ACE: A LLM-based Negotiation Coaching System

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Abstract

The growing prominence of LLMs has led 002 to an increase in the development of AI tutoring systems. These systems are crucial in providing underrepresented populations with improved access to valuable education. One important area of education that is unavailable to many learners is strategic bargaining related to negotiation. To address this, we develop a LLM-based Assistant for Coaching nEgotiation (ACE). ACE not only serves as 011 012 a negotiation partner for users but also provides them with targeted feedback for improvement. To build our system, we collect a dataset of negotiation transcripts between MBA students. 016 These transcripts come from trained negotiators and emulate realistic bargaining scenarios. We 017 use the dataset, along with expert consultations, to design an annotation scheme for detecting negotiation mistakes. ACE employs this scheme to identify mistakes and provide targeted feed-021 back to users. To test the effectiveness of ACEgenerated feedback, we conducted a user experiment with two consecutive trials of negotiation and found that it improves negotiation performances significantly compared to a negotiation agent that doesn't provide feedback.

1 Introduction

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The rapid progress of LLMs in recent years has spurred the creation of more sophisticated AI tutoring systems (Sonkar et al., 2023). These systems give learners easier access to training in areas outside what is typically available for most learners (Liang et al., 2023). One area that falls into this category are social competencies, such as negotiation tactics. Negotiation skills are crucial as they help individuals maximize their gains in competitive situations across different areas of their professional and personal life. However, these skills are hard to learn from a traditional classroom lecture because they involve reflexive behavioral habits. They are typically taught through small seminars centered on role-playing exercises and instructor coaching, which are expensive and limited in access.

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Therefore, effective negotiation training is not available to many populations who lack it yet need it the most, such as women and minority groups. Increased coaching is needed to address gender and ethnic differences in negotiation performance (Amanatullah and Morris, 2010). Recent research also finds that linguistic assertiveness skills, such as those used in negotiations, vary as a function of cultural/ethnic backgrounds, partly account for ethnic differences in promotions to leadership positions, and are amenable to training interventions (Lu et al., 2020, 2022; Lu and Zhao, 2023).

To democratize access to high-quality negotiation coaching, we proposed a LLM-based Assistant for Coaching nEgotiation (ACE). ACE is designed to serve as a negotiation partner that provides learners with targeted feedback similar to what they would receive from an instructor in a seminar setting. To provide this feedback, we begin by collecting a dataset of negotiation transcripts between students in an Master's of business administration (MBA) negotiation class. The scenarios in these negotiations come from a rigorous curriculum and are designed to mirror real-world negotiation settings. Furthermore, the participants in these negotiations have been trained in bargaining tactics, unlike previous datasets which rely on crowd-workers (Lewis et al., 2017; He et al., 2018).

Using this dataset along with expert consultations, we develop an annotation scheme to identify and correct mistakes that users make during their negotiations. Our annotations mirror actual error categories that instructors look for in negotiation classes. We then build ACE according to this scheme. ACE uses the annotation categories to identify users' mistakes and then provides targeted feedback based on the error definitions, along with in-context examples of feedback written by experts. Our system also includes a prompt-based negoti-

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ation chatbot agent which serves as a simulated negotiation partner for learners.

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To test the efficacy of ACE, particularly the feedback it provides, we recruited a group of 96 users who participated in two trials of negotiating over the price of a used car. We found that ACE significantly improves learning outcomes compared to users who negotiate with no coaching from our system. Our contributions are summarized as follows:

- We propose a novel negotiation coaching system called ACE, which utilizes LLMs to provide targeted, individualized feedback to users.
- We develop a negotiation strategy annotation scheme to identify and correct user errors. Our annotation scheme is based on expert input and mirrors the kind of mistakes negotiation instructors look for in a seminar setting.
- We release an annotated dataset of spoken negotiation transcripts between MBA students. The negotiation scenarios in our dataset are based on standardized business school curricula and are carefully designed to mimic real world settings.
 - We conduct an efficacy experiment with two trials of car negotiations, finding that ACE boosted subjective and objective measures of tactical learning relative to a control system which does not provide feedback.

2 Related Work

2.1 AI Tutoring Systems

Generating automated training systems has been a long-standing issue for researchers in AI for education (Keuning et al., 2018). One common application of such systems is the area of computing education (Koutcheme et al., 2024). Recent work has explored the use of LLMs to generate automatic feedback for students on programming assignments (Pankiewicz and Baker, 2023) or for creating coding exercises (Denny et al., 2024). These works have shown that state-of-the-art LLMs such as GPT-4 (OpenAI, 2023) can provide effective feedback to users and can achieve up to 80% agreement with humans in certain scenarios (Zheng et al., 2023).

Another application of these systems has been the field of language learning. These systems typically involve a chat agent which guides users through a conversation on a specific topic followed by feedback on the users' conversation (Qian et al., 2023; Li et al., 2022). These systems have been judged as helpful by English languages learners and have also had a demonstrable effect on actual learning outcomes (Liang et al., 2023).

Prior work on developing systems for negotiation training has been fairly limited. These systems can only be interacted with by selecting from a list of pre-written options and deliver "canned" responses as a reply. Despite these limitations, prior work has shown that interacting with virtual agents can improve learners' understanding of negotiations (Gratch et al., 2016).

2.2 Negotiation

Methods that have applied LLMs to the area of negotiation have been focused on building negotiation chat agents. These methods typically use existing negotiation data to perform supervised learning or offline reinforcement learning on a negotiation model (Lewis et al., 2017; He et al., 2018; Verma et al., 2022; Zhan et al., 2024). More recent work has focused on examining and enhancing the negotiation capabilities of prompt-based negotiation agents (Schneider et al., 2023; Fu et al., 2023; Zhan et al., 2024).

Previous work on bargaining has focused on building chatbots to serve as negotiation partners. There is little work on providing user feedback. However, negotiation research has found that people do not learn negotiation tactics simply from the experience of bargaining; they need structured feedback and instruction (Loewenstein and Thompson, 2006). ACE is the first system to provide quality feedback using rigorous business school curricula to improve learning outcomes of negotiation.

3 Background

Negotiation is a general task and there are many ways to formulate a bargaining problem. In this section we give an overview of the the types of negotiation problems we consider when designing our coaching system and annotation scheme.

