

# Restaurant tipping: The rules are not the same everywhere

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## Abstract

*To date, most of the research investigating the relationship between service quality and tip has been conducted in the US. The aim of this study is to investigate the relationship between tipping and service quality in a country where no norm exists about a specific amount of tip to be given. Two studies conducted in different Swiss restaurants show that there is no relationship between service quality and the tip amount. However, both studies show that satisfaction with the food price predicts the tip amount given to restaurant waiters. These intriguing results are discussed in light of the Hofstede model of cultural values as well as the tipping system.*

**Key Words** *Tipping behaviour, service quality, restaurant, food price, Hofstede*

**Theme** *Miscellaneous*

**Focus of Paper** *'Theoretical/Academic'*

## Introduction

To date, most of the research investigating the relationship between service quality and tip has been conducted in the US, a country in which most of the waiters depend on tips because they do not receive decent wages. However, there are many countries in the world where waiters receive tips even if they get decent wages. The aim of this study is to investigate the relationship between tipping and service quality in Switzerland, where no norm exists about a specific amount of tip to be given (Lynn, Zinkham & Harris, 1993). The 15% tipping norm in the US can lead customers to leave a good tip even when the service is not satisfactory, whereas in countries where this norm is absent, customers should leave tips depending on their level of satisfaction (Dewald, 2003). In the following literature review, studies conducted in the US about the relationship between service quality **as well as food quality** and tipping are examined first, followed by studies examining tipping and service quality **(and food quality)** outside of the US.

## Literature Review

So far, all the studies conducted in the US on the topic of the tipping-service quality relationship concur mostly on two findings: 1) There is a significant correlation between tipping and service quality; 2) The effect size of this relationship is relatively modest. Indeed, Lynn (2001) has conducted a meta-analysis regarding this issue and has shown that only 1% of the variance in the amount of tip can be attributed to service quality as perceived by the customers.

Service quality has been mostly measured as an aggregate of 5 indices: staff appearance, friendliness, speed of service, attentiveness and knowledge of the menu. Most of the studies conducted so far in the US suggest that staff friendliness is one of the core drivers of the amount of tip given to waiters (Conlin, Lynn & O'Donoghue, 2003; Lynn & Grassman, 1990; Mok & Hansen, 1999).

Studies have also aimed at investigating the relationship between food quality measured as an aggregate of 5 indices (appearance, taste, portion size, price and cooking/temperature) and the tip amount but have failed to find any significant relationship (Lynn & Graves, 1996; Mok & Hansen, 1999).

Studies conducted outside of the US are still scarce. For instance, in Israel, it has been shown that service quality is linked to the amount of tip, however this relationship is moderated by food quality (Medler-Liraz, 2012). More specifically, the tip amount varies with service quality only when the food quality is perceived as reasonable but not exceptional. When the food quality is judged exceptional, there is no relationship between tip amount and service quality. Another study conducted in Hong-Kong has shown that food quality is clearly more important than service quality to predict the tip amount given by customers (Dewald, 2003). In Hong-Kong, it is the facet of food price which has been shown to correlate with the amount of tip. These results are at odds with those found in the US, as no study conducted there has shown that the tip amount is related to food quality. They raise then an important and intriguing question: Do customers tip to reward service in all parts of the world? To answer this question, two studies about the relationship between food/service quality and tip amount were conducted in Switzerland. It has been decided to conduct this study in Switzerland because the service fees are also included in the bill amount and it is not expected from customers to tip. It means then that the checks prices are much higher in Switzerland than in the US due to the fact that they already include the service fees. It is then possible that Swiss customers pay more attention to the price than US customers when they tip.

## **Study 1**

### ***Method***

#### ***Procedure***

Data were collected for one month in an Italian casual-dining restaurant in Switzerland. Waiters were asked to give a questionnaire to all the customers served during the evening shift. The questionnaire was always given at the same time as they brought the bill to the customers. Once the questionnaire was filled in, the customers placed the questionnaire in a ballot box located in the center of the restaurant.

