

# Tip to Show Off: Impression Management Motivations Increase Consumers' Generosity

SHIRLEY BLUVSTEIN NETTER AND PRIYA RAGHUBIR

**q1** **ABSTRACT** Tipping is ubiquitous in countries such as the United States. Given the importance of examining the experiential side of marketing, we examine tipping—a participative pricing context and introduce it to the literature in behavioral pricing. We propose that consumers use tips as an impression management strategy, tipping more when their goal is to impress others. We examine the robustness of these impression management goals when overall bills are small (vs. large, study 1), customers pay using credit card (vs. cash, study 2), and hold different denominations of cash (study 3), as bill size, and payment modes could attenuate the effect of impression management goals on tipping intentions. These findings allow us to better understand the underlying antecedents of tipping behavior, and the consequences of impression management motivations. As such, the article cross-fertilizes the hospitality, economic psychology, and behavioral pricing literatures with applications to consumer research.

Which customer has not had to make the decision as to whether to tip, and how much to do so? Not surprisingly, the size of the tipping economy is estimated at \$47 billion a year in the US food industry alone (Azar 2011). Tipping scenarios are ubiquitous and on the rise as countries (Cohen 2015; Kugel 2019) and contexts (Stein 2015; Kugel 2019) where tipping was not the norm are moving toward tipping. As such, examining factors that affect tipping judgments is a fruitful area of enquiry. Given the ubiquitous and large domain of tipping (Lynn 2000, 2004, 2009), it is surprising that it has not received more attention from consumer researchers interested in the behavioral aspects of pricing and the marketing literature (Koku 2005). Few attempts have been made to assess tipping motivation in terms of consumer behavior theory (Futrell 2015). Given the importance of examining the experiential side of marketing and the service industry, we examine tipping—a participative pricing context to add to the literature in behavioral pricing. Our goal is to introduce the literature on tipping from economic psychology (e.g., Azar 2011) and hospitality management (e.g., Lynn 2000, 2004, 2009) to behavioral pricing researchers in consumer psychology.

## TIPPING AS A FORM OF PARTICIPATIVE PRICING

From a pricing point of view, tips can be considered a domain where the consumer sets the price (i.e., a form of participative pricing) as it is up to the customer to make the decision of whether and how much to tip either after receiving the service (e.g., sit-down restaurants, taxi rides) or prior to receiving the service (e.g., through ubiquitous electronic payment systems used in coffee shops, bakeries, food delivery apps; Kugel 2019).

Other forms of participative pricing are similar to tipping. Pay what you want (PWYW) is one example. Like in PWYW, consumers have maximum control over the price they pay (Kim, Natter, and Spann 2009). In PWYW contexts the buyer can set any price above or equal to zero, which the seller cannot reject. Similarly, in tipping, the consumer can set any tip above or equal to zero, which neither the server nor the business can reject. However, unlike PWYW pricing, which is relatively uncommon, tipping is a widespread phenomenon. Not only is it widely used in the service industry, but the popular press reports that tipping is spreading to other cultures where tipping was not the norm.<sup>1</sup> As tips can make up approximately 20% of

Shirley Bluvstein Netter (corresponding author: [sbluvste@stern.nyu.edu](mailto:sbluvste@stern.nyu.edu)) is a PhD candidate and Priya Raghbir ([raghubir@stern.nyu.edu](mailto:raghubir@stern.nyu.edu)) is the Dean Abraham L. Gitlow Professor of Business at the Stern School of Business, New York University, New York, NY 10012, USA. We appreciate comments and assistance from the NYU marketing department, especially Alix Barasch, Johann Melzner, Vicki Morwitz, Emily Powell, and Heeyoung Yoon, as well as seminar participants at the ESADE Behavioral Pricing conference.

1. See <https://en.wikipedia.org/wiki/Gratuity>.

JACR, volume 6, number 1. Published online Month XX, 2020. <https://doi.org/10.1086/710239>  
© 2020 the Association for Consumer Research. All rights reserved. 2378-1815/2021/0601-00XX\$10.00

the price paid for a service (Azar 2011), this question is one that is important from the point of view of both consumer as well as labor welfare.

Previous attempts to explore motivational accounts and nonselfish behavior in the PWYW literature have shown interesting results. Researchers examining the role of self-image considerations have found that when granted the opportunity to name the price of a product, fewer consumers choose to buy it than when the price is fixed and low. The rationale for this phenomenon is that individuals feel bad when they pay less than the “appropriate” price for a product (Gneezy et al. 2012). Thus, exploring self-image components in different participative pricing strategies may lead to an improved understanding of the effect of these strategies on consumers’ perceptions and behaviors.

### *Impression Management Motivations*

q2

Impression management is a fundamental feature or characteristic of interpersonal experience, defined as “the goal-directed activity of controlling or regulating information in order to influence the impressions formed” (Schlenker 1980). The related construct of self-presentation refers to consumers’ attempts to control impressions of themselves (Schlenker 2012). More specifically, self-presentational impression management is about people acting in specific ways to influence others’ impressions of them (Leary 2019). A review of the literature on impression management indicates that one of the drivers of this behavior is impression management motivation, which is a function of how relevant it is to one’s goals to create a positive impression, how important the desired outcome is, and the gap between the actual and the desired image (Leary and Kowalski 1990).

Impression management motivation can be used for beneficial ends. Although people act in ways that advance their own self-interests, they also seem to be doing so while supporting others, making others feel good. As such, impression management activities can involve altruistic goals and pro-social conduct (Schlenker 1980). The current study examines whether people act more generously toward others as an impression management strategy in the context of tipping.

### *Impression Management Motives in Tipping*

Imagine that you are on a date with someone you hope to impress or are taking a business client out for a meal. You both sit in a nice restaurant and enjoy a great meal. At the end of the evening, the server leaves the bill on the table. It is now time for you to pay and to leave a tip. Will you leave a higher tip than you usually leave to signal to your dining companion

that you are a generous person so that they see you in a positive light?

