

The Effectiveness of Non-verbal Communication on Negotiation Outcomes

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Abstract. From 2005 to 2006, there was a rise in the popularity of 3D pictures, while Disney's secondary films saw a dip. Disney recognized the need to use sophisticated 3D animation technology and foster creativity. Consequently, Disney purchased Pixar on January 24, 2006. The objective of the research is to investigate the impact of non-verbal communication on negotiations. This study will provide a comprehensive examination of Disney's purchase of Pixar using box office statistics, experimental data, cultural dimension theory, and communication theory. The ability to convey facial and emotional cues is one of the primary factors. Body position and spatial distance play a role in the second explanation. The third aspect is maintaining direct visual contact with the eyes. This dissertation addresses a research vacuum by examining the significance of non-verbal communication in the successful negotiations between Disney and Pixar. It improves one's negotiation skills and comprehension of how certain non-verbal messages may aid in achieving successful agreements.

Keywords: Disney, Pixar, Facial Expression, Body Posture, Eye Contact.

1. Introduction

Between 2005 and 2006, the animation market underwent rapid growth and transformation. Over this time span, several animated films have grossed more than \$500 million globally, illustrating the commercial feasibility of animated films. With varying audience preferences, the need for numerous styles of animation has grown. Traditional children's animation remained significant, but films aimed at teens and adults started to acquire popularity. Computer technology creates and produces computer-generated imagery (CGI). Movies, games, and other visual media often use this method to produce 3D animation or effects.

This 3D animation is getting more popular. Hollywood firms such as Pixar, DreamWorks Animation, and Blue-Sky Studios fared well, producing several critically and financially successful animated films. DreamWorks Animation's 2005 film "Madagascar" earned over \$532 million worldwide. Blue Sky Studios' 2006 film, "Ice Age2: The Meltdown," grossed \$660 million worldwide. Pixar had previously published "Toy Story," the world's first CGI animated picture, in 1995, which grossed \$370 million worldwide. Pixar's "Finding Nemo" earned more than \$930 million worldwide, making it one of the studio's most successful pictures at the time. In 2004, Pixar's "The Incredibles" made more than \$633 million globally. The high box office results for 3D animated films indicate their commercial significance. As 3D animation dominated the market, Disney's conventional 2D animation lost its competitive advantage. Following the "Disney Renaissance" of the 1990s, Disney's 2D animation films suffered in the early 2000s. Disney recognized the need for superior 3D animation technology and creative teams to improve its animation skills. The popularity of Pixar's 3D films prompted Disney to purchase them.

Disney and Pixar have been extensively studied by researchers. For instance, Christina Gudaitis analyzed the impact of cultural conflicts between Disney Animation and Pixar on their success from 2003 to 2013 [1]. The study showed that the cultural differences between the two companies led to different stages of success and failure at certain times [1]. Rakesh Naga Chinta explored the strategic reasons for Disney's acquisition of Pixar, the integration process, and the resulting synergies in detail, focusing on how Disney leveraged Pixar's strengths to enhance its creative content capabilities [2].



Before the acquisition, IvyPanda examined the market conditions, strategic motivations, and pros and cons of the acquisition decision, providing a comprehensive analysis of the animation market and the potential impact of the acquisition on both companies [3]. IvyPanda also discussed the risks Disney faced in acquiring Pixar, including long investment return cycles, financial losses, and management conflicts, while also noting the impact of Pixar's creative talent on Disney [3]. Rakesh Naga Chinta conducted a strategic and competitive analysis, exploring the motivations and outcomes of Disney's acquisition of Pixar and emphasizing how the acquisition helped Disney revitalize its animation department while gaining significant advantages in technology and creativity [2].

Although many papers focus on Disney's acquisition of Pixar, most emphasize the cultural integration and strategic decision-making processes of both companies, overlooking the importance of non-verbal communication in successful negotiations. To address this research gap, this article will explore how non-verbal communication influenced the negotiations between Disney and Pixar. Understanding this can shed light on the vital role of non-verbal communication in business negotiations. By analyzing the specific role of non-verbal communication in negotiations, it can be understood on how it influences the attitudes, emotions, and decision-making processes of the parties involved. Providing negotiators with scientific evidence will help them more effectively apply non-verbal communication techniques in actual negotiations, thereby increasing their success rate. Identifying which non-verbal communication factors, such as facial expression, emotion expression, body posture, spatial distance, and eye contact, have positive or negative impacts on negotiation outcomes can further enhance the success rate of negotiations.

This article will provide a comprehensive overview of Disney's acquisition of Pixar, focusing on how non-verbal communication, such as facial expression, emotional expression, body posture, spatial distance, and eye contact, impacted the negotiation process. The analysis will investigate how non-verbal communication strategies can facilitate successful negotiations.

