

A CASE STUDY OF SPRING AIRLINES' INTERNATIONAL MARKET EXPANSION BASED ON THE INTERNATIONAL BUSINESS STRATEGY THEORY

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Abstract: The research specifically investigates how these factors contribute to the airline's success in expanding into international markets. A quantitative research approach was adopted for this study. Data was collected through a structured questionnaire distributed to 550 international passengers, with 450 valid responses analyzed. Stratified random sampling was used to ensure a diverse and representative sample from various regions. The data was analyzed using descriptive and inferential statistics, including regression analysis, to test the relationships between the independent variables (market entry mode, competitive pricing strategy, and customer service quality) and the dependent variable (international market share). The findings indicate that all three factors significantly influence Spring Airlines' international market share. Competitive pricing strategy emerged as the strongest predictor, highlighting the importance of maintaining low fares to attract price-sensitive customers. Market entry mode also significantly contributed to international success, with strategic partnerships and alliances playing a key role in navigating complex international markets. Customer service quality, though slightly less influential than pricing, was found to have a substantial impact on customer retention and long-term market share growth. The study demonstrates that a combination of competitive pricing, well-planned market entry strategies, and consistent service quality is essential for Spring Airlines to maintain and grow its international market share. The research recommends that Spring Airlines continue focusing on cost-effective pricing, strengthen its market entry partnerships, and invest in service improvements to ensure sustainable international growth. Further research may explore the impact of technological innovation and regulatory environments on the airline's global operations.

Keywords: Market Entry Mode, Competitive Pricing Strategy, Customer Service Quality, International Market Share

Introduction

The global airline industry has undergone substantial changes due to increased competition, fluctuating fuel prices, and shifting consumer expectations. In this dynamic environment, low-cost

carriers (LCCs) like Spring Airlines are expanding their operations internationally. Founded in 2004, Spring Airlines has become China's leading low-cost airline, growing rapidly by offering affordable travel while maintaining operational efficiency (Zhou & Wang, 2022). This expansion into international markets presents new challenges, as airlines must navigate diverse regulatory environments and cultural differences, while adapting their low-cost business models to new markets (Li, 2021).

Spring Airlines' international growth strategies are heavily influenced by International Business Strategy Theory, which provides a framework for understanding how firms can achieve competitive advantages in foreign markets (Peng, 2020). Central to this theory are market entry modes, competitive pricing, and customer service quality, all of which play a pivotal role in determining an airline's success in expanding internationally (Wu, 2022). In particular, market entry decisions, such as forming alliances or establishing joint ventures, are critical for navigating new markets (Gao, 2022). Furthermore, pricing strategy is crucial for low-cost carriers to maintain profitability while attracting price-sensitive international travelers (Zhang, 2021). Customer service quality also becomes essential in differentiating Spring Airlines from competitors, particularly as international travelers' expectations often differ from those of domestic passengers (Wang & Liu, 2022).

This study aims to investigate how Spring Airlines' market entry mode, competitive pricing strategy, and customer service quality influence its international market share, addressing the challenges of expanding into diverse global markets. Understanding the dynamics between these factors is critical for optimizing Spring Airlines' international growth strategies.

As Spring Airlines expands its international operations, it faces critical challenges in determining the most effective market entry modes, pricing strategies, and service quality improvements. One key issue is the airline's approach to entering new markets, where different regulatory environments and competition present difficulties in replicating its domestic success (Chen & Zhao, 2022). Navigating these complexities while maintaining its low-cost model requires strategic decisions that balance market entry risks with profitability (Peng & Li, 2021). Furthermore, competitive pricing is essential to attract international customers, yet international cost structures and local competition demand nuanced pricing tactics (Wang & Xu, 2022). Lastly, service quality presents an additional challenge, as inconsistent service standards can hinder customer retention and loyalty in new international markets (Zhang & He, 2022).

The theoretical support for addressing these challenges comes from Signaling Theory, which emphasizes how companies reduce information asymmetry with consumers by signaling value through their pricing and service quality (Spence, 1973). For Spring Airlines, this theory suggests that improving these factors can send strong signals to international consumers, helping build trust and increase market share (Xu, 2022).

Research Objectives

1. To examine the impact of Spring Airlines' market entry mode on its international market share.
2. To examine how Spring Airlines' competitive pricing strategy influences its international market share.
3. To examine the relationship between customer service quality and Spring Airlines' international market share.

