

In Practice

Tales of the Bazaar: Interest-Based Negotiation Across Cultures

Jeffrey M. Senger

Interest-based negotiation, as popularized by Fisher, Ury, and Patton (1991), is a favored negotiation style of many people in the United States and other parts of the developed world. The author, an American attorney who has traveled widely, assesses how that approach works in different cultural contexts. Using illustrations from his own experiences, the author shows how interest-based techniques work successfully, as well as the limitations of this approach in some situations.

An American traveling abroad can experience negotiation in a vast array of cultures, some of which approach a state of nature. Particularly in developing countries, many people negotiate for just about everything. While the fixed price system of commerce is typical in the U.S. and Western Europe, it simply does not exist in many other parts of the world. Even the simplest things we take for granted, such as a meter in a taxicab, are nowhere to be found, and negotiation is forced into almost every transaction.

As a teacher of negotiation, as well as a lifelong student of it, I have found overseas travel to provide an amazing education in the field. Both my background and my current practice center largely on “interest-based negotiation” (Fisher, Ury, and Patton, 1991). My formal training is in the legal profession, where I first studied negotiation under Roger Fisher. I now conduct negotiation and mediation training programs for the U.S. Justice

Jeffrey M. Senger is Deputy Senior Counsel for Dispute Resolution for the United States Department of Justice, 950 Pennsylvania Ave. NW, Washington, D.C. 20530. His email address is: jeffrey.m.senger@usdoj.gov.

Department, and I have led courses in a number of other countries for the U.S. State Department. These programs emphasize interest-based principles, where negotiators work to identify underlying interests on both sides, explore creative options for mutual gain, and use legitimate standards to determine the best possible solutions.

The interest-based approach to negotiation is hardly universal, however. As is immediately obvious when one leaves Cairo, Illinois for Cairo, Egypt, people negotiate differently in other cultures. While sellers always want to get as much as they can and buyers always want to pay as little as possible, the strategies people use to reach these goals vary dramatically.

In this article, I will describe negotiation methods observed over a series of trips to more than two dozen countries. I have found the interest-based approach to be reasonably robust around the world. At the same time, however, there is far more that can be learned from negotiating with people who have never even heard of *Getting to YES*.

Interest-Based Negotiation Around the World

This first section will discuss ideas of interest-based negotiation, as popularized in the United States, that work well all over the world. It is interesting that many negotiators from other countries who have not studied these theories nonetheless have developed similar approaches on their own. These concepts clearly have existed around the world for a long time. The discussion will cover five main themes of interest-based negotiation: relationship, interests, options, criteria, and alternatives.

Relationship

The interest-based approach to negotiation begins with developing the relationship between the parties. Effective negotiation is enhanced when the parties have a positive relationship with each other. Travel in different parts of the world shows that this is indeed a universal element of effective negotiation. Many negotiators around the world have mastered this concept instinctively.

Relationships Built on Hospitality. Shopkeepers in other countries go out of their way to welcome customers to their stores. They often offer something to drink, typically tea. If it is a slow day, they will even sit down and drink tea with a customer themselves. I have encountered merchants who insisted on giving me a tour of their houses (which are often adjacent to their shops) before we began negotiations. One took me up on his roof to show me the view. One insisted we play a friendly game of backgammon before setting about negotiating over the price of the backgammon set. Others have introduced me to their children. Another even had me meet the animals the family owned, including a cow and several chickens.

These gestures are always made with great warmth and hospitality: “Please have some tea. I insist.” “Come, come — you must meet my family. We can talk business later.” The overtures change the essential nature of the

relationship. Before these interactions, I have felt like a foreign customer. Afterwards, I'm almost like a long-lost relative. This approach materially improves the relationship and makes negotiation easier. Perhaps as importantly, it also makes the customer more likely to want to purchase something.

Relationships Built on Favors. Other overseas salespeople foster a relationship by doing the customer a favor. In one shopping mall in India, I asked a storekeeper where the nearest payphone was located, and he suggested I use his cell phone instead. I offered to pay him for the call. He waved this off and said, "Please, it is my pleasure." Of course, once I finished the call, he said, "Here, my friend, come look at a few things." It seemed the least I could do was to look at some products in the man's store, after he had graciously offered his telephone.

In another city in India, I asked a man on the street where a store was located. He offered to drive me there on his motor scooter. He was both friendly and insistent. As there were no cabs in the area, I took him up on his offer. He refused to let me pay for the ride. However, I did notice he had a brief, private conversation with the storekeeper after we arrived. It is quite likely they negotiated a percentage that the store would pay my driver as a "finder's fee," based on my purchases at the store. It is equally likely the store owner passed along this fee to me through increased prices. Thus, I ended up paying for my transportation in another form.

