Conceding Strategy on Multi-agent Argumentation-based Negotiation in E-commerce

Ge Zhang¹,²  Lin Wu¹  Guo-Rui Jiang¹  Ti-Yun Huang¹

¹ School of Economics and Management, Beijing University of Technology, Beijing 100124, P. R. China
² Department of Educational Technology, Capital Normal University, Beijing 10003, P. R. China

Abstract

Argumentation-based approach to negotiation, which allows agents to exchange additional information or argue their beliefs and other mental attitudes during the negotiation, is gaining increasing popularity for its potential ability to overcome the limitations of conventional approaches. In this paper, a mechanism of how argument gives effect on the negotiation conceding strategy is analyzed. Furthermore, a time-constraint-based conceding strategy is proposed, considering the impact of argument. At last, experiment is designed to illustrate and verify the proposed strategy, and the result demonstrates that argument have the ability to improve the effectiveness of negotiation.

Keywords: multi-agent negotiation, argumentation-based negotiation, conceding strategy, negotiation strategy

1. Introduction

Concession strategy has been an active research issue in the multi-agent negotiation areas. In Liang and Dong’s electronic market prototype system[1], three bargaining strategies are applied: 1 giving a great discount at the initial bid, and gradually reducing the concession, the buyer will feel the effect is gradually reduced. 2 giving a smaller discount in the initial bid, then gradually increasing the concession, the buyer will feel the effect is gradually increased. 3 always use the same discount price. In the Market-Driven Agents model(MDAs) proposed by Sim[2], agents are guided by four concession factors to determine how much concession agents can give during the negotiation based on the environment. These four factors are opportunity, competition, time strategy, and eagerness. Fenghui Ren et al. improve Sim’s MDAs model and propose an adaptive strategy[3], considering that negotiating agents can leave and enter negotiation freely during negotiation. In the multi-attribute negotiation framework[4] by Lai and Sycara, a preference-based concession utility function is built to restrict the possible concession space, which is subject to change in light of new information during negotiation.

In the field of argumentation-based negotiation, how argument influences the agent’s decision mechanism is an important issue. Jennings et al. believe that argumentation allows agents to express additional information, include information to declare one’s negotiation position and to affect the other’s negotiation position [5]. Rahwan regards that, if a proposal is accompanied with an
effective argument, the possibility of being accepted by the counterpart will be greatly increased. In the literatures, although there are many researches about conceding strategy in the area of multi-agent negotiation, the argument’s impact is seldom referred to. And in the field of argumentation-based negotiation, argument’s influence on strategy is studied mostly on theoretical and formal level; there are seldom researches about how argument gives impact on the conceding spread or conceding degree in a particular negotiation situation.

In this paper, the main issue is to study the mechanism of how the argument influences the conceding strategy in the E-commerce negotiation. A model of argument’s influence on conceding strategy is proposed, and a revision function is pointed out, as well as an algorithm example. At last, an experiment is carried out to verify and illustrate the model and strategy.

2. A model of argumentation effect on negotiation strategy

In argumentation-based negotiation, argument is regarded to have a great impact on the negotiation process. If the opponent’s offer is combined with a strong argument, it will have a great effect on the concession spread. If the argument is stronger, the counterpart will probably make larger concession degree. The calculation of argument strength has been studied in some researches [7].

\[
M_j(t) = \begin{cases} 
(r'_j - P'_{j+1}(t)) \times \text{Strength}(A_{j+1}(t)) \times e & \text{when } O_{j+1}(t) \geq r'_j \\
(O''_{j+1}(t) - P'_{j+1}(t)) \times \text{Strength}(A_{j+1}(t)) \times e & \text{when } P'_{j+1}(t) < O'_{j+1}(t) < r'_j \\
O''_{j+1}(t) - P'_{j+1}(t) & \text{when } O'_{j+1}(t) \leq P'_{j+1}(t) 
\end{cases}
\]

(1)

2.1. Model background and description

1) Agent A negotiates with agent B negotiate about some specific product, and argumentation-based mechanism is used during negotiation. As for the framework, protocol and process of the negotiation, article [8] can be referred to. 2) Agent A has some negotiation items, such as price, delivery etc. \( r'_j \) means the reservation value of negotiation item \( j \) of agent A. And \( e'_j \) is the expectation value of negotiation item \( j \) of agent A. If item \( j \) is cost-based type attribute for agent A, \( e'_j < r'_j \); If item \( j \) is benefit-based type attribute, \( e'_j > r'_j \).

