Imagine Alternatives to Negotiate More Ambitiously

Mentally simulating an attractive alternative can provide some of the advantages that real alternatives typically offer.

Job offers are not as abundant as they used to be. A recent survey by GMAC, for example, suggests that the average MBA graduate only has a single job offer to choose from. This leaves many feeling they have to accept the offers they get because they have no alternatives. In negotiations, it helps to have a good alternative because it enables one to negotiate offers more ambitiously.

However, it is sometimes inevitable that negotiators will lack an alternative to fall back on. So what can they do to maximise the potential of their negotiation?

In our recent paper, “Imaginary Alternatives: The Effects of Mental Simulation on Powerless Negotiators”, forthcoming in the Journal of Personality and Social Psychology, we found that negotiators can actually reap some of the benefits that alternatives offer by mentally simulating having an attractive alternative.

The power of imagination

Across seven studies, we hypothesised that imagining an alternative offer causes negotiators to boost their aspirations and motivates them to demand more from their opponents. In one study, for example, 306 online participants were divided into three groups. They were told to sell a second-hand CD to a potential buyer and were instructed to make a first offer. One group was told that another buyer was offering US$8 for the CD, which gave them a strong alternative. Another group lacked an alternative offer. The third group also lacked an alternative but was instructed to imagine what it would feel like to have one, what this alternative would look like and how it would affect their upcoming negotiation.

Consistent with our hypothesis, those who mentally simulated an alternative made a more ambitious first offer than those with no alternative. After determining that imagining an alternative gave negotiators the confidence to make more ambitious first offers, we then sought to find out whether imaginary alternatives also led to better negotiation outcomes.

We conducted another study with 300 laboratory participants who negotiated the price of a Starbucks mug face-to-face with either an actual alternative, without an alternative, or with a simulated alternative. Negotiators were also given an incentive to negotiate well because they could potentially earn the money they made and/or keep the coffee mug. There were two rounds in the negotiation. In the first round, negotiators were told that the price for the mug typically ranges from US$3.50–11.50 and received a strong alternative offer of US$9, or did
not receive an offer from a confederate over the
phone. Those who did not receive an offer were
either told to immediately continue a negotiation
with another buyer face-to-face or to mentally
simulate having an attractive alternative first. We
found that the mental simulation of alternatives
made the powerless negotiators more ambitious:
Not only did they demand more in their second
negotiation, they also sold their mugs for US$1 more
than those who did not engage in the mental
simulation. They performed almost as well as those
who had a strong alternative.

Thus, applying the methods from our studies can
help boost your aspirations and outcomes in
negotiations. This can involve thinking about what
an attractive but realistic alternative offer looks like,
for example, for a product you’re selling or an
alternative job offer before you head to the
negotiating table.

**When mental simulation doesn’t work**

Despite these positive effects of mental simulation,
there are also some important caveats to look out
for. We established various situations where
imagining an alternative offer does not yield a better
outcome or potentially even backfires. First, we
found that the type of alternative you simulate
matters. When we asked negotiators to imagine an
unattractive alternative rather than an attractive one,
they performed much worse because the
unattractive alternative lowered their aspirations.
This is consistent with our previous paper
showing that negotiators can be “weighed down” by the low
anchor a weak alternative provides.

Second, we found that the benefits of mental
simulation did not materialise when negotiators did
not make the first offer but their opponent did or
when their opponent also engaged in this mental
simulation. Thus, simulating an attractive alternative
to boost one’s aspirations is particularly effective
when you also move first in a negotiation and you
are the only one to use this strategy.

Finally, we found that mental simulation even
backfired when the issues to be negotiated were
extremely difficult to reconcile (i.e. when
negotiators’ bottom lines were not overlapping). In
these situations, the more ambitious offers resulting
from mental simulation only made negotiators more
willing to declare an impasse.

Although strong alternatives are important for a
successful negotiation outcome, we often have to
negotiate in their absence. Under the right
circumstances, such as when the underlying
interests are overlapping and when negotiators can
make the first offer, mentally simulating an attractive
alternative can provide some of the advantages that

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