The "finder's fee" arrangement is common overseas. Often it is centered on the relationship between the seller and others in the local community. By making friends with others in the area, a seller can build a network that will greatly increase access to customers. For example, hotel clerks will recommend particular stores, giving a business card to take to the store for a "10 percent discount." The store will give the discount (from a wildly inflated marked price), but the customer will still end up paying enough extra to cover a kickback to the hotel clerk. Tour guides will similarly refer people to certain stores. Sometimes tour guides will schedule a stop at a store (ostensibly for a demonstration of local craft techniques or even for a bathroom break). Others will end a tour directly in front of a store. All of these arrangements, built on local relationships, result in increased business for the store and kickbacks for the other parties.

Interests

While traditional bargaining focuses on positions (one party wants this, the other party wants that), interest-based negotiation suggests instead that parties work to identify the interests that underlie their positions. If negotiators understand what is behind each others' demands, they are better able to craft solutions that give both parties what they need.

At first this advice seems to have limited applicability to a traveler, who appears to have only one interest — to pay as little money as possible for things. However, negotiators in other countries have discovered there can be many more interests than meet the eye even in the simplest purchase. These

negotiations are not solely about money. Indeed, people living in other parts of the world have developed a remarkable assortment of ingenious methods for identifying and even creating interests.

Identifying Interests. At the most basic level, merchants in other countries have a talent for discovering what they have that interests a customer. The seller will watch a buyer's eyes intently from the moment the buyer enters the store. The owner knows that when people scan over the wares in the store, their eyes will stop for a moment on items they like. The store owner pays keen attention to this, and will often pull an item a customer noticed down from the shelf, polish it, and hand it to the person.

Creating Interests by Involving the Buyer. Sellers use other tactics that are effective at creating interests in buyers. In the ritual described in the previous paragraph, notice how the seller involves the buyer in the process by handing over the item and asking the buyer to hold it. Often the merchant will increase participation further by adding something like, "feel the silkiness of the material" (if it's cloth) or "notice how heavy it is" (if it's metal). While the effect is subtle, most people have a slightly increased interest in keeping something after they have it in their own hands and have examined it closely. After people have spent some time with an item, they have a new interest in not seeing that time go to waste.

The Interest in Repaying a Favor. Other techniques involve sellers who create an interest in a buyer to repay a favor or avoid feeling guilty. There is often a fine line between serving the customer's needs and attempting to make the customer feel indebted. Some sellers who vigorously polish an item for a customer are, no doubt, hoping this will make a few customers slightly more inclined to return the favor by going through with the purchase.

I noticed this effect when shopping for a carpet in Xian, China. As soon as I entered a store, the owner greeted me, unrolled five rugs, and then asked my feelings about each. I had only intended to browse around the store, but I told him which patterns and colors I preferred. After hearing my responses, he brought over another six carpets. Some of these were tied with string, which he cut open. He unrolled these carpets on top of the original five. Again he asked what I liked, and I told him. He eagerly went to obtain four more carpets to meet my taste, this time climbing a ladder to pull some down from an upper shelf.

At this point, I began feeling a little uncomfortable at all the effort that he had expended for me. Fifteen carpets had now been unrolled for my viewing. I realized that he was going to have to re-roll all these carpets, tie some back up with string, and place others back up on the high shelf. I had not asked for this (indeed, it was not what I had in mind when I came into the store). On the other hand, I had not stopped him from getting the carpets for me, and I had even answered his follow-up questions knowing what he was going to do. I had a new interest in purchasing a carpet that had not

existed when I entered the store — the interest in avoiding feeling guilty about all his work on my behalf. This technique is not going to sell a rug every time, but if it is used with a large number of customers, some may buy a rug who otherwise would not have.¹

Sometimes merchants are light-hearted about this approach. In one store in Cairo, Egypt, a seller asked me to have tea with him. I declined, because I had no intention of purchasing anything and did not want to feel indebted to him (though the custom is that the buyer incurs no obligation merely by accepting tea). The store owner recognized my hesitation, and said, “Please, you must have tea with me — in Egypt we believe that if you do not have tea with me after I offer it, my daughter will not marry!” He said this with a sparkle in his eye, indicating he did not really believe I was responsible for the marriage of his daughter. Nonetheless, it was a creative way to encourage me to accept his hospitality.

The Interest in Feeling Good About Yourself. International shopkeepers have a myriad of techniques for making a customer feel good about buying something. They often compliment a customer’s taste in selecting an item to examine: “You have made an excellent choice, sir. This is indeed one of the finest things in my store.” This approach develops a customer’s interest in feeling sophisticated and discerning. Customers are a little more likely to purchase something that has been recognized as an example of their cultivation and eye for quality.

A related approach was taken by a salesman in Khajuraho, India. He started by asking where I was from. When I said I was from the United States, he replied, “America! You are from the richest country in the world! Your country has so much money!” I wasn’t certain what this was all about until several minutes later, when we started negotiating over the price of an item. Then I recognized that his comment made it feel somewhat ungracious for me to haggle too competitively given that I was from such a wealthy place, especially compared to India. I shrugged this off, however, and continued to negotiate with the man. He then asked me what I did for a living, and I said I was a lawyer. He replied, “And you are a lawyer! You must be such a powerful and rich man!” Then he smiled broadly, adding, “How can you argue with me over a few rupees? They must mean nothing to you!”

