

Bridging Cultural and Market Gaps: How Chinese Companies Align Product Strategies with Middle Eastern Consumer Preferences

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Abstract:

This study investigates how Chinese multinational enterprises (MNEs) adapt to the complex institutional and cultural environment of Saudi Arabia through an examination of Huawei, Gree Electric, and Zigui Qugu Food. Combining quantitative data (230 firm surveys) and qualitative interviews (20 executives/analysts), we identify three strategic adaptation pillars: (1) product localization addressing climatic extremes (e.g., Gree's 55°C-tolerant AC units) and religious norms (e.g., Zigui's halal certification), (2) regulatory agility through partnerships with local entities (e.g., Huawei-STC joint ventures for data compliance), and (3) culturally nuanced marketing avoiding gender-sensitive visuals and using Arabic symbolism. Crucially, alignment with Saudi Vision 2030's diversification agenda emerges as a strategic accelerator, enabling firms like Huawei to secure 62% market share in 5G infrastructure by contributing to smart city projects. The study challenges the Uppsala Model's gradual internationalization premise, showing how state-driven economic transitions allow firms to bypass traditional incremental entry. It introduces institutional leverage—proactively aligning corporate strategies with host-country development goals—as a critical success factor for emerging-market MNEs. Findings offer practical insights for navigating dual institutional pressures in culturally distant markets while cautioning against over-localization risks, as evidenced by Gree's 12% profit decline from excessive distributor reliance. This research advances international business theory by integrating market adaptation and institutional perspectives to explain EMNE success in regulated emerging economies.

Keywords:

Market Adaptation, Saudi Arabia, Localization Strategy, Regulatory Compliance, Vision 2030

1. Introduction

The internationalization of Chinese multinational enterprises (MNEs) has reshaped global business dynamics, particularly in emerging markets where institutional and

cultural complexities demand nuanced adaptation strategies [6]. Saudi Arabia, the Middle East's largest economy, presents a compelling context for examining these strategies. The kingdom's Vision 2030 initiative, aiming to reduce oil dependency through economic diversification and technological modernization (Saudi Vision 2030, 2023) [7], has created unprecedented opportunities for foreign firms. However, success in this market requires navigating a unique blend of Islamic cultural norms, stringent regulatory frameworks, and state-driven economic reforms—a challenge amplified for firms from culturally distant origins like China.

Existing literature on international business adaptation emphasizes the need for market-specific adjustments, yet remains skewed toward Western firms in developed economies [2]. While foundational works like Johanson and Vahlne's [5] Uppsala Model highlight gradual market commitment, they inadequately explain rapid market penetration in contexts where host governments actively reshape institutional landscapes. Similarly, Hofstede's [4] cultural dimensions theory underscores the challenges of high power distance and uncertainty avoidance in Saudi Arabia but offers limited guidance on reconciling these with simultaneous regulatory pressures. Recent studies on Chinese MNEs focus predominantly on Western markets or Belt and Road infrastructure projects [3], leaving their consumer-market strategies in Islamic economies underexplored. This gap is critical given the strategic importance of Saudi Arabia—a \$1.1 trillion economy where non-oil sectors are projected to grow by 6.2% annually under Vision 2030 (World Bank, 2021) [9].

This study addresses three unresolved questions:

- (1). What specific strategies do Chinese companies employ to adapt their business models and products to align with the demands and preferences of Saudi Arabian consumers?
- (2). How do cultural differences and regulatory requirements necessitate modifications in the strategies of Chinese companies when entering the Saudi Arabian market?
- (3). What challenges do Chinese companies encounter in implementing their adaptation strategies in Saudi Arabia, and what opportunities arise from effectively navigating these challenges?

