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The Role of Blocked Gratitude in Non-Voluntary Tipping

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Abstract

Purpose: Non-voluntary tipping (e.g., automatic gratuity) has received growing attention in the service industry. Existing research suggests customers respond unfavorably to non-voluntary tipping, yet little research has examined why. The current studies address this question, with particular interest in response to non-voluntary tipping under high quality service.

Design/methodology/approach: Two scenario-based experiments tested the proposed hypotheses in between-participants design using ANOVA, hierarchical regression, and PROCESS.

Findings: Study 1 showed that non-voluntary tipping resulted in higher negative emotions, which led to lower return intentions. Surprisingly, the negative effect of non-voluntary tipping was as strong (or stronger) under high (vs. low) quality service. To understand this counterintuitive effect, study 2 developed and tested two competing process models (i.e., blocked vengeance vs. blocked gratitude). Supporting the blocked gratitude model, results revealed that non-voluntary tipping hinders customers' ability to reward service employees, undermining positive emotions, and lowering return intentions.

Research limitations/implications: Current work was conducted in two settings using two scenario-based experiments. Hence, additional settings with non-scenario-based studies are encouraged.

Practical implications: The present work cautions managers considering a move to non-voluntary tipping to be aware of its negative effects, especially when the service quality is high. The blocked gratitude model suggests that managers should clarify methods available for customers who wish to reward good service.

Originality/value: This paper is the first to examine customer response to non-voluntary tipping under different levels of service quality, and the underlying emotional mechanisms.

Keywords: service inclusive pricing; non-voluntary tipping policy; mandatory gratuity; service charge; emotions; blocked vengeance; blocked gratitude; service quality

The Role of Blocked Gratitude in Non-Voluntary Tipping

1. Introduction

Customers in North America spend an estimated \$66 billion a year on tips,[1] primarily to reward or punish service employees (e.g., Kwortnik *et al.*, 2009), follow social norms (e.g., Lynn *et al.*, 1993), or communicate their dissatisfaction and retaliate when they prefer to avoid lodging direct complaints (Voorhees *et al.*, 2006). In return, tipping increases customer service quality through heightened employee motivation (Kwortnik *et al.*, 2009) and enhances employee retention rate (Lynn *et al.*, 2011).

Despite the many important functions of voluntary tipping, some establishments are switching to non-voluntary tipping systems which increase prices to account for service charges or automatically add tips to the bill (Kwortnik *et al.*, 2009; Lynn and Wang, 2013; Moskin, 2016; Wee, 2016). An American Express survey of 503 U.S. restaurants showed that 18% have adopted non-voluntary tipping while an additional 29% are expected to soon follow suit (see Lynn and Brewster, 2018; Wee, 2016). Managers indicate that non-voluntary tipping systems aim to provide equal pay among employees with different duties (e.g., Chicago Tribune, 2016). While admirable, non-voluntary tipping systems result in several negative customer reactions. For example, customers are less likely to patronize an establishment with non-voluntary tipping because they perceive non-voluntary tipping policies as less fair and more expensive than voluntary tipping (Lynn and Wang, 2013). In addition, non-voluntary tipping leads to lower customer satisfaction (Lynn and Kwortnik, 2015) and perceived service quality (Kwortnik *et al.*, 2009), unless it occurs in a context where tipping is rare such as the cruise industry (Lynn and

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[1] Based on restaurant industry food and drink sales projections for 2019, released annually by the National Restaurant Association (NRA). The calculations of Azar (2011) was taken as the basis, minus the lodging places since they were not specified in the 2019 report of the NRA. We multiplied the sales in full-service restaurants - \$285.3 billion; snack and nonalcoholic beverage bars - \$43.7 billion; bars and taverns - \$22 billion by the average tip percentage Azar (2011) used, 18.8% (\$351 billion * 18.8 = \$65.99 billion).

Kwortnik, 2020). Finally, non-voluntary tipping decreases actual service quality because it reduces service employees' motivation to provide high quality service (Kwortnik *et al.*, 2009). While these studies offer insight, much remains to be learned about responses to non-voluntary tipping systems. Accordingly, the present research aims to better understand responses to voluntary versus non-voluntary tipping systems.[2]

Consistent with existing research (e.g., Lynn and Brewster, 2018; Lynn and Wang, 2013), and drawing on self-determination theory (Ryan and Deci, 2000), we expect customers will evidence less favorable reactions toward non-voluntary (vs. voluntary) tipping systems (e.g., return intentions), and report two studies examining why this occurs. In study 1, we propose that non-voluntary systems result in negative emotions, translating into lower return intentions. Complementing our mediation model, we test a buffering hypothesis positing that non-voluntary tipping systems should be less problematic under high (vs. low) quality service. In study 2, we develop and test a more comprehensive framework to account for our counterintuitive finding (in study 1) that negative reactions to non-voluntary tipping systems are as strong (or stronger) under high and low service quality. As we explain following study 1, the expanded framework incorporates two competing models to account for the negative effect of non-voluntary tipping systems. The *blocked vengeance model* assumes that non-voluntary tipping systems interfere with the ability to punish a server, increasing negative emotions and reducing future return