This was effective, even though it was transparent. He was right, and we both knew it. The amount of money over which we differed was tiny in American terms. He had created an interest in me to feel magnanimous. The least I could do as a guest in his country was to share my good fortune by giving something that meant so little to me, and yet so much to him.

Other store owners take the opposite approach. Rather than building up the customer, they emphasize how pathetic they are themselves. On a weekend, shopkeepers will implore, “Please buy something from me — it is a Sunday.” The first time I heard this, I had to ask what it meant. The shopkeeper explained, “It means I would not be here unless I needed money very badly — Sunday is our day of rest!” Another owner even showed me his

electric bill, pleading that he did not have enough money to pay it. Ignoring these gambits becomes easier upon learning that shopkeepers often work weekends because sales are particularly good then, and they are frequently among the wealthiest of local townspeople.

I was able to turn the tables on a shopkeeper with this approach in a recent trip in West Africa. He looked prosperous, so I asked if he owned the store himself. When he said he did, I replied, "This is a large and wonderful store — you must be a very successful man!" He looked somewhat sheepish. I continued by asking him if he had traveled. He said that several years ago he had been to America to visit relatives. I replied, "And you have even been able to travel to the United States! You are obviously thriving and prosperous!" He appeared vaguely uncomfortable as we negotiated, as if he had been disarmed, and the price I obtained was quite favorable.

Options

Once both sides have identified their interests, interest-based negotiators work to identify as many potential options for resolution as possible. Many people assume that there are few choices available to negotiators, and thus that a benefit for one side necessarily means a loss for the other. In contrast, the idea behind option generation is to reduce the fighting about who gets more by working creatively to increase the value of the deal to both sides. Most of the time, negotiations overseas are routine, one-time transactions. Nonetheless, there are situations with a surprising number of options available.

Options with Form of Payment. Even simple negotiations over price in a craft market, for example, have options in terms of how a customer purchases a product. Often local currency is a seller's preference, because no conversion is necessary for the seller to spend it later. In some countries, however, sellers prefer United States dollars because the dollar is a hard currency that tends to keep its value. In these countries, local currency is repeatedly devalued, and merchants want to minimize the amount of it they possess. Traveler's checks are another option. From the perspective of the seller, these have the advantage of being in hard currency. On the other hand, they must be converted into cash to be used. Further, unlike dollar bills, traveler's checks can generally only be converted at banks. This adds an additional administrative burden which makes them less attractive for most sellers. Finally, a seller can accept payment by credit card. This is frequently the least attractive option for a merchant, because credit cards charge the seller a commission of at least 3 percent on all purchases.

These options can create flexibility in the price of an item. If a buyer has no preference in the form of payment, allowing the seller to make this choice can often shave money off the price. If both the buyer and the seller have conflicting preferences, this presents an opportunity for further negotiation (as when sellers seek to pass along to buyers the commission for the use of a credit card). Sometimes a buyer can negotiate for a price in an unat-

tractive form of payment, such as a credit card, and then agree to pay cash at the last minute in an attempt to sway the seller. After a seller refuses an offer of \$100 via credit card, for example, buyers have succeeded by placing five crisp \$20 bills in front of the seller in place of their MasterCard.

Options with Combined Purchases. Other options exist when making multiple purchases. A customer willing to buy more than one item at the same store can usually negotiate a discount. It is thus often worthwhile to locate a single store that stocks many items, rather than buy them piecemeal in different stores throughout a town. Similarly, the price of a taxi ride seems at first to be a single-issue and zero-sum negotiation, but it can have some flexibility. The main option here is based on the taxi driver's interest in reducing the risk of not getting future customers. The price of a trip to a destination often decreases if the same driver is hired for the return trip. Hiring the driver for a morning or an entire day reduces the per-trip cost even further.

Options with Defective Products. Another option is locating an item that is less than perfect and asking for a discount. Even in a fixed-price store in Kyoto, Japan, a country where bargaining is rare, I saved several thousand yen on the price of a metal dragon sculpture by noting that the brass plaque on the front was slightly off-center. There must be a genuine flaw in the product, however. Merchants are well schooled in this tactic and are not fooled by an attempt to point out a "defect" that is insignificant or is merely a sign that a product has been made by hand.

Options with Additional Services. The rate for a hotel room also appears to be a simple transaction that would have little room for creativity, but this is not always the case. For example, after walking off the plane and into the terminal at some overseas airports, travelers can find themselves surrounded by a swarm of hotel touts. In these situations, often much can be negotiated in addition to the room rate. I have persuaded hotel representatives to give me free breakfast, drinks, and even occasionally dinner. Sometimes these are one-time offers and other times the hotel provides them for the duration of the stay. Some hotels will offer free transportation from the airport, and others will transfer you to the airport at the end of the stay as well. Sometimes a hotel will agree to pay the room tax. Prices also vary depending upon the size of the room and whether it requires sharing a bath. Staying more than one night can lower the per-night cost.

