Michael Jordan's agent faced a challenging task when he negotiated Jordan's contract with the Chicago Bulls in 1996. Anticipating that the Bulls' managing partner, a notoriously tough negotiator, would lowball him, Jordan's agent opted to move first and requested an ambitious $52 million. After a back-and-forth exchange of offers, the parties settled for $30 million. By making the first offer, and doing so aggressively, the agent created the necessary conditions for a favorable negotiation outcome (Dell & Boswell, 2009). Jordan's salary of $33.14 million for the 1997–1998 season, a 10% increase from the previous year, remains the single highest annual salary in the history of the National Basketball Association.

In contrast, Lacoste's first offer backfired when they negotiated an apparel deal with tennis player Andy Roddick. Their offer included the value of the contract, as well as a clause reducing the contract by 75% if Roddick were to drop out of the top 15. Lacoste did not realize that this clause was of no concern to Roddick, who had decided to retire from tennis if he were to fall below 15th. Instead of accepting the clause immediately, Roddick's agent used the information to negotiate a larger annual guarantee and an automatic contract extension. He then "reluctantly agreed" to Lacoste's clause. Thus, by making the first offer, Lacoste revealed valuable information, which Roddick then used to his bargaining advantage.

Roddick's agent, on the basis of this experience, proposed that one should never make the first offer:
The first offer gives you an insight into their [the other party's] thought process. It crystallizes all their thinking up to that point and boils it down to a single number or a series of deal points. It tells you what their primary issues are. Whatever terms they throw in along with their first number are often the most important issues to them. (quoted in Dell & Boswell, 2009, p. 159)

Following this reasoning, practicing experts have suggested that it is wise to refrain from opening a negotiation.

These two examples highlight that making the first offer can both help and hurt negotiators. Indeed, whether to start or not appears to be one of the most central and vexing questions negotiators face. Interestingly, researchers and practitioners disagree about whether one should make the first offer. Conventional wisdom and practicing experts recommend waiting for an offer in order to be well informed when making the counteroffer (e.g., Dell & Boswell, 2009; McCormack, 1984). In contrast, a plethora of experimental research suggests the exact opposite: that it is best to move first. The negotiator making the first offer ends up with better outcomes because that offer functions as an advantageous anchor (for a summary, see Galinsky et al., 2009). In this article, we aim to integrate these contradictory views and to resolve the puzzle of when moving first helps and when it backfires.

The First-Mover Advantage: The Role of Anchoring

The well-established advantage of moving first is rooted in first offers having a strong anchoring effect on subsequent negotiations. Anchoring is the assimilation of a judgment to a relevant or irrelevant numerical value (Kassam, Koslov, & Mendes, 2009; Mussweiler & Strack, 2000b; Tversky & Kahneman, 1974). In negotiations, recipients' judgments are anchored by the initial offer, and counteroffers are assimilated to this numerical value. Thus, the more extreme the first offer is, the larger the profits for the first-moving party. Recipients have been shown to insufficiently adjust away from the first offer, and, consequently, final outcomes gravitate toward this anchor (Galinsky et al., 2009; Loschelder, Stuppi, & Trötschel, 2013).

Because the first offer functions as an anchor, there is a bargaining advantage for making the first offer: Senders of first offers get better outcomes than do the recipients. Abundant research indicates that this first-offer advantage is highly robust; the effect has been replicated across Eastern and Western cultures and among negotiators varying in power or expertise (e.g., Galinsky & Mussweiler, 2001; Gunia, Swaab, Sivanathan, & Galinsky, 2013; Mussweiler & Strack, 2000a; Northcraft & Neale, 1987).

The First-Mover Disadvantage: The Role of Compatible Preferences

To understand when making the first offer helps or hurts, it is important to consider the type of issues that can exist in a negotiation. Negotiations can contain three different types of issues: distributive issues (parties have diametrically opposed preferences and care equally about an issue, which creates a zero-sum situation), integrative issues (parties have different priorities for an issue, which allows for trade-offs and win-win agreements), and compatible issues (both parties have the same preference for an issue; e.g., both a recruiter and a candidate want the candidate to work in Chicago instead of New York).

Research has predominantly investigated the impact of first offers in distributive, single-issue negotiations (although recently, Sinacerz, Maddux, Vasiljevic, Nuckel, & Galinsky, 2013, examined the effects of first-offer timing on the quality of outcomes for the negotiation dyad, and Gunia et al., 2013, explored the effects of negotiators' power and cultural background in multi-issue negotiations). In single-issue negotiations, moving first provides an advantage, as first offers are likely to anchor subsequent negotiations.