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[2] Respondents in a pilot study ($N = 188$, MTurk) rated their experience with, attitudes towards, and preference between voluntary tipping, built-in gratuity (where a tip is built into menu prices) and automatic gratuity (where a tip is automatically applied at time of payment). Most respondents had experienced voluntary tipping (90.7%), and a notable proportion had encountered automatic (44.1%) and built-in gratuity (31.4%). Consistent with prior research, respondents had more favorable attitudes (7-point scale) toward voluntary ($M = 6.00$) than toward built-in ($M = 4.85$) or automatic gratuity ($M = 3.73$) (all Tukey tests, $p < .05$). Similarly, respondents were significantly ($p < .001$) more likely to select voluntary (67.8%) over automatic (19.5%) and built-in gratuity (12.7%), with the latter not significantly different. In sum, results show that non-voluntary tipping systems are reasonably common in the marketplace and reinforce prior research suggesting customers respond less favorably towards non-voluntary tipping systems. Readers interested in a more detailed summary may contact the first author.

intentions. The *blocked gratitude model* proposes that non-voluntary tipping systems impede the ability to reward the server, reducing positive emotions and return intentions.

The present work offers three contributions. First, by testing the blocked vengeance vs. blocked gratitude models, we delve deeper into how customers respond to non-voluntary tipping systems. Despite growing research indicating that customers respond negatively to non-voluntary tipping systems, little research examines why this occurs, leaving gaps in understanding the processes underlying these effects. Second, by demonstrating how non-voluntary tipping systems undermine reward motives and positive emotions, we highlight an underappreciated drawback to these systems, namely that they interfere with the customer's positive experience. This complements and extends prior research emphasizing how non-voluntary tipping systems result in negative perceptions such as increased cost, reduced service quality, and a lack of fairness. Lastly, we examine service quality as a moderator of the effects of non-voluntary tipping. While research shows that non-voluntary tipping systems decrease perceived and actual service quality (Kwortnik *et al.*, 2009), customers' responses to non-voluntary tipping systems across different levels of service quality is absent. This is critical because customers' response to non-voluntary tipping may depend on the quality of service offered.

2. Empirical review and theoretical development

2.1. *Voluntary and non-voluntary tipping*

In the United States, voluntary tipping is a part of the traditional customer service experience, and most customers abide by the norm of voluntary payments to service employees (Azar, 2004). Customers tip a variety of different types of employees including bartenders, concierges, bellhops, hairstylists, parking valets, porters, taxi drivers, tour guides, and servers (Star, 1988). Customers may tip to show their gratitude or decide to not tip or to give a lower tip

to indicate their dissatisfaction with the service (Voorhees *et al*., 2006). Research suggests that customers are content with voluntary tipping systems (Lynn and Withiam, 2008). However, evidence indicates that some service establishments, such as restaurants, are switching their voluntary tipping system to other systems that automatically build in a certain percentage of tip to the total charge. The general purpose of moving away from the traditional (voluntary) tipping system is to create equality between servers and other staff, who usually do not get tips, a system which tends to create inequity despite equal efforts. Although the removal of voluntary tipping holds good intentions, there is potential for negative customer reactions.

A number of studies offer initial evidence for the ways customers react to voluntary vs. non-voluntary tipping systems. For example, in the cruise ship industry, customers rated their experience more positively under voluntary tipping than under non-voluntary tipping systems (Lynn and Kwortnik, 2015). Moreover, in a survey by Wildes *et al.*, (1998), 95% of customers said they prefer voluntary tipping over service charges. Customers also report being less likely to patronize a restaurant when the restaurant has built-in gratuity (a percentage tip is built into menu prices) or automatic gratuity (a percentage tip is automatically added to the bill) compared to voluntary tipping (Lynn and Wang, 2013). And, relative to restaurants with voluntary tipping, customers perceive restaurants with non-voluntary tipping systems as more expensive, view the tipping system as less fair, and expect lower quality service (Lynn and Wang, 2013). A notable point is that existing studies did not focus on when customers learn about the non-voluntary tipping at an establishment (e.g., on the menu, on the check). Despite the potential difference in customer response, time of learning has either not been a part of the study (Lynn and Kwortnik, 2015, 2020) or participants were notified prior to dining (Lynn and Wang, 2013).

2.2. Perceived control and negative emotions

The preceding literature suggests that customers prefer voluntary tipping systems and are more satisfied with the service when tipping is voluntary (vs. mandatory). Why this occurs is not as well understood. One possibility is that non-voluntary tipping systems undermine perceived control, leading to negative emotions. Voluntary tipping, for example, "puts [customers] in complete control of the services; allowing them to determine the value of the services they receive and to compensate accordingly" (Lynn and Wang, 2013, p. 64). This perceived control, in turn, has several benefits. For example, research shows that allowing customers to choose from a set of recovery options increases their overall satisfaction because of heightened sense of control (Chang, 2006). Customers who have more control over a service outcome are also less likely to blame a failure on a service provider (Van Raaij and Pruyn, 1998).