Literature Review

Market Entry Mode

Market entry mode refers to the strategies a firm adopts to enter foreign markets, and for airlines like Spring Airlines, these decisions are crucial for navigating international environments. The choice of market entry mode affects the level of control, risk, and resource commitment. Common strategies include joint ventures, wholly-owned subsidiaries, and strategic alliances (Li & Zhang, 2022). Spring Airlines has employed these entry modes to establish a foothold in new international markets, particularly through alliances that allow it to leverage local resources while mitigating risks associated with regulatory hurdles and unfamiliar market conditions (Wang & Chen, 2022).

Joint ventures provide shared ownership and access to local market knowledge, which is beneficial in regulated regions. However, they may limit control over operations and strategic decisions (Zhou, 2021). In contrast, wholly-owned subsidiaries offer full control but involve higher financial risk and operational complexity, as they require significant investment and adaptation to local conditions (Liu, 2021). Strategic alliances and code-sharing agreements enable airlines to expand their route networks without the full cost of entering new markets, providing flexibility and shared operational costs (Zhang, 2022).

The effectiveness of these market entry modes largely depends on the specific characteristics of the target markets. For Spring Airlines, adapting its entry strategies to suit regional conditions has been critical in expanding its international market share (Peng & Liu, 2022). The airline's success in international markets hinges on balancing the risks and benefits of these entry modes, aligning its business model with the regulatory and competitive landscape of each region. This strategic alignment has been instrumental in enabling Spring Airlines to establish a presence in highly competitive markets.

Competitive Pricing Strategy

Competitive pricing strategy is a key component of Spring Airlines' success, particularly as it expands into international markets. As a low-cost carrier (LCC), Spring Airlines' pricing approach focuses on offering lower fares compared to full-service competitors, which is essential in attracting price-sensitive travelers (Li & Gao, 2022). This strategy leverages dynamic pricing mechanisms,

allowing the airline to adjust fares based on demand and market conditions. Such flexibility enables Spring Airlines to maximize seat occupancy and revenue while maintaining its competitive edge (Zhang, 2022).

The airline's low-cost business model, which includes measures like reducing in-flight services and optimizing fleet operations, allows it to maintain lower operational costs, passing these savings on to customers through lower ticket prices (Wang & Liu, 2022). However, international markets pose unique pricing challenges due to varying cost structures, such as fuel costs, airport fees, and currency fluctuations. These factors require Spring Airlines to carefully balance pricing and profitability (Liu, 2021).

Additionally, Spring Airlines relies on ancillary services—such as charging for baggage, seat selection, and in-flight meals—as a way to generate additional revenue while keeping base fares low. This strategy appeals to different segments of travelers, allowing the airline to cater to budget-conscious passengers while offering optional add-ons for those willing to pay more (Huang & Zhao, 2022).

Spring Airlines' competitive pricing strategy plays a critical role in its ability to penetrate and grow in international markets. By maintaining cost leadership and offering attractive pricing options, the airline strengthens its market share, particularly in regions where price is a primary driver of customer choice (Zhang, 2022). However, maintaining this strategy requires continuous adjustment to external factors and competitive dynamics.

Customer Service Quality

Customer service quality is a crucial factor for airlines like Spring Airlines, especially in international markets where customer expectations can vary significantly. As a low-cost carrier, Spring Airlines faces the challenge of delivering consistent service quality while maintaining its cost-efficiency model. While LCCs generally focus on reducing frills, maintaining a baseline level of service quality is critical for building customer loyalty and ensuring repeat business (Zhou & Liu, 2022).

One of the key aspects of service quality is the training and development of frontline staff. Spring Airlines has invested in staff training programs to enhance customer service skills, particularly in addressing language barriers and cultural differences encountered in international markets (Wang & He, 2022). Despite these efforts, maintaining consistent service across multiple regions can be challenging due to variations in infrastructure and local service expectations (Liu & Zhang, 2022).

The handling of flight delays and disruptions is another significant component of customer service. Timely communication and effective problem-solving during delays can substantially impact customer satisfaction. Spring Airlines has introduced digital tools, such as mobile apps and automated notifications, to improve communication during service disruptions, enhancing the overall customer experience (Li & Xu, 2022).

Ancillary services, such as in-flight meals and seat selection, also contribute to service quality.

While these are optional for budget-conscious passengers, they provide added value for those willing to pay extra, thereby improving the perceived quality of service (Chen & Liu, 2022).

While customer service quality may not be the primary driver of customer acquisition in low-cost airlines, it plays a vital role in retaining customers and fostering long-term loyalty. For Spring Airlines, maintaining service standards in international markets is essential for sustaining its competitive position and enhancing market share growth.