We propose, however, that moving first may backfire in multi-issue negotiations when the first offer reveals previously unknown information about a compatible issue. In these cases, opening offers can lead to an information asymmetry (Epstein & Meale, 2013), in which recipients of the offers know more about senders' preferences than vice versa. Recipients may learn that the senders' preferences are identical to their own. They can then leverage this information by feigning that the proposed offer is detrimental to them, in order to extract concessions on another issue before finally "reluctantly agreeing" on the compatible issue (see also O'Connor & Carnevale, 1997). In this case, moving first would lead to worse outcomes than being the recipient of the first offer.

Resolving the Practitioner-Researcher Paradox

We propose that the main variable that determines whether a first-mover advantage or first-mover disadvantage unfolds is the type of information that the first offer reveals. When first offers do not reveal information on compatible preferences, senders will claim more value than recipients, and there will be a first-mover advantage. In such cases, a first offer functions as an anchor; that is, the value of the first offer predicts the value of the final outcome, as illustrated in Jordan's contract negotiations.

However, when first offers convey inside information on compatible preferences, recipients will claim more value than senders. When a first offer reveals that the sender's preferences are compatible with the recipient's,
an astute recipient can leverage this insight to extract additional concessions from the first mover, as illustrated in Roddick's contract negotiations with Lacoste. In such cases, there will be a first-mover disadvantage, and the first offer will no longer predict the value of the final outcome.

Social Value Orientation: Who Benefits From Receiving Inside Information?

We predicted that revealing information on compatible preferences would produce a first-mover disadvantage. However, we also reasoned that not all recipients would leverage this information to extract concessions and to maximize their individual benefit. In particular, recipients with a strong concern for their own outcome, a proself value orientation, should be most likely to exploit their information advantage. Hence, we predicted that the social value orientation (SVO) of recipients would moderate the impact of first-offer information.

Social motives refer to preferences for the distribution of outcomes to self and others, and it is common to differentiate between proself (i.e., egoistic and competitive) and prosocial (i.e., cooperative and altruistic) value orientations (De Dreu & Van Lange, 1995; Van Lange, 1999). Social motives have strong effects on negotiators' behavior. For instance, compared with prosocial negotiators, proself negotiators engage in less problem solving (De Dreu, Weingart, & Kwon, 2000) and use information more strategically (Steinel & De Dreu, 2004). We predicted that the recipient's SVO would moderate the first-mover disadvantage because proself recipients would use inside information on compatible preferences for their individual benefit. In contrast, prosocial recipients, who strive to maximize both their own and their counterparts' outcomes, would be likely to refrain from exploiting such an information advantage.

Overview of the Experiments

We conducted two experiments to test when a first-mover advantage or a first-mover disadvantage occurs. We manipulated the type of first-offer information to establish its critical role in determining when making the first offer helps or hurts. We predicted that there would be a first-mover advantage when a first offer conveyed only distributive information; we also hypothesized that the value of the first offer would predict the value of the final outcome (i.e., that first offers would have an anchoring effect). However, we predicted that moving first would backfire and produce a first-mover disadvantage when the first offer provided insight into compatible preferences; we also hypothesized that the value of the first offer in this case would not be as strong a predictor of final outcomes. Finally, we expected that the effect of providing insight into compatible preferences would be moderated by recipients' SVO, such that the hurtful effect of moving first would be exacerbated when recipients had a prosel rather than prosocial orientation.

Experiment 1: Compatible Issues

Experiment 1 tested the impact of first offers in dyadic, face-to-face negotiations that involved two issues. We manipulated the compatibility of parties' preferences so that negotiations involved either two distributive issues (distributive condition) or one distributive and one compatible issue (compatible condition). In each dyad, one negotiator was instructed to maximize the deal and to subsequently make a counteroffer (recipient); whereas the other negotiator was assigned to receive the first offer and to make a counteroffer (recipient). We predicted that moving first would be advantageous in the distributive condition but disadvantageous in the compatible condition.

Method

Participants and design. Participants were 86 M.B.A. students (mean age = 29.55; 31 female, 55 male) enrolled at an international business school. All were experienced managers with 5 or more years of work experience. Participants were randomly assigned to an experimental condition (distributive vs. compatible) and role (buyer vs. seller; see the next section). In addition, one party in each dyad was selected to start with an opening offer on both issues (sender), and the other party was to receive the offer and to subsequently make a counteroffer (recipient). Following previous negotiation research, this manipulation was counterbalanced across roles (see Maddux, Mullen, & Galinsky, 2008; Sinaceur et al., 2013).