The negotiation settings we consider here are ones which involve one agent selling a single item to another agent. This type of negotiation is known as single-issue distributive bargaining (Lewicki et al., 2021). The agent selling the item is referred to as the "seller" and the agent buying the item is called the "buyer". Both the buyer and seller have access to a "role" (also referred to as a "negotia-

of conversations	Task 1	Task 2	Task 3	Total
of conversations				
or conversations	14	13	13	40
vg. # of turns per conversation	23.8	22.3	15.6	20.6
vg. # of tokens per turn	31.4	35	37	34.1
ocabulary size	950	1022	820	1723
Deal %	93%	31%	100%	75%
Deal Amount	\$12.9k	\$7.3k	\$1.3k	\$7.2k
vg. # of turns per conversation vg. # of tokens per turn 'ocabulary size beal % Deal Amount	14 23.8 31.4 950 93% \$12.9k	13 22.3 35 1022 31% \$7.3k	13 15.6 37 820 100% \$1.3k	40 20.6 34.1 172 75% \$7.2

Table 1: A summary of statistics from our negotiation dataset.

tion scenario") which provides private information about their options and preferences and public information about details of the object for sale and the range of market prices for this item. In a role-play simulation, participants use their role to prepare a strategy, this includes their upper limit or "walkaway" price, their target price, and the opening price that they will mention. An example of buyer and seller roles for a used car negotiation can be found in Appendix B.

4 Dataset

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Our dataset was collected in collaboration with an instructor who teaches a course on negotiation to MBA students. During this course, 50 students were randomly assigned to dyads for a negotiation task. They conducted three successive negotiations against three different counterparts, involving different kinds of cars. Before negotiating, students answered standard preparation questions and then began the negotiation while recording their conversation audio. We transcribed the conversation audio using OpenAI's Whisper API (Radford et al., 2022) along with manual edits to construct our dataset.

A total of 40 usable dialogues were collected from this process. A summary of the dataset statistics is in Table 1. We show the statistics for the entire dataset along with a breakdown by the negotiation task/scenario. The scenarios are based on the type of car being negotiated over in the exercise. We focused on negotiation over a Honda Accord (Task 1) as the transparent market range for such a product makes it typical of negotiation over a commodity item, see Appendix B.

5 Annotation Scheme

We designed a negotiation error annotation scheme to identify and correct user mistakes. Our scheme is based on the dataset collected in Section 4, expert input, and common distributive bargaining tactics from Lewicki et al., 2021.

We identified eight error categories that can be

divided into **preparation errors** and **negotiation errors**. All the categories in our scheme are binary True/False labels, where a label of False indicates that a mistake has been made by the negotiator. Our annotation scheme is designed from the perspective of the buyer but can be easily adjusted to fit the seller's perspective.

The two categories below belong to **preparation errors**, which are mistakes in users' answers to a set of standard preparation questions before the negotiation. These categories are designed to identify whether the user prepared their negotiation strategy correctly.

1. Strategic walk-away point assesses whether the user has properly analyzed the facts of the negotiation scenario to set an appropriate walk-away price. From the buyer's perspective, a walk-away price is the maximum amount they would pay to purchase the item in the negotiation. If the scenario outlines an explicit budget limit, then a strategic walk-away point is one which exactly matches the budget amount. Otherwise, we consider any point below the maximum market price to be strategic.

2. Strategic target price evaluates the target price that the buyer sets before the negotiation. The buyer's target price is strategic if it falls within the first third of the range between the minimum market price and the buyer's walk-away point. If the buyer sets their target below this range, it is too ambitious to be a realistic outcome to aim for. Conversely, if their target is above this range, it is too weak to test how far their opponent can be pushed in the negotiation.

The six categories below refer to **negotiation errors**, which are mistakes that users make "at the bargaining table," during the negotiation dialogue. **3. Breaking the ice** refers to whether or not the user began the negotiation with some social bonding. A negotiator should spend their first conversational turn on social remarks unrelated to the negotiation issues.

4. Giving the first offer indicates whether the user stated the first price offer in the conversation. Negotiators are advised to state their opening price first to anchor the negotiation in a favorable position (Lewicki et al., 2021).

5. Ambitious opening point assesses the tactical quality of the user's opening offer relative to their target price. When the buyer proposes a price first, we consider the offer O_1 strong if:

$$O_1 \le 0.9 * T$$
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Role	Utterance	Annotation
Buyer	Hi, I'm new to California and I'm looking for probably a Honda Accord with reasonable mileage around maybe \$11,000 to \$12,000. Do you have anything like that?	Breaking the ice Giving the first offer Ambitious opening point Including rationale
Seller	Nice. We have something similar. We have a nice 2013 Honda. It does have a little bit more miles than that. It has about 50,000. It doesn't have any rust and it's in great condition. What's the price range you're looking to come out with?	
Buyer	Probably around \$11,000 or \$12,000.	Strong counteroffer Including rationale
Seller	Ooh, that's kind of rough. Our sticker price for this car is closer to \$14,000.	
Buyer	Ooh, yeah, that's definitely a little bit too much. Could I take it for a test drive maybe?	
Seller	Sure.	
Buyer	Okay, great. Yeah, it's pretty good. What do you think about maybe \$12,500 and I would buy it today?	Strong counteroffer Including rationale
Seller	\$12,500. I mean, could we call it even \$13,000?	
Buyer	Yeah, I could probably do \$13,000.	Strong counteroffer Including rationale
Seller	All right.	
Buyer	All right.	Strategic closing
Seller	Sounds great.	

Table 2: An example negotiation dialogue from our dataset. Annotations in red indicate that the category was labeled as False. Annotations in green indicate that the category was labeled as True.

with T being the buyer's target price. Otherwise, when the seller previously made an offer S, we consider the buyer's first offer strong if it creates a midpoint at or below their target price:

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$$\frac{S+O_1}{2} \le T$$

6. Strong counteroffer assesses the quality of the user's first three proposals following their first offer. A counter-offer O_t is considered strong if it's below the midpoint of the remaining bargaining range:

$$O_t < \frac{O_{t-1} + \min(S, W)}{2}$$

where O_{t-1} is the buyer's previous offer, S is the seller's current offer, and W is the buyer's walk-away point.

