



# What You Heard vs. What I Said: Mis-Predicted Consequences in Goal Driven Interactions

## Citation

Jeong, Martha. 2019. What You Heard vs. What I Said: Mis-Predicted Consequences in Goal Driven Interactions. Doctoral dissertation, Harvard University, Graduate School of Arts & Sciences.

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What you heard vs. what I said:

Mis-predicted consequences in goal driven interactions

A dissertation presented

By

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To

The Committee for the Ph.D. in Business Studies

In partial fulfillment of the requirements

for the degree of

Doctor of Philosophy

in the subject of

Organizational Behavior

Harvard University

Cambridge, Massachusetts

April 2019

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What you heard vs. what I said:  
Mis-predicted consequences in goal driven interactions

Abstract

As consequential negotiations pervade our personal and professional relationships, it is important to understand the shortcomings that stand in the way of our ability to communicate successfully in these goal driven interactions. Through my dissertation, I argue that social perceptions become particularly important in mixed motive contexts where we communicate to fulfil our individual goals through both competition and cooperation with others. Drawing upon prior work and utilizing my own experimental data in the field and laboratory, I explore how the ways in which we communicate affect negotiation behavior, with consequences that are unforeseen and mis-predicted by the communicators themselves.

Chapter 1 begins with an introduction and summary of the following three chapters. Chapter 2 provides a broader overview of psychological challenges to optimal negotiation behavior. I draw from past theoretical and empirical work to illustrate how cognitive biases, affect, and social perceptions can stand in the way of our ability to negotiate successfully. In the next two chapters, I take an empirical approach looking at the surprising inferences negotiations make about each other based on both strategic and inadvertent communication cues. In Chapter 3, I look at the effect of taking on a “warm and friendly” versus “tough and firm” communication style in distributive negotiations, where first offers are held constant and concession patterns are tracked. Through four empirical studies, I find that “tough” negotiators end up with better economic outcomes than “warm” negotiators, at no detectable social cost, an effect negotiators are inaccurate in predicting. In Chapter 4, I study how first offer values affect perceptions of the offer-maker’s trustworthiness and their counterpart’s behavior towards them. Through four empirical studies, I find that recipients of generous offers are more likely to make themselves economically vulnerable to their counterparts, exhibiting behaviors with potentially deleterious consequences, such as disclosing negative information.

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## Chapter 1: Introduction & Overview

Social perception plays an integral role in how we interact with others in both our personal and professional lives. The role of social perception in mixed motive conflicts is interesting not only because of the ubiquitous nature of negotiations (Ben-Yoav & Pruitt, 1984), but also because psychologists have found interpersonal conflict to be a context in which individuals are routinely perceiving and attributing their counterpart's behavior to personality traits, which in turn affect reactions and conflict resolution strategies (Orvis, Kelley, & Butler, 1976; Thompson & Hastie, 1990).

Given that our interactions with others are largely composed by the words we use to communicate our desires and intentions, it naturally follows that much of how we are perceived by others is dependent on how we communicate with them. We can choose to deliver the same set of information in a number of different ways and my research explores what we are strategically or inadvertently signaling during our goal-driven interactions, and what the consequences are in terms of how we are perceived. Across three chapters in my dissertation, I argue and demonstrate, through experimental data from both the laboratory and field, that these perceptions become particularly important in affecting negotiation behavior, strategies, and outcomes. Importantly in my empirical chapters, I measure and document the different consequences, both objective and subjective, which result from those perceptions and the extent to which they are predicted by the communicators themselves.

### Overview of Chapter 2

Chapter 2 brings together classic theories on bias, affect, and person perception with empirical work on negotiations to lay the groundwork for basic psychological challenges that stand in the way of optimal negotiation behavior. Drawing on prior theoretical and empirical work, I explore common shortcomings that stand in the way of our ability to negotiate successfully at both the intrapersonal and interpersonal level. On the individual level, I look at the role pervasive cognitive biases, as well as commonly experienced emotions, affect negotiation strategies and outcomes. At the dyadic level, I

explore how inferences and attributes we make about our opponent's economic and non-economic behavior drive negotiation behavior.

### Overview of Chapter 3

Whereas Chapter 2 reviews the theoretical and empirical background for social perceptions that can affect negotiation behavior, Chapter 3 begins an empirical inquiry into a novel question – does a communication style characterized by “warmth” or “toughness” result in different negotiation outcomes, holding constant first offers and economic concessions? Prior literature has looked at the effect of taking on a cooperative versus competitive approach in negotiations, but as economic behavior was allowed to vary with style and because these effects were largely studied in multi-issue, integrative negotiations, the question remains as to whether communication style affects economic outcomes above and beyond bargaining behavior. In order to test this question, we studied the effect of being “warm and friendly” versus “tough and firm” in distributive negotiations where first offers are held constant and concessionary behavior is tracked. Utilizing a natural language processing algorithm, we find that when negotiators are trying to be “warm”, they increase the levels of politeness in their conversation. Importantly, in both the laboratory and field, we find that “tough” negotiators end up with better economic outcomes, at no detectable social cost, an effect negotiators are inaccurate in predicting.

### Overview of Chapter 4

Whereas Chapter 3 investigated the effects of an active and strategic approach that can be utilized in negotiations, specifically the use of a “warmer” or “tougher” communication style to deliver offers, in Chapter 4 we look at the inadvertent effect of offers themselves on important social perceptions. We demonstrate with experimental data, both from the laboratory and field, that first offer values affect perceptions of the offer-maker's trustworthiness and their counterpart's behavior towards them. Through a series of four studies, we find that recipients of more generous first offers are more likely to make themselves economically vulnerable to their counterparts, exhibiting behaviors with potentially deleterious negotiation consequences, such as disclosing negative information.

### Summary

In negotiations, we communicate with others to fulfill our individual goals through both competing and cooperating with our counterparts. Chapters 2-4 demonstrate that in this mixed motive context, we use various information communicated to us to make important inferences regarding how we perceive our fellow negotiator's motivations and intentions. Our perceptions can be based on both strategic (Chapter 3) and inadvertent (Chapter 4) signals that our counterpart is communicating, which in turn can affect our subjective and objective outcomes in the negotiation. When we perceive our counterpart as warm and friendly through how they communicate, we reciprocate in warmth linguistically but react with more aggressive counteroffers (Chapter 3) and when we perceive our counterpart as trustworthy through how they begin the negotiation economically (Chapter 4), we reciprocate with economically vulnerable behaviors that could potentially disadvantage us. These empirical findings highlight the ways in which the inferences we make about our counterpart's communications affect our negotiation behavior and outcomes in ways that are mis-predicted but consequential.

## Chapter 2

### Psychological Shortcomings to Optimal Negotiation Behavior: Intrapersonal & Interpersonal Challenges

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A negotiation is defined as an interaction in which individuals with mixed motives are communicating with each other in order to resolve their perceived divergent interests and reach their individual goals (Ben-Yoav & Pruitt, 1984). Negotiations can be both informal or formal in nature and they govern almost all of our social relationships (Ben-Yoav & Pruitt, 1984). Given that an effective negotiation requires a delicate balance of both cooperation and competition with others (Pruitt, 1983), negotiators often fail to maximize on both their individual and joint outcomes for various reasons (Nadler, Thompson, & van Boven, 2003; Neale & Bazerman, 1991). As consequential negotiations pervade both our personal and professional relationships, it is important to understand the common shortcomings that stand in the way of our ability to negotiate successfully. In this chapter, we will review some basic psychological challenges that stand in the way of optimal negotiation behavior and outcomes. On the intrapersonal level, we will examine a pervasive cognitive bias, as well as the role of affect, in influencing negotiation behavior and outcomes. On the interpersonal level, we will explore the extent to which social perceptions of our opponent's economic and non-economic behavior drive our negotiation strategies.

#### *Intrapersonal Challenge: Cognitive Bias*

One of the most common and pervasive cognitive biases that negatively influence a negotiator's attitude and subsequent behavior is the fixed-pie belief (Bazerman & Lewicki, 1983; Fisher, Ury, & Patton, 2011; Thompson & Hastie, 1990). It is the perception that one's own interests are completely and diametrically opposed to an opponent's interests (Bazerman & Lewicki, 1983; Fisher et al., 2011;

Thompson & Hastie, 1990). It has been identified as a bias because negotiators often adopt this belief in situations where it does not apply, resulting in suboptimal behavior. Why do we hold this self-defeating belief? How common is it? What are the consequences that follow? Have researchers been able to identify any effective interventions?

Before we dive into the intricacies of the fixed-pie bias, we must first distinguish between two different types of negotiations – distributive and integrative negotiations. Distributive negotiations are single-issue negotiations, where motives are purely competitive in nature (Thompson, 2009). Two or more players can be seen as “splitting the pie” so that one player’s gains are in a direct inverse relationship to the other player’s losses. A typical distributive negotiation would be a one-time sales negotiation between a buyer and seller, where the single issue at stake is the price of the item or service. Integrative negotiations, on the other hand, are multi-issue negotiations, where the negotiators’ goals are both cooperative and competitive in nature (Fisher et al., 2011; Lax & Sebenius, 1986; Pruitt, 1991; Thompson, 2009). By cultivating a trusting relationship and sharing critical information with each other, negotiators can identify ways for value creation, so that joint benefits can be reached as the “size of the pie grows” (de Dreu, Weingart, & Kwon, 2000; Pruitt & Lewis, 1975). A common integrative negotiation would be an employment agreement, where multiple issues can be discussed and decided such as salary, vacation days, bonus payments, retirement plans, stock/equity interest, insurance, relocation costs, starting date, etc.

While the majority of our negotiations can be considered integrative in nature with a potential for a “win-win” situation, a common shortcoming is to perceive them as distributive (Deutsch, 1973). This faulty belief essentially stems from our psychological tendency towards egocentrism that leads to perspective-taking failures (de Dreu, Koole & Steinel, 2000; Galinsky, Ku, & Wang, 2005). In other words, we often focus heavily on our own situation, interests, and preferences and fail to appropriately recognize how our opponent’s situation may differ from ours. Consequently in the negotiation context, our egocentric bias will have us believe that our opponent’s interests similarly mirror our own interests, and therefore we will see each other’s interests as being completely opposed in nature (de Dreu et al.,

2000). With this bias, we fail to properly consider the ways in which our opponent may have different priorities or interests, which we can use to our advantage to “expand the pie.”

When surveyed, the majority of negotiators believe that their interests are incompatible with their opponents, so that one person’s gain will be felt as another person’s loss (Thompson & Hastie, 1990). This fixed-pie bias is particularly strong among untrained, naïve negotiators (O’connor & Adams, 1999). This bias is often triggered in negotiations that involve resolving interests (such as time and money), compared to intellectual or evaluative negotiations where individuals are discussing and resolving cognitive or value conflicts (Harinck, de Dreu, & Van Vianen, 2000). This bias makes negotiators feel as if an impasse is imminent; that cooperation is unnecessary; and results in issues being resolved one at a time. This mindset and behavior are not helpful, however, because in order to come to mutually beneficial integrative agreements, a number of things must happen: 1) issues of joint value must be identified and voiced; and 2) “log-rolling” of issues must occur (Pruitt & Rubin, 1986). In other words, negotiators must find compatible interests and trade-off issues in such a way that each negotiator achieves most of his/her preferred outcomes on substantial issues, in exchange for concessions on less important issues, a negotiation strategy known as “log-rolling” (Froman & Cohen, 1970). These integrative strategies, however, will be hampered if at least one of the negotiators succumbs to the fixed-pie belief.

Negotiators who hold fixed-pie perceptions of the negotiation will often commit two common errors in relation to information disclosure: they may seek out far less than they should about diagnostic information the counterpart holds and they may erroneously believe that disclosing any of their own information will be harmful (Thompson, 1991; Thompson, 2009). Many negotiations in the real world involve asymmetry in the information known between the two parties (Wolfe & McGinn, 2005). The ability to reach mutual gains depends on the exchange of critical information (Thompson, 1991; Thompson, 2009). Negotiators who are able to consider the constraints and goals of their counterpart by eliciting diagnostic information are more successful (Galinsky, Maddux, Gilin, & White, 2008). Given that negotiators mistakenly believe that they know their counterpart’s interests, they fail to search further

for relevant information, such as asking their partner pertinent questions about what he/she values (Pinkley, Griffith, & Northcraft, 1995).

The sharing of information related to underlying interests, priorities, and key facts are important for maximizing the pie (Thompson, 1991; Thompson, 2009). This kind of information can reveal important differences the parties have on their valuations of certain issues; expectations of certain events happening; as well as differences in capabilities, attitudes toward risk; and also time preferences (Thompson, 1991; Thompson, 2009). Knowing and capitalizing on these differences is what can lead to discovery of mutually beneficial outcomes in integrative agreements and unfortunately the fixed-pie belief stymies efforts to ask for and exchange relevant information in an effective manner. Not surprisingly, research has found that negotiators with a fixed-pie belief come to agreements that are less than optimal (Pinkley et al., 1995; Thompson, 1991; Thompson & Hastie, 1990). Not only do negotiators holding this belief make errors in information availability (not asking or exchanging relevant information), they also make errors in information processing (Pinkley et al., 1995). In other words, even when relevant information is available to them, the negotiators ignore and/or distort that information because they do not recognize its value (Carroll, Bazerman, & Maury, 1988; Neale & Northcraft, 1991; Pinkley et al., 1995).

Overall, researchers have found that unfortunately this cognitive bias in fixed-pie perceptions is not only common, but persistent to knowledge, general negotiation experience, and direct feedback (Thompson, 1990; Thompson, 1991; Thompson & DeHarpport, 1994). The kind of interventions that have been identified as successful tend to be more nuanced in nature and attempt to defeat this persistent bias through either cognitive or motivational means. For example, researchers found that having specific and recent experience with integrative strategies, such as log-rolling, can assist negotiators in recognizing integrative potential in different negotiation contexts (Thompson, 1990). This cognitive approach suggests that negotiators who are regularly trained in integrative negotiation skills may be more apt in recognizing compatible interests and joint value in a future negotiation (Thompson, 1990).

A motivational account has found success in reducing the fixed-pie bias, through both social and nondirectional motivation (Carnevale & Isen, 1986; de Dreu et al., 2000). Negotiators who are pro-socially motivated, in comparison to those who are egoistically or individually motivated, have often been found to reach integrative potential because they are more likely to revise their fixed-pie perceptions and focus on joint benefits (Carnevale & Isen, 1986). Mixed evidence for this social motivation argument has stemmed further research looking for a nondirectional motivation story that argues negotiators will be more likely to revise their fixed-pie perceptions when they are motivated to properly encode and process information (de Dreu et al., 2000). One way this has been successful is motivating a negotiator's sense of accountability – negotiators who are instructed to justify their behavior are more likely to deliberately and systematically process information, leading them to overcome the more automatic fixed-pie approach to negotiation (de Dreu et al., 2000).

#### *Intrapersonal Challenge: Role of Affect*

In addition to the cognitive bias of the fixed-pie belief which stems from our psychological tendency to be egocentric and fail to perspective-take, a negotiator's individual felt or expressed affect may also surprisingly and detrimentally shape negotiation behavior and outcomes. Both moods and emotions can affect negotiations in fundamental ways. Moods are characterized as being diffuse in nature, varying along a single dimension ranging from a positive to negative valence (Forgas, 1998). Transient moods have been shown to materially affect a negotiator's behavior (Carnevale & Isen, 1986; Forgas, 1998). For example, positive moods such as incidental happiness that was triggered by the experimenter resulted in a negotiator being more cooperative in planned and reported bargaining strategies, in comparison to negative moods, such as sadness (Forgas, 1998). Similarly, a positive mood reduced the use of contentious bargaining tactics and increased the use of integrative negotiation strategies (Carnevale & Isen, 1986).

Emotions, on the other hand, are defined as being more discrete in nature and experienced for a shorter period of time (Smith & Ellsworth, 1985). Emotions that affect negotiations can arise from incidents unrelated to the negotiation or triggered from the negotiation itself (Lerner, Small &

Loewenstein, 2004). Emotions that affect negotiations can be self-directed (emotional states experienced only by the self but affecting negotiation behavior) or other-directed.

A common self-directed emotional state that has been identified as materially changing negotiation behavior is anxiety (Brooks & Schweitzer, 2011). Anxiety was identified by negotiators as one of the most common and strongly felt emotional states prior to entering a negotiation and researchers have found it negatively influences negotiation behavior and outcomes (Brooks & Schweitzer, 2011). Negotiators who felt anxious entering a negotiation were more likely to expect an inferior outcome; make less ambitious first offers; take less time to respond to offers; exit negotiations early; and ultimately suffer in obtaining optimal outcomes (Brooks & Schweitzer, 2011). One way in which this harmful anxiety can be mitigated, however, is to boost the anxious negotiator's sense of self-efficacy as a competent negotiator (Brooks & Schweitzer, 2011).

Much research has been directed at understanding the way in which other-directed emotions, such as anger and compassion, affect negotiations (Allred, Mallozzi, Matsui, & Raia, 1997). Anger expression has been linked to both negative and positive outcomes in a negotiation and these conflicting results point to important moderating factors that determine whether anger can hurt or help in a negotiation. Strategic expressions of anger, as operationalized through facial and physical expressions and aggressive word choice, are associated with greater value claiming, but only when recipients of the anger have poor alternatives (Sinaceur & Tiedens, 2006). Anger is theorized to elicit compliance because negotiators "track" each other's emotional states (Van Kleef, de Dreu, & Manstead, 2004). Negotiators are therefore more likely to concede when they interact with angry counterparts, than happy counterparts, because they feel the need to make concessions in order to avoid an impasse (Van Kleef et al., 2004). For example, recent research has found that negotiators who expressed anger via electronic negotiation achieved higher individual outcomes, than negotiators who expressed happiness (Belkin, Kurtzberg, & Naquin, 2013). Interestingly, as negotiators become limited in their motivation or ability to consider their counterpart's emotional states, these effects disappear (Van Kleef et al., 2004). Strategic expressions of anger can convey an upper hand in the negotiation, and therefore elicit compliance, when the recipient infers the

anger to signal a potential impasse and to the extent that the recipient fears an impasse, because of poor alternatives.

Other empirical research has come to the opposite finding that positive emotions such as friendliness, cooperativeness, and empathy are more effective at eliciting compliance in a negotiation, than negative emotions such as anger and aggression (Kopelman, Rosette, & Thompson, 2006). In the context of an ultimatum, negotiators are more effective in gaining concessions from the other side with positive emotional displays, over negative ones (Kopelman et al., 2006). In order to make sense of these conflicting empirical findings, other scholars have presented a dual process model to understand how strategic expressions can both help negotiators by extracting concessions but also hurt negotiators by eliciting competition (Van Kleef & Cote, 2007). The dual process model posits that two important factors in whether anger will hurt or help are the perceived appropriateness of the anger and also the amount of power that the recipient of the anger has in the negotiation (Van Kleef & Cote, 2007). High power negotiators are unaffected by inappropriate anger, whereas low power negotiators concede to angry opponents regardless of its appropriateness (Van Kleef & Cote, 2007). Strategically expressing anger in a negotiation can be one way in which to use emotional displays to gain an upper hand in the negotiation. As negotiators think about using this strategy, however, they must take into account a number of factors that will shape whether the anger expression will hurt or help their negotiation goals, including the appropriateness of the anger (as perceived by the counterpart); the type of negotiation at stake (one time versus repeated interaction); and the extent to which the counterpart has good alternatives to the negotiation.

#### *Interpersonal challenge: Social perception*

The role of social perception in mixed motive conflicts is interesting not only because of the ubiquitous nature of negotiations in our professional and personal lives, but also because social psychologists have found interpersonal conflict to be a context in which individuals are routinely perceiving and attributing their counterpart's behavior to personality traits, which in turn affect reactions and conflict resolution strategies (Orvis, Kelley, & Butler, 1976; Thompson & Hastie, 1990). In general,

our ability to recognize and enact the optimal strategies in a negotiation ultimately determine negotiation outcomes (Malhotra & Bazerman, 2008).

Theories on conflict resolution suggest that the strategies selected by the negotiators are often determined by the negotiator's perceptions and attributions of the counterpart's behavior (Schelling, 1960). The two fundamental dimensions by which we perceive and evaluate others have long been identified in social psychology as warmth and competence (Abele & Wojciszke, 2007; Asch, 1946; Bales, 1950; Fiske, Cuddy, & Glick, 2007; Rosenberg, Nelson, & Vivekananthan, 1968). These determinations have important consequences for whom we decide to cooperate with, befriend, and trust, as well as those we decide to compete against, hurt and deceive. Our perceptions of warmth and competence and the behaviors that stem from these impressions are particularly salient in the context of negotiations, where individuals are trying to fulfil their individual goals through both cooperation and competition with others (Pruitt, 1983; Pruitt & Carnevale, 1993).

Even though it has been argued that negotiation behavior is largely driven by a negotiator's economic bargaining situation, rather than the negotiator's personality traits, individuals often attribute negotiation behavior to personality traits (Malhotra & Bazerman, 2008; Thompson, 2009; Wheeler, 2002). A bargaining situation can be understood in terms of the negotiator's alternatives, referred to as the best alternative to a negotiated agreement, or BATNA (Raiffa, 1982; White & Neale, 1991). The BATNA can vary both in its value and its riskiness and it has been argued that these factors are what determines a negotiator's bargaining behavior and style (Thompson, 2009).

The tendency to attribute bargaining behavior to personality, rather than situational demands, has long been studied in social psychology and is referred to as the fundamental attribution error (Ross, 1977) or the correspondent bias (Jones, 1990), where individuals attribute the behaviors of others to certain corresponding traits. Even when negotiators acknowledge externally imposed situational limitations on the counterpart, the negotiators will continue to attribute their counterparts' bargaining behavior to personal intent, perceiving counterparts with larger constraints as having greater competitive intent (Kelley & Stahelski, 1970; Pruitt & Drews, 1969). While "hard" bargaining strategies, such as haggling,

are more often caused by the negotiator's situational limitations, such as the value of his or her BATNA, counterpart's will perceive the haggling behavior as more indicative of the negotiator's disagreeable or competitive nature (Morris, Larrick, & Su, 1999).

