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Race Differences in Restaurant Tipping: A Literature Review and Discussion of Practical Implications

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Race Differences in Restaurant Tipping: A Literature Review and Discussion of Practical Implications

Abstract

Research on race differences in tipping suggests that (a) Blacks leave smaller average restaurant tips than do Whites, (b) Black-White differences in tipping persist after controlling for socio-economic status, (c) Blacks tip less than Whites even when provided comparable levels of service, (d) Blacks tip less than Whites even when the server is black, and (e) Blacks are much less likely than Whites to know that it is customary/expected to tip 15 to 20 percent of the bill size in U.S. restaurants. The practical implications of these findings for restaurant managers, restaurant industry organizations, and restaurant chains are discussed. In general, those implications center on the need to educate Blacks about the 15 to 20 percent tipping norm.

Keywords

tipping, restaurant, race

Disciplines

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Comments

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Running Head: RACE DIFFERENCES IN RESTAURANT TIPPING

Race Differences in Restaurant Tipping:
A Literature Review and Discussion of Practical Implications

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ABSTRACT

Research on race differences in tipping suggests that (a) Blacks leave smaller average restaurant tips than do Whites, (b) Black-White differences in tipping persist after controlling for socio-economic status, (c) Blacks tip less than Whites even when provided comparable levels of service, (d) Blacks tip less than Whites even when the server is black, and (e) Blacks are much less likely than Whites to know that it is customary/expected to tip 15 to 20 percent of the bill size in U.S. restaurants. The practical implications of these findings for restaurant managers, restaurant industry organizations, and restaurant chains are discussed. In general, those implications center on the need to educate Blacks about the 15 to 20 percent tipping norm.

Race Differences in Restaurant Tipping:

A Literature Review and Discussion of Practical Implications

Many waiters and waitresses in the United States believe that African Americans leave tips smaller than those left by Caucasians (Caudill, 2004; Lynn, 2005; Noll & Arnold, 2004). This belief creates a number of challenges for restaurateurs. For example, anecdotal evidence suggests that this belief leads many restaurant servers to resist serving on Black customers, to deliver inferior service to Black guests on whom they must wait, and to avoid or quit positions in restaurants with a predominately Black clientele (see Amer, 2002). The following remarks drawn from a discussion board at www.tipping.org and quoted at greater length in an article by Lynn (2004a) illustrate common server reactions.

“... all the servers I work with hate having to wait on minorities, Black people in particular (and over half of our waitstaff is Black!!!).

“I will not take Black tables unless I have no other option; call me racist, but I also walk out with more money than the people who end up with them.”

“...To (most – not all!) [Black tables] I will wait on you last and spend less time with you. Because, though I've tried giving considerate, friendly, and attentive service, it's been to no avail.”

“I have worked in restaurants that attract a black clientele, and I am done with it ... Not only am I not treated well when waiting on them, but I am not tipped well. “

This article seeks to contribute toward the solution of these problems by reviewing the existing studies on racial differences in tipping and discussing their implications for industry practice. The issue of race differences in tipping is a controversial and politically sensitive topic, so it is important to be particularly clear when discussing it. To that end, I have structured this article using a question and answer format. This structure helps to isolate, highlight, and address critical issues in a way that should be accessible and clear to all readers. The specific questions addressed are the following.

1. Are Black-White differences in tipping fact or fiction?
2. Are Black-White differences in restaurant tipping due to race differences in socio-economic status (SES)?
3. Are Black-White differences in restaurant tipping due to discrimination in service delivery?

4. Do Blacks under-tip black servers as well as white servers?
5. Do Blacks know what the tipping norms or expectations are in U.S. restaurants?
6. What should restaurant managers do about race differences in tipping?
7. What should restaurant industry organizations do about race differences in tipping?
8. What should restaurant chains do about race differences in tipping?

Question 1: Are Black-White Differences in Restaurant Tipping Fact or Fiction?

