Service Sweethearting:
An Effective Way to Increase Tips?

Michael Lynn*

Cornell University, Ithaca, NY, USA

International Journal of Hospitality Management 114 (2023) 103551

*Correspondence to: Michael Lynn, School of Hotel Administration, Cornell University, Ithaca, NY, 14853,WML3@cornell.edu, (607) 255-8271. Declarations of interest: none.

Abstract

Survey research suggests that a common tactic servers use to increase their tips is to comp (or fail to charge for) a portion of customers' food orders. An online hypothetical scenario study found that this tactic does result in larger absolute tip amounts. The effect was fully mediated by the comp's enhancement of the tipper's feelings of happiness, luckiness, and gratitude. These positive affective reactions to the comp enhanced tips even though the comp lowered the bill size upon which consumers based their tip amounts. These findings suggest that restaurant managers cannot rely upon consumer perceptions of unexpected comps as unethical or as attempts at manipulation to keep them from rewarding such employee theft. Nor can managers rely upon the percentage tipping norm together with the lower bill sizes created by such give-aways to provide disincentives for this form of employee theft.

Service Sweethearting:

An Effective Way to Increase Tips?

1. Introduction

Service workers around the world receive at least a portion of their incomes in the form of voluntary gifts of money (called "tips," "propinas," and "trinkgelds" among other things) from their customers. Among those workers receiving such tips are baristas, bartenders, concierges, delivery drivers, dog groomers, doormen, hotel maids, masseurs/masseuses, parking valets, porters, restaurant musicians, taxicab drivers, tour guides, and waiters/waitresses (see Lynn, 2016). The tips to these workers often amount to 10 percent or more of the costs of the services (see Lynn and Lynn, 2004) and collectively amount to tens of billions of dollars a year. In fact, estimates place the total tips given to food service workers in the United States alone at over $45 billion a year (Azar, 2011).

As a substantial economic activity affecting the costs of services and the incomes of workers, especially those in the hospitality and tourism industries, tipping has been the subject of study by scholars in economics, hospitality management, human resources, marketing, psychology, sociology and tourism (for reviews, see Azar, 2007; 2020; Lynn, 2015; 2017). One stream of this research has examined the effects of various tipping and tip-distribution policies on consequences of interest to businesses. For example, studies have found that voluntary tipping - as opposed to service charges or service inclusive pricing – reduces consumers' perceptions of expensiveness (Lynn and Wang, 2013), increases workers' motivations to provide personalized services (Kwortnik, Lynn and Ross, 2009), and increases overall customer satisfaction (Lynn, 2018a). Another stream of this research has examined the effects of specific server behaviors on

tip sizes. For example, field experiments have found that restaurant servers get larger tips when they repeat customers orders back to them (vanBaaren, et. al., 2003), introduce themselves by name (Garrity and Degelman, 1990), smile at customers (Tidd and Lockarg, 1978), and write "thank you" on the backs of checks (Rind and Bordia, 1995). The current study contributes to both of these streams of research. Specifically, it examines the effects on tipping of giving away (not charging for) food and drink that customers ordered (aka, "service sweet-hearting" or "comping"). The results speak to service workers seeking to increase their tip income and to service managers seeking to reduce tipping motivated employee theft.

2. Background and Literature Review

Tipping is an unusual form of employee compensation in that it comes from someone other than the employer. Pay is the principal source of control employers have over their employees' behavior, so giving a substantial portion of this control over to others is risky. By giving customers direct control over employee income, tipping makes employees agents of the customer as well as the firm (Kwortnik, Lynn and Ross, 2009), which can create role conflict as employees face competing demands of customers and managers (Shamir, 1980) and can encourage employees to collude with consumers against the interests of the firm (Eddleston, Kidder and Litzky, 2002). One form that such collusion can take is employee failure to fully charge customers for goods and services ordered (Brady, Voorhees and Brusco, 2012). Such gifting of complementary items from employees to customers is known as "service sweethearting" or "comping" and it is a commonly used tactic to increase tips (Brady, et. al., 2012). Approximately 30 percent of restaurant servers admit that they "fail to ring up food items" (Hawkins, 1984) or have at least occasionally "given customers free food and/or drinks in order to increase the tips they leave" (Lynn, 2017).