3) For negotiation item \( j \), at time \( t \), agent A has its expected proposal value \( P'_{j+1}(t) \), which is calculated by time-constrained strategy. At the same time, agent A receives the proposal value \( O_{j+1}(t) \) coming from agent B, with an argumentation \( A_{j+1}(t) \) to support its proposal. Agent A will evaluate the argument and has its strength value stored as \( \text{Strength}(A_{j+1}(t)) \), \( 0 \leq \text{Strength}(A_{j+1}(t)) \leq 1 \). Greater the value is, more impact it will have on agent A’s concession degree.

2.2. Model definition

At time \( t \), about negotiation item \( j \), agent A has its pre-determined expected proposal value to agent B, expressed as \( P'_{j+1}(t) \). An argument \( A_{j+1}(t) \), at the same time about the same item from the counterpart, agent B, may has a certain effect on the proposal value \( P'_{j+1}(t) \), and the effect can be expressed as a revision function \( M_j(t) \).

Here, the attribute type of item \( j \) should be taken into consideration. If it is cost-based type attribute, \( M_j(t) \) is described
as formula (1), and benefit-based type attribute as formula (2).

In formula (1) and (2), \( \epsilon ( \epsilon \in [0,1] ) \) is an environment revision parameter. When the competition pressure is bigger, or negotiators were more eager to reach an agreement, \( \epsilon \) is larger.

3. Conceding strategy based on time-constraint and argument-effect (CSBOTCAAE)

3.1. Time-constraint conceding strategy

In the existing negotiation system, time-constraint strategy is often used to determine conceding degree. In this paper, negotiation agent \( A \) will employ the following strategy to calculate the expectation proposed value of item \( j \) at time \( t \), expressed by \( P_{t-a+b}^j(t) \).

\[
M_j^t(t) = \begin{cases} 
[P_{t-a+b}^j(t) - r_j^1] \times \text{Strength}(A_{t-a+b}(t)) \times \epsilon \\
\text{when } O_{k=e}(t) \leq r_j^1 \\
[P_{t-a+b}^j(t) - O_{k=e}(t)] \times \text{Strength}(A_{t-a+b}(t)) \times \epsilon \\
\text{when } r_j^1 < O_{k=e}(t) < P_{t-a+b}^j(t) \\
P_{t-a+b}^j(t) - O_{k=e}(t) \\
\text{when } P_{t-a+b}^j(t) \leq O_{k=e}(t) 
\end{cases}
\]

(2)

The strategy is shown in formula (3).

\[
P_{t-a+b}^j(t) = P_{t-a+b}^j(t-1) + (r_j^1 - e_j^1) \frac{t^\epsilon - (t-1)^\epsilon}{r_j^1} \\
(t \geq 1, \lambda_j^t \geq 0, \tau_j \geq t)
\]

(3)

We give the following instructions of formulas (3).

1) \( P_{t-a+b}^j(t-1) \) is the proposed value of agent \( A \) to \( B \) at time \( (t-1) \) about negotiation item \( j \). \( P_{t-a+b}^j(0) \) means \( A \)'s first proposal value of item \( j \).

2) \((t^\epsilon - (t-1)^\epsilon) / r_j^1 \) reflects the adjusted value of negotiation item \( j \)'s proposed value between two contiguous time interval.

3) If \( r_j^1 > e_j^1 \), item \( j \) is cost-based type attribute, such as purchase price of buyer agents. The smaller, the better. Usually, negotiators will gradually increase its value during the conceding process. And if \( r_j^1 > e_j^1 \), \( j \) is benefit-based type attribute, such as sale price of supplier agents. The greater, the better. So, negotiators will gradually decrease its value in the conceding process.

4) \( \lambda_j^t \) is the conceding mode of agent \( A \). There are 4 types of conceding modes as below.

\( \lambda_j^t = 0 \), \( P_{t-a+b}^j(t) = P_{t-a+b}^j(t-1) \) , it means \( A \) will never concede.

\( \lambda_j^t = 1 \), \( \lambda_j^t = 1 \), agent \( A \) will give large concession in the early stage, but smaller concession in the later stage. We call it anxious mode.

\( \lambda_j^t = 2 \), constant mode.

\( \lambda_j^t = 3 \), small concession in the early stage, but larger concession in the later stage. We call it slow mode.

5) If \( P_{t-a+b}^j(t) \), calculated by formula (3), is inferior to the reservation value \( r_j^1 \), \( P_{t-a+b}^j(t) = r_j^1 \). This rule guarantees the proposed value will never be worse than the reservation value.

