Negotiation Agenda Strategies for Bargaining

With Buying Teams

By

P.V. (Sundar) Balakrishnan
University of Washington

Charles Patton
Ipsos Loyalty

ISBM Report 11-2006

Institute for the Study of Business Markets
The Pennsylvania State University
484 Business Building
University Park, PA 16802-3603
(814) 863-2782 or (814) 863-0413 Fax
www.isbm.org, isbm@psu.edu
Negotiation Agenda Strategies for Bargaining With Buying Teams

P. V. (Sundar) Balakrishnan
Professor of Marketing
Business Administration Program
University of Washington
Bothell, WA 98021

Charles Patton
Senior Vice-President,
Ipsos Loyalty
Parsippany, NJ 07054

May, 2006

The authors acknowledge the excellent research assistance of Philip Bertrand with the data collection process. The authors thank Arvind Rangaswamy, Josh Eliashberg and, in particular, Gary Lilien for their suggestions and comments.

Send correspondence to:

P. V. (Sundar) Balakrishnan
Business Administration Program
University of Washington, MS 358500
18115 Campus Way NE,
Bothell, WA 98011-8246
(425)-352-5384
(425) 352-5277 (Fax)
sundar@u.washington.edu
Negotiation Agenda Strategies for Bargaining With Buying Teams

Abstract

A theoretical framework for selecting negotiation agenda strategies is developed for the common situation in which a single sales person is faced with bargaining with multi-functional buying teams. Two key strategic decisions regarding agenda setting, namely, the use of simultaneous versus sequential negotiation agendas, and the order of importance in which multiple issues should be bargained in sequential negotiations are examined. Based on this foundation, hypotheses concerning the profits, satisfaction, bargaining styles, negotiation time, and likelihood of reaching an agreement that result from these choices are presented. These hypotheses are then tested using a laboratory setting to simulate face-to-face negotiations. The findings suggest that in multi-issue, multi-buyer negotiations a simultaneous bargaining of the issues raises the perceptions of power by the buyers but still provides more integrative, satisfying, and timely agreements to both parties compared to using a sequential ordering of the issues. In sequential negotiations, the ordering of the relative importance of the issues to the parties is found to affect their pre-negotiation dispositions, the seller’s subsequent bargaining styles, and the eventual likelihood of reaching an agreement. Managerial implications of these research findings are drawn and contrasted with conventional wisdom, indicating the need for salespeople to rethink a number of commonly held beliefs.

Key Words: Negotiations, Agenda, Sales, Power, Strategy, Buying Team, Satisfaction
Introduction

Marketing is concerned with the study of voluntary exchange processes. Negotiation is one of the major mechanisms employed to set the terms of an exchange (Kotler 2003). Particularly in the domain of business markets, bargaining is recognized as the central mechanism to achieve coordination between the parties to the exchange (Eliashberg, Lilien and Kim 1995, Jeuland and Shugan 1983, Srivastava, Chakravarti and Rapoport 2000). Indeed, across the wide range of commercial enterprises, government agencies and institutions, most purchases are negotiated and the monetary value of such purchases is staggering (Reeder, Brierty, and Reeder 1987, Kotler 2003). Consequently, there is growing interest in negotiation research that can help improve the economic efficiency of such inter-organizational exchange processes (Atkin and Rinehart 2006).

Historically, in business markets, the focal point of negotiations has centered on the purchasing agent, who has been tasked with bargaining with salespeople to satisfy the organization’s requirements for products or services (Berman 1996). Over the past two decades, however, the buying process among business-to-business customers has been steadily evolving from being primarily the domain of purchasing departments to encompassing the more multi-functional approach of team buying (Ceparano 1995, Liebeck 1996, Puri 1992, Training Strategies for Tomorrow 2002). As Morgan (2001) observes, “Cross-functional team buying got its start in the late 1980s when companies began readjusting organizational structures to make them more flexible and competitive” (p. 28). He found that buying teams are highly popular and in wide use across the US with nearly 70% of companies that were sampled using or interested in using team buying and sourcing techniques. Indeed, the use of buying teams has become commonplace in a wide range of commercial settings: advertising (West 1997), aircraft manufacturing (Training Strategies for Tomorrow 2002), materials handling (Pullano 1992), packaging (Ceparano 1995), retailing (Liebeck 1996), security technology (Zalud 1997), steel making (Purchasing World 1990), and telecom (Purchasing 2000).

The prevalence of team buying and a detailed illustration of buying team composition are also presented by Pelletier (2004), based on a survey of 192 organizations. He found that team buying was used at three out of four locations, and that each buying team member may be highly specialized in terms of both
their purchasing needs and their functional reporting structure. These findings support earlier work (Perdue 1989) which found that in the context of manufacturing firms rebuying component parts, in only about a fifth of the cases were the purchasing agents acting as the sole representative in the negotiations with the selling firm. In the vast majority of the cases, multiple buying team members were involved, with an average of three members per team.

Because of the complex structure of team buying, marketing and sales personnel have sought methods to more effectively address these challenging sales environments1 (Dubinsky 2006, Anderson & Huang 2006, Ronchetto, Hutt and Reingen 1989). In this regard, the salesperson’s role has conceptually evolved over the years from that of Production, Sales, and Marketing orientation to that of Partnering in which relationships are built that satisfy long-term customer and seller needs (Wotruba 1991). Yet, despite the emergence and growing importance of the partnering role, the prototypical selling roles still seems to play the dominant role in buyer-seller relationships (Weitz and Bradford 1999). Therefore, a large number of sales personnel, and perhaps the majority, must still address the increasing prevalence of buying teams via the traditional approach of the salesperson as a generalist. Under these circumstances, individual salespeople will be faced with the situation of being solely responsible for negotiating multiple issues, some or all of which are under the bargaining authority of separate buying team members2.

Given such challenging buying-team sales environments as described above, what can be done to aid sales personnel to enhance the effectiveness of the bargaining process? Our thrust to answering this question is to examine a number of the fundamental approaches that a salesperson may use in setting their basic negotiation agenda strategy when he or she is faced with bargaining multiple issues with multiple representatives of the buying organization (Barclay 1991). For instance, consider the case of a salesperson faced with the task of concluding negotiations with three members of a buying team, each responsible for a specific issue. The salesperson can try to schedule individual appointments to meet with each of the three members of the buying group, or try to schedule a meeting at which all three members of the buying group can be present. In the latter case, the salesperson might be forced to wait to get such an appointment in attempting to schedule a meeting with multiple members of the buying team. In the former case, the salesperson might have to make the additional decision as to the order in which he or she meets with each
the three members of the buying group. Each of these choices is likely to have an impact on the bargaining process and outcomes.

More specifically, in the context of a single seller bargaining with a buying team, how does the agenda choice, with respect to whether the issues be bargained simultaneously or sequentially, affect the negotiation outcomes, such as, the profits obtained by each party? If issues are bargained sequentially, should the negotiation sessions be structured such that the issues are discussed in the order of increasing or decreasing importance? Do these choices also affect the satisfaction of the parties? While a natural objective of the sales process is the economic benefit that accrues to the sales organization, a no less important outcome may be the post-bargaining affective dispositions of the parties (Oliver, Balakrishnan and Barry 1994; Weitz 1981). Low levels of satisfaction with the agreement may affect the desire for contact and cooperativeness between the parties with a deleterious effect on their relationship (e.g., Barclay 1992; Heide and Miner 1992). As Oliver et al. (1994 p. 270) observe: “one’s desire to negotiate again with the partner appears to be almost entirely a function of satisfaction.” Additionally, does the choice of sequential versus simultaneous bargaining, or the order in which the issues are bargained, affect the time involved in conducting a sales negotiation? The time spent on one deal must be weighed against the opportunity costs of other sales engagements and the necessity of fulfilling scheduled sales activities. Finally, how is the likelihood of reaching an agreement (Tripp and Sondak 1992) affected by the choice of a selected negotiation strategy (Balakrishnan, Patton and Lewis 1993, Ganesan 1993, Perdue and Summers 1991)? A negotiation strategy that has a high potential payoff may not be appropriate if the choice of that strategy results in a low probability of attaining an agreement.

Unfortunately, there is no theoretical framework that can provide guidance in making such strategic choices. The purpose of this paper is to attempt to fill in these gaps, in the context described above, by providing a theoretical basis to structure these negotiation agenda decisions. In this paper, we also provide a laboratory test of the proposed theoretical framework and the resulting hypotheses, rather than relying on anecdotal evidence in the sales literature. The results of our empirical research could provide useful guidelines with regard to developing strategies for structuring negotiation agendas under these conditions.

In the following section, we begin with a review of the literature concerning agenda setting and multiple-issue bargaining. Upon this theoretical foundation, hypotheses concerning the utility, satisfaction, timeliness,
the likelihood of reaching an agreement, and factors affecting these outcomes are posited with regard to buyers and sellers. Next, an empirical study of multi-issue bargaining in our problem context is presented along with an analysis of its results that specifically examines the use of simultaneous versus sequential negotiations; and the order of importance in which multiple issues should be bargained in sequential negotiations. We conclude with our findings, the research and managerial implications, and some directions for future research.

**Agenda Setting: A Theoretical Framework**

Agendas are a means of structuring discussions between individuals and groups and are comprised of both the domain of issues to be negotiated and the order in which they will be discussed (Pruitt 1981). That is, in a simultaneous agenda, issues may be bargained contemporaneously, while in a sequential agenda, the issues are considered singularly and are not reintroduced once the next issue has been addressed (Thompson, Mannix and Bazerman 1988). Thus, agenda setting is a means of structuring multi-issue bargaining.