7. Including rationale indicates whether the user's first four price offers were accompanied by a rationale. We define a rationale as any reasoning that supports a price offer (Lewicki et al., 2021).

8. Strategic closing behavior refers to whether the user closed the deal in ways that heighten the counterpart's commitment. The final two turns of the negotiation should contain either an acknowledgment of the opponent's negotiation skill or a recounting of their own concessions. The closing turns should not contain any celebratory statements about the negotiation outcome or any statements implying that the user got a better deal.

We annotated our collected dataset (Section 4) based on this annotation scheme with an interannotator agreement of 0.87, according to Cohen's kappa (Cohen, 1960). Inter-annotator agreement

Negotiation Error	Number of	Number of
Category	Turns with	Applicable
	Errors	Turns
Breaking the ice	28	40
Giving the first offer	15	40
Ambitious opening point	18	40
Strong counteroffer	34	73
Including rationale	25	112
Strategic closing	36	40
Preparation Error	Number of	Number of
Category	Errors	Dialogues
Strategic walk-away	7	40
Strategic target price	15	40

Table 3: A summary of our annotated negotiation dataset. Note that mistakes related to **negotiation errors** tend to be more common that **preparation errors**

was calculated based on a subset of 288 dialogue turns annotated by two authors. A breakdown of the errors that buyers made according to the annotation scheme can be seen in Table 3. An example of an annotated conversation is given in Table 2. The most prevalent errors that buyers made were those in the **strategic closing** category, with 36 out of the 40 conversations containing an error related to this. On the other hand, we see that buyers did a good job including a rationale in their price offers, with only 25 of these errors present out of a total of 112 relevant conversation turns.

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6 Approach

In this section, we outline our approach to design-
ing ACE. We first provide a high-level overview315of the system and how users progress through it.317

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We then describe the components of the system, including the negotiation chatbot agent and feedback modules.

6.1 System Overview

ACE begins by presenting users with a negotiation scenario similar to those in our dataset (Section 4). This is followed by a set of negotiation preparation questions which ask users for their target price, walk-away price, and planned opening point. Users then proceed into a simulated negotiation with our negotiation agent until they reach an agreement. After that we provide users with the feedback associated with their preparation questions, referred to as "preparation feedback." This is followed by "negotiation feedback" on the negotiators' linguistic performance, including both turn-specific points about their tactics and holistic points about their diction, tone, and politeness.

6.2 Negotiation Agent

Our negotiation agent is based on a prompted version of GPT-4 (OpenAI, 2023). Prior work has found that LLMs can achieve successful negotiation outcomes with proper prompting (Fu et al., 2023). Therefore, we adopted this approach for our agent. We found that prompting GPT-4 with a full negotiation scenario (Appendix B) resulted in nonstrategic oversharing; therefore, we use a summarized version as our instructional prompt (Table 17).

Even with the summarized prompt, the agent is prone to making "weak" counteroffers, meaning that is often pushed to offering its walk-away price too easily. To avoid a "pushover" negotiation agent, we employ dynamic prompting. Specifically, we give the agent an initial "reservation price" in the instructional prompt, which is higher than the actual reservation price given in the negotiation scenario. We refer to this price point as the agent's "subjective limit." We adjust the subjective limit as the conversation progresses and eventually set it to the true reservation price after several conversation turns have passed. This allows us to control the bot's counteroffers to a certain degree while allowing for variation in the offers presented. We initially set the bot's subjective limit to a random value within the range given by strategic target **price** (Section 5). After the first turn, we update it to a price that corresponds to a strong counteroffer. This ensures that the bot gives robust counteroffers and will not reach its true reservation price too quickly.

6.3 Preparation Feedback

The preparation feedback we provide users is based on their answers to pre-negotiation preparation questions. We specifically look for errors corresponding to **strategic walk-away point**, **strategic target price**, and **giving the first offer** in our annotation scheme (Section 5). Since each of these errors is identified with a mathematical formula, flagging them is trivial. We give feedback to users using either a hard-coded message with the correct answer and an explanation, or we prompt GPT-40 to generate feedback given the user's answer, the correct answer, and in-context examples of quality feedback written by expert negotiators (Appendix D). A full example of preparation feedback can be found in Appendix C.

6.4 Negotiation Feedback

Negotiation feedback is provided based on users' conversations with the automated bargaining agent. We give users two categories of negotiation feedback. The first is feedback associated with individual conversation turns, which we call "turnbased feedback". The second is "holistic feedback" which corresponds to the conversation as a whole such as the conversational tone or politeness level.

6.4.1 Turn-Based Feedback

Figure 1 gives an overview of the pipeline ACE uses to provide turn-based feedback. Our pipeline consists of three components: 1) error identification, 2) direct feedback and 3) utterance revision. We describe each of these components in detail below.

Error identification. To provide effective feedback, we start by detecting errors the user made at each conversational turn of their transcript. The errors we flag for turn-based feedback are based on the **negotiation errors** in our annotation scheme (Section 5). We divide these errors into two groups and use a different strategy for detecting each of them.

The first group of errors is based on price offers and involves applying a formula. These include categories such as **strong counteroffer** or **ambitious opening point**. The main challenge in identifying these mistakes is extracting the relevant price from the user utterance. We do this by prompting GPT-4 to extract the price. Our prompt consists of the user utterance followed by nine hand-written, in-context 368

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Figure 1: Diagram illustrating the turn-based feedback flow for ACE as well as an example of holistic feedback.

examples of successful price extractions (Table 11). After extracting the price, we apply the relevant formula to detect errors.

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The second group of errors is based on the users' language rather than prices, such as **including rationale** or **breaking the ice**. For each turn, we use a set of classifiers, one for each of the three relevant categories, to determine whether the turn contains an error. We create our classifiers by prompting GPT-40 to output a True/False label for the turn. Our prompt consists of the user utterance along with the error definition. For more difficult categories, such as **including rationale**, the prompt also contains in-context examples from our collected dataset (Table 12).

Direct feedback. When we identify a turn with a 432 mistake, we prompt our GPT-40 to give direct com-433 ments on each error committed. This includes an 434 435 explanation of the error and the tactical value of correcting it, see Figure 1 for examples. Our prompt 436 consists of the conversation context, a definition of 437 the error committed (Section 5 and Table 13), and 438 one or two in-context examples of feedback written 439

by negotiation instructors. We generate feedback for each mistake committed, which can result in the comments being quite lengthy. Therefore, in cases where the user commits more than one mistake in a turn, we give a summary of the error explanations as the final direct feedback.