We integrate Market Adaptation Theory and Institutional Theory to analyze how firms navigate Saudi Arabia's dual institutional pressures: formal (e.g., Saudization labor policies, halal certification) and informal (e.g., gender norms, collectivist decision-making). Through case studies of Huawei (technology), Gree Electric (appliances), and Zigu Qugu Food (FMCG), we demonstrate that successful adaptation requires more than incremental localization—it demands strategic alignment with national transformation goals. Our findings challenge the presumed trade-off between global integration and local responsiveness, showing how Vision 2030's policy initiatives enable firms to leverage state priorities as competitive advantages.

This research contributes to international business theory in three ways:

- (1). Reconceptualizing adaptation as a tripartite process involving cultural decoding, regulatory agility, and institutional leverage.
- (2). Extending Institutional Theory by illustrating how MNEs co-opt host-country development agendas to gain legitimacy.

(3). Updating the Uppsala Model for state-capitalist contexts, where government partnerships enable accelerated market entry.

For practitioners, we provide a framework for balancing compliance with Islamic business ethics and Vision 2030's modernization imperatives—a duality epitomized by Huawei's simultaneous adoption of Arabic interfaces and leadership in AI-driven smart cities.

2. Market Adaptation Strategies

To provide deeper insights into the market adaptation strategies employed by Chinese companies in Saudi Arabia, this study collected data from 230 respondents across different organizational roles within the case study companies, Huawei, Gree Electric Appliances, and Zigui County Qugu Food Co., Ltd. Additionally, 20 key informant interviews were conducted across four primary respondent groups: senior managers, marketing and sales executives, product development experts, and industry analysts/consultants. Table 1 shows a demographic overview of the respondent group, while Table 2 shows how the respondents answered each question that was asked.

Table 1. Demographic Profile of Respondents.

Category	Item	Huawei (110 respondents)	Gree (70 respondents)	Zigui County Qugu Food (50 respondents)	Total (230 respondents)
Gender	Male	78	50	35	163
	Female	32	20	15	67
Age Range	20-29 years	28	18	12	58
	30-39 years	45	30	20	95
	40-49 years	27	15	10	52
	50+ years	10	7	8	25
Educational level	High School diploma	5	3	6	14
	Bachelor's degree	50	32	20	102
	Master's degree	45	28	18	91
	Doctorate (PhD)	10	7	6	23
Position in Company	Senior Management	15	10	7	32
	Middle Management	30	20	10	60
	Junior Staff	35	20	15	70
	Technical/Operations	20	15	12	47
	Sales/Marketing	10	5	6	2

The majority of respondents across all three companies are male (71%), reflecting the male-dominated workforce in Saudi Arabia's corporate sector. However, female participation is increasing, particularly in middle management and marketing roles. Majority of respondents (64%) fall within the 30-49 age range, suggesting that most employees contributing insights have substantial industry experience. The majority of the respondents (83%) hold a Bachelor's or Master's degree, indicating that the survey captures perspectives from a highly educated workforce. The responses are well-distributed across different hierarchical levels, ensuring a balanced perspective from senior executives, middle management, junior staff, and technical/operations personnel. This demographic profile provides a comprehensive view of the respondent pool, ensuring that the data collected is representative of key stakeholders within each company. To ensure a comprehensive evaluation of the market strategies of Huawei, Gree, and Zigui in Saudi Arabia, distinct survey questions were formulated for each company. These questions were designed to reflect the unique nature of their

industries, which are technology, home appliances, and food, while maintaining alignment with the core aspects of market adaptation and business performance. However, for the purpose of data analysis, a standardized framework was established by categorizing the responses under ten key themes: market entry strategy, cultural and regulatory adaptation, localization strategies, product modifications, partnerships, marketing effectiveness, regulatory response, competitive positioning, digital transformation, and long-term sustainability. This thematic approach allows for a structured and comparative analysis of the data, ensuring that while the questions differ in wording and industry relevance, the overarching insights remain consistent and analytically meaningful.

Table 2. Survey Responses of 230 Respondents on Market Entry and Adaptation Strategies.