3.2. Conceding strategy considering the effect of argument

When considering the effect of argument, negotiators will adjust the proposed value
based on the original value \( P_{A\rightarrow B}^{\text{pre}}(t) \), and get the new proposed value \( P_{A\rightarrow B}^{\text{pre}}(t) \). Formula (4) gives the algorithm.

\[
P_{A\rightarrow B}^{\text{pre}}(t) = P_{A\rightarrow B}^{\text{pre}}(t) + M_{A\rightarrow B}^{\text{pre}}(t)
\]

(4)

### 3.3. A calculation example

The following example explains our proposed adjusting conceding strategy.

Suppose that, \( A \) is a purchaser agent, and \( B \) is a supplier agent. They have only one item to negotiate, price. The reservation value of price for \( A \) is \( r_{A}^{\text{pre}} = 100 \), and expectation value is \( e_{i}^{\text{pre}} = 80 \). The time of negotiation is expressed by negotiation round here. Set \( \tau_{A} = 20 \), which means the negotiation will terminate even if there is no agreement up to 20 rounds. Given that, \( P_{A\rightarrow B}^{\text{pre}}(4) = 85 \). At round 5, agent \( A \) receives a proposal \( Q_{B\rightarrow A}^{\text{pre}}(t) = 95 \) from agent \( B \), which is supported by an argument explaining the reason of the proposal. Agent \( A \) evaluates the strength of the argument, \( \text{Strength}(A_{A\rightarrow B}^{\text{pre}}(5)) = 0.8 \).

So, for \( A \), how much will he propose in the next round? It will be calculated by the following three steps.

1) According to Formula (3), calculate the

\[
P_{A\rightarrow B}^{\text{pre}}(5) = 85 + (100 - 80) \frac{5e_{A}^{\text{pre}} - 4r_{A}^{\text{pre}}}{20e_{A}^{\text{pre}}}
\]

time-constraint proposal value \( P_{A\rightarrow B}^{\text{pre}}(5) \).

Suppose agent \( A \) adopts constant mode strategy, \( \lambda_{A}^{\text{pre}} = 1 \), then:

\[
P_{A\rightarrow B}^{\text{pre}}(5) = 85 + \frac{1}{20} (100 - 80) = 86
\]

2) According to Formula (1), calculate the revision value \( M_{A}^{\text{pre}}(5) \). Due to \( B \)'s proposal value \( Q_{B\rightarrow A}^{\text{pre}}(t) = 95 \) is between \( r_{A}^{\text{pre}} \) and \( P_{A\rightarrow B}^{\text{pre}}(5) \), the calculation is as follows.

\[
M_{A}^{\text{pre}}(5) = \left( O_{B\rightarrow A}^{\text{pre}}(5) - P_{A\rightarrow B}^{\text{pre}}(5) \right) \times \text{Strength}(A_{A\rightarrow B}^{\text{pre}}(5)) \times \varepsilon
\]

\[
= (95 - 86) \times 0.8 \times 0.5 = 3.6
\]

3) According to Formula (4), calculate the adjusted proposal value \( P_{A\rightarrow B}^{\text{pre}}(5) \).

\[
P_{A\rightarrow B}^{\text{pre}}(5) = 86 + 3.6 = 89.6
\]

### 4. Experiment analysis

#### 4.1. Problem description

In supply chain environment, agent \( A \) is negotiating with agent \( B \) on the price of some product. \( A \) is the buyer and \( B \) is the supplier. As well as \( B \), has its goal structure, shown in Table 1. The deadline time is 10 ( \( \tau_{A} = \tau_{B} = 10 \)).

<table>
<thead>
<tr>
<th>Item</th>
<th>( e_{A}^{\text{pre}} )</th>
<th>( r_{A}^{\text{pre}} )</th>
<th>( e_{B}^{\text{pre}} )</th>
<th>( r_{B}^{\text{pre}} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>600</td>
<td>800</td>
<td>950</td>
<td>750</td>
</tr>
</tbody>
</table>

Table 1: Origin goal of \( A \) and \( B \).

Strategy: \( A \) uses our proposed strategy, CSBOTCAAE, to make concession during negotiation. \( B \) uses time-constraint strategy, which is the same conceding mode with \( A \). In detail, if \( A \) use slow mode, \( B \) will use slow mode either; if \( A \) use constant mode, \( B \) will use constant mode either.

Protocol: \( A \) gives bid first. \( B \) will evaluate the proposal using the following rules.

1) If the price proposed by \( A \) is not higher or equal to the will-be-proposed price by \( B \), \( B \) will accept the price and negotiation succeeds.

2) Otherwise, \( B \) will determine its proposal value based on its time-constraint strategy.
3) If the deadline has come with no agreement reached, the negotiation failed.

