

**Tip Levels and Service:
An Update, Extension and Reconciliation**

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ABSTRACT

In earlier *CQ* articles, I reviewed research on tipping and concluded that tips are only weakly related to service quality and that servers can substantially increase their tips by performing one or more of seven specific behaviors. New research indicates that: (1) servers' and restaurants' average tip percentages are only weakly related to their average service quality, (2) restaurant turnover rates and servers' thoughts about quitting are negatively correlated with restaurants' and servers' average tip percentages respectively, and (3) servers can increase their tips by performing one or more of fourteen specific behaviors. These findings suggest that restaurant executives/managers should stop relying on tips to motivate good service and stop using tips to measure customer satisfaction, server performance, or restaurant performance. On the other hand, managers should train servers to perform one or more of fourteen tip enhancing behaviors in order to enhance server morale and reduce server turnover.

My CQ Articles on Tipping: An Update, Extension and Reconciliation

Approximately 21 million people in the United States eat out at full service restaurants every day.¹ After completing their meals, 98 percent of these people leave a voluntary sum of money (or tip) for the servers who waited on them.² These tips, which amount to over \$20 billion a year, are an important source of income for the nations' two million waiters and waitresses.³ In fact, tips often represent 100 percent of servers' take-home pay because tax withholding eats-up all of their hourly wages.⁴ The income implications of tipping make it a major concern of restaurant waiters and waitresses. For that reason (among others), tipping should also be a concern of restaurant managers.

Among the questions about tipping that managers must answer and act upon are the following:

- Should tips be relied upon to motivate good service?
- Should tips be used to measure server performance and/or identify dissatisfied guests who need placating? and
- How can servers' tip incomes be increased?

¹ According to *Consumer Dimensions 2001* (New York: Media Dynamics, pg. 194), 10 percent of the U.S. adult population eats at "sit-down/family" restaurants on an average day. With 210 million adults in the U.S., this means that about 21 million people in the U.S. eat at such restaurants each day.

² See: Pamela Paul, "The Tricky Topic of Tipping," *American Demographics*, (May 2001), 10-11.

³ The estimate of gross tips is based on 15 % of full service restaurant sales, which are estimated to have reached \$143 billion in 2001. See: National Restaurant Association, *Restaurant industry operations report – 2001* (Washington, D.C.: Author, 2002). The estimate of the number of servers is from: U.S. Department of Labor, *Occupational Employment Statistics*, [On-line, 2002]. Available: <http://www.bls.gov>.

⁴ See: Mason, T.A., "Why should you tip?," [On-line, 2002]. Available: <http://www.tip20.com>.

These managerial issues were addressed in two review articles I wrote for the *Cornell Hotel and Restaurant Administration Quarterly*.⁵ However, the availability of new or previously overlooked data makes an update and extension of those articles worthwhile. Moreover, those articles contain conclusions that appear inconsistent with one another. For example, one concludes that tips are only weakly related to service quality while the other concludes that server behaviors substantially increase tips. Therefore, I update, extend and reconcile those two articles here.

Tips and Service Quality

Consumers, economists, psychologists and etiquette experts all agree that tips are (or should be) an incentive/reward for service. For this reason, some restaurant managers monitor tips as a measure of server performance and/or customer satisfaction. In addition, many restaurant managers rely on tips as the primary, incentive for servers to deliver good service. Indeed, the incentive value of tips is one of the most common arguments restaurant managers raise against the adoption of automatic service charges. My 2001 *Quarterly* article, which examined the relationship between tipping and service, challenged these management practices.⁶

In a quantitative review of 14 studies involving 2,645 dining parties from 21 different restaurants, I found that the average correlation between tip percentages and service ratings was only .11. In other words, service ratings explained an average of less than two percent of the variation in a restaurant's tip percentages. Tips did increase with

⁵ See: Michael Lynn, "Seven Ways to Increase Servers' Tips," *Cornell H.R.A. Quarterly*, (June 1996), 24-29; and Michael Lynn, "Restaurant Tipping and Service Quality: A Tenuous Relationship," *Cornell H.R.A. Quarterly*, (February 2001), 14-20.

