

## **Shopping and Bargaining in Mexico: The Role of Women**

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*Bargaining behaviors, such as price haggling, have been observed for a long time among consumers. However, research endeavors addressing this behavior remain relatively sparse and usually within lab-settings. Therefore, there is a need for not only addressing this behavior in real life settings but also in determining whether gender or nationality play a role on bargaining outcomes. To determine whether gender and nationality of the bargainer might produce differences in the prices obtained, this study looked into the bargaining process in several Mexican cities because of the wide prevalence of negotiated prices in informal markets. The participants were a Spanish speaking Hispanic male, a Spanish speaking Hispanic female, and an Anglo no-Spanish speaking male. The results show that a gender effect is present in bargaining outcomes. Both male participants were perceived as more interested in the bargaining process and its outcome than in the actual products they were buying. A reason for such interest could be the empowering feeling that produces a lowered price. In contrast, the female participant consistently obtained better prices than her Anglo as well as her Hispanic counterpart. She was perceived as highly interested in the products; Vendors would not only show her additional products but would also lower their prices whenever she asked.*

### **INTRODUCTION**

Bargaining behaviors, such as price haggling, have been observed for a long time among consumers. Several purchases that consumers can attain through bargain include automobiles, home purchases (Corfman & Lehmann, 1993), as well as a great variety of products that can be usually found in informal markets. Such an inclination to bargain has been typically assumed to occur because of consumers' desire to obtain a better value for their purchases (Jones, Trocchia, & Mothersbaugh, 1997).

Previous research has addressed issues that explain bargaining behaviors, such as non-economic motivations (Jones, Trocchia, & Mothersbaugh, 1997), as well as what factors could possibly influence bargaining outcomes and their evaluations, such as the effect of response time on perceptions and the importance of other's welfare in evaluating bargaining outcomes (Oza & Srivastava, 2005; Corfman & Lehmann, 1993). Yet, research on consumer bargaining is relatively sparse (Srivastava & Oza, 2006) and many of the studies conducted have not addressed bargaining behaviors outside the lab setting nor have addressed whether gender or nationality play a role on bargaining outcomes.

In addition, research taking place in developing economies has not received the attention it deserves. In developing economies, Buchan, Croson, and Johnson (2004) note that negotiated prices are the prevailing form of setting prices for consumer purchases. Such an opportunity for negotiating, or bargaining, prices in these economies is due to the broad existence of informal markets. These markets enjoy avid consumers who are trying to acquire the most possible products with their limited incomes. Previous research has shown that bargaining behaviors play a significant role in developing economies such as in Mexico where two of the authors have investigated the effects of ethnicity on bargaining, and where women take the leading role in terms of bargaining. During their investigation, two of the authors noticed that, in the cities they visited, women were more successful than men in negotiating prices with the Mexican sellers. This research reflects our interest to examine whether there are any statistically significant differences in prices obtained between men and women and between national vs. non-national shoppers. Therefore, the purpose of this study is to determine whether gender and nationality of the bargainer might produce differences in the prices obtained. This research takes place in three northern Mexican cities (Nuevo Progreso, Reynosa, and Monterrey) in informal markets where the shoppers bargained on prices for the same goods.

## **LITERATURE REVIEW**

The shopping environment in several countries offers products and services sold at fixed or non-negotiable prices to consumers. However, there are also many products and services that are open to negotiation or bargaining process with regard to price. This negotiation process is a give and take process between the buyer and the seller, it can take place in a variety of contexts (ranging from addressing shipping charges to flea markets and garage sales), and consumers can act as either buyers or sellers (Evans & Beltramini, 1987).

Evans (1963) noted that the negotiation of prices takes place as a social interaction between two individuals and that the outcomes of such interaction rely on the social, economical, physical, and personal characteristics of the individuals. The literature reveals that financial reasons are not the only reasons influencing the negotiation process (Buchan, Croson, & Johnson, 2004; Jones, Trocchia, & Mothersbaugh, 1997; Rubin & Brown, 1975; Sherry, 1990). Yet, the negotiating relationship that takes place possesses four core characteristics: two parties are involved as a minimum, there is a conflict of interest in one or more issues between the parties, it is a temporal and voluntary relationship in which both parties expect to obtain a satisfactory outcome, and it entails the exchange of resources and/or the resolution of at least one intangible issue between the parties (Rubin & Brown, 1975).

According to Evans and Beltramini (1987), there are two general pre-transaction states or conditions that influence consumers before the exchange takes place. These are the general background conditions and the specific antecedent and concurrent conditions which, in turn,

influence what is called the general and transaction-specific levels of the individual (Belk, 1975). The general background conditions are psychological, attitudinal, and experiential characteristics of the individuals that research suggests are correlated with the negotiating strategies and outcome expectations of the individuals. The general background conditions are the negotiation expertise, attitudes between parties, and the psychological characteristics and perceived roles of negotiators. On the other hand, the specific antecedent and concurrent conditions are factors that contribute to the content of the negotiation process and outcome expectations. These factors are issue, situation, and/or context dependent and include incentives to initiate the negotiation, perceived power/dependency relationship, situational (number of parties involved), stress and tension associated with the availability of time, and situational complexity (Evans & Beltramini, 1987).