It is easy to see why servers think this tactic might increase their tips. Giving customers things for free is likely to put them in a good mood (Isen, et. al. 1978), increase their satisfaction with the service encounter (Zhu, Chang and Chang, 2015), and make them feel indebted to the server (Komler, 2007), all of which should increase tips. In fact, giving customers after dinner candies (Strohmetz, et. al., 2002), unordered complementary drinks (Hikenmeier and Hoffmann, 2021), and mementos of a magic act (Frank, 2020; Frank and Lynn, 2020) have all been shown to increase the tips consumers give restaurant servers and magicians. In addition, failing to charge customers for items they ordered effectively puts windfall money into customers' pockets and, since people are particularly prone to spend windfall gains (Arkes, et. al., 1994), this too is likely to increase tips. In fact, receiving larger amounts of excess change after paying restaurant bills has been shown to increase the tips restaurant customers leave (Azar, Yosef and Bar-Eli, 2015).

On the other hand, there are also reasons to believe that this tactic might not work, or even worse, might backfire and reduce servers' tips. First, consumers may perceive gifts of food and drink from servers as manipulative attempts to increase their tip sizes. Previous research on reciprocity has found that people feel less indebted to benefactors who acted out of selfish motives (Greenberg, 1980), so selfish attributions for service sweet-hearting or comping may undermine its effectiveness at increasing tips. Perceived efforts to manipulate customers into leaving larger tips may also generate reactance and reduce tips (Bertini and Aydinli, 2020). Second, gifts of food and drink from servers may be perceived by consumers as illicit (unless they are explicitly described as managerially approved) and honest consumers may not want to be a part of that theft. Indeed, Tobol, Siniver, and Yaniv (2022) conducted a field study finding that almost 40 percent of customers who received a bill from which ordered items were missing

reported the under-charging so it could be corrected. These honest customers may lower their tips to dishonest servers trying to give away things they should not. Finally and most importantly, restaurant tips are usually determined as a percentage of the bill (Lynn, 2004), so comping food or drink that would otherwise be paid for could reduce tip income by reducing the base on which the percentage tip is calculated.

Given all of the above considerations, it is genuinely unclear if failure to charge customers for food and drink they ordered will increase, decrease, or leave unaffected the tip amounts servers receive from a customer. This uncertainty is addressed in the study reported below. The results should be of interest to servers seeking to increase their tips and managers seeking to reduce employee theft in the form of service sweet-hearting or comping as well as to academics seeking to understand the broader phenomena of tipping.

3. Method

The primary goal of this study was to see how intentional server comps of food (vs no comps) would affect customers' perceptions, feelings, and tipping behaviors. To address this goal, an online, hypothetical-scenario experiment described a restaurant dining scenario in which (i) the server comped two desserts from the bill, which was for $46, or (ii) the server did not comp anything from the bill, which was for $56. Then subjects were asked how much they would tip the server along with other manipulation-check, process, and personal questions. [Note: Half the subjects were shown a picture of the restaurant's interior and half were not. In addition, two replications of the study were run with the replications being identical except for the interior picture of the restaurant – one pictured a more rural restaurant and the other pictured a more urban restaurant. However, failure to find significant main or interaction effects

involving the picture condition and/or the study replication in a multivariate analysis, prompted us to collapse across these factors in the analyses reported below.]

3.1. Participants

The participants in this study were recruited from the Prolific consumer panel by offering them a small sum of money to complete a brief study about restaurant dining. A total of 600 respondents indicated how much they would tip in the hypothetical scenario presented, but several failed to answer every question, so the number of subjects varies slightly across the analyses reported below.

3.2. Hypothetical scenario

Participants were told: "Imagine it is Thursday night and you take a friend out for dinner at the restaurant pictured above. The food and service are very good, and you and your friend are more than satisfied with both. You are paying for both meals, so you signal for the waiter to ask for the bill. The next sentences of the scenario varied randomly across participants. They read either:

- "The waiter brings your bill and says that he decided to comp your desserts. When you check, they do not appear on the bill, which is for $46."
- "The waiter brings your bill, which is for $56."

3.3. Dependent measure of tipping

On the same page as the manipulation and underneath it, participants were asked: "Realistically, how much in dollars and cents would you tip the server?" Six observations with claimed tips of $28 to $50, which were 3.4 to 7.9 standard deviations from the mean, were

deleted as outliers. The next largest tip remaining in the analysis was $25, which was 2.8 standard deviations from the mean.

3.4. Process measures

Following the tipping question, on a separate page, participants were asked four process questions. The first was: In the scenario just described, how happy would you feel?" The response options here ranged from 1 = "Not at all happy" to 4 = "Very happy.". The second question was: In the scenario just described, how lucky would you feel?" The response options ranged from 1 = "Not at all lucky" to 4 = "Very lucky." The third question was: "In the scenario just described, how grateful to the server would you feel?" The response options ranged from 1 = "Not at all grateful" to 4 = "Very grateful." The fourth question was: "In the scenario just described, how ethically questionable was the server's behavior?" The response options ranged from 1 = "Not at all ethically questionable" to 4 = "Very ethically questionable."

