

## TEACHING MATERIALS: ROLE PLAY SIMULATION ON BUSINESS E-NEGOTIATION

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**ABSTRACT:** *This paper presents new teaching materials on business e-negotiation subject through the development of two-party role play simulation plus detailed instructions and teaching notes regarding an internet domain sales process. The case was designed with the purpose to understand how important is anchoring in negotiations where the asymmetry of information is the non-written rule of the game and the improvement of writing skills when negotiating. The role play simulation is designed to: (a) provide negotiation teachers with educational tools and new insights about how to deal with asymmetry of information in business e-negotiations (b) enhance students' skills on mutual gains approach, value creation, joint fact findings, consensus building and (c) provoke debates in classroom regarding to e-negotiations.*

**KEYWORDS:** E-Negotiation, Asymmetry, Information, Anchoring Effect.

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**RÉSUMÉ:** *Ce document présente de nouveaux matériels pédagogiques sur l'e-négociation à travers le développement de la simulation de jeu de rôle de deux partis ainsi que des instructions détaillées et des notes pédagogiques concernant l'acquisition d'un domaine basé sur le Web. Le travail a été conçu dans le but de comprendre combien il est important ancrage dans les négociations où l'asymétrie d'information est la règle non écrite du jeu et de l'amélioration de l'écriture lors de la négociation. La simulation de jeu de rôle vise à: (a) fournir aux enseignants des outils et de nouvelles idées sur la façon de traiter avec assymétrie d'information dans e-négociations (b) améliorer les compétences des élèves à l'approche des gains mutuels, création de valeur, fait conclusions communes, consensus et (c) provoquent des débats en classe sur des e-négociations.*

**MOTS-Clés:** E-Négociation, L'asymétrie De L'information, L'ancrage Effet.

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### INTRODUCTION

Written communication is probably one of the oldest applications of written language since its invention thousand years ago by ancient Sumer. In the seventeenth century although, the British philosopher Sir Francis Bacon praised on his Essays the virtues of negotiating by speech than by written letter (Bacon, 2000). Four hundred years later, from paper to digital media a lot has changed on the way information is gathered, stored and transmitted. Thus, written communications are stronger than ever. Each and every day written communication takes place all over the world, due to the revolution of global communication systems occurred at the end of the twentieth century (Sklair, 1999).

Modern written forms of communication such as e-mail, SMS (Short Message Service), Whatsapp, BBM (Blackberry Messenger) and similar are very popular. Therefore, different sorts of media influence both the way information is dispensed as well as communicated (Carnevale and Probst, 1997; Friedman and Currall, 2001; Valley *et al.* 1998).

Written communication can be defined as the use of written signs or symbols codified in order to communicate messages that may be printed or hand written. According to Saussure (1995) there only two writing systems: (a) ideographic system, where communication is basically represented by symbols related indirectly with the sounds expressed and (b) phonetic system in which communications are directly related with the sounds expressed. Each written symbol - phonetic or ideographic - contains a *sound image* or *signifier* directly attached to a *concept* or *signified*. The combination of concept and sound image is recognized as the *sign* (Saussure, 1995). Only phonetic system was investigated in this research as well as signs in Brazilian Portuguese Language.

In written communication, vocabulary as well as grammar influence writing style and play an important role, transmitting clarity and accuracy of the language used. Probably, written communication is one of the most common way of communication being used in business. Therefore, common knowledge considers it as core among business skills, such as negotiation, 'basically a process of communication by which two or more parties seek to advance their own interests or those of the persons they represent through an agreement on a desired future action' (Salacuse, 2008, p. 11).

Negotiating by e-mail is a different experience when compared to face-to-face negotiations. Usually e-mail and live negotiations can be observed in different dimensions regarding the media use: *interactivity* and *media richness* (Barsness and Bhappu, 2004; Daft and Lengel, 1984; Kraut *et al.* 1992). Live negotiations can be classified as *rich* medium due to the abundance of visual cues, such as verbal and non-verbal languages including verbal and visual cues (DePaulo and Friedman 1998). E-mail negotiations, for instance, can be considered *lean* medium due to the fact that verbal and visual cues are if not restricted, absent. On the other hand, *interactivity* also has two dimensions: one temporal – *synchronous* or *asynchronous* and the other parallel processing, or the ability of sending messages in parallel (Friedman and Currall, 2001). E-mails are considered *asynchronous* way of interaction – one does not need to respond necessarily sequentially or at same moment after receiving the message. Live negotiations are considered *synchronous* form of interaction because of co-temporal interactions.