Obviously, a number of factors contribute to the availability of these options, though it is surprising what can be obtained just by asking for it. Things are more negotiable at a hotel that has a large number of vacancies, because they have fewer options for getting customers. Waiting until later in the day, when it is clear a room will go unoccupied otherwise, can improve the buyer's bargaining position. Negotiating in an airport setting where several hotel representatives are competing for business can work well. Often they can be played off against each another by telling hotel X what hotel Y just offered and asking if they can beat it.

Criteria

In addition to identifying interests and options, interest-based negotiators examine objective criteria to determine an appropriate result. The reliance on standards leads to both a fairer process and a fairer outcome. Rather than fight about who has more power, with both sides grinding each other down until one submits, interest-based negotiators work to settle a dispute through the application of legitimate criteria.

The value of criteria to an overseas traveler outside the United States may seem limited. The only criterion of interest to a seller may be getting as much money as possible, and for a buyer, paying as little as possible. Further, how can negotiators agree upon objective criteria when they grew up thousands of miles apart, in completely different countries with unique cultural backgrounds? However, a look at negotiation in other parts of the world reveals that the use of criteria is more extensive than might be expected.

Criteria as Pricing Categories. One major use of criteria in overseas negotiation is the application of different pricing categories. In these cases, the criteria being applied have nothing to do with the inherent value of the good. Rather, the criteria are used to determine an appropriate price given the willingness or ability of certain classes of customers to pay.

For example, overseas taxi drivers recognize that they can charge much higher rates to travelers. The price of a taxi procured at the front door of a five-star hotel often is several times higher than it would otherwise be. Similarly, on the way back, a passenger going to an expensive hotel will be quoted a much higher price. Some travelers will simply walk a block away from their hotels before hailing a cab, and on the way back will ask to be driven to a location adjacent to the hotel. While it is often still obvious they are tourists, at least they fall into the average-tourist criterion, not the five-star one.

Similarly, the tourist rate at local attractions can be much higher than the rate charged to natives. The most egregious example of this I have found was in Jordan, where admission to the ruins at Petra costs travelers twenty times as many dinar as natives.

A foreign service officer posted in Abuja, the capital city of Nigeria, told me the difference between the tourist and local rate is one of the most important considerations for him when he negotiates with native residents. The first thing I saw him do when bargaining for an item was to tell the seller, "I'm not a JJC, so give me a reasonable price." I asked him what a "JJC" was, and he said it meant "Johnny Just Come," a local expression for a person who had recently arrived in the city. By using the local vernacular, almost like speaking a shibboleth, he made it clear he would not be susceptible to wild overpricing.

Some travelers have been able to turn pricing criteria to their advantage. At the Great Pyramids at Giza, travelers can be swarmed with locals asking for money. One Egyptian tour guide told me that tourists from Russia are often the least generous. He said they frequently gave him nothing or

“pencils and other things I cannot use.” Thus, he has stopped soliciting Russians. Apparently this reaction is typical in Egypt, as it is possible to escape haranguing by Egyptians by responding, “Ya Russki.” This means, “I am Russian,” and it can drive the Egyptians away (Humphreys 1999).

Appeal to Criteria as a Negotiating Tactic. Sometimes an appeal to criteria can advance one side’s negotiation position. In India, while visiting a smaller temple near the Taj Mahal, I came upon a man kneeling with a live cobra in a basket in front of him. In his left hand, he held a leash with a live mongoose. In his mouth was a brightly colored red and yellow flute-like instrument. He was evoking the famous story of Rikki-Tikki-Tavi by Rudyard Kipling, which I enjoyed, so I took a picture. The moment the shutter snapped, the man stuck his hand out, demanding money. He was claiming that the criterion of customary practice in the area required me to pay him. Upon further reflection, I probably should have known that it is unlikely a man would post himself in front of a temple with a live mongoose and cobra for spiritual fulfillment alone. Thinking the service the man had performed was slight, I handed him a small number of rupees. He scowled and suggested that the going rate was much higher. I had no idea whether his alleged criterion was fair or not. However, it was a small amount of money, and I had no interest in an extended negotiation with a man who spoke little English and was scowling at me, so I accepted his proffered standard.

Alternatives

Interest-based negotiation also involves considering the alternatives to making a deal. Before negotiating, parties determine their best alternatives to a negotiated agreement. Armed with this information, negotiators are better prepared to know which offers are worth accepting and which should be rejected.

Alternatives and Power. Many times the party with the best alternative to negotiation has the most power in the interaction. For example, on a trip to India, I wanted to buy a statuette of the Hindu god Ganesha. Without looking at the situation closely, it might appear that I had more power in a negotiation for this idol than an Indian man who sells them on the street. Certainly I had more of the conventional attributes of power (money, education, etc.). However, when it came to the negotiation, this mattered very little.

The reason I had so little power was that the Indian merchant had a superior command of his alternatives to an agreement. Based on years of experience, he knew quite accurately what he could get another customer to pay for a Ganesha idol if he did not sell it to me. In contrast, I had a poor grasp on my alternatives. I wanted an idol, and I had never seen one before my arrival in India. If anybody was going to get taken advantage of in this transaction, I was.