Earlier works on bargaining defined this activity in financial terms making it clear that one of the main reasons why people negotiate is price (Jones, Trocchia & Mothersbaugh, 1997). For Uchendu (1967), bargaining is a rational method of price formation where the goal is to set a specific price for a specific transaction. This particular price should be satisfactory or acceptable to the buyer and the seller and should be within the general price range that exists in the market. More recent work, such as Kassaye (1990), defines bargaining as a complex behavior in which buyer and seller involve themselves to achieve an acceptable price to both. One should note how price is used as a reference point to assess the outcome achieved.

However, for some researchers, such as Sherry (1990), pricing is not the only factor influencing the negotiation process. Sherry (1990) assures that the fundamental nature of bargaining transcends from a simple economic gain. Moreover, Rubin and Brown (1975) advocate for considering the individual's attitudes and need for affiliation, achievement, and power as an influence on the individual's motivation to bargain. More recently, Jones, Trocchia and Mothersbaugh (1997) reported that consumers engage in bargaining behaviors to fulfill three needs that can be categorized using the basic human social needs: need for achievement, need for affiliation, and need for dominance. Using depth interviews as their data collection method, their results suggest that individuals who involved themselves in bargaining behaviors did it in order to satisfy either one or several of these three needs, showing that for some individuals, as the authors refer to, "bargaining is more than just a necessary evil" (Jones, Trocchia, & Mothersbaugh, 1997, pg. 390).

While in the bargaining process, consumers might have to use features of the bargaining process itself as cues to deduce their payoff. To do so, consumers can make this deduction based on the active or passive behavior of their counterpart. The bargainer might deduce information about the outcome when the counterpart either actively or passively responds to an offer (Srivastava & Oza, 2006). Another cue available to bargainers is the time that their opponent takes to respond to an offer. A recent study demonstrated that the payoff was perceived to be superior by the bargainer when the offer was accepted after a delay. In contrast, bargaining outcomes were perceived by the bargainer as worse when followed by an immediate acceptance of the opponent (Srivastava & Oza, 2006).

## **METHOD**

### **Sample**

The sample for this study was salespersons who were working at different shops scattered throughout main street at Nuevo Progreso, El Mercado (The Marketplace) at Reynosa, or at La

Pulga (The Flea Market) at Monterrey. All of these shops were informal in nature and high in consumer traffic. The shops at Nuevo Progreso are especially visited by American tourists when on shopping sprees. The clerks simply responded to questions posed by the researchers about prices for different goods (e.g., perfumes, dolls, bracelets, dresses).

For this study, a list of products was developed so that participants would bargain about the same products. The list contained 40 items to ensure a wide diversity of products. Some of the products were: shirts, belts, bracelets, earrings, blankets, dolls, toys, Aztec calendars, and decorative items. After reviewing the literature, researchers opted for collecting data about the beginning and ending price for the items in question. That is, the participant would go and ask for the price of a listed item with a vendor. Then, the bargaining process would take place. At the end, the participant, once out of sight of the vendor, would enter the beginning and ending price of the item. The process was repeated until the list was completed.

A total of three trained participants was employed. Participant one was a Spanish speaking Hispanic male. Participant two was a Spanish speaking Hispanic female. Participant three was an Anglo male. His native tongue was English but he could speak some Spanish. Participants one and three went to Reynosa and Monterrey, Mexico. Participant two went to Nuevo Progreso, Mexico accompanied by participant one. For feedback purposes, participants were in pairs with the purpose of having someone else watching the bargaining behavior of the person negotiating the prices. Once in the flea markets, the participants went through the aisles, when they observed a product that was part of the list then, they would approach the clerk. Once contact was made, the clerks were asked about the product's price. Sometimes the clerk gave a thorough explanation of the item of interest, and then the clerk would state the price. If the clerk could infer that the prospective buyer was interested in the item but was not willing to pay the stated price, most often the clerk would initiate the negotiation by lowering the original price. If, however, the clerk did not show any indications of initiating the negotiation process, the participant would make an offer thus, initiating the price bargaining process. After leaving each shop, the participant entered the data into an already prepared list. The data collected was subsequently entered into SPSS 15.0 for analysis.

## **Results and Analysis**

Data collected at Nuevo Progreso, Reynosa, and Monterrey were scrutinized descriptively (e.g., graphically) prior to subjecting it to inferential statistics. For each of the researchers/shoppers, the average price difference was computed as the final/reduced price subtracted from the original price. These average differences were 1.055, 1.05, and 2.31 for the male Hispanic, male Anglo, and female Hispanic researchers, respectively. To test whether these differences were statistically significantly different, the data were subjected to a one-way analysis of variance (ANOVA) using buyer as the factor and differences in prices as the outcome variable. However, before doing so, the homogeneity of variance assumption was evaluated using Levene's test. Results of the Levene's test indicated that the homogeneity of variance assumption had not been violated. Thus, researchers proceeded with the one-way analysis of variance. Results of the ANOVA revealed statistically significant mean differences among the three buyers ( $F = 8.708$ ,  $p = .000$ ). To determine where the significant differences were, the post hoc multiple comparisons (LSD) procedure was employed. The post hoc results indicated statistically significant mean differences between researcher one (male) and two (female), and also between researcher two (female) and three (male) (see Table 1).