Communicating routine messages in-groups (groups that share same expectations, experiences) can be also influenced by their communication styles, which impacts the way messages are decoded, such as *high-* or *low- context cultures* (Hall, 1976).

In *high-context cultures*, many ideas are not verbalized and their content is inferred by the context culture. Words are sometimes left unsaid, the communication is implicit and a few words convey complex messages to an in-group more effectively than to an outside group. For this reason, words and word choice gain in significance (Hall, 1976).

In *low-context cultures*, on the other hand, ideas are verbalized and less is left to the context culture to be inferred. The communication is explicit and words and word choice have less significance than in *high-context cultures* (Hall, 1976).

The two party role-play simulation *domain.com.br* was originally conceived to pursue the following learning objectives: (a) to help facilitators teaching e-negotiations and discussing its challenges and pitfalls in classroom (b) to deal with asymmetry of information provoked by the scarcity of information on both sides and the absence of face-to-face negotiations (c) to discuss the importance distributive negotiations, where two or more parties are negotiating a single issue, in this case the website domain (Raiffa, 1982). It also explores how parties can pursue (d) mutual gains approach (Susskind, 1999) and value creation through joint facts findings (e) position versus interests (Fisher and Ury, 1981), (f) anchoring effect or a cognitive process where negotiating parties tend to rely on the first information offered - usually an initial bid, but it could be a false story as well (Kahneman, Slovic and Tversky, 1982; Bazerman and Moore, 2009; Ariely, 2008).

Basically the two-party business role play simulation is about the acquisition of a web domain and includes a buyer and a seller. The instructions are distributed among participants who will read them and then start negotiations in pairs (one buyer and one seller each group) within the classroom. There are no limitations regarding to gender or age restrictions. Parties can be both males, both females and male-female. The only restriction is about talking, which is strictly forbidden in this exercise. The ways to communicate are restricted to writing forms of communication, such as e-mail, SMS, letter or equivalent. The parties are allowed to negotiate by letter if no internet or mobile signal is available. The participants will make their moves until a deal is reached or the time previously dispensed to the task is up. The possible outcomes are deal or no-deal. Results are discussed on the debriefing session, after the exercise is complete.

A full set of instructions as well as commentaries are further presented. Results of 84 negotiations (N=168 participants) are reported and compared to the learning objectives that encompass the present work.

## METHODOLOGY

The teaching materials presented at the end of this article encompass business negotiations environment. Role plays simulations are supported by Goffman's dramaturgical model theory (1959,1961), where 'social interactions are seen as a drama where there are actors (individuals and groups) who perform on a stage (a variety of settings and social situations) using a script (norms, rituals, expectations of how one should behave) (Goffman, 1959, 1961). Therefore, the role play simulations provide the actors (participants) a script (confidential instructions) to act on a stage (at the bargaining table). There are also audiences (facilitator, monitors, observers and participants), entries (preparation due to instructions), exits (the agreement) and performances (during the negotiation process). Since all the negotiations are presents in written formats, text analysis was largely used to process all primary data gathered on the present interpretive research. On text analysis, the quantity of words written on first and last messages exchanged between buyer and seller in a sequence were investigated as well as the quality of the overall sentences produced. Sentence is "a group of words, usually containing a verb, which expresses a thought in the form of a statement, question, instruction or exclamation (...)" (Cambridge, 2005, p.1157).

The following criteria were adopted on quantity of words analysis: (a) only first and last messages exchanged between buyer and seller in a sequence were investigated; (b) the

following words were considered: nouns (proper, common, count, mass, concrete, abstract and collective), numerals (ordinals and cardinals), articles (definite and indefinite) verbs, adverbs, adjectives, pronouns, prepositions (single word and compound), conjunctions, and interjections. (c) Spelling mistakes were considered.