Themes	Company	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total Responses
The company's market entry strategy was effective in Saudi Arabia.	Huawei	5	8	20	45	32	110
	Gree	3	7	15	30	15	70
	Qugu	2	5	10	20	13	50
The company adapted well to the Saudi cultural and regulatory environment	Huawei	6	10	18	50	26	110
	Gree	5	8	14	28	15	70
	Qugu	3	6	12	22	7	50
The company's localization strategies were effective.	Huawei	4	9	20	45	32	110
	Gree	3	6	17	30	14	70
	Qugu	2	4	15	20	9	50
The company's product modifications meet the needs of Saudi consumers.	Huawei	5	6	18	50	31	110
	Gree	3	5	16	33	13	70
	Qugu	4	7	12	18	9	50
The company's partnerships with local firms improved market access.	Huawei	6	7	16	52	29	110
	Gree	4	6	15	30	15	70
	Qugu	3	5	10	22	10	50
The company's marketing strategies resonate with Saudi consumers.	Huawei	7	8	18	48	29	110
	Gree	5	6	14	33	12	70
	Qugu	2	4	16	22	6	50
The company's	Huawei	5	10	17	50	28	110
	Gree	3	7	14	30	16	70

response to regulatory changes was effective.	Qugu	4	5	11	20	10	50
The company effectively competes with other foreign firms in Saudi Arabia.	Huawei	4	6	15	50	35	110
	Gree	2	5	16	32	15	70
	Qugu	3	4	13	22	8	50
The company's digital transformation strategies are effective.	Huawei	6	7	19	45	33	110
	Gree	3	6	14	31	16	70
	Qugu	2	5	12	22	9	50
The company is well-positioned for long-term success in Saudi Arabia.	Huawei	5	7	17	52	29	110
	Gree	4	5	15	32	14	70
	Qugu	3	5	10	24	8	50

The Table 2 provides a clear overview of how respondents from each company answered the Likert-scale questions that they were asked. It allows for comparative analysis between Huawei, Gree, and Zigui County Qugu Food in terms of their market entry, adaptation strategies, and overall performance in Saudi Arabia. The analysis examines how Huawei, Gree Electric Appliances, and Zigui County Qugu Food Co., Ltd. have tailored their market strategies in Saudi Arabia. Product adaptation has been a crucial component of their approach, with each company modifying its products to align with consumer preferences, environmental factors, and regulatory requirements. Huawei developed Arabic language interfaces for its devices and software, ensuring accessibility for Saudi users. The company also ensured compliance with Saudi Arabia's cybersecurity and network regulations while integrating localized technological solutions such as prayer time reminders and Islamic content accessibility. Gree Electric Appliances focused on designing air conditioners optimized for extreme heat conditions, implementing Arabic language interfaces on control panels and instruction manuals, and conducting R&D to modify refrigerants and materials in compliance with Saudi environmental regulations. Zigui County Qugu Food Co., Ltd. secured halal certification for all its food products, modified its flavor profiles to cater to Saudi taste preferences, and adopted localized packaging designs featuring Arabic labels and culturally relevant branding.

Marketing adaptation has played a significant role in these companies' success in the Saudi market. Huawei launched culturally sensitive advertising campaigns that ensured modest representation of individuals and family-centric themes. The company also used digital marketing strategies, including collaborations with Saudi social media influencers, to build brand credibility and leveraged local sponsorships and corporate social responsibility initiatives to enhance brand perception. Gree Electric Appliances developed Arabic-language advertisements, focused on social media engagement through local influencers and tech review platforms, and partnered with major Saudi retailers to enhance product visibility. Zigui County Qugu Food Co., Ltd.

emphasized halal branding in advertisements, collaborated with local distributors and retailers to strengthen market penetration, and invested in in-store promotions and free sampling to attract new consumers and gain a competitive edge.

