

Ethics in negotiation

Business



Traditional competitive bargaining can be most commonly witnessed across flea markets in my opinion. A flea market is an informal market typically categorized by a multitude of mostly unknown small scale sellers who set up stalls or other small units (Goodpaster, 1996). Homogeneity in products across sellers is largely common, leaving vendors fighting for consumers amongst themselves. Vendors are typically not the manufacturers of the products. They tend to be casual sellers who acquire merchandise from a wide variety of sources, such as export rejects, giveaways, used commodities etc., with no particular emphasis on quality in general. It is usually an ‘anything that sells’ approach that is adopted by such sellers. Sellers tend to arbitrarily decide on prices since merchandise is acquired from a plethora of sources with no objective means of deciding on price (Kugel, 2013). They thus pitch a price according to the profile of the customer who visits, based on personal discernments about their willingness and ability to pay for the items. Most customers are however aware of this fact, and the more affluent ones quickly reject the initial price as it borders on exploitation. Hence, bargaining becomes necessary to avoid being taken advantage of by crafty retailers practicing price discrimination to maximize profits.

With stalls set up very close to one another, a customer can look through the catalog of a number of vendors whilst standing in one of them. He can thus be aware of the quality of items offered by other vendors, which if greater, can be used as leverage against the current one. Vendors are typically reluctant to let go of customers once they start negotiations, and threats about opting to visit other stalls are extremely effective in getting them to reduce their asking price. They are aware that customers benefit from choice

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and selection, and if they do not comply with their reasonable wishes, another vendor will.

A major factor behind the existence and prevalence of bargaining in flea markets is that of information asymmetry. In a normal market, a customer is aware about the details of merchandise such as the manufacturer, area of production, quality etc. This is not the case with flea markets, where customers are aware that they may be getting anything from a good quality reject of a top notch brand to a used up, ready for scrap item. Sellers in most cases know more about the products origins etc., and can thus often fool customers in believing that the product may be of higher quality than what it actually is (Dyas, 2013). Thus, deprived of complete information, customers are usually skeptical about sellers' initial assessments of the product price, leaving a lot of room for negotiation.

The readiness of free market vendors to negotiate is also a contributing factor to bargaining. When customers see bargaining going on, they immediately presume that the initial price quotations are not well representative of product quality etc. At times, they may also not care much for product quality, but only persist with getting a better deal to save some money. Hence bargaining is not always a necessity, but a choice as well in some cases as the dynamics of a flea market facilitate its presence.

References

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