Recent empirical research has found that in addition to perceptions being drawn from the value and timing of their counterpart's offers, negotiators also make important inferences from the format and specificity of the numerical offers themselves. For example, negotiators (in the role of a buyer) who made more specific first offers were seen as more knowledgeable (Mason, Lee, Wiley, & Ames, 2013). These inferences of competence made these specific first offers stronger anchors in the negotiation (Mason et al., 2013). On the other hand, when sellers opened a negotiation with a specific first offer price, buyers were less likely to want to enter into a negotiation with them (Lee, Loschelder, Schweinsberg, Mason & Galinsky, 2018). This occurred because the specificity in the listed price was attributed to the seller's inflexibility as a negotiator (Lee et al., 2018). Also, contrary to traditional negotiation textbook advice, range offers have also been found to be more potent first offers because of a tandem anchoring effect (Ames & Mason, 2015). Range offer-makers were seen as less aggressive, less confident and more flexible than point offer-makers (Ames & Mason, 2015). Recipients of range offers felt it was more impolite to turn down a range offer than a single value offer (Ames & Mason, 2015).

While the aggressiveness (and specificity) of first offers and counteroffers can be perceived as representing the negotiator's competencies, as far as both their bargaining power and prowess, these numerical values are of course not communicated in a vacuum. Instead, they are couched in words that communicate a variety of information, which can convey different impressions of the negotiator making these numerical offers (Bowles & Babcock, 2013; Lee & Ames, 2017; Trötschel, Loschelder, Hohne, & Majer, 2015). For example, the same counter offer can be framed in several different ways which scholars have shown can result in different consequences. For example, an offer which is less than what your counterpart seeks can be framed as a constraint due to your own personal budgetary restrictions or it can be framed as the appropriate amount given some kind of criticism aimed at the object of negotiation (Lee & Ames, 2007). Constraint rationales were found to be more effective than disparagement

rationales in yielding both desired economic results and positive interpersonal consequences because they were perceived as being more valid signals of a buyer's true economic limit (Lee & Ames, 2007).

In a similar vein, negotiators who employed the strategy of framing an economic value as something *offered* to their counterpart, as opposed to *requested* from their counterpart, were able to gain greater concessions (Trötschel et al., 2015). More advantageous economic and interpersonal consequences were obtained from negotiators who acknowledged and gave credit to their counterparts for concessions (Ward, Disston, Brenner, & Ross, 2008). Similarly, emphasizing the benefits of a concession from the perspective of the counterpart assisted in negotiators getting better deals and preserving positive relationships (Bhatia, Chow, & Weingart, 2016). In sum, framing and rationales are able to justify and sometimes soften the blow of less than ideal economic offers. In turn, this can lead to reciprocation, both economically and interpersonally, as counterparts are more open to accepting these offers and feel more positively about these negotiators.

Negotiators also make important inferences based on the level of interpersonal warmth that is communicated. Negotiation scholars and practitioners have long extolled the virtues of embracing an affiliational interpersonal style in integrative negotiation settings (Fisher et al., 2011; Lax & Sebenius, 1986; Pruitt, 1981). On the practitioner side, Ron Shapiro, the legendary sports agent and founder of the Shapiro Negotiation Institute, has devoted an entire book to this subject titled "The Power of Nice" (Shapiro, 2001). In This American Life's radio essay titled "Good Guys," producers Ben Calhoun and Ira Glass test the efficacy of appealing to salespeople with warm camaraderie in hopes of obtaining a "good guy discount" (Calhoun, 2014).

A warm interpersonal style, defined by the literature and practitioners as being pro-social, cooperative, and nice, has been shown to improve financial outcomes by virtue of creating extra value for both parties. Cooperative negotiators trust each other, therefore exchange more critical information, which thereby allows them to come to more beneficial joint outcomes (de Dreu & Boles, 1998; de Dreu, Giebels, & Van de Vliert, 1998; de Dreu, Weingart, & Kwon, 2000; Weingart, Bennett, & Brett, 1993). On the other hand, researchers have found that competitively motivated negotiators are more likely to

erroneously view the integrative negotiation as a fixed-pie situation and therefore withhold information, take more distributive tactics, and thereby lose out on opportunities to find joint gains (de Dreu, Weingart, & Kwon, 2000; O'Connor, Arnold & Burris, 2005). In this line of research, scholars find that the psychological principle of reciprocity governs negotiation motivations and behaviors so that cooperatively motivated behaviors are returned in kind, as are competitively motivated ones (Brett, Shapiro, & Lytle, 1998).

The positive economic and interpersonal consequences of taking on a warm interpersonal style in negotiations has some limitations. First and importantly, it applies to integrative negotiations, a fundamental feature of them being that there is opportunity for value creation (Fisher et al., 2011; Lax & Sebenius, 1986; Pruitt, 1991). In these situations, warmth helps secure mutually beneficial gains because expanding the pie requires disclosure of critical information and warmth helps build trust and rapport between the two parties which enable the sharing of information (de Dreu & Boles, 1998; de Dreu et al., 1998; de Dreu, Weingart, & Kwon, 2000; Weingart et al., 1993). Even within the context of integrative negotiations, however, a cooperative motivation is not always beneficial. When negotiators think cooperation, some of them think about this as requiring compromises which does not necessarily help parties reach mutually beneficial outcomes and sometimes even distracts from their ability to do so (Thompson, 2009). What has found to be more effective is a dual-concern model where negotiators are concerned both about their own interests as well as the interests of their counterpart (Pruitt & Carnevale, 1993).

Recent empirical research looking at how dominant or deferential individuals are in a negotiation found that the most optimal integrative agreements are reached by negotiators who had complementary styles in expressing dominance (Wiltermuth, Tiedens, & Neale, 2015). This occurred because negotiators who were dominant were generally assertive in expressing what they wanted, while negotiators who were submissive generally asked questions in order to achieve what they wanted to know and so this complementarity resulted in optimal information being exchanged without conflict escalation which ultimately led to more successful and mutually beneficial outcomes (Wiltermuth et al., 2015).

A notable feature of most of the empirical research showing the positive effects of a cooperative orientation, versus a competitive one, is that outcomes are measured at the dyadic level (de Dreu, Weingart, & Kwon, 2000). In other words, a dyad of cooperative negotiators has been shown to create a final, joint outcome that is more economically advantageous than a dyad of competitive negotiators (de Dreu, Weingart, & Kwon, 2000). What is less clear are how the advantages are divided up at the individual level. In other words, while a warm interpersonal style can result in a bigger pie, it's less clear whether a warm negotiator will end up with a smaller portion of that pie compared to more competitively oriented negotiators.

There is less empirical evidence on the consequence of warmth in distributive negotiations, but there is growing research to suggest that it can result in disadvantageous outcomes. Negotiators high in trait agreeableness were shown to do well in integrative settings, but poorly in distributive ones when their agreeableness became a liability (Barry & Friedman, 1998). Similarly, negotiators who were more likely to adopt cooperative strategies in a salary negotiation achieved lower salary gains, as compared to negotiators who used competitive approaches (Marks & Harold, 2011). Taking on a warm communication style in a distributive negotiation has been found to actually hurt economic outcomes because counterparts to a warm negotiator respond with more aggressive counter offers than counterparts to a tough negotiator (Jeong, Minson, Yeomans, Gino, in press). Interestingly, counterparts reciprocate interpersonal warmth in their communication style, but then accompany this linguistic warmth with more aggressive economic behavior (Jeong et al., in press). The proposed mechanism for this difference is perceived dominance - negotiators who use a warm communication style characterized by high levels of politeness are perceived as less dominant and therefore counterparts respond with more aggressive concessionary behavior than to tough, or less polite, negotiators who are perceived as higher in dominance (Jeong et al., in press).

In addition to social perceptions arising from a negotiator's economic and non-economic behavior, certain characteristics about the negotiator, such as gender and cultural background, or the negotiating situation, such as the medium in which the communication is taking place, can also affect

negotiation behavior. Literature on gender stereotypes show that women are expected to be more communal and less agentic than men (Bem, 1974; Fiske & Lee, 2008). When women exhibit behaviors that are inconsistent with their prescribed stereotypes, such as acting aggressively or dominantly, they are punished (Rudman & Glick, 2001). This holds true in negotiation conflicts, where research shows that women who act in self-promoting ways during salary negotiations and job interviews receive negative backlash (Amantullah & Tinsley, 2013; Babcock & Laschever, 2009; Bowles, Babcock, & Lai, 2007; Kray & Thompson, 2004; Rudman & Glick, 2001). Unfortunately, even when women act in stereotype-consistent ways in a negotiation, their accommodating behavior is not reciprocated by their counterparts (Wazlawek & Stephens, 2017).

Social perceptions of negotiation behavior are also affected by the cultural background of the negotiators. Cultural differences can often result in negotiators having a more difficult time reaching integrative agreements due to differences in norms surrounding how and when to communicate, bargain, disclose information, and come to mutually beneficial agreements (Brett, 2007; Cox, Lobel, & McLeod, 1991; Tinsley & Pillutla, 1998; Wade-Benzoni, Okumura, Brett, Moore, Tenbrunsel, & Bazerman, 2002).

Finally, another consideration in thinking about social perceptions in negotiation communications is to think about how the medium of negotiation affects these perceptions. As electronic negotiations become more common, researchers have looked at how communicating offers electronically versus face-to-face changes the psychological dynamic of the interaction. For example, negotiations conducted in person reduce incidents of impasse and are more likely to lead to integrative potential, given that trust and rapport can be more easily built in face-to-face interactions (Naquin & Paulson, 2003; Valley, Moag, & Bazerman, 1998). Also all electronic communications are not created equal – negotiators can communicate via e-mail which has a time lag, or via online chats (i.e. instant messaging) which occurs in real time. An interesting wrinkle is that depending on one's bargaining power, certain electronic mediums are more conducive to optimal outcomes. For example, researchers have found that negotiators with strong bargaining power perform better in real time electronic chat negotiations where they can take advantage of the more dynamic nature of the conversation, whereas those with weaker bargaining power

perform better via e-mail, where the time delay acts an important buffer (Loewenstein, Morris, Chakravarti, Thompson, & Kopelman, 2005).

### *Conclusion*

While negotiations pervade both our personal and professional relationships, we often find ourselves reaching less than optimal negotiation outcomes due to a number of psychological challenges, both at the intrapersonal and interpersonal levels. A negotiator aspiring to act rationally and effectively can enter a negotiation with all of the necessary tools, information, knowledge and preparation, and yet become detrimentally influenced in surprising ways. In this chapter, we identify two common psychological influences that can affect a negotiator's behavior and subsequent outcome, at both the cognitive and affective level. We discuss a common cognitive bias known as the "fixed-pie belief," including its pervasiveness, the psychological underpinnings motivating it, the consequences for negotiation, as well as potential social and motivational interventions. We also discuss a multitude of affective states that can influence the negotiator, from transient moods to incidental or triggered emotions, as well as strategic emotional displays. Given that negotiations involve at least two individuals who are communicating together in order to cooperate and compete with each other, the social perceptions that arise from the interactions drive a number of important behaviors. Our interpersonal perceptions help us navigate our interactions by determining how we perceive people and consequently how we behave towards them. These perceptions are critical in negotiation contexts, because how we perceive our counterparts affect the negotiation strategies we choose to adopt, which ultimately determine negotiation outcomes. Perceptions arise from how we bargain economically; the information we select to disclose; the emotional displays we signal; the interpersonal warmth we choose to convey; as well as the framing and rationale we use to deliver our economic offers. A successful negotiator is one who navigates the intricate and consequential nature of social perception while accounting for the nuances and complexities arising from the negotiation context.

## Chapter 3

Communicating with warmth in distributive negotiations is surprisingly counter-productive

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### Abstract

When entering into a negotiation, individuals have the choice to enact a variety of communication styles. We test the differential impact of being “warm and friendly” versus “tough and firm” in a distributive negotiation, when first offers are held constant and concession patterns are tracked. We train a natural language processing algorithm to precisely quantify the difference between how people enact warm and friendly versus tough and firm communication styles. We find that the two styles differ primarily in length and their expressions of politeness (Study 1). Negotiators with a tough and firm communication style achieved better economic outcomes than negotiators with a warm and friendly communication style, both in a field experiment (Study 2) and in a laboratory experiment (Study 3). This was driven by the fact that offers delivered in tough and firm language elicited more favorable counteroffers. We further find that the counterparts of warm and friendly versus tough and firm negotiators did not report different levels of satisfaction or enjoyment of their interactions (Study 3). Finally, in Study 4 we document that individuals’ lay beliefs are in direct opposition to our findings: participants believe that authors of warmly worded negotiation offers will be better liked and will achieve better economic outcomes.

“Hey, I’m a good guy; you’re a good guy. Any chance I could get a, you know, - a ‘good guy discount’?” (Calhoun, 2014).

When entering into a negotiation, individuals face many choices about how to achieve success. Negotiation scholars advise that parties need to be clear on the economic parameters of their bargaining behavior, including their reservation price, target value, and first offer (Malhotra & Bazerman, 2008; Thompson, 2009; Wheeler, 2002). The second order of business, which negotiators often have more flexibility over, is choosing the communication style they wish to enact in order to achieve their desired aims. Some people may believe that being warm and ingratiating will inspire their counterparts to reciprocate, making the entire interaction more congenial (Cialdini, 1993; Gouldner, 1960). Indeed, they may even hope that a particularly congenial interaction will lead the other side to make specific economic concessions. This is the logic memorialized in *This American Life*’s radio essay titled “Good Guys,” wherein producers Ben Calhoun and Ira Glass test the efficacy of appealing to salespeople with warm camaraderie in hopes of obtaining a “good guy discount” (Calhoun, 2014). Conversely, others may believe that using tough and firm language is more likely to showcase their resolve and extract greater concessions, with minimal, or at least tolerable, interpersonal penalties.

In the present research, we systematically investigate the efficacy of a communication style characterized primarily by warmth or toughness in the context of distributive negotiations. We report the results of both laboratory and field experiments that enable us to observe the effects of communication style on consequential real-world behavior as well as carefully track the enactment of that style in a fully-recorded laboratory negotiation. We build a natural language processing algorithm to quantify and detect warmth in written language. The algorithm enables us to understand how lay participants enact and respond to warmth, and is a tool that we make available for future scholars. Finally, we compare our empirical findings to the lay beliefs that individuals hold to understand whether negotiators have the correct insight about when and how to strategically communicate warmth to achieve their economic goals.

We conceptualize negotiation behavior as consisting of two components: economic and non-economic actions directed at one's counterpart. The economic behavior of each negotiator is instantiated by the offers and concessions made in the course of the negotiation. Prior work has extensively studied the importance of these numerical aspects in affecting outcomes (e.g. Ames & Mason, 2015; Galinsky & Mussweiler, 2001; Galinsky, Leonardelli, Okhuysen, & Mussweiler, 2005; Mason, Lee, Wiley, & Ames, 2013). Non-economic behavior includes other aspects of the interaction including body language, tone, and word choice, such as framing and use of rationales (e.g. Bowles & Babcock, 2013; Lee & Ames, 2017; Maaravi, Ganzach, & Pazy, 2011; Rubin, Brockner, Eckenrode, Enright, & Johnson-George, 1980; Trötschel, Loschelder, Höhne, & Majer, 2015). These non-economic aspects of negotiation behavior, in turn, can be used strategically to project an overall communication style, that is mainly characterized by its warmth or toughness. Because all negotiations involve aspects of both collaboration and competition (Pruitt, 1983), one's communication style becomes important for conveying one's intentions with regard to one's counterpart.

We selected "warm and friendly" and "tough and firm" communication styles for our investigation because, based on our negotiation and teaching experience, we believe these two styles frequently present themselves as competing alternatives for the manner in which one might interact with a counterpart. Furthermore, while warmth and toughness are universal constructs (i.e. most forms of communication can be adjusted to be warmer or tougher) the linguistic markers of warmth are context- and situation-specific. Our investigation encompasses three aspects of this communication style construct: how it is operationalized in a distributive negotiation; what its effects are on a distributive negotiation; and lay beliefs about how it affects a distributive negotiation.

In the present research, we experimentally manipulate the communication style of negotiation participants by instructing them to be "warm and friendly" or "tough and firm" in their interactions with their counterpart. We focus explicitly on distributive negotiations in order to understand the impact of communication style on outcomes, above and beyond economic bargaining behavior. The distributive context allows us to keep the size of the bargaining zone identical for all dyads. Furthermore, in order to

isolate the effects of communication style, we require all participants to make identical first offers, and track concession patterns. If communication style directly affects economic outcomes, our findings would contribute to emerging work recognizing the importance of how economic offers are delivered during a negotiation; address a gap in prior literature by cleanly testing the effect of negotiation style controlling for economic bargaining behavior; and provide further insight into the consequences of social perceptions of warmth in a negotiation context.

### *Prior Theorizing on Effects of Communication Style on Negotiation Outcomes*

Negotiations represent a broad class of professional and personal interactions. In each of those interactions participants make choices as to what kind of communication style to deploy. Negotiation students often report a tension between projecting a warm and friendly communication style versus a tough and firm one, and the myriad recent publications for both academic and professional audiences (e.g., De Dreu, Weingart, & Kwon, 2000; O'Hara, 2015; Shapiro, 2001; Thompson, 2009) confirm that this tension remains a topic of concern. Yet theories across economics, psychology, and management make conflicting predictions with regard to the effects of communication style on interpersonal and performance outcomes.

Specifically, classical economics would predict that distributive negotiation outcomes are determined by bargaining behavior, such as the parameters of the bargaining zone and one's market alternatives. In this model, communication style is essentially a form of "cheap talk," and has little influence when the two parties' interests are at odds (Crawford & Sobel, 1982; Farrell & Rabin, 1996). Anyone can choose whether to communicate in a more or less warm style, completely independently of the bargaining zone or available alternatives, and do this at little or no cost to the self. To the extent that negotiators understand this to be the case, there remains little room for any stylistic factors to determine final outcomes.

But there are also psychological models of social interactions that offer different predictions. The "norm of reciprocity" dictates the relatively straightforward idea that "you should give benefits to those who give you benefits" (Gouldner, 1960). Cialdini and his colleagues have demonstrated how important

this idea of reciprocity is in governing our interactions with others, including how we ask for favors, make requests, and demand compliance (Cialdini, 1993). Reciprocity is theorized to be based on principles of exchange, so that when A benefits B, B feels obligated to restore the inequity by reciprocating with equally generous behavior towards A (Adams, 1965; Gouldner, 1960; Homans, 1961). While the original theory of reciprocity was based on benefits one provided to another, to the extent that a negotiator being warm and friendly in his or her communication style is seen as generous behavior enacted for the counterpart's benefit, the theory would predict that the counterpart would reciprocate, rewarding warmth with warmth (Cialdini, 1993; Gouldner, 1960).

In a related research tradition, management research on conflict communication has found that collaborative rather than contentious communication is associated with positive organizational outcomes (Gallupe, Bastianutti, & Cooper, 1991; Lovelace, Shapiro, & Weingart, 2001; Mintzberg, Jorgensen, Dougherty, & Westley, 1996). Collaborative communications are more helpful and problem-solving in orientation and, in contrast to contentious communication, allow for individuals to express task-related doubts freely, all of which lead to increased problem solving, task performance, and innovation (Lovelace et al., 2001).

These predictions, however, may be at odds with work on social perceptions of “warmth” and “competence” (Abele & Wojciske, 2007; Fiske, Cuddy, & Glick, 2007; Wojciszke, 2005) in social psychology, and in particular the “compensation effect.” Several studies in this literature suggest that the two dimensions of warmth and competence are negatively correlated in social evaluations (Judd, James-Hawkins, Yzerbyt, & Kashima, 2005; Kervyn, Yzerbyt, Judd, & Nunes, 2009; Yzerbyt, Kervyn, & Judd, 2008). Thus, in forming impressions of others, individuals have been shown to characterize a majority of social groups and persons as high on one of these dimensions and low on the other (Judd et al., 2005; Kervyn et al., 2009; Yzerbyt et al., 2008). This compensation effect emerges most reliably when individuals are making a comparative judgment between a pair of targets (Judd et al., 2005). Furthermore, people seem to be aware of this effect and actively manage the impressions they make to emphasize one dimension or the other (Holoien & Fiske, 2013). Perceptions of warmth can also invite exploitation from

others (Yip, Lee, Chan & Brooks, 2018). Based on this theory then, warm and friendly negotiators might be considered less competent (especially when implicitly compared to the self), ostensibly leading to less favorable outcomes.

In summary, whereas classic economics predicts that a warmer communication style will have no effect on negotiation outcomes, prior work on the theory of reciprocity, managerial conflict communication, and the compensatory effect of warmth and competence, make conflicting predictions on how the outcome will be affected. This poses a dilemma for negotiators. To achieve the most advantageous negotiation outcome, should one strive to come across as warm and friendly or tough and firm, all other factors being equal?

#### *Prior related Negotiations Research*

Negotiations researchers and practitioners have long pitted the efficacy of cooperative versus competitive strategies against each other and extolled the virtues of embracing a cooperative approach for accomplishing negotiation goals (De Dreu et al., 2000). Dyads composed of individuals driven by cooperative motives (e.g., De Dreu & Boles, 1998), have been shown to achieve higher joint outcomes through the discovery and use of integrative potential (De Dreu et al., 2000; Pruitt & Lewis, 1975). Such cooperative negotiators develop trust, positive attitudes and perceptions, and engage in constructive information exchange, which lead to more problem-solving and less contentious behavior (De Dreu, Giebels, & Van de Vliert, 1998; Weingart, Bennett, & Brett, 1993). On the other hand, competitive negotiators might develop distrust, hostile attitudes and negative interpersonal perceptions, which hinder integrative negotiations by driving out opportunities to problem-solve, inhibiting motivations to listen and collect essential information, and driving overconfidence associated with an unwillingness to concede (De Dreu et al., 2000).

The logic and conclusions of this research have permeated into the popular and professional press. For example, Ron Shapiro, the legendary sports agent and founder of the Shapiro Negotiation Institute, has devoted an entire book to this subject titled, *The Power of Nice* (Shapiro, 2001). Relatedly, a similar set of ideas was discussed recently in a Harvard Business Review article aptly titled, “How to

Negotiate Nicely Without Being a Pushover” (O’Hara, 2015), suggesting that “negotiating nicely” is a goal to be aspired to.

However, a closer look at the literature reveals that the answer is not as simple as it initially appears, for several reasons. First, research manipulating communication style or related constructs did not focus on testing non-economic behavior while carefully controlling for economic behavior. This often happened because participants in prior research who were experimentally manipulated to act cooperatively were also free to make different offers and concessions (e.g. De Dreu et al., 2000). Thus, it is unclear whether documented outcomes were driven by differences in communication style or the related differences in economic behavior. For example, a cooperative orientation has commonly been manipulated through instruction to consider the interests of the counterpart (as compared to a sole focus on self-interest); to expect a future cooperative interaction (versus a future individual task); or incentives to maximize joint outcomes (as opposed to individual outcomes) (Ben-Yoav & Pruitt, 1984; De Dreu et al., 1998; De Dreu et al., 2000; Pruitt & Lewis, 1975; Weingart et al., 1993). These instructions not only do not restrict economic behavior, but invite participants to change their economic behavior to align with their manipulated orientation goals (De Dreu et al., 2000).