⁶ For a fuller discussion and documentation of all the points in this paragraph, see Lynn, 2001, op. cit.

service ratings, but not by much. Moreover, those small increases were obscured by the large differences in tip percentages left by different dining parties at each level of measured service quality. This weak service-tipping relationship, I argued, raises serious questions about the use of tips as a measure of server performance or customer satisfaction as well as the use of tips as incentives to deliver good service.⁷

Here, I update and extend my 2001 *Quarterly* article in two ways. First, I review additional customer-level research on the service-tipping relationship published after my article appeared. Second, I analyze previously unpublished data on the service-tipping relationship at both the server and restaurant levels of analysis.

New Articles

In the two years since my 2001 *Quarterly* article, three new studies testing the service-tipping relationship have been published. These studies suggest that my conclusions about the service-tipping relationship cannot be dismissed as the result of weak measurement and that they apply to other U.S. restaurants not in my original sample as well as to restaurants outside the United States. Each of these points is discussed further below.

First, all of the studies I reviewed used traditional rating scales where 1 represented poor service and 5 (or 10) represented excellent service. Traditional rating scales like this (known as semantic-differential scales) tend to produce ratings that are bunched at the positive end of the scale.⁸ If actual service quality has a more normal or bell-shaped distribution, then ratings of service quality using these traditional scales will

⁷ See: Lynn, 2001, op. cit.

⁸ See: R.A. Peterson and W.R. Wilson, "Measuring Customer Satisfaction: Fact and Artifact," *Journal of Academy of Marketing Science*, 20 (1992), 61-71.

be biased and will be more weakly related to tip percentages than they should be. This possibility was tested in a study involving exit surveys of 396 dining parties at four restaurants in Ithaca, New York.⁹ Participants were asked to rate the service using either a traditional, semantic-differential scale or a new rating scale (known as the “unbounded write-in scale”) that produces more normally distributed ratings.¹⁰ The distributions of service ratings produced by the two scales are presented in Figures 1 and 2. If the highly positive service ratings produced by the traditional scale reflect measurement bias, then the new scale should have produced a stronger correlation with tip percentages than did the traditional scale. However, tip percentages correlated at .16 ($n = 200$, $p < .03$) with ratings of service quality on the new scale and correlated at .19 ($n = 196$, $P < .01$) with ratings of service quality on the traditional scale. These findings suggest that the skewed distributions of service quality produced by traditional rating scales are not responsible for the weak service-tipping relationship.

Second, my review covered studies of only 21 restaurants. Perhaps the researchers whose work I reviewed just happened to stumble across those rare restaurants where customers do not base tips on service quality. This possibility is discounted by a study involving exit surveys with 1,393 dining parties from 39 restaurants in Houston, Texas.¹¹ The study found that a one point increase in service quality (as measured on a five point scale) was associated with an increase in tips of only about 1.5 percentage points. A

⁹ See: Michael Lynn, “Restaurant Tips and Service Quality: A Weak Relationship or Just Weak Measurement?,” *International Journal of Hospitality Management*, 22 (2003), 321-325.

¹⁰ This new scale was developed by: Eric Marder, *The Laws of Choice*, (New York: The Free Press, 1997), pp. 150-163. This scale asks respondents to express their liking for an object by writing as many L's as they feel are necessary to express how much they like it. Respondents express disliking for an object by writing as many D's as they feel are necessary to express how much they dislike it. Respondents express neutral attitudes by writing an N.

¹¹ See: Michael Conlin, Michael Lynn, and Ted O'Donoghue, “The Norm of Restaurant Tipping,” *Journal of Economic Behavior and Organization*, 52 (2003), 297-321.

reanalysis of the study's data produced a correlation between tip percentages and service ratings of .07 ($n = 1393$, $p < .01$). Thus, this study replicates my original finding – that service quality has a statistically reliable, but small effect on tip percentages – with a different sample of U.S. restaurants.

Finally, all of the studies I reviewed were conducted in the United States, where restaurant servers earn less than the minimum wage. It is possible that servers' substandard wages make U.S. customers feel obliged to leave a decent tip even when the service is below par, but that customers in other countries feel free to leave small tips under that condition. This possibility was tested in a study involving exit surveys of 342 dining parties at 16 restaurants in Hong Kong.¹² The study found a non-significant correlation of .06 between tip percentages and service ratings. This finding indicates that tips are only weakly related to service quality in Hong Kong as well as in the United States, so my conclusions about the service-tipping relationship appear to generalize beyond the borders of this country.

