The Internationalization Process of the High-Context Communication Services

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Abstract

This paper presents a model of internationalization process of high-context communication services. Based on data collection employing multiple methods over three years, this paper presents internationalization of high-context communication services as a dynamic process which is composed of three distinct stages. It also specifies distinct phases of the internationalization activity where information and knowledge are transferred within a firm across borders, to the physical setting, and to the customers. Implications for other services are discussed.

1 INTRODUCTION

Services in Japan are often praised for their high quality. For example, when foreigners visit Japan, they are amazed by the Japanese service firms' accuracy, cleanliness, and *omotenashi* (Japanese hospitality). However, the Japanese service industry has been labelled as a domestic demand-based industry and its internationalization level remains low compared to other developed countries [1]. Why are Japanese service firms having difficulty in internationalization despite their high quality? This is puzzling, as Japanese manufactures, such as Toyota and Sony, have succeeded in internationalization with their high quality products. To tackle this question, this paper focuses on communication styles used by the firms to communicate with their customers.

This paper argues that the communication style used by many Japanese service firms is hindering their internationalization. Japanese service firms often use high-context communication [2] in which most of the information is not explicitly communicated. Obviously, internationalization becomes difficult with such communication style.

In selecting a case of high-context communication service for study, several criteria were important. It was important to select a service in which the communication style was distinctively high-context. Because of the objective of study, it was important for the service under study to be one that had operations in overseas market. In considering these criteria, we chose to study the case of traditional sushi restaurant. The traditional sushi restaurant's communication is considerably high-context. Almost all of the information is in the context or internalized in the sushi chefs. For example, there is no menu, and the information on offering is not available until the customers have a conversation with the sushi chef. The price is not transparent and the customers will not know the amount until the payment. The customers are expected to have a rough estimation of total price which is between 150 to 300 U.S. dollars. As for the internationalization status, although the majority of traditional sushi restaurant is operating in Tokyo (Japan), there are few restaurants that have succeeded in expanding overseas such as Sushi Kanesaka in Singapore [3][4]. Therefore, the traditional sushi restaurant presents a rich case for studying the internationalization of high-context communication services.

The rest of the paper is structured as follows: we begin by providing a brief explanation on the theory of communication styles (i.e., high-context vs. low-context). Then, we introduce the theory of knowledge transfer from knowledge management literature and explain how it can help understand the internationalization process of high-context communication services. Then, we detail the process which is composed of three distinct stages – internal knowledge transfer across borders, contexting the setting in overseas market, and contexting the customers in overseas market. Finally, we conclude by discussing the implications of the research for theorizing the internationalization process of high-context communication services.

2 THEORETICAL BACKGROUND

2.1 Contexts, communication, and contexting process

Hall (1976) has distinguished two styles of communication: low-context (LC) versus high-context (HC) communication [2]. In LC communication, information is vested in explicit, direct, and unambiguous code such as language; whereas in HC communication, most of the information is either in the physical context or internalized in the person. Hall claims that the level of context determines the nature of the communication and that it is the foundation on which all subsequent behaviour rests. We apply Hall's concept to the service firms: some service firms prefer LC communication with their customers (LC services), whereas other service firms prefer HC communication (HC services).

In cultures in which people are deeply involved with each other and in which information is widely shared, simple messages with deep meaning flow freely. Hall has called these cultures as HC cultures [2]. Japan is often positioned as a HC culture [2][5][6]. Japanese people naturally use HC communication. Hence, it is not surprising that the Japanese service firms use HC communication with their customers.

HC communications feature preprogrammed information in the receiver and in the setting. In other words, time must be devoted to programming (otherwise, contexting). Contexting involves two processes: internal and external contextings. The previous happens inside people, whereas the latter comprises the situation and/or setting in which an event occurs.

2.2 Knowledge transfer

In recent years, competitive implications of firms' knowledge and the ability to transfer knowledge across country border have attracted a great deal of attention [7][8]. International competition has now shifted from harnessing sources to knowledge.

There are two types of knowledge: explicit and tacit [9]. Explicit knowledge can be coded in writing or symbols. On the other hand, tacit knowledge is acquired by and stored within individuals and cannot be transferred or traded as a separate entity. Inherent difficulties in its codification and communication pose difficulty to transfer across country borders [7][8]. However, this difficulty can also pose significant barriers to the replication; therefore making tacit knowledge a key differentiator and an important strategic resource [10].

