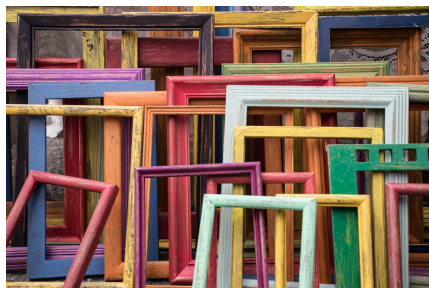




Framing in Negotiation

For successful framing in negotiation, offer manageable options to your counterpart, present several offers at the same time, and take advantage of the contrast effect.

BY KATIE SHONK — ON JANUARY 6TH, 2022 / BUSINESS NEGOTIATIONS



So, you've offered what you think is a great deal, but your counterpart doesn't seem to agree. What's the problem? The offer may be excellent—it's how you've approached framing in negotiation that's holding you back.

The concept of framing in negotiation describes the fact that the way we describe our offers strongly affects how others view them. For

example, research by Max Bazerman, Margaret Neale, and Tom Magliozi finds that people tend to resist compromises—and to declare impasse—that are framed as losses rather than gains. Suppose that a company offers a recruit a \$20,000 *increase* over her current salary of \$100,000. This offer same offer of \$120,000 is more likely to appeal to her than an offer framed as a \$30,000 *decrease* from her request of a \$150,000 salary. Stressing what the other party would gain rather than lose is an important form of framing in negotiation.

When it comes to framing in negotiation, the following three other strategies can also help improve your [business negotiation skills](#):

1. Offer Manageable Choices.

Studies of consumer behavior suggest that people actually welcome fewer rather than more choices, a finding with consequences for framing in negotiation. In a 2000 study, researchers Sheena Iyengar and Mark Lepper set up a tasting booth of jams in a gourmet food store. On one weekend, shoppers were able to taste six different jams. On another weekend, shoppers were offered 24 jams to taste. All the jams were available for purchase on both weekends.

The larger selection of jams attracted more people to the tasting table, though the number of jams people tasted was about the same both weekends. Here's the surprising result: 30% of shoppers exposed to six types of jam bought a jar, but only 3% of those exposed to 24 types did so.

Consumers can become so overwhelmed by available options that deciding not to make any decision at all can be a relief, the researchers concluded. Similarly, when framing in negotiation, keep in mind that your counterpart may say she wants as many choices as possible but may feel overwhelmed by 10 or 20.

2. Make Several Offers

For advantageous framing in negotiation, what's the right number of options to present? Issuing three equivalent offers simultaneously can be a good strategy, according to researchers Victoria Husted Medvec and Adam D. Galinsky.

They describe a business deal in which a software company presented three equivalent software packages to its clients at once, such as a \$1 million package with payment in 30 days, the same software for \$1.5 million with payment in 120 days, or an enhanced package for \$1.35 million with a 30-day payment. Customers responded well to this strategy, and the company’s profits rose.

When you present *multiple equivalent simultaneous offers*, or MESOs, you show other parties the issues you value most. In turn, their reactions tell you about their priorities. Together, you can craft an agreement that accounts for everyone’s most important interests. What’s more, MESOs give negotiators the choice they desire without risk of decision paralysis.

3. Be Willing to Be Rejected

Let’s look at another story about consumer behavior that relates to framing in negotiation, as described by Itamar Simonson of Stanford’s Graduate School of Business and the late Amos Tversky in a 1992 study. Upscale retailer Williams-Sonoma was selling a bread-making machine priced at \$275. Eventually, the company also began selling a similar but larger bread-making machine, this one priced at \$429. Williams-Sonoma sold a few units of the more expensive machine, but after it was on the market, sales of the less-expensive machine almost doubled. Apparently, the \$275 model didn’t seem like a bargain until it was sitting next to the \$429 model.

Translated to the context of framing in negotiation, the *contrast effect* suggests a strategic move: Ask for more than you realistically expect, accept rejection, and then shade your offer downward. Your fellow price negotiator is likely to find a reasonable offer even more appealing after rejecting an offer that’s out of the question. Real-estate agents sometimes play on this tendency by taking buyers to see overpriced, run-down homes before showing them ordinary homes that appear stunning by comparison, according to psychologist Robert Cialdini of Arizona State University.

So, try putting forth MESOs that aim higher than your counterpart is likely to accept. His reaction to the offers will help you frame a subsequent set that, thanks to the contrast effect, are more likely to hit the mark.

What strategies have you used when framing in negotiation?

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JOSEPH C. MAY 18, 2020

I’m sure the research is good, yet I can’t help being amused by the reference to the late Tom Magliuzzi, former host of the NPR’s uproarious, tremendously entertaining program “Car Talk”.

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