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Utterance revision. Along with the direct feedback, we also present users with a revised version of their utterance with their mistakes corrected. We prompt GPT-40 with the user utterance and the direct feedback to generate the corrected utterance. Our prompt includes the user utterance, the direct feedback, and three in-context examples of handwritten utterance revisions (Table 14).

The final turn-based feedback given to the user is the direct feedback concatenated with the revised user utterance. See Figure 1 and Appendix C for complete examples.

6.4.2 Holistic Feedback

The holistic feedback presented to the user is not based on any specific errors identified within the transcript. Instead, we prompt GPT-40 to comment on the linguistic aspects of the user's conversation.

The aspects we focus on are formality, firmness, 463 and linguistic level. For formality, the user should 464 stay polite and avoid being rude or pushy. It's also 465 better for users to be firm and assertive in their 466 language, as studies have shown that this commu-467 nication style leads to better deals (Jeong et al., 468 2019). In terms of linguistic level, users should 469 avoid apologizing or using language that could be 470 interpreted as a personal attack (Fisher et al., 2011). 471 We prompt the model with a summary of the at-472 tributes for these three aspects and have it gener-473 ate feedback. We have the model quote specific 474 phrases from the users' transcript to make the com-475 ments more targeted and personalized (Table 16). 476 See Figure 1 for a full example. 477

7 Evaluation

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7.1 Error Identification Evaluation

We use a subset of the annotated data from Section 5 to evaluate how well ACE can identify mistakes. This subset consists of 26 dialogues (with a total of 494 conversational turns) which were excluded during the creation and testing of our coaching system. Since the **preparation errors** in our annotation scheme are trivial to identify, we measure how well ACE can classify **negotiation errors**.

Table 4 shows a breakdown of the system's accuracy. Using human annotations as our ground truth labels, we measure how well ACE predicts these labels. The system can identify mistakes with a high accuracy of at least 0.90 for all error categories. However, it performs worse in terms of precision and recall, with the F1 score ranging from a low of 0.54 for **strategic closing** to a high of 0.97 for the **giving the first offer** category. This suggests that ACE has difficulty balancing precision and recall for some annotation categories. Low recall in particular seems to be driving the lower scores, which implies that ACE has trouble identifying true positive cases for some difficult categories.

7.2 ACE-generated Feedback Evaluation

7.2.1 Experimental Setup

We next evaluate the feedback generated by ACE via an user experiment. We recruited 100 U.S.based native English speakers from Prolific, an established data collection platform widely used in behavioral research. Each participant was paid \$8 for completing this online study involving two trials of a car negotiation, each followed by survey questions. We obtained a total of 96 effective

Error Category	Accuracy	Precision	Recall	F1 Score
Breaking the ice	0.98	0.99	0.76	0.83
First offer	0.99	0.95	0.91	0.93
Strong first offer	0.98	0.91	0.83	0.85
Strong counteroffer	0.96	0.74	0.73	0.73
Including rationale	0.90	0.81	0.63	0.67
Strategic closing	0.94	0.72	0.53	0.54

Table 4: A table indicating how accurately ACE can identify user mistakes. Our system is able to detect errors with high accuracy, but performs worse in terms of precision and recall. This is reflected in the lower F1 scores for **including rationale** and **strategic closing**.

responses.

After consenting to this anonymous study, participants engaged in two trials of a used car negotiation with a bot that simulated standard distributive bargaining tactics. All participants were assigned the role of the buyer in both trials based on the scenario in Figure 3. After each negotiation, they answered a round of questions. Participants were randomly assigned to treatment or control conditions, and ACE coaching was only provided in the first trial of the treatment condition. The procedure is illustrated in Figure 2. We pre-registered the design for our user experiment at aspredicted.org/NMQ_PGK with the prediction that negotiation with an agent may not necessarily facilitate negotiation learning by itself; however, when coupled with ACE-generated feedback, the system could effectively catalyze learning. All data and code are available.

Before starting, participants in both conditions answered four questions about their goals in the negotiation (e.g., how important it would be for them to reach a favorable deal, to be a tough bargainer). As shown in Table 6, participants in two conditions showed no differences in any of these goals, suggesting that the differences in learning outcomes between conditions should be attributed to the effectiveness of ACE rather than their motivation level.

For the first trial, participants in the ACE condition (N = 46) proceeded through the ACE system as described in Section 6.1. To ensure they digest their feedback thoroughly, we asked them a series of questions to guide their reflection on the feedback (See Table 8). Participants in the Control condition (N = 50) were not asked preparation questions nor given any feedback. To match the workload across conditions, they were asked a series of filler questions instead (See Table 9).

For the second trial, participants in both condi-

	ACE	Control	Between-person
	Condition (N=46)	Condition (N=50)	Comparison
1 st Negotiation	\$12,928 (693.11)	\$13,161 (429.08)	t = -1.96, p = 0.054
2 nd Negotiation	\$12,485 (967.77)	\$13,091 (621.69)	t = -3.61, p < 0.001
Within-person Comparison	t = 2.52, p = 0.014	t = 0.66, p = 0.514	F(1, 94) = 4.42, p = 0.038

Table 5: A summary of outcomes from the human evaluation of ACE. Our results show that buyers who received feedback from ACE performed significantly better in a following negotiation than those who didn't. *Note*: 1. Among 96 participants, 43% were female; $\bar{x}_{age} = 34.04$ years, $SD_{age} = 9.14$; 55% were White/Caucasian; 51% had a bachelor's degree and above. The median completion time for this study was 36.29 minutes. 2. Standard deviations are presented in parentheses. 3. *d* in reported results stands for Cohen's d, a measure of effect size, calculated as the difference between two means divided by the pooled standard deviation of the data.

tions practiced with a negotiation agent with no ACE feedback provided, as participants in the control condition did in their first trial. Then we asked all participants their subjective perceptions of improvement in the second negotiation compared to the first. A sample item was "*Compared to the first round of negotiation, in the second negotiation, I felt more confident.*" See details in Appendix A.