Non-voluntary tipping, on the other hand, can undermine perceived control (autonomy), one of the three needs within Ryan and Deci's (2000) self-determination theory (i.e., autonomy, competence, relatedness). According to self-determination theory (SDT), the satisfaction of three basic needs – autonomy, competence, and relatedness – is at the core of psychological well-being (Gagné and Deci, 2005; Ryan and Deci, 2000). One of these needs, autonomy, is especially likely to be threatened under non-voluntary tipping systems. *Autonomy* is the degree to which people have control over their choices (Deci and Ryan, 2000). When people have a sense of autonomy over their outcomes, they are more likely to engage in the behavior and be satisfied with the consequences. For example, consumers who are autonomously motivated are more likely to save household energy (Webb *et al.*, 2013), lose weight (Williams *et al.*, 1996), and donate to charity (Mulder and Joireman, 2016). Overall, research on SDT suggests that consumers value being in control of their decisions, are motivated toward conditions that will allow them satisfy their needs, and may react negatively when they sense a threat to their needs,

potentially leading to emotions such as anxiety, grief, hostility, or anger (Ryan and Deci, 2000). For example, a lack of obvious alternative options to choose from can lead to negative emotions because customers enjoy the ability to affect the outcomes of their encounters (Bitner, 1992; Hui and Bateson, 1991). This is important because negative emotions such as anger predict costly consequences for firms including dissatisfaction (Bitner *et al.*, 1990), desire for revenge (Joireman *et al.*, 2013), and negative word of mouth (Bechwati and Morrin, 2003).

In sum, voluntary tipping has historically been an inherent part of customers' service experience which conveys a degree of autonomy (or what we will call control), with the freedom to decide the percentage a customer wishes to tip. In contrast, customers may perceive a non-voluntary tipping system as an indicator of the establishment refusing to allow customers have complete control over their service experience, leading to negative emotional responses. Based on this reasoning, we advance the following hypotheses:

> **H$_1$:** Relative to voluntary tipping systems, non-voluntary tipping systems will lead to higher negative emotions (H$_{1a}$) and lower return intentions (H$_{1b}$).

> **H$_2$:** Negative emotions will mediate the effect of tipping systems on return intentions.

In the next section, we discuss service quality as a moderator of the anticipated effect of non-voluntary tipping systems just advanced. With its rich history in the service literature, service quality is an important determinant of customer service experience. As we explain, we reason that the hypothesized effects will be minimized when service quality is high (vs. low).

2.3. Service quality, service failures, and tipping

Customers judge service quality by comparing their perceived to their expected outcomes (Parasuraman *et al.*, 1985). When outcomes meet or exceed expectations, customers are satisfied (Oliver, 1981). However, when outcomes drop below expectations, customers experience service

failures (i.e., "any service-related mishaps or problems (real and/or perceived) that occur during consumer's experience with a firm"; Maxham, 2001, p. 11). Service failures (and failed recoveries) lead to perceived injustice (Goodwin and Ross, 1992), perceived negative motives (Joireman *et al.*, 2013), desire for revenge (Karabas *et al.*, 2019), anger (McColl-Kennedy *et al.,* 2009; McColl-Kennedy *et al.*, 2011), dissatisfaction (Maxham and Netemeyer, 2002; McCollough *et al.*, 2000), negative word of mouth (Blodgett *et al.*, 1997), switching (Bechwati and Morrin, 2003), and sabotage (Kähr *et al.*, 2016). Research indicates such retaliatory behaviors aim to get even with the employees and the firm (Bechwati and Morrin, 2003).

One retaliatory behavior, central to the current work, is reducing one's tip (Karabas *et al.*, 2019; Voorhees *et al.*, 2006). Research shows that service quality evaluations are a determinant of tipping (Lynn *et al.*, 1993; Lynn and McCall, 2000), indicating that customers change the amount of tip they give as a function of the service quality they receive. This raises an interesting question: Namely, if customers use tipping as one means of getting revenge for low quality service, how might a non-voluntary tipping system influence customer behavioral intentions when the service quality is low *and* customers cannot retaliate by changing their tip?

In the present work, we expect that non-voluntary tipping will be more problematic to customers when the service quality is low compared to high. Receiving low quality service is unjust and customers seek for avenues to ensure their outcomes are fair (Grégoire and Fisher, 2008). When faced with low quality service, a non-voluntary tipping system removes tipping as an avenue for customers to "even the scales." As a result, taking away the ability to tip under low quality service should lead to unfavorable responses (e.g., heightened negative emotions).