Society in general encourages nonselfish behavior (Akerlof 1982). In the tipping domain, the expectation to be generous has multiple determinates. First, tipping is a norm-driven behavior, and people are expected to follow norms (Azar 2007). Second, tipping is a form of showing gratitude to the server in cases of exceptional service (Lynn and Graves 1996; Futrell 2015). Third, tipping is a form of compensation for the poor wages that servers receive (Crespi 1947; Holloway 1985). Might there be additional factors that contribute to tipping behavior? Can tips serve as a strategy to enhance one’s image? In other words, do people tip to impress? The thesis of this article is that when impression management goals are important, then people use the size of their tips as a method to manage others’ impressions of them.

Prior work on motivational accounts of tipping using consumers’ self-report of their tipping behaviors in 39 non-US restaurants concluded that people tip almost exclusively because of social and psychological motivations and not because of service considerations (Azar 2010). There is convergent evidence that people tip in order to conform to social norms (Bodvarsson and Gibson 1999). The conformity literature (Aronson et al. 2015) distinguishes between informational social influence (i.e., people conform because they think that others make good decisions) and normative social influence (i.e., people conform to be liked and accepted by others). The act of tipping to manage impressions is a manifestation of the latter form of influence.

Azar (2004) theorized that tipping might result in positive psychological utility because it allows the tipper to impress others and improve his or her self-image as being generous and kind. However, Azar (2004) only theorized about the act of tipping as a binary choice (i.e., leaving a tip vs. leaving no tip) and did not consider how impression motivation may affect tip magnitude. To our knowledge, no controlled studies have been done examining self-presentational impression management as a predictor of tip amount. This examination is important because previous research using survey data found that self-presentational motives (vs. intrinsic motives) were associated with smaller restaurant tip percentage (Lynn 2009). The weakness of correlational data using self-reports is that consumers may not reveal the true nature of their motivations, especially where these motives involve sensitive information, such as impression management.

In our studies we manipulate the importance of presenting oneself in a positive light by manipulating the dining context. That is, we identify tipping situations where it is

more (vs. less) important to create a positive impression. We measure how important it is to create a good impression as well as tipping intentions. We hypothesize that when the need to impress is strong (vs. weak) consumers tip more. Specifically:

**H1:** Dining context will affect (a) the importance of impression management and (b) consumers' tipping intentions.

There are alternate ways to impress others. In the context of tipping, the size of the bill may, in itself, be a cue that people could use to manage impressions. Said differently, a more expensive dinner would be likely to impress a dining companion more than a less expensive one. In such a scenario, with more expensive bills serving the need to impress another, tip amounts may not be needed as much to manage impressions. Therefore, we hypothesize:

**H2:** The effect of hypothesis 1 will be moderated by the size of the bill, such that the effect will be attenuated for larger (vs. smaller) bills.

Finally, we predict that the effect of dining context on tipping intentions will be via the importance of impression management goals. Specifically,

**H3:** Impression management motivations will mediate the effect of dining context on tipping intentions.

### *Cash versus Credit Modes of Payment*

The idea that consumers can use tips to impress rests on the assumption that their tips will be visible to their dining companion. Thus, it is plausible that payment modes that are differentially visible, such as credit cards, will be less likely to be used as a strategy to impress a dining companion, as compared to more visible modes, such as cash. Accordingly, we next turn to a discussion of the potential moderating role of modes of payment on the use of tips as an impression management device.

In the tipping domain, Feinberg (1986) was the first to demonstrate that consumers tipped more with a credit card versus cash. In other domains as well, consumers have been shown to spend more using credit cards and gift certificates versus cash (Hirschman 1979; Gourville and Soman 1998; Prelec and Simester 2001; Soman 2001; Shah et al. 2016). This phenomenon has been referred to as the “monopoly

money effect” (Raghubir and Srivastava 2008). Most researchers' working hypothesis is that the effect occurs due to the lower pain of payment when using credit versus cash (cf. Prelec and Loewenstein 1998).

In the current investigation we examine whether the effect of context on tipping intentions is robust to mode of payment, given that tips in cash may be more visible than tips using a credit card. As such, it is plausible that the effect of impression management will be weaker when the payment mode is credit (vs. cash). Study 2 examines the robustness of hypothesis 1 to both modes of payment.

### *Denomination Effect*

Whereas cash and credit are differentially visible as discussed above, within the domain of cash itself, it is plausible that a higher denomination note (e.g., one \$10 bill) will be perceived to impress others more than the equivalent value of smaller denomination notes (e.g., 10 bills of \$1). This could lead to people being more likely to use a larger denomination to tip when they would like to impress a dining companion. This pattern suggests a reversal of the denomination effect.

The denomination effect documents that consumers are less likely to purchase, or spend less, when they possess larger (vs. smaller) denomination bill(s) that total to the same amount (Raghubir and Srivastava 2009). There have been a variety of reasons proposed for the effect—perceptual fluency, need for self-control, and disgust.

Mishra, Mishra, and Nayakankuppam (2006) first demonstrated that the greater perceptual fluency of a single larger denomination is associated with greater positive affect, which led consumers to save, rather than spend, large denomination bills. Raghubir and Srivastava (2009) suggested a self-control-based explanation based on consumers' fear of losing track of their money if they break a big bill, leading them to not wish to spend a large denomination bill so as to control their spending.

Di Muro and Noseworthy (2013) suggested yet another explanation: the “clean money effect.” They argue that as smaller denominations are more often used, they are physically dirty, leading to disgust (Morales and Fitzsimons 2007). Thus, people are motivated to get rid of or spend small denominations. However, they further showed that in social situations where consumers felt pride, the denomination effect reversed (Di Muro and Noseworthy 2013, studies 4 and 5).

Giving higher tips can lead people feel positive emotions such as pride and generosity. If paying a larger tip is a strategy to impress others, then people may be also using the

denominations they carry as a strategy to impress others. As such, it is important to assess whether the effect of context on impression management goals and tipping intentions (hypothesis 1) is robust to smaller and higher denominations.