The following criteria were adopted on quality of sentences analysis: (a) sentences containing statements or instructions were investigated; (b) sentences containing greetings or questions or exclamations were excluded from analysis; (c) spelling and grammatical errors were considered; (c) sentences were classified in *true* or *false statements*. *True statement* is the sentence considered totally coherent, agreeing, consonant or consistent with the confidential information received by both parties. *False statement* is the sentence considered incoherent, disagreeing, contradictory or inconsistent with the confidential information received by both parties. For instance, the following seller's sentence: "*I am not interested in selling the web site domain*" is conflicting, incoherent, disagreeing, inconsistent or contradictory to the seller's confidential instructions received, actually the opposite: seller is totally interested in selling the web site domain as soon as possible. Therefore, this sentence is classified as *False statement*.

### **Mechanics of the role play simulation**

This business e-negotiation exercise gathers two different parties, one buyer and one seller with one convergent issue, the acquisition of a web domain from the seller by the buyer. Consequently, each group has two participants.

There are no limits regarding the number of groups involved, although 20-25 groups per facilitator are reasonable numbers to deal with in classroom.

### **Briefing**

The facilitator begins the exercise briefing the groups about the nature and importance of e-negotiations on modern life, how improved writing skills are an important factor of success in many different circumstances, such as writing business memos, contracts, press releases, written communication between customers, suppliers and all sort of business counterparts. Then, the facilitator provides examples of how e-negotiations are common place in business environment and stating how can be tricky due to the absence of non-verbal communication signals provoked by the absence of face-to-face negotiations.

The next step is distributing confidential information, where parties receive their roles. Buyer and seller have different interests but one convergent issue, the acquisition of the web domain. Both are eager to close a deal, for different reasons (Buyer is interested in the name of the web domain for the new company website and can pay up to R\$ 5.000,00 (\$ 1,500) and seller wants to get rid of it for R\$ 120,00 (\$ 45) because of lack of interest on the web domain. There is no third party, or agents or multi-parties involved. The facilitator then tells the audience that the buyers should make the first move, although never mentioning that the first move includes the first bid. The facilitator also encourages the use of mobiles or any other form of written communication, such as text message mobile apps or similars. Sometimes, there are places with low signal and mobiles/internet may not work properly well. In this worst case scenario, the facilitator should ask participants to negotiate by letter. Finally the facilitator announces the duration of the exercise, 45-60 minutes including reading and preparation, depending on the quantity of participants. Finally, the facilitator informs the audience that the outcome of the agreement shall be delivered to the facilitator as soon as finished the negotiation or when the time is over, which occurs first.

### **During the exercise**

Usually, 10-20 minute reading and preparation are recommended. Then, negotiation starts with buyer writing the initial message. The facilitator clarifies groups' questions, if there are any. The facilitator then takes note: (a) from opening bid (\$) and (b) final bid (\$) for further comparison and analysis. The results are then shown to the students, on the white board or in an electronic worksheet. There are two possible outcomes: outcomes concentrated around the seller's reservation price or around the buyer's reservation price, i.e. the highest price a buyer is willing to pay and the lowest price the seller is willing to sell (Fisher and Ury,1981), in this case hundreds or thousands of (R\$) Reais (Brazilian currency).

### **Debriefing**

When time is up or all negotiations concluded, the facilitator check the outcomes and makes a debriefing of 45-60 minutes approximately. The total exercise time should not overpass 120 min a class with 40 participants. Basically the facilitator compares initial offer with final offer, to explain the anchoring effect, described earlier in this paper, makes comments about positions and underlying interests, how the information asymmetry and distributive negotiations affect the outcomes, for instance.

## **RESULTS**

The role play simulation *domain.com.br* was originally written in Portuguese and firstly applied to convenient sample of N=168 MBA Brazilian students (84 buyers and 84 sellers - 100 men, 68 women), aged 25-60, mean age 30 years from 6 different cities distributed in 3 Brazilian regions, Southeast, South and Northeast. From north to south Brazil, the language, Portuguese, is the same. Brazil has no dialects spoken known to this date, and the primary data were collected and analyzed between January and March 2017.