#### ***Participants***

Data were obtained from 120 dining tables. The sample of respondents is composed of a majority of males (60.8%). Age ( $M=42.05$ ;  $SD=12.32$ ).

### ***Measures***

#### ***Service quality***

Participants were asked to rate on a Likert scale from 1 (very bad) to 5 (very good) the following items pertaining to service quality: appearance, friendliness, speed of service, attentiveness and knowledge of menu (Lynn & Graves, 1996). These items were then averaged to measure service quality ( $M=4.64$ ,  $SD=.39$ ,  $\alpha=.79$ ).

#### ***Food quality***

Participants were asked to rate on a Likert scale from 1 (very bad) to 5 (very good) the following items pertaining to food quality: appearance, taste, portion size, price and cooking/temperature (Lynn & Graves, 1996). These items were then averaged to measure food quality ( $M=4.36$ ,  $SD=.45$ ,  $\alpha=.74$ ).

#### ***Tip amount***

Participants were asked to indicate the exact sum of money they left as a tip (in CHF).

### *Control variables*

Additional questions were asked about customer age, customer gender, number of customers at the table, the payment method, the bill size and if the customer had already eaten in the restaurant before.

## ***Results and discussion***

It appears first that 92.5% of the customers surveyed are regular customers, which means that they have already come at least once in the restaurant before. Most of the customer have paid with money (60.5%), the average number of customers per table was 3.42 ( $SD= 2.24$ ), the average bill size was 67.28 CHF ( $SD= 73.67$ ) and the average tip amount was 2.97 CHF ( $SD=2.72$ ). As seen in Table 1, two variables are linked to the tip amount, namely bill size and food price. It means that the bigger the bill, the more customers tip. Moreover, the more the price is judged as appropriate, the larger the tip amount. As this latter result was unexpected, it was decided to run a second study in which the methodology was slightly modified in order to make it more similar to the studies conducted in the US. Indeed, in all the studies conducted in the US, the waiters were not involved in the data collection process. This role was carried out by a researcher approaching the customers after having paid the bill.

## **Study 2**

After the initial study has shown a relationship between food quality and the tip amount, we decided to investigate further this relationship by using a dataset coming from a different restaurant. In study 1, no researcher was present to supervise the questionnaire distribution process. This has two implications. First, we are not sure that waiters gave questionnaires to all the tables they served. The fact that 92.5% of the customers were regular customers could give credit to the hypothesis that there was a sample bias in which waiters gave more often the questionnaire to customers they already knew. Second, customers received the questionnaire at the same time as the bill. It means that they had not yet paid the bill. It is then possible that having received this questionnaire before having paid led them to act in a different manner than they would have if they had been surveyed after having left the table. For this reason, a second study was conducted in which a researcher waited that customers had left the table

### ***Method***

#### ***Procedure and measures***

Data were collected in a period of three weeks in a fine-dining restaurant located in a different city than the one in which study 1 was conducted. A researcher approached customers leaving their table either during lunch or during dinner. The same measures were used in study 1 than in study 2 (food quality ( $M=4.25$ ,  $SD=.62$ ,  $\alpha = .76$ ), service quality ( $M=4.43$ ,  $SD=.57$ ,  $\alpha = .81$ ), tip amount and control variables)

#### ***Participants***

Data were obtained from 141 dining tables. The sample of respondents is composed of a majority of males (55.3%). Age ( $M= 45.60$ ;  $SD= 14.44$ ).

## ***Results and discussion***

It appears first that 63.8% of the customers surveyed are regular customers, which means that they have already come at least once in the restaurant before. Most of the customer have paid by credit card (59.6%), the

average number of customers per table was 2.31 ( $SD= 0.90$ ), the average bill size was 195.51 CHF ( $SD= 108.08$ ) and the average tip amount was 8.10 CHF ( $SD=7.12$ ). As seen in Table 1, the same two variables that were linked to tip amount in study 1 (bill size and food price) predicted significantly the tip amount in study 2. It means that the bigger the bill, the more customers tip. Moreover, the more the price is judged as appropriate, the larger the tip amount.