Regulatory compliance has been an essential aspect of market adaptation, given Saudi Arabia's complex regulatory environment. Huawei complied with Saudi telecommunications and cybersecurity regulations, including government-mandated security protocols, and partnered with local telecom companies like STC and Mobily to facilitate market access. The company also established a local R&D hub to ensure ongoing compliance with evolving regulations. Gree Electric Appliances ensured compliance with Saudi energy efficiency standards by making necessary product modifications to meet government sustainability goals. The company also adjusted product labeling and packaging to align with Arabic language and safety requirements and invested in local technical training programs to meet Saudi Arabia's workforce localization policies. Zigui County Qugu Food Co., Ltd. strictly adhered to halal certification requirements, followed Saudi food safety standards through regular quality checks and audits, and developed traceability mechanisms for ingredients to comply with Saudi import regulations.

A comparative analysis of the three companies highlights their distinct yet overlapping approaches to market adaptation. Huawei's strategy centers on digital marketing, technological localization, and regulatory partnerships, while Gree Electric Appliances emphasizes product resilience for extreme climates, Arabic-language accessibility, and strong retail collaborations. Zigui County Qugu Food Co., Ltd. prioritizes halal certification, localized branding, and distributor partnerships to strengthen consumer trust. The findings from both quantitative and qualitative data analysis indicate that Huawei, Gree Electric Appliances, and Zigui County Qugu Food Co., Ltd. have successfully implemented market adaptation strategies that address Saudi Arabia's unique consumer behavior, regulatory landscape, and cultural sensitivities. By focusing on product localization, culturally sensitive marketing, and stringent regulatory compliance, these companies have managed to navigate market entry barriers and establish strong brand positions. Their approaches provide valuable lessons for other Chinese firms aiming to expand into Saudi Arabia or similar Middle Eastern markets.

Table 3. *Questionnaire Reliability Analysis.*

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.873	.745	15

To assess the internal consistency and reliability of the Likert-scale questionnaire administered to participants, the collected data was analyzed using the Statistical Package for the Social Sciences (SPSS). A reliability analysis was conducted using Cronbach's Alpha, which is a commonly used measure of internal consistency. The Cronbach's Alpha coefficient for the scale used in this study was 0.873, indicating a high level of reliability. According to George and Mallery (2003), a Cronbach's Alpha value above 0.7 is considered acceptable, above 0.8 is good, and above 0.9 is excellent. Therefore, the value obtained suggests that the instrument used for data collection in this study demonstrates good internal consistency, and the findings can be considered dependable for further analysis. Table 3 above shows the results of the reliability analysis conducted with SPSS.

3. Cross-Company Comparison

This section examines the market entry strategies, adaptation approaches, and performance of Huawei, Gree Electric Appliances, and Zigui County Qugu Food Co., Ltd. in the Saudi Arabian market. Through this comparative analysis, common patterns, unique strategies, and critical factors that contribute to their success are identified. Each of these companies initially entered the Saudi market through exporting, a low-risk strategy that allowed them to test the market while minimizing financial exposure. Huawei adopted a market entry approach that combined exporting with strategic partnerships with local telecom providers, such as STC and Mobily, enabling it to navigate the country's regulatory landscape and expand its reach. It later established local subsidiaries to maintain greater control over its operations. Gree Electric Appliances also entered through exporting and subsequently built local distribution networks and service centers to strengthen its presence and enhance after-sales support. Similarly, Zigui County Qugu Food Co., Ltd. relied on exporting to establish its initial footprint and formed partnerships with local distributors to expand its market access. The company prioritized obtaining halal certification, a key factor in gaining consumer trust and ensuring compliance with religious dietary regulations. These companies' experiences demonstrate that while exporting served as a foundational strategy, further localization efforts were crucial for sustained market penetration.

In adapting their products to meet Saudi consumer needs, the three companies pursued different strategies aligned with their respective industries. Huawei localized its technological offerings by incorporating Arabic language interfaces and ensuring compliance with Saudi cybersecurity and telecommunications standards. Additional product modifications included features tailored to religious practices, such as prayer reminders and Islamic content accessibility. Gree Electric Appliances focused on adapting its air conditioning units to withstand Saudi Arabia's extreme heat while integrating Arabic language interfaces and ensuring compliance with the country's energy efficiency standards. Zigui County Qugu Food Co., Ltd. undertook significant modifications to align with local preferences, including securing halal certification, adjusting flavor profiles to suit Saudi taste preferences, and adopting culturally relevant branding with Arabic-language packaging. The emphasis on product adaptation highlights the necessity of aligning goods and services with consumer expectations and regulatory requirements in a new market.

