How Much Tip Would You Leave?  
Framing Effects in Tipping Behavior  

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Introduction

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.  

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.

Literature review

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

a. For smaller bill amounts, framing a tip in $ terms will lead to higher tips than framing a tip in % terms
b. For higher bill amounts, framing the bill in % terms will lead to higher tips than framing a tip in % terms

Studies

Data

Secondary data from a coffee shop (n=3,825 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%.

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

Study II

Tipping behavior in the lab

No: A x 7 within-subjects design: consumers tipping intentions in $ and in % X 7 contexts with varying total bill value

DVs: Intentions to leave a tip.

N = 101

Results

Omnibus ANOVA

• Effect of frame (F(1,100)=4.15, p=.044, η²=0.040)

• Effect of context (F(6,60)=12.38, p<.001, η²=0.731)

Conclusions

• Respondents indicated significantly higher tip amounts in the $ (vs. %) condition

• Directionally, effects of frame are stronger for smaller bill amounts

Conclusions: More tips overall (15.1% vs. 7.7%) for $ bills, with this reversing for the $20 bill

Study III

Tipping behavior in the lab

No: A 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)

DVs: Tip amount

N=424

Results

Main effect of bill amount (F(2,415)=17.63, p<.001, η²=0.078)

• Interaction (F(4,415)= 4.14, p=.003, η²=0.038)

Conclusions

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

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.