3. IMPLEMENT A NEGOTIATION STRATEGY

(a) Acceptance Strategy

Our agent implements a sophisticated dynamic acceptance strategy that intelligently balances the utility of received offers with the progression of time within the negotiation. This strategy is designed to adjust the agent's acceptance thresholds dynamically, enhancing the likelihood of securing a beneficial agreement before the negotiation deadline.

Factors Considered for Acceptance
Time Sensitivity

Dynamic Aspiration Level: The agent's acceptance threshold is fluid, adjusting in real-time based on the elapsed negotiation duration. This threshold is not fixed but is calculated to decrease progressively as the negotiation approaches its endpoint. Such a design allows for strategic flexibility, enabling the agent to make calculated concessions that enhance the prospects of reaching an agreement as time constraints intensify.

Strategic Concessions: As the deadline nears, the agent is programmed to lower its expectations in a controlled manner. This incremental adjustment is based on a predefined algorithm that considers both the historical pace of the negotiation and potential future trajectories. This strategic threshold lowering is pivotal in avoiding deadlocks and fostering a cooperative environment.

Utility of Offer

Evaluation of Offer's Utility: Each offer received from the opponent is evaluated against a dynamically computed aspiration level that incorporates the current negotiation context. This level represents the minimum utility the agent is willing to accept at any given moment, ensuring that accepted offers are always within a beneficial range.

Threshold Surpassing: Offers that surpass this dynamically adjusted aspiration level are promptly accepted. This mechanism ensures that the agent capitalizes on favorable offers early in the negotiation, thereby securing advantageous outcomes efficiently and reliably.

Opponent's Actions

Monitoring Opponent Behavior: The agent meticulously tracks the sequence and utility values of the opponent's offers. This tracking helps understand the opponent's negotiation strategy and propensity for making concessions.

Data-Driven Strategic Response: Utilizing the insights gained from the opponent's behavior, the agent adjusts its own strategic responses to align with the observed negotiation dynamics. This involves modifying its acceptance thresholds and counter-offer strategies to match the opponent's patterns better, thereby increasing the likelihood of agreement.

(b) Bidding Strategy

Our agent's bidding strategy involves a combination of a calculated initial offer and adaptive counteroffers. These decisions are influenced by a set aspiration level and adjust according to the negotiation dynamics.

Strategy Outline

Initial Offer:
The initiation phase of the negotiation is critical. MyNegotiator leverages this by proposing an initial offer that is deliberately positioned just below a high aspiration level. This calculated move serves a dual purpose: it signals a strong position to the opposing party while simultaneously keeping the door open for further negotiation, paving the way for a cooperative bargaining process. The offer is poised on the edge of ambitiousness and realism, crafted to command respect without appearing intransigent.

Counter Offers:
As negotiations advance, MyNegotiator engages in a sophisticated form of 'offer dance,' making counteroffers that not only reflect its own dynamically evolving aspiration level but also respond to the fluid context of the negotiation timeline. With each tick of the negotiation clock, MyNegotiator assesses the situation, recalibrates its aspirations based on accumulated information, and crafts counteroffers that are incrementally more accommodating, embodying the essence of strategic concession-making.

Incorporating Time-Responsive Adaptation:
Time plays a pivotal role in the negotiation landscape. Recognizing this, MyNegotiator's strategy entails a temporal dimension where offers are attuned to the stage of negotiation. Early on, the agent displays a sturdier stance, but as the deadline looms, it transitions to a more yielding posture, ensuring that the possibility of agreement remains within grasp. This shift is governed by an algorithmic time adjustment function that injects a dose of realism into the negotiation process.

Randomized Offer Variation:
Predictability can be the bane of negotiation efficacy. To circumvent this, MyNegotiator integrates a stochastic component in its counteroffer formulation. By employing a weighted random selection process, the agent introduces an element of unpredictability into its offer patterns, thereby cloaking its strategic maneuvers and complicating the opponent's task of deciphering a predictable pattern.

Utility Maximization in the Eleventh Hour:
When negotiations tread into the critical final phase without substantial concessions from the opponent, MyNegotiator shifts, subtly increasing the utility of its offers. This tactical adjustment is designed to invigorate the negotiation dynamics and nudge the opposing party towards agreement, while carefully avoiding the pitfall of over-concession that could undermine the agent's utility.