Negotiation task. Participants negotiated the sale of a pharmaceutical plant as chief financial officers for their companies (Galinsky & Mussweiler, 2001). Negotiators' preferences on the sale price were diametrically opposed (distributive issue), and both parties were given a BATNA (i.e., best alternative to a negotiated agreement; Pinkley, 1995): Buyers could build a new plant for 25 million, and sellers could sell the stripped plant's equipment separately for 17 million. Thus, the deal was profitable for both parties within a positive bargaining zone of 8 million (the distance between the two BATNAs). All materials were in English.

To induce a realistic business negotiation context, we gave all the students proself instructions; that is, all negotiators were instructed to maximize their profits: “The more profit for your company, the better” (see Beersma & De Dreu, 2002; Trötschel, Hüffmeier, Loschelder,
We adapted the exercise by introducing an additional issue—the date when the plant would be transferred from owner to buyer. The transfer date could be scheduled between 3 and 12 months in the future. Negotiators’ preferences for the transfer date were manipulated as distributive or compatible. In both conditions, sellers read:

You prefer a later transfer date because you are still working on some lucrative projects that need to be completed in your current plant. Thus, the later the transfer date, the greater your additional profits ($400,000 per month). For instance, if you settle on a transfer date of 3 months, you make an additional $400,000. With a transfer date of 12 months, your profit equals $4 million.

The buyers’ instructions differed between conditions. In the distributive condition, buyers’ preferences were diametrically opposed to sellers’:

You prefer an earlier transfer date because you want to start working on some lucrative projects in the new plant. Thus, the sooner the transfer date, the greater your additional profits ($400,000 per month). For instance, if you settle on a transfer date of 12 months, you make an additional $400,000. With a transfer date of only 3 months, your profit equals $4 million.

In the compatible condition, buyers’ instructions regarding the transfer date were equivalent to those of sellers in that buyers also received higher profits for later transfer dates. Thus, the transfer date was compatible in that both parties (unknowingly) had the same preference for a late transfer date (Thompson & Hastie, 1990).

**Dependent variables.** After the negotiation, participants reported their final agreements and first offers. The main dependent variable was the percentage of total profit (claimed value; Maddux et al., 2008).

**Results**

One dyad reached an impasse and was excluded from the analyses. Senders claimed more value in the distributive condition ($M = 60.33\%$) than in the compatible condition ($M = 44.38\%$), $F(1, 40) = 11.21, p = .002, \eta^2 = .22$. In the distributive condition, results were consistent with a first-mover advantage: Senders claimed significantly more value than they would have with a 50-50 (equal) agreement, $t(20) = 2.57, p = .018$. In the compatible condition, results were consistent with a first-mover disadvantage: Senders claimed significantly less value than they would have with a 50-50 agreement, $t(20) = -2.25, p = .036$ (Fig. 1).

These effects were replicated when only the profit for the distributive issue of sale price was included in the analyses; senders claimed more of the $8 million bargaining zone in the distributive condition ($M = 5.60 million, $SD = 2.75$) than in the compatible condition ($M = 3.12 million, SD = 1.82$), $F(1, 40) = 11.79, p < .001$.

We conducted regression analyses to investigate the impact of negotiators’ first offers on final outcomes. Results in the distributive condition replicated past research: First offers functioned as anchors, with more self-serving first offers resulting in higher profits for senders, $\beta = 0.47, t(20) = 2.33, p = .03$. However, in the compatible condition, the anchoring influence of first offers was much weaker, $\beta = 0.28, t(19) = 1.24, p = .23$. First offers were stickier anchors in the distributive condition than in the compatible condition.

**Discussion**

Experiment 1 replicated the well-established anchoring effect of first offers (Galinsky & Mussweiler, 2001) in a negotiation involving multiple distributive issues. Extending prior work, Experiment 1 demonstrated that negotiators who moved first claimed less value when their first offer included a compatible issue than when it included only distributive issues. In this case, going first led to a bargaining disadvantage. Revealing compatible
preferences also influenced the anchoring effect of first offers: The effect of the first offer on final outcomes was much stronger when first offers contained only distributive issues than when they contained a compatible issue.

**Experiment 2: The Moderating Role of Social Value Orientation**

Experiment 2 replicated the general procedure of Experiment 1 and included three conditions: Senders were instructed to make an offer with respect to (a) a distributive issue only, (b) a compatible issue only, or (c) both the distributive and the compatible issue. We predicted that whenever first offers included the compatible issue, recipients would have an information advantage, which would result in a first-mover disadvantage.