Strengthening Alternatives. When confronted with weak alternatives, a negotiator’s first response is to seek to improve them. In this case, the obvi-

ous approach is to expand my alternatives. If I can find other merchants with similar statuettes, I may find one who will sell for less. When I know my options in other stores, I can negotiate the best possible price from a seller.

Weakening the Other Side's Alternatives. A more aggressive approach is to weaken the other side's alternatives. In this particular negotiation, I learned about a belief among Indian merchants that the first sale of the day has special importance. The idea is that a merchant who makes a sale to the first customer will have good fortune the rest of the day. If the merchant fails to complete the deal, however, he will have poor luck until the following day. Upon discovering this, I woke up early one morning to ensure I would be the first customer and walked to the market. I was fascinated to see the effectiveness of this method. Many merchants told me they would give me a special "morning price" in order to win my business. One even chased after me when I left his store without a purchase, pleading with me to buy anything at all, just so that he would have good luck.

Manipulation of Interest-Based Negotiation

The examples used thus far have illustrated situations where interest-based negotiation has been used in good faith by both buyers and sellers to achieve their ends. This approach clearly has wide application, as shown by its value in all of these disparate negotiations. However, there are other situations where negotiators use the concepts in bad faith. This section will discuss situations where overseas bargainers used the ideas of interest-based negotiation to their advantage in a more manipulative way.

Misrepresentation of Relationship. In some cases, people push the idea of relationship beyond the good faith model suggested by interest-based negotiation. These negotiators build a relationship in order to take advantage of it. For example, while I was reading a guidebook in Old Delhi, India, a man approached me and asked where I was going. I made the mistake of answering his question. He then simply began following me, on the pretense of showing me the way. I shook my head and told him firmly I did not need his help because I knew where I was going. Still, he would not leave. I attempted to ignore him, but he persisted in walking next to me, chatting about his family and life in general. I tried to shake him by entering a huge outdoor Moslem temple, the Jama Masjid. This is the largest mosque in India, with a massive courtyard that can accommodate as many as 25,000 people for prayer sessions. Even better for my purposes, there is a small fee for admission, which my "guide" did not want to pay. When I entered, I thought I had finally eluded him. Eventually the *azan* (call for prayer) began, and tourists were required to leave. To my dismay, I discovered he had simply waited for me, for about an hour, outside the exit. The moment he saw me, he walked over and clung to me once again, nattering on. He made it clear that he was looking for a tip for his "guide services," and that if one was forthcoming, he would leave me alone.

This example is a bizarre twist on the use of relationship to further negotiation goals. While hard bargainers in the United States often demand concessions from parties who want to maintain the relationship, this negotiator actually created a distasteful relationship with me in order to persuade me to pay him to end it. The only way to give up the relationship, which I wanted very much to do, was to pay money.

Manipulation of Interests. A questionable appeal to my emotional interests in a negotiation took place on a trek in the Mount Everest National Park in Nepal. Rather than travel with a tourist group, I decided to engage a Sherpa and go on my own. I hired Bacchu, the same person that had traveled with a friend of mine named Stanley. The price I negotiated with Bacchu's agency explicitly included all of his expenses, including room and board. As the trip progressed, I found him to be a friendly, knowledgeable, and capable guide. However, he was also rather assertive in asking me to buy extra things for him.

The entire trek took eleven days, and Bacchu escalated his requests as time went on. At first we would have a drink at one of the small tea houses along the route. When the bill arrived, it was clear he expected me to pick it up, which I was willing to do. Later, he started dropping hints that he would like me to buy dinner for him as well. I told him I understood his meals were included in the rate negotiated with his agency. He replied that the amount allotted for him was small. I resisted, because I did not want to feel I was paying twice for his meals.

Bacchu then started making references to how my friend Stanley, who had traveled with him earlier, would buy him all sorts of things. At one place, he said, "When we came here, Stanley bought me dinner." At another, he pointed out all of the individual things on the menu he said Stanley paid for. He said Stanley even gave him shirts and a pair of hiking boots. The tactic began to work, as I started to buy him things too, in order not to be outdone by my friend.

After a little while, I told Bacchu I did not like his comparing me to my friend in order to get more money than agreed in the contract. He responded that where earning money for his family was involved, he would do whatever he had to do. (This was a noble enough response, but I recall he spent a fair amount of this "family" money getting drunk on chhang and rakshi.) Because he was a good guide and an enjoyable fellow (when he wasn't entreating me for money), I bought him a reasonable number of meals and gave him a tip at the end.

This example shows yet another nonmonetary interest that an overseas negotiator effectively identified and exploited — my interest in wanting to seem as generous as my friend had been. I later asked Stanley about his experiences with Bacchu. Stanley said he did end up buying Bacchu many things, as had been reported, but he only did so because Bacchu hounded him endlessly about it. He hadn't appreciated it any more than I had. I told Stanley I wish he'd told me this earlier.