The importance of agenda setting in structuring buyer-seller negotiations has not only been clearly recognized by researchers, but the need to more fully understand buyer-seller bargaining processes involving multiple issues has been explicitly called for (e.g., Clopton 1984; Gupta 1989). Similarly, the importance of understanding how to structure a multi-issue sequential agenda is illustrated by Druckman (1977), who notes that sequential negotiations often cannot be avoided as issues frequently arise and must be addressed at different intervals, or are too complex to be bargained simultaneously. Thus, these two basic decisions regarding multi-issue negotiations, - simultaneous versus sequential negotiations, and if sequential negotiations are selected, the order of the issues to be bargained - are the foundation of any sales agenda strategy and are the focus of this research. We illustrate these decisions in the Negotiation Agenda Strategy portion of Figure 1. Further, since the domain of issues in any negotiations is situation-specific, our interest will focus on the more general, and perforce, the more important research problem concerning the influence on negotiation outcomes of the perceived relative importance of the issues to the parties.
Negotiation Agenda Strategies

Simultaneous versus Sequential Agenda Strategies. Pruitt (1981) suggests that it may be better to discuss all of the issues simultaneously so as to best utilize the tradeoffs that may be inherent in the different issues. However, in order to take advantage of tradeoffs, he notes that the two parties must hold different priorities with regard to the issues. If buyers and sellers have identical priorities concerning the issues, they will then be unable to make the tradeoffs that are integrative in nature (e.g., Mumpower 1991)4.

Issue Order. In terms of the ordering of the issues in sequential negotiations, Dobler, Lamar and Burt (1984, p. 223) observe that "most authorities feel that the issues should be discussed in the order of their probable ease of solution" as a means of promoting the overall negotiation process. Moreover, a strategy of advancing the less important issue to oneself first may also be used to gain commitment on the part of the other party (e.g., Cohen 1980; Graham and Sano 1984). Once a certain amount of time and effort have been invested, the sunk-cost fallacy may affect negotiators such that they pursue the negotiations to their conclusion, even though the potential rewards are less than their associated costs (Bazerman 1983).

Influences on Bargaining Behavior

Given the decision to negotiate multiple issues in a simultaneous or sequential manner, specific behavioral influences are likely to be operant that impact negotiation outcomes (See Figure 1). In their theoretical exposition of the agenda setting process, Balakrishnan et al. (1993) discuss the basis for a number of important factors that influence the behavior of buyers and sellers during the negotiation process. In the following exposition, we further explore three of these key behavioral influences: aspiration levels, learning, and power in terms of their potential impact on negotiations. We note that the myriad of cultural norms and other situational factors that may potentially influence bargaining behavior are not explicitly included as part of this discussion (Eliashberg, Lilien and Kim 1995). However, a number of the potentially more important of these influences that could enrich economic-based models are suggested for investigation in the Directions For Future Research section.
**Aspirations.** The first of these behavioral influences involves the underlying motivations upon which bargaining is undertaken, the aspirations with which a bargainer enters into negotiations. The importance of aspiration levels in negotiations is plainly evident as empirical evidence demonstrates that higher aspiration levels result in larger profits for a bargainer (e.g., Chertkoff and Conley 1967; Pruitt 1981; Rubin and Brown 1975). Accordingly, a bargainer's aspiration level has been one of the major paradigms employed in the negotiation literature since the seminal work by Siegal and Fouraker (1960). For our purposes, aspiration levels will reflect the view of Pruitt (1981) who defines aspiration levels as a negotiator's drive for achievement and the levels of utility for which the negotiator is striving. In our exposition, we posit how the order of issue importance in sequential negotiations triggers buyers' ego involvement to influence their aspiration levels and the resultant negotiation outcomes.

**Learning.** Negotiations may be viewed as a learning process in which the parties involved, through the process of bargaining, gain an understanding of their relative priorities and aspirations, and how they may work in ways to obtain more advantageous agreements (e.g., Stephenson 1981). In this regard, Pruitt and Drews (1969) and Walker (1971) found that as negotiations progressed, bargainers submitted more reasonable bids, required less communication, and resorted to less bluffing. Thus, it appears that bargainers become more efficient at the negotiation process through the very act of negotiating. This transition to a relatively more cooperative environment also increases the likelihood of what Pruitt (1981) terms "collaborative behavior" in which negotiators adopt a problem-solving orientation.

**Power.** Chamberlin (1951, p.126) observes that "bargaining power must always be expressed relative to another's bargaining power." In this regard, the importance of relative power in buyer-seller contexts has been frequently explored with findings, such as those of Dwyer (1984) and Dwyer and Walker (1981), demonstrating that negotiators possessing greater relative power earn higher profits than those in weaker positions. However, our conceptualization of the basis of power is dissimilar to that of the resource dependence concept in which power derives from the relative resource dependence of the parties (e.g., Frazier, Gill and Kale 1989). When an individual bargains with a party composed of several negotiators and situation-specific resource dependence is excluded from consideration, perceived relative power has its basis in the basic composition of the parties. That is, the single bargainer has only himself or herself as a resource to utilize in the bargaining process, while multiple bargainers have the pool of their talent from
which to draw. This is consistent with the evidence that both sides perceive that teams hold the bargaining advantage (Perkins 1993), and the findings that there is a group polarizing effect (Dwyer 1984). Thus, in situations in which a single-seller bargains simultaneously with multiple buyers, the seller will tend to perceive that he or she is relatively less powerful, while the buyers will perceive themselves as possessing greater relative power. In contrast, when the multiple issues are bargained sequentially, in a one-on-one bargaining format, the buyers' perceptions of greater relative power are likely to demonstrate little difference from that of the seller.

**Negotiation Styles.** In addition to the cognitive factors espoused by Balakrishnan et al (1993), a number of other factors may be operant. In particular, Thomas (1976) proposes that individuals have behavioral predispositions to respond in consistent manners to a variety of conflict situations. These preferences may be classified into a typology of five bargaining styles (Rahim 1983), which have been widely employed (e.g., Perdue and Summers 1991; Perdue, Day and Michaels 1986) and formalized as the dual concerns model (Pruitt and Rubin 1986). These styles, that characterize this model, may be summarized as follows: Avoidance - a bargainer avoids confrontation with a bargaining counterpart and satisfying either party’s needs are secondary; Yielding - a bargainer seeks to fully satisfy a bargaining counterpart; Compromise - a split the difference orientation in which the bargainer seeks partial satisfaction of both parties; Competitive - the bargainer seeks to fully satisfy his or her objectives without regard for the counterpart’s satisfaction; and, Problem-solving - also referred to as collaborative, the bargainer seeks to fully satisfy both his/her own concerns and those of the bargaining counterpart. Based on the fundamental nature of these styles, using one style rather than another style is likely to generate substantive differences in the negotiated outcomes. Thus, the behavioral influences and an individual’s negotiation style, either in concert or on an individual basis, are likely to be important in shaping the utility, satisfaction, and timeliness of agreements to parties engaged in negotiations.

**Negotiation Process**

Figure 1 clearly delineates the separate simultaneous and sequential negotiation processes. In the former, all issues are bargained contemporaneously by the seller with all of the buyers present in a single setting. In the sequential agenda case, a single issue is bargained at each stage with a single buyer. On
successful conclusion of that stage, the salesperson then meets with the next buyer representing a different issue. At each of these stages, the salesperson is dealing with only one buyer representing his/her issue. Within this sequential negotiation process, three stages of meetings need to be arranged for and each of the three issues to be discussed must be negotiated successfully before any contract can be realized. Else, the negotiation process breaks down and leads to an impasse.

Negotiation Outcomes

The last stage of our negotiation framework is comprised of both subjective and objective negotiation outcomes and is depicted in the right most portion of Figure 1. These outcomes describe negotiation results that would be highly salient to the parties involved. The specific economic outcomes are the utilities attained by each party (i.e., buyers’ profits and seller’s profits) as well as the dyadic level profit to assess the ability to achieve integrative (win-win) outcomes. In addition, we examine outcomes with respect to affective disposition in terms of buyers’ satisfaction and seller’s satisfaction, resource expenditure (i.e., time to reach agreement) and the likelihood of reaching an agreement (impasse rates).

Hypotheses

Our investigation focuses on situations involving multiple-issue negotiations, in which the selling organization is represented by a single negotiator for all issues and the buying organization has a different negotiator for each issue, which hereafter will be referred to as the single seller versus multiple buyer (SS-MB) bargaining context. Within this context, hypotheses are developed with an emphasis on explaining those situations in which differences in profits and satisfaction are most likely to occur (Weitz 1981), when agreements are likely to be more time consuming, and under which of the strategies agreements are more or less likely to occur (Balakrishnan et al. 1993). First, we examine the differences in agreement outcomes when multiple-issue negotiations are conducted sequentially versus when the issues are negotiated simultaneously. This is followed by an examination of sequential negotiations in which the order of importance of the issues to buyers and sellers is varied. In each case, all of the hypotheses presented here refer to the single seller versus multiple buyer (SS-MB) bargaining context.
Sequential versus Simultaneous Negotiation Agendas

Examining the limited empirical research comparing a sequential consideration of issues versus a simultaneous consideration of issues, it has been generally found that simultaneous negotiations, wherein the all of the issues discussed together, result in more integrative agreements, i.e., higher joint profits for the parties involved (Pruitt 1981; Mannix, Thompson and Bazerman 1989). These results follow directly from the agenda structures of the two negotiation scenarios. A sequential agenda structure restricts the ability of negotiators to make trade-offs or logroll, and thus limits the bargaining to the zero-sum approach of distributive agreements. In contrast, a simultaneous agenda structure facilitates tradeoffs on the issues between the parties and these opportunities for greater gain are likely to be both perceived and pursued as the negotiators strive to obtain larger gains for their respective sides.