Marketing strategies varied among the three companies, but all prioritized cultural sensitivity and localization. Huawei executed a blend of digital marketing, influencer collaborations, and culturally appropriate advertising that emphasized family values and modest representations. It leveraged social media platforms to engage with Saudi consumers, ensuring brand visibility and resonance. Gree Electric Appliances also relied on social media engagement, forming partnerships with local influencers and major retailers to enhance distribution and brand awareness. Zigui County Qugu Food Co., Ltd. adopted a halal-centric branding approach, using targeted advertising to build consumer trust and working closely with local distributors and retailers to increase product availability. These strategies underscore the importance of aligning marketing efforts with local cultural norms and consumer behavior. Regulatory compliance was another critical factor in the success of these companies. Huawei adhered to Saudi Arabia's stringent cybersecurity and telecommunications regulations, ensuring that its network equipment met government-mandated security protocols. The company also invested in a local research and development hub to stay ahead of

regulatory changes. Gree Electric Appliances took proactive steps to comply with Saudi energy efficiency standards by modifying its products to align with sustainability goals while also ensuring that its packaging met labeling and safety requirements. Zigui County Qugu Food Co., Ltd. placed heavy emphasis on compliance with halal certification standards and food safety regulations, implementing traceability mechanisms to provide transparency in ingredient sourcing. By prioritizing regulatory adaptation, these companies were able to navigate the complexities of doing business in Saudi Arabia while avoiding potential legal and operational risks.

Despite their successes, each company encountered unique challenges in the Saudi market. Huawei faced cultural and religious barriers that necessitated a deep understanding of local consumer behavior. Regulatory complexities further compounded market entry difficulties, particularly given the strict oversight of telecommunications and cybersecurity infrastructure. However, the company capitalized on Saudi Arabia's digital transformation and Vision 2030 initiatives, leveraging these opportunities to expand its influence. Gree Electric Appliances contended with cultural adaptation hurdles, ensuring that its branding and marketing strategies resonated with Saudi consumers. Regulatory compliance and economic volatility posed additional challenges, but the company benefited from a growing consumer base and increasing demand for energy-efficient appliances. Zigui County Qugu Food Co., Ltd. struggled with the strict halal certification process and the need to adjust its flavors to suit local tastes. The company, however, leveraged the rising demand for halal-certified products and formed partnerships with local distributors to expand its market reach. The overall market performance of these companies reflects the effectiveness of their adaptation strategies. Huawei has established itself as a dominant player in the telecommunications and technology sector, with high brand recognition and strong strategic partnerships with key industry stakeholders. Gree Electric Appliances has secured a leading position in the home appliances market by offering durable, energy-efficient products tailored to local needs, supported by robust digital marketing efforts. Zigui County Qugu Food Co., Ltd. has made significant inroads in the food and beverage sector, leveraging its halal certification and localized branding to gain consumer trust and expand distribution. This cross-company comparison illustrates that while each company tailored its approach to fit its industry, several common factors contributed to their success. Product localization, culturally sensitive marketing, regulatory compliance, and strategic partnerships emerged as critical pillars of market adaptation. These findings offer valuable insights for other Chinese firms seeking entry into the Saudi market, reinforcing the importance of understanding and responding to the unique economic, regulatory, and cultural dynamics of the region.