It is also important to assess the robustness of the denomination effect under different contexts that differ in terms of the importance of impression management goals. Specifically, given the importance of impression management goals when consumers tip, the question of whether the denomination effect will replicate or reverse in the tipping domain is pertinent. The value of a note might play a role when consumers leave a large denomination bill (i.e., \$10) instead of giving smaller denominations (i.e., 10 \$1 bills), as counting small change might signal penny-pinching. Thus, we hypothesize:

**H4:** The stronger the impression management goals, the greater the likelihood of tipping with larger denominations.

The primary contribution of this article is to cross-fertilize the service management and hospitality, economic psychology, and behavioral pricing literatures. This exploration offers applications to consumer research, including shedding light on how tips can serve as an impression formation strategy for consumers. We conclude with an agenda for future research in the domain of tipping and theoretical implications for behavioral pricing.

Study 1 shows the effects of context on impression management and tipping intentions for smaller and larger bill amounts, testing hypotheses 1 and 2. Study 2 tests hypothesis 3, the mediating role of impression management and assess the robustness of hypothesis 1 when payment modes are credit card and cash. Study 3 examines the robustness of hypothesis 1 when different denominations are held, and also tests hypothesis 4, that predicts an attenuation of the denomination effect when impression management goals are stronger. We first briefly report the results of a pretest prior to describing each of the studies. The article reports the primary measures with all other measures reported in the appendix, available online.

#### PRETEST: HIGH AND LOW IMPRESSION MOTIVATIONS

The purpose of the pretest was to identify two contexts that differed in terms of impression management motivations to be used as an impression management device.

#### Method

We asked 35 participants from Amazon Mechanical Turk (MTurk; male = 15; mean age = 31.91 years), to rate the need to manage an impression while dining out with either an old friend or a potentially important business client. Due to partial nonresponse, some degrees of freedom may be lower than expected. The impression management goals index was measured using four items on a Likert scale (1 = not at all to 7 = very much): How important is it that your lunch companion (*a*) will see you in a positive light? (*b*) be impressed by you? (*c*) will think highly of you? and that (*d*) you will leave a good impression on your lunch companion? ( $\alpha = .86$ ).

#### Results

**Impression Management Goals Index.** An ANOVA on the impression-management goals index with dining companion (friend/client) as the independent variable revealed a significant main effect ( $F(1, 30) = 4.20, p = .049, \eta^2 = .123$ ). Participants reported stronger impression management goals when the companion was a business client ( $M = 6.14, SE = .20$ ) versus an old friend ( $M = 5.48, SE = .25$ ).

The following three studies manipulate dining companion: old friend or a potentially important business client. We further used an open folder for the remainder of the studies (see the appendix, available online files for additional secondary analyses).

Each study crosses the dining companion factor with a second variable: absolute price level that is expected to moderate impression management motivations (study 1), cash or credit mode of payment (study 2), and denomination of payment (study 3).

#### STUDY 1: THE EFFECT OF IMPRESSION MANAGEMENT GOALS ON TIPPING INTENTIONS AS A FUNCTION OF BILL SIZE

The purpose of study 1 was to establish the base effect of context on impression management goals and tipping intentions (hypothesis 1) and whether this effect would be stronger for lower bill values (hypothesis 2).

#### Design

In total, 374 adults (male = 246; age = 33.93 years) from MTurk participated in exchange for \$0.50. Participants were assigned to one of four conditions crossing dining companion (old friend/business client) and total bill amount (low: \$47.50/ high: \$82.50). A total of 313 participants passed the attention check about the dining companion manipulation,

and were retained for analysis. Participants were asked to answer the same impression management goals index as in the pretest ( $\alpha = .89$ ). They were shown a bill in an open folder and were asked (using an open-ended scale) to indicate how much they would tip, their gender, and age.

**Results**

**Impression Management Goals Index.** A two-way ANOVA with impression-management goals index as the dependent variable revealed a significant main effect of dining companion ( $F(1, 308) = 69.15, p < .001, \eta^2 = .183$ ), with higher impression management goals reported for a business client ( $M = 6.06, SE = .08$ ) compared to an old friend ( $M = 5.04, SE = .09$ ). The interaction term was significant ( $F(1, 308) = 5.11, p = .025, \eta^2 = .016$ ) and indicated that when the bill amount was low, the effect of lunch companion was smaller (all  $M = 6.01, SE = .12$  vs.  $M = 5.27, SE = .12$ ; for client vs. friend,  $F(1, 160) = 18.67, p < .001, \eta^2 = .104$ ) than when the bill amount was high (all  $M = 6.10, SE = .12$  vs.  $M = 4.80, SE = .12$ ; for client vs. friend,  $F(1, 150) = 55.22, p < .001, \eta^2 = .272$ ; see fig. 1A).

Looked at differently, impression management goals for the business client remained the same in the small and high bills conditions ( $F < 1, p > .5$ ), but there was a higher need to impress a friend when the bill was low ( $F(1, 140) = 5.33, p = .022, \eta^2 = .037$ ). The main effect of bill size was not significant ( $F(1, 308) = 2.27, p = .133, \eta^2 = .007$ ).

**Tip Percentage.** A two-way ANOVA on tip percentage revealed a main effect of dining companion ( $F(1, 308) = 4.39, p = .037, \eta^2 = .014$ ). Supporting hypothesis 1, participants indicated higher tips for a business client ( $M = 25.5\%, SE = 1.9\%$ ) than an old friend ( $M = 19.6\%, SE = 2.1\%$ ). While the interaction term was not significant ( $F(1, 308) =$

$1.84, p = .176, \eta^2 = .006$ ), we examined differences as for the impression management index above.

Directionally supporting hypothesis 2, when the bill amount was low, the effect of dining companion was significant (all  $M = 28.6\%, SE = 3.2\%$  vs.  $M = 18.8\%, SE = 3.4\%$ ; for client vs. friend,  $F(1, 160) = 4.34, p = .039, \eta^2 = .026$ ), but there was no difference when the bill amount was high (all  $M = 22.4\%, SE = 2.0\%$  vs.  $M = 20.3\%, SE = 2.2\%$ ; for client vs. friend,  $F < 1, p > .45$ ; see fig. 1B).