Furthermore, the majority of this research has been conducted in *integrative* negotiation settings (Fisher & Ury, & Patton, 2011; Lax & Sebenius, 1986; Pruitt, 1991), a fundamental feature of which is that negotiation value is not fixed, and the “pie of resources” can be expanded. Pleasant rapport should (and does) lead to greater information exchange allowing parties to “expand the pie” and find more mutually beneficial solutions (De Dreu et al., 2000; Pruitt & Lewis, 1975). On the other hand, a competitive approach, or even a reputation for being a distributive negotiator adept at value claiming, can lead to distrust from the counterpart, withholding of information, and therefore result in sub-optimal outcomes (Tinsley, O’Connor, & Sullivan, 2002). Thus, an important consequence of studying the effects of communication style in integrative settings, is that it is impossible to disentangle the effects of simply acting in a cooperative manner from economic behavior as manifested in the offers and counteroffers

made by the negotiators, because a cooperative style enables parties to engage in a fundamentally different pattern of offers and counter-offers.

Furthermore, as most prior studies manipulated orientation at the dyad level and focused on joint outcomes as the primary dependent variable, the question of who benefitted individually from a particular communication style remains open (Ben-Yoav & Pruitt, 1984; De Dreu et al., 1998; De Dreu et al., 2000; Pruitt & Lewis, 1975; Weingart et al., 1993). For example, in many prior examinations of the benefits of a particular negotiation strategy, both participants in any given dyad received the same instructions to be cooperative or competitive (De Dreu et al., 2000). These studies generally found that homogenously cooperative dyads created greater value than homogenously competitive dyads (De Dreu et al., 2000). However, in the world outside of the research laboratory, negotiators can rarely be confident about whether their counterpart has cooperative or competitive intentions.

In the present work, we explicitly focus on the effects of non-economic communication style by manipulating whether participants communicate in a warm and friendly versus tough and firm manner, while also instructing all participants to make *identical* first offers and keeping track of concession patterns. Furthermore, we conduct our studies in explicitly distributive contexts in order to ensure that our effects are not driven by the fact that a particular communication style changes the economics of the bargaining situation, as might happen in integrative contexts. We focus our investigation on the individual-level consequences of adopting a particular communication style by manipulating the style of one party and allowing the other party to respond freely in an authentic manner. We then compare the individual outcomes of the negotiators whose communication style was manipulated across dyads.

It is important to highlight that our focus on distributive negotiations is of both theoretical and applied importance. On the theoretical side, because integrative negotiations rest on the ability of parties to create joint gains through trust building and information exchange, there is no way to cleanly separate economic from non-economic behavior in this context. Thus, a distributive context is crucial to detect the effect of one without the other. On the practical side, although scholars argue that most distributive settings can and should be converted into integrative ones, there remains a question of the contexts

wherein this is simply not worth the effort: for example, one-time, single issue negotiations, with unfamiliar counterparts. Thus, we believe that distributive negotiations are an important area of inquiry in their own right, and scholars should carefully attend to these settings.

### *Distributive Negotiations*

Within the research on distributive negotiations, there is scattered evidence that individual differences related to warmth lead to less successful outcomes. Negotiators high in trait agreeableness were shown to do well in integrative settings, but poorly in distributive ones when their agreeableness became a liability (Barry & Friedman, 1998). Similarly, negotiators who were more likely to adopt cooperative strategies in a salary negotiation achieved lower salary gains, as compared to negotiators who used competitive approaches (Marks & Harold, 2011).

Relatedly, the literature on emotional displays in distributive contexts reports conflicting results. Expressing anger has been shown to sometimes help or hurt outcomes, depending on the counterpart's perception of the source and validity of the expressed anger (Allred, Mallozi, Matsui, & Raia, 1997; Kopelman, Rosette, & Thompson, 2006; Pillutla & Murnighan, 1996; Sinaceur & Tiedens, 2006; Van Kleef, De Dreu, & Manstead, 2004; Van Kleef & Côté, S., 2007). While this research has taken a similar approach to that utilized in the present manuscript, by examining the effect of emotion, controlling for economic bargaining behavior, the results are mostly found in one-shot paradigms and also highly dependent on important moderators (Kopelman et al., 2006; Pillutla & Murnighan, 1996; Sinaceur & Tiedens, 2006; Van Kleef et al., 2004; Van Kleef & Côté, 2007). Recent research focusing specifically on affective displays in electronic communication found that negotiators who expressed anger in a continuous negotiation achieved higher individual outcomes, than negotiators who expressed happiness (Belkin, Kurtzberg, & Naquin, 2013). While this paper demonstrated the important signaling feature of affective displays in electronic negotiations, given that economic behavior was not tracked, it remains unclear to what extent outcomes were determined by the displayer acting economically differently due to their manipulation versus the recipient reacting economically differently to the affective displays (Belkin et al., 2013).

### *Defining and Measuring a Warm Communication Style*

In the present work, we develop a natural language processing algorithm to quantify warm communication style in written text. This algorithm helps define our construct by identifying the linguistic features (e.g. specific words, phrases, and categories of phrases) associated with the speaker's communication style. Our work builds off existing computational markers of politeness and respect in other contexts (Danescu-Niculescu-Mizil, Sudhof, Jurafsky, Leskovec, & Potts, 2013; Voigt, Camp, Prabhakaran, Hamilton, Hetey, Griffiths, Jurgens, Jurafsky, & Eberhardt, 2017). This algorithm accomplishes four goals – it confirms that our manipulated participants shared an intuitive understanding of our construct; it reveals precisely what that understanding is; it allows us to measure our construct in un-manipulated participants; and it provides prescriptive direction for future negotiators.

Although we determine the weights that the algorithm assigns to each feature empirically, we curate the initial list of features from the long linguistics literature on politeness. In this framework, politeness is a universal dimension of human communication, common to all cultures, and one that can be intentionally manipulated by communicators in all kinds of interactions in order to navigate the social hierarchy (Brown & Levinson, 1987; Bates, 1976; Clark & Schunk, 1980; Carrell & Konneker, 1981; Fraser & Nolen, 1981; Hill, Ide, Ikuta, Kawasaki, & Ogino, 1986; Lakoff, 1973; Walters, 1980). Politeness can often be conveyed in many linguistic features of social coordination, as a signal meant to be detected - and often reciprocated - by its audience. But that signal can also vary in accord with the social context and the speaker's and listener's goals. Here we use machine learning methods to consider a range of plausible markers of our construct, as suggested by previous research in related domains.

Of particular importance to our investigation is the well-documented negative relationship between politeness and power (Brown & Levinson, 1987). Power is the capacity to control one's own and other's resources and outcomes and is seen as essentially the inverse of dependence (Bacharach & Lawler, 1981; Fiske, 1993; Keltner, Gruenfeld, & Anderson, 2003; Kelley & Thibaut, 1978). Prior research has demonstrated that as individuals become more powerful, they are less likely to use polite language (Brown & Levinson, 1987; Danescu-Niculescu-Mizil et al., 2013). The inverse relationship

between power and politeness usage has been repeatedly documented by linguists, anthropologists, and organizational scholars (Andersson & Pearson, 1999; Rogers & Lee-Wong, 2003; Holmes & Schnurr, 2005; Kipnis, Schmidt, & Wilkinson, 1980; Morand, 1996; Watts, 2003), but we are unaware of any experimental work on the effect of politeness on negotiation outcomes.

In contrast to resource power, which may remain ambiguous and unknowable by the counterpart during a negotiation (Komter, 1989), dominance can be signaled irrespective of actual resource allocation through physical cues, mimicry, tone, and emotional displays (Keltner & Haidt, 1999). Interpersonal dominance is defined as the expressive, relationally based communicative act by which power is exerted and influence achieved (Dunbar & Burgoon, 2005). Displaying negative affect during a negotiation can be perceived as a signal of greater dominance, as compared to positive affect, leading to greater concessionary behavior from the counterpart (Belkin et al., 2013; Sinaceur & Tiedens, 2006). Based on the literature cited above, it seems plausible that a warm and friendly communication style, characterized by high levels of politeness may be perceived as low in dominance and a signal of low resource power (Bacharach & Lawler, 1981). Increased politeness may thereby result in lower negotiation outcomes given that it signals the polite negotiator's dependence on the counterpart to satisfy his or her negotiation goals (Anderson & Berdahl, 2002; Galinsky, Gruenfeld, & Magee, 2003; Keltner et al., 2003; Magee, Galinsky, & Gruenfeld, 2007; Zander & Forward, 1968).

### *Research Overview*

In the present research, we begin a systematic investigation of the effects of communication style on negotiation outcomes, controlling for economic bargaining behavior. The dissonant predictions regarding the merits of taking on a warm and friendly versus tough and firm communication style can be to some extent explained and reconciled by recognizing that communication style can affect several different outcomes. A negotiator's communication style might affect: 1) their counterpart's explicit evaluations of the negotiator's personal qualities, such as their warmth and competence; 2) the communication style that the counterpart deploys in response; 3) the negotiator's own economic behavior

(e.g. subsequent offers and concessions); and/or 4) the counterpart's economic behavior deployed in response.

Across four experiments<sup>1</sup>, and with the aid of our natural language processing algorithm, we document that individuals instructed to take on a warm and friendly versus tough and firm communication style do so by varying the level of politeness in their communication (Studies 1 & 3). This in turn leads to a paradoxical effect: although warm and friendly negotiators receive warm and friendly replies in return, they achieve lower economic outcomes (Studies 2 & 3). This does not happen because the negotiators whose communication style we manipulated are more willing to concede to their partners. Rather, this happens as recipients react economically differently to the warm and friendly versus tough and firm communication styles (Study 3). We theorize that this is driven by the fact that politeness is perceived as low dominance and therefore signals the polite negotiator's lower power and higher dependence on the counterpart to satisfy his or her negotiation goals (Baxter, 1985; Blum-Kulka, Danet & Gheron, 1985; Cansler & Stiles, 1981; Holtgraves, Srull, & Socall, 1989). Thus, warmth leads to a more congenial interaction at an economic cost. Finally, we examine the lay theories that individuals hold with regard to the ideal communication style (Studies 1 & 4). We find that people consistently mispredict the consequences of being warm and friendly, and even under incentivized conditions expect this approach to lead to better economic outcomes, in direct contrast to our empirical findings.

### **Study 1**

We designed Study 1 to gain insight into the distinctive linguistic elements of different communication styles. We instructed subjects that a particular style - either "warm and friendly" or "tough and firm" - was the most effective negotiation strategy, and asked them to write a hypothetical offer message to an online seller in the assigned style (while keeping the offer amount constant). The

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<sup>1</sup> We have received IRB approval for all of our studies. For each study, we report how we determined our sample size, all data exclusions, all manipulations, and all measures. The exact data and code from each study are available as Online Supplemental Material, stored anonymously on the Open Science Framework at: [https://osf.io/t7sd6/?view\\_only=8311b8ec5ced4c6eb8db3eb9bdafea98](https://osf.io/t7sd6/?view_only=8311b8ec5ced4c6eb8db3eb9bdafea98)

written text of these messages was our primary outcome measure in this study. The text was parsed to extract features related to politeness and respect based on the previous literature (Danescu-Niculescu-Mizil et al., 2013; Voigt et al., 2017), allowing us to empirically validate the relationship between these features and our construct. That is, the linguistic differences between the two groups of participants allowed us to create an explicit behavioral measure of communication style.

### *Method*

#### *Participants*

We recruited participants on Amazon's Mechanical Turk ( $N = 401$ ,  $M_{\text{age}} = 34.93$  years,  $SD = 11.91$  years, 51% male) to participate in a brief negotiation simulation in exchange for \$0.50. Our intended sample size, based on prior pre-testing, was  $N = 400$ . Eighty-one participants failed to pass a basic attention check and were excluded from participating in the study. Twenty-five participants failed to complete the study. The 401 participants referenced above completed the entire survey, including an attention check, the main task, and the demographic questions. We eliminated 46 participants from analysis because they failed to follow directions to offer \$115, by either offering a different amount (23 of 46 participants) or not offering any amount at all (23 of 46 participants). All participants were instructed to offer \$115 for the hypothetical item, and any participants who offered a different amount or did not mention an offer amount were eliminated because it was critical to our analysis that the economic value of all messages was constant. Thirty participants assigned to the "warm and friendly" condition failed to follow instructions to offer \$115, which was significantly greater than the 16 participants who failed to offer \$115 in the "tough and firm" condition,  $\chi^2(1) = 4.73$ ,  $p = .03$ . We did not anticipate that warm and friendly writers would disproportionately fail to follow instructions - however, we repeated all of our analyses including non-standard offer amounts, and our conclusions are substantively unchanged. The results reported here focus on those who did follow instructions, as we had planned, and that sample consists of  $N = 355$ ,  $M_{\text{age}} = 34.41$  years,  $SD = 11.23$  years, 51% male.

#### *Design and Procedure*

We instructed all participants to imagine they were interested in purchasing a used iPhone on the popular online marketplace Craigslist.com. Participants imagined they were tasked to purchase the phone for work, with a maximum budget of \$115. We showed participants a Craigslist posting for the exact phone they were looking for, listed for \$155 (see Appendix A). We told participants they had been looking for this phone for a long time and were very excited to buy it, although they would have to receive a discount in order to stay within their budget.

Participants' primary task in the study was to compose a message (three to five sentences in length) to the iPhone seller in order to persuade him or her to sell the phone at the desired discounted price. We randomly assigned participants to one of two conditions - "warm and friendly" or "tough and firm" - that determined which communication style we asked them to enact. "Warm and friendly" buyers were told that negotiation research shows that being warm and friendly results in better deals, while "tough and firm" buyers were told that negotiation research shows that being tough and firm results in better deals. To ensure that warm and friendly and tough and firm participants did not also differ in their economic behavior, we asked participants in both conditions to offer the seller \$115 for the phone. Participants in both conditions then composed their message to the seller in a text box, with no limits on time or length.

After participants completed their message, we asked them to report how the message they had just composed would compare in terms of communication style to a message they would have written with no specific instructions. Participants reported this comparison using a 5-pt scale labeled "Much nicer," "Slightly nicer," "About the same," "Slightly tougher," and "Much tougher." Furthermore, we asked participants about the frequency with which they buy and sell items using online forums similar to Craigslist.com, using a 6-pt scale labeled "Never," "Once a year or less," "A few times a year," "Monthly," "Several times a month," and "Several times a week." Finally, we collected demographic information.

*Natural Language Processing*

The primary outcomes from this study were the messages that participants wrote. We wanted to know that our theoretical construct was successfully manipulated by the instructions we gave - that is, whether the condition of each message was *distinctive* in the text itself. This would confirm that our instructions were consistently interpreted, and easy to implement. Distinctiveness in the text would also allow us to train a machine learning model to *detect* the same construct in other text data. Finally, we want to know *how* the messages differed from one another, as a qualitative exercise to interpret how our construct is implemented in natural language.

Like any open-ended text data, these messages varied along many dimensions (Jurafsky & Martin, 2009; Grimmer & Stewart, 2013). Furthermore, based on our theoretical construct, we expected our manipulation to affect many linguistic choices throughout each message, in parallel. This presents an empirical challenge to a researcher who wants to condense that high-dimensional data into a measure for a single construct of interest.

Here we combine methods to model our construct using both theory-driven and empirical principles. First, we tally a wide set of plausible linguistic markers that might be important for distinguishing warmth and/or toughness in natural language. In particular we draw from recent efforts that used word and part-of-speech features to identify politeness and respect in other conversational contexts (Danescu-Niculescu-Mizil et al., 2013; Voigt et al., 2017; see full list in Appendix B). Many features are intuitive, and common in academic conceptions of politeness (e.g. formal graces such as “please”, “thank you”, “hello”, “goodbye”, and so on). Other kinds of linguistic features included affectively laden content (e.g. positive and negative emotional words, and swearing), markers of directness (e.g. bare commands) and indirectness (e.g. subjunctive requests, hedges), as well as self- and other-focused words and phrases (e.g. personal pronouns). We wrote software in R to extract these feature counts from every message, borrowing the SpaCy library for dependency parsing and part-of-speech tagging (Honnibal & Johnson, 2015). This software is free and publicly available as an R package, for any future research (Yeomans, Kantor & Tingley, 2018). This package is also open-source, so that our analyses are transparent to readers – in fact the exact data from this paper are included in the package as reproducible examples.

## Results

We repeated our analyses on both the full sample of participants who completed the survey, as well as on the sample of 355 participants who followed directions in offering \$115. We find no difference in the direction or significance of our results. Below, we report the results based on the sample of participants who followed directions.

### *Structured Responses*

Participants' assigned communication style had a clear effect on the language in their message. Participants in the tough and firm condition reported that their written message was not as nice as the message they would have written with no instructions ( $M_{\text{tough}} = 2.30$ ,  $SD = 1.05$ ). By contrast, those in the warm and friendly condition reported, that on average, their written message was similar in tone to a message they would write freely ( $M_{\text{warm}} = 3.04$ ,  $SD = .59$ ;  $t(353) = 8.0$ ,  $p < .001$ ). A non-parametric test revealed the same results.<sup>2</sup> The difference between conditions was most pronounced in the number of people who used the midpoint of the five-item scale, indicating that their own message would stylistically be "about the same" as the one they were instructed to write - fully 74% of "warm and friendly" buyers chose this option, versus only 30% of "tough and firm" buyers ( $\chi^2(1) = 64$ ,  $p < .001$ ). In other words, the "warm and friendly" approach was more in line with the communication style that participants would spontaneously take in a negotiation context.

### *Message Text*

Overall, participants took similar amounts of time in the warm and friendly condition ( $M_{\text{warm}} = 46.67$  s,  $SD = 48.32$ ) as in the tough and firm condition to compose their messages ( $M_{\text{tough}} = 52.41$ ,  $SD = 67.53$ ,  $t(353) = 0.9$ , *ns*). However, participants did write more in the warm and friendly condition ( $M_{\text{warm}} = 52.96$  words,  $SD = 24.34$ ) than the tough and firm condition ( $M_{\text{tough}} = 37.90$  words,  $SD = 18.58$ ,  $t(353) = 6.6$ ,  $p < .001$ ). In general, toughness was associated with brevity, but word count was not a particularly

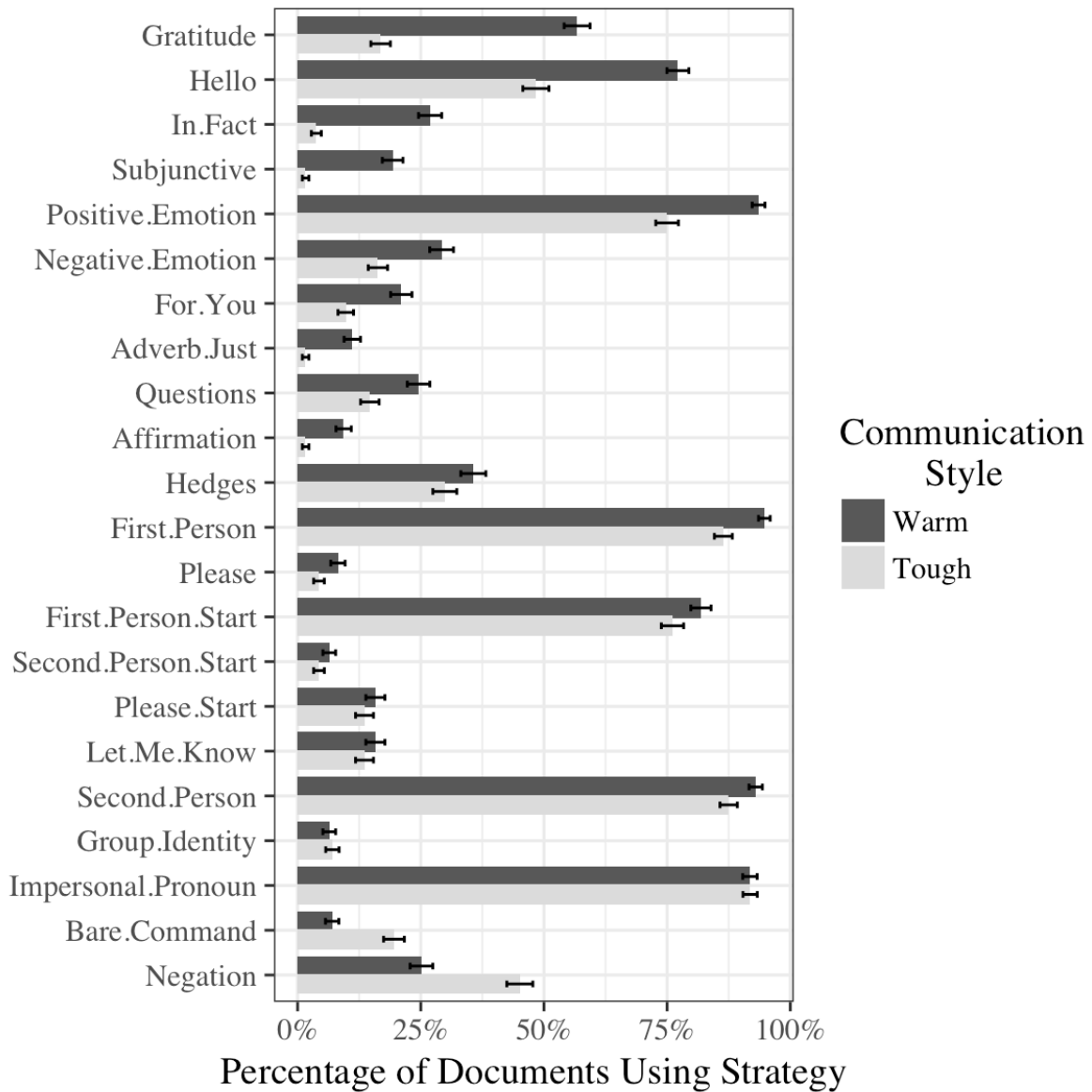
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<sup>2</sup> A Mann-Whitney U test revealed participants who reported the messages they wrote in the study would be about the same in warmth as ones they would write in real life was significantly greater for participants in the warm and friendly condition ( $MDN_{\text{warm}} = 3$ ; Mean rank = 243.35) as compared to participants in the tough and firm condition ( $MDN_{\text{tough}} = 2$ ; Mean rank = 158.44) ( $U = 11587.00$ ,  $Z = -7.96$ ,  $p < .001$ ).

distinctive marker of the two conditions. Using area under the curve as a metric for evaluating predictive accuracy, we find that word count as a sole predictor had an AUC of 0.691 (95% CI = [.634-.746]). In other words, for any random pairing of one warm and friendly message and one tough and firm message, we would expect the longer of those two messages to be the warm and friendly one 69% of the time, on average. This is a modest benchmark for our richer feature set.