3.5. Manipulation checks

Next, participants were asked a manipulation check question that read: "In the scenario just described, how large of a bill reduction did you receive?" It had response options of 1 = "None", 2 = "Small", 3 = "Moderate", and 4 = "Large".

3.6. Miscellaneous questions

Following the manipulation checks, subjects were asked questions about their motivations for tipping, work history, and geo-demographic characteristics. Of these measures, the respondent's altruistic, reciprocity, extrinsic (future-service and social-esteem), and duty motives for tipping (see Table 1; coefficient alphas = .83, .85, .81, and .76 respectively), previous experience working for tips (y =1, n=0), sex (f=1, m=0), age (in years), and income (a

4-level ordinal variable ranging from 1= “less than $20,000” to 4 = “$100,000 or more) are examined here as potential moderators of service sweet-hearting effects on tipping.

4. Results and Discussion

A multivariate analysis testing the effects of the study, picture manipulation, comp manipulation, and their interactions on all of the dependent, process and manipulation check measures produced a significant compensation effect ($F(6, 580) = 76.63$, $p < .001$), but no significant interaction effects involving the study replication or the picture manipulation (all F’s $(6, 580) < 1.17$, n.s.). Therefore, the analyses reported below collapse across study replication and picture condition to examine the effects of the comp manipulation on each of the dependent, process and manipulation check measures.

Insert tables 1 and 2 about here

4.1. Main effects of comps

Several ANOVAs indicated that compared to subjects in the control condition, those receiving a comp: (i) perceived their bill reduction as larger, (ii) felt happier, luckier and more grateful, (iii) perceived the server’s behavior as slightly more ethically questionable, and (iv) left larger tip amounts (see Table 1). Mediation analyses using Model 4 of Hayes’ (2018) PROCESS program indicated that the comp effect on tipping was mediated by its effects on self-rated happiness, luckiness, and gratitude. In an analysis examining all four potential mediators at once,

the effect of the comp on tips was fully mediated with a significant total indirect effect (B = .65, S.E. = .17, 95% CI = .32 to 1.01) and a non-significant direct effect (B = .33, S.E. = .32, n.s.). Only happiness contributed significantly and uniquely to the total indirect effect (indirect effect of happiness in the multi-mediation model: B = .18, S.E. = .10, 95% CI = .005 to .41), but additional analyses examining each potential mediator on its own indicated that the comp had significant indirect effects on tip amount through happiness (B = .31, S.E.= .09, 95% CI = .15 to .49), luckiness , (B = .62, S.E.= .15, 95% CI = .34 to .92), and gratitude (B = .42, S.E.= .11, 95% CI = .22 to .66), but not through ethical concerns (B = .03, S.E.= .06, 95% CI = -.08 to .16).

4.2. Moderation of comp effects

A regression of tip amounts on comp condition, the respondent's altruistic, reciprocity, extrinsic (future-service and social-esteem), and duty motives for tipping and the product of comp condition with each motive was also conducted to identify potential moderators of service sweet-hearting effects on tipping. None of these interaction terms were significant – altrusitic motives X comp (B = -.77, SE =.56, n.s.), reciprocity motives X comp (B = -.21, SE =.70, n.s.), extrinsic motives X comp (B = .-.42, SE =.56, n.s.), and duty motives X comp (B = .08, SE =.53, n.s.). A second regression of tip amounts on comp condition, the respondent's previous experience working for tips, sex, age, and income and the product of comp condition with each respondent characteristic was also conducted. None of these interaction terms were significant either –worked for tips X comp (B = .38, SE =.61, n.s.), age X comp (B = -.02, SE = .02, n.s.), female X comp (B = -.07, SE = 59, n.s.), and income X comp (B = -.47, SE = .29, n.s.). Thus, the effects of comps on tips appear to be robust with respect to tipper motivation, demographics and work history.

5. Conclusions and Directions for Future Research

The results of this study indicate that comps clearly labeled as intentional gifts from a server increase tip amounts to that server by making the tipper feel happier, luckier and/or more grateful. The comp also raised ethical questions about the server in consumers' minds but only to very small degree and this did not affect their tipping. The positive affective reactions to a comp enhanced tips even though it lowered the bill size upon which consumers base their tip amounts. These findings suggest that servers who fail to charge customers for some of the food those customers ordered are likely to benefit from doing so as long as they clearly label the give-away as an intentional comp. This means that restaurant managers cannot rely upon consumer perceptions of such employee theft as unethical or as attempts at manipulation to reduce such behavior by minimizing its benefits to servers. Nor can managers rely upon the percentage tipping norm together with the lower bill sizes created by such give-aways to provide incentives for servers to avoid this form of employee theft.