However, in a simultaneous negotiation setting involving a single seller with multiple buyers, there is a feeling of strength in numbers buttressed by the group polarizing effect, i.e., the greater number of buyers at the bargaining table is likely to generate raised perceptions of their relative power compared to that of the sole seller (Perkins, 1993; Dwyer 1984). In turn, raised levels of power have been shown to inhibit conflict resolution (Lawler and Yoon 1993). Mannix et al. (1989, p. 510) suggest that under unequal power situations, negotiators “focus on the norms of distribution rather than on ways in which the joint outcomes might be increased.” In this environment, a single seller is less likely to be concerned with adopting a problem-solving approach to bargaining and more likely to engage in a competitive style of bargaining. On the other hand, the members of the buying team who have an opportunity to engage in discussions within their team while negotiating with the single seller are consequently less likely to fully exercise their differential power. Such communications heighten the perceived benefits that may be gained through the opportunity for a cooperative orientation and are likely to displace the zero-sum approach which the perceived greater power on the part of the multiple buyers would have a tendency to promote (Keenan and Carnevale 1992 as reported by Pruitt and Carnevale 1993). This leads to the first of the sequential versus simultaneous negotiation agenda hypotheses which are depicted in Figure 2.

-----------------------------
INSERT FIG 2 here
-----------------------------

11
Hypothesis 1a:

When the issues are negotiated simultaneously, the multiple members of the buying team will perceive themselves as being more powerful than a single seller perceives him/herself to be, while there will be no difference in perceived relative power when the issues are negotiated sequentially.

Hypothesis 1b:

When the issues are negotiated simultaneously, the agreements will be more integrative, (i.e. joint utility will be greater), than when they are discussed sequentially.

Under sequential negotiations, aspiration levels may also play a key role in determining the relative utilities the two parties will receive. Since the single seller must negotiate all the issues, it is likely that he or she sets aspiration levels on the issues in accordance with his or her perception of the issues' relative importance. Thus, the striving to succeed by a seller on these issues during bargaining will be roughly proportional to their perceived relative importance. Similarly, the relative importance of each issue should also be clearly understood by each of the multiple buyers. However, since each issue is bargained by only one of the multiple buyers, that issue takes on an added salience as it is this individual's sole responsibility during the negotiations. As Thompson, Mannix and Bazerman (1988, p. 88) observe "Explicit issue-by-issue agendas shift the focus of negotiation from the perception of group gain to the perception of winners and losers on each issue." That is, the issue takes on a level of ego involvement which Balakrishnan et al. (1993, p. 647) define as "a bargainer's perception of a close association between certain issues and his or her self-esteem."

Accordingly, while an issue may be the least important to the buying organization, the buyer tasked with bargaining that issue will possess higher aspirations and be less inclined to accept a lower utility settlement than if he or she were to negotiate that issue as part of a multiple-issue package. Therefore, each of the multiple buyers is likely to have relatively higher aspiration levels on their respective issues bargaining under sequential negotiations compared to bargaining their issue under the simultaneous negotiation scenario. Since higher aspiration levels lead to higher utilities (e.g., Chertkoff and Conley 1967; Pruitt 1981; Rubin and Brown 1975), buyers may not be under as great as disadvantage as sellers when bargaining under sequential negotiations in which tradeoffs cannot be made. In contrast, unable to make
tradeoffs and facing individually more determined buyers, sellers will be at a distinct disadvantage in sequential compared to simultaneous negotiations

Hypothesis 1c:
When the issues are negotiated sequentially, the members of the buying team will have higher aspirations, than when they are discussed simultaneously.

Hypothesis 1d:
When the issues are negotiated simultaneously, the single seller will receive greater utility, than when the issues are discussed sequentially.

After the consideration of the utilities to the parties, the levels of post-negotiation satisfaction are important affective outcomes (e.g., Oliver et al. 1994; Graham 1986; Walker 1971). Under the simultaneous negotiation process, the seller must bear the burden of the bargaining process alone, while the buyers negotiate in a mutually supportive environment. This situation places the buyers in a position of feeling relatively more powerful than the seller. Moreover, the basic perception that "two heads are better than one" is likely to lead both parties to believe that the buyers have thought out a more thorough course of action and are likely to have achieved a better payoff than their single opponent is capable of achieving (e.g., Hill 1982, McGrath 1984).

Hypothesis 1e:
When the issues are negotiated simultaneously, the members of the buying team will have greater satisfaction than the single seller.

When negotiations are conducted in a sequential fashion, the one-on-one bargaining context of sequential negotiations essentially eliminates the perceived power differential that the buyers' are likely to possess under simultaneous negotiations. Thus, buyers' satisfaction should diminish under sequential negotiations compared to simultaneous negotiations. In contrast, this change in the perceptions of relative power should tend to raise sellers' levels of satisfaction (Lawler and Yoon, 1993). Yet, sellers are posited to receive less utility than under simultaneous bargaining. In turn, these lower utilities are likely to have a detrimental effect on sellers' satisfaction with their outcomes. While the exact magnitude of the effects of increased perceptions of relative power and decreased utility on seller satisfaction cannot be determined a
priori, they are likely to offset each other to an extent that a single seller’s satisfaction will not be significantly different under the two bargaining scenarios.

Hypothesis 1f:
When the issues are negotiated simultaneously, the members of the buying team will have greater satisfaction, than when the issues are negotiated sequentially.

In addition to the profits and satisfaction that accrues to the parties, the amount of time that must be spent in negotiations is also an important consideration (e.g., Carnevale and Lawler 1986). Time spent negotiating with one party must be weighed against the opportunity costs that other sales opportunities may hold. Thus, knowledge of whether a multi-issue/multiple-buyer bargaining context is more likely to be completed in the least amount of time using a sequential versus a simultaneous agenda may be a salient decision criterion in selecting a negotiation strategy.

In the SS-MB bargaining context, the three buyers must discuss among themselves the bargaining strategy and tactics, agree on the offers to be made, discuss the counter offers, and interact with the seller on their individual concerns. Based on the likelihood of these extensive discussions, it is not obvious that SS-MB simultaneous negotiations should be shorter in duration than the sum of more straightforward one-on-one SS-MB sequential negotiations. Yet, comparing these two alternative negotiation agendas strategies, the key factor that distinguishes between them in expediting the bargaining process is the facility to make tradeoffs. As tradeoffs are easier to make in simultaneous bargaining, we posit that such negotiations will be shorter in duration.

Hypothesis 1g:
When the issues are negotiated sequentially, the negotiations will take longer to conclude, than when they are negotiated simultaneously.

Finally, the relative likelihood of reaching an agreement under the two scenarios is a critical factor that needs to be considered in selecting a negotiation strategy (Bacharach and Lawler 1981). Under sequential negotiations, there are more potential roadblocks to successful negotiations as successive separate agreements must be reached, each with a different buyer. That is, separately the issues may prove intractable and individual negotiations increase the possibility of an intransigent bargainer. In contrast, under
simultaneous negotiations the ability to make tradeoffs across issues diminishes the likelihood of impasses occurring. Tradeoffs also allow the integrative nature of the agreements to be discerned early in the bargaining, which is likely to inhibit the desire to terminate negotiations.

Hypothesis 1h:

When the issues are negotiated simultaneously, there will be a greater likelihood of reaching an agreement (i.e., lower impasse rate), than when they are negotiated sequentially.

Sequential Negotiation Agendas

The order of importance in which issues are negotiated is also likely to have significant effects on the outcomes to sellers and buyers in the SS-MB bargaining context. For instance, Balakrishnan et al. (1993) have posited that bargainers engaged in sequential negotiations with similar issue priorities achieve more integrative agreements and have a greater likelihood of the negotiations being completed if the issues are negotiated in the order of importance - least to most. These outcomes are largely predicated on the learning that takes place during the bargaining process as negotiators gain a better understanding of how to bargain more effectively (e.g., Walker 1971).

In contrast, our interest is in a different, yet more complex situation involving multiple issues in which the buyers and sellers hold dissimilar priorities on the issues, and multiple buyers are present. That is, situations in which, as Clopton (1984) notes, buyers and seller have conflicting goals. In this context, a more detailed consideration of the influence of issue ordering on outcomes is warranted in order to provide guidance in selecting an appropriate negotiation strategy (Balakrishnan et al. 1993). Since dissimilar issue priorities may take on a myriad of combinations, we focus our investigation on two specific orderings of issue priorities between the buyers and sellers that should provide the maximal understanding of negotiated outcomes compared to any other potential pairings: a) a seller bargaining issues in his or her least–to-most order of importance, while the buyers bargain these issues holding a most-to-least importance priority, and b) the parties bargaining with the opposite priorities, seller (most-to-least) and buyers (least-to-most).