We then applied our feature set extraction algorithm to the message data. That is, we counted up the number of times that each feature was present in each document. For example, the “Subjunctive” feature indicated how often the phrases “could you” or “would you” appeared in each message. Many features were found throughout the data, though some were obviously not useful - for example, almost no one apologized in their messages, as they were conversation starters and there was little reason to apologize. In Figure 1 we include every feature that was present in at least 5% of all messages, and report the percentage of messages in each condition that used each feature at least once. Many of the most distinctive features were intuitive – tough and firm buyers contradicted statements made by the sellers more frequently, and made more bare commands, while warm and friendly buyers were more likely to say “hello,” express gratitude, make more indirect requests and statements, and use more qualifying language. This graph provides evidence that our model of communication style maps onto our colloquial understanding of the construct.

**Figure 1.** Prevalence counts of politeness and respect features in Study 1



**Figure 1:** The x axis represents the percentage of messages that used a feature at least once, and all features used in at least 5% of all messages are shown here. The vertical order is determined by the variance-weighted log-odds ratio of a feature with respect to condition. Error bars show the standard error of the mean for each cell.

To provide further validation, we trained a machine learning algorithm to detect the communication style of an offer. Specifically, we trained a supervised learning algorithm to use the counts from the assembled feature set to use the features to infer the ground truth, which, in this case, is the condition to which the writer was assigned. The accuracy of the model was evaluated using a “nested cross-validation” procedure (Stone, 1974; Varma & Simon, 2006). That is, we randomly held out one tenth of the dataset, and used the other nine-tenths to train a model to generate predictions for the held-out tenth. We repeat this over all ten “folds” of the dataset, and then cycle through this the entire procedure five times to smooth out prediction error. We used a relatively simple supervised learning algorithm, the LASSO, to estimate the model for each fold (Tibshirani, 1996; Friedman, Hastie, & Tibshirani, 2010).

The results of this exercise were encouraging. The accuracy of the prediction model trained on our feature set was high - (AUC = .876; 95% CI = [.841-.911]). This was much higher than the simple model that only used word count to make predictions. We also performed the same cross-validation exercise with a brute force feature set that simply tallied all 1,723 one-, two- and three-word phrases that occurred in at least 1% of all messages (Benoit & Nulty, 2016). This “bag-of-ngrams” approach also performed well (AUC = .895; 95% CI = [.862-.928]), and again did not fully distinguish every single document, suggesting that the curated set of politeness features was capturing almost all of the meaningful variance across conditions. This gave us confidence that our politeness detection feature set was an effective distillation of the most distinctive linguistic markers for our construct, and would be effective for classifying natural text in other settings.

### *Discussion*

Study 1 enables us to document the fact that individuals readily understand and are able to enact the two communication styles that we are investigating. This was the case even when participants were responding to the same stimulus, limited to written communication, and were constrained to offer identical monetary amounts. Unlike prior research in which financial offers were often allowed to vary with communication style, we observe that individuals are able to vary one without the other.

Our participants enacted our instructions clearly and consistently. The linguistic choices “warm and friendly” buyers made were quite different from the choices of the “tough and firm” buyers. These differences were well captured by previous research on the linguistic constructs of politeness and respect. We used a machine learning algorithm to discover how these theoretically-driven features can be best applied in our domain of distributive negotiations. This methodology can be repeated in a variety of other domains by future researchers, especially in text-dependent interactions, such as digital trace data from online platforms.

For the remainder of the paper we focus on the consequences of the warm and friendly and tough and firm communication styles on negotiation success. We begin to address these questions in Study 2, where we test the effect of warm and friendly versus tough and firm communication styles in a field context.

## **Study 2**

In Study 2 we conducted an initial test of the effectiveness of warm and friendly versus tough and firm communication styles in distributive negotiations, as a natural field experiment. To maximize external validity, we used an audit study design in an active marketplace where price negotiations are common - Craigslist.com. We posed as a buyer, sending messages to individuals selling smartphones, while randomly varying the communication style of our initial messages. In all messages we made offers asking for a discount from the sellers’ original price, and observed (a) whether that seller was willing to make a counter-offer lower than their original price, and (b) how much of that discount would be reflected in the counter-offer.

### *Method*

#### *Participants*

Our participants were people who had posted a smartphone for sale within five miles of the center of 15 large, metropolitan cities in the United States (full instructions in Appendix C). A research assistant was trained to browse these listings and select only sellers who met the following criteria: selling a used, unlocked iPhone (6, 7, and SE models only) with little or no damage; not part of a formal business and

selling only a single phone; posted their ad within two days of our search; did not request a phone call or text in their message; and did not declare that they would not negotiate in their initial ad.

The research assistant read the search pages of every city on our list, one at a time, over a month in Spring 2017, browsing for potential sellers that met our criteria. The research assistant cycled through the list of cities with the caveat that no city was searched more than once in any three-day period, so that the stock of available iPhones would have the opportunity to replenish. We initially planned to continue until we had sent 900 messages. However, we did not include all 900 in our analyses, based on pre-determined exclusion rules. Over the course of the study, 105 messages were erroneously sent to sellers who we had already contacted earlier in the study. There were also 20 messages that were excluded because we had determined the sellers fell into one of the restrictions mentioned above (most frequently because the seller was a business, or that the phone was still locked). Our results do not change substantively if we include them. The remaining 775 sellers were used as the full sample for the analyses below.

### *Design & Procedure*

We conducted our study by creating a fictitious Gmail account with a gender-neutral name (“Riley Johnson”). This allowed us to send all messages from a constant source, that would also track any responses we received. We created sets of three message templates that used the prototypical “warm and friendly” and “tough and firm” features in the messages in Study 1, for a total of six message templates (see Appendix D). We used a block-randomized design, so that the order of all 900 messages was determined in advance, and every consecutive block of six messages included one of every message from the set. Every message template was adjusted so that the requested discount would be identical across different price points - specifically, each seller was offered 80% of their asking price (rounded up to the nearest \$5).

Before we ran this study, we took particular care to consult with and receive approval from our Institutional Review Board to conduct this study ethically, in a way that minimized any costs imposed on the participants. The marketplace we studied - Craigslist - is an un-moderated digital message board with

no formal means of exchange. Buyers and sellers are expected to explore options over email before eventually meeting in person, and there are few guarantees from initial contact. In our design, we only sent one email to each seller initially, and no reasonable seller would expect we were committed (which might materially affect their marketplace outcome). Furthermore, if we received a response from the seller, we replied with a standard response that read: “Thanks for your reply, but I’ve decided to buy a different phone.” Our research assistant sent this response within 24 hours of receiving the seller’s reply - however, if the seller happened to reply multiple times before we sent out our response, all of these replies were included in our analyses (though we did not include any messages sent by sellers after they received the standard response).

All replies were tracked automatically within the Gmail account (both timestamps and the text of the messages). Additionally, we saved the web pages for all initial advertisements immediately before sending our message. Given that sellers were responding in open-ended text, we applied a scheme (developed in an earlier pilot study) to categorize their responses to our discount request. Many sellers expressed flexibility on their price, either accepting our offer at face value (“accept”) or else proposing a counter-offer somewhere in the range between their posted price and our offer price (“counter”). The remaining sellers did not express any flexibility in their price - either by sending a message turning down our request (“active reject”), or else ignoring the request by not replying at all (“passive reject”). In truth, it is not clear whether an active rejection might still allow for more bargaining, so we treat them conservatively as though had they ignored our message entirely. A research assistant read through these responses (blind to condition) and assigned each seller to one and only one of these categories. In cases where the seller made a counter-offer, the value of this counter-offer was also recorded.

### *Results*

Across all four outcome categories, an omnibus chi-square test indicated that the communication style had a significant effect on outcome ( $\chi^2(3) = 18.3, p < .001$ ). Across both conditions, we saw similar willingness to acquiesce to our request for a discount. That is, sellers receiving one of our “warm and friendly” messages were equally likely to give a positive response (31.5%) as sellers receiving one of our

“tough and firm” messages (30.5%;  $\chi^2(1) = .1, p = .81$ ). Interestingly, tough and firm messages elicited more active rejections (24.1%) than warm and friendly messages (14.4%,  $\chi^2(1) = 11, p < .001$ ), while warm and friendly messages were more likely to be completely ignored (54.1%) than tough and firm messages (45.4%,  $\chi^2(1) = .020$ ). And when the two forms of rejection are collapsed into a single category, the omnibus chi-square test is still significant ( $\chi^2(2) = 6.0, p = .049$ ).

For the sellers who were willing to offer a discount, we controlled for the fact that some phones (and thus some requested discounts) were larger than others by using a measure that mirrors common models of relative thinking (e.g. Tversky & Kahneman, 1981; Thaler, 1985). Specifically, we calculated “discount size” as the fraction of the requested discount that was acceded in the seller’s response. For example, if the seller’s posted price was \$200, and we made an offer of \$160, but they countered with \$190, that would be a “discount size” of 0.25. Conversely, if they accepted our offer of \$160, that would be a “discount size” of 1.0. Comparing across conditions, we received a significantly higher discount size with tough and firm offers ( $M_{\text{tough}} = .75, SD = .29$ ) than with warm and friendly offers ( $M_{\text{warm}} = .66, SD = .29; t(237) = 2.2, p = .03$ ). This was primarily driven by a difference in straight acceptances - sellers were somewhat more willing to accept a discount offer at face value when it came from a tough and firm buyer (12.9%) than from a warm and friendly buyer (8.7%,  $\chi^2(1) = 3.2, p = .07$ ). Because the average phone price in our sample was \$435, these results imply that the extra discount garnered by the tough and firm requests created additional savings of \$35 per phone, over and above the results of the warm and friendly requests.

We also wanted to know whether the communication style of the buyer messages affected the sellers’ own communication style. To do this, we used the Study 1 data as training data for a machine learning algorithm, and generated predictions for the communication style of the sellers’ replies. Overall, we found that sellers were indeed more stylistically warm to “warm and friendly” offer messages than to “tough and firm” offer messages - this was true whether the analysis includes only replies that agreed to a full or partial discount (AUC = .575, 95% CI = [.503, .648]) or if it includes all replies, including those

that reject the discount ( $AUC = .571$ , 95% CI = [.514, .628]). Thus, it seems the warm and friendly communication style elicited linguistic reciprocity, even if the economic concessions were greater for tough and firm messages.

### *Discussion*

In Study 2, we use the findings of Study 1 to apply the “warm and friendly” and “tough and firm” communication styles in a natural negotiation context, to see how recipients of these different message styles would react. We found that while the message style had no effect on the likelihood of a seller willing to enter into a negotiation, we did find that a “tough and firm” communication style leads to systematically larger discounts than a “warm and friendly” communication style. These results provide initial evidence to suggest that the natural communication style of our Study 1 participants, who reported that they would have written warmer messages, is misguided when it comes to receiving a better discount. Instead, a tough and firm communication style seems like it will result in better deals in a distributive negotiation than a warm and friendly style. This counter-intuitive result may occur for a number of reasons. Recipients of “tough and firm” messages may find interacting with their counterpart unpleasant and are therefore “cutting to the chase” by offering a larger concession more quickly in order to minimize interaction time. Alternatively, recipients of “warm and friendly” messages may perceive their counterparts to be less dominant and therefore believe they have the ability to extract greater concessions. However, one limitation of Study 2 is that we only observe one round of bargaining, and we do not know whether the immediate effects of the initial offer would carry through to the final negotiated agreement. We address this question by conducting Study 3 in the laboratory and observing the full trajectory of the bargaining process.

### **Study 3**

In Study 3, we continue our investigation by manipulating communication style in a laboratory setting. This approach enables us to observe the entire length of the interaction, beyond the first offer. Furthermore, the laboratory methodology allows us to begin answering important questions regarding the psychological process and interpersonal impression-formation.

In order to maintain external validity, we incentivized all participants (both buyers and sellers), based their negotiation outcome. In this manner, we were able to ensure that buyers deployed their assigned communication style in a way they truly believed would be effective.

### *Method*

#### *Participants*

We recruited participants to the laboratory of a large North Eastern United States university ( $N = 196$ ,  $M_{\text{age}} = 32$  years,  $SD = 22$  years, 48% male) to take part in a negotiation study, in exchange for \$10 and a performance-based bonus, of up to \$2. Our intended sample size, was  $N = 200$ . Based on participant availability we recruited 196 individuals. These 196 participants were randomly assigned to play the role of a seller or buyer and paired into 98 dyads. The 98 buyers were further randomly assigned to experimental condition, so that 49 buyers were assigned to take on a warm and friendly communication style and 49 were assigned to take on a tough and firm communication style using the instructions from Study 1. The sellers received no instructions with regard to their communication style.

We eliminated 28 dyads (56 participants) for one of three reasons. Seventeen dyads experienced a technical problem in the software and were unable to complete the simulation; three dyads failed to follow instructions to negotiate and instead decided on a final price solely by disclosing their bonus incentives; and eight buyers failed to follow directions to offer \$250 for the purchase item in composing their initial message. Eleven of these eliminated dyads had buyers that were assigned to the “warm and friendly” condition, which was not significantly different than the 17 eliminated dyads that had buyers assigned to the “tough and firm” condition,  $\chi^2(1) = 2.57, p = .11$ . Our final sample consists of  $N = 140$ ,  $M_{\text{age}} = 32$  years,  $SD = 23$  years, 45% male.

#### *Design*

All participants negotiated a modified version of the “Sugar Bowl” case (Paulson, 2014). In this exercise one party takes on the role of a seller of antique goods, in possession of a unique sugar bowl. The other party is interested in purchasing this sugar bowl in order to complete a tea set. The negotiation exercise is designed to teach basic distributive tactics with each party having clearly outlined alternatives,

and no possibility for value creation (see Appendix E for exact instructions). We used the iDecisionGames online negotiation platform, which enabled us to engage participants in a live negotiation using a chat interface, while collecting a series of measures during the course of the interaction.

We offered each participant a performance-based incentive (up to \$2 per person) based on the final sale price they negotiated. Specifically, buyers would earn a bonus of \$0.10 cents for every \$10 dollars by which their agreement outperformed a price of \$500, whereas sellers would earn a bonus of \$0.10 cents for every \$10 dollars by which their price exceeded \$300. Participants who did not reach agreement were not eligible for a bonus. Three dyads were unable to reach agreement, one in the warm and friendly condition, and two in the tough and firm condition,  $\chi^2(1) = .67, p = ns$ .

### *Procedure*

After reading the initial instructions, all buyers wrote a message to the seller. In order to keep the economic value of the first offer constant across both “warm and friendly” and “tough and firm” buyers, we instructed all buyers to offer \$250 for the sugar bowl. Once sellers received this first message, both participants answered questions about their experience thus far. We asked the sellers to report the lowest price for which they would be willing to sell the sugar bowl (their reservation price); the highest price that they believed the buyer would pay for the sugar bowl (the buyer’s reservation price); and to rate the buyer on warmth (four items: friendly, well-intentioned, trustworthy, and warm,  $\alpha = .85$ ) and competence (four items: competent, confident, intelligent, and skillful,  $\alpha = .78$ ), measured using 5-pt scales anchored at “Not at all” to “Extremely.” Buyers also responded to the same measures, predicting how sellers would perceive them.

Participants then had up to ten minutes to continue their negotiation by freely sending and receiving messages through the chat interface. The platform recorded the content and timestamp of every message. After the negotiation was over, participants indicated the final price they agreed on, or alternatively if there was no sale, the last price that was offered. We used the message transcripts to confirm these final agreements, and to analyze the sequence of counter-offers that were made during the bargaining process.

All participants then answered a series of questions about their partner and the negotiation. We asked participants: “How much did you enjoy interacting with this buyer/seller?”, “How satisfied are you with the final negotiated price?”, and “How satisfied are you with how the negotiation went?”, measured using 5-pt scales anchored at “Not at all” to “Extremely.” We then asked participants: “In a future negotiation study, where you and another participant negotiate as a team against another team of two participants, how much would you like this buyer/seller to play against/be on your team?”, also measured using 5-pt scales anchored at “Not at all” to “Extremely.” After participants completed all measures, we collected demographic information.

### *Third-Party Raters*

Finally, we recruited third party raters in order to evaluate our theorized mechanism – perceived dominance - without interrupting the natural bargaining process between the buyer and seller. Asking negotiators to pause their interaction and deliberately reflect and report on their counterpart’s dominance may arguably affect bargaining behavior beyond the natural way in which interpersonal dominance is experienced. Additionally, previous research has found that actors and observers did not differ much in their perceptions of dominance (Burgoon & Dunbar, 2000; Burgoon & Newton, 1991; Dunbar, Ramirez, & Burgoon, 2003).

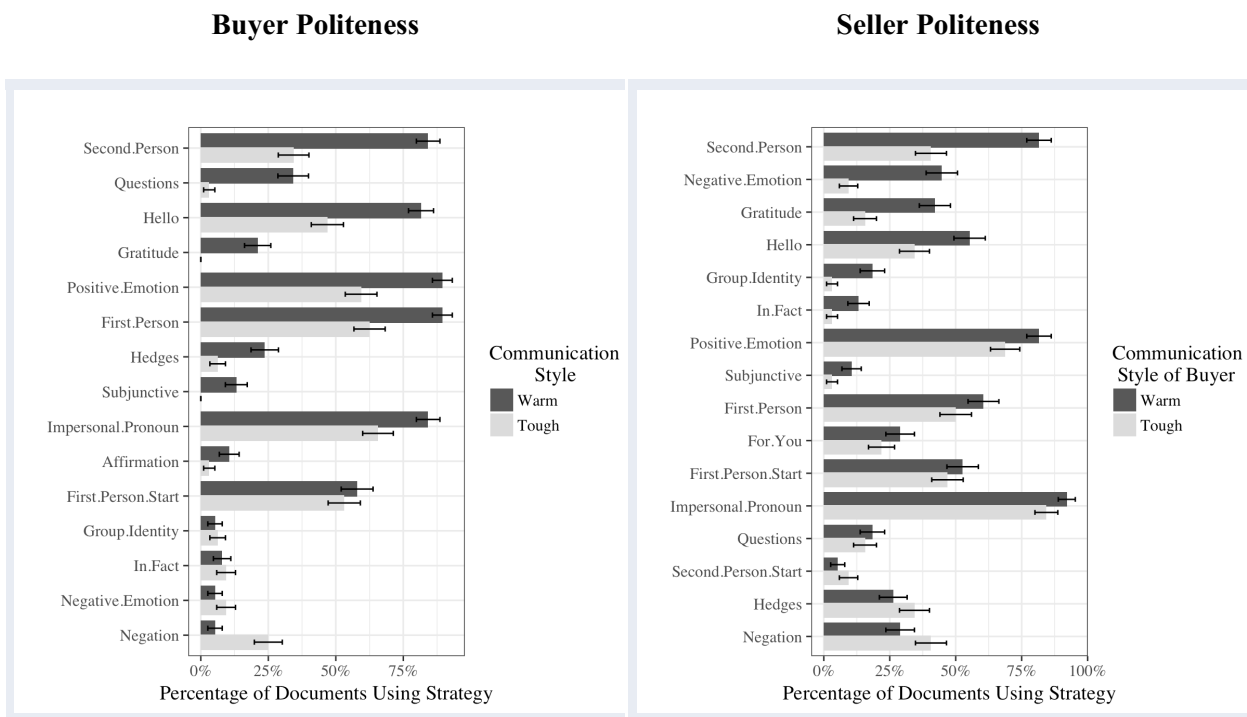
Accordingly, we collected data from a separate sample of third-party raters from Amazon’s Mechanical Turk ( $N = 103$ ,  $M_{\text{age}} = 33.15$  years,  $SD = 10.07$  years, 65% male). These raters read sellers’ first messages and evaluated them based on the dominance they projected in their initial offers. Raters saw six randomly-drawn messages (three warm and friendly and three tough and firm, randomly ordered) from the set of 70, and evaluated each message on eight Likert scale items that asked how well the message matched various dominance-related trait descriptions (e.g. “dominant,” “assertive,” from Tiedens, Unzueta, & Young (2007)). The eight items were shown in a random order for each message (see Appendix F).

## *Results*

### *Communication Style*

To confirm that buyers were enacting different communication styles in their initial offers, we applied the natural language processing model that we developed in Study 1. We again counted the linguistic markers of politeness and respect in the 70 buyer messages. We used the entire Study 1 dataset as training data for a classification model that predicted the assigned communication style of the buyers in the held-out data from Study 3. Once again, the accuracy of that model was high (AUC = .890, 95% CI = [.811, .969]), and comparable to a basic ngram model (AUC = .808, 95% CI = [.706, .909]). The feature counts of these initial offers are given in Figure 2, and demonstrate most of the same communication style markers as in Study 1. The buyers continued to use their assigned communication style throughout the interaction. Taken as a whole, the remainder of the buyers' messages after their initial offer also shared the same linguistic patterns, as judged by our algorithm (AUC = .749, 95% CI = [.633, .865]).

**Figure 2.** Politeness features in Study 3



**Figure 2.** Politeness features of buyers' initial offers (left) and sellers' replies (right) in Study 3. Bars show standard errors around each group mean.

The sellers reciprocated the buyers' communication style (see Figure 2). Using the same method as above, we found that the sellers' first responses to warm and friendly offers was distinctively more polite than sellers' first responses to tough and firm offers ( $AUC = .771$ , 95% CI = [.660, .882]). This initial reciprocation did not last long into the conversation, and the remainder of their messages during bargaining with "warm and friendly" buyers were not significantly warmer than with "tough and firm" buyers ( $AUC = .531$ , 95% CI = [.391, .670]). It is not clear how to interpret the decline in accuracy from early to later messages (or from buyers to sellers). It is possible that a warm and friendly communication style might only earn some fleeting initial reciprocation. But speakers may also choose different ways to signal politeness over the course of a negotiation, or else take for granted the politeness established initially.