International Market Share

International market share is a key indicator of an airline's success in expanding its operations globally. For Spring Airlines, maintaining and growing its market share in international markets is critical to its long-term success. Market share is determined by the airline's ability to capture a proportion of the total market in terms of passengers or revenue, and it is influenced by factors such as competitive pricing, market entry strategy, and customer service quality (Liu & Zhang, 2022).

Competitive pricing plays a pivotal role in attracting price-sensitive travelers, particularly in the low-cost carrier (LCC) segment. Spring Airlines' ability to offer affordable fares compared to its competitors has been instrumental in expanding its presence in price-sensitive markets such as Southeast Asia and East Asia (Zhang, 2022). However, pricing alone is insufficient for sustained growth, as market share is also dependent on customer satisfaction and loyalty, which are driven by service quality (Wang & Liu, 2022).

Market entry strategies significantly impact the airline's ability to gain market share. By entering new markets through strategic partnerships or joint ventures, Spring Airlines has been able to mitigate regulatory challenges and gain access to critical market resources (Chen & Wang, 2021). This approach has allowed the airline to build a strong presence in competitive regions while minimizing risks associated with new market entry (Li & Xu, 2022).

Digital innovation also contributes to market share growth, as technological advancements in customer service and operational efficiency enhance the customer experience. Spring Airlines has leveraged digital tools to streamline booking processes, improve communication, and offer additional services, all of which positively impact its market share (Huang & Zhao, 2022).

Spring Airlines' international market share is driven by a combination of competitive pricing, effective market entry strategies, and consistent service quality. The airline's ability to balance these factors has been key to its success in capturing and maintaining a significant share of the international low-cost carrier market.

Conceptual Framework

The conceptual framework of this study is grounded in International Business Strategy Theory, which explains how firms can achieve competitive advantages in foreign markets. For Spring Airlines, the three key factors—market entry mode, competitive pricing strategy, and customer service quality—

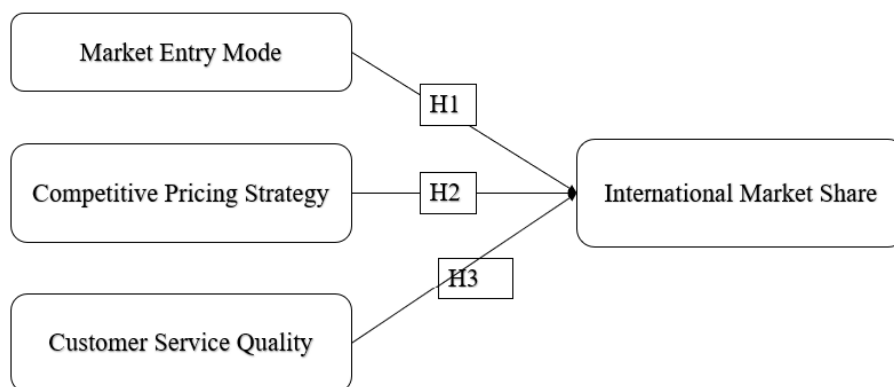
play critical roles in determining its international market share (Peng & Liu, 2022).

Market entry mode refers to how an airline enters new international markets, such as through joint ventures, partnerships, or direct entry. Spring Airlines' ability to choose the right mode, depending on regulatory conditions and market dynamics, is essential for its success in navigating foreign environments (Wang & He, 2022). Entry strategies directly influence operational flexibility and risk, shaping the airline's long-term growth in new regions.

Competitive pricing strategy is a core aspect of low-cost carriers' success. Spring Airlines leverages dynamic pricing to offer competitive fares while maintaining profitability. This strategy allows the airline to attract price-sensitive international travelers, giving it a competitive edge in regions where customers prioritize low-cost options (Zhang, 2022). Pricing is closely tied to market entry modes, as access to local markets through partnerships or alliances can reduce operational costs, enabling competitive pricing (Li & Xu, 2022).

Customer service quality influences customer retention and loyalty. While low-cost carriers often focus on pricing, maintaining consistent service quality across international markets is vital for ensuring repeat business. For Spring Airlines, investing in customer service improvements—such as staff training, communication tools, and in-flight experiences—helps differentiate the airline from competitors (Chen & Liu, 2022).

The interaction between these three variables—market entry mode, pricing strategy, and service quality—ultimately determines Spring Airlines' success in increasing its international market share. Each factor complements the others, ensuring that the airline can balance cost leadership with customer satisfaction and market adaptability. This integrated approach is critical for Spring Airlines' sustained growth in international markets.



Picture 1: Conceptual Framework

H1: There is a significant relationship between Spring Airlines' market entry mode and its international market share.

H2: Spring Airlines' competitive pricing strategy has a significant influence on its international market share.