Research on race differences in tipping supports the following conclusions:

- Blacks tip flat-dollar amounts (rather than percentages of the bill) for restaurant servers more than do Whites;
- Blacks stiff (or fail to tip) restaurant servers more often than do Whites; and
- Blacks leave smaller restaurant tips on average than do Whites.

Each of these points is discussed further below.

Flat versus percentage tips. Black-White differences in restaurant tipping were examined in two national telephone surveys asking respondents about their general tipping habits. Both surveys indicate that Blacks are more likely than Whites to tip flat-dollar amounts rather than a percentage of the check. In one survey, 50.7 percent of Blacks and 19.4 percent of Whites

reported tipping flat amounts (Lynn & Thomas-Haysbert, 2003). In the other survey, 47 percent of Blacks and 17 percent of Whites reported tipping flat amounts (Lynn, 2004b). Statistical tests indicated that neither effect was likely to be due to chance, so it appears that the two races differ in how they determine tip amounts.

Stiffing restaurant servers. The two national surveys described above also provided data on Black-White differences in the tendency to stiff (or not tip) restaurant servers. In one of those surveys, 7 percent of Blacks and 1 percent of Whites reported that they never tipped restaurant servers (Thomas-Haysbert, 2002). In the other survey, 6 percent of Blacks and 2 percent of Whites reported stiffing restaurant servers (Lynn, 2004b). Statistical tests indicated that these effects were unlikely to be due to chance, so the data indicate that Blacks leave restaurants without tipping more often than do Whites.

Average restaurant tip size. The national surveys described above also provided data on Black-White differences in the size of tips when tips are left. Neither survey produced race differences in tip size among those who reported tipping flat-dollar amounts. However, among those who reported tipping restaurant servers a percentage of the bill, one of these national surveys found that 5.6 percent of Blacks (as compared to 31.1 percent of Whites) claimed to regularly tip more than 15 percent of the bill (Lynn & Thomas-Haysbert, 2003). The other survey found that Black percentage

tippers claimed to tip an average of 13.2 percent, while White percentage tippers claimed to tip 16.5 percent of the bill (Lynn, 2004b). Both of these findings are statistically significant – meaning that they are unlikely to be due to chance.

Black-White differences in average tip size have also been assessed in five studies using data from server records and surveys of customers at restaurants (Leodoro & Lynn, 2006; Lynn, et. al., 2006; Lynn & Thomas-Haysbert, 2003; Noll & Arnold, 2004; Willis, 2003). The results of those studies are summarized in Table 1. In all five studies, Blacks tipped less on average than did Whites – with the difference ranging from 3.6 percent of check size to 7.1 percent of check size. Statistically combining the p-values from these separate tests indicated that the likelihood of getting combined results like these by chance alone is less than one in one million.

Insert table 1 about here

The available research specifically comparing the tips of White and Black restaurant customers has found that Blacks leave smaller restaurant tips on average than do Whites. The studies producing this finding employed three different methodologies (i.e., server records, customer surveys at the restaurant, and national telephone surveys), so their results cannot be attributed to some method-specific bias in data collection. Furthermore, the

studies involved local samples from three different regions of the country (i.e., the south, the west, and the midwest), as well as two representative national samples, so the findings can be safely generalized to the population of the United States. In short, the data clearly indicates that on average, Blacks tip restaurant servers substantially less than do Whites.

Question 2: Are Black-White Differences in Restaurant Tipping Due to Race Differences in Socio-Economic Status?

The possibility that Black-White differences in tipping are really just disguised socio-economic differences can be tested using the national telephone surveys described under Question 1, because those surveys included information about the respondents' educations and incomes. This information can be used to assess and remove the effects of education and income before looking at Black-White differences in tipping. When this is done to the national survey data, Black-White differences in tipping, flat tipping, and tip size persist (Lynn, 2004b; Lynn & Thomas-Haysbert, 2003). For example, the results of comparing Black-White differences in tipping before and after statistically controlling for education, income, and some other demographic variables in the study by Lynn (2004b) are presented in Table 2. Across all three outcome measures, the results before and after controlling for education and income are virtually the same, with only slight differences caused by loss of those subjects for whom control-variable data

were missing. These data suggest that Black-White differences in tipping are largely independent of socio-economic differences between the races.