### **Written skills on the negotiation role-play simulation**

Teaching face-to-face negotiations using role-play simulations present challenges for the facilitator. Despite the fact that instructions are the same for all participants and the outcomes can be measured and compared, it is almost impossible in practical terms to control, even to follow all the parties *during* the exercise being applied in classroom. The negotiations are synchronous and to be complete, the observation would include multiple observers or multiple cameras, what usually is not feasible and could possibly intimidate the negotiators and eventually interfere with the results. The written role-play simulations, on the other hand, provide valuable source of information because they are fully recorded and can be analyzed later.

The participants were required to write down by letter, SMS or e-mail their *entire* negotiation, from opening to final statements. In this regard, it is possible to measure how many words were employed on the first and last messages' size, and if the statements were true or false, when compared with the instructions received by each party.

Primary findings pointed out average of 37.2 words used to open negotiations and average of 9.67 words to end negotiations, almost four times less words at the end of negotiations.



Regarding to first (OPEN\_WRD) and last (CLOSE\_WRD) number of words written on the messages exchanged between buyer and seller, Pearson correlation between numbers of words used on, respectively, on SPSS 16 returned  $\rho=0.229$ , as follows on Exhibit 1:

### Correlations

		OPEN_WRD	CLOSE_WRD
OPEN_WRD	Pearson Correlation	1	,229*
	Sig. (2-tailed)		,036
	N	84	84
CLOSE_WRD	Pearson Correlation	,229*	1
	Sig. (2-tailed)	,036	
	N	84	84

\*. Correlation is significant at the 0.05 level (2-tailed).

Exhibit 1: Pearson correlation of number of words employed on first and last messages.

Source: author.

### Quantity of true/false statements

The role play simulation was conceived with 37 information on the buyer's role and 27 information on the seller's role. All first statements were performed on the buyer's side. The quality of information as well as its quantity are asymmetric. The role-play simulation was designed with convergent interests with asymmetric information.

The frequency distribution among 1,307 affirmative sentences (100 per cent) registered 793 (60.7 per cent) true statements and 514 (39.3 per cent) false statements. Pearson correlation returned  $\rho = -0,071$  between variables (TRUE\_ST and FALSE\_ST) and Cronbach's Alpha  $\alpha = 0.783$ . Further research is required to clarify the causes of such scores. When asked, some participants replied generally that cheating was somehow easier in the physical absence of the other party.

### Anchoring effect

The mean value among 84 agreements was R\$ 1.949,16 (\$ 750). The maximum value paid was R\$ 8.500,00 (\$ 3,500) and the minimum value R\$ 36,00 (\$ 10). The difference between first and last offer pointed out 16.18 per cent (mean). Through SPSS 16, Spearman correlation  $\rho = 0.906$  and Pearson correlation  $\rho = 0.702$  was registered between first (OPEN\_VAL) and last offer (CLOSE\_VAL), see the Exhibit 2 as follows. Results although not conclusive depicted monotonic relationship between variables stronger than linear relationship. This said, further quantitative research is recommended to provide best insights about causality of such findings.

		OPEN_V AL	CLOSE_V AL
OPEN_VA L	Pearson Correlation	1	,702**
	Sig. (2-tailed)		,000
	N	84	84
CLOSE_V AL	Pearson Correlation	,702**	1
	Sig. (2-tailed)	,000	
	N	84	84

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Correlations**

			OPEN_V AL	CLOSE_V AL
Spearman's rho	OPEN_VA L	Correlation Coefficient	1,000	,906**
		Sig. (2-tailed)	.	,000
		N	84	84
	CLOSE_V AL	Correlation Coefficient	,906**	1,000
		Sig. (2-tailed)	,000	.
		N	84	84

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Reliability Statistics**

Cronbach's Alpha	N of Items
,783	2

**T-test: One-Sample Test**

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
OPEN_VA L	6,799	83	,000	1949,16667	1378,9836	2519,3498
CLOSE_V AL	10,318	83	,000	1937,73810	1564,2056	2311,2706

Exhibit 2 – Pearson and Spearman correlations plus Cronbach’s Alpha and t-test between first and last bids. Source: Author

## DISCUSSION

*Domain.com.br* was designed to teach e-negotiations exploring asymmetry of information. It is also probably one of the easiest ways to collect primary data in classroom. Experience shows, however, that full text analysis is time consuming and not feasible to be conducted in classroom. In this case, it is recommended to send overall performance report to the participants later.