#### *Economic Outcomes*

In line with our predictions and Study 2 results, "warm and friendly" buyers paid a significantly higher final price for an identical item ( $M_{\text{warm}} = \$397.16$ ,  $SD = \$75.91$ ), compared to "tough and firm" buyers ( $M_{\text{tough}} = \$346.77$ ,  $SD = \$51.83$ ;  $t(65) = 3.10$ ,  $p = .003$ ). That is, on average, being "warm and friendly" cost buyers an additional \$50 or 15% of the final price. This difference was borne out in the bonuses that participants were paid. Buyers assigned to the "tough and firm" condition earned a significantly higher bonus ( $M_{\text{tough}} = \$1.43$ ,  $SD = \$0.62$ ) than buyers assigned to the "warm and friendly" condition ( $M_{\text{warm}} = \$1.04$ ,  $SD = \$0.64$ ;  $t(68) = 2.56$ ,  $p = .013$ ). Conversely, sellers who were paired with a "tough and firm" buyer received smaller bonuses ( $M_{\text{tough}} = \$0.48$ ,  $SD = \$0.45$ ) than sellers who were paired with a "warm and friendly" buyer ( $M_{\text{warm}} = \$0.97$ ,  $SD = \$0.74$ ;  $t(68) = 3.24$ ,  $p = .002$ ).

#### *Bargaining Behavior*

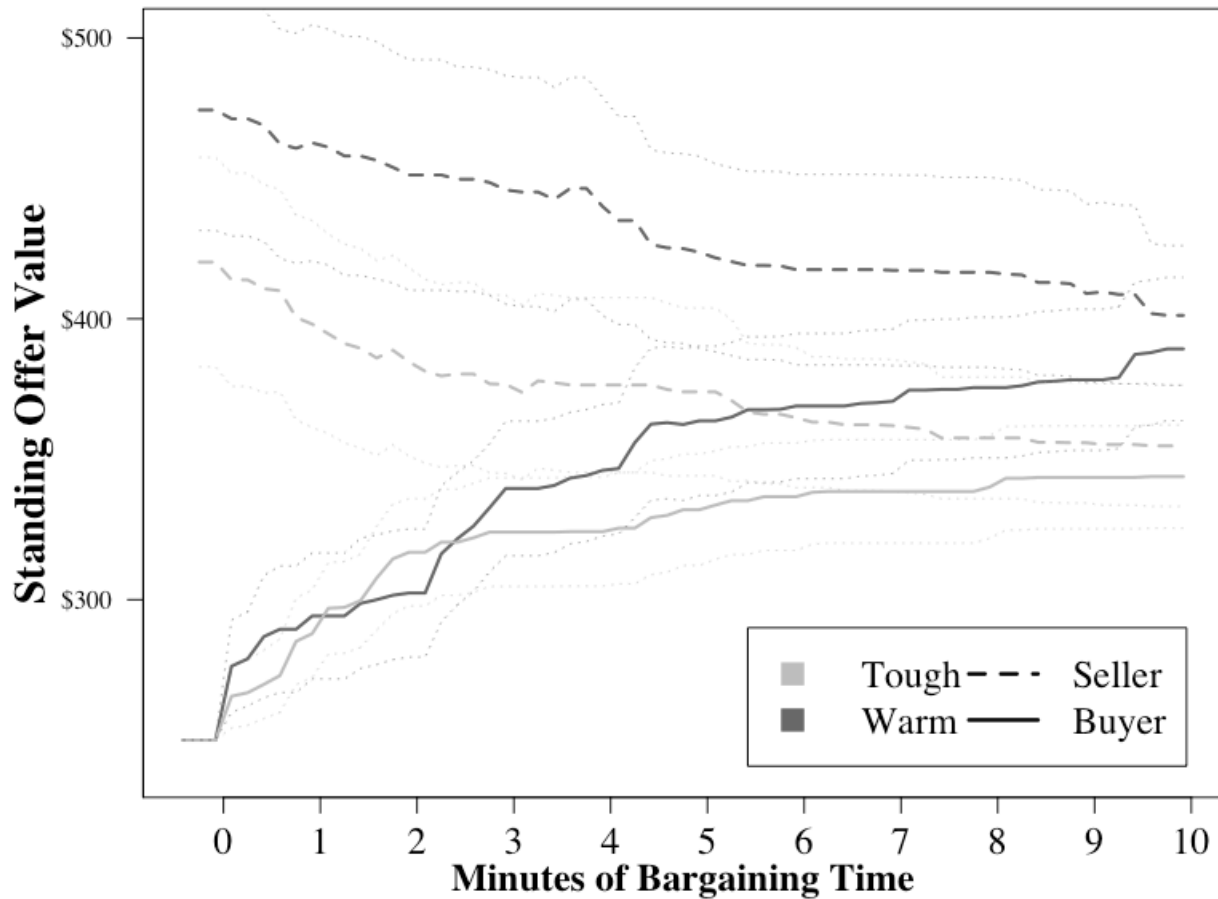
The transcripts from this experiment revealed how the buyers' communication style affected the negotiation dynamic during the bargaining process. In Figure 3, we visualize the ten-minute bargaining window using a panel model. That is, we assume that any offer made by a buyer or seller is a valid "standing offer," until they propose a new offer or accept their partner's offer. This allows us to calculate

the average standing offer at each ten-second interval, throughout the entire bargaining window (when a pair agrees to a deal, that deal amount is carried forward as their standing offer).

We found that the difference between conditions emerges almost immediately as a function of seller behavior. If we focus only on sellers' first counter-offers, we find that sellers responded to "warm and friendly" buyers with significantly higher counter-offers ( $M_{\text{warm}} = \$470.97$ ,  $SD = \$122.58$ ), than to "tough and firm" buyers ( $M_{\text{tough}} = \$413.79$ ,  $SD = \$94.19$ ;  $t(62) = 2.06$ ,  $p = .044$ ). Even though all sellers received the same initial offer of \$250, sellers who received a "warm and friendly" initial offer immediately asked for an additional \$57, or 14% more than sellers who had received the same offer expressed in "tough and firm" language.

Dyads with "warm and friendly" buyers also took a somewhat longer time to reach agreement ( $M_{\text{warm}} = 343$  seconds,  $SD = 216$ ) than dyads with "tough and firm" buyers ( $M_{\text{tough}} = 259$  seconds,  $SD = 184$ ;  $t(68) = 1.74$ ,  $p = .087$ ).

**Figure 3.** Panel model of negotiators' standing offers in Study 3



**Figure 3:** Panel model of negotiators' standing offers, divided by the participants' role in their group (buyer vs. seller) and the style assigned to the buyer in their group (warm and friendly vs. tough and firm style). Each line represents the average value of a participant group's most recent offer, updated every ten seconds, throughout the ten-minute bargaining window (including the value of any deals that had been made up to that point in time). Dotted lines show 95% confidence bands around each line.

#### *Subjective Evaluations of the Negotiation*

Buyers' evaluations of their negotiation experience seemed to be affected by the communication style they used. Specifically, "warm and friendly" buyers were significantly less satisfied with the final price ( $M_{\text{warm}} = 3.24$ ,  $SD = 1.14$  vs.  $M_{\text{tough}} = 3.97$ ,  $SD = .85$ ;  $t(65) = 2.97$ ,  $p = .004$ ) and reported less satisfaction with the negotiation in general ( $M_{\text{warm}} = 3.32$ ,  $SD = 1.03$  vs.  $M_{\text{tough}} = 3.87$ ,  $SD = .86$ ;  $t(65) = 2.31$ ,  $p = .02$ ). However, "warm and friendly" versus "tough and firm" buyers did not report a difference

in interaction enjoyment ( $M_{\text{warm}} = 3.22$ ,  $SD = 1.03$ ;  $M_{\text{tough}} = 3.33$ ,  $SD = 1.16$ ;  $t(65) = .44$ ,  $p = ns$ ). A non-parametric test revealed the same results.<sup>3</sup>

Sellers, however, were not affected by their partners' communication style. They did not report a significant difference between negotiating with "warm and friendly" versus "tough and firm" buyers in terms of enjoyment ( $M_{\text{warm}} = 3.35$ ,  $SD = 1.18$ ;  $M_{\text{tough}} = 3.32$ ,  $SD = 1.05$ ;  $t(66) = .11$ ,  $p = ns$ ); satisfaction with the final price ( $M_{\text{warm}} = 3.46$ ,  $SD = 1.12$ ;  $M_{\text{tough}} = 3.16$ ,  $SD = 1.21$ ;  $t(66) = 1.05$ ,  $p = ns$ ); or satisfaction with the negotiation ( $M_{\text{warm}} = 3.70$ ,  $SD = .81$ ;  $M_{\text{tough}} = 3.42$ ,  $SD = 1.09$ ;  $t(66) = 1.23$ ,  $p = ns$ ). Again, we see the same pattern of results with a non-parametric test.<sup>4</sup>

### *Interpersonal Outcomes*

Our manipulation also had little effect on the seller's interpersonal evaluations of their counterparts. Sellers indicated they were equally likely to want to partner with ( $M_{\text{warm}} = 3.19$ ,  $SD = 1.18$ ;  $M_{\text{tough}} = 3.48$ ,  $SD = .10$ ;  $t(66) = 1.10$ ,  $p = ns$ ) or play against the same buyer ( $M_{\text{warm}} = 3.24$ ,  $SD = 1.14$ ;  $M_{\text{tough}} = 2.81$ ,  $SD = 1.20$ ;  $t(66) = 1.54$ ,  $p = ns$ ), regardless of whether they were "warm and friendly" versus "tough and firm."

The buyers, however, did report different evaluations of sellers across conditions. "Warm and friendly" buyers reported significantly higher likelihood of wanting to play on the same team as their partner in a future negotiation ( $M_{\text{warm}} = 3.27$ ,  $SD = 1.05$  vs.  $M_{\text{tough}} = 2.63$ ,  $SD = 1.19$ ;  $t(65) = 2.33$ ,  $p = .02$ ). Similarly, "warm and friendly" buyers reported lower likelihood of wanting to play *against* their

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<sup>3</sup> A Mann-Whitney U test revealed that "tough and firm" buyers were significantly more satisfied with the final price ( $MDN_{\text{tough}} = 4$ , Mean rank = 40.83 vs.  $MDN_{\text{warm}} = 4$ , Mean rank = 28.46;  $U = 350.00$ ,  $Z = -2.78$ ,  $p = .005$ ) and reported greater satisfaction with the negotiation in general ( $MDN_{\text{tough}} = 4$ , Mean rank = 39.53 vs.  $MDN_{\text{warm}} = 4$ , Mean rank = 29.51;  $U = 389.00$ ,  $Z = -2.24$ ,  $p = .02$ ). However, "warm and friendly" versus "tough and firm" buyers did not report a difference in interaction enjoyment ( $MDN_{\text{warm}} = 3$ , Mean rank = 32.64 vs.  $MDN_{\text{tough}} = 3.5$ , Mean rank = 35.68;  $U = 504.50$ ,  $Z = -.66$ ,  $p = ns$ ).

<sup>4</sup> A Mann-Whitney U test also showed that sellers did not report a significant difference between negotiating with "warm and friendly" versus "tough and firm" buyers in terms of enjoyment ( $MDN_{\text{warm}} = 4$ , Mean rank = 35.05 vs.  $MDN_{\text{tough}} = 3$ , Mean rank = 33.84;  $U = 553.00$ ,  $Z = -.26$ ,  $p = ns$ ); satisfaction with the final price ( $MDN_{\text{warm}} = 4$ , Mean rank = 36.57 vs.  $MDN_{\text{tough}} = 3$ , Mean rank = 32.03;  $U = 497.00$ ,  $Z = -.98$ ,  $p = ns$ ); or satisfaction with the negotiation ( $MDN_{\text{warm}} = 4$ , Mean rank = 36.55 vs.  $MDN_{\text{tough}} = 4$ , Mean rank = 32.05;  $U = 497.50$ ,  $Z = -1.00$ ,  $p = ns$ ).

partner ( $M_{\text{warm}} = 2.86$ ,  $SD = 1.03$  vs.  $M_{\text{tough}} = 3.70$ ,  $SD = .99$ ;  $t(65) = 3.36$ ,  $p = .001$ ). Non-parametric tests on both the sellers' and buyers' perspectives revealed the same pattern of results.<sup>5</sup>

### *Third-Party Ratings*

Finally, we examined the evaluations of dominance provided by the third-party raters. We created a composite measure of perceived dominance by standardizing all eight items separately, then adding them together (the reverse-scored items were subtracted), producing a single average dominance score for each buyer offer. In line with our proposed mechanism, and with previous studies of dominance and communication style, we found that tough and firm buyers were perceived to be significantly more dominant ( $M = .483$ ,  $SD = .533$ ) than warm and friendly buyers ( $M = -.484$ ,  $SD = .303$ ;  $t(68) = 9.5$ ,  $p < .001$ ). A non-parametric test revealed the same result.<sup>6</sup>

### *Discussion*

In Study 3, we explored the effect of communication style in a live, incentive-compatible negotiation. Replicating Study 1 results, participants wrote economically equivalent offers using substantively different communication styles. And replicating Study 2 results, these communication styles had a significant impact on their success.

Stylistically “warm and friendly” negotiators ended up paying 15% more for the same item and earning lower bonus payments, as compared to “tough and firm” negotiators. Our examination of bargaining behavior indicated that the effect on sellers was rapid - sellers negotiating with “warm and friendly” buyers made more aggressive initial counter-offers, and extracted more concessions over time. Based on third-party ratings, it is arguable that sellers negotiating with “warm and friendly” buyers

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<sup>5</sup> A Mann-Whitney U test indicated sellers were equally likely to want to partner with ( $MDN_{\text{warm}} = 3$ , Mean rank = 32.45 vs.  $MDN_{\text{tough}} = 4$ , Mean rank = 36.95;  $U = 497.50$ ,  $Z = -.98$ ,  $p = ns$ ) or play against the same buyer ( $MDN_{\text{warm}} = 3$ , Mean rank = 37.58 vs.  $MDN_{\text{tough}} = 3$ , Mean rank = 30.82;  $U = 459.50$ ,  $Z = -1.46$ ,  $p = ns$ ), regardless of whether they were “warm and friendly” versus “tough and firm.” “Warm and friendly” buyers reported significantly higher likelihood of wanting to play on the same team as their partner in a future negotiation ( $MDN_{\text{warm}} = 3$ , Mean rank = 38.55 vs.  $MDN_{\text{tough}} = 2.5$ , Mean rank = 28.38;  $U = 386.50$ ,  $Z = -2.20$ ,  $p = .03$ ). Similarly, “warm and friendly” buyers reported lower likelihood of wanting to play *against* their partner ( $MDN_{\text{warm}} = 3$ , Mean rank = 27.23 vs.  $MDN_{\text{tough}} = 4$ , Mean rank = 42.35;  $U = 304.50$ ,  $Z = -3.29$ ,  $p = .001$ ).

<sup>6</sup> A Mann-Whitney U test revealed tough and firm buyers were perceived to be significantly more dominant ( $MDN_{\text{tough}} = 4.77$ , Mean rank = 52.44) than warm and friendly buyers ( $MDN_{\text{warm}} = 3.44$ , Mean rank = 21.24;  $U = 66.00$ ,  $Z = -6.39$ ,  $p < .001$ ).

perceived their counterparts to be low in dominance, and may have thereby believed they had the ability to extract larger concessions from them.

After bargaining, there was, surprisingly, no difference in enjoyment or satisfaction for sellers who interacted with “warm and friendly” versus “tough and firm” buyers. Finally, the buyers themselves were not much affected in terms of enjoyment - “tough and firm” buyers enjoyed the negotiation no less than a “warm and friendly” buyer, but “tough and firm” buyers were (rightly) more satisfied with the outcomes. Thus, “warm and friendly” buyers did not seem to benefit economically, interpersonally, or personally.

The buyers’ communication style had a significant impact on the sellers’ communication style. Using our “warmth detector” we found that stylistic warmth on behalf of the buyer was initially returned in kind by the seller. However, this reciprocation did not last long, and was not matched by any meaningful concessions - in fact, quite the opposite. This suggests a potential mechanism behind the participants’ reported inclination to write warm and friendly offers in Study 1 - that is, they may choose the communication style that induces the most linguistic concessions (warmth) rather than the communication style that induces the most economic concessions (toughness). However, the results from Study 1 were generated using a hypothetical scenario, and did not identify the outcomes that participants were hoping to achieve with their communication style. In Study 4 we build on those initial results to examine lay beliefs about the relative merits of the two styles.

#### **Study 4**

In Study 1 participants reported naturally taking on a more “warm and friendly” communication style in a negotiation context, rather than a “tough and firm” style. The results of Studies 2 and 3 suggest that this inclination is misguided, from a purely economic point of view – as offers displayed with a “tough and firm” communication style elicited greater concessions from sellers. In Study 4 we explore this misalignment between objective outcomes and chosen strategy. Did participants truly think that a warm and friendly communication style would be a more effective bargaining strategy? Or were they reasonably trading off bargaining outcomes against some other potential consequence?

We answer this question in two experiments, using the initial offer messages from buyers in Study 3. In Study 4a, participants evaluated these messages, one at a time, with regard to their economic and interpersonal consequences. In Study 4b, participants compared pairs of messages (one “warm and friendly” and one “tough and firm”) and were incentivized to predict which message resulted in more favorable outcomes.

#### *Study 4a: Method*

##### *Participants*

We recruited participants on Amazon’s Mechanical Turk ( $N = 103$ ,  $M_{\text{age}} = 35$  years,  $SD = 12$  years, 59% male) to participate in a study about exploring people’s negotiation styles in exchange for \$0.50. Two of these participants did not complete the study and we included these participants’ data up to the point at which they left (though our results are unchanged if we exclude them entirely).

##### *Design and Procedure*

We told participants they would read different messages that individuals wrote in response to an online advertisement for an antique sugar bowl. Participants were told the messages had been sent from potential buyers. Participants were further told that all buyers were offering \$250 for the sugar bowl, when the market value was \$400-800. We then presented participants in Study 4a with the 90 messages that participants produced in Study 3.<sup>7</sup> We presented all participants with three randomly-selected “warm and friendly” and three randomly-selected “tough and firm” messages. Participants read and evaluated the messages one at a time, in a random order.

After reading each message, participants answered four questions. Specifically, we asked them to rate how likely they thought the seller would sell the sugar bowl to this particular buyer; how likely the buyer would be able to buy the sugar bowl for a substantial discount; and how likely they thought the seller would contact the buyer who sent this message when other items became available for sale.

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<sup>7</sup> We used all messages produced in Study 3, except for 8 which did not offer the correct \$250 amount for the sugar bowl. Our analyses below are restricted to the 70 messages that were included for analysis in Study 3, however we confirm the results are unchanged if we perform our analyses on all 90 messages that were used in the study protocol.

Participants answered these three questions on a 5-point Likert scale, from “Not at all likely” to “Very likely.” Participants also rated how much they thought the seller would enjoy negotiating with the buyer who authored the message, on a 5-point Likert scale, from “None at all” to “A lot.” After participants read and evaluated all six messages, we collected demographic information.

### *Results and Discussion*

The results show that participants overwhelmingly believed the “warm and friendly” messages would be evaluated more positively, as compared to “tough and firm” messages on all four dependent variables. For each variable, we combined the six ratings each participant gave using a linear mixed-effects model, with participants as a random factor (Bates, Maechler, Bolker & Walker, 2014).<sup>8</sup>

Participants believed sellers would be more likely to sell the sugar bowl to “warm and friendly” buyers, than to “tough and firm” buyers ( $M_{\text{warm}} = 2.95$ ,  $SD = 1.12$ ;  $M_{\text{tough}} = 1.96$ ,  $SD = 1.02$ ;  $t(88.5) = 9.1$ ,  $p < .001$ ), and would enjoy negotiating with “warm and friendly” buyers more than “tough and firm” buyers ( $M_{\text{warm}} = 2.98$ ,  $SD = 1.14$ ;  $M_{\text{tough}} = 1.92$ ,  $SD = 1.06$ ;  $t(88.5) = 9.1$ ,  $p < .001$ ). Furthermore they believed that sellers would be more likely to contact “warm and friendly” buyers than “tough and firm” buyers regarding a future sale ( $M_{\text{warm}} = 3.02$ ,  $SD = 1.19$ ;  $M_{\text{tough}} = 1.924$ ,  $SD = 1.05$ ;  $t(88.7) = 9.3$ ,  $p < .001$ ).

Importantly, and in contrast to the behavioral results in Studies 2 and 3, participants believed that “warm and friendly” buyers would be more likely obtain a substantial discount on the purchase than “tough and firm” buyers, ( $M_{\text{warm}} = 2.80$ ,  $SD = 1.13$ ;  $M_{\text{tough}} = 1.96$ ,  $SD = 1.03$ ;  $t(89.2) = 8.2$ ,  $p < .001$ ).

### *Study 4b: Method*

#### *Participants*

We recruited participants on Amazon’s Mechanical Turk ( $N = 144$ ,  $M_{\text{age}} = 34.93$  years,  $SD = 10.06$  years, 59% male) to participate in a study about negotiation style in exchange for \$0.30, with a

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<sup>8</sup> An ordered logit model produced the same results on all four measures. Specifically, participants believed sellers would be more likely to sell to warm and friendly buyers, than to tough and firm buyers ( $B = 1.99$ ,  $SE B = .18$ ,  $Z = 11.33$ ,  $p < .001$ ) and would enjoy negotiating with warm and friendly buyers more than tough and firm buyers ( $B = 1.93$ ,  $SE B = .17$ ,  $Z = 11.29$ ,  $p < .001$ ). Participants believed sellers would be more likely to contact warm and friendly buyers than tough and firm buyers for a future sale ( $B = 2.01$ ,  $SE B = .17$ ,  $Z = 11.53$ ,  $p < .001$ ). Participants also believed warm and friendly buyers would be more likely to obtain a substantial discount than tough and firm buyers ( $B = 1.76$ ,  $SE B = .17$ ,  $Z = 10.14$ ,  $p < .001$ ).

potential to earn a bonus of up to \$0.30. The 144 participants referenced above completed the entire survey, including an attention check, the main task, and the demographic questions.

### *Design and Procedure*

Like Study 4a, participants were told the premise of the sugar bowl negotiation that was given to the participants of Study 3. In this study, however, participants were shown two messages at a time. We told them they would read the first message sent by two different buyers and then guess which buyer earned a better final negotiation outcome (i.e. received a greater bonus, as determined by negotiating a lower price). Participants were incentivized to win \$0.10 for every guess that they made correctly. Each participant made a total of three guesses.

We used 70 messages that participants produced and were included in our analysis in Study 3 as our stimuli. Every pair of messages that was shown to participants was composed of one randomly-selected “warm and friendly” and one randomly-selected “tough and firm” message. However, we did not tell participants that the participants had been instructed to adopt any kind of communication style, or that each pair was composed of participants who had been assigned different communication styles. Because 38 of the 70 messages were from “warm and friendly” buyers, we oversampled “tough and firm” messages, so that every participant would see three unique “tough and firm” messages and three unique “warm and friendly” messages over the course of the task.