Of course, this is just one investigation into the effects on tipping of giving away food or drink ordered by customers and should not be taken as the last word on the topic. In particular, a field experiment replicating this effect with real monetary costs to consumers would go a long way to bolstering confidence in its real-world applicability. In addition, Additional Tests of boundary conditions for the effect should be conducted to identify way of potentially reducing this incentive for employee theft.

Pending such research, the current findings suggest that managers should use ordering procedures that make such theft more difficult and /or need to monitor servers in order to catch and punish such theft when it does occur. In addition, managers may want to appeal to servers' (rather than the customers') morals. Brewster, Brauer and Lynn (2018) found that servers'

"moral commitment to service equality" was reliably, negatively related to service sweet-hearting. Perhaps appeals to anti-theft morals would add to moral commitment to service equality in deterring servers from giving away (not charging for) food and drink ordered by their customers. This possibility also deserves investigation in future research.

References

Arkes, H. R., Joyner, C. A., Pezzo, M. V., Nash, J. G., Siegel-Jacobs, K., & Stone, E. (1994). The psychology of windfall gains. *Organizational behavior and human decision processes*, *59*(3), 331-347.

Azar, O. H. (2007). The social norm of tipping: A review 1. *Journal of Applied Social Psychology*, *37*(2), 380-402.

Azar, O. H. (2011). Business strategy and the social norm of tipping. *Journal of Economic psychology*, *32*(3), 515-525.

Azar, O. H. (2020). The economics of tipping. *Journal of Economic Perspectives*, *34*(2), 215-36.

Azar, O. H., Yosef, S., & Bar-Eli, M. (2013). Do customers return excessive change in a restaurant?: A field experiment on dishonesty. *Journal of Economic Behavior & Organization*, *93*, 219-226.

Bertini, M., & Aydinli, A. (2020). Consumer reactance to promotional favors. *Journal of Retailing*, *96*(4), 578-589.

Brewster, Z. W., Brauer, J. R., & Lynn, M. (2018). Morality at Work: Do Employees' Moral Commitments Inhibit Service Disparities and Reactive Workplace Behaviors?. *Social Currents*, *5*(3), 244-263.

Frank, D. G. (2020). To gift or not to gift: How providing a memento affects a restaurant magician's tips. *International Journal of Hospitality Management*, *86*, 102368.

Garrity, K., & Degelman, D. (1990). Effect of server introduction on restaurant tipping 1. *Journal of Applied Social Psychology*, *20*(2), 168-172.

smileGreen, L., Myerson, J., & Schneider, R. (2003). Is there a magnitude effect in tipping?. *Psychonomic Bulletin & Review*, *10*(2), 381-386.

Hilkenmeier, F., & Hoffmann, S. (2021). In Focus: Effects of an Opportune Gift on Tipping. *Journal of Hospitality & Tourism Research*, 10963480211019841.

Isen, A. M., Shalker, T. E., Clark, M., & Karp, L. (1978). Affect, accessibility of material in memory, and behavior: A cognitive loop?. *Journal of personality and social psychology*, *36*(1), 1-12.

Komter, A. (2007). Gifts and social relations: The mechanisms of reciprocity. *international Sociology*, *22*(1), 93-107.

Kwortnik Jr, R. J., Lynn, W. M., & Ross Jr, W. T. (2009). Buyer monitoring: A means to insure personalized service. *Journal of Marketing Research*, *46*(5), 573-583.

Lynn, M. (2006). Increasing servers' tips: what managers can do and why they should do it. *Journal of Foodservice Business Research*, *8*(4), 87-96.

Lynn, M. (2015). Service gratuities and tipping: A motivational framework. *Journal of Economic Psychology*, *46*, 74-88.

Lynn, M. (2016). Why are we more likely to tip some service occupations than others? Theory, evidence, and implications. *Journal of Economic Psychology*, *54*, 134-150.

Lynn, M. (2017). Should US restaurants abandon tipping? A review of the issues and evidence. *Psychosociological issues in human resource management*, *5*(1), 120-159.

Lynn, M. (2018a). The effects of tipping on consumers' satisfaction with restaurants. *Journal of Consumer Affairs*, *52*(3), 746-755.

Lynn, M. (2018b). Are published techniques for increasing service-gratuities/tips effective? P-curving and R-indexing the evidence. *International Journal of Hospitality Management*, *69*, 65-74.