Misrepresentation of Alternatives. I was initially impressed with the power of worsening the other side's alternatives by getting up early to become an Indian seller's first customer of the day, as noted earlier. However, the luster of the "first sale of the day" dimmed somewhat when I later found merchants who told me that the "last sale of the day" was particularly important to them. They said completing this sale would give them luck for the following day. Still others told me that sales on Sunday would be especially favorable, offering their special "Sunday price." On further trips, I discovered that the importance of the "first sale of the day" is not really a Hindu belief, as merchants also talk about it in China, Nepal, and Turkey, among other countries. It seems that instead of being an article of religious faith, the "first sale of the day" is a shrewd negotiating ploy that merchants around the world use to manipulate customers.

This tactic is manipulative because the sellers are misrepresenting their alternatives in negotiation. By sharing an invented vulnerability, pleading that bad luck will befall them without a sale, they are appealing to the sympathy of the customer. The approach works by creating an interest on the part of the customer to be magnanimous to improve the merchant's luck. The merchant also exploits the interest shared by all travelers in getting a good deal. If customers believe a merchant is making special price concessions for them that are not offered to others, they are more likely to purchase things. Everyone wants to feel like a savvy shopper.

Violation of the Principles of Interest-Based Negotiation

Sometimes overseas negotiators directly violate the tenets of interest-based negotiation. In these situations, the concepts have limited applicability and can seem inadequate.

Extreme Opening Offers. One time in India, I stepped into a store with a wide selection of masks. The store owner noticed my interest in one particular mask, took it down, and started talking about its unusual quality and my exceptional discernment in selecting it. He asked what I would offer him, and I said I really wasn't interested. He said the usual price was \$110, but he would offer me a discount. I said I could only offer a very low amount and did not want to insult him by offering so little for such a fine piece of art. He persisted, insisting that I make him an offer no matter how low it was.

In such situations, the traditional advice is to offer about half of the store owner's opening price and bargain up from there, ending at roughly two-thirds of the original price. I did not want to pay that much for the mask. However, the man was so insistent that I decided at least to offer him something, if only to show how a sale was impossible. I decided I was willing to offer \$25, which was less than one-quarter of his original price. The merchant smiled at me and said, "Sold." The mask was worth \$25 to me, and since it is very bad form to withdraw an offer once made, I went through with the transaction.

While this example does not involve tactics that were illegal, the storeowner was acting in bad faith. Merchants customarily price items in reasonable relation to their worth, and this seller intentionally violated this practice to mislead me as to the item's value. I later did some comparison shopping in other nearby markets and found out the going rate for similar masks was indeed about \$25.

Taking What You Want. In India, many people travel by means of the "auto-rickshaw." This is a three-wheeled motorized vehicle with a seat for the driver in front and a small seat for one or two people in the back. The sides of the vehicle are open to the air, making it something of a cross between a motorcycle and a subcompact car. The pollution from auto-rickshaws makes for a noxious ride, the noise is excruciating, and the owners are notorious for unbelievably reckless driving. Nonetheless, many people use them because they are readily available and inexpensive.

Determining price for an auto-rickshaw ride can be the trickiest part of the whole experience. Few have working meters. Some of the meters that do work have been rigged by the driver to overstate the price. Even if a vehicle has an unbiased meter, confusing local customs exist such as doubling the metered price and then adding another one-half fare to that figure. To minimize problems, most travelers learn to agree on a price in advance.

I found that even this approach has limitations, however. In one case, the driver and I agreed on a certain number of rupees for a trip within town. Once we arrived, however, the driver said the fare was 50 percent more than we had agreed. He refused to acknowledge the earlier agreement and insisted on the higher price. This appeared to me to be fraudulent, as our negotiation had been quite clear, and the trip was short enough that memory problems were unlikely.

In another situation, I did not have the necessary small bills to pay our agreed fare, so I handed the driver a larger bill and asked for change. He returned an insufficient amount. It is possible he made a simple arithmetic mistake, but this is unlikely because auto-rickshaw drivers are a seasoned lot. I stared at him, indicating my displeasure, and he looked back at me sheepishly. He was willing to look old and pathetic if it would get him more money.

There was a fundamental difference between these two examples. In the first case, I had leverage. We had arrived at the destination, so I had already obtained the service I needed. I merely handed the driver the originally agreed-upon fare and walked off. In the second case, however, I could not walk away because the driver was in possession of the larger bill I had given him. Quite possibly because of this difference, I decided that he may have been including a small tip for himself when he calculated the change, and I let it go.

Escalating demands. Entrance to the lost city of Petra, in Jordan, requires traveling through a canyon known as the Siq. Rather than walk down the Siq, some visitors choose to make the journey on the back of a

camel. Persistent young Jordanian boys encourage this option, saying, “air-conditioned taxi, mister?” The price for this ride is highly negotiable.