Prior to the negotiations, the single seller is likely to believe that the most beneficial ordering of the issues is bargaining the issues in the least-to-most order of importance, (e.g., Dobler et al. 1984). Due to the increasing importance of the issues, there is the expectation that on the next issue it may be possible to
compensate for any shortfalls in the current bargaining session. On the other hand, when the single seller bargains issues in the most-to-least order of importance, he or she must bargain the most important issue first with a) no benefit of learning through bargaining previous issues of lesser importance and b) decreasing prospects of compensating on later issues for achieving less utility than desired on previous issues. Thus, sellers bargaining their issues in a most-to-least scenario are likely to believe that the negotiations will be more fraught with conflict than if they were bargained in the least-to-most scenario.

Since each of the buyers view themselves as bargaining a relatively important issue due to their involvement with a specific single issue, the effects of issue order on buyers in sequential negotiations should be somewhat muted. Consequently, buyers bargaining in the least-to-most order will not see this sequencing as advantageous as they would if they were each bargaining the three issues jointly. Similar arguments suggest that buyers in the most-to-least order will also not see this ordering as disadvantageous as they would if they were each bargaining the issues jointly. This leads to the first of the sequential negotiation agenda hypotheses which are depicted in Figure 3.

Hypothesis 2a:
There will be a greater difference in perceived conflict between multiple buyers and a single seller when the issues are bargained in the order of importance for a single seller Most-to-Least (i.e., for multiple buyers: Least-to-Most), rather than in the reverse order.

The perception of the more conflictive nature of the most-to-least bargaining scenario is likely to shape the seller’s choice of negotiations style (Ganesan 1993). Having placed the seller at a perceived disadvantage, bargaining in the most-to-least order should instill in the seller a desire to mitigate this conflictive environment and engender the use of the less aggressive negotiation styles in order to maximize the opportunity to conclude an agreement with the buyers.

Hypothesis 2b:
There will be a greater likelihood of a single seller using the Avoidance and Yielding strategies when the issues are bargained in the order of importance Most-to-Least (multiple buyers: Least-to-Most), rather than in the reverse order.
Based on the individual bargaining of the buyers, coupled with the inability to make tradeoffs on these issues, it is unlikely that differences in the total utility will be found between the two sequential negotiation strategies. That is, in spite of the less aggressive negotiation style adopted by sellers, these actions are not likely to lower the resultant utility below that of simple distributive agreements. These same factors are also likely to dictate that the total time to reach an agreement under each of the sequential strategies will not be markedly different. On the other hand, the order in which issues are negotiated in the SS-MB bargaining context has the potential to affect the levels of satisfaction that sellers achieve.

Sellers are likely to believe that it is better to bargain the least important issue first and the most important issue last so that they may benefit from the experience they gain during the negotiation process. By the end of the negotiations, sellers may perceive that they have progressively understood how to bargain with their counterpart more effectively and that this has helped them to achieve better agreements on the later issues. Conversely, when bargaining in the seller’s most-to-least issue ordering, it is likely that a seller’s affective state will be negatively impacted (Ganesan 1993). Together these factors are likely to generate greater satisfaction in sellers that negotiate issues in the least-to-most order compared to bargaining in the most-to-east order. In contrast, issue order is unlikely to have as much of an impact on buyers’ satisfaction as, while each of the buyers understands the relative importance of the issues, their bargaining has a heightened focus on their individual issues.

**Hypothesis 2c:**

A single seller will have greater satisfaction when the issues are bargained by the seller in the order of importance Least-to-Most (multiple buyers: Most-to-Least) rather than bargaining the issues in the reverse order.

The two sequential negotiation scenarios are likely to have decidedly different likelihoods of agreements being reached. Under the most-to-least scenario, the seller enters the negotiations expecting a more conflictive environment that has negatively impacted his/her bargaining stance. If the single seller perceives that bargaining on the early issues does not yield satisfactory outcomes, there may be little desire to continue the negotiation process under these conditions.
Hypothesis 2d:

There will be a greater likelihood of reaching an agreement when a single seller bargains the issues in the order of importance Least-to-Most (multiple buyers: Most-to-Least) rather than bargaining the issues in the reverse order.

Finally, we wish to also note that multiple-buyer sequential negotiations are quite different from single seller versus single buyer (SS-SB) sequential negotiations. Under the multiple-buyer scenario the seller knows that the individual buyers are each less likely to compromise in a tit-for-tat scenario. That is, if the seller compromises on an early issue, the seller knows that a compromise by a buyer on a later issue is unlikely since those issues are represented by separate and distinct buyers. Under the single-buyer scenario such a compromise would be much more likely as the same buyer bargains each of the sequential issues.

The Study

Methodology

The subjects were 210 university students (juniors and seniors) majoring in business administration that were randomly assigned to play the role of either the marketing manager of a clothing manufacturer or a buying team member for a large retailing organization, that were engaged in negotiations over a new clothing line. In this regard, we note that actual practitioners would be expected to outperform students, i.e., practitioners are likely to attain higher levels of utility and move more rapidly along the learning curve. However, the patterns of student subjects’ negotiation processes and outcomes should be quite similar to those of practitioners and allow such findings to be generalizable to real world settings (Neale and Northcraft 1986, Northcraft and Neale 1987). Therefore, the subjects used in the negotiations were consistent with the objectives of our study, which were to demonstrate the relative advantages and disadvantages of selecting particular negotiation strategies, rather than establishing the exact levels of outcomes that practitioners should expect from the various agenda structures.

The subjects were grouped into negotiation dyads that were required to bargain using one of four negotiation scenarios involving a single seller and one or three buyers. Sellers and buyers were then each given negotiation instructions and a payoff matrix listing the profits ($ in millions) that would accrue from
bargaining over each of three issues (retail margins, advertising support, and credit terms) to be negotiated between the parties (See Appendix A). These negotiation scenarios and profits matrices are a variation of those used by Purdy et al. (2000) and Oliver et al. (1996) among others. These profit matrices incorporate a tradeoff in priority for the negotiation parties on the retail margin and credit term issues. Buyers and sellers were instructed that all forms of communication between themselves were permissible in order to conduct their negotiations, as long as they did not share their payoff (profit) matrix table with the other party.

The participants in the study were instructed that these negotiations would be the first in a series of negotiations in which they would participate with their assigned partners (Eliashberg et al. 1986, Purdy et al. 2000). A manipulation check, which appeared on the first page of the survey instrument, was used to reinforce this and confirm that the participants had understood that an expectation of future interaction was present prior to the commencement of the actual negotiations.

The composition of the negotiation dyads and the negotiation instructions provided for four distinctly different negotiation scenarios. In Treatment A, the single seller negotiated individually with each of the three buyers over one issue at a time and the negotiations did not progress to the next issue until agreement on the current issue had been reached. In this treatment, the issues were constrained to be negotiated in the order of importance: SS (Least-Moderate-Most), MB (Most-Moderate-Least). In Treatment B, the single seller again negotiated individually with each of the three buyers over one issue at a time with negotiations concluding on one issue before progressing to the next. In this treatment (B), the issues were bargained in the reverse order of importance for each party from that of Treatment A: SS (Most- Moderate-Least), MB (Least-Moderate-Most). The relative importance of the issues was varied by changing the level of the marginal utility (profits) for each of the three issues. The importance orderings of the issues were a mirror image for the two parties (see Appendix A). In both of these sequential negotiation scenarios (Treatments A and B), buyers were allowed to caucus and set an overall strategy prior to the first stage of negotiations, however, discussion among the buyers was not allowed once negotiations had commenced. In Treatment C, the single seller negotiated with all three buyers at the same time and the manner in which the issues were raised and bargained was at the discretion of the parties. Free-flowing discussion was allowed between the buyers.
In each of these scenarios, three buyers are representative of typical buying center size. As McWilliams, Naumann and Scott (1992) demonstrate that, depending on the purchase situation and stage in the purchase process, buying center composition typically ranges between 2.7 and 5.1 individuals. In Treatment D, a single seller negotiated over all the issues with only a single buyer, and as in Treatment C, the parties were free to bargain the issues in any manner and order they chose as long as the payoff matrix tables were not revealed to the other party. Treatment D provided a benchmark by which the outcomes of the other treatments might be gauged.

Pretests of earlier versions of the negotiation instrument were used to eliminate the possibility of ambiguous wording or concepts, and to minimize the potential dropout of participants after the challenge of recruiting and organizing these multiple respondents into a single bargaining dyad. However, in any instance in which even one of the members of a negotiation dyad failed to follow the instructions, or provide a response to any of the necessary information requested, such as failing to logically match the corresponding payoff matrix cell used by their negotiations partner, the dyad was dropped from consideration in the analysis. Using these criteria, data were collected from 192 bargainers, resulting in negotiation dyads that yielded 11 agreements in Treatment A, 11 agreements and 5 non-agreements in Treatment B, 12 agreements and 1 non-agreement in Treatment C, and 15 agreements and 1 non-agreement in Treatment D (see Table 1).

