

## Cornell Restaurant Report Finds Tip Guidelines Can Boost Tips

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But When Service Is Haphazard, Watch Out! - According to New Online Restaurant Report, Designed for Owners and Managers

When restaurant owners want to help their service staff earn good tips, many of them offer tip guidelines to their guests, perhaps including a note on the check or showing actual calculation of various tip percentages. But it turns out that guests' view of the restaurant's service quality may change how people react to those guidelines.

While both an educational statement and calculation assistance raise tips in most cases, a restaurant research report from Cornell's Center for Hospitality Research found a mixed picture. In fact, sometimes tipping guidelines make things worse. The newly issued online restaurant report, 'Exploring Consumer Reactions to Tipping Guidelines: Implications for Service Quality,' by Ekaterina Karniouchina, Himanshu Mishra, and Rohit Verma, is available at no charge from the center's website at <http://www.hotelschool.cornell.edu/research/chr/pubs/reports/2008.html>.

### **Newly Released Restaurant Management Report Demonstrates That Guidelines' Effects on Tipping Depend in Part on Service Levels**

The researchers set up a virtual test of tipping guidelines by showing three service scenarios to 631 research participants. Some were given excellent service, some average service, and some poor service. Then they were presented with a sample check and asked what they would tip. Some of them saw an educational reminder on their check, some saw tip calculation for 15 or 20 percent tips, and some saw no additional information at all.

'To begin with, showing actual tip calculations tended to raise tips under all service levels, but the increase was not significant when the service was poor. Therefore this strategy would be valuable when a restaurant's service level is adequate, excellent, or uneven,' said Verma, an associate professor at the Cornell School of Hotel Administration.

'When service is merely average, the educational reminder emphasizing tipping norms worked best, but this strategy backfired in service failure situations,' added Karniouchina, an assistant professor at Chapman University.

Mishra, who is an assistant professor at the University of Utah, where the study was conducted, pointed out that 'educational reminders can penalize servers who provide truly excellent service, because those guidelines push people to adhere to the norms rather than recognizing servers for going beyond their duties. So, we suggest using educational guidelines for establishments with consistent, but average service.'

'The real concern about tipping guidelines occurred in our scenario that showed poor service,' Verma continued. 'When we introduced the educational statement about tip norms, our respondents retaliated with poor tips and, in some cases, promises that they would give bad word-of-mouth about the restaurant.'

Noting that newly released restaurant report is based on simulated scenarios, Verma is calling on restaurateurs to take part in a live study. In such a study guests would give real tips based on service levels and tipping guidelines, but they would not know that they are part of an experiment. He invites restaurateurs who are interested in conducting a real life experiment at their restaurants and who would like to collaborate with the authors, to please contact him at [rohit.verma@cornell.edu](mailto:rohit.verma@cornell.edu).

Meet and interact with Dr. Verma, an active member of the executive education faculty at the School of Hotel Administration, when he presents sessions in the Professional Development Program:  
<http://www.hotelschool.cornell.edu/industry/executive/pdf/>.

Thanks to the support of the Center for Hospitality Research partners listed below, all Cornell Hospitality Reports and Tools are made available free of charge from the center's website, [www.chr.cornell.edu](http://www.chr.cornell.edu).

### **About the Center for Hospitality Research**

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