2. Case Description

Established in 1923, The Walt Disney Company is a global leader in diverse entertainment and communications. Its operations include film production, theme parks, media networks, consumer items, and well-known brands and IPs, including Pixar, Marvel, and Star Wars. Disney is renowned for its distinctive inventiveness, cultural influence, and social responsibility, making it one of the world's most influential and recognizable entertainment brands. Its works and personalities have had a profound impact on global culture and society.

Pixar, founded in 1986 and headquartered in Emeryville, California, is well-known for its advanced 3D animation technology and unique narrative. The first totally computer-animated picture, "Toy Story" (1995), was a remarkable achievement. Pixar has produced numerous popular animated pictures, including "The Incredibles," "Finding Nemo," and "Coco," which have received worldwide critical acclaim and commercial success. In 2006, Disney paid \$7.4 billion for Pixar in an all-stock transaction.

Disney and Pixar first collaborated in 1991 and 1994 with the hit film "Toy Story." However, mid-1990s business and artistic conflicts hampered their partnership, preventing the contract's renewal. The negotiations between Disney and Pixar can be separated into three phases.

The first stage, initial contact, took place in May 2005. Disney's animation department failed, whereas Pixar thrived. Disney's CEO, Bob Iger, contacted Steve Jobs and requested a meeting. Jobs, from Silicon Valley, arrived in Hollywood with a new iPod model capable of playing videos, seeking to license some Disney content. The negotiation was interesting; Jobs produced a pros and cons list: if the benefits of Disney acquiring Pixar outweighed the drawbacks, the deal would go forward. Iger asserted unequivocally that Disney's acquisition of Pixar will benefit everyone. This honesty impressed Jobs, resulting in the transaction's success. Iger approved popular television series like

"Lost" and "Desperate Housewives," ending the deadlock between the two corporations. However, the contractual concerns remain unresolved.

The second step, the negotiation phase, started in October 2005. Iger was formally named Disney's CEO. After examining Pixar's irreplaceable technology and creativity, Iger decided to pursue acquisition rather than just distribution. Time was of the essence because the contract expired after "Cars." 2006 release. Iger boldly proposed the acquisition to Jobs, who remained unfazed and consented to further discussions. During the negotiations, Iger maintained a calm and open body language, regularly nodding to demonstrate comprehension and support, whereas Jobs used motions and leaned forward to exhibit excitement about Pixar's future. Iger paid a visit to Pixar, where he watched excerpts from upcoming films such as "WALL-E," "Ratatouille," and "Up," emphasizing that Disney could not afford to lose Pixar. At the same time, DreamWorks Animation, led by Jeffrey Katzenberg, was expanding with the popular "Shrek" franchise. Pixar's becoming a rival would further jeopardize Disney Animation.

The third stage, striking an agreement, occurred on January 24, 2006, when Disney announced its acquisition of Pixar for \$7.4 billion in an all-stock transaction. Disney paid around \$7.4 billion for all Pixar shares. After the acquisition, Disney and Pixar began integrating. Pixar's creative team and production crew joined Disney, expanding the animation department while retaining some creative independence. Pixar continues to produce high-quality animated pictures while benefiting from Disney's resources and assistance, resulting in increased innovation and project development [4].

3. Analysis on Problems

3.1. Reasons on Facial Expression and Emotional Expression

The facial expression and emotional expression are conducive to advancing negotiations between the two sides. When Iger first met with Jobs in early May 2005, he maintained a friendly facial expression and positive emotional expression throughout the meeting. This positive emotional expression helped establish trust between both parties and reduced potential confrontational feelings. Jobs also candidly expressed the advantages and disadvantages of Disney's acquisition of Pixar during the meeting. Robert also bluntly stated that through Disney's acquisition of Pixar, everyone could realize mutual prosperity. The candid and sincere emotional expression and facial communication from both sides had a facilitating effect on the negotiation process.

According to communication theory, nonverbal characteristics play a significant role in interpersonal relationships, making up about 93% of the total. Among these factors, facial expression alone accounts for 55%. This argument posits that Iger's favorable facial expression played a crucial role in fostering trust and minimizing conflict in talks, hence facilitating the achievement of the acquisition's objectives. Solomon Denise Haunani elucidates numerous concepts associated with interpersonal communication, emphasizing their potential application in authentic interpersonal interactions [5]. Furthermore, he offers a succinct summary of the extensive array of interpersonal communication theories that have emerged in recent times [5]. He specifically emphasizes their practical applicability in various settings and their influence on enhancing the efficacy of interpersonal communication [5].

3.2. Reasons on Body Posture and Spatial Distance

Body posture and geographical distance help to advance discussions between the two sides. In this situation, during the second phase of negotiations in October 2005, Iger maintained an open and relaxed demeanor, minimizing the physical and psychological gap between the parties. He listened to Jobs' comments and regularly nodded to show his understanding and support. Jobs, on the other hand, used numerous motions and leaned forward to express his enthusiasm and vision for Pixar's future.