In contrast, when service quality is high, customers may accept mandatory tips being included since tipping is a norm and expected, especially in response to good service. Although

people likely prefer having the ability to determine their tip, they may not be as concerned about a non-voluntary tipping system since the service was good and they would likely have tipped anyway. Taken together, this line of reasoning would lead to an interaction between tipping systems and service quality, whereby the negative effects of non-voluntary tipping systems are diminished under high quality service. Thus, we advance the following hypothesis:

> **H3:** Service quality will moderate the effect of tipping systems on negative emotions and return intentions, such that the negative effect of non-voluntary tipping systems will be buffered under high quality service.

2.4. Overview of studies

Next, we report two studies aimed at understanding customer response to non-voluntary tipping systems. Study 1 tests H1-H3, while study 2 tests an expanded model articulating why customers respond negatively to non-voluntary tipping when service quality is high.

3. Study 1

3.1. Participants, design and procedures

Participants from Amazon's MTurk ($N = 200$; 49.5% female; median age = 32.5; 70% Caucasian) read one of the four scenarios in a 2 (tipping system: voluntary tipping vs. automatic gratuity) x 2 (service quality: low vs. high) between-participants design.[3] Participants imagined eating dinner out with friends (Appendix A). After arriving at the restaurant, participants ordered. In the *high quality service*, participants imagined they enjoyed their soup. In the *low quality service*, participants imagined receiving the wrong soup and asked for a replacement. The

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[3] While some have questioned the use of MTurk, studies show that MTurk is commonly used (e.g., Karabas *et al.*, 2020; Newton *et al.*, 2018; Okan and Elmadag, 2020) because it provides demographically diverse, cost effective, and quality data (Berinski *et al.*, 2012; Buhrmester *et al.*, 2011; Kees *et al.*, 2017; Paolacci and Chandler, 2014). We believe the present studies yield reliable findings given that we excluded previous participants in our studies each time we conducted a new study, our samples were fairly representative, manipulation checks showed our scenarios were interpreted as intended, our measures were reliable, and our findings replicated across numerous studies.

server brought the correct soup but it took a while and the server treated them rudely. In both conditions, participants imagined paying after they were done eating. Next, participants read one of two scenarios with the tipping system manipulation (voluntary tipping vs. automatic gratuity), imagined making their payment, and completed the outcome measures.

3.2. Measures

Participants completed measures of return intentions ("How likely is it that you would return to this establishment again in the future?" 1 = not at all likely, 7 = very likely; adapted from Boulding *et al.*, 1993). As a check on the tipping system manipulation, participants completed a two-item perceived control scale (α = .73; e.g., "Thinking about the tipping system in the scenario I just read, I feel that the tipping system is making me do things against my will," 1 = strongly disagree, 7 = strongly agree; adapted from Mulder and Joireman, 2016, and Sheldon and Hilbert, 2012). Participants also completed a negative emotions scale (five items, α = .96; e.g., "In the scenario I just read, I would feel *outraged*," 1 = strongly disagree, 7 = strongly agree; adapted from Bougie *et al.*, 2003) (all measures are shown in Appendix B).

As a check on the service quality manipulation, participants completed a three-item measure of perceived service quality (α = .96; e.g., "The service here suited my needs," 1 = strongly disagree, 7 = strongly agree; adapted from Grace and O'Cass, 2004). Lastly, participants rated the scenario's realism on a three-item scale (α = .92; e.g., "The scenario is realistic," 1 = strongly disagree, 7 = strongly agree; adapted from Wirtz *et al.*, 2013).

3.3. Results

3.3.1. Manipulation checks and perceived realism

In support of our tipping system manipulation, a 2 (tipping system: voluntary vs. automatic) x 2 (service quality: low vs. high) ANOVA on perceived control revealed a

significant main effect of tipping system, $F(1, 196) = 194.78$, $p < .001$, $\eta^2 = .498$, with

participants in the automatic gratuity condition reporting significantly lower perceived control

($M = 2.55$, $SD = 1.32$) than participants in the voluntary tipping condition ($M = 5.19$, $SD = 1.35$).

Neither the main effect of service quality nor the interaction were significant (p's $> .13$).

Supporting our service quality manipulation, a 2 (tipping system: voluntary vs.

automatic) x 2 (service quality: low vs. high) ANOVA on perceived service quality yielded a

significant main effect of service quality, $F(1, 196) = 262.67$, $p < .001$, $\eta^2 = .573$, with the low

and high quality conditions perceived as intended ($M_{highquality} = 5.52$, $SD = 1.11$ vs. $M_{lowquality} =$

2.77, $SD = 1.37$). Results also revealed a significant main effect of tipping system, $F(1, 196) =$

14.32, $p < .001$, $\eta^2 = .068$; participants in the automatic gratuity condition reported significantly

lower service quality evaluations ($M = 3.89$, $SD = 1.78$) than participants in the voluntary tipping

($M = 4.48$, $SD = 1.89$), a finding we consequently account for in our primary analyses.

Lastly, a 2 (tipping system: voluntary vs. automatic) x 2 (service quality: low vs. high)

ANOVA on perceived realism revealed that voluntary gratuity was rated as more realistic than

automatic gratuity, $F(1, 196) = 5.08$, $p < .05$, $\eta^2 = .025$. Nevertheless, both gratuity conditions

reported high levels of scenario realism ($M_{voluntary} = 6.25$, $SD = .98$, $M_{automatic} = 5.92$, $SD = 1.07$),

with each mean significantly above the scale midpoint of 4 ($p < .001$).