Unpublished Data

All the data included in my 2001 *Quarterly* review were collected at the dining party level of analysis. In other words, the analyses compared tips with service ratings across different dining parties. The weak relationship between tips and service quality at this level of analysis undermines the use of tips as a measure of customer satisfaction and

¹² See: Ben Dewald, "Tipping in Hong Kong Restaurants," *International Journal of Hospitality Management*, 22 (2003), 307-319.

an incentive to deliver good service. However, it does not necessarily mean that tips are weakly related to service quality at other levels of analysis.¹³

It is possible that tips and service ratings are more strongly related when averaged and compared across different servers or different restaurants. If so, then tips could still be used as a measure of server or restaurant performance. At the time of my 2001 *Quarterly* article, only two published studies provided data to assess this possibility. One study compared average tips and self-rated service abilities across 47 different waiters and waitresses; finding a correlation of .27 between service ability and average tip after controlling for average sales and other variables.¹⁴ Another study compared managers' reports about average tips and the amount of attention their servers typically give tables across 67 different restaurants.¹⁵ Although no correlations between these variables were reported, the authors did report finding that tips were higher at restaurants where servers do extra food preparation at the table and at restaurants where servers visit their tables very often than at restaurants where these things did not occur.

Since my 2001 *Quarterly* article appeared, several faculty members at the Cornell Hotel School have collected data that permit additional comparisons of tips and services across different servers and restaurants. With their permission, I report analyses of that unpublished data in the bullet points below.

¹³ See: Cheri Ostroff, "Comparing Correlations Based on Individual-level and Aggregated Data," *Journal of Applied Psychology*, 78 (1993), 569-582.

¹⁴ See: Michael Lynn and Tony Simons, "Predictors of Male and Female Servers' Average Tip Earnings," *Journal of Applied Social Psychology*, 30 (2000), 241-252.

¹⁵ See: James Fitzsimmons and Gavin B. Maurer, "A Walk-Through Audit to Improve Restaurant Performance," *Cornell H.R.A. Quarterly*, (February 1991), 95-99.

- Alex Susskind surveyed 130 servers at 8 different units in a large restaurant chain asking them to complete a measure of guest orientation and to indicate what tip percentages they receive on average from their customers.¹⁶ Across servers, the average tip percentage correlated at .14 ($p = .11$) with guest orientation.
- I received data on the average charge tip percentage and the average dining experience ratings of mystery shoppers at 59 restaurants in the same restaurant chain mentioned above.¹⁷ Across restaurants, the average tip percentages correlated at -.05 ($p = .27$) with the average mystery shopper ratings.
- Bruce Tracy and Michael Tews collected data on the average charge tip percentage, the average customer satisfaction score, and the manager's ratings of employee capabilities across 96 units of a restaurant chain different from the one above.¹⁸ Across restaurants, the average tip percentages correlated at .14 ($p = .17$) with average customer satisfaction scores and correlated at .16 ($p = .11$) with average ratings of employee capabilities.

¹⁶ Guest orientation was measured by having respondents rate their agreement (on a 5 point scale) with the following five items: “When performing my job, the customer is most important to me,” “It is best to always ensure that our customers receive the best possible service available,” “If possible, I meet all requests made by my customers,” “As an employee responsible for providing customer service, my customers are important to me,” and “I believe that providing timely, efficient service is a major function of my job.”

¹⁷ For more information about the data and restaurant chain, see: Michael Lynn, “Turnover’s Relationships with Sales, Tips and Service Across Restaurants in a Chain,” *International Journal of Hospitality Management*, 21 (2002), 443-447. The correlation between average tip percentage and average mystery shopper ratings came from this study, but was not reported in the article.

¹⁸ Customer satisfaction scores were provided by an outside vendor. Employee capabilities were measured by having managers rate their agreement (on a 5 point scale) with the following five items: “Employees have the capability to respond to a wide range of customer service requests,” “Employees have the skills to meet and exceed customer expectations,” “Employees have a clear understanding of their customer service responsibilities,” “Employees do everything in their power to meet customer needs,” and “Employees try to anticipate customer needs before requests are presented.”

The published articles and unpublished findings presented above indicate that the service-tipping relationship is weak when compared across servers and restaurants just as it is when compared across dining parties. This means that restaurant managers should not use their servers' tip averages to measure the servers' performances and that restaurant chain executives should not use their units' average tip percentages to measure the units' or the unit managers' performances. Mystery shoppers and customer surveys are probably better indicators of server and restaurant performance with respect to customer satisfaction than are tip averages.