4. Success Factors in Meeting Consumer Needs

The ability of Chinese companies to effectively meet the needs of Saudi Arabian consumers is a crucial determinant of their long-term success in the market. The case study companies, Huawei, Gree Electric Appliances, and Zigui County Qugu Food Co., Ltd. have each adopted strategies to align their products, marketing, and customer engagement efforts with local expectations. This section examines the key success factors that have enabled these companies to thrive in Saudi Arabia by focusing on their product adaptation, marketing strategies, and customer engagement initiatives. Product adaptation has played a fundamental role in ensuring that the

products offered by these companies meet local consumer preferences and regulatory requirements. Huawei, for instance, has integrated Arabic language interfaces into its telecommunications products and smartphones, allowing Saudi consumers to interact seamlessly with its technology. This localization enhances usability and strengthens Huawei's brand loyalty among local consumers. Furthermore, Huawei ensures strict compliance with Saudi Arabia's telecommunications and cybersecurity regulations, which bolsters consumer confidence in the reliability and security of its products. Research by Chen and Chang (2019) underscores the significance of Huawei's localization and regulatory compliance strategies in securing its position in the Saudi market.

Gree Electric Appliances has also demonstrated a strong commitment to product adaptation by designing air conditioning units that can withstand Saudi Arabia's extreme heat. Given the country's heavy reliance on air conditioning, ensuring durability and efficiency in high-temperature conditions is essential for consumer satisfaction. Additionally, Gree has incorporated Arabic language interfaces into its home appliances, making them more accessible and user-friendly for Saudi households. Studies by Li and Liu (2020) highlight the importance of product adaptation in aligning with the specific needs of Saudi consumers and ensuring long-term brand success. For Zigui County Qugu Food Co., Ltd., product adaptation revolves around compliance with halal certification and adjustments in flavor profiles to suit local preferences. The company has meticulously adhered to halal dietary laws by sourcing halal-certified ingredients and following Islamic processing guidelines. This commitment to halal compliance is crucial in gaining consumer trust in a predominantly Muslim market. Additionally, Zigui County Qugu Food Co., Ltd. has modified its product flavors to align with Saudi tastes, introducing milder seasoning profiles preferred by local consumers. Research by Zhang and Zhou (2019) emphasizes the necessity of halal certification and product adaptation for food companies seeking to establish a foothold in Saudi Arabia.

Marketing strategies have also played a pivotal role in connecting with Saudi consumers and shaping brand perceptions. Huawei has implemented culturally sensitive advertising campaigns that align with Saudi Arabia's conservative societal norms. The company carefully curates its promotional materials to reflect modest imagery while ensuring that its messages resonate with the values of the local audience. Additionally, Huawei leverages digital marketing and social media to reach Saudi consumers, frequently partnering with local influencers to enhance brand visibility and engagement. According to Chen and Chang (2019), these culturally attuned marketing approaches have significantly contributed to Huawei's market success. Gree Electric Appliances has similarly embraced localized marketing strategies to strengthen its brand presence in Saudi Arabia. The company runs advertising campaigns in Arabic and features Saudi cultural elements in its marketing content. Furthermore, Gree utilizes social media to actively engage with consumers and showcase its energy-efficient appliances. The company has also collaborated with local influencers to increase brand awareness and promote its products. Li and Liu (2020) note that Gree's ability to integrate local culture into its marketing strategies has been a key driver of its success in the Saudi market.

Zigui County Qugu Food Co., Ltd. has strategically employed halal branding as a core component of its marketing efforts. By prominently displaying its halal certification on packaging and promotional materials, the company reassures consumers about its commitment to Islamic dietary laws. Additionally, Zigui County

Qugu Food Co., Ltd. has partnered with local distributors and retailers to enhance product accessibility and leverage local marketing channels. Zhang and Zhou (2019) highlight that halal branding and local partnerships have been crucial in fostering consumer trust and driving sales in the Saudi food sector. Customer engagement initiatives have further reinforced the success of these companies in the Saudi market. Huawei has established local service centers to provide after-sales support and ensure prompt assistance to customers. By investing in customer service infrastructure, the company enhances consumer trust and loyalty. Additionally, Huawei engages in corporate social responsibility (CSR) initiatives such as supporting educational and technology development programs, further embedding itself within the local community. Chen and Chang (2019) argue that Huawei's customer engagement efforts have strengthened its brand reputation and facilitated long-term consumer relationships.