3.3.2. Primary analyses

To test H1 and H3, we conducted 2 (tipping system: voluntary tipping vs. automatic

gratuity) x 2 (service quality: low vs. high) ANOVAs on negative emotions and return intentions.

In line with H1, results revealed a significant main effects of tipping system on negative

emotions, $F(1, 196) = 60.38$, $p < .001$, $\eta^2 = .24$, and return intentions, $F(1, 196) = 39.89$, $p <$

.001, $\eta^2 = .17$, with automatic gratuity leading to less favorable responses than voluntary tipping

(Figure 1). Results also revealed a significant main effect of service quality on negative emotions, $F(1, 196) = 138.88$, $p < .001$, $\eta^2 = .42$, and return intentions, $F(1, 196) = 131.27$, $p < .001$, $\eta^2 = .40$, with high service quality leading to more favorable responses (Figure 1). Lastly, results showed a significant interaction between tipping system and service quality on negative emotions, $F(1, 196) = 4.63$, $p < .05$, $\eta^2 = .03$. However, counter to H3, the effect of tipping system on negative emotions was stronger under *high* quality than under low quality service, as can be seen in Figure 1 (Panel A). Similarly, the difference between voluntary and automatic tipping on return intentions was larger under high quality service than low quality service (Figure 1, Panel B), though the interaction was not significant, $F(1, 196) = 2.54$, $p = .11$, $\eta^2 = .03$.

[Insert Figure 1 about here]

3.3.3. Process-related analyses

Finally, using Hayes' (2013) PROCESS model 4, we tested the indirect effect of tipping system on return intentions through negative emotions (controlling for service quality). Consistent with H2, the indirect effect was significant ($CI_{.95} = -.8749, -.3255$), as shown in Figure 2. At the same time, the direct (residual) path from tipping system to return intentions remained significant, suggesting the presence of additional mediating mechanisms.

[Insert Figure 2 about here]

3.4. Discussion

3.4.1. Summary of findings

Study 1 revealed that customers report greater negative emotions and weaker return intentions under non-voluntary tipping systems, and the negative effect of non-voluntary tipping systems on return intentions is party explained by negative emotions, supporting H1 and H2.

However, counter to H3, in study 1 – and two preliminary studies[4] – the negative effect of non-voluntary tipping was as strong or stronger under *high* (vs. low) quality service.

The strong and reliable negative impact of non-voluntary tipping under high quality service is intriguing for both practical and theoretical reasons. For example, because service at (U.S.) restaurants is normally rated highly (Azar, 2009), understanding the counterintuitive (negative) impact of non-voluntary tipping systems under high quality service would offer important managerial insights with wide applicability. Gaining insight into why non-voluntary tipping systems have a negative impact under *service successes* could also offer valuable theoretical insights by highlighting the role of positive motives and emotions that go beyond revenge and negative emotions, negatively-valenced constructs frequently used to understand responses to *service failures* (Voorhees *et al.*, 2017). Thus, in study 2, we endeavor to understand why non-voluntary tipping systems activate less favorable responses under high quality service.

3.4.2. Addressing limitations

In so doing, study 2 addresses four limitations with our initial studies. First, while customers in the high quality condition rated service quality above the midpoint (5.5), getting one's correct order at a restaurant may not have represented service quality high enough to buffer against the negative effect of a non-voluntary tipping system. Thus, in order to provide a stronger test of the predicted buffering effect in H3, in study 2, we focus on how customers respond to non-voluntary tipping under high (correct order) versus very high (excellent) quality service.

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[4] Our two preliminary studies, which focused on voluntary vs. built-in gratuity systems, set in restaurant ($N = 196$) and hair salon contexts ($N = 201$), revealed results consistent with study 1. Namely, negative emotions were significantly higher, and return intentions were significantly lower, when the establishment used a built-in (vs. a voluntary) tipping system, and these effects were as strong (restaurant) or stronger (hair salon) in the high service quality condition. In sum, data from three studies consistently failed to support the hypothesis that the negative impact of non-voluntary tipping systems would be buffered by high quality service. While the preliminary studies were informative, they focused on a less common type of non-voluntary tipping (built-in) and did not assess perceived control (an important check for our tipping system manipulation). As such, we do not discuss them in the main body of the paper. Readers interested in a summary of the preliminary studies may contact the first author.

Second, in our initial studies, customers learned of the tipping system after the service had been rendered, which may have come as a surprise. Moreover, many restaurants announce their non-voluntary tipping system before the customer orders and is served (e.g., on the menu). Thus, in study 2, the tipping system is introduced before the service is provided.

