by global trade policy turbulence, particularly the US-China trade friction. Regarding technological autonomy, Huawei has adopted a fundamental strategy of significantly increasing its R&D investment and is committed to independently developing core technologies and accumulating intellectual property rights. In 2023, Huawei's R&D investment is projected to reach RMB 164.7 billion, accounting for 23.4% of its revenue. This sustained investment in R&D has enabled Huawei to achieve major breakthroughs in frontier areas such as 5G communications, artificial intelligence chips, and cloud computing, significantly enhancing its technological independence and global competitiveness.

In terms of market diversification, Huawei has actively explored emerging markets such as Europe, the Middle East, and Africa to reduce its dependence on a single market. In the EMEA region, Huawei has not only strengthened its partnerships with established entities like Vodafone and Deutsche Telekom but also expanded its market share by promoting its 5G network equipment. Huawei's revenue growth rates in these regions have been impressive, demonstrating its continued competitiveness in the global communications equipment market. In Africa, Huawei has provided high-quality, low-cost information infrastructure through its 'Digital Inclusion' program, earning a strong reputation in the market.

Through these measures, Huawei has demonstrated

outstanding adaptability and enduring competitiveness in the face of changing global trade policies. Despite severe US sanctions and uncertainties in the global trade environment, Huawei has maintained its global leadership in 5G communications equipment, smartphones, and other high-tech products, showcasing the resilience and strength of Chinese enterprises in the global value chain and providing valuable experience for other Chinese enterprises to learn from.

However, Huawei has also revealed some shortcomings in dealing with the supply chain impact of U.S. sanctions. Due to its high dependence on U.S. semiconductor technology, Huawei has suffered a prolonged disruption in its chip supply. This situation has forced Huawei to accelerate the construction of an independent and controllable supply chain system, which requires a significant amount of time and resources. Additionally, in the smartphone business, the inability to use Google services has significantly reduced Huawei's overseas market share. This reflects Huawei's shortcomings in the construction of its mobile application ecosystem.

From Huawei's experience, it is evident that in the context of intensified global trade friction, enterprises should focus on independent innovation and increase efforts in core technology research to enhance the resilience of the industrial chain. At the same time, enterprises should promote a market diversification strategy, optimize global resource allocation, and improve risk resistance. Furthermore, it is necessary to strengthen openness and cooperation, actively participate in global science and technology governance, and promote the construction of an open, inclusive, mutually beneficial, and win-win international trade environment [8].

In the face of the opportunities presented by digital marketing, many enterprises have encountered several issues, such as a lack of 'Internet +' thinking, single marketing objectives, lagging digital marketing capabilities, insufficient information technology infrastructure, and the need for upgrading the marketing team's Internet skills. To address these challenges, enterprises need to adopt innovative strategies:

Establish 'Internet +' thinking by making in-depth use of Internet technology and data resources, overhauling the traditional marketing model, and realizing the digital transformation of marketing strategies.

Develop a comprehensive 'Internet +' information system, integrate data resources, and support marketing decision-making through detailed analysis of consumer behavior.

Innovate marketing management models by using digital technology to achieve precision marketing, develop personalized solutions, improve efficiency, and enhance market competitiveness.

Strengthen the training and introduction of 'Internet +' technical talents to improve the team's technical application ability and ensure that enterprises can adapt to the challenges of digital marketing.

By implementing these strategies, enterprises can not only improve marketing management in the digital economy but also effectively adapt to market demands, create high efficiency, and enhance their competitive advantage. Additionally, enterprises need to pay attention to changes in the global trade landscape and adjust their marketing strategies in a timely manner to seize new growth

opportunities and achieve sustainable development.

## 5. Conclusion and Outlook

In the era of the digital economy, the innovation of enterprise marketing management has become particularly important, which is not only reflected in the two aspects of digital industrialization and industrial digitisation but also in the exploration of emerging markets and the implementation of globalisation strategies. Digital industrialization optimises resource allocation and improves response to market changes by strengthening the application of information technology and product development and innovation. Industrial digitalization, on the other hand, precisely locates consumer needs, improves service quality, and realises personalised marketing by integrating online and offline resources. At the same time, enterprises should actively explore the potential of emerging markets, expand international markets through localization strategies and cultural adaptation, and realise the organic combination of globalisation and localization.

However, some enterprises are also facing challenges such as insufficient information platform construction, marketing staff technical quality that needs to be improved, and a lack of Internet thinking in the process of digital transformation. To overcome these difficulties, enterprises need to set up Internet+ thinking, establish a perfect information marketing system, update the marketing model, and strengthen the cultivation of Internet technology talents to adapt to the rapidly changing market demand. Marketers should actively use digital technologies such as Internet+, big data, and cloud computing to improve their data analysis and consumer insight capabilities so as to achieve more refined and intelligent marketing decisions [7].

Companies should pay attention to changes in global trade policies, adjust their marketing strategies in a timely manner, use new international trade rules and free trade agreements (FTAs) to expand market channels, optimise supply chain management, and improve product and service quality. Future research should further focus on the interaction between global trade policies and marketing strategies in the Internet environment, exploring the application of digital technology in marketing and how enterprises can respond to the uncertainty of global trade policies through innovation. Meanwhile, it should also focus on the impact of the Internet on consumer behaviour and how enterprises can use the Internet platform to build brands, maintain customer relationships, and enhance market competitiveness. In summary, the Internet era has brought new opportunities and challenges to global trade policy and marketing. Enterprises must constantly adapt to such changes and achieve sustainable development through innovative and flexible marketing strategies. We expect that future research will provide more theoretical support and practical guidance for

enterprises to cope with the complexity and uncertainty of the digital economy era.

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