4.2. Negotiation process

We will consider two different conditions:
In the first condition, there is no argument used by each negotiator. And in the second circumstance, B will use argument during negotiation, and A will use our proposed strategy to deal with the argument.

4.2.1 Condition one (no one use argument during negotiation)

In this circumstance, we assume three types of conceding mode, anxious (let $\lambda_a = 0.5$), average (let $\lambda_a = 1$), and slow (let $\lambda_a = 2$), are respectively applied by A and B. And as has been regulated, the conceding mode of A and B are always the same. Then the price of each time proposed by A, as well as B, is shown in table 2.

<table>
<thead>
<tr>
<th>$t$</th>
<th>Buyer A $\lambda_a$</th>
<th>Supplier B $\lambda_a$</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>600 600 600</td>
<td>2 1 0.5</td>
</tr>
<tr>
<td>1</td>
<td>602 620 663</td>
<td>948 930 887</td>
</tr>
<tr>
<td>2</td>
<td>608 640 689</td>
<td>942 910 861</td>
</tr>
<tr>
<td>3</td>
<td>618 660 710</td>
<td>932 890 840</td>
</tr>
<tr>
<td>4</td>
<td>632 680 726</td>
<td>918 870 824</td>
</tr>
<tr>
<td>5</td>
<td>650 700 741</td>
<td>900 850 809</td>
</tr>
<tr>
<td>6</td>
<td>672 720 755</td>
<td>878 830 795</td>
</tr>
<tr>
<td>7</td>
<td>698 740 767</td>
<td>852 810 783</td>
</tr>
<tr>
<td>8</td>
<td>728 760 779</td>
<td>822 790 779</td>
</tr>
<tr>
<td>9</td>
<td>762 780 —</td>
<td>788 780 —</td>
</tr>
<tr>
<td>10</td>
<td>800 — —</td>
<td>800 — —</td>
</tr>
</tbody>
</table>

Table 2: Negotiation process in 3 conceding modes.

Figure 1 illustrates the conceding process when $\lambda_a = 0.5$, figure 2 illustrates the conceding process when $\lambda_a = 1$, and figure 3 illustrates the conceding process when $\lambda_a = 2$.

4.2.2. Condition two (B use argument, and A use the proposed revision conceding strategy)

Assume that, when $t=4$, A receives a proposal from B, $O_{B \rightarrow A}(4)$. The proposal is accompanied with a relevant argument to explain the reason. After evaluation,
Strength($A_{p_{price}}^{price}(4)) = 0.8$, and let $\epsilon = 0.8$.

According to formula (1) and (4), $P_{price}^{price}(4)$ will adjust from original $632|\lambda|_{t=2}$, $680|\lambda|_{t=4}$, $726|\lambda|_{t=0.5}$ to $752|\lambda|_{t=2}, 764|\lambda|_{t=4}, 772|\lambda|_{t=0.5}$, shown in table 3.

The succeeding negotiation process is listed in table 4.

Figure 4 illustrates the conceding process when $\lambda_{d} = 0.5$, figure 5 illustrates the conceding process when $\lambda_{d} = 1$, and figure 6 illustrates the conceding process when $\lambda_{d} = 2$.

As we can see from table 4, as well as figure 4, figure 5 and figure 6, the negotiation result is: $800$ ($\lambda_{d} = 2$ , $t_{deal} = 9$ ) , $800$ ($\lambda_{d} = 1$ , $t_{deal} = 8$ ) , $800$ ($\lambda_{d} = 0.5$ , $t_{deal} = 6$ ).
Fig. 6: Negotiation process considering argument when $\lambda_1 = 2$.

4.3. Result analysis

From the result demonstrated in the above section, we can infer that:

1) Argumentation makes impact on $A$'s decision mechanism. Because $B$ have applied effective argument in negotiation, the final agreement is more beneficial to $B$ than $A$.

2) As for $A$, although the price is not the best, the negotiation time has been decreased, from original (10,9,8) to (9,8,6), which imply that argument has the ability to improve the negotiation efficiency.

3) In our experiment, we apply relatively simple conceding mode, and we assume that the negotiators use the same mode. In the actual situation, different conceding mode may be made by the negotiators, but the result will be in the same tendency.

5. Conclusions

In argumentation-based negotiation, how argument affects the decision strategy is a research focus. In this paper, we provide a novel idea to consider this issue, and propose a conceding strategy based on time-constraint and argument-effect. Experiment validate the proposed model and strategy, and prove that argument can have some positive effect on negotiation. It will be propagation on the research of how the argument mechanism works on negotiation decision mechanism.

References