My research questions are primarily motivated by psychological issues that arise in consumer and policy settings. I investigate these questions from an interdisciplinary theoretical perspective, informed by both psychology and behavioral economics, using both controlled lab studies and field experiments. My current research includes studying how temporary financial incentives affect long-term behavior, how consumers respond to active opt-out defaults, and when and how nutritional disclosures affect consumer choices. I am also interested and working on several issues central to consumers’ judgment and decision making, such as descriptive models of strategic behavior, how workers and managers interact with deadlines, and effect of resource scarcity on consumer motivation and decision making. Below I briefly highlight some of these research threads, key insights from my research, and future directions.

Classical economic theories assume that incentives are universally motivating, but psychologists have warned that external incentives can ‘crowd-out’ intrinsic motivation, reducing engagement after incentives end. This has raised serious questions in many policy and consumer settings about whether using incentives to motivate future-oriented behavior (i.e., with immediate-costs and delayed-benefits) will backfire once the incentive ends. In the first paper from my dissertation research, I study the psychological processes underlying post-reward behavior. Using a flexible experimental paradigm, I identify the dynamic effect of incentives on post-reward behavior over time. I find strong evidence that post-reward crowding-out often represents the need for a break after investing extra effort, rather than a change in interpretation of the task or beliefs about own preferences, as prior theories had concluded. As a result, I find that post-reward crowding-out is momentary, eliminated by providing a break, and consistent with longer-term neutral or even positive spillover effects of temporary incentives.

I propose a new “effort-balancing” account which posits that consumers strive to balance effort on a virtuous task with a relative vice (e.g. leisure) or with a rewarding experience that offsets the effort and reduces the justification to take a break. My account can explain both the
existence of crowding-out, as documented in psychological research, and the lack of long-term negative net effects of incentives identified in recent field studies. My findings yield very different policy implications than prior theories of post-reward crowding-out, supporting the use of incentives, and suggesting new avenues for research into how to implement incentives most effectively. In a separate project, I have found that interventions which prompt people to take pride in their performance during the reward-period can offset the effort expended, therefore reducing justification for a break. I plan to further develop this as a costless intervention to arrest the post-reward crowding-out effect of temporary incentives. I am currently also studying the dynamic effects of different incentives using field experiments in health-behavior, marketing promotions, and consumer loyalty programs.

In my other research, I have studied questions that lie at a similar intersection between psychological decision processes and policy. In one paper, I use both lab studies and a large-scale field experiment to study the effect of pre-selected choices (i.e. opt-out defaults) on active consumers’ decisions in response to charitable solicitations (When Should The Ask Be A Nudge? The Effect of Default Amounts on Charitable Donations, Goswami and Urminsky, Journal of Marketing Research (2015), unconditionally accepted). Contrary to both prior theories and policy-makers’ perceptions, I find that setting high defaults does not reduce net funds raised. Defaulting higher-amounts (vs. lower amounts) has two competing effects on consumers: reducing participation (the “lower-bar effect”), but also increasing average donation amounts among those who do donate (the “scale-back effect”). I also identify a novel “distraction” effect, where decision makers pay less attention to other cues (e.g. charity quality) when defaults are present. The net effect of these factors is context-specific and depends on the baseline participation level, suggesting that optimal use of defaults requires application-specific field testing. These findings have broad potential implications for the use of defaults as “nudges” by marketers and policy makers, and I am currently conducting follow-up research in these settings.

I have applied a similar perspective to the widely-debated topic of calorie-labeling as a behavioral intervention. While policymakers often argue that information disclosures will enable consumers to make more informed choices, reducing their calorie intake, the results of providing such disclosures have been very mixed. Using both controlled studies and field experiments, I find that disclosures do reduce calorie choices, but only when they are sufficiently visually salient – generally more salient than some prevailing industry standards. However, importantly, the calorie reductions occur not because the labels convey missing information effectively but because labeling provides a behavioral “reminder” to consider nutrition and incorporate nutritional cues into decision making (The “Mere-Reminder” Effect of Salient Calorie Labeling, Goswami and Urminsky, under review). Accordingly, similar reductions in calories chosen occur even with a completely non-informative “mere-reminder” to consider calories. Following up on this paper, I am now running a large multi-cafe field-study to unobtrusively examine both the direct and downstream effects on choices and consumption of providing relatively more vs. less informative calorie reminders, over time.
In other research, I have investigated key elements underlying a wide range of decisions, focusing on dynamic decision processes. In multi-person strategic settings, behavior is highly heterogeneous, with some people engaging in multiple reasoning steps, involving more or less sophisticated inferences about others. A simple game that is commonly used to investigate such strategic heterogeneity is the $p$-beauty contest game. In a paper with Richard Hahn and Carl Mela, we use controlled experimentation and econometric analysis to investigate the validity of the $k$-step thinking model, a popular algorithmic model of heterogeneous game play (*A Bayesian hierarchical model for inferring player strategy types in a number guessing game*, Hahn, Goswami, and Mela, *Annals of Applied Statistics* (2015), in press). We observe behavior consistent with the $k$-step model for only a minority of participants, highlighting the need for richer descriptive models of multiple-heuristic strategic behavior.

A common real-world strategic setting is the interaction between managers and workers. I use deadlines as a context in which to explore judgment heuristics that can bias strategic interactions. In an initial paper, I find that managers systematically overestimate how long workers will take to complete a task when deadlines are longer, even when the deadline cannot be informative (*More Time, More Work: How Time Limits Bias Estimates of Project Duration and Scope*, Goswami and Urminsky, under review). This occurs because of a novel scope-perception bias, rather than beliefs about worker’s motivation, such that the mere existence of an uninformative longer deadline makes the work seem larger. In a follow-up project, I find that this bias can have costly implications, leading managers to favor more expensive flat-fee contracts.

Lastly, I am partnering with the University of Chicago Center in New Delhi and researchers in India to examine the effect of resource scarcity on their motivation to trust. My hypothesis is that if people under financial constraints have salient self-serving motives and they overestimate the extent to which such motives are present in others, they might ironically be less trusting when their own resources are low, and when they could most benefit from assistance. Using this behavioral route, I plan to explore why uptake of social programs is often poor among qualifying beneficiaries in developmental settings.

I am fascinated by research questions that are at the intersection of decision making, marketing, and public policy. My goal is to contribute to the marketing and behavioral science literature by conducting theoretically important and practically relevant research.