Upon reaching the end of the journey, many are surprised to find the negotiation is not over after all. Still high above the ground sitting on top of their camel, they hear their guide inform them that there is an additional “dismount fee.” The guide patiently explains that the original negotiation was the “ride fee.” In order to get off the camel, more dinar will be required. Sometimes the guides add that the dismount fee is “for the camel.” Upon payment of this fee, the guide prompts the camel to lower itself down to the ground, making it possible to step off. As there is no way to get the camel to do this without the guide’s assistance, paying the fee is unavoidable. This type of tactic is of course fraudulent, and would probably be actionable if it didn’t take place in the middle of a desert.²

Scams. Sometimes negotiation itself seems inappropriate regardless of the reasonableness of the price being offered. The center of New Delhi, India, is a series of roads arranged in the form of concentric rings. A leftover from the days of British imperialism, the area is known as Connaught Circus. It is so overwhelmingly crowded that the easiest way to get from one part to another is to take underground tunnels that go beneath the mayhem. Walking through one of these tunnels, I encountered a young Indian boy who offered to clean my left shoe. He pointed up to a couple of birds roosting in the tunnel and then noted I had bird droppings on my shoe. The price he offered for the cleaning was eminently affordable, less than a dollar in rupees. However, I realized that the droppings had not arrived on my shoe directly from a bird. About thirty seconds earlier, a compatriot of his had placed the droppings there and scooted off, hoping to be undetected in the crush of people. I had barely seen him scamper away. The scam almost worked, as I very much wanted the droppings off my shoe. Still, I found myself simply refusing to reward this behavior. We were not negotiating only over the cost of a shoe cleaning, but also over whether I would validate this subterfuge. I found this too high a price to pay.

Interest-Based Negotiation in an Imperfect World

In a perfect world where everyone followed its precepts, interest-based negotiation could be an ideal approach. In practice, while it is often a valuable tool, it is not an infallible one. This section will discuss one situation in more depth to analyze the virtues and limitations of the approach.

Upon arrival in Accra, Ghana, I asked an attendant at a small traveler information counter at the airport how to get to Elmina, 100 miles away, where I had hotel reservations for the night. She said that at this time in the late afternoon the only choice would be a taxi. She handed me a tariff sheet that printed taxi fares in cedis, the local currency, from the airport to various destinations. Elmina was on the list.

I crossed the street from the airport to the taxi park, whereupon several dozen taxi drivers immediately clamored for my attention. The one who

reached me first asked where I was going. I replied, “Elmina,” and he smiled broadly (the main city of Accra is only five miles away, so a trip to Elmina represents a much-larger-than-usual fare). I asked him how much he would charge, and he opened the car door, saying “Get in, and we will discuss the fare on the way.” It is not necessary to be a student of negotiation to realize this is a poor idea. Once seated in the vehicle, the passenger loses all bargaining power. I merely smiled at him and said, “Let’s talk price first.”

The driver quoted me a fare that was several multiples of what I had hoped to pay. As there were so many drivers, I figured I would just approach others until I got a better fare. However, the next driver, who had overheard the first, replied with the exact same figure, as did several more. It became clear the drivers had found an effective response to comparison shopping — they had formed a cartel, all backing the price of the first driver to make an offer.

At this point I took out the tariff sheet from the airport and presented it to one of the drivers, insisting the fare should be what was listed on this document. The driver shook his head dejectedly as if I had defeated him and pointed reluctantly to a number printed on the form adjacent to Elmina. This price was about half of the original quoted fare. He said, “It is okay, get in and we will go.”

However, I looked at the tariff sheet more closely and noted there were two numbers next to Elmina, one about double the other. The driver had pointed to the higher figure. Although the text was in the Ga language and unreadable to me, it appeared that the first figure was for a one-way journey and the second was the round-trip rate. I showed this to the driver, who feigned ignorance, as if he had no idea what the first number meant. I began using hand signals to indicate the difference between traveling one-way and round-trip. It quickly became clear he knew full well what the numbers meant and just had been hoping I would not notice the difference. I insisted that the one-way fare was appropriate for a one-way trip.

The driver then tried another approach. “This is a very, very old tariff,” he said. “This tariff is no longer valid.” I responded that it had just been handed to me by the airport official moments earlier. He continued, “This tariff is out-of-date. Petrol costs twice as many cedis as when this was printed.” I pointed out that the sheet was dated only six weeks earlier, but we were at a standoff.

It was starting to get dark outside when one of the more boisterous drivers finally took me over to a quiet taxi driver parked in a corner by himself. I asked the quiet one whether he would drive me to Elmina for the printed fare, and he said he would. When we arrived in Elmina several hours later, I tipped him handsomely.

While this negotiation ended happily, things easily might not have worked out so well. This example shows some significant limitations of the interest-based approach.

Unclear Criteria. It can be far from clear what criteria are legitimate. The driver first attempted to use the round-trip standard (rather than one-way). This might have worked had I not looked more closely at the form. The driver even might have argued legitimately that a round-trip fare was appropriate because, given the lateness of the day, he would be unable to locate a paying passenger for the trip back. The driver also said that gas prices had risen, and I had no way to determine the validity of this claim.

In many negotiations, each side offers its own criteria in support of its position. Indeed, clever negotiators can be very creative in devising legitimate-sounding reasons for their offers. Sometimes these criteria are not good faith suggestions but are merely negotiating ploys.