The negotiation of a web domain has no transfer restrictions known in Brazilian legislation, thus it can be negotiated freely. As a matter of fact, this sort of asymmetric distributive negotiation can be explored in many different ways, with different issues being negotiated. The facilitator is therefore encouraged to teach differences between positions versus interests in negotiations (Fisher, Ury and Patton, 1981).

On debriefing session it is recommended not to disclose the names of the participants. Some may feel intimidated. Writing skills, like correct grammar and correct spelling usage, should be encouraged to participants, especially when the outcomes are selected and read in classroom. One simple way of doing this is to recommend participants cultivating reading habits. One way to provoke debate is to ask the other party if he or she can live with that agreement and what could be done differently, if one had another chance. Discussion about different results, the power of anchoring and the first bid, the causes and consequences regarding to relationship when lies are disclosure, interests and positions, asymmetry of information, lack of visual cues in communication media are also good source of debate in classroom.

When confronting learning objectives with the results some observations come up:

*(a) teaching e-negotiations and discussing its challenges and pitfalls in classroom*

The two-party role play business simulation has proven to be an important instrument of teaching e-negotiations in classroom for many reasons: it provides a real case scenario where parties can negotiate as if dealing in real life, offers the opportunity to practice writing skills, useful to improve business writing communications such as memos, contracts and dealing with all sort of stakeholders within and without the organization through written communication. It is possible also to compare results with other groups and to propose different outcomes if one had a second chance, not always possible in real life. It is feasible to know the reservation price of the other party, what usually is kept in secret.

*(b) to deal with asymmetry of information provoked by the scarcity of information on both sides and the absence of face-to-face negotiations.*

By confronting the many different outcomes achieved in classroom, it is possible to grasp some insights about how to create strategies to deal with information uncertainty through investigation of the other party's interests and avoiding positional bargain (Fisher and Ury, 1981). Usually students do recognize the importance of focusing attention on interests instead of positions, in order to minimize the effects of asymmetry of information and to maximize joint gains.

*(c) to discuss the importance distributive negotiations*

Through the usage of *domain.com.br* the participants can have a precise idea of what distributive negotiations are because the very nature of this role play simulation, composed by



one single issue being negotiated. It is the opposite of integrative negotiations, where multiple issues are being negotiated (Raiffa, 1982).

*(d) mutual gains approach, and value creation through joint facts findings*

When the outcomes are revealed, the participants show themselves very surprised with their results in comparison with other groups' results. Outcomes can vary from hundreds to thousands of Reais. They are encouraged to find alternative ways of dealing with asymmetry of information and how to improve their negotiations in the future through developing strategies of mutual gains approach through joint fact findings (Susskind, 1999).

*(e) Position versus interests*

According to Fisher, Ury and Patton (1981), when the bargaining process involves positions, parties

(...) tend to lock themselves into those positions. The more you clarify your position and defend it against attack, the more committed you become to it. The more you try to convince the other side of the impossibility of changing your opening position, the more difficult it becomes to do so. Your ego becomes identified with your position. You now have a new interest in "saving face" — in reconciling future action with past positions — making it less and less likely that any agreement will wisely reconcile the parties' original interests (Fisher, Ury and Patton, 1981, pp.6-7).

The more one party relies on positions the more forgets the underlying interests and the results are less satisfactory than could be done if interests were explored (Fisher Ury and Patton, 1981). This situation becomes clear when outcomes are revealed. Fighting for positions usually produce lower results than interest based negotiations. The simulation, thus, help to prevent positional bargain among participants in the future. Sometimes participants report feeling frustrated because of their negative outcomes when compared with other results, especially when negotiations are position-based. The facilitator then encourages the negotiator to continue pursuing a best agreement through interest-based and mutual gains approach.