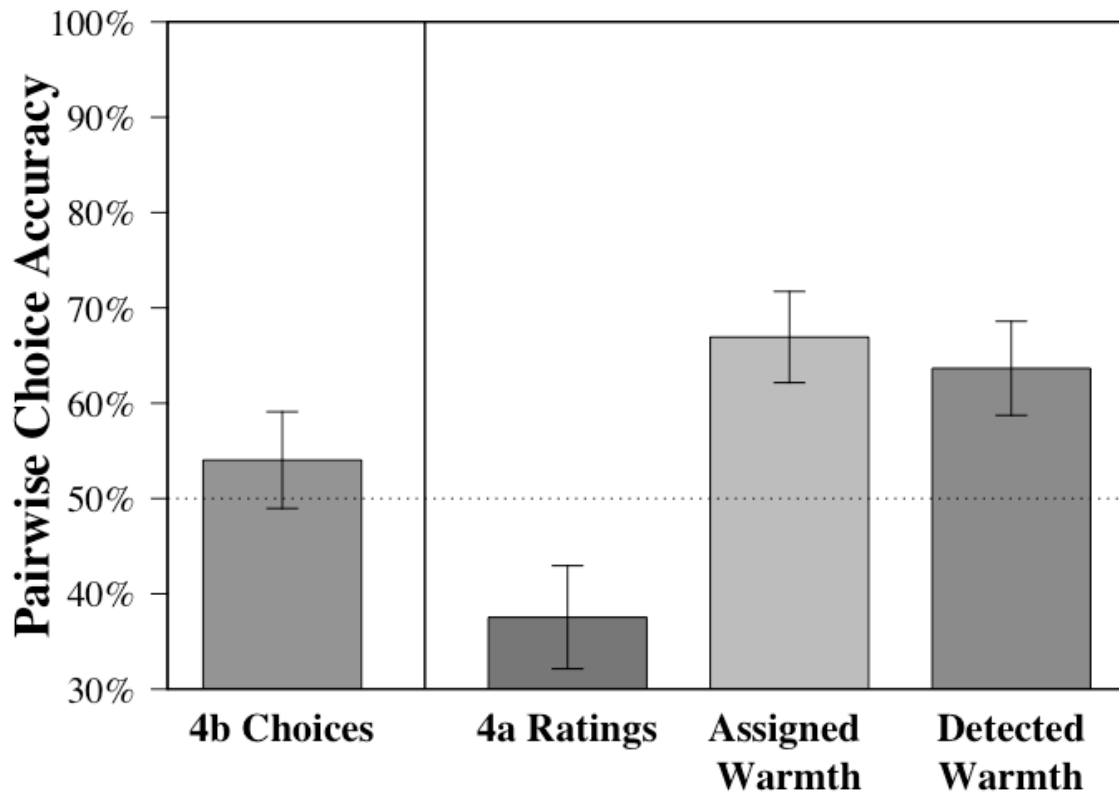
### *Results and Discussion*

We defined negotiation success as the size of the bonus the buyer earned - so if a group did not reach any agreement, this was counted as zero bonus. For each pair, we knew, based on Study 3, which of the two messages did in fact earn a higher bonus (we removed cases where both buyers earned identical bonuses, though our results are identical if we include them). The question, then, was how well participants’ pairwise choices matched that ground truth. Overall, our participants were not very accurate. Across all their binary choices, they correctly guessed which message performed better 54.03% of the time (95% CI = [48.96%, 59.10%]). This was slightly but not significantly above chance performance, suggesting little (if any) insight into the messages’ success.

However, an examination of participant choices suggests that they were not merely guessing randomly, but instead they were over-selecting warm and friendly messages. For example, of the 235 cases when a participant chose the “warm and friendly” message as the winner, their choice was correct 33% of the time. By contrast, among the 197 times that they chose the tough and firm message as the winner, they were correct 73% of the time.

For context, we can compare the accuracy of other prediction rules, as applied to the same pairwise comparisons shown to these participants (see Figure 4). For example, one could simply use the condition assignment and always guess that the “tough and firm” message was the most successful. This strategy is more accurate ( $M = 66.94\%$ ,  $95\% CI = [62.15\%, 71.72\%]$ ) than the one enacted by participants. We performed a similar benchmark using the warmth detector from Study 1 - that is, for every pair, guessing that the message that sounded “tougher” (as judged by the algorithm) would be more successful. This strategy also performed well, ( $M = 63.39\%$ ,  $95\% CI = [58.45\%, 68.33\%]$ ). Finally, we wanted to see if the average ratings from Study 4a would be any more accurate. In this case, we would guess that whatever message from each pair had a higher average rating on the “likely to obtain a substantial discount” question was the most successful. This was the least accurate of all ( $M = 37.54\%$ ,  $95\% CI = [32.13\%, 42.95\%]$ ). These comparisons show that while success could be predicted from the communication style of the buyers’ initial offers, participants did not have a mental model of negotiations that let them capitalize on that information.

**Figure 4.** Accuracy of participants' predictions from Study 4b



**Figure 4:** Accuracy of participants' predictions of negotiation success from Study 4b stimuli. We compared their pairwise choices to various decision rules based on condition assignment, detected warmth, and previous participant ratings of the different messages.

#### *General Discussion*

This research focused on a novel question: can strategic communication style affect negotiation outcomes in the face of consistently-executed bargaining behavior? Our results suggest an affirmative answer. In four studies presented here, we demonstrate that in distributive negotiations where the value of the first offer was fixed, being “tough and firm” took less effort than being “warm and friendly” and resulted in better financial outcomes at no apparent social cost – an effect that negotiators were inaccurate in predicting.

In Study 1, we found that individuals enacted vastly different styles of communication when instructed to be “warm and friendly” versus “tough and firm” in a negotiation, with “warm and friendly”

messages generally taking more effort to compose than “tough and firm” messages (as evidenced by longer average word counts). We developed a natural language processing algorithm and trained it to distinguish warm and friendly versus tough and firm messages. The algorithm enabled us to empirically document that the primary difference between these messages was the level of politeness that the authors employed.

Study 2 examined the effects of communication style in a field context, using real transactions. When the buyer sent the seller an offer delivered in tough and firm language they were more likely to obtain a better discount than when they sent an equivalent offer delivered in warm and friendly language.

Study 3 used a live incentive compatible laboratory negotiation in order to document the entire negotiation process (instead of simply the first offer and counter-offer as we did in Study 2). “Tough and firm” negotiators achieved higher economic gains, at no discernable social costs, since counterparts indicated no difference in enjoyment or satisfaction when working with a “warm and friendly” versus “tough and firm” negotiator. Furthermore, the economic benefits of sending a tough and firm message were driven by the message recipients, who made greater concessions than the recipients of a warm and friendly message. An external group of raters found the initial messages sent by “warm and friendly” negotiators to be lower in dominance, than those composed by “tough and firm” negotiators, supporting our theory and previous research that perceptions of low dominance in a counterpart are associated with more aggressive bargaining behavior.

Finally, Study 4 demonstrated that individuals were unaware of the benefits of a “tough and firm” communication style, and instead overwhelmingly believed that counterparts would respond more favorably to “warm and friendly” negotiators, both in terms of greater liking and greater concessions. In sum, contrary to lay opinion, a warm and friendly communication style yielded no economic benefit for negotiators in a distributive negotiation, and surprisingly no detectable interpersonal benefit.

#### *Theoretical and Practical Implications*

We see our findings as yielding three larger implications, for both negotiation scholarship and practice. The first is that communication style, above and beyond economic behavior, affects negotiation

outcomes. We contribute to an emerging body of work that focuses on the importance of *how* offers are delivered in a negotiation, separate from their economic value, such as the way in which offers are justified or framed (Bowles & Babcock, 2013; Lee & Ames, 2017; Trötschel et al., 2015). Specifically, our research takes a novel approach in looking at the effect of “warm and friendly” versus “tough and firm” communication styles. Prior negotiation research on the consequences of a cooperative negotiation style did not focus on the effects of negotiation style controlling for economic bargaining behavior (Ben-Yoav & Pruitt, 1984; De Dreu et al., 1998; De Dreu et al., 2000; Pruitt & Lewis, 1975; Weingart et al., 1993), so the question of whether style single-handedly affects individual outcomes has remained unanswered. We address this gap in the literature by focusing on distributive negotiations, holding first offers constant, and tracking concession patterns.

The second, is that when individuals believe enacting warmth will be helpful in a negotiation, they do so by increasing their politeness, which causes them to be perceived by their counterparts as having lower dominance. This finding advances long standing scholarship on politeness by studying it in a negotiation context and contributes to emerging work on natural language processing by providing a tool other scholars can utilize to detect warmth in conversational text. Although politeness is a universal construct, readily recognized by human communicators, it can be expressed differently in different contexts (Brown & Levinson, 1987). We selected a wide set of syntactic, domain general linguistic features, guided by prior research on politeness (Danescu-Niculescu-Mizil et al., 2013; Voigt et al., 2017). Our approach allowed us to empirically curate that feature set for our particular domain of negotiations. Warm and friendly messages were more likely to use salutations, express gratitude, make more indirect requests and statements, and use more qualifying language. Furthermore, this model performed well in a hold-out test using data from a different negotiation scenario, suggesting evidence for context-generalizability.

Prior work on the role of politeness in organizations and society at large has posited that individuals of low power are more likely to use polite language (Brown & Levinson, 1987; Danescu-Niculescu-Mizil et al., 2013; Voigt et al., 2017;). In the context of a distributive negotiation, such as a buyer/seller context, where power is ambiguous, high levels of politeness may be interpreted as low

dominance and a signal of low power. Prior research has found that while power can be latent, dominance can manifest itself through communication (Aries, Gold, & Weigel, 1983; Burgoon & Dunbar, 2000; Dunbar & Burgoon, 2005). Indeed, in Study 3, external raters perceived communications sent by “warm and friendly” negotiators to be lower in dominance, than messages sent by “tough and firm” negotiators, even though both made the same monetary offer. Given that third party and participant raters have been found to report highly correlated perceptions of interpersonal dominance (Dunbar, Ramirez, & Burgoon, 2003), it is likely that counterparts to “warm and friendly” negotiators perceived low dominance from their partner, a signal of low power, and therefore responded by taking a more dominant posture, offering lesser concessions and standing firm on demands.

The third is the broken mental model lay negotiators have regarding the consequence of taking on a warm and friendly communication style. This finding contributes to scholarship on social perceptions of warmth, by studying its effects in a negotiation context and provides practical implications to negotiators. We find that a warm and friendly communication style results in lower economic outcomes, as compared to a tough and firm communication style. This finding contributes to various and conflicting literature predicting how warmth is perceived and reciprocated by others in different social settings (Abele & Wojciske, 2007; Adams, 1965; Cialdini, 1993; Fiske et al., 2007; Gallupe et al. 1991; Gouldner, 1960; Homans, 1961; Lovelace et al., 2001; Mintzberg et al., 1996; Wojciszke, 2005), by specifically showcasing the effect of warmth in a negotiation context.

The faulty beliefs regarding the benefits of a warm and friendly communication style may be driven by the fact that negotiation success can be measured by several metrics some of which are more difficult to observe than others. Negotiators who deploy a particular communication style can immediately observe the reciprocal communication style returned by their counterpart. Indeed, in Studies 2 and 3 we saw that buyers in the “warm and friendly” condition received seller messages that were warmer than buyers in the “tough and firm” condition. More difficult to observe are the judgments which counterparts are making about each other, how those vary as a function of communication style, and the ultimate consequences to economic behavior. Interestingly, in Study 3 sellers did not evaluate warm and

friendly buyers more favorably than tough and firm buyers, even though in Study 4 participants predicted that senders of warm messages would be evaluated more positively. Finally, a speaker's choice of communication style is typically driven by situational norms (Brown & Levinson, 1987; Clark & Schunk, 1980; Lakoff, 1973). This means that the natural variation in warmth and toughness is often endogenous to many contextual and economic factors that also affect outcomes. So there are rarely occasions - like ours - when negotiators are able to exogenously vary the warmth of their offers and observe the consequences.

Practically speaking, negotiators may be constrained in their economic behavior, but have the flexibility to enact a variety of communication styles. The conflict between coming across as warm and friendly versus tough and firm is a common struggle faced by negotiators. By understanding the costs of communicating warmth in a competitive context, such as a distributive negotiation, negotiators will better know how they can strategically use communication style to their benefit.

We focused on distributive negotiations, where claiming value is the goal of each of the parties at the table. However, most negotiations involve both value claiming and value creation, and are thus integrative in nature. We believe many of our findings will still apply to such bargaining situations. More specifically, because in a distributive context the size of the pie is fixed, the only economic outcome that can be measured is the proportion of those resources captured by either party. By contrast, in an integrative context, there are at least two measures: the extent to which the parties were able to expand the size of the pie, and how the final sum of resources is divided at the end. Prior negotiation research that manipulated related constructs such as cooperation versus competition focused primarily on the first measure, i.e. the ability of the negotiators to expand the pie of resources. However, our results suggest that although warmer negotiators may be more effective at expanding the pie, they may still pay a price when the pie is being divided. Thus, there may be a trade-off between the extent to which warmth in communication enables the expansion of joint resources versus creates individual-level liability. Future research should address this question by studying integrative negotiation contexts where warmth in communication is manipulated orthogonally from the ability to create integrative potential.

Future research should also address moderators of our effect. For example, gender may play an important role in how a warm and friendly versus tough and firm communication style is received. Prior research has shown that women get penalized for acting in ways that may be seen as stereotypically male (Amanatullah & Morris, 2010; Babcock & Laschever, 2009; Kray & Thompson, 2004). Thus, the benefits of a “tough and firm” communication style may be lessened when the speaker is known to be female. In our study designs we side-stepped this issue by selecting an explicitly gender-neutral name for Study 2 (“Riley” – statistically, one of the most gender-neutral first names given to both boys and girls through 2013 according to the Social Security Administration), and keeping negotiators anonymous in Studies 3 & 4.

Additionally, we observed our effect based on single emails sent in Study 2, and immediately in the first set of counter-offers made in Study 3. These effects based on taking on a particular style early in a negotiation raise important questions about the role of time. For example, might it be beneficial to begin the negotiation in a warm and friendly manner to gather information and “increase the pie” and then shift into a tougher mode to claim the most resources? Or should one begin by acting tough and firm (as in our experiments) and finish warmly to ensure a positive final impression? Future research should explicitly address these important questions as well as other factors that may fundamentally change the interpretation and situational appropriateness of a warm and friendly versus tough and firm communication style.

### *Conclusion*

An extensive literature has addressed the various strategic and tactical choices that negotiators can make to further their aims. Much of this literature has focused on economic bargaining behavior, carefully considering what offers should be made, which information should be revealed, the size and timing of concessions, and reasons for walking away. However, in addition to choices about bargaining, negotiators also have a large number of choices with regard to how to communicate with their counterpart. Our teaching experience suggests that one of the most pressing questions students face is whether their communication style should exude warmth or toughness. Our present results strongly

suggest that the answer is the latter. Although there is much still to be explored with regard to the effect of communication style on negotiation outcomes, the evidence suggests that negotiators could save effort, achieve better economic outcomes, and experience greater satisfaction by toughening up.

## Chapter 4:

### In high offers I trust:

#### The effect of first offer value on economically vulnerable behaviors

Martha Jeong

Julia Minson

Francesca Gino

#### Abstract

Negotiation scholarship espouses the importance of opening a bargaining situation with an aggressive offer, given the power of first offers to shape concessionary behavior and final outcomes. In the present research, we identify a surprising consequence to this common prescription. Through four studies in the field and laboratory, we explore how first offer values affect perceptions of the offer-maker's trustworthiness and their counterpart's behavior towards them. Specifically, we find that recipients of generous offers are more likely to make themselves economically vulnerable to their counterparts, exhibiting behaviors with potentially deleterious consequences, such as disclosing negative information. We observe this effect in an online marketplace (Study 1) and an incentivized laboratory experiment (Study 3). We demonstrate that this effect is driven by the greater trust that generous first offers engender (Studies 2-3). These results are surprising to lay negotiators and are robust to explicit debiasing attempts (Studies 3-4).

Opening offers in negotiation serve as powerful anchors that shape concessionary behavior and affect final outcomes (Gunia, Swaab, Sivanathan, & Galinsky, 2013; Neale & Bazerman, 1991; Yukl, 1974). Thus, many scholars advise negotiators to start bargaining by anchoring aggressively (Benton, Kelley, & Liebling, 1972; Chertkoff & Conley, 1967; Malhotra & Bazerman, 2008). In the present research, we identify a surprising consequence to this prescription. Through four experiments in the field and laboratory, we explore how first offer values affect perceptions of the offer-maker's trustworthiness and their counterpart's behavior towards them. Specifically, we find that recipients of generous offers are more likely to make themselves economically vulnerable to their counterparts, with potentially deleterious consequences. This effect is driven by the greater trust that generous first offers engender. Our results are surprising to lay negotiators and are robust to explicit debiasing attempts.

### **Trust in Negotiations**

Interpersonal trust is defined as the willingness to be vulnerable to exploitation due to positive expectations regarding another person's intentions or behavior (Rousseau, Sitkin, Burt, & Camerer, 1998). Trust is seen as an essential aspect of effective negotiations, leading to mutually beneficial outcomes (Neale & Bazerman, 1991; Thompson, Wang, & Gunia, 2010). Recognized as a necessary precondition to value creation, trust leads people to divulge critical information about their preferences and priorities (Butler, 1999; Fisher, Ury, & Patton, 1991; Kimmel, Pruitt, Magenau, Konar-Goldband, & Carnevale, 1980; Pruitt & Lewis, 1975; Thompson, 2009). In addition to revealing information that is essential for value creation, interpersonal trust has also been found to increase a negotiator's willingness to accept that information as accurate and genuine (Parks, Henager, & Scamahorn, 1996). Thus, scholars encourage parties to build and maintain trust early in negotiations (Neale & Bazerman, 1991; Thompson et al., 2010).

Trust is earned by engaging in behaviors that display benevolence, integrity, dependability, and fairness (Butler, 1991; Mayer, Davis, & Schoorman, 1995). Thus, a generous first offer may increase perceptions of trustworthiness if it is seen as a signal of the offer-maker's good character. For example, in line with prior research on the perceptions of disagreeableness associated with haggling (Morris, Larrick,

& Su, 1999), individuals might infer that generous offers signal cooperative intent. Furthermore, generous first offers might signal a shared understanding of, and appreciation for, the value of the good or service in question. Similarity in tastes and preferences has been shown to lead to favorable interpersonal inferences (Byrne, 1969). Finally, a more generous first offer might signal financial health, and suggest greater dependability.

While such inferences are not unreasonable, a long-standing tenet of marketplace behavior is to “buy low, and sell high.” Prominent negotiation scholars agree that offers and counter-offers should reflect the market conditions as exemplified by the best outside alternatives available to both parties (Malhotra & Bazerman, 2008; Thompson, 2009; Wheeler, 2002). Thus, undesirable offers should be interpreted as a sign of unfavorable market conditions, not nefarious interpersonal intentions. By contrast, extremely desirable offers may be interpreted as incompetence on the part of the offer-maker who has failed to appropriately assess the market, or even an attempt at fraud.

This set of “rational negotiator” inferences however, stands in contrast to extensive research regarding people’s propensity to make dispositional inferences from limited information (Gilbert & Malone, 1995; Ross, 1977). Indeed, this tendency has been extensively documented in negotiations.

### **Social Perception in Negotiations**

While research shows that negotiation outcomes are driven primarily by features of the bargaining zone and market conditions, individuals often attribute negotiation behavior to the characteristics of the parties (Malhotra & Bazerman, 2008; Thompson, 2009; Wheeler, 2002). Negotiators perceive counterparts with larger constraints as having greater competitive intent (Kelley & Stahelski, 1970), and believe haggling to be indicative of the counterpart’s disagreeable nature (Morris et al., 1999). Indeed, recent research has demonstrated that negotiators make interpersonal inferences even when interpreting the format of offers (Ames & Mason, 2015; Mason, Lee, Wiley, & Ames, 2013).

In the present research, we examine whether negotiators make dispositional inferences regarding a partner’s trustworthiness based on the value of the first offer the partner extended. Negotiation theory argues that first offers should reflect the size of the bargaining zone and available market alternatives

(Malhotra & Bazerman, 2008; Thompson, 2009; Wheeler, 2002). Furthermore, negotiators are rarely wedded to their initial offer and can often walk away with no penalty. Thus, the first offer may either be a thoughtful reflection of the market, or mere cheap talk. Yet, anecdotal evidence from a broad variety of negotiation domains suggests that individuals tend to interpret unfavorable first offers as a signal of poor character, unfairness, or disrespect.

We hypothesize that negotiators who make more generous first offers will be perceived as more trustworthy than those who make less generous first offers. These perceptions, will in turn, induce offer recipients to engage in economically vulnerable behaviors that only benefit the offer-maker.

### **Trust Perceptions Cause Economically Vulnerable Behaviors**

Research has traditionally conceptualized negotiation behavior as a series of offers, and counteroffers, interspersed with intervals of information search and exchange (Malhotra & Bazerman, 2008; Thompson, 2009; Wheeler, 2002). However, negotiators outside of the laboratory are faced with a broad array of behavioral choices. *Should we meet in your location or mine? Should I offer a free trial of the product or not? What assurances of credit-worthiness are sufficient?* These examples highlight the need for the negotiator to expose themselves to financial risk in order to advance bargaining, gather information, and ultimately close a deal. We refer to this class of behaviors as “economically vulnerable behaviors.”

Economically vulnerable behaviors rely on parties trusting each other. However, if trust is misplaced, such behaviors can lead to negative outcomes, both financial and interpersonal. Indeed, interpersonal trust in negotiations has been associated with inherently risky behaviors (e.g. disclosure of negative information), which can leave one open to exploitation (Butler, 1999; Kimmel et al., 1980). If one trusts his counterpart, however, such behaviors can be safely performed to advance bargaining under the expectation of reciprocity (Kong, Dirks, & Ferrin, 2014). In the current research, we document that negotiators are more likely to engage in economically vulnerable behaviors toward counterparts who make generous first offers, as a result of potentially misplaced trust.

### **Research Overview**

In our studies, we manipulate the first offer to be relatively closer to or farther from the offer recipient's target and measure the recipient's reported and actual economically vulnerable behaviors toward the offer-maker. We document that negotiators who receive more generous first offers perceive these offer-makers as more trustworthy (Studies 2-4). Recipients of generous offers are more likely to engage in economically vulnerable behaviors, such as disclosing negative information. We observe this effect in an online marketplace (Study 1) and an incentivized laboratory experiment (Study 3). Perceptions of the offer-maker's trustworthiness, as a function of first offer price, mediate the recipient's likelihood of behaving vulnerably (Studies 2-3). Our effect holds despite de-biasing attempts in which recipients are explicitly informed that first offer values have been randomly assigned (Study 3). Additionally, neither offer-makers nor recipients foresee that the likelihood of behaving vulnerably would change as a consequence of the first offer value (Study 4).