One interest-based response is to look for an objective way to choose among the possible criteria. Sometimes there will be a valid reason that one criterion is more appropriate than another. However, many times this is not so easy. Even people negotiating in good faith will not always agree on which standards should be used. For an American at Kotoka Airport in Accra (or any negotiator who is a newcomer to a situation), clear standards can be hard to come by.

The Ultimate Hard Bargaining. Even more fundamental limitations of the principled approach became clear at the point when the sun began setting in the taxi lot and I still had no driver. I continued insisting on the legitimacy of my criteria, but I was a hundred miles from where I was to spend the night. I may have had principle on my side, but that would not get me to Elmina. If the taxi drivers had continued to exercise raw power, in the form of their absolute control over the market for transportation to Elmina, I would have had to give up my criteria and pay their price.

Critics of interest-based negotiation note that it sometimes seems to “overlook the ultimate hard bargaining.” (White 1984: 116). If the other side refuses to participate, there is sometimes little that an interest-based negotiator can do.

Nonetheless, it is worth remembering that in this case things did not get that far, and criteria ended up saving me a considerable amount of money. When I first arrived at the taxi park, I was quoted a fare much higher than what I ultimately paid. The use of criteria, in the form of a single sheet of paper, was powerful enough to cut the cost of my trip by 75 percent.

The power of principle is recognized in many parts of the world and by many different cultures. It is noteworthy that the Ghanaians did not dismiss the tariff sheet out of hand. Instead, they responded to it on its merits. Indeed, it changed the entire dynamic of the negotiation, turning the discussion from how much I was going to have to pay, to how much was fair.

Some Concluding Thoughts

Interest-based negotiation is extremely valuable in many cases and less relevant in some others. Overall, it is a useful framework for analyzing negotiation, and it provides helpful tools for approaching most situations. While not universal, it may have more to offer than any other established theory of negotiation.

At the same time, world travel also teaches that negotiation is not all there is to life. Following are two final ideas along these lines.

Money Isn't Everything. An easy mindset to adopt in negotiation is the idea that money is the ultimate goal. Some people find themselves doing everything possible to squeeze the last cent out of every seller they encounter. It is necessary to step back for a moment to realize that money isn't everything in negotiation or in life.

In India, men in their seventies make their living pedaling people to places in bicycle rickshaws. These men line up in front of fancy hotels and wait for hours for their turn to get a customer. Then they pedal their bicycle, pulling the heavy passenger carriage behind them, up hills in the 100-degree sun. They do this for twenty or thirty rupees a ride (considerably less than a dollar). They may only get a few passengers a day. Nonetheless, Western tourists find themselves negotiating fiercely to shave five rupees off the price of the ride.

The process of negotiation can bring out the worst in people. As the focus of negotiation is often to obtain the lowest price possible, there can be a tendency for negotiators to blind themselves to all other considerations. In other settings, this phenomenon is not as prevalent. For example, a restaurant customer legally could lower the price of every meal by never leaving a tip. Yet few people would consider doing this just to save a few dollars. People can lose this perspective in the negotiation context. The competitive aspects of the process can make people forget their better natures.

Negotiation for Enjoyment. Finally, people who live in countries where much of daily life involves negotiation often have a much healthier perspective on it. Many local merchants and customers seem to treat the process as a game and even to relish it. Both sides can have a little fun with themselves, like competitors in a sport or actors in a play. They may raise their voices, wave their arms angrily, and otherwise act offended with each other, but once they reach a deal, they are back to being the best of friends. Indeed, they seem entertained and amused by the process, and they look at it not as a chore but as a bit of an adventure. Ultimately, this may be the best negotiation approach of all.

NOTES

The author wishes to thank Roger Fisher, Frank Sander, Pete Steenland, Aloma Shaw, David Shapiro, Rajib Chanda, Chris Honeyman, Rick Senger, Jon Gould, Jody Lee, and an anonymous *Negotiation Journal* reviewer for their assistance with this article.

1. Guy Olivier Faure (1991) gives a fascinating account of other challenges one can face when buying a carpet in the Orient.

2. Robert McKersie (1997a and 1997b) describes several possible responses to this problem, though none seems particularly likely to be effective, in my opinion.

REFERENCES

- Faure, G.O. 1991. Negotiating in the Orient: Encounters in the Peshawar bazaar, Pakistan. *Negotiation Journal* 7(3): 279-290.
- Fisher, R., W. Ury, and B. Patton. 1991. *Getting to YES: Negotiating agreement without giving in*. 2nd. ed. New York: Penguin Books.
- Humphreys, A., et al. 1999. *Lonely Planet Egypt*. Oakland: Lonely Planet Publications.
- McKersie, R.B. 1997a. What would you do — on the back of a camel? *Negotiation Journal* 13(1): 13-15.
- . 1997b. What would you do —on the back of a camel? — Part 2. *Negotiation Journal* 13(2): 109-118.
- White, J. (1984). The pros and cons of *Getting to YES*. *Journal of Legal Education* 34: 115-120.