7.2.2 Results

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Objective Improvement. We extracted the final deal price participants settled on from their chat history with the negotiation agent. Lower prices indicate more successful negotiations for the participants as buyers, so reaching a lower price in the second trial provide objective evidences of learning. As may be seen in Table 5, the performance improvement was significant in the ACE condition $(\bar{x} = 442.93, SD = 1030.52; t = 2.52, p = .014,$ 95% CI = [93.76, 792.11], d = 0.53) but not the Control condition ($\bar{x} = 70.00, SD = 686.46$; t = 0.66, p = .514, 95% CI = [-142.33, 282.33], d = 0.13). A two-level within-person \times two-level between-person factorial ANOVA results reveal a significant interaction effect (F[1, 94] = 4.42), p = .038). This indicates that participants learned more from the experience of negotiating against the bot when it was surrounded by ACE coaching. See additional analyses of objective learning performance in Appendix A.

581Subjective Improvement. Participants in the ACE582condition also reported a higher score for perceived583improvement in the second negotiation ($\bar{x} = 4.23$,584SD = 0.72) compared to those in the Control585condition ($\bar{x} = 3.93$, SD = 0.80; t = 1.96, p =586.053, 95% CI = [0.00, 0.61], d = 0.40).

587 Preparation or ACE-generated Feedback?
588 Preparation questions were asked in the ACE condi589 tion to generate targeted feedback, while they were

not asked in the Control condition. We thus conducted further analyses to distinguish the effects of preparation and feedback. As shown in Table 5, in the first trial, participants in the ACE condition who answered preparation questions already negotiated a marginally lower price than those in the Control condition (t = -1.96, p = .054, 95% CI = [-469.56, 4.08], d = -0.41). More importantly, the performance gap widened significantly after those in the ACE condition received and reflected on the feedback, while those in the Control condition only answered filler questions (F[1, 94] =4.42, p = .038). In the second trial, the participants in the ACE condition reached a much more favorable final deal price than the Control condition (p < .001, 95% CI = [-939.51, -271.84],d = -0.75). This result suggests that the feedback provided by ACE contributes more to the improved negotiation performance.

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8 Conclusion

AI tutoring systems have the potential to democratize high-quality education in key areas such as negotiation. Prior work has shown that additional negotiation coaching is needed to correct for systematic gender and ethnic differences in bargaining performance (Amanatullah and Morris, 2010; Lu and Zhao, 2023). To address this need, we built ACE to mimic the coaching learners would receive from a professional negotiation instructor in a seminar setting. ACE was built based on a dataset and annotation scheme created in collaboration with experienced negotiation instructors. We evaluated our system and confirmed its error identification accuracy and feedback effectiveness. Results from a user experiment demonstrated that users who interact with ACE improved their negotiation performance significantly compared to those who solely practice with a negotiation agent.

628 Limitations

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There are some limitations to the ACE system. The challenge for our negotiation agent is that LLM models tend to be agreeable and are not hardball bargainers. They respond to the user, so if users refused to discuss price, our negotiation agent wouldn't talk about price either. Additional work is needed to ensure our negotiation agent can guide users towards discussing price, especially when learners may be reluctant to fully engage in the negotiation.

Another limitation of ACE is that it does not retain any memory of previous user interactions. As a result, the utility of the feedback and negotiation agent may diminish for individuals who want to engage in repeated interactions. More work is required to enable our system to retain previous user interactions and tailor the chat agent and feedback accordingly.

Finally, the annotation scheme and feedback method we built is based on an "American" style of negotiation. Other cultures have different standards for effective bargaining and what constitutes a mistake in negotiation. Therefore, ACE may not be as useful for individuals who want to improve their negotiation capabilities in other cultural contexts.

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A Additional Experimental Details

A.1 Objective Performance

In addition to the deal price they settled on, another indicator of objective performance in negotiation can be how long they persist before caving in. If participants have learned more negotiation tactics and know-hows, they should be able to persist longer in the second trial. Therefore, we also did ANOVA tests on the number of negotiation turns and the duration of their negotiations, and found a similar pattern to the objective results. That is, participants in the feedback group had more negotiation turns and longer negotiation duration in the second trial. Detailed analysis of the negotiation duration (in seconds) can be found in Table 7.

A.2 Post-Negotiation Reflection Questions

Tables 8 and 9 show the set of reflection questionswe asked users after they completed the first negoti-
ation in the experiment. To ensure that participantswho received feedback from ACE read it carefully
and digested it thoroughly, we asked them to reflect
on the feedback by answering the four questions
given in Table 8. To match the workload between
conditions, we asked users in the Control condition
a set filler questions given in Table 9. Users were
given these instructions when answering the reflec-
tion questions: *Please answer these questions in*
your own words. No AI-generated text is allowed.
*Use at least 30 characters for each of these open-
ended questions.*

B Negotiation Scenarios

Figures 3 and 4 show the full negotiation scenarios for the first task in our collected dataset. These scenarios both relate to bargaining over a used Honda Accord. Figure 3 shows the scenario given to the buyer and Figure 4 shows the scenario for the seller. These same scenarios are used in our user experiment (Section 7). The scenario for the buyer is given directly to the participants as part of the experiment instructions and the scenario for the seller is used to construct the system prompt for our negotiation agent in Table 17.

C Full Feedback

Figures 5 through 9 show full examples of feedback given by ACE. All of the feedback is given according to the conversation in Table 10 which is based on the Honda Accord negotiation scenario (Figures 3 and 4). Figure 5 gives a complete example of preparation feedback, Figures 6 to 8 show full examples of turn-based feedback, and Figure 9 shows a complete example of holistic feedback.

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D Prompts

Tables 11 through 17 show the key prompts we use for building ACE. The includes prompts we use identify user errors (Tables 11 and 12), giving direct feedback (Table 13), revising utterances (Table 14), preparation feedback (Table 15), and holistic feedback (Table 16). We also include the prompt for our negotiation chatbot agent (Table 17).