Increasing Servers' Tips

Tips are the major source of servers' incomes. Since servers work in order to make money, it seems reasonable to assume that server morale would be increased, and server turnover would be reduced, if servers' tip incomes were increased. Surprisingly, however, no one before me had presented this argument to the industry in print. Nor had anyone offered managers scientifically tested ways to increase the tips at their restaurants. My 1996 *Quarterly* article did both of these things and received a lot of attention in the industry.¹⁹ Following the article's publication, I was invited to talk about ways to increase servers' tips at the 1997 annual trade shows of both the United States' National Restaurant Association and the Canadian Restaurant and Foodservices Association. In addition, numerous trade journals summarized all or parts of my article for their readers – including American Express' newsletter *Briefings*, which then received hundreds of requests for copies of my article.

¹⁹ See: Lynn, 1996, op. cit.

In that 1996 article, I argued that managers could reduce turnover by increasing their servers' tips. Then, I reviewed experimental evidence from the psychology literature indicating that servers earn larger tips when they:

- (1) introduce themselves to customers by name,
- (2) squat down next to the table when interacting with customers,
- (3) give customers large, open-mouthed smiles,
- (4) touch customers briefly on the hand or shoulder,
- (5) use tip trays embossed with credit-card insignia,
- (6) write "Thank You" on the backs of checks, and (for waitresses)
- (7) draw a "Happy Face" on the backs of checks.

Based on the reviewed evidence, I suggested that managers train their servers to do one or more of these seven actions.

Here, I extend and update my original article in two ways. First, I present published and unpublished evidence to support what I had merely asserted previously – that server turnover is related to tip percentages. Then, I present seven more ways to increase servers' tips.

Tips and Turnover

In my 1996 *Quarterly* article, I asserted without evidence that server turnover could be reduced by increasing servers' tips. Unfortunately, causal evidence supporting this claim is still not available. However, one recently published article and two unpublished data sets provide some support for this claim by demonstrating that restaurant turnover rates and servers' thoughts about quitting are correlated with

restaurants' and servers' average tip percentages respectively. These studies are briefly reviewed below.

In a recently published study, I examined the relationship between the turnover rate and the average tip percentage across 59 restaurants in a casual-dining, restaurant chain.²⁰ Across all 59 restaurants and across the 30 restaurants with the highest sales volume, that relationship was weak and not statistically significant. However, across the 29 restaurants with the lowest sales volume, the average tip percentage was significantly and negatively correlated with the turnover rate ($r = -.36$, one-tailed $p < .03$). This suggests that server turnover is sensitive to tip income, but that servers can acquire the tip income they need from high volume as well as from high tip percentages. Only at low volume restaurants are high tip percentages necessary to retain waiters and waitresses.

Further supporting this conclusion are the results of another unpublished study. Bruce Tracy and Michael Tews' data set, which was described previously, included a measure of turnover as well as a measure of the average tip percentage at 96 chain restaurants. Across all 96 restaurants, turnover correlated at $-.29$ ($p < .01$) with average tip percentage. Moreover, this relationship was stronger among the 48 restaurants with the lowest sales volume ($r = -.36$, $p < .02$) than among the 48 restaurants with the highest sales volume ($r = -.23$, $p = .12$).

If tip percentages affect turnover, then servers with low average tip percentages should think about quitting more than servers with high average tip percentages. A previously described, unpublished data set collected by Alex Susskind provides a means of testing this expectation because it included a measure of how often 130 servers thought

²⁰ See: Michael Lynn, "Turnover's Relationships with Sales, Tips and Service Across restaurants in a Chain," *International Journal of Hospitality Management*, 21 (2002), 443-447.

about quitting as well as a measure of their average tip percentages.²¹ An analysis of the data indicated that servers average tip percentages correlated at -.24 ($p < .005$) with how often they thought about quitting their jobs. Although not conclusive, this finding combines with those described above to support my 1996 assertion that increasing servers' tips will reduce server turnover.

More Ways to Increase Tips

My 1996 *Quarterly* article identified seven, experimentally proven ways to increase servers' tips. In the paragraphs below, I identify seven more ways to increase tips. Many of these new techniques have been experimentally tested (see Table 1) and all of them are supported by empirical research. Although a few of the techniques may be inappropriate at some upscale restaurants, most are innocuous and can be used in restaurants of all types. Restaurant managers can increase their servers' tips by encouraging the servers to try one or more of these techniques.

