How Customers Decide Their Tipping Size

Chun-Han Fu
Graduate Student
School of Hospitality Management
Widener University

and

Shiang-Lih Chen McCain Ph.D
School of Hospitality Management
Widener University

ABSTRACT

A tip is an extra payment that a customer pays voluntarily in gratitude for a service (Wikipedia, 2010). According to Mason (2006), servers’ income-tax takes out almost all their hourly salaries; therefore tips can represent 100% of servers’ take-home pay. In other aspects, tips are not only the net income of servers, but also a method which managers use to measure customers satisfaction and service quality. According to Lynn (2001), some managers believe that there are three benefits when customers give tips: encourage servers to deliver good services, measure server performance, and identify dissatisfied customers. Some factors are applied to measure customers’ tip size, such as race, culture, gender, table size, payment methods, age, education, income, etc. Other research investigated whether specific service behaviors influence customers’ tipping behavior, such as how the servers interact with the customers. To the author’s knowledge, all the previous tip-size studies were conducted from management’s points of view instead of customers’ perspective. In order to fulfill this void, the purpose of this study is to investigate what factors customers take into consideration when they are tipping. The results of this study will help servers earn more tips, and thus increase their job satisfaction.

Key words: tip, tipping size, service quality, customer perspective.

INTRODUCTION

A tip is an extra payment that a customer pays voluntarily in gratitude for a service. Every year, there are $20 billion in tips which are the incomes of 2 million servers (Lynn, 2006). In other aspects, tips are not only the net income of servers, but also a method which managers use to measure customer satisfaction and service quality. The relationship between tip size and service quality is supported by a psychological theory which indicates that people always search for equal treatment from others in an interpersonal relationship (Lynn, 2001). According to Lynn (2001), people who socialized feel anxiety and distress when they are aware that they are in an inequity relationship. An inequity relationship is that when one person delivers a benefit to the relationship partner, but the benefit the person receives is not even. For this reason, there is a psychological theory that people would try hard to maintain a balanced relationship between delivered and received benefits. When we adopt this theory
into customer tipping behavior, the equal treatment of interpersonal relationships between servers and customers will be that if the server delivers better services, and then the customer will give a larger tip size.

After many researchers’ efforts, there were some elements to measure customers’ tip size introduced, such as race, culture, gender, table size, payment methods, age, education, income,…etc. (McCrohan & Pearl, 1991; Lynn & Thomas-Haysbert, 2003; Parret, 2006; Dombrowski, Namasiyayam & Bartlett, 2006). Other researchers investigated whether servers’ specific behaviors influence customers’ tipping behavior, such as touching customers (Crusco & Wetzel, 1984; Hornik, 1992; Lynn, Le, & Sherwyn, 1998), giving customers candy (Strohmetz, Rind, Fisher, & Lynn, 2002), and smiling at customers (Tidd & Lockard, 1978).

Although many researchers have investigated the relationship between these elements and customer tipping behavior, all of these studies were conducted from a managers’ viewpoint instead of customers’. Therefore, the purpose of this study is to investigate what elements customers take into consideration when they are tipping.

**LITERATURE REVIEW**

**Tipping norms**

Tipping norms is a kind of tipping behavior based on social norms. When customers tip, they will feel guilty if they do not tip or not tip enough (Conlin, Lynn, & O’Donoghue, 2002). Sometimes, when a customer goes to a restaurant frequently, s/he may tip more to avoid bad service or feel embarrassed in the future. On the other hand, Lynn & McCall (2000) indicated that patron frequency is not an accurate way to measure the tip size. They suggest that no matter how often a customer visits a specific restaurant, s/he will tip to a certain level based on social norms.

Hypothesis 1: There is a relationship between tipping norms and tip size.

**Service quality**

Service quality is an important element when customers are deciding their tip size. Although social norm influences customers’ tip size, when the server delivered bad service, some customers may not insist on tipping by the norms (Dombrowski, et. al., 2006). Shamir (1983) suggest that when a server provides good service, the server would receive better tips. Tips are a form of reward of servers’ hard work. A tip is a tool for encouraging servers to deliver good service compared to the workers who only earn normal salaries (Shamir, 1983). Dombrowski, et. al. (2006) also suggest that servers may expect service quality to affect customers’ tipping behavior. This means that servers will estimate the tip size which they will receive by the service they have delivered based on the customers’ dining experience. If they feel that they have delivered a service with higher quality than average, they may expect a larger size tip (Dombrowski, et. al., 2006)

Hypothesis 2: There is a relationship between service quality and tip size.

**Table Size**

Table size influences customer’s tip size. According to previous studies, there is a
positive relationship between tip size and table size (Lynn and Grassman 1990; Boyes, Mounts, and Sowell 1998; Conlin, Lynn, and O’Donoghue 2003; Parrett 2006). There are two basic results when the table size influences tip size: check amount and the host’s social status. Normally, customers would tip according to the total amount of the check (Lynn & Graves, 1996; Lynn & Simons, 2000). Also, Lynn & Grassman (1990) pointed out that when the table size is bigger, the check will be bigger. Thus, the tip size is expected to be bigger. In the other situation, Parrett (2006) indicated that, in the situation of big table size, the host may tip a larger percentage of tips to fit his/her social status.

Hypothesis 3: There is a relationship between table size and tip size.

Tipping strategies

Tipping strategy influences customers’ tipping behaviors. According to Lynn & McCall (2000) and Lynn & Sturman (2003), there are three strategies customers will use to decide their ways of tipping. The first strategy is that customers will tip by a specific percentage of check. Under this strategy, customers usually will tip by a “fixed percentage,” such as 15% or 20% of the check (Lynn & McCall, 2000). The second strategy is that customers will leave a certain amount of money as a tip. They also called this strategy as “fixed dollar amount” strategy. The last strategy is called “tit-for-tat” strategy. Under this strategy, customers give tips based on the servers’ service quality. If customers received good service, they would give the server large tips; but if customers received bad service, they would give the server small tips or even no tips.

Hypothesis 4: there is a relationship between tipping strategies and tip size.

METHODOLOGY

A survey questionnaire was developed based on previous literature review to measure the relationships between all the elements (i.e., tipping norm, service quality, table size, and tipping strategies) and customers’ tip size. A convenience sampling method will be used. The respondents will be customers who have had the experience in tipping servers in a casual dining restaurant in an East coast city in the United States.

REFERENCES