*(f) Anchoring effect*

Through recording the role play simulation it is possible to track all the negotiators' moves, offers, entries and exits, because data is written and therefore, become available. Thus, the researcher can investigate the first piece of information presented, such as facts or most usually, bids or offers. Then, the anchoring effect can be analyzed and then discussed on the debriefing session. Experience shows that participants are somehow surprised when results are disclosed and it is possible to devise strategies to deal with the anchoring effect, a good source of debates to be discussed in classroom.

Finally, the role-play simulation *domain.com.br* as an academic contribution is an educational tool proved to be a valuable source and effective way of teaching e-negotiations in classroom or training environments and can be readapted to as much as different culture and scenarios as necessary. Future research is recommended to investigate if there is a causal relationship between variables of gender or role and the number of true or false statements, when comparing the statements produced with the instructions received, for instance.

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## ANNEX I

### Teaching notes

#### Role play simulation: domain.com.br

**SCENARIO:** this role play simulation illustrates a distributive negotiation conducted between two parties that cannot talk or even see each other and shall be conducted only in written way. The case was designed to show how to improve negotiations conducted without the other party's visual and/or audio, such as non-direct contact negotiations involving e-mail, SMS, Whatsapp (more recently) or even letter (less frequent). The two parties are driven by different although convergent interests explicit on the confidential instructions received and may finalize an agreement or not. Originally written for Brazilian Businessmen's audiences it can be adapted to local educational purposes. The negotiation issue involves an acquisition of an internet web based domain by a systems engineering newborn entrepreneur, the buyer, held by a frustrated entrepreneur, the seller. The buyer makes the first move and then the negotiation begins. The role play simulation explores asymmetry of information, lack of both verbal and non-verbal communications, price anchoring effects and written communication negotiation skills.

**INFORMATION ABOUT THE BUYER:** he or she is a new-born entrepreneur from systems engineering business interested in the acquisition of a web based domain, held by the other party, the seller. He or she could pay the maximum amount of R\$ 5,000.00 for the domain (\$ 2,500).

**INFORMATION ABOUT THE SELLER:** he or she is a frustrated entrepreneur from a gymnastic academy business that did not take off, eager to get rid of the last company's asset, its commercial web based domain. He or she keeps the domain active for three years for a small fee of R\$ 40.00 (\$ 20) per year (a total amount of expenses of R\$ 120.00 (\$ 60) in three years).

**MECHANICS:** This is an exercise that brings together two parties, the buyer and the seller. Usually, ten-minute reading and preparation are more than enough the reading (confidential instructions are very brief - only one page). Then, negotiation starts. There is no third party involved. The facilitator then informs to the audience that the buyer should make the first move, never mentioning although that the first move includes the first bid. The facilitator also encourages the use of mobiles or any other form of written communication. Sometimes there are places with low signal and mobiles may not work well properly. In this case, the facilitator should ask the participants to write their negotiations by letter, with buyer writing the initial approach. After a while, deals are achieved or not. The outcome of the agreement shall be delivered to the facilitator as soon as finished the negotiation or when the time is over. The facilitator will take notes of (a) Opening bid and (b) final bid for further comparison and result analysis. The results are then shown to the students, on the white/black board or in an excel sheet. There are two possible outcomes: (c) hundreds or thousands of Reais (Brazilian currency). The facilitator then makes comments, check the outcomes and makes a debriefing of twenty minutes approximately. The total time should not overpass one hour and a half in a class with forty students.

#### RECOMMENDED FURTHER READINGS:

**TOPICS COVERED:** distributive negotiations, price negotiations, interests, positions, asymmetry of information, anchoring, lack of verbal communication, enhancement of written skills, and the importance of written skills in business negotiations.

**MAJOR LESSONS:** This exercise demonstrates how important is anchoring in negotiations where the asymmetry of information is the non-written rule of the game. Also important how reading and polite writing skills impact positively in any negotiations. The results are concentrated in two main outcomes: hundreds or thousands of Reais (Brazilian Currency), depending on first anchorage. Usually students do not pay attention to the other party's interests, being most part of the negotiation time concentrated in their own roles and interests, while concentrating on both party's interests using mutual gains approach and value creation could be more advantageous to both parties in terms of outcomes and mutual satisfaction.