Looked at differently, bill amount did not affect tip percent for a friend ( $F < 1, p > .5$ ), but there were directionally higher percent tips paid for a business client when the bill was low ( $F(1, 168) = 1.68, p = .196, \eta^2 = .010$ ).

Given the absence of a significant interaction on the dependent variable, tip percentage, we do not report any mediation analysis in this study.

**Discussion.** This study provided initial evidence that tipping intentions are higher when consumers have a goal to impress others. There was a difference of nearly ten percentage points in tipping percent between a business client and a friend when the bill was low. At higher bill amounts, the effect attenuated. Studies 2 and 3 use the lower bill value from study 1 (\$47.50) to test how mode of payment (cash vs. credit and denomination) affect these results.

**STUDY 2: THE MEDIATING ROLE OF IMPRESSION MANAGEMENT ON TIPPING INTENTIONS**

**Design**

In total, 462 adults between the ages of 18 and 70 years (male = 260; mean age = 35.7 years) from MTurk participated in exchange for \$0.50. Fourteen participants did not

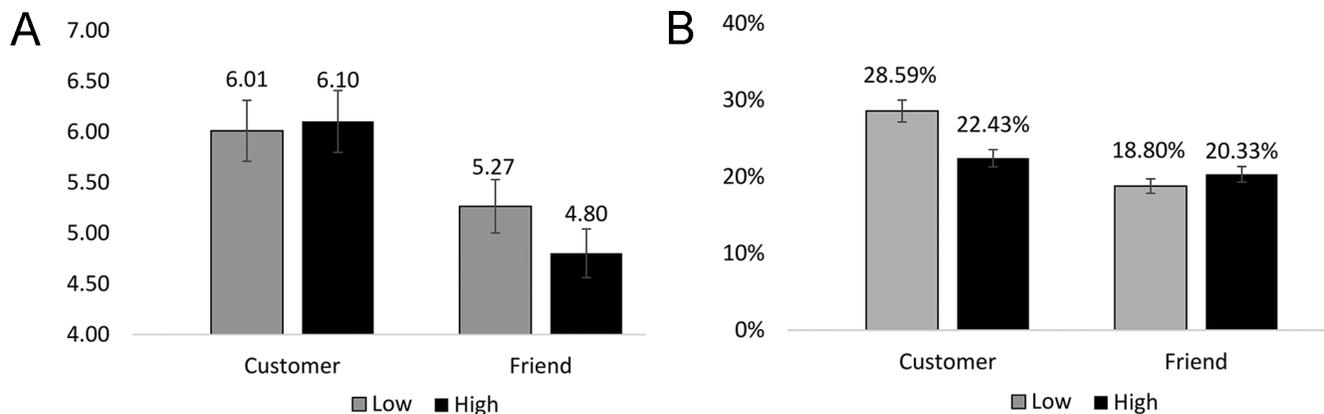


Figure 1. Moderating effect of bill amount and dining companion on (A) impression management goals and (B) tipping intentions.

complete the study, leaving a usable sample of 448 participants. Participants were assigned to one of four conditions in a between-subjects design manipulating dining companion (old friend vs. business client) and payment mode (cash vs. credit). Payment mode was manipulated by assigning participants to pay for the lunch with either cash or credit.

Participants were shown a bill for \$47.50 and were asked (using a sliding scale anchored at \$0–\$20) to indicate how much they would tip. Then participants completed the four-item impression management goals index ( $\alpha = .93$ ). Then, to test perceptions of visibility of modes of payment participants rated four forms payment on four dimensions related to *privacy* and *visibility*. The four forms were: bill in an open/ closed folder and payment with cash/ credit. The dimensions on which they rated their agreement on a Likert scale include (1 = not at all to 7 = very much): Cash/credit card is a private form of payment as others cannot see how much you tip; when you pay with cash/credit card your dining companions can easily see how much you tipped; cash/credit card is a transparent form of payment as everyone around can see how much you tip; and cash/credit card is a visible form of payment. The last three items loaded onto a single factor and were combined into a visibility index (all  $\alpha = .78$  and  $.86$  for cash and credit, respectively), while the first loaded onto a different factor and was analyzed separately. Finally, participants reported their gender and age.

### Results

**Visibility of Cash and Credit Tips.** A repeated-measures analysis on the three-item visibility indexes for cash and credit with lunch companion and payment mode as the between-subjects factors revealed a main effect of the repeated-measure cash versus credit ( $F(1, 444) = 609.74, p < .001, \eta^2 = .579$ ). As expected, cash tips were judged as more visible ( $M = 5.84, SE = .05$ ) than credit card tips ( $M = 3.22, SE = .08$ ). No other effects were significant at  $p < .05$ . Both means were significantly different from the scale midpoint of 4, with cash tips higher than the scale midpoint, and credit card tips lower than the scale midpoint.

**Privacy of Cash and Credit Tips.** A repeated-measures analysis on visibility judgments revealed a main effect of the repeated-measure cash versus credit ( $F(1, 444) = 530.00, p < .001, \eta^2 = .544$ ). Participants judged tipping with cash as less private ( $M = 2.86, SE = .09$ ) than tipping with a credit card ( $M = 5.67, SE = .07$ ). No other effects were significant at  $p < .05$ . Both means were significantly dif-

ferent from the scale midpoint of 4, with cash tips lower, and credit card tips higher than the scale midpoint, as expected.

**Impression Management Goal Index.** A two-way ANOVA with the impression-management index as the dependent variable and dining companion and payment mode as the independent variables revealed a significant main effect of dining companion ( $F(1, 444) = 44.998, p < .001, \eta^2 = .092$ ). Participants reported higher impression management motivations for a business client ( $M = 5.25, SE = .11$ ) versus an old friend ( $M = 4.24, SE = .11$ ). The main effect of mode of payment ( $F(1, 444) = 1.68, p = .195, \eta^2 = .004$ ) or the interaction ( $F < 1$ ) were not significant. Thus, the effect of context on impression management goals (i.e., hypothesis 1) was robust to payments made using credit card as well as cash, although payments made with cash were judged to be more visible and less private than payments made with credit card.