Because tacit knowledge is bound to the personal experiences, it cannot be easily transferred to others. Still, it can be shared and learnt through close physical proximity. Five ways to share tacit knowledge are identified: direct observation, direct observation and narration, imitation, experimentation and comparison, and joint execution [11]. A brief explanation of each is given in Table 1. Usually, tacit knowledge is shared through a combination of these mechanisms.

Table 1. Mechanisms to share tacit knowledge

Mechanisms	Explanation
Direct observation	As in a master-apprentice relationship, community members observe the task and skills.
Direct observation and narration	Members observe the task and get additional explanations from other members.
Imitation	Members attempt to imitate a task based on direct observation.
Experimentation and comparison	Members try out various solutions and then observe an expert at work, comparing their own performance and the expert's.
Joint execution	Members jointly try to solve the task.

With HC communication services, most of the information is either in the physical context or internalized in people. Hence, in order to internalize, the information need to be transferred to the physical setting and to people (both service providers and customers) in overseas market. The transfer of information that is internalized in people is similar to the transfer of tacit knowledge. In either case, information or knowledge is not explicit. Hence, the theory of knowledge transfer will lead to a better understanding of how firms can internationalize HC communication services.

3 DESCRIPTION OF RESEARCH ACTIVITY

Extensive data collection was employed over a three-year period using a variety of techniques including participant observation, service provider interview, and customer interview. Data collection aimed to gather multiple participant perspectives as well as multiple temporal perspectives. Data were gathered from sushi chefs and customers (heavy and non-heavy users) from several different traditional sushi restaurants. Data were also gathered in Japan and overseas including Singapore, China, Taiwan, and Korea.

Data collection and analysis moved in iteration (i.e., moved back and forth) [12]. The authors collected data and analysed, then went back to the field to collect more data and filled the lacking information.

4 FINDINGS

4.1 The model

The internationalization process of high-context communication services includes three distinct stages as follows: (1) internal knowledge transfer across borders, (2) contexting the setting in overseas market, and (3) contexting the customers in overseas market.

4.1.1 First Stage: Internal Knowledge Transfer Across Borders

For traditional sushi restaurants to internationalize, sending sushi chefs with the knowledge on traditional sushi overseas is essential. The traditional sushi restaurant cannot operate without sushi chefs. Not only do they produce sushi, they also possess much of information used to communicate with customers. At the traditional sushi restaurants, interacting with sushi chefs is a part of consumption process and most of information is internalized in sushi chefs. Customers enjoy not only easting sushi but also building one-to-one relationship with sushi chefs. The traditional sushi restaurant is not only a food service. It is also a human relationship service. Hence, the production of highly skilled sushi chefs is a key in making the traditional sushi restaurants' internationalization successful. Therefore, the internal knowledge transfer, from master chef to young chef, is the first stage of traditional sushi restaurants' internationalization process.

The authors noticed that all five mechanisms of sharing tacit knowledge [12] was used to train young sushi chefs. Each mechanism will be detailed.

Direct observation. In the traditional sushi restaurants, usually there are no blueprints or manuals that explain how the business is run. The knowledge is embedded in the restaurants. Thus, the young sushi chefs work at the restaurant as an apprentice and gradually gain an understanding of the business. They observe how the master is managing business, including his skills to produce sushi and to satisfy customers.

Direct observation and narration. Oftentimes, the master chefs do not explain about their tasks and skills. The young chefs are expected to learn on their own. Still, the young chefs sometimes gain explanations and advices from the senior apprentices. Each traditional sushi restaurant has multiple apprentices. In many cases, the apprentices live together; thus from time to time, the senior apprentices support the young chefs.

Imitation. The young chefs practice the skills such as cutting fish and producing sushi by imitating their masters. They conduct the imitation late in the evening (after the restaurant has closed) or on the holidays, at their own expense.

Experimentation and comparison. When the apprentices become senior, they are allowed to produce sushi for customers. The senior apprentice stand at one end of the counter to serve the customer, and the master chef stand at the other end. This servicescape (physical environment of the restaurant) allows senior apprentices to try out the acquired knowledge and to compare their performance to the master chef's.

Joint execution. This happens once the senior apprentice begins to manage the restaurant in overseas. When opening a new restaurant, new issues that weren't present at the original restaurant emerge. Hence, the

master chef and the senior apprentice in charge of the overseas restaurant jointly solve the issues.