Lynn, M., & Lynn, A. (2004). National values and tipping customs: A replication and extension. *Journal of Hospitality & Tourism Research*, *28*(3), 356-364.

Lynn, M., & Wang, S. (2013). The indirect effects of tipping policies on patronage intentions through perceived expensiveness, fairness, and quality. *Journal of Economic Psychology*, *39*, 62-71.

Qantas.com (2022). https://www.qantas.com/travelinsider/en/travel-tips/gratuities-and-tipping-in-america.html, accessed 2/15/22

Rind, B., & Bordia, P. (1995). Effect of server's "thank you" and personalization on restaurant tipping 1. *Journal of Applied Social Psychology*, *25*(9), 745-751.

Smartertravel.com (2022). https://www.smartertravel.com/tipping-switzerland-switzerland-tipping-guide/, accessed 2/15/22

Tidd, K. L., & Lockard, J. S. (1978). Monetary significance of the affiliative smile: A case for reciprocal altruism. *Bulletin of the Psychonomic Society*, *11*(6), 344-346.

Tobol, Y., Siniver, E., & Yaniv, G. (2022). Do restaurant customers who receive an unreasonably low bill bring it to the server's attention? A field experiment on dishonesty. *Journal of Economic Psychology*, 102491.

Touristisrael.com (2022). https://www.touristisrael.com/much-tip-israel/11633, accessed 2/15/22.

Van Baaren, R. B., Holland, R. W., Steenaert, B., & Van Knippenberg, A. (2003). Mimicry for money: Behavioral consequences of imitation. *Journal of Experimental Social Psychology*, *39*(4), 393-398.

Zhu, D. H., Chang, Y. P., & Chang, A. (2015). Effects of free gifts with purchase on online purchase satisfaction: The moderating role of uncertainty. *Internet Research*.

Table 1. Pattern matrix from factor analysis of tipping motives statements.

	Extrinsic Motives	Reciprocity Motives	Duty Motives	Altrusitic Motives
- I tip out of sympathy with servers.	.074	.076	.213	.448
- I tip to help servers make a living.	.004	.078	-.036	.798
- I tip to make up for servers' low wages.	.052	-.128	-.010	.915
- I tip out of gratitude for a positive service experience.	-.006	.847	-.021	-.029
- I tip as a way of saying "Thank You."	-.031	.790	-.002	-.026
- I tip so the server will remember me positively the next time I encounter him/her.	.684	.119	-.188	.054
- I tip because it improves the service I get from that server in the future.	.675	-.057	-.219	.118
- I tip in order to get preferential treatment on my next visit.	.685	-.042	-.039	-.023
- I tip so the server will like me more.	.710	.037	.097	.050
- I tip in order to impress the people I am with.	.544	-.126	.009	-.012
- I tip in order to appear generous.	.452	.167	.263	-.070
- I tip to keep the server from disliking me.	.557	-.061	.295	-.051
- I tip because I do not want to appear cheap or stingy.	.207	.007	.552	-.105
- I tip in order to repay the server for his/her efforts.	-.032	.682	.011	.167
- I tip to reward good service.	.015	.713	-.046	-.102
- I tip to obey social norms.	.039	-.072	.667	-.126
- I tip out of a sense of duty.	-.127	-.018	.769	.024
- I tip because doing so is a moral obligation.	-.102	-.035	.707	.118
- I tip because NOT doing so would be unethical.	-.095	.079	.553	.248

Extraction Method: Maximum Likelihood; Rotation Method: Promax with Kaiser Normalization. Highlighted items loading greater than .5 were averaged into indices of the factors. (Note: Highlights were omitted from the published version.)

Table 2. Means (and standard deviations) by condition in Study 1

Measure	$46 bill with comped desserts	$56 bill with no comps	F-Test
Dependent Variable			
Dollar Tip	$11.39 (3.85) N = 298	$10.39 (3.21) N = 296	F (1, 592) = 11.75, p < .002
Process Variables			
Happy	3.60 (.63) N = 304	3.37 (.70) N = 296	F (1, 598) = 17.52, p < .001
Lucky	3.19 (.82) N = 304	2.35 (.93) N = 296	F (1, 598) = 136.08, p < .001
Grateful	3.56 (.70) N = 304	3.14 (.78) N = 295	F (1, 597) = 49.64, p < .001
Ethically Questionable	1.57 (.79) N = 304	1.30 (.76) N = 296	F (1, 598) = 17.88, p < .001
Manipulation Check			
Bill Reduction Size	2.48 (.66) N = 304	1.36 (.73) N = 296	F (1, 598) = 384.12, p < .001

Note: Means within each row that share a common superscript are not significantly different at the .05 level.