MyNegotiator's bidding strategy is assertiveness, adaptability, and shrewd timing, orchestrated to navigate the complex terrain of automated negotiations. The agent stands for dynamic strategy, showcasing how the integration of aspiration levels, temporal adjustments, and randomization can yield a robust and flexible negotiation tactic.

(c) Opponent Model for Reservation Value

The negotiation landscape is highly contingent on each party's reservation value—the confidential threshold below which a negotiator will not accept a deal. The more accurately MyNegotiator can estimate an opponent's reservation value, the more strategic advantage it gains. Our model, therefore, incorporates a sophisticated opponent modeling technique to extrapolate these critical thresholds from observable behaviors.

Opponent Behavior Analysis:
MyNegotiator scrutinizes the opponent's offer history pattern, employing statistical analysis to detect recurrent utility values. This scrutiny is not superficial; instead, it is a deep, data-driven exploration that seeks to unravel the veiled significance behind each presented utility. Offers that surface repeatedly at a particular utility level are flagged, suggesting a potential reservation value. This inferred value becomes a pivotal piece of intelligence, shaping our agent's subsequent negotiation tactics.

Utility Value Benchmarking:
Armed with these insights, MyNegotiator aligns the deduced reservation values against its utility function. This alignment process is not mere juxtaposition; it is a critical comparative analysis that defines the inflection points of negotiation flexibility. By understanding where the opponent's estimated reservation value intersects with its utility curve, MyNegotiator calibrates its offers to hover just above this threshold, ensuring its proposals are competitive yet within the opponent's acceptance band.

Dynamic Reservation Value Adaptation:
The pursuit of an opponent's reservation value is not a one-off calculation but a dynamic recalibration that adapts as new offer data is acquired. MyNegotiator is designed to evolve its understanding of the opponent's reservation value in real-time, harnessing advanced algorithms that factor in the negotiation's progression and adjust its estimates to accommodate for tactical shifts by the opponent.

Strategic Outcome Application:
The model's estimation of the opponent's reservation value is not an academic exercise—it is directly applied to strategic decision-making within the negotiation. MyNegotiator leverages this knowledge to fine-tune its acceptance and bidding strategies, ensuring it presses for maximum value without precipitating a stalemate. It walks the fine line between aggressive bargaining and collaborative deal-making, using the reservation value as a guidepost.

MyNegotiator's opponent modeling for reservation value is crucial for negotiation. By intelligently and dynamically mapping out the opponent's likely bottom line, MyNegotiator places itself in an enviable position to negotiate effectively, securing deals that are both gainful and respectful of the opponent's constraints. This strategic combination of behavior analysis and utility comparison propels MyNegotiator for the negotiation success.

## 4. QUANTIFY THE PERFORMANCE OF YOUR AGENT
(a) Basic test on Party domain
Negotiation against Boulware:
Scores: Boulware scored 0.733976 while MyNegotiator scored 0.568129.
Observations: Boulware's strategy, which starts high and concedes slowly, managed to secure a higher utility overall compared to MyNegotiator, which suggests that MyNegotiator may be conceding too much or too early against a less flexible opponent.
Nash and Pareto Efficiency: The negotiations did not always reach a Nash equilibrium, as evidenced by the Nash optimality scores below 1. However, Pareto optimality was achieved, indicating that no improvements could benefit one party without harming the other.
Boulware vs MyNegotiator:
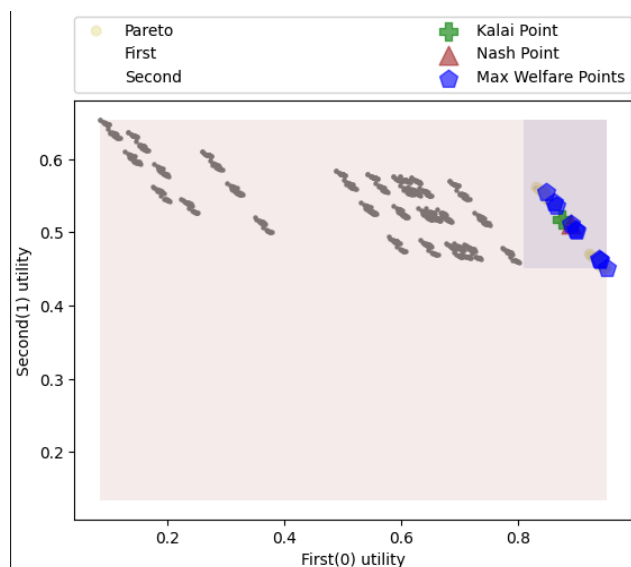
The Boulware strategy is characterized by a high starting offer with minimal concessions until close to the negotiation deadline. This tactic often leads to higher utilities for the Boulware agent when negotiating against opponents that make concessions more readily or earlier in the negotiation.