We pre-registered our analyses, including sample sizes, exclusions, manipulations, and measures for our online studies (Studies 2-4). We ran our field study (Study 1) before pre-registration became our standard practice, but we report our sample size, exclusions, all manipulations, and all measures in the paper. Pre-registrations, study materials and data are posted anonymously at the Open Science Framework: [https://osf.io/uzncm/?view\\_only=60679a7b1be4488a9b3a93e7dc44b0ad](https://osf.io/uzncm/?view_only=60679a7b1be4488a9b3a93e7dc44b0ad)

## **Study 1**

### **Method**

We conducted an initial test of the impact of first offer value on the propensity of recipients to engage in economically vulnerable behaviors in a field setting. We used an audit study design in an active online marketplace where price negotiations are common – Craigslist.com.

*Participants.* Our participants were 513 individuals who had listed a bicycle for sale in six large metropolitan U.S. cities (Boston, New York City, San Francisco, Chicago, Philadelphia, and Austin). We selected sellers who met all of the following criteria: they were selling a used bicycle valued over \$500; they listed the bike as being in “like new,” “excellent,” or “good” condition; they represented themselves

as a private seller; they posted their ad within two days of our search; they did not request a phone call or text response; and they did not declare that they would not negotiate.<sup>9</sup>

*Design and procedure.* We posed as a potentially interested buyer sending messages to participants, randomly varying the first offer amount. We closely followed the design used in Jeong, Minson, Yeomans, and Gino (2018). We conducted our study by creating a fictitious gmail account with a gender-neutral name (“Riley Stone”). This allowed us to send all messages from a constant source and to track responses.

Every message we sent alternated between a “low” or “high” first offer. We determined the offer percentages via a pre-test ( $N = 52$ ,  $M_{age} = 33.63$  years,  $SD = 12.08$  years, 61% male) in which we showed participants Craigslist postings for four different bikes ranging from \$1,050 to \$4,000. For each ad, we asked participants to imagine responding to the posting and to name an appropriate first offer amount, given the list price. The four postings were shown in a randomized order. The median first offer amount was 69% of the list price. Using this as a benchmark, in our main study, we defined “low” offers to be 59% of the list price and “high” offers to be 79% of the list price, rounded up to the nearest \$5.

For each message, we used the same text: “*Hey there, That’s a sweet ride you have. Definitely interested. I can pay \$xxx for it. Would you be ok with me taking it for a test drive first? Also, is there anything I should know about the bike? Have you had any issues or problem with it? Thanks, Riley.*” The “xxx” in the message was replaced by a dollar amount that corresponded to 59% or 79% of the list price, as determined by random condition assignment.

We consulted with and received approval from the Institutional Review Board in order to conduct this study in a way that minimized any costs imposed on the participants. The marketplace we studied, Craigslist.com, is an unmoderated digital message board with no formal means of exchange. Buyers and

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<sup>9</sup> We pre-determined to stop data collection when a sample size of 600 was reached (100 participants per city). We targeted a sample size of 300 participants per condition to have sufficient power to detect our hypothesized differences. Our final sample of 513 participants fell slightly short of our intended sample size given the number of participants who met the exclusion criteria.

sellers are expected to explore options over email before eventually meeting in person, and there are no guarantees of sale from initial contact. We initially sent one email to each seller. If we received a response, we replied with a standard message within 24 hours: *“Thanks for the reply. I actually found another bike to buy, so I am no longer interested in yours. Good luck!”* If the seller replied multiple times before we sent our response, all of these replies were included in our analyses. We did not include any messages sent by sellers after they received the standard response.

All replies, including timestamps and text of messages, were tracked automatically by Gmail. A research assistant blind to the hypothesis and condition read these messages and coded them as a “1” if the seller offered a test ride or a “0” if the seller made no mention of the test ride or demanded collateral. The research assistant also coded the message as a “1” if it contained any negative information about the bicycle and as a “0” if it did not.

## **Results**

Not surprisingly, high first offers generated significantly more replies (79.4%) than did low first offers (62.1%,  $\chi^2(1) = 18.48, p < .001$ ). Importantly, among the sellers who responded, 42.2% of those who received high first offers agreed to a test ride with no collateral, significantly greater than the 31.4% of sellers who received low first offers ( $\chi^2(1) = 4.38, p = .036$ ). Considering the entire population of sellers contacted magnifies our effect, as 33.5% of sellers who received high first offers agreed to a test ride, whereas only 19.5% of sellers who received low first offers agreed to do so ( $\chi^2(1) = 12.78, p < .001$ ).

Interestingly, we also found that 15.9% of the responses from sellers who received high first offers disclosed negative information about the bike, significantly greater than the 4.1% of the responses from sellers who received low first offers ( $\chi^2(1) = 11.99, p = .001$ ). Again, our effect holds when looking at the original sample size, with 12.1% of sellers who received high offers disclosing negative information compared to only 2.3% of sellers who received low offers ( $\chi^2(1) = 18.21, p = .001$ ). Thus, receiving a more desirable first offer led sellers to disclose more undesirable information about their bike,

such as information about dents and scratches, flat tires, etc. The more favorable a deal was, the more willing participants seemed to be to disclose information that could potentially jeopardize it.

In their responses to the buyer, 37.7% of sellers included a counteroffer. Sellers who received high offers (40.2%) and sellers who received low offers (34.6%,  $\chi^2(1) = 1.20, p = .274$ ) were similarly likely to express a counteroffer. In the low-offer condition (59% of the list price), sellers on average counteroffered with 82% of the list price. In the high-offer condition (79% of the list price), sellers counteroffered with 88% of the list price.

Interestingly, counteroffers differed as a function of whether the seller's response disclosed negative information about the bike. In the low-offer condition, sellers who disclosed negative information made less aggressive counteroffers (asking for 73.3% of the list price) than sellers who did not disclose negative information (asking for 82.8% of the list price),  $F(1, 133) = 5.75, p = .018$ . Interestingly, in the high-offer condition, disclosure did not affect the value of counteroffers (with sellers who disclosed asking for 87.5% of the list price versus sellers who did not disclose asking for 88.4%),  $F(1, 133) = .26, p = .614$ . The interaction between first offer price and disclosure was significant ( $F(1, 133) = 3.82, p = .053$ ), suggesting that participants in the high-offer condition did not seem to recognize that their disclosure could jeopardize their economic outcomes.

## **Discussion**

In Study 1, we tested the behavioral impact of first offers on economically vulnerable behaviors in a naturalistic negotiation context. Sellers who received more generous first offers were more willing to allow buyers to test ride their bike and more likely to disclose negative information, than sellers who received less generous offers.

## **Study 2**

### **Method**

In Study 2, we replicate our effect in a controlled experiment to test whether the behavioral effects witnessed in Study 1 were caused by differential perceptions of the offer-maker's trustworthiness.

*Participants.* We recruited participants on Amazon’s Mechanical Turk ( $N = 404$ ,  $M_{age} = 36.49$  years,  $SD = 12.13$  years, 48% male) for in a study exploring how people negotiate, in exchange for \$0.40.<sup>10</sup>

*Design and procedure.* We instructed all participants to imagine they were trying to sell their used bike on Craigslist.com. We showed participants a Craigslist posting for a bike listed at \$1,250 (see Appendix G), and told them that the bike’s bottom bracket had an undetectable hairline fracture. We further told participants that: “While the fracture is not a fatal flaw, it may require repair down the road and would be something buyers would definitely want to know about before making the purchase.”

On the next screen, we told participants that their ad had been posted for over two weeks and they had just received their first message from a potential buyer. We reminded participants of the bike’s \$1,250 list price and randomly assigned them to receive a message offering either a low or high first offer amount: either \$750 (60%) or \$1,150 (92%). The buyer’s message read, “Hi there. I saw your ad and I’m very interested in your bike. I’ve done a lot of reading about the Roubaix Elite model and I think it’s a good fit for me. I can offer [\$750/\$1,150] for the bike.”

Next, we asked participants to report their perceptions of the buyer’s trustworthiness, as well as their willingness to carry out a variety of economically vulnerable behaviors during the course of the transaction. To measure trust, we asked participants, “How much do you trust this buyer?” using a 5-point scale labeled “Not at all,” “A little,” “A moderate amount,” “A lot,” and “A great deal.”

We asked participants, “How likely is it that you would disclose the hairline fracture to this buyer?” using a 5-point scale labeled, “Not at all likely,” “A little likely,” “Moderately likely,” “Very likely,” and “Extremely likely.” We also told participants to imagine meeting this buyer and asked, “How comfortable would you be letting this buyer take your bike on a test drive before he/she purchased it?”

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<sup>10</sup> As noted in our pre-registration, we pre-determined to have approximately 400 participants for this study (200 per condition) to have sufficient power to detect our hypothesized differences. Forty participants failed to pass a basic attention check and were excluded from participating in the study. The 404 participants referenced above passed the attention check and began the main task.

using a 5-point scale labeled, “Not at all comfortable,” “A little comfortable,” “Moderately comfortable,” “Very comfortable,” and “Extremely comfortable.”

Additionally, we asked three questions about other context-appropriate economically vulnerable behaviors using a 5-point scale labeled “Not at all willing,” “A little willing,” “Moderately willing,” “Very willing,” and “Extremely willing”: (1) “How willing would you be to accept a check as payment from this buyer, as compared to cash?” (2) “How willing would you be to accept cash payment in two installments [80% upfront and 20% by the end of the week] from this buyer?” and (3) “Imagine this buyer asks for a 24-hour grace period after purchasing the bike from you where the buyer can return it to you for any reason for a full return. How willing would you be to offer this grace period to this buyer?” We presented all six questions in a randomized order and then collected demographic information.

## Results

As hypothesized, the buyer’s first offer price significantly affected participants’ perceptions of the buyer’s trustworthiness. Specifically, participants who received high offers (\$1,150) reported trusting the buyer significantly more ( $M_{high} = 2.67$  of 5,  $SD = 0.97$ ) than did participants who received low offers (\$750), ( $M_{low} = 2.14$ ,  $SD = 0.97$ ;  $t(400) = -5.58$ ,  $p < .001$ ).

Participants reported a greater willingness to engage in economically vulnerable behaviors towards more generous buyers. Replicating Study 1, participants receiving high offers indicated a significantly greater willingness to allow the buyer to take the bike on a test ride without collateral ( $M_{high} = 2.74$ ,  $SD = 1.24$ ) than participants receiving low offers ( $M_{low} = 2.45$ ,  $SD = 1.27$ ;  $t(402) = -2.34$ ,  $p = .020$ ). Again, replicating the effects of our field study, participants receiving high offers reported being marginally more likely to disclose the hairline fracture ( $M_{high} = 3.43$ ,  $SD = 1.33$ ) than participants receiving low offers ( $M_{low} = 3.17$ ,  $SD = 1.35$ ;  $t(401) = -1.88$ ,  $p = .060$ ).

The same pattern emerged for vulnerable behaviors involving payments and returns. Specifically, participants receiving high offers were significantly more willing to accept a check, instead of cash ( $M_{high} = 1.94$ ,  $SD = 1.20$ ), than participants receiving low offers ( $M_{low} = 1.66$ ,  $SD = 1.03$ ;  $t(391.89) = -2.50$ ,  $p = .013$ ). Participants receiving high offers were significantly more willing to accept a two-installment

payment ( $M_{high} = 1.88$ ,  $SD = 1.14$ ) than participants receiving low offers ( $M_{low} = 1.44$ ,  $SD = 0.93$ ;  $t(386.39) = -4.25$ ,  $p < .001$ ). The difference in willingness to extend a 24-hour grace period was not significant between conditions, although we observed a trend in the predicted direction ( $M_{high} = 2.14$ ,  $SD = 1.20$  vs.  $M_{low} = 1.97$ ,  $SD = 1.20$ ;  $t(401) = -1.45$ ,  $p = .147$ ).

*Mediation.* A path analysis revealed that perceived trustworthiness mediated these behavioral intentions. For our mediation analysis, we created a composite economically vulnerable behavior measure that was an average of the five items. High first offers led to perceptions of the buyer as trustworthy, which led participants, to report being willing to engage in economically vulnerable behaviors. When we included trust in the model predicting the seller's willingness to behave vulnerably, the effect of the offer amount was reduced (from  $\beta = 0.28$ ,  $p = .003$ , to  $\beta = 0.01$ ,  $p = .894$ ), and perceived trustworthiness was a significant predictor of the seller's willingness to engage in vulnerable behaviors ( $\beta = 0.51$ ,  $p < .001$ ) (Baron & Kenny, 1986). A 10,000-sample bootstrap analysis revealed that the 95% bias-corrected confidence interval for the size of the indirect effect excluded zero [0.18, 0.38], suggesting a significant indirect effect size of 0.27 (Preacher & Hayes, 2004).

## **Discussion**

Study 2 provided additional evidence for differences in willingness to behave vulnerably based on first offer amount. Similar to our field study, participants were more willing to offer a test ride and disclose negative information to buyers who gave more generous first offers, with perceived trustworthiness mediating these intentions.

## **Study 3**

### **Method**

In Study 3, we test the boundaries of our effect to see whether negotiators continue to hold different trustworthiness perceptions of counterparts based on first offers, even when they are explicitly told the first offers were randomly assigned by the experimenter.

*Participants.* We recruited participants on Amazon’s Mechanical Turk ( $N = 413$ ,  $M_{age} = 34.56$  years,  $SD = 10.83$  years, 56.5% male) for a study exploring how people negotiate, in exchange for \$0.40, with a potential bonus opportunity of \$0.25.<sup>11</sup>

*Design and procedure.* We instructed all participants that they would be paired with another participant and engage in a negotiation. Their task was to sell two movie theater tickets to their partner, the buyer. We told participants they would earn a \$0.25 bonus if they sold the pair of tickets for \$12 or more. We then told all participants that while the tickets had no expiration date and could be used for IMAX shows with no additional surcharge, they could not be used on Saturdays or Sundays. We told participants that all the buyers who had been recruited were active moviegoers interested in purchasing discount tickets. Crucially, we explicitly informed participants that the buyers had been *randomly assigned* to start the negotiation with a specific first offer amount. We then randomly assigned participants to read a message from a buyer that contained a low or high first offer, of either \$7 or \$10. The message also asked whether there was anything the buyer should know about the tickets. Except for the first offer amount, the messages were identical (see Appendix H).

We asked all participants, “How likely is it that you would disclose the fact that you can’t use the tickets on the weekend to this buyer?” using a 5-point scale labeled, “Not at all likely,” “Slightly likely,” “Moderately likely,” “Quite likely,” and “Very likely.” We asked participants to report their perceptions of the buyer’s trustworthiness using the same scale as Study 2. The order of the two questions was counter-balanced. Before the presentation of both questions, we reiterated to participants that the first offer amount had been randomly assigned by the experimenter.

After we collected these responses, we informed all participants that their partner, the buyer, had dropped out of the study early; as a result, there would be no negotiation, but they would still receive a

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<sup>11</sup> As noted in our pre-registration, we pre-determined to have approximately 400 participants for this study (200 per condition) to have sufficient power to detect our hypothesized differences. Thirty-seven participants failed to pass a basic attention check and were excluded from participating in the study. The 413 participants referenced above passed the attention check and began the main task.

bonus payment. We later debriefed all participants about the study design and the fact that there was no participant playing the role of buyer. Finally, we collected demographic information and paid participants, including the bonus payment.

## **Results**

We replicated the results of our prior studies under incentivized conditions. Despite being told multiple times that the first offer amount had been randomly assigned by the experimenter, participants perceived the offer-maker differently depending on the first offer amount and exhibited different levels of economic vulnerability. Specifically, participants perceived buyers who made high offers to be significantly more trustworthy ( $M_{high} = 3.10$  of 5,  $SD = 1.04$ ) than buyers who made low offers ( $M_{low} = 2.75$ ,  $SD = 1.03$ ;  $t(403) = -3.40$ ,  $p = .001$ ). Participants who received high first offers also reported a significantly higher likelihood of disclosing negative information about the movie tickets (that they could not be used on the weekends) ( $M_{high} = 3.22$  of 5,  $SD = 1.34$ ), as compared to participants who received low first offers ( $M_{low} = 2.90$ ,  $SD = 1.36$ ;  $t(403) = -2.36$ ,  $p = .019$ ).

*Mediation.* A path analysis revealed that the participant's perceptions of the buyer's trustworthiness mediated the likelihood of disclosure. High first offers led to perceptions of the buyer as more trustworthy, which led to participants being more willing to disclose negative information. When we included trust in the model predicting the participant's willingness to disclose the fact the tickets could not be used on the weekend, the effect of the offer amount was reduced (from  $\beta = 0.32$ ,  $p = .019$ , to  $\beta = .16$ ,  $p = .201$ ), and perceived trustworthiness became a significant predictor of the participant's willingness to disclose negative information ( $\beta = 0.44$ ,  $p < .001$ ) (Baron & Kenny, 1986). A 10,000-sample bootstrap analysis revealed that the 95% bias-corrected confidence interval for the size of the indirect effect excluded zero [0.06, 0.27], suggesting a significant indirect effect size of 0.15 (Preacher & Hayes, 2004).

## **Discussion**

Study 3 demonstrates the robustness of our effect. Participants view generous first offer-makers as more trustworthy and are more willing to engage in economically vulnerable behaviors towards them, even when explicitly told that the first offer amount was experimentally induced.

## Study 4

### Method

In Studies 1-3, we find negotiators responding to more desirable first offers by engaging in economically vulnerable behaviors. In this final study, we explore whether negotiators are able to predict this effect.

*Participants.* We recruited participants on Amazon's Mechanical Turk ( $N = 400$ ,  $M_{\text{age}} = 35$  years,  $SD = 11.15$  years, 49% male) to take part in a study exploring how people negotiate, in exchange for \$0.35.<sup>12</sup> We restricted our sample to participants with experience interacting on Craigslist.com in order to elicit responses that would resemble how individuals would actually behave in this marketplace.<sup>13</sup>

*Design and procedure.* We randomly assigned participants to the role of a buyer or seller. Buyers were told:

*"Imagine you were trying to buy something on Craigslist and had responded to an ad. Also imagine that the item you were trying to buy had a flaw that only the seller knew about. It's not a detectable flaw, so you wouldn't know about the flaw by inspecting the item. The seller doesn't consider it a fatal flaw, since it may or may not be an issue, and the seller is not legally obligated to disclose the flaw. As the buyer, however, you would want to know about the flaw, since it may require repair down the road and may affect either your desire to buy the item or your perceptions of how much it should cost."*

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<sup>12</sup> As noted in our pre-registration, we pre-determined to have approximately 400 participants for this study (100 per condition) to have sufficient power to detect our hypothesized differences. Two participants failed to provide consent, and 48 participants failed to pass a basic attention check; both groups were excluded from participating in the study. One participant dropped out of the study before being assigned to a condition and beginning the main task. The 400 participants referenced above passed the attention check and began the main task.

<sup>13</sup> One hundred and five participants were filtered out from participating in the study because they had reported never attempting to buy or sell using Craigslist.com. The 400 participants in our study reported having experience either responding to and/or posting a Craigslist.com ad.

We further randomly assigned the participants in the role of the buyer to imagine they had sent a message to the seller with “a first offer price that was close to or far from the asking price.” We then asked all buyers to reply to the statement: “The seller’s likelihood of disclosing the flaw to me is...,” using a sliding scale from 0 to 100, where 0 represents “no likelihood of disclosure” and 100 represents “100% likelihood of disclosure.” Then we asked all buyers to answer two statements, in a counter-balanced order: “If the seller discloses the flaw to me, my chance of getting a good deal is...,” and “If the seller does not disclose the flaw to me, my chance of getting a good deal is...” Participants answered these two questions using a sliding scale from 0 to 100, where 0 represents “no chance of getting a good deal” and 100 represents “complete certainty of getting a good deal.”

We gave participants in the seller role the same set of instructions, from the seller’s perspective. They read:

*“Imagine you were trying to sell something on Craigslist and had posted an ad. Also imagine that the item you were trying to sell had a flaw. It's not a detectable flaw, so the buyer wouldn't know about the flaw by inspecting the item. You don't consider it a fatal flaw, since it may or may not be an issue, and you're not legally obligated to disclose the flaw. A buyer, however, would want to know about the flaw, since it may require repair down the road and may affect either their desire to buy the item or their perceptions of how much it should cost.”*

We also further randomly assigned the participants in the role of the seller to imagine they had received a message from a buyer with “a first offer price that was close to or far from their asking price.” We then asked all sellers to answer the statement, “My likelihood of disclosing the flaw to this buyer is...” using the same scale described above. We also asked sellers to answer two statements in a counter-balanced order: “If I disclose the flaw to this buyer, my chance of getting a good deal is...” and “If I do not disclose the flaw to this buyer, my chance of getting a good deal is...” using the same scale described above.

In this way, we provided identical information about the negotiation context to all participants and asked the same questions of them, but only manipulated whether they were taking the perspective of the buyer or seller in a negotiation with a low or high first offer. After participants completed all measures, we collected demographic information.

## **Results**

We find that participants in the role of the buyer are unable to predict the main effect we observed in Studies 1-3, namely that offer-makers giving more generous first offers are more likely to elicit disclosures from sellers, than offer-makers with less generous first offers. Specifically, we find that buyers don't believe there will be any difference in the seller's likelihood of disclosing an undetectable flaw when the first offer is low (22.1%) versus high (25.1%,  $t(198) = -1.01, p = .314$ ).

Not surprisingly, buyers recognize that the seller's disclosure of negative information will increase their own bargaining power. We find that buyers predict that if the sellers disclose the flaw to them, they will be more likely to get a good deal (58.8% likelihood of getting a good deal), than if the seller had withheld that information (32.8% likelihood of getting a good deal), regardless of the first offer amount ( $F(1,199) = 141.94, p < .001$ ).

We find similar results from the seller's perspective. Although sellers imagined their rates of disclosure to be markedly higher than predicted by buyers, they also didn't report any difference in their predicted likelihood of disclosure to buyers with low (62.1%) versus high (65.7%,  $t(198) = -.77, p = .443$ ) first offers. Similar to buyers, sellers believed that disclosing negative information would weaken their bargaining power. Sellers predicted that if they disclosed the flaw to the buyer, they would be significantly less likely to get a good deal (40.5% likelihood of getting a good deal), than if they withheld that information (65.5% likelihood of getting a good deal), regardless of the first offer amount ( $F(1,199) = 151.07, p < .001$ ).