Measures

The pre-negotiation variables measured in the study were sellers’ and buyers’ aspiration levels and expectations concerning their bargaining relationships. Aspiration levels were assessed by instructing each participant to provide an estimate of the worst, most likely, and very best profits that they expected to receive with regard to each of the issues they would be negotiating. Based on the findings of Oliver et al. (1994), the most likely profit estimates were selected for use. Expectations concerning the conflictive nature of the bargaining environment were obtained through three questions concerning the likely levels of difficulty, cooperativeness, and friendliness in dealing with their negotiation partner in the forthcoming negotiations. Responses were obtained on seven point Likert-type scales ranging from Difficult (1) to Cordial (7).
Uncooperative (1) to Cooperative (7), and Antagonistic (1) to Friendly (7), respectively. These individual items were then averaged together to form one measure of the anticipated level of conflict, which was perceived to underscore the imminent negotiations.

In the manner recommended by Eliashberg et al. (1986) and Balakrishnan and Eliashberg (1993), assessments of perceived relative power were obtained from each of the bargainers, using a scale, which they completed after several offers and counter-offers had been made. On this scale, each negotiator assigned 100 points between himself or herself and their bargaining partner in proportion to the perceived power between the parties.

The outcome variables of interest in the study were a) the individual payoffs obtained by each party, b) the dyadic level payoff, c) the satisfaction of the parties, d) the total time in negotiations, and, e) whether an agreement was concluded. Profits were measured in millions of dollars for each of the three issues as indicated on the respective payoff matrices. Individuals’ satisfaction were measured on a seven point Likert-type scale ranging from Extremely Dissatisfied (1) to Extremely Satisfied (7) as recommended by Oliver et al. (1993). The multiple buyers’ satisfaction, for Treatments A, B, and C, was the average of the satisfaction scores recorded by the three individuals representing the buying team. The duration of negotiations was the self reported bargaining time for the parties to reach agreement on the individual issues. That is, only the time actually spent in negotiations, excluding preparation time and the time between issues, was recorded. Finally, each of the negotiators was presented with a brief description (Appendix B) of the five different bargaining strategies that characterize the dual concerns model (Pruitt & Carnevale 1993): Avoidance, Yielding; Compromise; Competitive; and Problem-solving (Perdue and Summers 1991; Rahim 1983; Thomas 1976). Similar to the approach of Purdy et al. (2000) the respondents were instructed to indicate whether or not they employed any of the styles described, and their perception of whether or not their partner used of any of the styles.

Analysis and Results

Sequential versus Simultaneous Negotiation Agendas

Buyers and sellers were found to have significantly different perceptions of their relative power, when engaged in simultaneous (Treatment C) negotiations (SS: 49.6 vs. MB 62.8, p = .002). As expected, these
differences in power perceptions disappeared between buyers and sellers under the one-on-one bargaining of sequential (Treatments A and B combined) negotiations (See Table 2). In terms of the outcomes to the parties, the average joint profits for buyers and sellers engaged in simultaneous negotiations were higher than for the buyers and sellers engaged in sequential negotiations ($88.00 million vs. $79.45 million, p=.000). The simultaneous agreements may also be considered relatively integrative in nature, as their average joint profits of $88 million were significantly different from the $80 million that simple distributive agreements would have produced (p = .001). This suggests that hypotheses 1a and 1b were supported. It is also interesting to observe the differences in negotiation styles used by buyers and sellers. In spite of their perceived greater power, buyers appear to have used as much, if not more of a Problem-solving negotiation style, rather than a Competitive negotiation style (Competitive: 43.6%, Problem-solving: 53.9%, p=0.184) In contrast, sellers faced the perceived greater power of the buyers, appear challenged as they make far greater us of a Competitive, rather than a Problem-solving negotiation style (Competitive: 61.5%, Problem-solving: 23.1%, p=0.026)

Investigating Hypothesis 1d, sellers' profits were significantly different between the simultaneous and sequential (Treatments A & B) strategies (SS: $43.92 million vs. $37.68 million p=.045, respectively). In contrast, multiple buyers' profits demonstrated no difference (MB: $44.08 million vs. $41.77 million, p=.333, respectively). However, the rationale for lower sellers' profits under sequential compared to simultaneous negotiations (Hypothesis 1c), the raised aspiration levels of the buyers, was only partially supported. The pre-negotiation measures of buyers' estimated profit outcomes were significantly different between the negotiation strategies on only the second (moderate importance) issue (Issue 1: Seq. $9.27 million vs. Sim. $9.00 million, p = .651; Issue 2: Seq. $14.73 million vs. Sim. $11.72 million, p = .006; Issue 3: Seq. $22.50 million vs. Sim. $23.33 million, p = .624). Nevertheless, this finding is in contrast to that of the sellers' pre-negotiation estimates of profits, which as expected, demonstrated no differences under the simultaneous versus sequential strategies.

Examining buyers' and sellers' satisfaction (Hypothesis 1e), a directional but not significant difference was found in the two parties' satisfaction when engaged in simultaneous negotiations (SS: 4.25 vs. 5.00, p =
.159). On the other hand, for Hypothesis 1f, a statistically significant difference in satisfaction was found for
buyers bargaining under the simultaneous versus sequential negotiation strategies (MB: 5.00 vs. 4.32, p = .025).

As shown in Table 2, the average total time for simultaneous negotiations to be concluded was
significantly less than for sequential negotiations (16.17 minutes vs. 23.27 minutes, p = .024). Thus,
Hypothesis 1g was supported. In terms of the likelihood of reaching an agreement, simultaneous
negotiations appeared upon initial inspection as more successful than sequential negotiations as there was
only one non-agreement in 13 bargaining relationships, while remarkably five of 27 sequential negotiations
were not concluded. However, t-tests of these proportions revealed that the differences were not significant
(p = .370). Thus, Hypothesis 1h was not supported when both sequential treatments A and B were jointly
considered.

As noted earlier, single-buyer simultaneous one-on-one negotiations (Treatment D) were also
measured for use as a benchmark against which to compare the multiple-buyer outcomes. In this regard, as
can be seen in Table 1, no differences in buyers’ profits or sellers’ profits were found when the single-buyer
negotiations (Treatment D) were compared with the multiple-buyer simultaneous negotiations (Treatment C),
and the multiple-buyer sequential negotiations (Treatments A&B). However, when comparing multiple-buyer
simultaneous negotiations (Treatment C) to single-buyer simultaneous negotiations (Treatment D), we do
note that buyers’ and sellers’ profits and satisfaction, were directionally greater in all cases, and nearly
statistically greater in terms of joint profits (p = .063), providing partial support to the advantages of having
“more heads”. The completion times for the of the single-buyer simultaneous negotiations (Treatment D:
11.73 minutes) is significantly shorter (p= 0.000) than for the multiple-buyer sequential negotiations
(Treatments A&B: 23.27 minutes), while there was no statistical difference (p=0.141) when compared to the
multiple-buyer simultaneous negotiations (Treatment C: 16.17 minutes). Finally, the single-buyer
negotiations yielded one non-agreement among 16 buyer-seller dyads. This impasse rate was only slightly
lower than the results obtained for multiple-buyers simultaneous negotiations (Treatment C: 1 of 12), and
also not statistically different (p = .262) when compared to multiple-buyer sequential negotiations (combined
Treatments A and B: 5 of 27).
Sequential Negotiation Agendas

Examining the pre-negotiation dispositions of buyers and sellers (Hypothesis 2a), it was found that prior to negotiations, sellers in Treatment B expected the negotiations to be undertaken under a more conflictive atmosphere than buyers in Treatment B did (SS 4.00 vs. MB 4.94, p = .005; note that lower values indicate greater conflict). Indeed, each of the three scale items that comprised the conflict measure was significantly different (Table 3). In contrast, no differences were found in the pre-negotiation expectations between buyers and sellers in Treatment A for any of the three scale items.

Insert Table 3 about here

Post-negotiation assessments of bargaining styles (Hypothesis 2b) revealed that sellers in Treatment B, compared to sellers in Treatment A, believed that they far more frequently used an Avoidance style (Treatment A: 18.2% vs. Treatment B: 90.9%, p = .000) and a Yielding style (Treatment A: 18.2% vs. Treatment B: 90.9%, p = .000) in their bargaining of the issues. No other differences were found in the frequency of use of bargaining styles by buyers or sellers in either of the two sequential bargaining treatments.

With regard to satisfaction, while sellers' satisfaction under treatment B (SS: Most-to-Least; MB: Least-to-Most) was observed to be lower than under Treatment A (SS: Least-to-Most; MB: Most-to-Least), it was not found to be significantly different (A: 4.18 vs. B: 3.45, p = .195). Thus, only directional support was found for hypotheses 2c (see Table 3). In contrast, buyers' satisfaction levels under the two treatments were nearly identical (A: 4.30 vs. B: 4.33, p = .936).

Investigating Hypothesis 2d, five of the 16 dyads in Treatment B failed to reach agreement, while every group negotiating under Treatment A arrived at an agreement (p = .000). Moreover, when the proportion of agreements achieved under Treatment B is compared to those achieved under multiple-buyer simultaneous negotiations (p = .120) or single-buyer simultaneous negotiations (p = .000), the likelihood of reaching an agreement under the simultaneous strategies is increasingly apparent. Examining each of the non-agreement responses in Treatment B, it was found that in all cases the buyer and seller failed to reach agreement on the first of the three issues, the most important issue to the seller and the least important to
the buyer. Thus, both the likelihood of reaching an agreement under the two sequential negotiation strategies, Hypothesis 2d, and the rationales for these likelihoods, hypotheses 2a and 2b, were supported.

