

When a Negotiation is About Price, Selling Fits Promotion and Buying Fits Prevention

Kirstin C. Appelt & E. Tory Higgins
Columbia University

Abstract

We explored regulatory fit in negotiation as the relation between chronic regulatory focus and role. We hypothesized and found that, when the negotiation emphasized price, buyers adopted a loss/non-loss frame and sellers adopted a gain/non-gain frame. Given these frames, there was a fit between the buyer role and a prevention focus and between the seller role and a promotion focus. Prevention buyers and promotion sellers subjectively experienced fit with their randomly assigned roles.

Theoretical Background

Regulatory focus theory (Higgins et al., 2001) suggests two self-regulatory orientations: a prevention focus concerned with losses/non-losses and a promotion focus concerned with gains/non-gains.

- A prevention focus matches a vigilant strategy ensuring the absence of negative outcomes whereas a promotion focus matches an eager strategy ensuring the presence of positive outcomes. A match between orientation and strategy creates regulatory fit, which intensifies value (Higgins, 2000).

Past research on negotiation suggests that buyers frame the money to be paid as a loss whereas sellers frame the money to be received as a gain (Monga & Zhu, 2005; Neale, Huber & Northcraft, 1987).

- To minimize monetary losses, buyers should prefer a vigilant strategy. To maximize monetary gains, sellers should prefer an eager strategy.

Combining regulatory focus and negotiator roles, in price negotiations, there is a match between a prevention focus and the buyer role and between a promotion focus and the seller role that creates regulatory fit (Appelt et al., in press). The current study was designed to test two assumptions of this “focus-role” fit.

- Buyers and sellers adopt different frames (loss/non-loss and gain/non-gain, respectively)

- Negotiators in “focus-role” fit (prevention buyers and promotion sellers) subjectively experience a greater fit with their assigned roles than negotiators in “focus-role” non-fit (prevention sellers and promotion buyers).

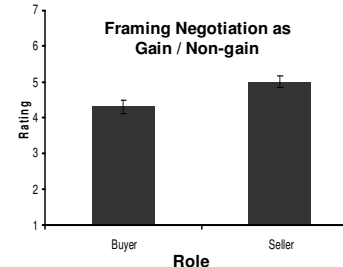
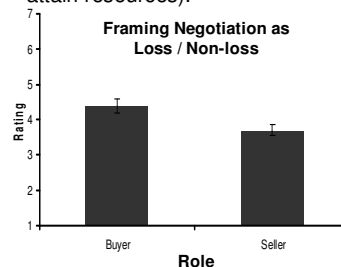
- We used a real negotiation in order to increase incentive compatibility and external validity.

Methods

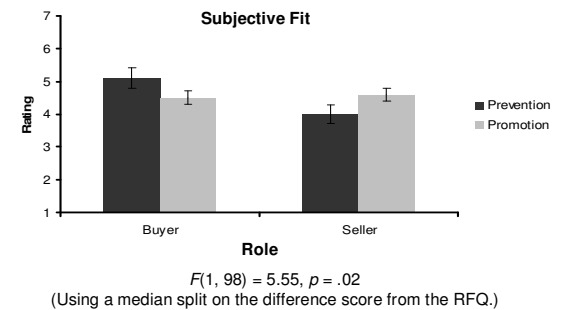
- Participants (N = 102) completed “study 1,” which included the Regulatory Focus Questionnaire (Higgins et al., 2001).
- The experimenter then introduced “study 2” by randomly assigning participants to dyads and to buyer or seller roles within these dyads.
- A real negotiation (vs. a hypothetical case) was used. The buyer was endowed with \$5 whereas the seller was endowed with a Columbia University notebook. The experimenter emphasized that the negotiation was real and that any outcome reached was binding.
- Participants completed a pre-questionnaire before negotiating. Results reported here are limited to pre-negotiation measures.

Results

- Participants rated the extent (1 = *absolutely not* to 7 = *absolutely yes*) to which they viewed the negotiation as a chance to create value, to minimize loss, to attain resources and to maintain resources.
- As predicted, buyers framed the negotiation as a loss/non-loss (average of minimize loss and maintain resources) whereas sellers framed the negotiation as a gain/non-gain (average of create value and attain resources).



- Participants rated the extent (1 = *absolutely not* to 7 = *absolutely yes*) to which their randomly assigned roles felt like a good fit, were engaging and felt “right.” Because these measures were highly correlated (Cronbach’s $\alpha = .86$), we averaged them to form one measure of subjective fit.
- Buyers reported experiencing more fit than sellers, $p = .03$.
- More importantly, the regulatory focus x role interaction was significant. As predicted, prevention buyers reported experiencing more fit than promotion buyers whereas promotion sellers reported experiencing more fit than prevention sellers.



Discussion

The current study provided evidence for two of the assumptions underlying “focus-role” fit theory. In a price negotiation, buyers adopted a loss/non-loss frame and sellers adopted a gain/non-gain frame. Additionally, negotiators in fit (prevention buyers and promotion sellers) experienced more subjective fit with their randomly assigned roles than negotiators in non-fit (prevention sellers and promotion buyers). Because “focus-role” fit increases negotiator demandingness (Appelt et al., in press), it may be an important tool for negotiators.

Future research will investigate whether a negotiation emphasis other than price can cause the buyer to adopt a gain frame and the seller to adopt a loss frame. In such a negotiation, the conditions of “focus-role” fit would reverse – a promotion focus should match the buyer role and a prevention focus should match the seller role.

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Contact: Kirstin C. Appelt, kappelt@psych.columbia.edu