**OBJECTIVES:** This exercise intends to discuss the role of anchoring, distributive negotiations, positions and interests, value creation and value distribution, mutual gains approach and the power of the first offer setting the negotiation pace.

Ury, William; Fisher, Roger; Patton, Bruce; (1991). *Getting To Yes: Negotiating Agreement Without Giving In*. Second Edition. New York: Penguin Books.

Lempereur, A., Colson, A.; Salzer, J.(2008) *Méthode de Négociation: on ne naît pas négociateur, on devient* . France: Dunod.

<b>MAIN FEATURES</b>	
<b>Time required</b>	1 hour – 2 hours
<b>Number of participants</b>	2 participants
<b>Groups involved</b>	No
<b>Agent present</b>	No
<b>Third part present</b>	No

## **ANNEX II – ROLE PLAY SIMULATION**

### **CONFIDENTIAL INFORMATION FOR**

#### **◆◆ BUYER ◆◆**

You are an entrepreneur launching the website of your company called Projects and Commercial Systems Ltda<sup>1</sup>. In Brazil it is necessary to register the internet domain. Then you perform one search in government website [www.registro.br](http://www.registro.br), which is responsible for managing all internet domains, especially [www.registro.br](http://www.registro.br)<sup>2</sup>, what you want. The very nature of your business calls for a website name friendly and [www.registro.br](http://www.registro.br) for domain. The first impulse is to search [prosystems.com.br](http://www.prosystems.com.br): a message comes up however, saying that the domain is already registered. The [www.registro.br](http://www.registro.br) points out a number of options, none of them are interesting, such as: [www.prosystems.AGR.BR](http://www.prosystems.AGR.BR); [prosystems.ART.BR](http://www.prosystems.ART.BR); [prosystems.BLOG.BR](http://www.prosystems.BLOG.BR); [prosystems.ECO.BR](http://www.prosystems.ECO.BR); [prosystems.ESP.BR](http://www.prosystems.ESP.BR), etc. None of these domains interests you<sup>3</sup>. Then you search [www.pro-sistemas.com.br](http://www.pro-sistemas.com.br), [www.prosystems.com.br](http://www.prosystems.com.br), [www.pro-systems.com.br](http://www.pro-systems.com.br) all domains registered and options, very similar, are uninteresting.

You are really decided to acquire the [www.prosystems.com.br](http://www.prosystems.com.br) domain and to pay up to R\$ 5,000.00 (\$ 2,500) for it. You have located the e-mail of the domain's owner and will negotiate with him or her promptly.

You really want that domain. Then you need to make a proposal, but will not reveal how much you can afford, for obvious reasons.

Prepare to negotiate via e-mail with the domain owner.

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<sup>1</sup> Ltda. or *Limitada* means in Brazil a company that is composed of partners in which responsibility is limited by the number of quotas of each partner. This sort of company does not operate in stock markets.

<sup>2</sup> [.com.br](http://www.registro.br) is limited to commercial purposes

<sup>3</sup> It is possible to register the same domain but with different purposes and applications, in Brazil.



**CONFIDENTIAL INFORMATION FOR  
◆ ◆ SELLER ◆ ◆**

You are an owner of a domain, *www.prosystems.com.br*, which has maintained for three years without ever having launched its website<sup>4</sup>. Unfortunately, your business did not took off. You are a professor of physical education and would like to have your own fitness gym. However, the company that you founded with two colleagues, did not go ahead although you registered the internet domain on *www.registro.br*.

You, as a domain administrator, pay an annual maintenance fee of R\$ 40.00 (\$20) to *www.registro.br*<sup>5</sup>. Your license expires in one month. You do not want to renew it because the name did not even bring any good memory and is only consuming resources.

Interestingly, received an e-mail from a potential buyer, interested in acquiring the domain. It may be your salvation. You have to act fast so that it does not expire. At the same time, you do not want to scare away the only possible interested in these three years. Your expenses in three years accumulated R\$ 120.00 (\$60) for maintaining the domain, so any value that cover your expenses is reasonable.

Prepare to negotiate via e-mail with the potential buyer of the domain.

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<sup>4</sup> In Brazil it is possible to keep an internet domain even without launching its respective website.

<sup>5</sup> Cost of annual maintenance fee.