It is worth to note that the language training was not a part of knowledge transfer across borders. Most of the sushi chefs acquired language skills after moving to the overseas. The sushi chefs working in overseas commented that the communication skill such as an ability to sense the customers' needs is more important than the language skills. This sensing of customers' implicit needs is a part of HC communication.

4.1.2 Second Stage: Contexting the Setting in Overseas Market

The HC communication between the traditional sushi restaurant and the customers requires an understanding of Japanese culture. In Japan, Japanese culture is embedded in the physical context. However, in overseas, the contexting of the setting becomes necessary.

In overseas, the traditional sushi restaurants adopted various measures of marketing communications to provide information on Japanese culture. Four areas of service marketing mix were altered to context the setting in overseas market: promotion, physical environment (servicescapes), people, and product.

Promotion. The traditional sushi stores created menus and websites to communicate the story of traditional sushi. For customers to appreciate the value of traditional sushi (and to understand why the price is so expensive), they need to know what the traditional sushi is. This information is explicitly written on menus and websites, although not all information can be expressed.

Physical environment (servicescapes). The servicescapes of traditional sushi restaurants in overseas often emphasized the Japan image. The design of architecture reminded of Japan. In some cases, the materials were directly shipped from Japan. Furthermore, the Japanese paintings and *ikebana* (Japanese flower arrangement) augmented the Japanese atmosphere. The servicescapes were created to emphasize the stereotype image of Japan; therefore to remind the non-Japanese customers about Japan.

People. In overseas, many traditional sushi restaurants used service staffs. These service staffs were usually females and wore *kimono* (Japanese traditional clothing). The females in *kimono* were another stereotype image of Japan which helped to remind Japan to the customers. More importantly, these service staffs acted as the bridge between sushi chefs and customers, providing information on traditional sushi and know-hows on how to appreciate traditional sushi in the local language.

Product. The main offering of the traditional sushi restaurants are obviously sushi. However, the visual presentation of sushi is relatively weak in communicating Japan image to the overseas customers. Hence, most of the traditional sushi restaurants in overseas offered the Japanese traditional cuisine (*kaiseki*) dishes before sushi, so to enhance their imagination. The Japanese traditional cuisine placed importance on the visual aspects. For example, the decorative plates illustrating Japanese symbols were used. The food was presented to visualize the Japanese seasons and/or sceneries.

4.1.3 Third Stage: Contexting the Customers in Overseas Market

Contexting customers is internal contexting which happens within people's mind. It is a function of past experience [2]. In other words, contexting customers means sharing experiences with customers.

The process of contexting customers includes building long-term relationship with the customers. If customers do not come back to the restaurant, it is difficult to have the shared experiences which will become the basis of HC communication in future.

In Japan, three mechanisms to build long-term relationships with the customers were observed: personalizing the relationship, providing special benefits, and decreasing uncertainties.

Personalizing the relationship. Learning about the customers was an important skill for the traditional sushi chefs. The taste preference varies across customers. Because the traditional sushi is an order-made food, chefs can adjust sushi to individual preference. Chefs remembered the preferences of customers (e.g., likes and dislikes, size of rice, amount of *wasabi*) and reflected them in their future visits. They also memorized personal information acquired through conversations with the customers. The acquired information was used to personalize the relationship with customers.

Providing special benefits. The heavy users of traditional sushi restaurants received special services including price discounts and separation from ordinary customers. These economical and psychological benefits increased customer loyalty to the restaurant.

Decreasing uncertainty. Service, compared to goods, has higher uncertainty regarding its quality. The service characteristics (intangibility, inseparability, variability and perishability) allow possible variances in service quality. Thus, the customers have uncertainty (otherwise risk) toward service quality. This uncertainty is reduced when the long-term relationship is built. In fact, the heavy users commented that they visited the same traditional sushi restaurant because the quality of sushi and service was assured.

5 DISCUSSION

The primary focus of this paper was to show how the internationalization process of HC communication services works. It includes three distinctly different stages through which HC communication service firms considering internationalization must pass.

The framework developed in this paper adds to the existing discussion of the service internationalization by including the importance of firm-customer interaction. The model developed also presents internationalization as a dynamic and evolutionary process that extends over time.

The article has substantial research and managerial implications. It allows integration of internationalization process with knowledge management and customer relationship management. Also, the proposed model will help managers of HC communication services to better internationalize. Furthermore, the model may provide insights to those service firms searching for sustainable competitive advantage in foreign markets. Hall argues that LC system is instable [2]. In other words, HC system based on HC communication with customers may bring stability to service firms.

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