Insert table 2 about here

Question 3: Are Black-White Differences in Restaurant Tipping Due to Discrimination in Service Delivery?

Three of the studies discussed under Question 1 provide information that can be used to assess the possibility that race differences in tipping are caused by service discrimination. First, Lynn's (2004b) national telephone survey asked respondents about whether they would tip and (if so) how much they would tip "if you received *good service* from a waiter or waitress" [italics added]. Blacks in that study reported stiffing more and tipping less than Whites even when the service is good. Second, Lynn and Thomas-Haysbert's (2003) study using data from many different Houston, Texas, restaurants included customers' ratings of the service. Blacks tipped less than Whites in that study despite perceiving the overall service level no differently than did Whites. Finally, Lynn, et. al.'s (2006) study conducted in Clinton, Mississippi also included customers' ratings of service. Again, Blacks tipped less than Whites despite perceiving the overall service level no differently than did Whites. All three of these studies examined Black-White differences in tipping under conditions of comparable service for

Blacks and Whites, and all three studies produced sizable race differences in tipping (as noted in Question 1). These findings do not mean that service discrimination never occurs or that service discrimination never contributes to ethnic differences in tipping. However, the findings do suggest that service discrimination is not the primary cause of Black-White differences in tipping. The findings also indicate that simply delivering comparable levels of service to Black and White customers will not result in comparable tips from the two groups.

Question 4: Do Blacks Leave Smaller Tips for Black Servers as well as White Servers?

Two studies have examined the possibility that race differences in tipping vary with the race of the server (Lynn, et. al. 2005; Willis, 2003). In both studies, the interaction of customer and server race was not significant. Black-White differences in tipping were evident for both Black and White servers (see Table 3). These were relatively small studies (with sample sizes of 140 or less) involving only one restaurant each, so it is premature to make broad generalizations about the interaction of customer and server race on tipping. However, these studies are consistent with a larger study of taxicab tipping (sample size of 1,066) that found Blacks tipped less than Whites regardless of whether the cabdriver was White or Black (Ayres, Vars, & Zakariya, 2005). The results are also consistent with a national survey asking people if they would tip more, less, or the same amount if their server was a racial minority. Only nine percent of Black respondents said they would tip more, and 4.1 percent said they would tip less (Paul, 2001). More

research is needed on this issue, but the available evidence supports the idea that Blacks under-tip both Black and White servers.

Insert table 3 about here

Question 5: Do Blacks Know What the Tipping Norms or Expectations Are in U.S. Restaurants?

One likely explanation for Black-White differences in tipping is that Blacks may be less familiar with the norm of a 15- to 20-percent tip than are Whites. Indeed, data from two national telephone surveys indicate that Blacks are less familiar than Whites with the 15- to 20-percent tipping norm (Lynn, 2004a; Lynn, 2006). One of these surveys asked respondents: "Thinking about tipping overall, not your own practices, how much is it customary for people in the United States to tip restaurant waiters and waitresses?" The other survey asked: "Thinking about restaurant tipping norms, how much are people in the United States expected to tip waiters and waitresses?" Responses to these open-ended questions were categorized by the interviewers and later recoded as:

- normative responses (an amount from 15 to 20 percent),
- small-percentage responses (amount less than 15 percent),
- large-percentage responses (amount more than 20 percent),

- dollar responses (amount in dollars rather than percentages), or
- don't know.

Since both surveys produced similar results, the data from the two surveys were combined and are presented in Table 4. Whites are roughly twice as likely as Blacks to know the 15- to 20-percent tipping norm. It is important to note that these data do not prove that the differences in tipping are due to familiarity with the restaurant tipping norm. However, research suggests that the 15- to 20-percent norm powerfully affects people's tipping behavior, and there can be little doubt that awareness of this norm is a necessary precondition for its effect on behavior. Thus, the data do provide support (albeit not definitive) for the norm-familiarity explanation of Black-White differences in tipping.