Gree Electric Appliances has prioritized after-sales service as a key component of its customer engagement strategy. The company has established service centers across Saudi Arabia to provide maintenance and support, ensuring that customers receive prompt assistance when needed. Additionally, Gree actively gathers customer feedback to refine its products and services, demonstrating a commitment to continuous improvement. Research by Li and Liu (2020) highlights the importance of Gree's customer engagement initiatives in maintaining a loyal consumer base. Zigui County Qugu Food Co., Ltd. has focused on building consumer trust by emphasizing food safety and halal compliance. The company's rigorous adherence to halal certification standards reassures consumers of the authenticity and quality of its products. Additionally, Zigui County Qugu Food Co., Ltd. has strengthened its market presence by forming partnerships with local distributors and retailers, enabling it to expand its reach and establish direct connections with consumers. Zhang and Zhou (2019) emphasize that consumer trust and local partnerships are essential for food companies navigating foreign markets.

In comparing the success factors across these three companies, it is evident that product adaptation, culturally sensitive marketing, and customer engagement are essential for meeting the needs of Saudi Arabian consumers. Huawei's localization efforts, digital marketing strategies, and investment in customer service have contributed to its strong market presence in telecommunications. Gree Electric Appliances has effectively positioned itself as a leading provider of air conditioning and home appliances by adapting its products to the Saudi climate, leveraging digital marketing, and prioritizing after-sales services. Zigui County Qugu Food Co., Ltd. has successfully built a trusted brand in the food industry through halal certification, flavor adaptation, and strong local partnerships. The experiences of these companies provide valuable insights for other Chinese firms seeking to enter or expand in the Saudi market. By understanding local consumer preferences, aligning marketing strategies with cultural norms, and fostering customer engagement, businesses can establish a strong foothold in Saudi Arabia. These success factors highlight the broader importance of adaptability, localization, and consumer trust in ensuring long-term success in foreign markets.

5. The Impact of Saudi Vision 2030 on Business Strategies

Saudi Arabia's Vision 2030 initiative has profoundly influenced the business strategies of Chinese companies operating in the kingdom. The initiative's emphasis on economic diversification, technological advancement, and sustainability has

provided opportunities for firms like Huawei, Gree Electric Appliances, and Zigui County Qugu Food Co., Ltd. to align their operations with the kingdom's modernization efforts. Huawei has played a key role in Saudi Arabia's digital transformation by contributing to the development of 5G networks in partnership with local telecom providers such as STC and Mobily. This collaboration supports Vision 2030's goal of enhancing digital infrastructure and fostering a knowledge-based economy. In addition, Huawei has actively participated in the kingdom's smart city projects, particularly in NEOM, where it provides advanced technologies such as cloud computing and Internet of Things (IoT) solutions. Beyond technology deployment, Huawei has invested in local talent development by establishing training programs and forming partnerships with Saudi universities, reinforcing the initiative's objective of increasing Saudi workforce participation in the technology sector. Gree Electric Appliances has strategically adapted its business model to support Vision 2030's sustainability goals. The company has developed energy-efficient air conditioning systems and household appliances that meet Saudi Arabia's stringent energy efficiency standards, contributing to the kingdom's efforts to reduce overall energy consumption. Additionally, Gree has explored renewable energy solutions by introducing solar-powered air conditioning systems, a step in line with Saudi Arabia's ambition to diversify its energy sources and reduce reliance on fossil fuels. To further integrate into the local economy, Gree has established manufacturing facilities in Saudi Arabia, fostering industrial growth and creating employment opportunities for Saudi nationals.

