

Customer–Salesperson Price Negotiations During Unexpected Demand Contractions: A  
Power–Dependency Perspective

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## **Abstract**

Recent economic recessions illustrate the need to advance theory on price negotiations when markets are suddenly subjected to significantly reduced customer demand—an unexpected demand contraction. This study qualitatively investigates such price negotiations, revealing that salespeople’s perceived dependency on customers increases, while customers’ perceived dependency on salespeople decreases. The inherent power shift should benefit customers in price negotiations. However, results indicate that customers are less likely to capitalize on their power if they have close relationships with a salesperson, allowing that salesperson to maintain (or increase) prices with these customers. These qualitative insights are supported by a quantitative examination of sales opportunities from an industrial firm, and an online participant survey. This study suggests that sales forces should avoid offering unnecessary price discounts during unexpected demand contractions to secure incoming business.

**Keywords:** *Negotiation; Relationship; Power–dependency*

**Track:** Sales Management and Personal Selling