## **Discussion**

Participants did not predict the effects in our earlier studies, either when taking the buyer or the seller perspective. Even though both parties recognized that disclosing negative information decreases bargaining power, they did not expect a more generous first offer to induce this behavior.

### **General Discussion**

In four studies, we demonstrate that first offers closer to a recipient's target are more likely to elicit economically vulnerable behaviors than more aggressive offers. In Study 1, conducted in an online marketplace, we found that sellers receiving more generous first offers were more likely to disclose negative information about a bicycle for sale and offer a test ride, than sellers receiving less generous first offers. Moving into a laboratory setting in Study 2, we found that perceptions of the offer-maker's trustworthiness, as a function of first offer price, mediated the likelihood of economic vulnerability. In Study 3, we found that our effect persists even when recipients are explicitly told that first offer amounts have been randomly assigned. Finally, in Study 4, we found that negotiators did not predict these effects. Taken together, these results highlight both the surprising and paradoxical nature of the effects we document in Studies 1-3: negotiators are willing to jeopardize the most lucrative deals based on misplaced trust.

### **Theoretical and Practical Implications**

Our findings yield implications for both negotiation scholarship and practice. We contribute to the body of work focusing on the importance of first offers by documenting a novel relationship between first offer value and trust perceptions. While the anchoring potency of first offer values has long been established (Benton et al., 1972), we find that first offers drive additional interpersonal and behavioral consequences.

Prior literature demonstrates that trustworthiness leads to information disclosure. We trust others who display benevolence, ability, and integrity (Butler, 1991) and when we trust others, we become willing to be vulnerable to exploitation (Rousseau et al., 1998). In our studies however, trust was misplaced. Participants trusted the makers of more generous offers, even when they knew that offer

values were experimentally assigned. These findings raise important questions regarding the relative effectiveness of authentic and inauthentic impression management strategies in negotiations.

Prior scholars (e.g. Minson, VanEpps, Yip, & Schweitzer, 2018) have studied strategies for eliciting unfavorable information in negotiations. We find an unpredicted effect of first offer values eliciting such disclosures through increased trust, offering negotiators a novel and subtle strategy for gaining potentially viable information.

Furthermore, we find that negotiators are unable to predict these effects. This discrepancy between lay prediction and behavior could be due to individuals' failure to successfully perspective-take in a "cold" state about how one would react in a "hot" state upon receipt of a desirable first offer (Loewenstein, 1996, 2005; Loewenstein, O'Donoghue, & Rabin, 2003). Alternatively, it may be the case that negotiators who disclose negative information to more generous offer-makers don't *actually* believe they are putting themselves at a disadvantage. In line with research on interpersonal trust-building in dyadic relationships (Pillutla, Malhotra, & Murnighan, 2003; Weber, Malhotra, & Murnighan, 2004), negotiators may naively believe that since interpersonal trust has been established, the generous offer-maker is less likely to use the negative information against them.

### **Conclusion**

We report a surprising path by which first offers affect downstream negotiation dynamics. Our results suggest that offer-makers should think twice about the traditional wisdom of opening a negotiation by anchoring aggressively, depending on the importance of needing to elicit behaviors from the counterpart that rely on trust. Our data also suggest that offer recipients should be more cognizant of the source of their trustworthiness judgments and the extent to which their willingness to engage in economically vulnerable behaviors is perhaps unfounded and could reduce their leverage.

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## APPENDICES

### Appendix A. Chapter 3 Study 1 Scenario Stimuli

In Study 1, participants pretended to respond to this ad in their writing task, which was copied from a real Craigslist post.

#### ☆ **Almost new iPhone 6 Plus 64GB Factory unlocked new in box - \$155**

image 1 of 2



Hello,

I am selling Factory unlocked iPhone 6 Plus 64Gb. This phone is absolutely pristine and could pass for new, as it has never been used without an Otter box case. Not a scratch or scuff on the body, or screen. Purchased at Verizon, but as with all Verizon iPhones, it is factory unlocked and can be used on other networks. Clean ESN and ready to be activated.

You must Contact my private mail || [show contact info](#)

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## Appendix B. Chapter 3 Politeness Detector Features

This table lists all the features that were used for constructing the warmth detection model in Study 1. These features were primarily drawn from two recent papers in computational linguistics (Danescu-Niculescu-Mizil et al., 2013; Voigt et al., 2017) that summarized long bodies of work on linguistic markers of respect and politeness. We only removed some very context-specific features from their original list (e.g. “keep your hands on the wheel”).

<u>Feature</u>	<u>Description</u>	<u>Example</u>
<b><u>Formalities</u></b>		
<b>Hello</b>	“hi”, “hello”, “hey”	“ <i>Hi</i> , how are you today?”
<b>Goodbye</b>	“goodbye”, “bye”, “see you later”	“That’s my best offer. <i>Bye!</i> ”
<b>Please Start</b>	Please to start sentence	“ <i>Please</i> let me know if that works”
<b>Please</b>	Please mid-sentence	“Let me know if that works, <i>please</i> ”
<b>Gratitude</b>	“thank you”, “i appreciate”, etc.	“ <i>Thanks</i> for your interest”
<b>Apologies</b>	“sorry”, “oops”, “excuse me”, etc.	“I’m <i>sorry</i> for being so blunt”
<b>Formal Title</b>	“sir”, “madam”, “mister”, etc.	“ <i>Sir</i> , that is quite an offer.”
<b>Informal Title</b>	“buddy”, “chief”, “boss”, etc.	“ <i>Dude</i> , that is quite an offer.”
<b>Swearing</b>	Vulgarity of all sorts [LIWC]	“The <i>dang</i> price is too high”
<b><u>Action Phrases</u></b>		
<b>Subjunctive</b>	Indirect request	“ <i>Could you</i> lower the price?”
<b>Indicative</b>	Direct request	“ <i>Can you</i> lower the price?”
<b>Bare Command</b>	Unconjugated verb to start sentence	“ <i>Lower</i> the price for me”
<b>Let Me Know</b>	“let me know”	“ <i>Let me know</i> if that works”
<b>Affirmation</b>	Direct agreement at start of sentence	“ <i>Cool</i> , that works for me”
<b>Conjunction Start</b>	Begin sentence with conjunction	“ <i>And</i> if that works for you”
<b>Reasoning</b>	Explicit reference to reasons	“I want to <i>explain</i> my offer price”
<b>Resassurance</b>	Minimizing other’s problems	“ <i>Don’t worry</i> , we’re still on track”
<b>Ask Agency</b>	Request an action for self	“ <i>Let me</i> step back for a minute”
<b>Give Agency</b>	Suggest an action for other	“I want to <i>let you</i> come out ahead”
<b><u>Qualifiers</u></b>		
<b>Hedges</b>	Indicators of uncertainty	“I <i>might</i> take the deal”

<u>Feature</u>	<u>Description</u>	<u>Example</u>
<b>In Fact</b>	Indicators of certainty	“This is <i>definitely</i> a good idea.”
<b>Positive</b>	Positive emotion words	“that is a <i>great</i> deal”
<b>Negative</b>	Negative emotion words	“that is a <i>bad</i> deal”
<b>Negation</b>	Contradiction words [LIWC]	“This <i>cannot</i> be your best offer”
<b>Questions</b>	Question words to start sentence	“ <i>Why</i> did you settle on that value?”
<b>By The Way</b>	“by the way”	“ <i>By the way</i> , my old offer stands”
<b>Adverbial Just</b>	modifying a quantity with “just”	“It is <i>just</i> enough to be worth it”
<b>Filler Pause</b>	“er”, “um”, “uh”, “sigh”, etc.	"That offer is, <i>um</i> , on the low side”
<u><b>Pronouns</b></u>		
<b>For Me</b>	“for me”	“It would be great <i>for me</i> ”
<b>For You</b>	“for you”	“It would be great <i>for you</i> ”
<b>Group Identity</b>	First-person plural pronouns	“it’s a good deal for both of <i>us</i> ”
<b>First Person</b>	First-person singular mid-sentence	“It would benefit <i>me</i> , as well”
<b>Second Person</b>	Second person mid-sentence	“It would benefit <i>you</i> , as well”
<b>First Person Start</b>	First-person singular to start sentence	“ <i>I</i> would take that deal”
<b>Second Person Start</b>	Second-person to start sentence	“ <i>You</i> should take that deal”
<b>Impersonal Pronoun</b>	Non-person referents [LIWC]	“ <i>That</i> is a deal”

## Appendix C. Chapter 3 Sample Inclusion Rules in Study 2

Study 2 was a natural field experiment in which participants were selected from people who had posted a smartphone for sale on craigslist during the study window. We had a research assistant crawl the websites of the top fifteen markets in the United States to determine which participants would be included in the study. Some inclusion criteria could be automated in the search function of the craigslist website (e.g. distance from city center), while other criteria had to be judged by the research assistant in the moment, based on the contents of the ad (e.g. is this seller a business or individual?)

Here, we present the entire document for the research assistants, which provided a guide to the files associated with the gmail account, the step-by-step procedure for each “recruitment” session, and details on inclusion criteria.

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### 1. Google Drive Files

Use a chrome incognito window, so you can switch between google drive and gmail. There are four files in the drive (two sheets, two docs) and a folder.

- a) "City Logs" has links to every craigslist search. One row for every city. Here, you will also enter the cities you visited on each day of the experiment.
- b) "Price Logs" has the offer price calculator and condition assignment. One row for every email sent. You will enter the asking price and the seller's email address.
- c) "Messages" backs up the text for our email messages, in case they get deleted or over-written, and you need to re-enter them.
- d) "Instructions" has the protocol for the study.
- e) "Saved Pages" will hold the saved webpages from every craigslist post.

### 2. Session Workflow

The work is composed of daily "sessions", where you look through "searches" to find eligible "sellers". They're nested loops - each search loop will contain multiple sellers, and each session loop will contain multiple searches.

For each session {

- a) Log into the gmail account. If anyone responded the day before, tell them "I'm sorry, I decided to buy a different phone. Thank you for the reply".
- b) Open "city logs" and find the search link that has been pent up the longest (i.e. longest time since being clicked). Open that link, and tick off a box to let us know you looked at it on that day.

For each search {

- c) Look through the posts on the search page for eligible sellers (see below for definition of "eligible") who have posted since the last time you visited this page. Every time you find an eligible seller, work through the seller loop.

For each seller {

d) Add their email address to the "Price Logs" spreadsheet, on the next available row.

e) Copy the ID number from that row. Go back to the craigslist post page, right-click in the whitespace and choose "save as...". The prompt should indicate you are saving a "Webpage, complete". Save the page in a temporary folder, and use the ID number from "Price Logs" as the file name.

f) Enter their into the corresponding row in Price Logs, which will calculate the offer price.

g) Open "canned response" in Gmail. Match this post's assigned condition in Price Logs to the

h) Replace the subject line with "iPhone posted for sale?". Replace {\*\*\*PRICE\*\*\*} with the offer price. Paste the seller's email into the "To" line.

i) Double-check to make sure the email, offer price, assigned condition, and saved page all match the correct spreadsheet row. Then press send!

} after each seller...

j) Write a comment in the Price Logs, in case there was anything atypical or suspicious in the interaction, or if the email bounced back for any reason.

k) Go back to the search page and find the next eligible seller.

} after each search...

l) Go back to the City Logs spreadsheet and find the next search.

} after each session...

m) Take the folder of saved craigslist pages and add it to the folder of "Saved Pages" on google drive. Make sure the upload finishes before logging out!

### **3. What qualifies as an "eligible seller"?**

This is the hardest part of the job, by far. You will make judgment calls. A few of them will be wrong. We are hoping that the vast majority will be right.

Must have been posted/updated within the last 48 hours. No limit on "time since posted".

Must have a real picture of the actual phone for sale.

Only used iPhone 6, 7 or SE models.

Posted by personal owners, not businesses - businesses often include storefront pickup locations, post many different phones,

Only single-phone posts. Multiple phones is likely a business, or at the very least confusing.

Must accept email! No posts that say “call or text only”, and/or include a phone number. Also avoid people who request using their personal email, rather than the craigslist email.

Damage limited to scratches. No cracks, water damage, jailbroken, locked phones, etc.

AVOID posts that say “non-negotiable” or “firm price”

AVOID posts that insist on delivery/shipping - must be open to in-person pickups

AVOID any captcha-like instructions, e.g. “please include  $1+1=2$  in the subject line”

## Appendix D. Chapter 3 Buyer Messages in Study 2

Every participant in Study 2 received one of six pre-written messages, which always included a requested discount of 80% of the asking price in the advertisement. We created these messages by writing three generic offers and then adjusting the communication style of each message to be either warm and friendly or tough and firm, in accordance with the linguistic features analyses in Study 1. Below, **tough and firm features are in bold**, while *warm and friendly features are in italics*.

---

[**I saw** --- *Hi there - I'm happy to see*] your post about the phone[. --- !] This iPhone matches what I wanted to buy [*- you must have great taste :)*]. [**I'm willing to pay** --- *Is there any chance you could sell it to me for*] {80% of listed price}? Given the prices on similar phones currently for sale, [**I'm firm on that price.** --- *I would really appreciate it and it would help me out a lot!*] I live in the area and I can [*come to*] meet you [**wherever** --- *anywhere that is convenient for you*]. [*Please*] let me know by tomorrow if the price is ok for you [**or else I'll move on** --- *and thank you so much for your time and consideration. Hope you have a wonderful day*].  
[**-Riley** ---- *Sincerely, Riley*]

[*Hello! I liked your listing and*] I am interested in buying the used iPhone. However, the asking price is too high for me [*even though you clearly took care of it*]. Instead, [**I am offering to pay** --- *would you be willing to accept*] {80% of listed price}[. --- ?] Does that work? If so, I look forward to doing business with you. [**If you want to sell your phone** --- *If you will be okay with this price*], let me know by tomorrow and I can pay in cash when I pick it up. [**I am flexible on** --- *I can meet you at a*] time and place [*that is convenient for you*]. I look forward to your [**acceptance** --- *consideration*] of my offer. [*Thanks again!*]  
[**-Riley** ---- *All the best, Riley*]

[*Hello,*] I was looking at your post and this phone [**could meet my needs.** --- *is the one I've been waiting for!*] I would be interested in [**taking this off your hands** --- *purchasing your beautiful phone*]. I [**am willing to** --- *am happy to*] pick it up from you, but [*unfortunately*] your asking price is too high for [**what you are offering** --- *me*]. I [**am willing** --- *can only afford*] to pay {80% of listed price} in cash for the phone. That's my absolute limit, [**non-negotiable** --- *I'm sorry to say*]. And I can meet you [**any time** --- *whenever is most convenient for your schedule*]. Let me know if this will work for you [. --- *and have a great day*]  
[**-Riley** ---- *Thank you, Riley*]

## Appendix E. Chapter 3 Participant Instructions in Study 3

These are the instructions that were given to participants in the negotiation exercise from Study 3. Buyers and sellers saw different instructions throughout, implemented through the software itself and adapted from the sugar bowl case. Additionally, buyers were divided into two conditions (warm and friendly vs. tough and firm) before the final instructions screen.

---

### First Screen to Sellers

*During this exercise, you will enter into a negotiation with another participant. You are going to play the role of the seller and your partner will play the role of the buyer.*

*The interaction will be completely anonymous.*

*The negotiation will be structured in several parts. First, you will have a few minutes to read through the instructions. The instructions begin on the next screen.*

[There will be an intervening screen where they get paired up.]

### Second Screen to Sellers

*Imagine you are an antique dealer who primarily does business online. Today, you have set up a booth at a “high-end” antique fair. You use the marketplace to sell merchandise that you’ve been unable to sell elsewhere. Many of the shoppers are savvy bargain hunters, while others are relatively ignorant and will happily overpay for items that will serve as conversation pieces in their homes.*

*Business today has been steady, but not spectacular. Happily, a buyer seems to have taken an interest in a small silver sugar bowl that could help make your trip to this antique fair worthwhile.*

*In reviewing your inventory, you notice this piece was originally purchased for a local client after an exhaustive search, but the client refused to accept the sugar bowl due to a minor blemish. You paid \$350 to acquire the sugar bowl.*

*Your original client was to pay \$650. The market value for such a bowl widely varies from \$400-\$800. At this stage, you’d be happy just getting rid of it. You listed the sugar bowl twice online, but had no bids over \$300.*

*As for the bowl itself, your research indicated this piece was crafted in the late 1750’s by an artist named Langlands, who was reputed to be a highly skilled and detail-oriented craftsman in New England.*

*You would like to sell the sugar bowl for at least what you paid. Anything above \$350 represents profit (not factoring in all the time and effort you’ve invested!), and you also know online buyers would pay as much as \$300. You have not marked a price on the sugar bowl. Everything is negotiable. It appears that the person looking at the bowl is clearly able to pay...so it’s time to close the sale!*

### Third Screen to Sellers

*On the next page you will be begin to negotiate with this potential buyer. This buyer will first send you a message. Please think about your negotiation strategy as you await the buyer’s message.*

*A bonus is available depending on your final negotiated price with the buyer. If you are able to sell the sugar bowl for a price higher than \$300, you will be awarded a bonus. For every \$10 over \$300 you sell the bowl for, you will receive a bonus of \$0.10.*

*For example, if you sell the bowl for \$350, you will receive \$0.50 as a bonus. The final price will be rounded up or down to the nearest \$10. For example, if you sell the bowl for \$355, the final price will be \$360.*

*If you and the buyer are unable to agree on a price, no bonus will be available to either of you.*

### **First Screen to Buyers**

*During this exercise, you will enter into a negotiation with another participant. You are going to play the role of the buyer and your partner will play the role of the seller.*

*The interaction will be completely anonymous.*

*The negotiation will be structured in several parts. First, you will have a few minutes to read through the instructions before you send your first message to the seller. The instructions begin on the next screen. [There will be an intervening screen where they get paired up.]*

### **Second Screen to Buyers**

*Imagine that you are browsing at a local antique fair and you spotted THE ITEM for which you have spent years searching! As a child, a relative gave you a silver tea set that, in its complete 4-piece setting, may be valued as high as \$2000. Unfortunately, your set is not complete because you are missing the sugar bowl.*

*An appraiser suggested that through an auction house, you could sell your current set for \$1200 (although they are less interested in incomplete sets). With the sugar bowl, you might be looking at around \$1700.*

*You examined the sugar bowl very carefully and you are absolutely certain that this is YOUR piece. It matches the artist, location, and setting style of your set. You are 100% certain that this is the piece you need. You've searched for this bowl on the internet and in specialty magazines, but the sugar bowl seems to be the hardest piece to find. You've seen wide-ranging appraisals listing the sugar bowl at \$400-\$800. Until now, it has been impossible to find the item for sale on its own.*

*You realize you must seize the opportunity. In addition to the significant monetary value the bowl would add to your set, there is a high level of sentiment involved. Based upon the appraisal, you could pay up to \$500 for the piece and still show a net gain. You have \$600 in your checking account and if necessary you could get a certified check drawn up this afternoon.*

*The seller has seen your interest in the piece. It's undoubtedly for sale, but at what price? Prices at antique fairs are generally negotiable.*

### **Third Screen to Buyers**

*On the next page you will begin to negotiate with this seller. You are going to send the first message.*

*A bonus is available depending on your final negotiated price with the seller. If you are able to buy the sugar bowl for a price lower than \$500, you will be awarded a bonus. For every \$10 under \$500 you buy the bowl for, you will receive a bonus of \$0.10.*

*For example, if you buy the bowl for \$350, you will receive \$1.50 as a bonus. The final price will be rounded up or down to the nearest \$10. For example, if you buy the bowl for \$355, the final price will be \$360.*

*If you and the seller are unable to agree on a price, no bonus will be available to either of you.*

**<Buyers will be randomized to be “warm and friendly” versus “tough and firm”>**

**Fourth Screen to Warm Buyers**

*You must now send your first message to the seller.*

*Extensive research on negotiations has shown that buyers who come across as WARM and FRIENDLY get better deals than buyers who come across as tough and firm negotiators.*

*To get the first best price, in your first message to the seller, offer \$250 for the sugar bowl and phrase your message to be as WARM and FRIENDLY as possible.*

*You have two minutes from now to send the response.*

[Buyer writes first message to the seller into a text box (B1)]

**Fourth Screen to Tough Buyers**

*You must now send your first message to the seller.*

*Extensive research on negotiations has shown that buyers who come across as TOUGH and FIRM get better deals than buyers who come across as warm and friendly negotiators.*

*To get the first best price, in your first message to the seller, offer \$250 for the sugar bowl and phrase your message to be as TOUGH and FIRM as possible.*

*You have two minutes from now to send the response.*

[Buyer writes first message to the seller into a text box (B1)]

### **Appendix F.** Chapter 3 Perceptions of Dominance scale used in Study 3

These questions were given to a set of third-party raters who evaluated the buyers' initial offers based on these eight traits. The scale items were adopted from Tiedens, Unzueta, & Young (2007). The last four items are reverse-scored, and the eight questions were shown in a random order.

- Based on this message, how dominant does this buyer seem?
- Based on this message, how assertive does this buyer seem?
- Based on this message, how domineering does this buyer seem?
- Based on this message, how forceful does this buyer seem?
- Based on this message, how submissive does this buyer seem?
- Based on this message, how unbold does this buyer seem?
- Based on this message, how meek does this buyer seem?
- Based on this message, how unaggressive does this buyer seem?

**Appendix G.** Chapter 4 Image and description of advertisement shown to participants in Study 2

★ **Specialized Roubaix w/ Add-ons - \$1250 (Medford)** 

image 1 of 7



condition: **excellent**  
make / manufacturer: **Specialized**  
model name / number: **Roubaix**  
serial number: **STE34I111**  
size / dimensions: **52**

- [safety tips](#)
- [prohibited items](#)
- [product recalls](#)
- [avoiding scams](#)

Specialized Roubaix Elite (2005) in excellent condition. 52 frame. Purchased this bike lightly used two years ago but put few miles on it since. Very little wear and tear, very smooth ride. Parts spec:

Dura Ace Shimano parts  
FSA carbon crank  
Selle Italia saddle  
DT Swiss wheels

**Appendix H.** Chapter 4 Buyer's message in the "high offer (\$10)" condition in Study 3.

Participants in the "low offer (\$7)" condition received the identical message, except the first offer amount was \$7.

hi! my name is sam s. not sure how this works but the study said i could buy discount movie tix. don't really know if you're actually a real person or not, but aynway we go to the movies a lot and i would like to buy the two tix

the instructions say i need to start by offering \$10. what do you think? anything i need to know about them tix? i only saw the pic of the tix so looks like i can use at amc, which is perfcet for me, so close to home.