Survey Item	ACE	Control	Between-person
	Condition (N=46)	Condition (N=50)	Comparison
1. To reach a favorable deal	4.43 (0.54)	4.42 (0.64)	t = 0.12, p = 0.903
2. To reach a fair deal	4.43 (0.58)	4.44 (0.64)	t = -0.04, p < 0.967
3. To maintain an agreeable process	4.11 (0.67)	4.10 (0.71)	t = 0.06, p < 0.951
4. To be a tough bargainer	3.52 (0.84)	3.30 (1.04)	t = 1.16, p < 0.250

Table 6: Goal Set for Negotiations. Unless specified otherwise, all our questions use a five-point Likert scale. We asked participants "*Before we start, please tell us about your approach to negotiations by rating the items below. It is important to me... (1 = Strongly disagree, 5 = Strongly Agree).*" The Cronbach's alpha of our 4-item measure is 0.90, indicating high internal reliability of the scale. No difference in any of these goals excludes motivation level as a predictor for the differences that emerged between the two conditions.

	ACE	Control	Between-person
	Condition (N=46)	Condition (N=50)	Comparison
1 st Negotiation	464.33 (256.57)	390.42 (227.36)	t = 1.49, p = 0.14
2 nd Negotiation	659.48 (417.28)	340.86 (205.24)	t = 4.68, p < 0.001
Within-person Comparison	t = -2.70, p < 0.001	t = 1.14, p = 0.26	F(1, 94) = 25.07, p < 0.001

Table 7: Time duration of negotiations in seconds.

Reflection Questions for the ACE Condition

1. Based on the feedback, what should be your walkaway point, your target point, and your opening point, respectively?

2. Based on the feedback, what can be compelling rationale for your offers and useful questions to elicit information or persuade the seller to make concessions?

3. What tips about your performance did you receive about the early phase of your negotiation conversation? Accordingly, what would you strive to do next time?

4. What tips about your performance did you receive about the later phase of you negotiation conversation? Accordingly, what would you strive to do next time?

Table 8: Reflection questions for users who received feedback from ACE.

Reflection Questions for the Control Condition

1. If you want to develop a new hobby, what should be your first step? Please write down a tactical plan.

2. Can you think of any useful tactics to learn a new foreign language?

3. If you aim to improve your performance at work, what should you do? Please write down a tactical plan.

4. In applying to graduate school, what are some steps that a student can take to raise their GPA?

Table 9: Filler questions given to users in the Control condition after they completed their first negotiation. These questions are given to match the workload between conditions.



Figure 2: Experiment diagram, we designed our experiment in Qualtrics.

CONFIDENTIAL INSTRUCTIONS -- FOR BUYER ONLY

You are moving to California to take a new job. A few weeks ago, on your way home from a weekend trip, your car slid into a ditch. Fortunately, no one was hurt, but your car was totaled. Your insurance company has responded fairly and quickly: this morning you received a cashier's check for \$13,500, which you plan to use to buy another car immediately. In order to make it out to your job in time you must buy a replacement car **today**.

You have been looking around and you have found a 2004 Honda Accord which meets all of your requirements. The Honda has reasonable mileage (50,000 miles), automatic transmission, air conditioning, power steering/windows/door locks, and a CD player. It looks great: a dark green without any rust. Similar cars sell within a range of \$11,000 to \$15,000, depending on condition. You would like to get the price as far under \$13,500 as possible.

The only realistic alternative you have to the Honda on such short notice is a 2006 Ford Taurus. The Taurus would cost you \$13,500, but you really don't like Ford cars, and the color is a weird blue. You would greatly prefer the Accord. Still, you can't pay more than \$13,500 for the Honda both because that is your budget and because you have another car at that price. If you can't get the Honda price below \$13,500 you will buy the Ford.

The seller is a friend of a friend of a friend and has been reasonable to work with so far.

Figure 3: Honda scenario for the buyer.

CONFIDENTIAL INSTRUCTIONS -- FOR SELLER ONLY

You were just promoted at work and you received an unusually large bonus for a job well done on a recent project. You have decided it's time to buy a new car. Because you can park only one car at your apartment building, the only thing standing in the way of bringing a new car home is selling the old one: a Honda Accord. You have no sentimental feeling toward the Honda: you hate the car and are delighted to get rid of it. Fortunately, a friend of a friend of a friend has expressed interest in buying the car.

When you bought the car in 2004 you paid about \$21,000 for it. Similar cars today sell within a range of \$11,000 to \$15,000, depending on condition. The Honda has reasonable mileage (50,000 miles), automatic transmission, air conditioning, power steering/windows/door locks, and a CD player. It looks great: a dark green without any rust. You would like to get a price as much above \$12,500 as possible.

Normally, you would wait around for the best deal but you have just learned that a brand new Volkswagen Passat—your new favorite car—has become available if you can sell the old Honda and make it to the Volkswagen dealer **within 2 hours**. This Passat happens to be configured exactly how you want it; if you can't get this one, there will be a significant time delay in ordering the car. Unfortunately, the most the dealer will give you in trade on the Honda is \$12,500. This is barely enough for you to buy the Passat (your bonus will cover the rest), but it won't get you the extras you would like, such as a roof rack and high-performance tires. You really would greatly prefer to sell your Honda privately. Still, you can't get a price above \$12,500, you will sell it to the dealer.

Figure 4: Honda scenario for the seller.

Example Conversation

AI Seller: Hi there! What a beautiful day, isn't it? I hope your weekend is off to a good start! Did you happen to catch the game last night?

User: No, I was busy with work.

AI Seller: Ah, I know how that goes, work can be quite demanding at times. I hope you're getting some time to unwind now. Shifting gears a bit, I wanted to chat about the Honda I'm selling. It's a real gem with automatic transmission, air conditioning, power features, and a CD player. Not to mention, its dark green color that gives it quite a classy look. Shall we delve into some more details about it?

User: Sure, how much are you asking for it?

AI Seller: I'm glad you're interested! Given the car's condition, low mileage, and features, I believe a fair asking price to start the negotiation would be at \$16,000. How do you feel about that?

User: That seems high, could you do \$12,500?

AI Seller: I appreciate your offer, but considering the car's low mileage and overall condition along with all the features it comes with, it does hold its value quite well. Would you be open to discussing a price of \$15,000?

User: Sorry the most I can do is \$13,100

AI Seller: I appreciate your offer. Given the features and condition of the car, I can come down to \$14,500. It has a lot of value for that price considering its mileage and overall state. It's a solid, reliable car that still has a lot of life left in it. What do you think?