**Tip Amount.** A two-way ANOVA with tip amount as the dependent variable and dining companion and mode of payment as the independent variables revealed a significant main effect of dining companion ( $F(1, 444) = 5.84, p = .016, \eta^2 = .013$ ). Further supporting hypothesis 1, participants indicated significantly higher tips for a business client ( $M = 9.64, SE = .25$ ) versus an old friend ( $M = 8.80, SE = .25$ ). The effect of payment mode and the interaction were not significant (all  $F < 1$ ). Thus, hypothesis 1, the effect of context on tipping intention, was robust to payments made using credit card as well as cash.

**Mediation Analysis.** We examined a mediation model to assess whether the effect of dining companion was mediated by impression management goals. Model 4 (Hayes 2017) with 5,000 bootstrap samples was used. As can be seen in figure 2 the indirect effect of dining companion on total tip amount through impression management goals was statistically significant ( $B = .28, SE = .12$ ; 95% confidence interval [.07, .54]). Thus, hypothesis 3 was supported.

**Discussion.** This study shows that dining companion increases tip amounts through perceptions of impression management goals (hypothesis 3). The effect of dining context on impression management and tipping intentions was robust to payments made using credit cards as well as cash, although cash tips were perceived to be more visible. The next study tests whether the effect of context on impression

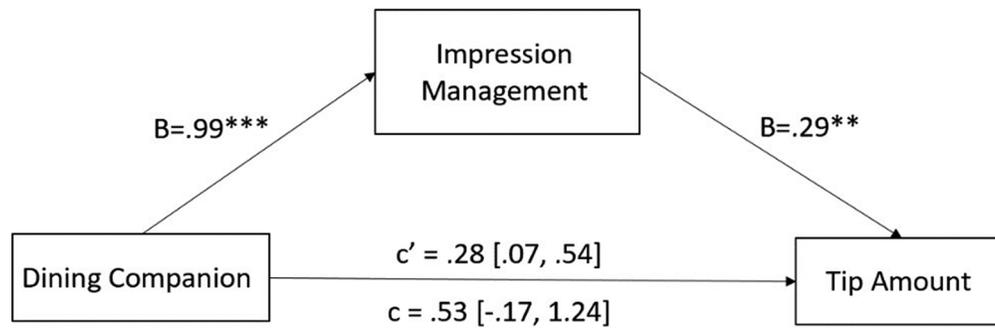


Figure 2. Mediation of impression management on the relationship between dining companion and tip amount. \* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$ .

management goals and tipping intentions will be robust to cash denominations carried. It also tests whether, under conditions where impression management goals are stronger, the denomination effect will be attenuated.

### STUDY 3: THE MODERATING ROLE OF IMPRESSION MANAGEMENT ON THE DENOMINATION EFFECT

#### Design

In total, 442 adults between the ages of 20 and 73 years (male = 269; Mean age = 37.21 years) from Amazon's MTurk participated in exchange for \$ 0.50. Participants were assigned to one of four conditions manipulating dining companion and denomination. Denomination was manipulated by telling participants that they were carrying larger (\$10, \$5, five \$1) or smaller (\$10, ten \$1) denominations and showing them a visual. As an attention check, participants confirmed the denomination they were carrying ( $n = 401$  passed the check and were retained for the analysis).<sup>2</sup> Participants were then shown a bill for \$47.50 in an open folder and were asked how likely it was that they would leave their \$10 bill as part of their overall tip (from 1 = not at all to 7 = extremely likely). This was used as the primary dependent measure, using the \$10 bill as an impression management strategy. They then indicated how much they would tip (slider scale anchored at \$0–\$25). Participants subsequently answered the four-item impression management goals index ( $\alpha = .94$ ), one statement about denomination and impression ("paying with a large denomination can impress others"; 1 = completely disagree to 7 = completely agree), and their gender and age.

2. A software glitch did not record the denomination condition for 28 respondents leading to smaller degrees of freedom for some measures.

#### Results

**Tippping with a Large Denomination to Impress Others.** A two-way ANOVA with lunch companion and denomination as the independent variables and beliefs that paying with a large denomination can impress others showed a significant main effect for lunch companion ( $F(1, 410) = 5.73$ ,  $p = .017$ ,  $\eta^2 = .014$ ). Participants reported higher scores in the business client condition ( $M = 4.84$ ,  $SE = .13$ ) compared to the friend condition ( $M = 4.41$ ,  $SE = .13$ ). No other effects were significant at  $p < .05$ . The overall mean is significantly different from the scale mid-point ( $M = 4.64$ ,  $t_{141} = 7.32$ ,  $p < .001$ ), indicating overall agreement with the belief that tipping with larger denominations impresses others.

**Impression Management Index.** A two-way ANOVA with impression-management goals index as the dependent variable and dining companion and denomination as the independent variables revealed a main effect of dining companion ( $F(1, 369) = 65.26$ ,  $p < .001$ ,  $\eta^2 = .150$ ), with participants reporting higher scores for a business client ( $M = 5.14$ ,  $SE = .12$ ) versus an old friend ( $M = 3.77$ ,  $SE = .12$ ). The interaction term was significant ( $F(1, 369) = 7.35$ ,  $p = .007$ ,  $\eta^2 = .020$ ), with the effect of dining companion larger in the larger (\$10, \$5, 5 × \$1: all  $M = 5.30$  vs. 3.47,  $SE = .17$  and  $.16$ ;  $F(1, 190) = 57.53$ ,  $p < .001$ ,  $\eta^2 = .232$ ), versus smaller (\$10, 10 × \$1; all  $M = 4.98$  vs. 4.08,  $SE = .17$  and  $.18$ ;  $F(1, 179) = 14.66$ ,  $p < .001$ ,  $\eta^2 = .076$ ) denomination condition (see fig. 3; discussion). The main effect of denomination was not significant ( $F < 1$ ).