**Table 1. Results of regression analysis**

Predictor	Study 1	Study 2
	Tip amount ( $\beta$ last step)	Tip amount ( $\beta$ last step)
Step 1		
Customer's age	-.03	.05
Customer's gender (1= Male; 0= female)	.06	-.04
Regular customer (1= Yes, 0= No)	.17	-.01
Number of customers	-.04	-.15
Bill amount	.52***	.48***
Payment method (1= money; 0= credit card)	-.07	.06
$\Delta R^2$ Step 1	.27***	.15**
Step 2		
Food appearance	-.03	.07
Food taste	.06	.04
Portion size	-.06	-.07
Food price	.26*	.23*
Food temperature	.04	.13
Server appearance	-.01	-.11
Friendliness	.16	.01
Speed of service	-.13	.10
Attentiveness	-.06	-.05
Knowledge	-.04	-.08
$\Delta R^2$ Step 2	.08	.08
Total $R^2$	.35***	.23**

\*  $p < .05$ ; \*\*  $p < .01$ ; \*\*\*  $p < .001$

## General Discussion

Why do this set of findings differ from the ones obtained in the US? One possibility could lie on differences in terms of the tipping system put in place in each country. In the US, the bill amount does not include the service fees which are then added through the tip. In Switzerland, the service fees are already included in the bill amount. There is then no expectation that the customers leave tips to the waiters. One direct consequence of this difference between both countries is that the bill amounts are automatically higher in Switzerland than in the US. It is then possible that customers base they decision to tip more on an economic aspect than on a service quality aspect. Here, it is important to mention that our results replicate those found by Dewald (2003) in Hong-Kong. In Hong-Kong, where most restaurants add a 10% service charge to the bill, it has been shown that only food price correlated with the tip amount.

There are obviously certain limitations in this study. First, all the data were collected in a single country. This is why it is still premature to conclude that results observed in this country could apply to other countries. Second, there is another macro-level variable, namely culture, that could explain that customers tip depending on their level of satisfaction with the price. Switzerland (and Hong-Kong) is a country that could be described as

having a long-term orientation but the US are more described as having a short-term orientation. People living in countries scoring high on the dimension of long-term orientation (like Switzerland and Hong Kong; Hofstede & Minkov, 2010) are more likely to hold values such as thrift and perseverance whereas people living in countries scoring low on the dimension of long-term orientation tend to hold values such as tradition and personal stability. In long-term oriented countries, people do not seek immediate gratification of their needs whereas in short-term oriented countries people are more likely to desire short-term pleasure and are less likely to anticipate long-term consequences of their actions. In the US, the norm to let a tip which represent usually 15% of the total check (Conlin, Lynn & Donoghue, 2003) seems to fit the definition of a short-term orientation where people follow established norms. In the two long-term orientation countries in which data have been collected on this issue so far (Switzerland and Hong Kong), there is no clear established tipping norm. Furthermore, all the datasets point out that the more customers find the food price appropriate, the more they tip. One explanation for these results could be that in these countries it is customary to save money for retirement, for vacation or for other projects. Hence, when they eat in a restaurant, customers do not want to spend more than necessary. When they have the feeling that they have spent more than they wanted to spend, they tend to give less tip. On the contrary, if they feel that the food price is not too expensive, they feel free to let a bigger tip to waiters.

We urge researchers to conduct additional studies to understand how the tipping system influence the relationship between service quality/food quality and the tip amount. First, other studies should be conducted in countries where service charges are already included in the bill. Cross-cultural studies about the relationship between service quality/food quality and tip could help to disentangle the influence of the culture and the tipping system. Second, even in the US, it seems that lots of restaurant owners have nowadays decided to depart from the traditional tipping system and to include service charges to the bill in order to increase wages (Cohen, 2015). It would be then interesting to see how food price is correlated to the tip amount in these restaurants.

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