User: When's the last time you had it tuned up?

AI Seller: I'm glad you asked! The car's maintenance has always been a top priority. It received its most recent complete tune-up just a couple of months ago. This included changing the engine oil, checking all fluids, replacing spark plugs, inspecting the brakes, and doing a thorough check of the entire vehicle. So it's in great running condition. Would this possibly influence your offer?

User: Okay, I can maybe do \$13,300.

AI Seller: I understand where you're coming from and I do appreciate the offer. How about we meet halfway? I can lower the asking price to \$14,000. This car is a fantastic deal at that price and it would ensure you peace of mind for many ears to come given its condition and maintenance history. What do you say?

User: The most I can do is \$13,500

AI Seller: I understand that it's really important for you to stick to your budget. Considering all aspects, I can meet you at \$13,500, but I must insist that this is the lowest price I can accept. This car is definitely worth every penny. Do we have a deal?

User: Yeah sounds good.

Table 10: An example conversation between a user and our LLM negotiation agent (Section 6).

er to the low end of the market range for this car. A ; you more room to negotiate upwards if needed, and ng position.
t \$12,500 means you don't leave yourself much room opening price below 90% of your target. In this case, elihood that you'll get closer to your target price of
offer rationales that work best in negotiations are
eller can be pushed. Another purpose is to persuade t to ask them once the action begins.

Hi there! What a beau	tiful day, isn't it? I hope your weekend is off to a good start! Did you happen to catch the game last night?
	No, I was busy with work.
	Message feedback: Begin your negotiation conversation with some brief social conversation before delving into the economic issues. Show esteem for the other person (your counterpart) by praising what they are selling or asking about their day. "Breaking the ice" in some way through initial personal conversation creates rapport, which tends to increase openness and cooperativeness.
	A suggested alternative: "Hey there! How have you been? I hope everything is going well on your end. I've been swamped with work lately, but I'm finally catching up. How's your week going?"
Ah, I know how that go to chat about the Hon mention, its dark gree	bes, work can be quite demanding at times. I hope you're getting some time to unwind now. Shifting gears a bit, I wanted da I'm selling. It's a real gem with automatic transmission, air conditioning, power features, and a CD player. Not to n color that gives it quite a classy look. Shall we delve into some more details about it?
	Sure, how much are you asking for it?
l'm glad you're interes \$16,000. How do you	ted! Given the car's condition, low mileage, and features, I believe a fair asking price to start the negotiation would be at feel about that?

Figure 6: Example of turn based feedback where a user made an error in **breaking the ice**.



Figure 7: Example of two turn-based feedbacks from ACE. The first turn shows feedback where the user failed in **giving the first offer**, **ambitious opening point**, and **including rationale**. The second turn gives feedback where the user failed in **including rationale** and **strong counteroffer**.



Figure 8: Example of turn based feedback where a user made an error in the strategic closing category.

- Formality: You maintained an adequate level of formality and politeness throughout the negotiation. It's important to continue being respectful to ensure a positive interaction with the seller.
- Firmness: You displayed firmness by sticking to your budget, which is commendable. However, you could benefit from being more assertive in your statements. For example, instead of saying "Sorry the most I can do is \$13,100," you could say, "My budget is capped at \$13,100." This projects confidence and decisiveness.
- Linguistic level: Avoid apologizing and expressing uncertainty, as it can weaken your negotiating position. For instance, instead of saying, "Okay, I can
 maybe do \$13,300," you could say, "I can offer \$13,300, considering my budget constraints." Additionally, mentioning that you have alternative options can
 strengthen your stance. For example, you might say, "I am considering another car within my budget, but I am willing to finalize a deal at \$13,500 if we can
 agree."

Overall, assertiveness and the strategic mention of alternatives can help you achieve a better outcome in future negotiations.

Figure 9: A complete example of holistic feedback from ACE.

Price Extraction Prompt

Instructional Prompt:

#INSTRUCTION

You have to extract priced offers from messages. Just give the dollar amount and nothing else. If no offer was proposed yet then say so. If an offer was accepted then say so. If the offer is presented as range of prices, then give both the prices. Do not ellicitate your reasoning.

#EXAMPLES

Message : "I will be willing to pay something from 10k to 11k" Offer: "10000 to 11000".

Message: "so i am uh looking for this car and my current price range is between uh eleven thousand and five hundred to twelve thousand dollars" Offer: "11500 to 12000"

Message: "Ooh, that's kind of rough. Our sticker price for this car is closer to \$14,000." Offer: "14000"

Message: "Yes 12000 sounds like a good price for me." Offer: "Accepted."

Message: "That's well beyond my price, I can't do that" Offer: "Refused."

Message: "Sure. No Problem" Offer: "No offer."

Message: "I don't think I am able to do that" Offer: "Refused."

Message: "12,500... I mean, could we call it even \$13,000? Offer: "13000"

Message: "You said you would be willing to pay 12k ?" Offer: "Rephrasing."

#EXTRACTION

Message: {} Offer:

Table 11: Prompt used to extract prices from user utterances. These prices are used to identify all of the price-based negotiation errors.

Rationale Error Prompt

Instructional Prompt:

#INSTRUCTION

We are here in the context of a negotiation. Your task is to detect if the buyer gives sufficient rationale/argument along with their offer or not in the passage.

We think of rationales as a piece of argumentation that can justify a mentioned price. Rationales should be related to the item purchased (clearly mentioning some specific features or price ranges etc...). Nevertheless, we can think of exceptions such as "You're a friend so I can maybe push it a bit to..."

#EXAMPLE

Passage: "Buyer: Hello I'd like to make an offer Seller: Great what were you thinking ? Buyer: I don't know something like 10k ?" Rationale :False

Passage: "Buyer: Hello, this car is in great shape for its mileage, I was looking for a similar car on the internet. I like it and my kids would have a great time in it. Can I make an offer ? Seller: Sure how much ? Buyer: Something around 10k ?" Rationale :True

Passage: "Buyer: Yeah I guess i can do 12,500. It seems reasonable. Seller: Can you push it more to 13,5? Buyer: No sorry, 12,5 nothing more." Rationale : False

#Task

Passage : {} Rationale :Answer here

Table 12: Prompt used to identify errors related to **including rationale**.