With regard to the benchmark single-buyer simultaneous negotiations (Treatment D) when compared to the individual multiple-buyer sequential negotiation scenarios (Treatment A and Treatment B), no differences were found in the profits or satisfaction to the parties. The time to complete single-buyer negotiations was, however, less than half of that for either of multiple-buyer sequential negotiation scenarios (p = .000).

Finally, with regard to negotiation time, we must note its apparent indication that learning is taking place on the part of the sellers as the negotiation times for Issue #2 and Issue #3 are shorter than for Issue #1 (Issue #1: 10.50 min. vs. Issue #2: 5.68 min., p=.001; and Issue #1: 10.50 min. vs. Issue #3: 7.09 min., p=.035) Unfortunately, the evidence for learning is not clear. The different bargaining scenario used in Issue #2 could influence the amount of negotiation time compared to Issues #1 and #3. In addition, the self-imposed time pressure by respondents on Issue #2, and to a greater extent on Issue #3, could also impact negotiation times when compared to the first issue.

**Conclusions and Discussion**

**Summary of Findings**

In buyer-seller negotiations in which the seller will be represented by a single negotiator on all issues, while the buying party will be represented by a different negotiator on each issue, the strategic choice of the agenda strategy to pursue is shown to have a pronounced effect on the negotiated outcomes. It is found that a simultaneous rather than a sequential negotiation of the issues appears to: a) lead to higher profits for sellers; b) more integrative agreements; c) engender greater buyer satisfaction; and d) be conducted in a shorter period of time. It must be noted, that these more integrative agreements occur even though the buyers are found to have perceptions of greater power under simultaneous negotiations. Moreover, such power perceptions are critical as they are likely to have considerable ramifications on the ability of the parties to set the future negotiation agendas and the conduct of those negotiations. As Neslin and Greenhalgh (1983, p. 370) observe, power provides “the ability of one party to take the initiative in a given situation and thus shape the issues or agenda in a way that benefits that party.”
In contrast, a sequential negotiation of the issues is likely to generate agreements that are the same as simple distributive agreements in terms of the division of the profits to the seller and buyers, with no differences found in the profits or satisfaction to the seller or buyers, or in the time to reach an agreement. However, when issues are bargained in a sequential fashion, our findings suggest that the order of importance in which the issues are negotiated has the potential to severely impact the profits to the parties. Specifically, if a seller bargains the issues in the order from least important to most important, (i.e., for the multiple buyers the issues are bargained in the most-to-least order of importance), the likelihood of reaching an agreement is much greater than if the parties bargained the issues in the reverse orders of importance.

This impasse to completing negotiations appears to arise because the pre-disposition of parties bargaining under the seller’s most-to-least (buyers’ least-to-most) importance ordering of the issues, generates negotiations that will be more conflictive in nature than under the opposite ordering. These negative influences on negotiators’ pre-dispositions are evidenced by the change in sellers’ negotiation styles when compared to sellers bargaining under the least-to-most ordering of the issues, or when compared to buyers under either negotiation scenario. Sellers conducting negotiations, in which the issues are bargained in the most important to least important order, more frequently use Avoidance and Yielding negotiation styles. Since the first issue in a seller’s most-to-least order of importance is a make-or-break issue in terms of the utility the seller will receive, there is less tendency to continue the negotiation process when difficulties arise bargaining the initial issue. That is, if the initial issues had been of less importance, agreement on these issues may have been reached and the commitment of time and effort on these issues would encourage the continuation of the bargaining (e.g. Cohen 1980). Taken together, these factors appear to encourage some sellers to terminate negotiations if, early in the bargaining process, they perceive that they may have to accept less than the outcomes they desired.

Theoretical Contribution

In addition to the specific findings discussed above, this research has also developed a theoretical agenda framework that better defines, organizes, and to an extent unifies, the relationships among a range of disparate streams of negotiation research. The framework clearly links the decisions that must be made by an individual bargainer with respect to the choice of sequential versus simultaneous bargaining, as well
as the order of importance of sequential issues, to the domain of critical negotiation outcome variables, i.e., economic utility, satisfaction, time to reach agreement, and impasse rate. These linkages are clearly delineated by the two sets of hypotheses that predict how the choice of an initial agenda strategy impacts a selected group of highly salient affective and cognitive constructs (power, ego involvement, aspirations, learning, and negotiation styles) that influence the bargainers’ behaviors, and in turn, the subsequent negotiated outcomes. This theoretical framework should provide sales force and negotiation researchers with a more explicitly defined foundation which they may build upon, expand, or modify to better understand multi-party multi-issue bargaining.

This research also provides insight into a critical problem, which has been noted at least since Bazerman and Carroll (1987), that has vexed scholars and with regard to the state of negotiation research. They observe that "negotiation research has not provided a process explanation of why negotiators fail to reach agreement despite a positive zone of agreement (p. 250)." In the context of multiple issues, multiple party negotiations, our paper has specifically attempted to address that issue and our results have begun to provide answers to that question. Our study also addresses the need stated by Tripp and Sondak (1992) to include an examination of non-agreements in analyses of negotiation processes.

Managerial Implications

The sales force literature has, over time, acquired a wealth of commonly held beliefs that may have accrued through training, reading the practitioner literature, or peer discussions. The prevalence and mushrooming of sales training programs, whether in-house or through external organizations, and how-to books, is a testament to this hunger for information. In particular, the anecdotal evidence in this domain tends to deal with tactical decisions, rather than strategic choices. This paper helps to fill this gap by providing a theoretical framework to address the strategic choices that need to be made by salespersons about to engage in negotiations with buying teams. This framework, grounded in behavioral theory, provides a generalizable way to understand the tradeoffs that might occur in the choice of agendas.

Our results clearly indicate the need for salespeople to rethink a number of the commonly held beliefs that they may have acquired. First, conventional wisdom dictates that a single seller should avoid bargaining against multiple buyers due to the inherent imbalance in perceived power and bargaining resources.
However, the appropriateness of this strategy appears to depend on the integrative nature of the issues to be bargained. When bargaining with buying teams, salespeople must strive to clearly understand the potential for negotiations being integrative or distributive in nature, i.e., the degree to which buyers and sellers possess similar priorities. When both parties hold the same priorities on the issues, tradeoffs are unlikely and divide-the-pie solutions are the usual outcomes. Using a simultaneous bargaining strategy would merely exacerbate the perceived power imbalance between the parties and place the seller at a greater disadvantage. However, if buyers and sellers have different priorities on the issues, tradeoffs over the multiple issues are possible that could lead to integrative (i.e., win-win) solutions. Under these circumstances, it appears beneficial to involve multiple members of the buying party to foster potentially integrative approaches even when the seller is faced with the numerical disadvantage. Indeed, it appears worthwhile for the sales organization to extend considerable time and resource to facilitate such joint meetings where all of the relevant members of the buying team are present. Bargaining the issues sequentially leads to agreements that may offer no more profit than simple split-the-pie distributive agreements.

Second, sales personnel must understand that while bargaining individually with buying team members may be the prevailing wisdom to eliminate the perceived power imbalance that bargaining with multiple buyers would generate, an important concern is the potential stalemate that may occur. If in the course of sequential negotiations, a single seller bargains his or her organization's issues in the most-to-least order of importance, while each buying team member individually bargains their issues in the opposite order of importance, there is a greater probability that agreement will not be reached.

Third, when the issues to be bargained dictate that some negotiation sessions will be undertaken in a simultaneous manner with all member of the buying team, and other sessions will be undertaken individually with buying team members, salespeople must be cognizant of how ordering the sessions and importance of the issues may be advantageous. Buyers will leave simultaneous negotiations with perceptions of greater power. Thus, depending on the relative profit potential of negotiation stages, a seller may wish to either bargain issues simultaneously in the first session to maximize profits on these issues, while opening the potential for less profits in later individual negotiation sessions; or, bargain issues sequentially in the first
session which is likely to lower the level of profits achieved in this session, but open the potential for achieving higher profits in the next session.

Fourth, bargaining issues in the most-to-least order of importance with each buying team member individually bargaining their issues in the opposite order of importance may not be disadvantageous, and actually offer potential advantages. While, this is an agenda strategy which buying team members are likely to perceive as advantageous, given that much of the experiential and academic literature suggests the benefits of bargaining issues in the least-to-most order of importance, salespeople must understand that this ordering of the issues does not automatically lead to less profits for a seller. When faced with bargaining under this agenda structure, sales personnel must strive to maintain a positive outlook on the eventual outcome of the negotiations, maintain their normal bargaining style, and pursue the negotiations past the initial issues. Moreover, there are a number of advantages that accrue to sellers that allow buying team members to bargain their issues least-to-most. Buying team members may have a more positive attitude entering negotiations and be more satisfied with the outcome of the negotiations if their issues are bargained in the least-to-most order of importance.

Finally, both salespeople and sales managers need to be cognizant of the major dividends that may accrue through receiving greater training on negotiation practices versus time spent on the more common topics of product and market knowledge. The dramatic differences in profits, satisfaction, power, negotiation styles and likelihood of reaching an agreement that have been demonstrated under the various agenda structures, highlights the importance of the training sales personnel receive on how to better structure their negotiations by establishing agenda strategies prior to negating with buying teams.