Insert table 4 about here

Question 6: What Should Restaurant Managers Do about Race Differences in Tipping?

The high costs of servers' negative attitudes and behavior toward Black customers require restaurant managers to take some corrective action. One possibility is to monitor servers' treatment of Black customers and to let servers know that discriminatory behavior will result in termination of employment.

This approach has been used effectively by Denny's Restaurants (Adamson, 1998). Unfortunately, such monitoring is costly and cannot be done for every server-customer interaction. Thus, it is at best an imperfect solution to the problem of service discrimination. Furthermore, monitoring does nothing to address turnover (and may exacerbate it).

A second option is to replace tipping with automatic service charges (Amer, 2002). However, surveys indicate that most U.S. consumers dislike automatic service charges (Cole, 1989; Edwards, 1988; Mills & Riehle, 1987). Furthermore, restaurant chains that impose automatic service charges in predominately Black communities but do not do so in White communities open themselves up to charges of racial discrimination.

A third option is to pay servers higher wages, so that they will not be so dependent on tips. This may help to reduce turnover caused by under-tipping customers, but it does nothing to ensure that servers treat Black customers the same as their higher tipping White customers. Moreover, paying higher wages results in increased labor costs that are difficult to pass on to consumers.

To find lasting solutions to the problems posed by ethnic differences in tipping, restaurant managers must understand and address the underlying causes of those differences. The data reviewed in this report suggest that Black-White differences in tipping stem primarily from Blacks' relative unfamiliarity with the 15- to 20-percent restaurant tipping norm. This suggests that restaurant managers can reduce race differences in tipping by

informing their customers about that norm. Recently, many restaurants have started doing this by adding “suggested tips” to checks and credit-card slips (Fabricant, 2002; Hesser, 1999). Although one research study found that providing tipping guidelines had little effect on average tip size (Strohmetz & Rind, 2001), two executives at one restaurant chain have told me that they found this practice to be helpful. They observed an increase in tipping at their restaurants with largely Black clientele when the managers included tipping guidelines and information about server compensation with the bills given to all customers. At minimum, this is an easy and inexpensive solution that restaurant managers should try.

Managers uncomfortable with making tipping suggestions to their customers could educate their customers about the 15- to 20-percent tipping norm by including the information in an entertaining and educational handout or table tent. For example, I have developed a quiz that customers can use to test their knowledge about tipping. Customers taking the quiz and checking their answers will learn about the restaurant tipping norm, how many people comply with it, and how much servers rely on tips for their income. (Note: A sample quiz is available free of charge as a Research Tool from the Center for Hospitality Research website.)

A final approach to educating Black customers about the 15- to 20-percent tipping norm is to work through local churches and other organizations within minority communities. Restaurant managers can meet with pastors and other

community leaders to explain the importance of tips to server income, employee recruitment and retention, and restaurant viability. Then they can ask those leaders for help in educating the community about tipping norms. Those community leaders wanting to promote a vibrant local economy and to create or maintain restaurant dining options in their communities are likely to agree to help. For example, Rita Booker, who is co-chair of the Interfaith Action Communities Committee on Development Issues in Prince Georges County (Maryland), has expressed a willingness to foster discussion of appropriate tipping behavior in an effort to bring restaurants into her community (Wallace, 2001). One restaurant chain that has successfully used this approach is Outback Steakhouse. Sid Levy and Joseph Jackson at Outback Steakhouse met with community leaders like Booker and were able to foster a community discussion of tipping that resulted in near normative tipping levels at a new Outback Steakhouse restaurant in Prince Georges County. Thus, this is a tested solution that more restaurant managers should try.

Question 7: What Should Restaurant Industry Organizations Do about Race Differences in Tipping?