Third, a sole focus on negative emotions as a mediator raises several concerns. First, as noted, negative emotions only partly explained the negative impact of non-voluntary tipping on return intentions, highlighting the existence of additional mediating mechanisms. Another concern is that heightened negative emotions may, upon closer inspection, be serving as a proxy for diminished positive emotions, obscuring insights into the precise emotion (or emotions) driving the effect. Relatedly, as we explain, assessing negative *and* positive emotions is essential to testing competing explanations for why customers respond negatively to non-voluntary tipping systems, namely the "blocked vengeance" vs. the "blocked gratitude" accounts.

Finally, our initial studies did not directly examine how (thwarted) abilities resulting from non-voluntary tipping systems – critical to the competing models – drive negative and positive emotions affecting return intentions. Thus, study 2 tests how non-voluntary tipping systems affect the perceived ability to punish and reward the server, abilities directly relevant to the competing "blocked vengeance" and "blocked gratitude" models to which we now turn.

4. Blocked vengeance vs. blocked gratitude models

As noted, our interaction hypothesis proposed that the negative effect of non-voluntary tipping systems would be buffered (weakened or eliminated) by high quality service. This hypothesis was based on the assumption that customers view non-voluntary tipping systems as a threat to their control, and under high quality service, customers would show little concern over reduced control, as there would be no need to punish a server for bad service. Surprisingly, our

interaction hypothesis failed to receive support across three studies, as the negative impact of non-voluntary tipping systems was as strong or stronger under high quality service.

To understand why high quality service failed to buffer the negative effect of non-voluntary tipping systems, it is necessary to recognize that tipping serves a wide range of motives. While lower tips can be used to express displeasure and punish a server (e.g., Karabas *et al.*, 2019; Voorhees *et al.*, 2006), many of the motives underlying tipping are positive (e.g., helping the server and/or expressing gratitude toward the server; Lynn, 2016). In theory, positive motives should be especially likely to motivate tipping under high quality service. Thus, modeling how positive motives are thwarted under non-voluntary tipping systems could significantly expand an understanding of our counterintuitive finding.

Toward that end, we explicate and test the "blocked vengeance" and "blocked gratitude" models (Figure 3). According to the blocked vengeance model, non-voluntary tipping systems interfere with the ability to punish a server which increases negative emotions and reduces return intentions. Our initial interaction hypothesis (H3) was based on this line of thinking. The blocked gratitude model proposes that non-voluntary tipping systems interfere with the ability to reward a server which reduces positive emotions and return intentions. Study 2 tested the relative ability of these competing models to explain negative reactions to non-voluntary tipping when service quality is high, which past research suggests is more the norm than the exception (Azar, 2009).

[Insert Figure 3 about here]

5. Study 2

5.1. Participants, design, and procedures

Participants from Amazon's MTurk ($N = 206$; 39.8% female; median age = 34.0; 78% Caucasian) read one of four scenarios in a 2 (tipping system: voluntary tipping vs. automatic

gratuity) x 2 (service quality: high vs. very high) between-participants design. As in study 1,

participants imagined they had gone out to eat dinner with friends (Appendix A). After arriving,

being seated, and perusing the menu, participants read a notice on the menu describing the

voluntary (or non-voluntary) tipping system. After ordering and receiving their soup, participants

were randomly assigned to one of the two service quality conditions. Identical to study 1, in the

high quality service condition, participants imagined they enjoyed their soup. In the *very high*

quality service condition, participants imaged they enjoyed their soup and (additionally) "thought

the overall service was excellent." In both conditions, participants imagined proceeding to

payment after they were done eating. Consistent with study 1, those in the *voluntary condition*

imagined inserting a tip, signing the check, and leaving the restaurant. In the non-voluntary

condition, participants read that "since the tip was automatically added to the bill, you just signed

the check and left the restaurant." While the tipping system was mentioned again at the end of

the scenario (to ensure a smooth narrative), as noted earlier, all participants learned of the tipping

system before imagining their service. Following the scenario, participants completed the

relevant manipulation checks and dependent variables.

5.2. Measures

   After completing a one-item return intentions measure (1 = very unlikely, 7 = very

likely), participants rated the extent to which the tipping system they read about allowed them to

reward the server (i.e., reward for good service, repay the server for his/her efforts; $\alpha = .80$;

adapted from Lynn, 2016) and punish the server (i.e., punish bad service, get back at a server

who treats me badly; $\alpha = .93$). Next, participants completed the perceived control scale from

study 1 ($\alpha = .54$), and rated the extent to which they experienced a set of three positive emotions

(i.e., happy, content, pleased; $\alpha = .92$; adapted from McNiel *et al.*, 2010) and three negative

emotions (i.e., angry, resentful, annoyed; α = .95) (1 = strongly disagree, 7 = strongly agree).