Sell, sell, sell. People are supposed to tip 15 to 20 percent of their bill sizes, so dollar-and-cent tip amounts should increase with bill size. In fact, a recent review of research on tipping found that bill size was twice as powerful as everything else combined in determining the size of tips left by different dining parties!²² This means that the best way for servers to increase their tips is to increase their sales. During a slow shift, sales can be increased through suggestive selling. Thus, servers should be encouraged to recommend appetizers, wine, expensive entrée selections, and desserts during slow shifts.

²¹ Servers rated their agreement (on a 5 point scale) with the following: "I frequently think of quitting this job at XXX."

²² See: Michael Lynn and Michael McCall, "Beyond Gratitude and Gratuity: A Meta-Analytic Review of the Predictors of Restaurant Tipping," unpublished manuscript at Cornell University. Available on-line at: <http://www.people.cornell.edu/pages/wml3/working_papers.htm>.

However, during a busy shift, suggestive selling may be counter-productive because add-on sales may increase the customer's meal duration and slow down table turnover. A server's total tips at the end of the shift depend on their total sales. Since entrées are more expensive than appetizers and desserts, servers should be encouraged to avoid suggestive selling of appetizers and desserts in favor of turning tables quickly as long as new customers are waiting to be seated.²³ Increasing servers' total sales in this way directly improves the restaurant's bottom line and is the single best way to increase the servers' tip incomes. Therefore, have servers turn tables and sell more entrees when possible.

When turning tables is not possible, then have servers sell more appetizers and desserts.

Personalize servers' appearances. Wearing something unusual or distinctive is a way for servers to stand out and make customers perceive them as an individual person rather than a faceless member of the staff. I still remember one waitress at a NYC restaurant who waited on me several years ago. She wore a goofy hat that no one else in the restaurant was wearing. Wearing that hat made the waitress seem more interesting and personable and increased the tip she got from me. In a related study, researchers found that waitresses increased their tips about 17 percent by wearing flowers in their hair.²⁴ Of course, there is nothing magical about hats or flowers -- wearing a funny necktie or some other unusual and remarkable piece of apparel should increase tips as well.

Entertain customers. People go to restaurants for entertainment as well as for food and they will reward entertaining servers with bigger tips. In one study conducted in

²³ I owe this insight to Sheri Kimes. See: Sheryl Kimes, "Implementing Restaurant Revenue Management: A Five Step Approach," *Cornell H.R.A. Quarterly*, (June 1999), 16-21.

²⁴ JeriJane Stillman and Wayne Hensley, "She Wore a Flower in Her hair: The Effect of Ornamentation on Non-Verbal Communication," *Journal of Applied Communication Research*, 1 (1980), 31-39.

France, waiters and waitresses at a bar gave half their customers a card with the following joke written on it: “*An Eskimo had been waiting for his girlfriend in front of a movie theatre for a long time and it was getting colder and colder. After a while, shivering with cold and rather infuriated, he opened his coat and drew out a thermometer. He then said loudly, ‘If she is not here at 15, I’m going!’*” Forty-two percent of those customers getting the joke card left a tip as compared to only 25 percent of those not getting the joke card. Moreover, those who did tip left more in the joke-card condition (average tip of 23 percent) than in the no-card condition (average tip of 16%).²⁵

In another study, a New Jersey waitress gave half of her customers a card with the following words: “FINISHED FILES ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF MANY YEARS.” She encouraged the customers to count the number of “F’s”. Most people tend to miss the Fs in the words “OF” because they are pronounced “V.” Thus, customers were often surprised when the waitress told them the correct number of Fs was six. They also gave her larger tips than those customers not given a card – an average tip of 22 percent versus an average tip of 19 percent.²⁶ As these examples testify, servers don’t have to be Robin Williams to entertain their way into a bigger tip, so let the entertainment begin!

Draw a picture on the check. Drawing cute and happy pictures on the back of checks can put customers in a good mood and may make the server seem more personable. Since people tend to be more generous when they are in a good mood and tend to be more generous to those they like, such drawings should also increase servers’

²⁵ See: Nicholas Gueguen, “The Effects of a Joke on Tipping When it is Delivered at the Same Time as the Bill,” *Journal of Applied Social Psychology*, 32 (2002), 1955-1963.