Race differences in tipping may be reduced by a public-relations campaign promoting the 15- to 20-percent tipping norm. Such a campaign should make use of what is known about social norms and their effects on behavior. In general, social scientists have found that people comply with social norms more when they are aware of the norm, internalize (or personally

subscribe to) the norm, believe that others comply with the norm, and also believe that the approval of significant others depends on norm compliance (Cialdini & Trost, 1998). Thus, public-relations campaigns to promote compliance with the restaurant-tipping norm should strive to accomplish the following:

- inform customers that a tip amounting to 15 to 20 percent of the bill is customary and expected;
- remind customers of the norm at the time they must make tipping decisions;
- explain why tipping 15 to 20 percent is important;
- convince customers that most other customers tip 15 to 20 percent; and
- increase the social approval (or disapproval) customers feel when leaving good (or bad) tips.

In the process of striving to accomplish these goals, the campaign should avoid labeling any group of people as poor tippers, because that undermines the social pressure members of that group would feel to comply with tipping norms.

The campaign should address all ethnic groups, because approximately one-third of the Whites are also unfamiliar with the norm. In my opinion, the National Restaurant Association (NRA) should take the lead in developing, soliciting funding for, and running such a campaign because it is the largest, best-known industry organization and because such a campaign is consistent with its stated mission to “represent, educate, and promote” the restaurant industry. Thus far, the NRA has refused to get involved with the issue of race

differences in tipping. Given the political sensitivity of the issue, that reluctance is understandable. However, a broad-based campaign promoting the restaurant tipping norm to all customers need not make any reference to race differences in tipping, so there is no good reason for the NRA to avoid this service to the industry.

Although a broad campaign promoting the 15- to 20-percent tipping norm to all consumers would be helpful, a separate campaign concentrated in communities with a particularly low knowledge and acceptance of the norm might also prove useful. For example, a campaign specifically targeting Blacks could use appeals, models, and media that would probably be more effective than those used in a campaign geared toward a general audience. In my opinion, the Multicultural Foodservice and Hospitality Alliance (MFHA) should take the lead in developing, soliciting funding, and running such a campaign because it has the necessary sensitivity to minority concerns and because such a campaign is consistent with its vision of being “the number-one industry resource and facilitator for achieving the economic benefits of multiculturalism in the areas of human resources, training, marketing, community relations, and supplier diversity.” Fortunately, the MFHA has stepped up to the plate on this issue by devoting a session to discussions of race differences in tipping at each of their last two national conventions. In addition, MFHA President Gerry Fernandez is pursuing funding for more research on the issue and for a public relations campaign to educate minorities about tipping. Those efforts should be continued

by the MFHA and should be applauded and supported by the rest of the industry.

Question 8: What Should Restaurant Chains Do About Race Differences in Tipping?

Restaurant chains can do a number of things about race differences in tipping. First, restaurant chains can encourage their managers to try one or more of the educational efforts described under Question 7. It will be far easier for managers to try these things if they know their efforts are supported by their immediate bosses and other corporate executives.

Second, restaurant chains can hire more Blacks and other racial minorities in front-of-house positions. Currently, the industry tends to put minority employees in the back of the house (see Kharbana & Ritchie, 2005). This undermines efforts to educate minority groups about tipping because many people learn about tipping from working for tips or from friends and family members who work for tips. By hiring more Blacks and other minorities in front-of-house positions, restaurant chains can simultaneously educate many individual members of those groups about tipping and provide those individuals with an incentive to educate their acquaintances, friends, and family members about tipping.

Third, restaurant chains can provide financial support to the NRA and MFHA for the multimedia promotional campaigns described under Question 8. As I indicated above, donations to a campaign run by the NRA targeting

the general public need have no reference to race differences in tipping, and donations to a campaign run by the MFHA targeting Blacks can either be made anonymously or be accurately labeled as support for the organization's general activities.