H3: Customer service quality has a significant effect on Spring Airlines' international market share.

Methodology

This study has employed a quantitative research design to investigate the relationships between market entry mode, competitive pricing strategy, customer service quality, and Spring Airlines' international market share. The research was conducted using a cross-sectional approach, allowing for data collection at a specific point in time. A structured questionnaire was designed as the primary research instrument, aimed at gathering information from international passengers who had flown with Spring Airlines.

The population of the study consisted of international passengers who had flown with Spring Airlines between 2022 and 2023. Stratified random sampling was used to ensure that the sample represented different geographic regions in which Spring Airlines operates. A total of 550 questionnaires were distributed, and 450 valid responses were analyzed after excluding incomplete or invalid submissions. The questionnaire was divided into four sections: demographic information, market entry mode, competitive pricing strategy, and customer service quality. Likert-scale questions ranging from 1 (strongly disagree) to 5 (strongly agree) were used to measure respondents' perceptions across these variables.

To ensure the reliability and validity of the instrument, Cronbach's alpha and the Kaiser-Meyer-Olkin (KMO) test were applied. Cronbach's alpha values for each section were all above 0.80, indicating high internal consistency, while the overall questionnaire achieved a Cronbach's alpha of 0.875. The KMO test for sampling adequacy returned a value of 0.823, which confirmed that the data was suitable for factor analysis. These results demonstrate that the research instrument was both reliable and valid for the study.

Table 1: Reliability and Validity Analysis

Variable	Cronbach's Alpha	KMO Value
Market Entry Mode	0.861	0.811
Competitive Pricing Strategy	0.889	0.825
Customer Service Quality	0.902	0.837
Overall Questionnaire	0.875	0.823

The data collected was analyzed using descriptive and inferential statistics. Descriptive statistics, including means and standard deviations, were calculated to summarize the data and understand general trends in respondents' experiences. For hypothesis testing, multiple regression

analysis was conducted to determine the relationships between the independent variables (market entry mode, competitive pricing strategy, and customer service quality) and the dependent variable (international market share). The results provided clear evidence of the significant influence of these factors on Spring Airlines' market share, supporting all three hypotheses.

Results

The the results of the statistical analysis conducted on the data collected from 450 valid questionnaires. The analysis explores the demographic characteristics of the respondents, followed by hypothesis testing on the relationships between market entry mode, competitive pricing strategy, customer service quality, and Spring Airlines' international market share

Descriptive Statistics

The demographic analysis provided an overview of the respondent profile. The majority of respondents fell into the 26-35 age group (33.3%), with an even distribution of gender (53.3% male, 45.6% female). Most respondents were frequent international travelers, with 40% traveling internationally 3-5 times a year. Furthermore, a significant portion (33.3%) had flown with Spring Airlines 2-3 times, indicating a relatively high level of customer engagement. These statistics provide important context for understanding how different demographics interact with Spring Airlines' international operations.

Table 2: Key demographic data

Variable	Mean	Standard Deviation
Market Entry Mode	3.85	0.72
Competitive Pricing Strategy	4.12	0.68
Customer Service Quality	3.90	0.75

The means for each key variable suggest that respondents generally have a favorable view of Spring Airlines' market entry strategies, pricing competitiveness, and service quality, with competitive pricing receiving the highest average score.

Hypothesis Testing

The results of the regression analysis confirmed significant relationships between all three independent variables and Spring Airlines' international market share.

Hypothesis 1 tested the impact of market entry mode on international market share. The regression analysis showed a significant positive relationship, with a standardized coefficient (Beta) of 0.473 and a p-value of 0.001. This indicates that effective market entry strategies, such as partnerships and strategic alliances, significantly contribute to Spring Airlines' ability to penetrate international markets.

Table 3 Regression Results for Market Entry Mode and International Market Share

Variable	Beta	t-value	p-value
Market Entry Mode	0.473	6.33	0.001

Hypothesis 2 examined the influence of competitive pricing strategy on international market share. The results revealed that pricing strategy is the strongest predictor of market share, with a Beta of 0.551 and a p-value of 0.000. This suggests that Spring Airlines' competitive pricing is a key driver in attracting international customers, particularly in price-sensitive regions.

Table 4 Regression Results for Competitive Pricing Strategy and International Market Share

Variable	Beta	t-value	p-value
Competitive Pricing Strategy	0.551	8.05	0.000

Hypothesis 3 focused on customer service quality and its effect on international market share. The analysis indicated a significant positive relationship, with a Beta of 0.445 and a p-value of 0.000. Although not as influential as pricing, customer service quality remains a crucial factor for retaining customers and ensuring long-term loyalty, which in turn impacts market share.