²⁶ See: Brucce rind and David Strohmetz, “Effect on Restaurant Tipping of Presenting Customers with an Interesting Task and of Reciprocity,” *Journal of Applied Social Psychology*, 31 (2002), 1379-1384.

tips. Consistent with this reasoning, one study conducted at a bar in France found that drawing a picture of the sun on checks increased the percentage of customers leaving a tip from 21 percent to 38 percent.²⁷ The drawing also increased the average size of the tips that were left from 19 percent of the bill to 26 percent of the bill. Your servers need not be Picasso to draw larger tips from their customers, so encourage them to pick up a pencil and start doodling.

Forecast good weather. Another thing that puts people in a good mood is sunny weather. Even the prospect of sunny weather tomorrow elevates people's moods. This suggests that servers who live where the weather is highly variable can increase tips by telling their customers that sunny weather is on the way. To test this idea, researchers had a waitress at a midscale Italian restaurant in New Jersey write a weather forecast on the backs of some of her checks but not others. The favorable weather forecast read: "The weather is supposed to be really good tomorrow. I hope you enjoy the day!" The waitress received an average tip of 22.2 percent when she forecast good weather and an average tip of 18.7 percent when she made no forecast.²⁸ Although managers should not encourage servers to lie to customers, they may want to encourage servers to remind customers that good weather is on the way when the actual weather forecast is favorable.

Call customers by name. Calling people by their names tells them that they are considered important. Most people find such recognition flattering and enjoyable. Thus, it should not be surprising that servers get larger tips when they call their customers by name. One study documenting this effect had waiters and waitresses at several restaurants

²⁷ See: Nicholas Gueguen and Patrick Legoyer, "Effect on Tipping of Barman Drawing a Sun on the Bottom of Customers' Checks," *Psychological Reports*, 87 (2000), 223-226.

²⁸ See: Bruce Rind and David Strohmetz, "Effects of Beliefs About Future Weather Conditions on Tipping," *Journal of Applied Social Psychology*, 31 (2001), 2160-2164.

in Kansas randomly assign those customers paying by credit card to a name or a no-name condition. In the name condition, the servers noted the customers' names on their credit cards and thanked them by name (e.g., "Mr. Jones") when returning the credit cards and charge slips. In the no-name condition, servers thanked the customers without mentioning their names. Customers left an average tip of 14 percent in the no name condition and an average tip of 15.4 percent in the name condition.²⁹ Saying two words – the customer's name – increased the servers' tips by 10 percent. This finding suggests a new answer to the old question "What's in a name?" That answer is "bigger tips."

Give customers candy. People generally feel obligated to reciprocate when they receive gifts from others. Servers can benefit from this by giving their customers after-dinner mints or candies. Upon receiving such gifts, most customers will feel a need to reciprocate and will do so by increasing their tips. One study conducted in Ithaca, New York, found that giving customers fancy chocolates increased tips from 15 percent of the bill to 18 percent of the bill. Another study conducted in New Jersey found that gifts of Hershey assorted miniature chocolates also increased tips. The highest tips were received when the server gave dining parties one piece of candy per person and then spontaneously offered them a second piece per person. In that condition, the average tip was 23 percent of bill size as compared to an average tip of 19 percent when no candy was given.³⁰ These findings suggest that restaurant managers should consider providing after-dinner mints or other candies to be given to customers, so that their servers too can "sweeten the till."

²⁹ See: Karen Rodrigue, "Tipping Tips: The Effects of Personalization on Restaurant Gratuity," Master's Thesis (1999), Division of Psychology and Special Education, Emporia State University.

³⁰ Both studies are reported in: David Strohmetz, Bruce Rind, Reed Fisher and Michael Lynn, "Sweetening the Til: The Use of Candy to Increase Restaurant Tipping," *Journal of Applied Social Psychology*, 32 (2002), 300-309.

Reconciling Apparent Discrepancies

Critical readers of my 1996 and 2001 *Quarterly* articles may see two apparent inconsistencies in my conclusions. First, I argue that tips are only weakly related to service but that they are strongly affected by many server behaviors. Second, I argue that differences of 2 to 3 percent of the bill are too small to be meaningful when they describe the effects on average tips of different levels of service quality, but argue that comparable differences are meaningful when they describe the effects of specific server behaviors. These apparent discrepancies are discussed and reconciled in the paragraphs below.