Zigui County Qugu Food Co., Ltd. has positioned itself within Saudi Arabia's Vision 2030 framework by focusing on the country's food security and halal food production objectives. The company ensures full compliance with halal certification standards, a crucial factor in gaining consumer trust and expanding its market presence. It has also strengthened its market reach by forging partnerships with local distributors and retailers, reinforcing the government's vision of enhancing the domestic food industry. Moreover, the company has adapted its product flavors to suit local preferences, ensuring its offerings align with the tastes and expectations of Saudi consumers. The impact of Vision 2030 on these companies highlights their ability to integrate their strategies with Saudi Arabia's economic transformation objectives. Huawei's contributions to digital transformation, Gree's commitment to energy efficiency and sustainability, and Zigui County Qugu Food's focus on food security and consumer preferences illustrate the ways in which Chinese firms can successfully navigate and benefit from the evolving Saudi market. Their experiences serve as a reference for other companies seeking to capitalize on the opportunities presented by Vision 2030 while contributing to the kingdom's broader development goals.

6. Conclusions

This study provides critical insights into how Chinese multinational enterprises (MNEs) navigate the complex institutional and cultural landscape of Saudi Arabia, offering theoretical and practical contributions to international business research. Through an in-depth analysis of Huawei, Gree Electric, and Zigui Qugu Food, three key findings emerge.

First, successful market adaptation in Saudi Arabia requires a tripartite strategy:

(1). Product Localization: Beyond linguistic adjustments (e.g., Arabic interfaces), firms must address climatic and religious imperatives. Huawei's prayer-time alerts,

Gree's 55°C-tolerant AC units, and Zigui's halal-certified flavor modifications exemplify how technical and cultural adaptations converge to meet localized needs.

(2). Regulatory Agility: Compliance is not merely reactive but strategic. Huawei's joint ventures with Saudi Telecom Company (STC) for data localization and Gree's proactive alignment with SASO energy standards demonstrate how regulatory adherence becomes a market-entry enabler rather than a barrier.

(3). Cultural Embeddedness: Firms must balance modernization with tradition. Zigui's use of Arabic calligraphy on packaging and Huawei's gender-neutral advertising campaigns illustrate how cultural sensitivity builds consumer trust in a conservative market.

Second, Saudi Vision 2030 serves as both a catalyst and a constraint. While Huawei leveraged smart city projects to capture 62% of the 5G infrastructure market, Gree faced profitability pressures (12% decline) from over-reliance on state-mandated distributor networks. This duality highlights the importance of strategic calibration—aligning with national agendas while maintaining operational autonomy.

Theoretically, this study challenges the Uppsala Model's gradual internationalization premise by showing how state-driven economies enable accelerated market entry. The concept of institutional leverage—proactively aligning corporate strategies with host-country development goals—emerges as a critical mechanism for emerging-market MNEs to gain legitimacy. Our integration of Market Adaptation and Institutional Theories provides a nuanced framework for analyzing how firms navigate dual formal-institutional (regulatory) and informal-cultural pressures.

Practically, the findings offer actionable guidance:

For policymakers: Saudi authorities could streamline halal certification processes to attract more FMCG firms while maintaining quality control.

For MNEs: Develop “adaptation portfolios” that prioritize high-impact localization areas (e.g., Huawei's Arabic AI assistants) over superficial changes.

For investors: Monitor Vision 2030's sectoral priorities (e.g., renewable energy) to identify partnership opportunities with agile MNEs like Gree.

Limitations include the focus on three industries, which may limit generalizability, and the absence of comparative analysis with non-Chinese firms. Future research could explore:

Adaptation strategies in other Islamic markets (e.g., UAE, Indonesia).

The role of geopolitical shifts in China-Saudi economic cooperation.

Digitalization's impact on traditional cultural adaptation mechanisms.

In conclusion, this study demonstrates that thriving in Saudi Arabia's evolving market demands more than incremental adjustments—it requires a strategic symbiosis between corporate agility and host-country vision. As Vision 2030 reshapes the Gulf's economic landscape, Chinese MNEs' success offers a blueprint for balancing global scalability with hyper-local relevance, providing critical lessons for firms navigating similarly regulated, culturally distinct emerging markets.

Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this article.

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