**Intention to Leave \$10 as a Tip.** A two-way ANOVA with the intention to leave the \$10 note as part of the tip as the dependent variable revealed a main effect of dining companion ( $F(1, 369) = 9.37$ ,  $p = .002$ ,  $\eta^2 = .025$ ), with participants

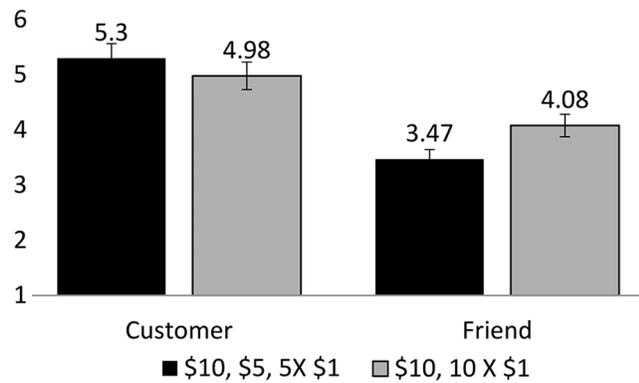


Figure 3. Impression management motivations for dining with a friend or a client.

indicating a higher likelihood for a business client ( $M = 5.65$ ,  $SE = .15$ ) versus an old friend ( $M = 4.98$ ,  $SE = .15$ ). No other effects were significant at  $p < .05$ . This pattern supports hypothesis 4, which argued that there would be greater likelihood of using a large denomination under conditions where impression management goals were stronger. In both conditions the mean value is higher than the midpoint of 4 ( $t_{215} = 11.95$ ,  $t_{204} = 6.55$ , all  $p < .001$ ), suggesting a pattern consistent with the reversal of the denomination effect. Additional analyses are presented in the appendix.

**Discussion.** Study 3 adds to the evidence that impression management goals increase tips. We also present initial evidence that the denomination effect in tipping, is conceptually reversed: people were more likely to use their \$10 bill as part of their tip rather than not to—especially when they were dining with a business client. We suggest that this is because people believe that tipping with larger denominations can impress others, as evidenced in the agreement to the statement “paying with a large denomination can impress others.” The data show that this belief was stronger in the condition where people carried large denominations. This effect should be replicated before conclusions can be drawn from it. However, the fact that we saw this pattern in the data explains why denomination moderated the effect of dining companion on impression management. In support of hypothesis 4, not only do people tip more when the need to impress is greater, but they also choose to tip with their larger denomination.

## GENERAL DISCUSSION

This article introduces the domain of tipping, which is well studied in the domains of tourism and hospitality (e.g., Azar 2005; Lynn and Brewster 2015), into the consumer

psychology behavioral pricing literature. We show that consumers use tips as a strategy to manage impressions. Specifically, supporting hypothesis 1 we found in study 1 that total tip amount is larger when the dining companion is a business client rather than an old friend. This effect was (directionally) stronger when the overall price of the service was lower (vs. higher), directionally supporting hypothesis 2. Study 2 showed that the effect of dining companion on total tip amount is mediated by impression management goals (supporting hypothesis 3). Finally, study 3 showed a reversal of the denomination effect. Not only do consumers give higher tips to impress, they also use to pay with larger denominations as another impression management strategy. People are more likely to leave their tip with their larger denomination when they are dining with an important business client (vs. old friend), supporting hypothesis 4.

We add to the literatures of behavioral pricing, especially the recent work in the domain of participative pricing, as well as the literature on payment mode effects and contribute to the literature on the antecedents of tipping in the service industry.

## Theoretical and Managerial Contributions

**Participative Pricing.** While prior literature in behavioral pricing has examined the effects of store- or manager-set prices and frames, there is increasing interest in contexts where the consumer sets the price, or participative pricing. These customer-set pricing situations include PWYW pricing, which is a context similar to tipping as the consumer decides how much to tip even in the presence of norms and explicit recommendations.

The current study contributes to the literature on participative pricing, a nascent and understudied domain, with the bulk of prior work being in the domain of PWYW pricing (Kim et al. 2009, 2014; Regner and Riener 2012; Schmidt, Spann, and Zeithammer 2014). The PWYW literature documents that the prices consumers pay are affected by perceptions of fairness, avoiding guilt, customer satisfaction, reference price, and income (Kim, Kaufmann, and Stegemann 2014; Schons et al. 2014; Kunter 2015). We add impression management goals to that list.

**Payment Mode.** Feinberg (1986) was the first to document that restaurant patrons tipping with a credit card left higher tips (see also McCall and Belmont 1996). We examined this effect as a function of impression management goals and found that there was no difference in the tips as a function of mode of payment. However, we did find

that denominations are an important factor when one decided to leave tips. Our approach was comparable to that employed by Di Muro and Noseworthy (2013), who changed social context to examine the likelihood of paying using smaller or larger denominations. We suggest that the act of leaving larger denomination bill for the tip signals generosity as people try to avoid being seen as penny-pinching when counting small change. As such when the need for self-presentation is greater, the usage of a larger bill can enhance self-image by signaling generosity, reversing the denomination effect.

**Tippling.** Prior work suggested motivational accounts, rather than strategic and service accounts, of tipping (Azar 2004) and that tipper may gain utility through enhanced self-image. However, this premise was not tested in a controlled experiment and correlational evidence suggested that the opposite: that self-presentational (vs. intrinsic) motives are correlated with lower tip amounts (Lynn 2009). This article makes a contribution to the literature on tipping by showing that social context is a significant determinates of tip amount such that consumers choose to tip more when they are in a social situation where they have stronger impression goals. Furthermore, these effects are stronger for lower bill amounts. These findings not only contribute to the literature of tipping, but to the business industry by showing further evidence that motivational accounts are an important factor that may enhance consumers' generosity.