Server Behaviors Affect Tips in Many Ways

Many people have a difficult time understanding how some server behaviors, such as telling customers your name, touching customers or smiling at customers, increase tips substantially while delivering better service quality does not. Underlying this difficulty is the assumption that server behaviors can increase tips only if they improve service quality. Given that assumption, service quality should have an equally strong (if not stronger) effect on tips than do any specific server behaviors. To make sense of the data on tipping, that assumption must be abandoned.

Some server behaviors do improve service quality. Touching customers, for example, has been shown to increase customers' ratings of service. However, server behaviors increase tips for many reasons – not just because they improve service. For example, touching customers and squatting down next to the table both increase tips because they make the server seem friendlier and customers are loath to disappoint

friendly servers. Smiling and forecasting good weather increase tips because they elevate customers' moods. Giving candy increases tips because it makes customers feel obligated to reciprocate the gift. These processes work independently of service quality and in many cases produce larger effects on tipping than does improving service.

Recognizing that many processes underlie increases in tips will help managers avoid erroneous expectations about the consequences of encouraging tip enhancing behaviors. At least one industry practitioner has told me that he thought an improvement in customer satisfaction is the best reason for encouraging servers to practice the tip enhancing behaviors I advocate. He assumed that increased tips mean increased customer satisfaction, but he was wrong. Tips are only weakly related to customer satisfaction with service and increased tips result from many other psychological processes. Managers should encourage tip enhancing behaviors not because they will directly improve customer satisfaction, but because they will improve server morale and reduce server turnover. Happier servers may deliver better service in the long run, but the behaviors that enhance servers' tips and, therefore, contribute to servers' happiness are not necessarily those that enhance customer satisfaction.

Weak Effects are Sometimes Meaningful

Some of the server behaviors I advocate increase tips substantially. However, others have only modest effects on tipping. For example, writing "Thank You" on the back of checks, wearing flowers in your hair, and calling customers by their names increase tips about as much as does improving service from "average" or "above average" to "excellent." Since I argue that the effect of service on tipping is too weak to be meaningful, readers are justified to ask why I consider equally weak effects involving

specific server behaviors to be more meaningful. The answer to that question centers on the concepts of control and certainty.

Specific behaviors are under servers' control more than is the improvement of service quality. Performing specific behaviors such as writing "Thank You" and calling customers by name are easy and success is certain. In contrast, improving service is difficult and success is uncertain. Small increments in tips justify easy tasks whose success is guaranteed, but not more difficult tasks whose success is uncertain. Thus, weak effects on tipping are meaningful motivators of specific server behaviors but not of efforts to improve service quality.

Conclusion

In two previous *Quarterly* articles, my reviews of research on tipping lead me to several conclusions about the managerial use of tips. Since the articles appeared, researchers have collected additional data relevant to those conclusions. However, that new data only strengthens my original arguments. Research on tipping makes it clear that:

- managers should not rely on tips to motivate good service,
- managers should not use tips to measure customer satisfaction, server performance, or restaurant performance, and
- managers should train servers to perform one or more of fourteen tip enhancing behaviors.

These conclusions may fly in the face of managers' intuitions and of industry wisdom, but changing our perceptions of the world and our management practices is what good hospitality research and the *Cornell Quarterly* are all about.