**TABLE 1**  
**ANOVA RESULTS**

Source	df	F		p
Researcher	2	8.708	0.159	.000
Researcher 1 X Researcher 2				.001
Researcher 1 X Researcher 3				.980
Researcher 2 X Researcher 3				.001

As shown by the results, there appears to be a gender effect when it comes to bargaining. The female participant was always significantly ahead in terms of prices when compared to her male counterparts. This leading role was observed regardless of the nationality of the participants. The female participant obtained better prices than her Anglo as well as her Hispanic counterpart. Overall, whenever the price negotiation was done by the female participant, the clerks typically lowered the price of their products.

To be able to offer a more in depth insight of the results obtained, each participant provided feedback about the participant they observed. Regarding participant one, his behavior was reported as acting and looking as a local person, that made eye contact with the vendor, and acted as “one of the group” with the vendors (i.e. he identified himself with the vendors). Participant number three, the second male, was seen as “trying” to be friendly but the language barrier interfered. He was also seen as trying to have a conversation with the vendor and making eye contact. A shared characteristic by both male participants was the fact that they did not show much interest in the products. Both male participants seemed more interested in the bargaining process and its outcome than in the product. This lack of interest on the actual product might be seen by others as more of an achievement or power issue rather than a true interest for the product. The males could be perceived as bargaining more for the need to achieve a lower price or for the empowering feeling that produces a lowered price than an actual interest in acquiring the product. This attitude might have been perceived and seen in a negative manner by the vendors, which in turn, did not lowered much their prices.

In contrast, the female participant always showed interest for the products she was bargaining for. She would ask not only for prices, but for additional colors, sizes, or features. She was described as a friendly person, who smiled, made eye contact, and used a similar language as the vendors did. Because of the interest she showed, vendors would show her additional items and when the participant asked, they lowered the prices. It was even noticed that sometimes, when the female participant showed hesitation towards the actual purchase, the vendors lowered one more time their prices. Although it can not be determined how much being friendly and showing interest for the product contributed to the much lowered prices obtained by the female participant, it is clear that these two attitudes do play a role in the outcomes of the bargaining process.

## CONCLUSION

In the current study there was a significant difference in the prices obtained by the female shopper as opposed to the male shoppers. The female shopper obtained much lower prices in all the products that were subject to a bargaining process than her male counterparts. We suggest that positive attitudes such as being friendly, showing interest for the products, and building

rapport with vendors, through the use of similar language, can positively influence bargaining outcomes for the shopper. Vendors might perceive a true interest of the person on acquiring the product and might be interested on not only “making the sale” but, in also having a satisfied customer, which eventually might lead to repeated purchases.

One limitation of this study is the lack of feedback from the vendors. Future studies could address the perceptions of the bargaining process from both sides: shopper and vendor, offering a better insight as to how the bargaining process is perceived by both parties. In addition, the influence of third parties that are present when the bargaining process is taking place should be investigated. In our study, the observants kept their distance so they would not interfere with the process. However, it would be interesting to address how the presence of an additional shopper might influence the bargaining outcomes. Overall, it seems that if you are in an informal shopping environment where bargaining can lead you to better prices, let the female in the group do the price negotiation.

### **Managerial Implications**

Bargaining behaviors are found in many aspects of one’s private and public life. Bargaining takes place when two parties are trying each to obtain the best possible outcome. The results of the study show that women tend to obtain better outcomes when negotiating than men. Perhaps, because the study takes place in an informal, non-threatening environment, the female participant was able to consistently obtain better prices. When perceived the situation as non-threatening, the participant was not only at ease but felt comfortable enough to display a range of behaviors, such as friendliness, that complimented her goal: to obtain better prices than her counterparts. Managers could benefit their staff by teaching them to feel at ease when in negotiating settings. Too often managers pressure their employees to focus in the final goal rather than focusing in both, the process and the outcome. When at ease, staff’s performance might be greatly improved as they are not only comfortable with the process but they are confident with their abilities.

Individuals involved in negotiating settings should also recognize the value of one’s personality. In this study, feedback regarding the female participant shows that she was not only an approachable and friendly person but, she also showed a genuine interest on the product she was bargaining about. When the vendors recognized this genuine interest, they always tried to “work things out” with her. The staff involved in negotiating processes should never forget to show their true interest in obtaining what the other party has to offer. This display of interest might ultimately benefit more the buying than the selling party in many situations. For example, in time-pressed situations because of the interest showed by the buying party, the selling party might concede lower prices in an aim to make the sell, honor the interest showed, and build or maintain a business relationship. Once again, managers should emphasize not only the final outcome, but the bargaining process as well.

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