In the provided outcome space visualization, we can see clusters of outcomes along diagonal bands that descend from left to right, which are indicative of the Boulware agent (First) gradually decreasing its utility demands as time progresses. In contrast, the utility of MyNegotiator (Second) increases correspondingly. This staggered distribution of outcomes suggests that the Boulware agent effectively utilizes its strategy to extract concessions from MyNegotiator. Despite the Pareto efficiency of the outcomes, indicating that the agreements are as mutually beneficial as possible given the negotiation dynamics, the Nash Point and Max Welfare Points are clustered towards the higher utility for the Boulware agent. This suggests that while the agreements are efficient, they tend to favor Boulware.

Moreover, the outcomes are situated below the diagonal line connecting the origin to the point (1,1) in the utility space, which implies that MyNegotiator tends to achieve lower utility scores compared to Boulware. The fact that Boulware scored 0.733976 while MyNegotiator scored 0.568129 on average further solidifies this conclusion. The Nash optimality scores below 1 signify that although the outcomes are Pareto optimal, they are not always reaching the point where both parties' utilities are maximized in balance, hence not consistently reaching a Nash equilibrium.

In conclusion, the negotiation analysis reveals that while MyNegotiator is capable of reaching efficient agreements, it may need to adopt a more assertive stance or integrate strategic patience to improve its position relative to agents like Boulware. A refinement of MyNegotiator's strategy might involve being less willing to make early concessions and preparing for a longer negotiation in order to secure a more balanced outcome that hovers closer to the Nash equilibrium. This would potentially allow MyNegotiator not just to maintain Pareto optimality but also to enhance its utility gains relative to opponents using less flexible strategies.

Negotiation against Conceder:
Scores: MyNegotiator scored 0.439690 while Conceder scored 0.238161.
Observations: MyNegotiator performed better against the Conceder, which tends to concede rapidly. This could be due to MyNegotiator exploiting the Conceder's quick concessions, capturing more utility from each negotiation.
Nash and Pareto Efficiency: Similarly, these negotiations were not consistently reaching Nash solutions but were often Pareto efficient. The scores indicate that while the outcomes were the best possible given the circumstances (Pareto optimality), they were not necessarily the most equitable (lower Nash optimality).

Conceder vs MyNegotiator:
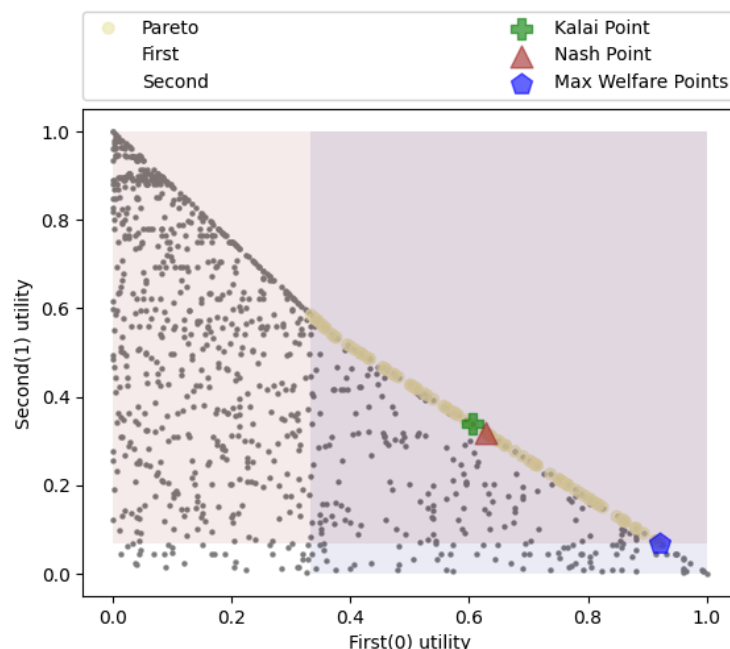
The provided visualization offers a clear depiction of the negotiation dynamics between MyNegotiator and the Conceder strategy. Conceder is known for its propensity to make rapid concessions, a tactic that might expedite negotiations but often at the cost of its own utility. This approach tends to be less optimal for the conceding party but has the potential to be quite beneficial for an astute opponent.