FIGURE 1
SEMANTIC DIFFERENTIAL SCALE SERVICE RATINGS

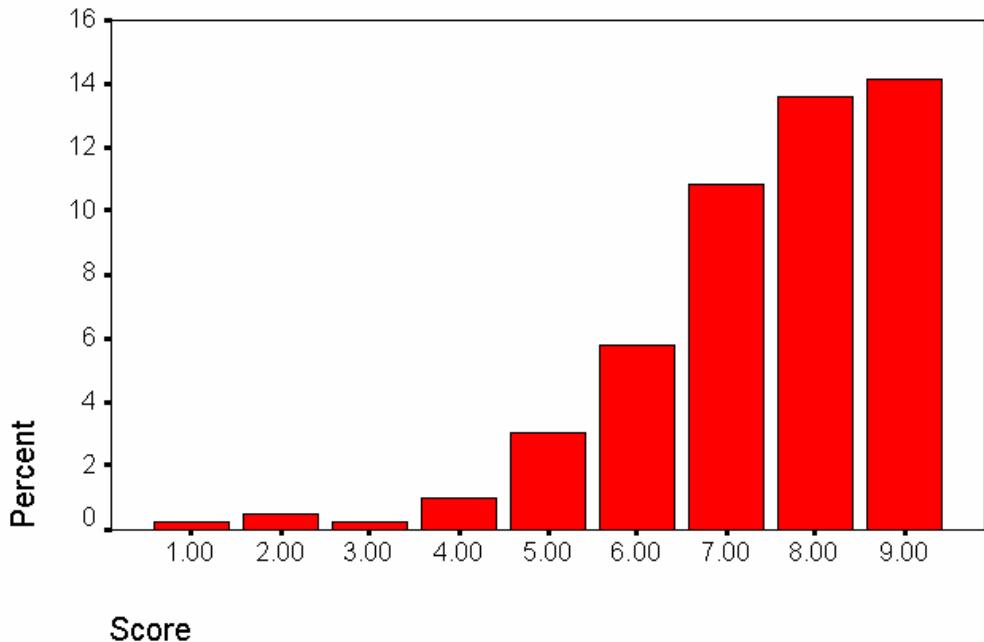


FIGURE 2

UNBOUNDED WRITE-IN SCALE SERVICE RATINGS

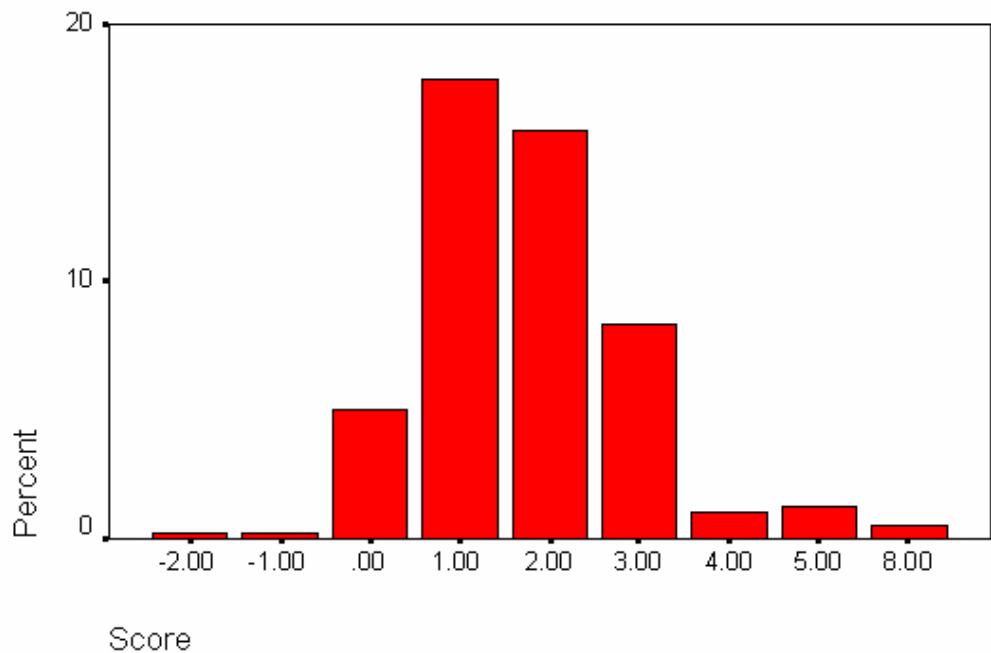


TABLE 1. Updated summary of experiments and quasi-experiments on restaurant tipping.

Tip Enhancing Action	Average Tip in the Control Treatment	Average Tip in the Experimental Treatment	Percentage Increase in Tip
Introducing Self by Name	15%	23%	53%
Squatting Down Next to Table			
Waiter	15%	18%	20%
Waitress	12%	15%	25%
Smiling	20 cents	48 cents	140%
Touching Customer	12%	17%	42%
Using Tip Trays w/ Credit Card Insignia			
Restaurant	16%	20%	25%
Cafe	18%	22%	22%
Writing “Thank You” on Check	16%	18%	13%
Drawing a “Happy Face” on Check			
Waiter	21%	18%	----
Waitress	28%	33%	18%
Wearing a Flower in Hair	\$1.50 p/person	\$1.75 p/person	17%
Entertaining Customer			
Tell a Joke	16%	23%	40%
Give a Puzzle	19%	22%	18%
Draw a Picture of Sun on Check	19%	26%	37%
Forecast Good Weather	19%	22%	18%
Call Customer by Name	14%	15%	10%
Give Customer Candy			
Study 1	15%	18%	18%
Study 2	19%	23%	21%