Limitations and Directions for Future Research

While this study offers useful insights into developing a more comprehensive framework for structuring negotiation agendas, it also provides a window to the limitations of this current research that could fruitfully be addressed in subsequent work. In particular, the task involved in the negotiation study was clearly well structured and the payoffs associated with each of the issues were explicitly provided to the subjects. It would, consequently, be instructive to examine alternative, more complex negotiation tasks which require the payoffs for each option to be computed by the negotiators themselves. Additionally, each issue in the
current scenario, which is being handled by a single buyer, could realistically be delegated to a small group responsible for that specific issue. While such a scenario, involving multiple sub-groups comprising the larger buying team, could prove to be fertile grounds for research, it must be kept in mind that the current scenario involving multiple buyers was challenging to implement. The framework advanced here is also limited to instances of face-to-face bargaining. We know that restricting access to visual and aural cues by the use of communication media has dramatic influences on various outcome measures (Purdy et al. 2000). This implies that in non-proximal bargaining situations, we will need to integrate media richness theory in order to develop a more comprehensive framework.

The empirical findings presented here also suggest a number of specific directions for future research. First, the influence on profits, satisfaction, time to reach agreement, and the likelihood of reaching an agreement using a team selling approach involving multiple sales personnel who interface with multiple buyers, is needed to determine the ramifications of using such resource intensive sales strategies. Second, the impact on negotiated outcomes of bargaining a portion of a group of multiple issues with multiple buyers and rest of the issues individually on a one-on-one basis warrants examination. Third, the investigation of additional situational factors, among which negotiations conducted under conditions of time pressure may be the most salient, would provide additional insights into multiple-issue, multi-party bargaining. Fourth, given the increasing importance of international trade and the findings that difference in bargaining styles exist in different cultures (e.g., Graham, Mintu, and Rodgers 1994; Mintu-Wimsatt and Graham 2004), it would be interesting to examine such multi-issue, multi-person bargaining contexts in cross-cultural settings. While time to reach an agreement is a critical variable in the Western cultures, it is not clear if the pressure to reach agreements within a specified period is felt similarly in other cultural contexts. Given the increasing emphasis on global supply chains and geographically dispersed teams, investigating such negotiations should be of great relevance. Finally, an investigation of the influence of buying team member heterogeneity on the bargaining process and negotiated outcomes could be undertaken in a variety of avenues.
# Appendix A
## Payoff Matrices

### SELLER
**PROFIT TABLES ($ in Millions)**

<table>
<thead>
<tr>
<th>Retailer Margin</th>
<th>Advertising Support</th>
<th>Credit Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option</strong></td>
<td><strong>Profit</strong></td>
<td><strong>Option</strong></td>
</tr>
<tr>
<td>A</td>
<td>40</td>
<td>A</td>
</tr>
<tr>
<td>B</td>
<td>35</td>
<td>B</td>
</tr>
<tr>
<td>C</td>
<td>30</td>
<td>C</td>
</tr>
<tr>
<td>D</td>
<td>25</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>20</td>
<td>E</td>
</tr>
<tr>
<td>F</td>
<td>15</td>
<td>F</td>
</tr>
<tr>
<td>G</td>
<td>10</td>
<td>G</td>
</tr>
<tr>
<td>H</td>
<td>5</td>
<td>H</td>
</tr>
<tr>
<td>I</td>
<td>0</td>
<td>I</td>
</tr>
</tbody>
</table>

### BUYERS
**PROFIT TABLES ($ in Millions)**

<table>
<thead>
<tr>
<th>Retailer Margin</th>
<th>Advertising Support</th>
<th>Credit Terms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option</strong></td>
<td><strong>Profit</strong></td>
<td><strong>Option</strong></td>
</tr>
<tr>
<td>A</td>
<td>0</td>
<td>A</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>B</td>
</tr>
<tr>
<td>C</td>
<td>4</td>
<td>C</td>
</tr>
<tr>
<td>D</td>
<td>6</td>
<td>D</td>
</tr>
<tr>
<td>E</td>
<td>8</td>
<td>E</td>
</tr>
<tr>
<td>F</td>
<td>10</td>
<td>F</td>
</tr>
<tr>
<td>G</td>
<td>12</td>
<td>G</td>
</tr>
<tr>
<td>H</td>
<td>14</td>
<td>H</td>
</tr>
<tr>
<td>I</td>
<td>16</td>
<td>I</td>
</tr>
</tbody>
</table>
Appendix B
Post-Negotiation Measures

Which of the following scenarios describes the "negotiation style" you used with your negotiation partner? (Please check all that apply)

I primarily desired to avoid bad feelings and a confrontation ..................  
I gave in on some issues so that my partner would be satisfied ..................  
I compromised with my partner by splitting the difference on issues .............  
I tried to maximize my profit by winning concessions from my partner ..........  
I tried to find a solution that would give us both large, but not maximum profits.  

Which of the following scenarios describes the "negotiation style" used by your negotiation partner? (Please check all that apply)

Primarily desired to avoid bad feelings and a confrontation .......................  
Gave in on some issues so that I would be satisfied ..................................  
Compromised with me by splitting the difference on issues .........................  
Tried to maximize his/her profit by winning concessions from me...............  
Tried to find a solution that would give us both large, but not maximum profits. 
### Table 1
Negotiation Outcome Summary

<table>
<thead>
<tr>
<th>Treatment&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Profits ($)</th>
<th>Satisfaction</th>
<th>Negotiation Time (minutes)</th>
<th># Agreements&lt;sup&gt;3&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Seller</td>
<td>Buyer</td>
<td>Total</td>
<td>1st Issue</td>
</tr>
<tr>
<td>A</td>
<td>37.45</td>
<td>41.45</td>
<td>78.91</td>
<td>4.18</td>
</tr>
<tr>
<td>B</td>
<td>37.91</td>
<td>42.09</td>
<td>80.00</td>
<td>3.45</td>
</tr>
<tr>
<td>A&amp;B</td>
<td>37.68</td>
<td>41.77</td>
<td>79.45</td>
<td>3.82</td>
</tr>
<tr>
<td>C</td>
<td>43.92</td>
<td>44.08</td>
<td>88.00</td>
<td>4.25</td>
</tr>
<tr>
<td>D</td>
<td>39.40</td>
<td>42.60</td>
<td>82.00</td>
<td>3.80</td>
</tr>
</tbody>
</table>

<sup>1</sup> TREATMENT A (SS-MB): Sequential Negotiations, Single Seller (SS) and Multiple Buyers (MB)
   SS issue importance order: Least-Moderate-Most (L-M)
   MB issue importance order: Most-Moderate-Least (M-L)

   TREATMENT B (SS-MB): Sequential Negotiations, Single Seller (SS) and Multiple Buyers (MB)
   SS issue importance order: Most-Moderate-Least (M-L)
   MB issue importance order: Least-Moderate-Most (L-M)

   TREATMENT C (SS-MB): Simultaneous Negotiations, Single Seller (SS) and Multiple Buyers (MB)
   SS issue importance order: Most-Moderate-Least (M-L)
   MB issue importance order: Least-Moderate-Most (L-M)

   TREATMENT D (SS-SB): Simultaneous Negotiations, Single Seller (SS) and Single Buyer (SB)

<sup>2</sup> Total time is the sum of the three issue times for each of the agreements reached.

<sup>3</sup> All sample sizes are based on the number of agreements reached: (Yes) column.
### Table 2  
**Analysis of Simultaneous vs. Sequential Negotiation Agendas**

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Mean</th>
<th>S. D.</th>
<th>Prob.</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a: Within Sim. Neg., Multiple Buyers’ Perceived Power will be greater than a Single Seller’s Perceived Power; Within Seq. Neg. there will be no difference. (0-100 pts)</td>
<td>Seller 49.58</td>
<td>10.97</td>
<td>.002</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Buyers 62.83</td>
<td>12.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seller 50.56</td>
<td>8.37</td>
<td>.274</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Buyers 53.25</td>
<td>8.41</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b: Under Sim. Neg. (relative to Seq. Neg.), Joint Profits will be greater. ($ MM)</td>
<td>Simultaneous Neg. (C) 88.00</td>
<td>9.17</td>
<td>.000</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Sequential Neg. (A and B) 79.45</td>
<td>3.54</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c: Under Sim. Neg., Multiple Buyers’ Aspiration Levels will be higher. ($ MM)</td>
<td>Least Important Issue Simultaneous (C) 9.00</td>
<td>2.34</td>
<td>.651</td>
<td>Partially</td>
</tr>
<tr>
<td></td>
<td>Sequential (A and B) 9.27</td>
<td>1.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Moderately Important Issue Simultaneous (C) 11.72</td>
<td>2.70</td>
<td>.006</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sequential (A and B) 14.73</td>
<td>2.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Most Important Issue Simultaneous (C) 23.33</td>
<td>5.37</td>
<td>.624</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sequential (A and B) 22.50</td>
<td>4.30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d: Under Sim. Neg., a Single Seller’s Profits will be greater. ($ MM)</td>
<td>Simultaneous Neg. (C) 43.92</td>
<td>12.02</td>
<td>.045</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Sequential Neg. (A and B) 37.68</td>
<td>5.51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e: Within Sim. Neg., Multiple Buyers’ Satisfaction will be greater than a Single Seller’s Satisfaction. (1 Extremely Dissatisfied – 7 Extremely Satisfied)</td>
<td>Buyers (A and B) 5.00</td>
<td>.71</td>
<td>.159</td>
<td>Directionally</td>
</tr>
<tr>
<td></td>
<td>Seller (A and B) 4.25</td>
<td>1.55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f: Under Sim. Neg., Multiple Buyers' Satisfaction will be greater. (1 Extremely Dissatisfied – 7 Extremely Satisfied.)</td>
<td>Simultaneous Neg. (C) 5.00</td>
<td>.71</td>
<td>.025</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Sequential Neg. (A and B) 4.32</td>
<td>.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g: Under Sim. Neg., time to reach agreement will be longer. (Minutes)</td>
<td>Simultaneous Neg. (C) 16.17</td>
<td>9.14</td>
<td>.024</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Sequential Neg. (A and B) 23.27</td>
<td>7.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1h: Under Sim. Neg., a higher percentage of agreements will be concluded.</td>
<td>Simultaneous Neg. (C) 12/13</td>
<td></td>
<td>.370</td>
<td>Directionally</td>
</tr>
<tr>
<td></td>
<td>Sequential Neg.(A and B) 22/27</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3
Analysis of Sequential Negotiation Agendas

