



The Beauty and the Tip

What motivates clients to tip?

In the Hotel Industry, tipping is an important practice as it significantly supplements employees' wages.

According to a researcher, expert on tipping practices, there are basically five motivations for tipping¹:

- To help employees
- To get future service
- Out of a sense of duty
- To avoid disapproval (clients do not want employees to think badly of them)
- To show off

¹ <https://www.pbs.org/newshour/economy/why-do-we-tip>

Fun fact

Research studying the impact of physical appearance on tips showed that beautiful individuals get larger tips and that women wearing red clothes get more tips from male customers²!!!

More seriously, clients are more likely to tip occupations where the server-customer relationship is important³. This finding is key for the hotel industry where there is a shortage of staff, especially housekeepers, a category of employees that guests seldom get to interact with. By adopting an electronic tipping solution like **Tip&Go**, which associates a face to each housekeeper, hotels increase the chances that their staff will get tipped.

What explains tip amounts?

Tipping is more common in countries that have outgoing, extroverted social personalities and is facilitated by certain cultural values and population characteristics.

The combination of those factors makes tipping much more common in the United States than elsewhere. In fact, research shows that foreign students, business travellers and tourists that come to the US may adopt the practice of tipping and bring it back to their home country⁴.

Voluntary tipping or service charge?

Should the Hotel Industry move to service charge?

This could lower customer satisfaction. Indeed, research shows that:

- Consumers prefer tipping to service charges, so replacing voluntary tipping with less popular service charges may directly lower customer satisfaction.
- Consumers believe that tips are incentives that improve service so replacing voluntary tipping with service charges may reduce expectations for service quality.
- Voluntary tipping improves service levels by motivating servers to deliver friendlier and more personalized service.
- Tipping helps to attract and retain more motivated and capable staff.

A study examined the effects of **Carnival Cruise Line's** tipping policy change on its customers' evaluation of their cruise experience. It found that guests rated their cruise more positively when they sailed under a voluntary-tipping policy than when automatic service charges were added to their bills⁵.

²<https://dergipark.org.tr/en/download/article-file/1294338>

³ <https://files.secure.website/wscfus/5261551/25683703/lynn-2019-108-occup-ijhm.pdf>

⁴ <https://www.bbc.com/worklife/article/20171122-the-psychology-that-motivates-tipping>

⁵ <https://files.secure.website/wscfus/5261551/1619427/ijhm-2015-carnival.pdf>

Knowing that voluntary tipping leads to higher client satisfaction and more motivated staff and that staff shortage is a serious problem in the hotel industry, then it makes sense for hotels to implement an electronic tipping solution like **Tip&Go** which makes it easy for clients to tip while increasing employees' wages by up to 30%!

A win-win solution!

Francis Léonard, CEO