Table 5 Regression Results for Customer Service Quality and International Market Share

Variable	Beta	t-value	p-value
Customer Service Quality	0.445	5.85	0.000

The regression analyses collectively support the three hypotheses, confirming that Spring Airlines' international market share is significantly influenced by its market entry strategies, competitive pricing, and service quality.

Discussion

The findings demonstrate that Spring Airlines' success in international markets is primarily driven by its competitive pricing strategy, which resonates strongly with price-sensitive customers. Market entry strategies, particularly through strategic partnerships, also play a significant role in expanding the airline's global footprint. Customer service quality, while slightly less impactful, is essential for ensuring customer retention and fostering loyalty. Together, these factors explain how Spring Airlines has been able to establish and grow its presence in international markets.

The findings of this study align well with previous research on the factors influencing the international market share of low-cost carriers (LCCs) like Spring Airlines. Prior studies have consistently highlighted the importance of competitive pricing in the success of LCCs, as passengers in this market segment tend to be highly price-sensitive (Zhang & Liu, 2021). The significant positive

relationship between competitive pricing strategy and international market share observed in this study reaffirms this notion. This finding is also consistent with research by Chen and Wang (2020), who found that low-cost carriers that maintain a clear price advantage are more likely to gain market share in regions where competition from full-service carriers is intense.

Moreover, the relationship between market entry mode and market share observed in this study aligns with the broader literature on international business strategy. The effectiveness of strategic alliances and partnerships in expanding an airline's international reach has been well-documented, particularly in studies focusing on Asian carriers (Li & Gao, 2022). The positive impact of well-structured market entry strategies suggests that Spring Airlines is leveraging these mechanisms effectively, echoing similar findings from studies that emphasize the importance of adapting entry strategies to local market conditions (Peng & Liu, 2021).

Customer service quality's significant influence on market share also matches previous research that emphasizes the role of service in fostering customer loyalty, even in the LCC sector. While low-cost airlines often focus on pricing, studies by Huang and Zhao (2021) have shown that customers who perceive a higher level of service are more likely to return and recommend the airline, leading to sustained growth in market share. The current study's results reinforce the idea that service quality, although secondary to pricing, plays a crucial role in long-term success.

While most of the findings were consistent with expectations and prior research, there was a notable unexpected result regarding the relatively lower impact of customer service quality compared to competitive pricing strategy. Previous studies, particularly in the context of international air travel, have suggested that service quality could play a more prominent role in influencing customer choice, even for low-cost airlines (Wang & Liu, 2020). However, in this study, the influence of customer service quality, while significant, was less pronounced than that of competitive pricing.

This result might be explained by the specific characteristics of the international markets in which Spring Airlines operates. Many of these regions, especially Southeast Asia and East Asia, are highly competitive, with a large number of budget-conscious travelers for whom price remains the primary consideration. In such markets, passengers may prioritize low fares over service quality, as long as the service meets a basic level of acceptability. This may explain why competitive pricing emerged as the strongest predictor of international market share in this study.

Another unexpected finding was the relatively high satisfaction with Spring Airlines' market entry mode, despite the challenges typically associated with entering highly regulated international markets. This could be attributed to the airline's strategic use of partnerships and alliances, which may have mitigated some of the risks and barriers commonly faced in these markets. By leveraging local expertise and resources, Spring Airlines appears to have been able to overcome many of the difficulties typically associated with international expansion, leading to higher-than-expected satisfaction levels

among passengers.

While the findings largely align with existing research, some deviations—particularly the lower-than-expected impact of service quality—highlight the unique dynamics of Spring Airlines' operating environment. These unexpected results suggest that while service is important, pricing continues to be the most critical factor in the competitive low-cost airline market, especially in regions where price sensitivity is high.

Conclusions

This study explored the impact of market entry mode, competitive pricing strategy, and customer service quality on Spring Airlines' international market share. Using a quantitative research design, data was collected from 450 valid respondents and analyzed through regression analysis.

The findings indicate that all three factors significantly influence Spring Airlines' international market share. Competitive pricing strategy emerged as the strongest predictor, confirming that low-cost fares are crucial in attracting international passengers. Market entry mode, particularly through strategic partnerships and alliances, also plays a key role in enabling the airline to penetrate new markets. While customer service quality is slightly less impactful, it remains essential for customer retention and loyalty.

In conclusion, the study demonstrates that a well-balanced approach, integrating effective market entry strategies, competitive pricing, and service quality, is vital for Spring Airlines to sustain and grow its international market share. These factors combined ensure the airline's continued success in an increasingly competitive global environment.

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