Direct Feedback Prompts

Rationale Feedback Prompt:

#INSTRUCTION

We are here in the context of a negotiation. You are an assistant aimed help a buyer in a negotiation and give them comments on their offers. In this passage: {}

The buyer did not give enough arguments to justify their offer.

Give the buyer a quick explanation. Try to quote some words the buyer said.

EXAMPLE OF EXPLANATION:

"When you present a revised offer, it's persuasive to give some explanation for the move. Why are you offering more? Why are you resisting offering everything they ask for? The explanations you provide may be subjective, such as your eagerness to reach a deal or your pressing budget constraints, but some words of explanation like this help the seller understand and accept your perspective. "

Counteroffer Feedback Prompt:

You are an assistant aimed to reedit text to help a buyer in a negotiation and provide them feedback on their offer.

Here is the conversation :

{ }

Give them an explanation.

Example of good explanation:

"Considering the seller's offer of \${} and your target price of \${}, a strong first offer would ideally be below \${}. This approach helps to keep your target price near the midpoint of the range under discussion."

Table 13: Prompt used to give direct feedback to users.

Re-edit Message Prompt

Instructional Prompt:

We are in the context of a negotiation. Different teachers gave comments to the buyer: Your task is to propose an alternative message the buyer could have sent that would match all the comments given by teachers.

For example if a comment is saying that the buyer should open the conversation with an ice breaker, then propose an icebreaker. If a comment is saying that they should add rationales to their offers, then rewrite the offer and add a few rationales to it. You have to put yourself in the buyer's position. Assume that you are talking to the seller.

#EXAMPLE1:

- MESSAGE:

"Seems a little steep, steep for me. You know, I can do something in the, you know, \$12,000 range would really be, you know, near the top of the end of my budget. Do you have any flexibility there? You know, anything we can do to, you know, work on that price?"

-COMMENTS: "comment 1: "Negotiation research finds a benefit to speaking your opening offer first. It can "anchor" the other person's judgment of the price range, setting the stage for a more favorable outcome."

comment 2: "Considering your target price of \$10000, a strong first offer would ideally be below \$9000. This approach helps to keep your target price near the midpoint of the range under discussion."

- ANSWER: "The price seems a little steep for me. I can work with something in the \$9,000 range, which is near the top end of my budget. I want to ensure that we can reach a mutually beneficial agreement. Is there any flexibility on the price from your end?"

#EXAMPLE2:

-MESSAGE:

"Hi, I'm looking for probably a Honda Accord with reasonable mileage around maybe \$15000. Do you have anything like that?"

-COMMENTS:

"comment 1: "Begin your negotiation conversation with some brief social conversation before delving into the economic issues. Show esteem for the other person (your counterpart) by praising what they are selling or asking about their day. "Breaking the ice" in some way through initial personal conversation creates rapport, which tends to increase openness and cooperativeness.

comment 2: "Negotiation research finds that opening offers are most effective when accompanied by a rationale in terms of some objective reference point, such as an expert's valuation of the object under negotiation or market value indicated by past sales prices."

-ANSWER: "Hey ! It has been a long time are you doing ?"

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#YOUR TURN TO DO IT NOW
-MESSAGE:
{}
- COMMENTS:
{}
- ANSWER:
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Relevant Target Price Prompts

Low Target Feedback Prompt:

You are an assistant aimed to give advice to help a buyer in a negotiation. You are addressing directly to the buyer, use the second person (You).

The buyer made an error setting their target price for the negotiation. The buyer set their target price to $\{\}$. However a good target price should be above the minimum market value for the car which is $\{\}$.

Give the buyer feedback explaining their error including details about what would be a good target price.

Here is an example of good feedback:

This overly ambitious target is below the market range for the car. It may cause offense. By overreaching, you may miss out on good deal.

High Target Feedback Prompt:

You are an assistant aimed to give advice to help a buyer in a negotiation. You are addressing directly to the buyer, use the second person (You).

The buyer made an error setting their target price for the negotiation. The buyer set their target price to $\{\}$. However a good target price should be below $\{\}$ and closer to the minimum market range for the car which is $\{\}$.

Give the buyer feedback explaining their error including details about what would be a good target price.

Here is an example of good feedback:

Your target price of {} is not ambitious enough to test how far this seller can be pushed. You should aspire to a price at the low end of the market range.

Table 15: Prompt used to give feedback on how well the user prepared their target price.

Holistic Feedback Prompt

Low Target Feedback Prompt:

Given the negotiation transcript: {}

Your goal is to to build a constructive feedback to a user in order to them reaching a better outcome if they had to go over this negotiation again. You will focus on the linguistics aspect and strategic aspects and dont bother with discussing the prices offered. You are adressing directly to the buyer, use the second person (You). Here are the dimensions your feedback will include:

- Formality: A buyer cannot be rude and pushy. Also a good buyer stays polite.

- Firmness: A buyer cannot be too emotional. Studied have shown that firm and tough levels of communication help reaching better economic outcome than warmth and too friendly.

- Linguistic level: A buyer should not be apologizing. Buyer do not say the word "greedy" (can be interpreted as a personal attack).

As a buyer you should project that you do not need to buy a car/you have a perfectly good alternative. The buyer also should somehow mention that they have a plan B.

Feedback:

Table 16: Prompt used to give holistic feedback to the user.

Negotiation Agent Prompt

Instructional Prompt:

You are a chatbot designed for negotiation. The discussion has to be fluent and realistic. The Honda has reasonable mileage (50,000 miles), automatic transmission, air conditioning, power steering/windows/door locks, and a CD player. It looks great: a dark green without any rust. You need to sell the car for a price above \${}. You will not sell the car for below that amount. You are selling the car as a private individual not a dealer. Try not to be redundant in your arguments and talks (do not repeat what you already said in previous turns). If you give the buyer a counteroffer make sure any new offers are lower than the price you gave previously. Make sure you negotiate hard and never offer a price lower than what the buyer gives you. Do not mention that you need to sell the car for over \${}. If the buyer offers a price below \$8,000 respond with "That's a very unrealistic price. Please start with an offer that aligns with the market range for this kind of car. Otherwise I can't take time to talk with you about this car."

Table 17: The instructional prompt for our negotiation chatbot agent.