We also tested whether SVO would moderate this effect. We predicted that making a first offer that included the compatible issue would lead to a stronger bargaining disadvantage for senders when recipients were predisposed to capitalize on other people, that is, when senders faced proself rather than prosocial recipients (De Dreu et al., 2000; Steinel, Utz, & Koning, 2010).

**Method**

**Participants and design.** One hundred eighty participants (mean age = 22.16; 98 female, 82 male) were recruited from the subject pool of an international business school and received €15 as remuneration for their participation in this lab study. We manipulated which issue or issues were addressed in the first offer to create three conditions: distributive issue, compatible issue, and both issues. Participants were randomly assigned to an experimental condition and role (buyer vs. seller). As in Experiment 1, one party in each dyad was selected to start the negotiation (sender), and the other party was to receive the first offer and make a counterproposal (recipient); this manipulation was counterbalanced across roles (buyer vs. seller; see Maddux et al., 2008).

**Negotiation task.** We used the same instructions regarding negotiation issues as in the compatible condition of Experiment 1; whereas the sale price was a distributive issue, the transfer date was compatible in that both parties preferred a late transfer date. To create the experimental conditions, we asked senders to address (a) only the sale price (the distributive issue), (b) only the transfer date (the compatible issue), or (c) both the sale price and the transfer date in their opening offer. Participants received written, confidential instructions and were given 15 min to prepare. Negotiations were conducted in French and were limited to a maximum of 30 min.

**Social value orientation.** Recipients’ SVO was measured using a series of decomposed games (Messick & McClintock, 1968; Van Lange & Kuhlman, 1994); negotiators were classified as prosocial if they provided their counterpart with at least 40% of the total points and as proself if they provided their counterpart with less than 40% of the total points. Negotiators’ SVO did not differ across experimental conditions, $\chi^2(2, N = 90) = 0.26, p = .880$, and our SVO data showed good internal consistency ($\alpha = .96$).

**Dependent variables.** We assessed individual profits as in Experiment 1 (claimed value, as a percentage of total profits) and documented the value of senders’ first offers.

**Results**

Senders claimed more value when their first offers included only the distributive issue ($M = 58.65\%$) than when it addressed both issues ($M = 36.28\%$) or only the compatible issue ($M = 38.58\%$), $F(2, 87) = 4.53, p = .013, \eta^2 = .09$ (Fig. 2). Results in the distributive-issue condition were consistent with a first-mover advantage: Senders claimed significantly more value than they would have with a 50-50, equal agreement, $t(29) = 2.40, p = .023$. When senders revealed their compatible preference (i.e., in the compatible-issue and both-issues conditions), however, results were consistent with a first-mover disadvantage: Senders claimed significantly less value than they would have with a 50-50 agreement, $t(59) = -2.71, p = .009$.

These effects were replicated when only the profit for the distributive issue of sale price was analyzed; senders claimed more of the $8 million bargaining zone in the distributive-issue condition ($M = 55.34 million, SD = 3.10$) than in the other two conditions ($M = 2.03 million, SD = 5.69$), $F(1, 88) = 8.80, p < .004$. In sum, making the first offer backfired when senders revealed their preferences for the compatible issue.

**Effects of the first offer on individual profits.** We conducted regression analyses similar to those in Experiment 1 to examine the anchoring effect of the first offer. In the distributive-issue condition, first offers functioned as anchors, and more extreme offers resulted in higher profits for senders, $\beta = 0.61, t(29) = 4.10, p < .001$. However, when senders included the compatible issue in their first offers, the anchoring influence of first offers was much weaker, $\beta = 0.26, t(58) = 2.10, p = .04$. As in Experiment 1, the effect of first offers on individual profits was stronger when first offers contained only the distributive issue than when they contained both issues or the compatible issue only.
Social value orientation. We examined the moderating impact of recipients’ SVO in the compatible-issue and both-issues conditions combined. As predicted, senders’ individual profits showed a stronger first-mover disadvantage when recipients had a proself orientation \((n = 34; M = 29.19\%)\) rather than a prosocial orientation \((n = 23; M = 47.87\%\), \(t(55) = 1.94, p = .057\) (Fig. 3, left panel). Viewed from the other perspective, recipients’ individual profits indicated that proself recipients \((M = 70.81\%)\) were more likely to take advantage of the information asymmetry than were prosocial recipients \((M = 52.13\%)\).