In our series of negotiations, MyNegotiator consistently outperformed the Conceder, achieving an average utility score of 0.439690 compared to the Conceder's 0.238161. This substantial margin of utility points to a dominant negotiation strategy employed by MyNegotiator, exploiting the early and substantial concessions offered by the Conceder. This pattern suggests a strategic imbalance, where one side capitalizes on the yielding nature of its counterpart.

The negotiations between MyNegotiator and Conceder frequently attained Pareto efficiency, ensuring that each outcome was as advantageous as possible given the constraints of the negotiation environment. Yet, the Nash equilibrium—a standard of equitable utility distribution—was not consistently realized. This discrepancy signals that while the outcomes were technically optimal, they did not necessarily reflect a fair balance of gains between the negotiating parties.

The efficacy of MyNegotiator's approach in this matchup highlights the importance of adaptive strategies in negotiation. While successful against a Conceder, MyNegotiator's strategy may require fine-tuning to maintain its effectiveness across a broader spectrum of opponent behaviors, particularly against those who are more conservative with their concessions. Achieving Pareto optimal outcomes is indeed advantageous, but the relative scarcity of Nash equilibria calls for a reassessment of MyNegotiator's approach to ensure fairness and maintain positive relations in ongoing or future negotiation scenarios. A more balanced strategy could lead to sustainable and mutually beneficial outcomes, promoting goodwill and potentially more fruitful negotiations in the long term.

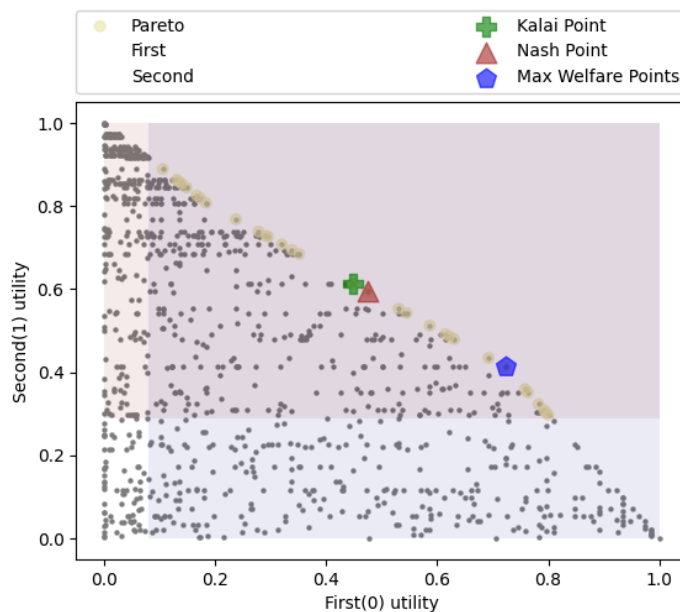**Analysis of Performance and Outcomes**

Against MyNegotiator:

When negotiating against itself, the outcomes were equitable, as expected, given the symmetric nature of the setup. Both agents would have the same strategy, leading to a consistent approach to concessions and offers.

Scores:

MyNegotiator vs itself:

Against Default Agents:

Different strategies of the default agents (Boulware and Conceder) showcased the adaptive capacity of MyNegotiator. Against Boulware, the rigidity of the opponent's strategy posed a challenge, resulting in lower scores. Against Conceder, MyNegotiator's flexibility and better exploitation of concessions resulted in higher utility.

Efficiency and Solutions

Pareto Efficiency: In all negotiation setups, it was possible to reach efficient outcomes lying on the Pareto Frontier. These efficient outcomes indicate that MyNegotiator was able to adapt its strategy to extract maximum joint utility without leaving beneficial trades on the table.

