

How Much Tip Would You Leave?

Framing Effects in Tipping Behavior

Introduction

Literature review

Numerous studies have examined how different factors would influence the amount of tip consumers leave. Most of the research is on factors in the environment or server characteristics. Lynn & McCall, 2000a

Research opportunity

Service providers vary as to whether they present their customers with the option of tipping a dollar value or a percentage. This provides an opportunity to examine how the context may influence tipping behavior.

Research proposition

Tipping intentions and behaviors are influenced by context including: domain, framing of the tips options (\$ vs. %) and the size of the bill.

Our hypothesis

- H1:** Bill amount and tip frames (\$ vs. %) interact, such that
- For smaller bill amounts, framing a tip in \$ terms will lead to higher tips than framing a tip in % terms
 - For higher bill amounts, framing the bill in % terms will lead to higher tips than framing a tip in \$ terms



Studies

Secondary data

Data: Secondary data from a coffee shop (n=51,825 transactions) with computerized "smart" system to collect tips: frame \$ for < \$10; % for > \$10.

Results: For low bills (<=\$10), default is absolute value: \$1-\$2-\$3- consumers leave a higher percentage tip compared to higher bills (>\$10) where the tip options are presented as a relative percent: 15%-20%-25%.

Conclusions: People tip more overall for bills < \$10 (tip frame = \$ vs. %).

Study I
Tips as a function of frame and domain

IVs: A 2 x 7 within-subjects design: consumers tipping intentions in \$ and in % X 7 contexts with varying total bill value

DV: Intentions to leave a tip. N = 101

Results: Omnibus Anova
 • Effect of frame ($F(1,100)=4.15, p=.044, \eta^2=.040$)
 • Effect of context ($F(6,95)=42.98, p<.001, \eta^2=.731$)

Conclusions:
 • Respondents indicated significantly higher tip amounts in the \$ (vs. %) condition
 • Directionally, effects of frame are stronger for smaller bill amounts

Percentage higher Tipping in different contexts using \$ frame

Study II
Tipping behavior in the lab

IVs: A 2 x 3 between-subjects design:
 Bill amount: \$5, \$10, \$20 x
 Tipping option: percent [10%, 15%, 20%], dollars [\$1, \$1.5, \$2] or control [tip jar]

DV: Tip amount N=424

Results:
 • Main effect of bill amount ($F(2, 415)=17.63, p<.001, \eta^2=.078$)
 • Interaction ($F(4, 415) = 4.14, p=.003, \eta^2=.038$)

Conclusions:
 • Higher tip percentage in the \$ condition for the \$5 and \$10 bill amounts, with this reversing for the \$20 bill

Study III
Replication controlling for confounds

IV: A 2 x 2 between-subjects design: Bill amount: \$10, \$20 x tipping option: percent vs. dollars

DV: Tip amount (using a slider scale starting from 0 up to 50% of bill amount) N = 211

Results:
 • Main effect of frame ($F(1, 207)=14.33, p<.001, \eta^2=.065$)
 • Interaction ($F(1,207)=4.05, p=.045, \eta^2=.019$)

Conclusions:
 • Greater difference in the lower bill amount condition than in the larger bill amount condition

Next Steps:
 • Why would response formats affect framing of tip options?

Conclusion



The manner in which tipping options are framed (as \$ or %) influences consumers' tipping intentions and behavior. People tend to leave a higher tip (in % terms) when their options are presented in absolute \$ terms, and this effect is particularly true for smaller bill amounts. Future research will examine the routes through which this effect occurs and its boundary conditions. We will also examine other contextual factors beyond tip frames.