

Intended-Actual First Asking/Offer Price Discrepancies and Their Impact on Negotiation Behaviour and Outcomes

Authors : Liuyao Chai, Colin Clark

Abstract : Analysis of 574 participants in a simulated two-person distributive negotiation revealed that the first price 245 (42.7%) of these participants actually asked/offered for the item under negotiation (a used car) differed from the first price they previously stated they intended to ask/offer during their negotiation. This discrepancy between a negotiator's intended first asking/offer price and his/her actual first asking/offer price had a significant and economically consequential impact on both the course and the outcomes of the negotiations studied. Participants whose actual first price remained the same as their intended first price tended to secure better negotiation outcomes. Moreover, participants who changed their intended first price tended to obtain relatively lower outcomes regardless of whether their modified first announced price had created a negotiating position that was 'stronger' or 'weaker' than if they had opened with their intended first price. Subsequent investigation of over twenty negotiation behaviours and pre-negotiation perceptual variables within this dataset indicated that the three types of first price announcers—i.e. intended first asking/offer price 'weakeners', 'maintainers' and 'strengtheners'—comprised persons who tended to have significantly different pre-negotiation perceptions and behaved in systematically different ways during their negotiation. Typically, the most negative, outcome-compromising consequences of changing, weakening or strengthening an intended first price occurred at the very beginning of a negotiation when participants exchanged their actual first asking/offer prices.

Keywords : business communication, negotiation, persuasion, intended first asking/offer prices, bargaining

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