According to cultural dimension theory, high-context societies tend to have a communication style that is in line with an open posture. Minimizing physical separation and demonstrating a receptive demeanor increase the inclination to collaborate, thus facilitating the progression of the negotiating

procedure. Kouziou examines the significance of nonverbal communication, namely body posture, in interpersonal communication, highlighting its impact on communicative exchanges [6]. David Hall and others explored the crucial impact of geographical proximity on communication and collaboration among individuals in organizational settings [7].

3.3. Reasons on Eye Contact

The eye contact is conducive to advancing negotiations between the two sides. In the negotiations of May 2005 and October 2005, Iger and Jobs engaged in frequent eye contact, which expressed their focus and sincerity. This eye contact helped both parties better understand each other's intentions, enhancing mutual trust and reducing misunderstandings.

High-context cultures value non-verbal communication, according to cultural dimension theory. Eye contact in high-context cultures is a crucial way to convey trust and focus. Iger and Jobs built mutual trust through frequent eye contact, ensuring the smooth progress of the negotiations. Amalanci explores the various emotions and even signals of social relationships that eye contact can convey in interpersonal interactions [8]. Emphasizing the importance of eye contact helps convey information during interpersonal communication [8]. Cao also delves into the diverse meanings, contexts, and differences of facial expression and eye contact in interpersonal interactions, enabling readers to successfully communicate with others in everyday life [9].

4. Suggestions

4.1. Keeping Smiling During the Negotiations

Wearing a little smile when negotiating can communicate a warm and receptive demeanor, fostering trust and a cooperative environment. Furthermore, it demonstrates reverence and understanding towards the opposing party, thereby promoting effective talks. During the encounter between Igor and Jobs, both sides exhibited positive emotions, such as smiling, which helped to establish a trusting rapport. Yan-Cun Huang examined case studies and literature reviews to determine the significance of smiles in competitive sports [10]. The findings revealed that smiles have a role in improving harmony in interpersonal relationships [10].

4.2. Maintaining a Listening Posture During Negotiations

Adopting a receptive stance, such as leaning slightly forward, demonstrates a sincere curiosity about the perspectives of the other party. This facilitates the display of assurance, transparency, and mindfulness, thus promoting fruitful discussions. Cheng once demonstrated the effectiveness of listening in business negotiation psychology and management, emphasizing that listening is the most advantageous strategy in international business negotiations [11].

4.3. Having Appropriate Eye Contact with the Other Party During Negotiations

Consistently maintaining a moderate level of eye contact during negotiations is a clear indication of actively listening and comprehending, which improves the effectiveness of communication. To prevent any pain or pressure on the other party, it is crucial to refrain from engaging in excessive eye contact. Ensuring consistent and proper eye contact fosters a pleasant and courteous environment, thereby enhancing the likelihood of successful negotiations. Li Xu conducted two tests to illustrate that proper eye contact is the most effective means of communication [12].

5. Conclusion

This article has delved into the significant role of non-verbal communication in the negotiation process between Disney and Pixar, focusing on the acquisition in 2006. The acquisition negotiations were studied in three phases: initial contact, negotiation, and agreement. The primary research question addressed how non-verbal communication elements such as facial expressions, body posture,

spatial distance, and eye contact influenced these negotiations. The study analyzed these components to identify how non-verbal cues contributed to the success of the Disney-Pixar negotiations and how they can enhance effectiveness in business negotiations.

This article makes several contributions to the field of business negotiation and communication. Firstly, it offers a comprehensive overview of the non-verbal communication strategies employed during the Disney-Pixar negotiations, providing a detailed case study of a significant business transaction. The findings highlight the importance of maintaining positive facial expressions, adopting open body postures, and using appropriate eye contact to build trust and facilitate effective communication. These insights can be instrumental for negotiators in various business contexts, emphasizing the need to consider non-verbal cues alongside verbal communication.

The implications of this study extend to a broader understanding of negotiation dynamics, particularly in high-stakes business environments. By demonstrating how non-verbal communication can impact negotiation outcomes, the article provides valuable guidance for negotiators aiming to improve their strategies. Additionally, the findings underscore the cultural dimensions of non-verbal communication, suggesting that awareness of cultural differences can enhance cross-cultural negotiations.

Despite its contributions, this study has certain limitations. The analysis is primarily based on documented accounts and secondary sources, which may not capture all the nuances of the negotiation process. Additionally, the focus on a single case study limits the generalizability of the findings. Future research could address these limitations by incorporating primary data, such as interviews with the negotiators involved, and examining multiple case studies to validate the findings across different contexts.

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