Lastly, participants rated the extent to which the establishment provided quality service and the

scenario was realistic (1 = strongly disagree, 7 = strongly agree).[5]

5.3.   Results

5.3.1. Manipulation checks and perceived realism

In support of our tipping system manipulation, a 2 (tipping system: voluntary vs.

automatic) x 2 (service quality: high vs. very high) ANOVA on perceived control revealed a

significant main effect of tipping system, $F(1, 202) = 166.78$, $p < .001$, $\eta^2 = .452$, with

participants in the automatic gratuity condition reporting significantly lower perceived control

($M = 3.12$, $SD = 1.19$) than participants in the voluntary tipping ($M = 5.52$, $SD = 1.39$). Neither

the main effect of service quality nor the interaction were significant (p-values > .66).[6]

Supporting our service quality manipulation, a 2 (tipping system: voluntary vs.

automatic) x 2 (service quality: high vs. very high) ANOVA indicated that the very high quality

condition led to higher perceived service quality ($M = 5.86$, $SD = 0.95$) than the high quality

condition ($M_{lowquality} = 5.63$, $SD = 0.98$), though the main effect was marginally significant, $F(1,$

$202) = 3.18$, $p = .076$, $\eta^2 = .015$. Consistent with study 1, results also revealed a significant main

effect of tipping system, $F(1, 202) = 20.39$, $p < .001$, $\eta^2 = .092$, with participants in the automatic

gratuity condition reporting significantly lower service quality evaluations ($M = 5.46$, $SD = 0.99$)

than participants in the voluntary tipping condition ($M = 6.04$, $SD = 0.86$).

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[5] In the interests of shortening the survey, in study 2, we reduced the length of the negative emotions scale (from 5 to 3 items) and utilized one-item (as opposed to three-item) measures for service quality and realism.

[6] Given that the reliability of the control scale in study 1 was somewhat low (α = .54), we also ran separate 2 x 2 ANOVAs on each control item individually. Results were identical to the two-item control scale, with a significant main effect for the tipping system (*p*'s < .001), increasing confidence in the overall two-item measure.

Lastly, a 2 (tipping system: voluntary vs. automatic) x 2 (service quality: high vs. very high) ANOVA on perceived realism revealed that voluntary gratuity was rated as more realistic than automatic gratuity, $F(1, 202) = 17.62$, $p < .001$, $\eta^2 = .08$. Nevertheless, both gratuity conditions reported high levels of scenario realism ($M_{voluntary} = 6.22$, $SD = .96$, $M_{automatic} = 5.63$, $SD = 1.13$), with each mean significantly above the scale midpoint of 4 ($p < .001$).

5.3.2. Primary analyses

We first conducted 2 (tipping system: voluntary tipping vs. automatic gratuity) x 2 (service quality: high vs. very high) ANOVAs on the five dependent measures (ability to punish, ability to reward, negative emotions, positive emotions, and return intentions). Results revealed a significant main effect of tipping system on each outcome measure: relative to voluntary tipping, automatic tipping led to significantly lower return intentions ($M_{automatic} = 5.11$, $SD = 1.37$ vs. $M_{voluntary} = 5.79$, $SD = 1.00$; $F(1, 202) = 16.87$, $p < .001$, $\eta^2 = .08$), ability to reward ($M_{automatic} = 4.07$, $SD = 1.55$ vs. $M_{voluntary} = 5.85$, $SD = 1.01$; $F(1, 202) = 94.18$, $p < .001$, $\eta^2 = .318$), ability to punish ($M_{automatic} = 2.86$, $SD = 1.80$ vs. $M_{voluntary} = 4.22$, $SD = 1.76$; $F(1, 202) = 29.73$, $p < .001$, $\eta^2 = .128$), and positive emotions ($M_{automatic} = 4.62$, $SD = 1.46$ vs. $M_{voluntary} = 5.54$, $SD = 1.02$; $F(1, 202) = 29.29$, $p < .001$, $\eta^2 = .119$), and significantly higher negative emotions ($M_{automatic} = 3.39$, $SD = 1.82$ vs. $M_{voluntary} = 2.28$, $SD = 1.71$; $F(1, 202) = 20.70$, $p < .001$, $\eta^2 = .093$). Results also revealed a significant main effect of service quality on return intentions, with those in the very high quality condition more likely to return ($M_{very\ high} = 5.63$, $SD = 1.21$ vs. $M_{high} = 5.25$, $SD = 1.26$; $F(1, 202) = 5.58$, $p < .05$, $\eta^2 = .027$). The two-way interaction was not significant on any of the outcome variables (p-values > .34).

5.3.3. Process-related analyses: blocked vengeance vs. blocked gratitude models

Next, to gain initial insight into the relative strengths of the blocked vengeance vs. blocked gratitude models, we next conducted a three-step hierarchical regression, entering tipping system (and service quality as a control variable) on step 1, ability to punish and reward on step 2, and negative and positive emotions on step 3. Table I presents the correlation matrix while Table II summarizes the hierarchical regression results. As can be seen, the overall pattern clearly supports the blocked gratitude model. For example, on step 2, tipping system became non-significant, while ability to reward (and not ability to punish) was a significant predictor of return intentions. Moreover, on step 3, the relationship between ability to reward and return intentions became less significant while positive emotions (and not negative emotions) predicted return intentions. These results indicate that when the abilities and emotions relevant to the blocked vengeance and blocked gratitude models are allowed to compete, the predictors within the blocked gratitude model best explain responses to non-voluntary tipping.