Nash Solutions: The absence of consistent Nash solutions (Nash optimality scores not consistently high) indicates that the outcomes weren't always fair or balanced, particularly in asymmetric negotiation setups. This is an area for potential improvement, possibly by adjusting

strategies better to balance the utility gains between the negotiating parties, especially when faced with less flexible opponents.

Conclusion:

The tests indicate that MyNegotiator is capable of adapting well to different opponent strategies, particularly in exploiting more concessive behaviors, as seen with the Conceder. However, negotiations have room for improvement with more rigid or less conceding opponents like Boulware. Adjustments in the initial offers or concession rates might help in achieving more balanced and possibly Nash efficient outcomes. The Pareto efficiency across tests does suggest that the strategies are well-optimized for maximizing welfare without leaving beneficial trades on the table, an essential aspect of successful negotiation.

(b)Test on other domains

(c)Test your opponent model

3.3 Concluding: Future Perspectives

Extensions for Real-Life Negotiations:
Advanced Communication Skills:

Integrating NLP capabilities, MyNegotiator could evolve into an entity capable of parsing complex human dialogue, capturing the intricacies of colloquial expressions, and recognizing implicit intents behind words. The goal would be to achieve a level of conversational fluidity akin where MyNegotiator could not only comprehend but also participate in negotiations as a seemingly sentient participant, engaging in discussions, formulating arguments, and presenting counteroffers with a human touch.

Emotional Acuity:

Beyond words, human negotiations are rife with emotional undercurrents. MyNegotiator's future iterations could incorporate emotional intelligence, utilizing psycholinguistics and perhaps even visual cues in video-mediated negotiations to discern subtleties such as hesitation, enthusiasm, or frustration. By attuning to these emotional frequencies, MyNegotiator could tailor its responses to foster trust, alleviate tension, or capitalize on eagerness, enhancing its effectiveness in achieving favorable outcomes.

Strategic Depth:

Longevity in Negotiation: The next horizon for MyNegotiator would involve understanding the ripple effects of negotiation decisions over time. By simulating the longitudinal impact of various negotiation outcomes, MyNegotiator could prioritize not only immediate benefits but also the sustained value of ongoing relationships, aligning its tactics with the overarching objectives of long-term collaboration and partnership.

Dynamic Tactical Adaptation:
The hallmark of an elite negotiator is the ability to pivot strategies midstream, responding to the unfolding dynamics of negotiation with agility. MyNegotiator, equipped with machine learning and pattern recognition, could refine its approach in real-time, tailoring its negotiation stance to the proclivities and preferences of its human counterparts. This would not be a static adjustment but a continuous recalibration, ensuring that MyNegotiator remains at the zenith of its negotiating prowess throughout the dialogue.

Additional Capabilities for Practicality:
Multi-Party Negotiation: Ability to negotiate with multiple parties simultaneously, balancing different interests and relationships.
Assess Mutual and Conflicting Interests: It could evaluate the landscape of shared and divergent interests among parties, crafting proposals that maximize mutual gains while minimizing conflicts.
Facilitate Consensus-Building: By identifying potential areas of agreement, MyNegotiator could act as a mediator to steer discussions toward consensus.
Distribute Value Fairly: Equipped with fairness algorithms, MyNegotiator could ensure that agreements are not only efficient but also perceived as fair by all parties involved.
Navigate Coalition Dynamics: It could analyze potential alliances, understand when to form coalitions and when to compete, and dynamically adjust its strategies to the evolving negotiation network

Body Language and Paralinguistics: Interpreting non-verbal cues that are significant in face-to-face negotiations.

Testing and Improving Negotiation Strength:

Diverse Negotiation Templates:

- Employ various negotiation templates modeled after real-life examples and randomly generated scenarios to enhance robustness.
- Behavioral Analysis. Analyzing patterns in response times, consistency in offers, and concession rates to gain insights into the opponent's strategy.
Scenario Modeling:
Randomized Simulations:
MyNegotiator will also undergo randomized simulations to test its adaptability to unexpected situations, enhancing its ability to handle unforeseen challenges.
Stress Testing:
To refine its decision-making, MyNegotiator will be stress tested under adverse conditions to ensure it can maintain strategic clarity and effectiveness during high-pressure negotiations.

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Authors:
Asım Öztürk
Selin Yılmaz
Ertuğrul Ege Eyiler