Prior work also suggests that tippers are not price sensitive. For example, Lynn and Sturman (2003) explored ways to explain the "magnitude effect," which is the tendency for tip percentages to decline as bill size increases. Additionally, Lynn and Wang (2013) found that changes in menu prices affected perceptions of restaurant expensiveness more than did changes in voluntary tipping policies. Finally, Alexander, Boone and Lynn (2020) found that larger tip recommendations increased tip amounts but did not affect customer satisfaction, patronage frequency, or bill size as would be expected of budget conscious consumers. Study 1 results show that consumers tipping percentages may be more price sensitive than earlier documented, as they are a function of dining companion as well as bill size. When bills were low (vs. high), tip percentages were directionally higher—results that should be replicated by future research.

### Areas for Future Research

Future research can extend these effects by examining if effects replicate when tips are given prior to the service being

received as is becoming increasingly common with app-based payment systems. Future research could also measure actual tips to examine the generalizability of the findings.

Despite the large body of work done in the domain of hospitality, the study of tipping is ripe with unanswered questions that are of both theoretical and managerial interest. These include context effects and individual and cultural difference variables. For example, in contexts where tip options are presented to customers to choose from, how does the way in which tip options are presented affect consumers' likelihood to tip and tip amounts? Does it matter if the format used is relative percentages or absolute amounts?

What are the norms for tipping in different service industries and how and why do these vary across countries and time? What individual differences come into play for a customer to decide how much to tip? What are the underlying motivations for tipping and do these vary as a function of context? These questions could be examined using a multi-method approach with secondary data analyses, surveys, and field and laboratory experiments. We hope this article will spur such investigations.

### REFERENCES

- Akerlof, George A. (1982), "Labor Contracts as Partial Gift Exchange," *Quarterly Journal of Economics*, 97 (4), 543–69.
- Alexander, Damon, Chtistopher Boone, and Michael Lynn (2020), "The Effects of Tip Recommendations on Customer Tipping, Satisfaction, Repatronage, and Spending," *Management Science*. <https://doi.org/10.1287/mnsc.2019.3541>.
- Aronson, Elliot, Timothy D. Wilson, Robin M. Akert, and Samuel M. Sommers (2015), *Social Psychology*, 9th ed., New York: Pearson.
- Azar, Ofer H. (2004), "What Sustains Social Norms and How They Evolve? The Case of Tipping," *Journal of Economic Behavior and Organization*, 54 (1), 49–64.
- (2005), "Who Do We Tip and Why? An Empirical Investigation," *Applied Economics*, 37 (16), 1871–79.
- (2007), "Do People Tip Strategically, to Improve Future Service? Theory and Evidence," *Canadian Journal of Economics*, 40 (2), 515–27.
- (2010), "Do People Tip because of Psychological or Strategic Motivations? An Empirical Analysis of Restaurant Tipping," *Applied Economics*, 42 (23), 3039–44.
- (2011), "Business Strategy and the Social Norm of Tipping," *Journal of Economic Psychology*, 32 (3), 515–25.
- Bodvarsson, Orn B., and William A. Gibson. (1999), "An Economic Approach to Tips and Service Quality: Results of a Survey," *Social Science Journal*, 36 (1), 137–47.
- Cohen, B. (2015), "How to Tip in Europe: And How Not To," <https://www.wendyperrin.com/tip-europe-not/>.
- Crespi, Leo P. (1947), "The Implications of Tipping in America," *Public Opinion Quarterly*, 11 (3), 424–35.
- Di Muro, Fabrizio, and Theodore J. Noseworthy (2013), "Money Isn't Everything, but It Helps If It Doesn't Look Used: How the Physical Appearance

