Bringing Ulysses to Scale: A Tale of Persistence, Spillovers and Customer Loyalty

Financial incentives are an increasingly common way to encourage better health behaviors in the marketplace. Although incentives can effectively increase desired behaviors when in place, we know surprisingly little about the extended effects for both the customers who receive them and the organizations who offer them. Understanding the long-term and net benefits of financial incentives is essential to bringing behavioral science insights to scale. Interventions that boost targeted behaviors only to result in immediate rebound or negative consequences once an incentive program ends, or show negative spillover effects into other aspects of consumer health, have limited feasibility. My research examines these questions by exploring the target, spillover, and loyalty effects of “light” commitment devices. These devices, which typically offer no financial benefit or only the threat of a loss, are an attractive way for firms to structure incentives. At the same time, they worry that imposing restrictions or penalties may alienate customers and shift unhealthy behaviors to other domains. Over a series of field experiments in retail settings such as fast-food restaurants and grocery stores, I find that self-aware consumers welcome commitment devices and improve both their immediate and long-term behavior. Moreover, these changes do not come at the expense of other health-related behaviors or compromise customer satisfaction and loyalty (even when customers are penalized). These results offer some reassurance that commitment devices designed to help consumers moderate their consumption can be successful, persistent, and cost-effectively brought to scale.