Finally, restaurant chains can support more research on race differences. Additional research is clearly needed to:

- study the tipping behaviors of Asians and Hispanics,
- learn about race differences in service expectations and desires, and
- test the effectiveness of proposed solutions to Black-White differences in tipping such as those discussed under Question 7.

Perhaps the most important support restaurant chains can provide is access to data. Researchers studying the issues described above need to collect data at restaurants with ethnically diverse employees and customers. Restaurant chain executives can help researchers identify appropriate restaurants and gain the cooperation of those restaurants' management and staff. This support can be provided on the condition that the researchers keep the identity of the restaurants studied confidential.

Conclusion

Although this report supports the existence of race differences in tipping, it is not intended to promote negative racial attitudes. On the contrary, I hope that it ultimately promotes harmonious race relations by providing relevant

information. Given the research findings that Blacks tip less than Whites, it is naive to believe that the resulting stereotypes, prejudices, and discriminatory behavior will disappear if the industry simply pretends that race differences in tipping do not exist. In fact, failing to acknowledge and address this sensitive issue will only perpetuate a status quo that harms restaurants and customers alike by encouraging restaurant servers to discriminate in service delivery (Lynn, 2004a) and discouraging restaurant operators from opening restaurants in predominately Black communities (Wallace, 2001). The information in this report makes denial and inaction more difficult. It also points to a way of resolving racial strife over tipping. The finding that Blacks are less familiar than Whites with tipping norms suggests that the Black-White differences in tipping, along with their attendant problems, can be significantly reduced by making *all* customers aware of tipping norms. It is time that the restaurant industry steps up to this educational challenge.

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Table 1

Summary of studies collecting data on Black-White differences in tipping at the restaurants where tipping was done.

Authors/Year	Location	Source of Data	Average Tip Percentage and Sample Size		P -value ^a
			Blacks	Whites	
Lynn & Thomas-Haysbert (2003)	Houston, TX	Server Records & Customer Surveys	13.0% (n = 94)	16.6% (n = 1,481)	.0001
Willis (2003)	Los Angeles, CA	Server Records	10.9% (n not available)	17.2% (n not available)	.001
Noll & Arnold (2004)	Duval Co., FL	Server Records	12.0% (n = 25)	16.8% (n = 107)	.001
Leodoro & Lynn (2005)	Lisle, IL	Server Records	12.3% (n = 128)	19.4% (n = 172)	.001
Lynn, et. al. (2005)	Clinton, MS	Customer Surveys	14.7% (n = 26)	19.3% (n = 114)	.02

^a This is the probability of getting a Black-White difference as large as the one shown by chance.

Table 2

Black-White differences in tipping before and after controlling for education, income, gender, age, household size and metro vs. non-metro residence in Lynn (2004b).

Black-White Difference in:	Before Statistical Controls	After Statistical Controls
Probability of Stiffing Server	.04*	.05**
Probability of Flat Tipping	.30**	.26**
Average Percentage Tip	-3.33**	-3.5**

* difference would occur by chance no more than 1 time in 10

** difference would occur by chance no more than 1 time in 100

Table 3

Average tip percentage by race of customer and race of server.

Study/Customer Race	Black Server	White Server
<u>Willis (2003)</u>		
Black Customers	10.4%	11.3%
White Customers	18.3%	16.0%
<u>Lynn, et. al. (2005)</u>		
Black Customers	13.0% (n = 10)	16.3% (n = 16)
White Customers	17.5% (n = 34)	21.1% (n = 80)

*Note: Sample sizes in each cell of the Willis (2003) study are not known because they were not reported.

Table 4

A comparison of tipping knowledge among Black and White consumers

Responses to a query about the customary restaurant tip	Blacks (n = 170)	Whites (n = 1,545)	<i>p</i> -value ^a
15% to 20%	35.9%	72.4%	.001
Less than 15%	30.6%	17.3%	.001
More than 20%	3.7%	8.8%	.002
A dollar amount	13.5%	3.7%	.001
“Don’t know”	11.2%	3.0%	.001

^aProbability of getting a Black-White difference this large by chance.