- of Money Influences Spending," *Journal of Consumer Research*, 39 (6), 1330–42.
- Feinberg, Richard A. (1986), "Credit Cards as Spending Facilitating Stimuli: A Conditioning Interpretation," *Journal of Consumer Research*, 13 (3), 348–56.
- Futrell, Gary D. (2015), "Reciprocity as an Antecedent of Restaurant Tipping: A Look at Gratitude and Obligation," *American Journal of Tourism Research*, 4 (2), 44–51.
- Gneezy, Ayelet, Uri Gneezy, Gerhard Riener, and Leif D. Nelson (2012), "Pay-What-You-Want, Identity, and Self-Signaling in Markets," *Proceedings of the National Academy of Sciences*, 109 (19), 7236–40.
- Gourville, John T., and Dilip Soman (1998), "Payment Depreciation: The Behavioral Effects of Temporally Separating Payments from Consumption," *Journal of Consumer Research*, 25 (2), 160–74.
- Hayes, Andrew F. (2017), *Introduction to Mediation, Moderation, and Conditional Process Analysis: A Regression-Based Approach*, 2nd ed., New York: Guilford.
- Hirschman, Elizabeth C. (1979), "Differences in Consumer Purchase Behavior by Credit Card Payment System," *Journal of Consumer Research*, 6 (1), 58–66.
- Holloway, J. Christopher (1985), "Between Gratitude and Gratuity Commentary on Shamir," *Annals of Tourism Research*, 12 (2), 239–42.
- Kim, Ju-Young, Katherine Kaufmann, and Manuel Stegemann (2014), "The Impact of Buyer-Seller Relationships and Reference Prices on the Effectiveness of the Pay What You Want Pricing Mechanism," *Marketing Letters*, 25 (4), 409–23.
- Kim, Ju-Young, Martin Natter, and Martin Spann (2009), "Pay What You Want: A New Participative Pricing Mechanism," *Journal of Marketing*, 73 (1), 44–58.
- (2014), "Sampling, Discounts or Pay-What-You-Want: Two Field Experiments," *International Journal of Research in Marketing*, 31 (3), 327–34.
- Koku, Paul S. (2005), "Is There a Difference in Tipping in Restaurant versus Non-Restaurant Service Encounters, and Do Ethnicity and Gender Matter?" *Journal of Service Marketing*, 19 (7), 445–52.
- Kugel, Seth (2019), "Counter Service Tipping: Who Gives?" *New York Times*, September 15, <https://www.nytimes.com/2019/09/15/travel/ipad-tipping-gratuity.html>
- Kunter, Marcus (2015), "Exploring the Pay-What-You-Want Payment Motivation," *Journal of Business Research*, 68 (11), 2347–57.
- Leary, Mark R. (2019), *Self-Presentation: Impression Management and Interpersonal Behavior*, New York: Routledge.
- Leary, Mark R., and Robin M. Kowalski (1990), "Impression Management: A Literature Review and Two-Component Model," *Psychological Bulletin*, 107 (1), 34–47.
- Lynn, Michael (2000), "National Character and Tipping Customs: The Needs for Achievement, Affiliation and Power as Predictors of the Prevalence of Tipping," *International Journal of Hospitality Management*, 19 (2), 205–10.
- (2004), "Ethnic Differences in Tipping: A Matter of Familiarity with Tipping Norms," *Cornell Hotel and Restaurant Administration Quarterly*, 45 (1), 12–22.
- (2009), "Individual Differences in Self-Attributed Motives for Tipping: Antecedents, Consequences, and Implications," *International Journal of Hospitality Management*, 28 (3), 432–38.
- Lynn, Michael, and Zachary W. Brewster (2015), "Racial and Ethnic Differences in Tipping: The Role of Perceived Descriptive and Injunctive Tipping Norms," *Cornell Hospitality Quarterly*, 56(1), 68–79.
- Lynn, Michael, and Jeffrey Graves (1996), "Tipping: An Incentive/Reward for Service?" *Hospitality Research Journal*, 20 (1), 1–14.
- Lynn, Michael, and Michael C. Sturman (2003), "It's Simpler than It Seems: An Alternative Explanation for the Magnitude Effect in Tipping," *International Journal of Hospitality Management*, 22 (1), 103–10.
- Lynn, Michael, and Shuo Wang (2013), "The Indirect Effects of Tipping Policies on Patronage Intentions through Perceived Expensiveness, Fairness, and Quality," *Journal of Economic Psychology*, 39 (December), 62–71.
- McCall, Michael, and Heather J. Belmont (1996), "Credit Card Insignia and Restaurant Tipping: Evidence for an Associative Link," *Journal of Applied Psychology*, 81 (5), 609–13.
- Mishra, Himanshu, Arul Mishra, and Dhananjay Nayakankuppam (2006), "Money: A Bias for the Whole," *Journal of Consumer Research*, 32 (4), 541–49.
- Morales, Andrea C., and Gavan J. Fitzsimons (2007), "Product Contagion: Changing Consumer Valuations through Physical Contact with 'Disgusting' Products." *Journal of Marketing Research*, 44 (2), 272–83.
- Prelec, Drazen, and George Loewenstein (1998), "The Red and the Black: Mental Accounting of Savings and Debt," *Marketing Science*, 17 (1), 4–28.
- Prelec, Drazen, and Duncan Simester (2001), "Always Leave Home without It: A Further Investigation of the Credit-Card Effect on Willingness to Pay," *Marketing Letters*, 12 (1), 5–12.
- Raghubir, Priya, and Joydeep Srivastava (2008), "Monopoly Money: The Effect of Payment Coupling and Form on Spending Behavior," *Journal of Experimental Psychology: Applied*, 14 (3), 213–25.
- (2009), "The Denomination Effect," *Journal of Consumer Research*, 36 (4), 701–13.
- Regner, Tobias, and Gerhard Riener (2012), "Motivational Cherry Picking," DICE Discussion Paper No. 68, Heinrich Heine University of Dusseldorf.
- Schlenker, Barry R. (1980), *Impression Management: The Self-Concept, Social Identity, and Interpersonal Relations*. Monterey, CA: Brooks/Cole, 168–233.
- (2012), "Self-Presentation," in *Handbook of Self and Identity*, ed. M. R. Leary and J. P. Tangney, New York: Guilford, 542–70.
- Schmidt, Klaus M., Martin Spann, and Robert Zeithammer (2014), "Pay What You Want as a Marketing Strategy in Monopolistic and Competitive Markets," *Management Science*, 61 (6), 1217–36.
- Schons, Laura M., Mario Rese, Jan Wieseke, Wiebke Rasmussen, Daniel Weber, and Wolf-Christian Strotmann (2014), "There Is Nothing Permanent Except Change: Analyzing Individual Price Dynamics in 'Pay-What-You-Want' Situations," *Marketing Letters*, 25 (1), 25–36.
- Shah, Avni M., Noah Eisenkraft, James R. Bettman, and Tanya L. Chartrand (2016), "Paper or Plastic? How We Pay Influences Post-Transaction Connection," *Journal of Consumer Research*, 42 (5), 688–708.
- Soman, Dilip (2001), "Effects of Payment Mechanism on Spending Behavior: The Role of Rehearsal and Immediacy of Payments," *Journal of Consumer Research*, 27 (4), 460–74.
- Stein, Perry (2015), "'Tip Creep' at the Coffee Shop: Should We Tip Our Baristas?" *Washington Post*, February 3, [https://www.washingtonpost.com/news/local/wp/2015/02/03/tip-creep-at-the-coffee-shop-should-we-tip-our-baristas/?noredirect=on&utm\\_term=.466f2b8121d7](https://www.washingtonpost.com/news/local/wp/2015/02/03/tip-creep-at-the-coffee-shop-should-we-tip-our-baristas/?noredirect=on&utm_term=.466f2b8121d7).

## QUERIES TO THE AUTHOR

**Q1.** Au: Your article has been lightly edited for grammar, clarity, consistency, and conformity to journal style, including issues of hyphenation and capitalization. The *Chicago Manual of Style* is followed for matters of style, and *Merriam-Webster's Dictionary* is followed for spelling. Please read your proof carefully to make sure that your meaning has been retained. **Important:** Please do not modify the existing text on the proof pdf (i.e., do not use “edit text” or other content-editing tools that will not show your changes), but please instead use the annotation tools to add your changes to the pdf (i.e., they will show up as marked inserts/deletions and/or comments). Note that any nonvisible changes made to the existing proof will not be made by the typesetter.

**Q2.** Au: Please provide the page number for the quote taken from “Schlenker 1980.”

**Q3.** Au: “cf.” means “compare”; okay to change to “see”?