In the distributive-issue condition, senders’ individual profits showed a stronger first-mover advantage when recipients had a prosocial orientation \((n = 11; M = 70.03\%)\) rather than a proself orientation \((n = 17; M = 54.52\%), \(t(26) = 2.27, p = .032\) (Fig. 3, right panel). Thus, distributive first offers had a stronger anchoring effect on recipients’ profits when recipients were prosocial \((M = 29.97\%)\) rather than proself \((M = 45.48\%)\).

**Discussion**

Experiment 2 replicated the well-documented first-mover advantage and anchoring effect of first offers when senders’ first offers included only the distributive issue. Experiment 2 also replicated our Experiment 1 finding that first offers providing insight into compatible preferences produce a first-mover disadvantage and decrease the anchoring effect of first offers.

Finally, Experiment 2 demonstrated the moderating impact of recipients’ SVO: Compared with prosocial recipients, proself recipients were more likely to exploit their inside information on the compatible issue, thereby amplifying the first-offer disadvantage. Conversely, prosocial recipients were particularly prone to anchoring effects of distributive first offers.

**General Discussion**

The current research addressed the contradictory positions taken by practitioners arguing for a first-mover disadvantage and experimental researchers claiming a first-mover advantage. Two experiments examined when making the first offer helps and when it hurts. First, our findings replicated the classic first-mover advantage and the anchoring effect of first offers in a multi-issue negotiation (Galinsky & Mussweiler, 2001). Senders claimed more value than recipients when their first offers did not contain information on compatible preferences. In these cases, making the first offer was advantageous, and more extreme first offers were strongly predictive of better final outcomes for senders.
At the same time, when a first offer disclosed compatible preferences, a first-mover disadvantage emerged. Having understood that senders’ preferences were the same as their own, astute recipients were able to extract more concessions from senders. Furthermore, the effect of the first offer on the final outcome was much weaker when that offer contained a compatible issue than when it contained only a distributive issue. Providing qualitative inside information about one’s preferences weakens the quantitative benefit (i.e., anchoring effect) of making a first offer.

We also found that not all negotiators took advantage of the information revealed in first offers. Proself recipients were particularly likely to use the informational advantage conveyed by offers revealing compatible preferences in order to outperform their first-moving opponents.

The observed first-mover advantage and first-mover disadvantage were highly robust, emerging across studies with varying participant samples (M.B.A. students and students from the participant pool of INSEAD’s research center), languages and cultures (English, French), and experimental contexts (classroom, laboratory).

These experiments document that first offers not only convey numerical values that anchor negotiations but also provide qualitative information about preferences. When a first offer addresses distributive issues only, it serves as a numerical anchor. However, when a first offer includes information on compatible preferences, it conveys more than a numerical anchor—it also conveys inside information on the sender’s preferences.

Our results suggest that the only issues one should include in a first offer are those for which the other side has diametrically opposed preferences, especially when one is dealing with opponents who hold a proself rather than prosocial value orientation. Thus, our findings speak to the importance of gathering information and identifying the nature of negotiation issues before a first offer is put on the bargaining table (see also Sinaceur et al., 2013).

It is important to note that a compatible issue needs to have a certain minimal value for inclusion of that issue in a first offer to benefit the recipient. For example, Gunia et al. (2013) found a first-mover advantage when negotiators presented first offers involving eight issues, two of which were compatible. However, in that study, the compatible issues (a) were of relatively low priority, and therefore offered little leverage, and (b) were presented among other distributive and integrative issues. In the multi-issue negotiations in our experiments, there were...
only two issues, which made the compatible issue more salient. Future research should investigate how the relative importance of a compatible issue and the number of issues involved influence the first-mover disadvantage, as well as the extent to which our reasoning applies to negotiation settings in which senders can reveal integrative interests.

**Concluding Thoughts**

The present research reconciles the contradictory positions of researchers and practitioners regarding whether to make the first offer or not. We have documented both a first-mover advantage and a first-mover disadvantage. When compatible issues are involved, first offers can convey more than numerical anchor values: This information about senders' preferences affords an advantage to recipients. Thus, when a priori information does not suffice to identify distributive issues, it may be wise to refrain from moving first.

**Author Contributions**

D. D. Loschelder developed the study concept. All authors contributed to the study design. Testing and data collection were performed by D. D. Loschelder and R. I. Swaab. All authors contributed to the data analysis and interpretation. D. D. Loschelder and A. D. Galinsky drafted the manuscript, and R. Trötschel and R. I. Swaab provided numerous critical revisions. All authors approved the final version of the manuscript for submission.

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The authors declared that they had no conflicts of interest with respect to their authorship or the publication of this article.

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