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Mean</th>
<th>S. D.</th>
<th>Prob.</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td><em><em>2a: Within Treatment B</em>, a Single Seller’s perception of conflict will be greater than Multiple Buyers’ perceptions of conflict.</em>*</td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Perceived Conflict (i, ii, and iii, Coefficient Alpha = .751)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seller</td>
<td>4.00</td>
<td>1.09</td>
<td>.005</td>
<td></td>
</tr>
<tr>
<td>Buyers</td>
<td>4.94</td>
<td>.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) Difficult(1) -- Cordial(7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seller</td>
<td>3.91</td>
<td>1.38</td>
<td>.047</td>
<td></td>
</tr>
<tr>
<td>Buyers</td>
<td>4.85</td>
<td>1.30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ii) Uncooperative(1) - Cooperative(7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seller</td>
<td>4.00</td>
<td>1.18</td>
<td>.025</td>
<td></td>
</tr>
<tr>
<td>Buyers</td>
<td>4.91</td>
<td>1.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii) Antagonistic(1) -- Friendly(7)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seller</td>
<td>4.09</td>
<td>1.30</td>
<td>.007</td>
<td></td>
</tr>
<tr>
<td>Buyers</td>
<td>5.06</td>
<td>.86</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2b: In Treatment B relative to A, a Single Seller will use more Avoidance and Yielding Negotiation Styles. (Yes – No, Percent Yes)</strong></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Avoidance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment A</td>
<td>18.2%</td>
<td>40.5%</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>90.9%</td>
<td>30.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yielding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment A</td>
<td>18.2%</td>
<td>40.5%</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>90.9%</td>
<td>30.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compromise</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment A</td>
<td>72.7%</td>
<td>46.7%</td>
<td>.088</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>45.5%</td>
<td>52.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment A</td>
<td>45.5%</td>
<td>52.2%</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>45.5%</td>
<td>52.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Problem-solving</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment A</td>
<td>45.5%</td>
<td>52.2%</td>
<td>.088</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>72.7%</td>
<td>46.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2c: In Treatment A relative to B, a Single Seller’s Satisfaction will be greater. (1 extremely dissatisfied – 7 extremely satisfied)</strong></td>
<td></td>
<td></td>
<td></td>
<td>Directionally</td>
</tr>
<tr>
<td>Treatment A</td>
<td>4.18</td>
<td>1.25</td>
<td>.195</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>3.45</td>
<td>1.29</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2d: In Treatment A relative to B, a higher percentage of agreements will be concluded.</strong></td>
<td></td>
<td></td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Treatment A</td>
<td>11/11</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Treatment B</td>
<td>11/16</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Legend*:
- **Treatment A**: Issue Importance - Single Seller (Low-Medium-High) - Multiple Buyers (High-Medium-Low)
- **Treatment B**: Issue Importance - Single Seller (High-Medium-Low) - Multiple Buyers (Low-Medium-High)
FIGURE 1
SINGLE SELLER, MULTIPLE BUYERS, MULTI-ISSUE NEGOTIATION PROCESS

AGENDA STRATEGY

CULTURAL NORMS

SITUATIONAL FACTORS

---

NEGOTIATION
AGENDA STRATEGIES

INFLUENCES ON
BARGAINING
BEHAVIOR

NEGOTIATION
PROCESSES

NEGOTIATION
OUTCOMES

AGREEMENT

SIMULTANEOUS NEGOTIATIONS

BUYERS' NEGOTIATION STYLE

BUYERS'/SELLER'S PERCEPTIONS OF POWER

BUYERS' NEGOTIATION STYLE

BUYERS' ASPIRATION LEVELS

BUYERS' EGOS

BUYERS' INVOLVEMENT

BUYERS' LEARNING

BUYERS' PERCEPTIONS OF CONFLICT

SELLER'S LEARNING

SELLER'S NEGOTIATION STYLE

BUYER #1

BUYER #2

BUYER #3

MULTIPLE ISSUES

SELLER

SEQUENTIAL NEGOTIATIONS

SELLER'S ISSUES LEAST-TO-MOST

SELLER'S ISSUES MOST-TO-LEAST

ISSUE ORDER

1st ISSUE

2nd ISSUE

3rd ISSUE

SELLER

TIME TO REACH AGREEMENT

SELLER'S PROFIT

DYADIC PROFIT

BUYERS' PROFIT

SELLER'S SATISFACTION

BUYERS' SATISFACTION

IMPASSE RATE

---

Indicates constructs not specified in this framework.
FIGURE 2
SEQUENTIAL VERSUS SIMULTANEOUS NEGOTIATION AGENDA HYPOTHESES

Treatment C

SIMULTANEOUS ISSUE NEGOTIATIONS

BUYERS' SELLER'S PERCEPTIONS OF POWER

H:1a

BUYERS' ASPIRATION LEVELS

SEQUENTIAL ISSUE NEGOTIATIONS

Treatment A and B

BUYER #1

BUYER #2

BUYER #3

MULTIPLE ISSUES

SELLER

BUYER #1

BUYER #2

BUYER #3

1st ISSUE

2nd ISSUE

3rd ISSUE

SELLER

TIME TO REACH AGREEMENT

SELLER'S PROFIT

DYADIC PROFIT

SELLER'S SATISFACTION

BUYERS' SATISFACTION

IMPASSE RATE

H:1a

H:1c

H:1g

H:1d

H:1b

H:1e

H:1f

H:1h

H: Indicates Hypotheses
FIGURE 3
SEQUENTIAL NEGOTIATION AGENDA HYPOTHESES

BUYER #1
BUYERS' HIGH IMPORTANCE
1ST ISSUE
SELLER'S LOW IMPORTANCE
BUYER #2
BUYERS' MEDIUM IMPORTANCE
2ND ISSUE
SELLER'S MEDIUM IMPORTANCE
BUYER #3
BUYERS' LOW IMPORTANCE
3RD ISSUE
SELLER'S HIGH IMPORTANCE

SELLER

SELLER'S SATISFACTION

H:2a
H:2b
H:2c

YES

AGREEMENT

NO

IMPASSE RATE

H:2d

SELLER

SELLER'S ISSUES
LEAST-TO-MOST
Treatment A
SELLER'S ISSUES
MOST-TO-LEAST
Treatment B
SELLER'S PERCEPTION
OF CONFLICT
SELLER'S NEGOTIATION
STYLE

H: Indicates Hypotheses
References


FOOTNOTES

1. An approach that provides an organizational solution, rather than addressing the needs of an individual salesperson, is reflected in team selling, a process in which specialists in the selling organization interact and bargain with their counterparts in the buying organization (Cespedes 1992; Narus and Anderson 1995; Puri and Korgaonkar 1991).

2. We note that our study is also relevant to team selling situations in which a single buyer must bargain with multiple sellers. However, we have selected a single-seller versus buying team perspective for a number of cogent reasons. First, because of the high costs involved, team selling has limited applicability as it is only appropriate for the largest customers where the potential purchases can justify the costs (Dunne and Thomas 1986). Situations such as these are unlikely to find only a lone purchasing agent tasked with bargaining with multiple sellers. Second, much of team selling actually involves the strategy of multilevel selling in which sales personnel at various managerial levels approach their counterparts in the managerial structure of the buying organization (Churchill, Ford and Walker 1990). Thus, multilevel selling is unlikely to foster situations in which a single buyer must bargain with multiple sellers. Finally, in most sales situations it is far easier for a purchasing agent to draw upon the other members of its organization’s buying center for assistance in the bargaining process, than for a sales representative to amass and educate a selling team necessary to assist in his or her potential bargaining situations.

3. We distinguish sequential agenda negotiations from the term “sequential negotiations,” which is widely used in the game theory literature, and which refers to a specific bargaining mode that describes single-issue bargaining situations in which the parties alternate their respective offers. Similarly, simultaneous agenda negotiations must be distinguished from a bargaining mode in which, as in the case of bidding, the parties make offers simultaneously.

4. Integrative agreements are characterized by high joint utility (e.g., total profits to both buyer and seller). Integrative agreements are achieved by buyers and seller engaging in problem-solving behaviors using
heuristics such as trial-and-error procedures. In contrast, distributive agreements represent a split-the-difference or compromise solution (Pruitt 1981; Walton and McKersie 1965).

\[\text{In our negotiation problem the most integrative agreement available yields a total profit of $104 million which is equally divided between the parties represented by the seller and the multiple buyers. In contrast, a distributive outcome generates only $80 million of total profits for the two parties.}\]