[Insert Tables I and II about here]

Complementing and extending the regression, we used Hayes (2018) PROCESS (custom model 82) to simultaneously test the indirect effects proposed in the competing models, with service quality included as a control variable. Coefficients for the models are shown in Figure 4. Whereas the indirect effect specified by the blocked vengeance model (non-voluntary tipping system $\rightarrow$ ability to punish $\rightarrow$ negative emotions $\rightarrow$ return intentions) was not significant ($CI_{.95} = -.0121, .0856$), the indirect effect specified by the blocked gratitude model (non-voluntary tipping system $\rightarrow$ ability to reward $\rightarrow$ positive emotions $\rightarrow$ return intentions) was significant ($CI_{.95} = -.7738, -.2607$), offering additional and clear support for the blocked gratitude model.

[Insert Figure 4 about here]

5.4. Discussion

With a focus on high quality service, study 2 yielded two key findings. First, relative to voluntary tipping, an automatic tipping system led to reduced ability to reward and punish the server, weaker positive emotions, lower return intentions, and heightened negative emotions. Second, process-related findings clearly supported the blocked gratitude model.[7] These results complement and extend our initial findings in study 1, offering clarity on why non-voluntary tipping reduces return intentions when service quality is high. In sum, results suggest that when service quality is high, a non-voluntary tipping system interferes with the ability to reward the server for high quality service, in turn, undermining positive emotions and return intentions.

6. General discussion

Providing adequate compensation for service employees and redressing the pay gap between tipped and untipped employees are significant challenges for managers (Galarza, 2017). As one potential solution, service establishments may consider adopting a non-voluntary tipping system (e.g., increasing menu prices, adding automatic service charges to the check), a notable deviation from traditional voluntary tipping. While existing literature shows that customers respond unfavorably toward non-voluntary tipping (Kwortnik *et al.*, 2009; Lynn and Brewster 2018; Lynn and Kwortnik, 2015; Lynn and Wang, 2013), insights into the underlying mechanisms, and conditions under which non-voluntary tipping may be more or less problematic, remain underexplored. In addressing these gaps, the current work yielded three key findings. First, non-voluntary tipping increased negative emotions, which resulted in lower return intentions. Second, counter to our initial reasoning, the negative effect of non-voluntary tipping

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[7] Counter to our model, ability to punish was *positively* related with negative emotions. It is possible that when service quality is high or very high, the perceived ability to punish may result in negative consequences within customers, for example, through a simple associative network linking ability to punish with negative emotions.

on negative emotions and return intentions was as strong or stronger when service quality was high (vs. when it was low). Third, non-voluntary tipping hindered customers' ability to reward high quality service, diminishing positive emotions and return intentions.

One might assume that the negative customer response to non-voluntary tipping is due to non-voluntary tipping systems adding more on customers' bill than customers' typical tip. To investigate this possibility, we ran ancillary analyses comparing customers' self-reported usual tip percentages (i.e., what percentage tip do you usually leave at a restaurant?) to customers' assumptions on the percentage of tip automatic gratuity adds on their bill (i.e., what percentage of service charges do you think automatic gratuity adds?). Results of paired samples t-tests showed that customers either tip more than they assume automatic gratuity systems add (study 1: $M_{usualtip} = 16.92$, $SD = 4.41$ vs. $M_{automatic} = 14.26$, $SD = 5.36$; $t(199) = 6.68$, $p < .001$) or the same as they expect automatic gratuity systems add (study 2: $M_{usualtip} = 15.93$, $SD = 5.23$ vs. $M_{automatic} = 15.48$, $SD = 4.84$; $t(205) = 1.50$, $p = .14$). These analyses further underscore the importance of blocked gratitude (vs. blocked vengeance) as the mechanism explaining negative customer responses to non-voluntary tipping (under high quality service).

6.1. Research contributions

The current work offers three contributions to the literature on customer response to non-voluntary tipping. First, we identify theoretically-insightful and practically-valuable mechanisms that explain why customers respond negatively to non-voluntary tipping. Some existing research sheds light on the negative effect of non-voluntary tipping systems on outcomes such as lower patronage, and mediators such as perceived unfairness and cost associated with non-voluntary tipping (Lynn and Wang, 2013). To our knowledge, however, there is no research that focuses on understanding customers' emotional response to non-voluntary tipping as underlying

mechanisms, or research explaining why customers might experience certain emotions in response to different tipping systems. Emotions are critical in service encounters due to their strong connection with behavioral intentions (e.g., Banik *et al.*, 2019; Kim and Baker, 2019; Liu *et al.*, 2019; Sukhu *et al.*, 2019). Negative emotions (e.g., anger, irritation, frustration,) can often activate negative actions (e.g., negative word of mouth, switching; Bechwati and Morrin, 2003; McColl-Kennedy and Sparks, 2003; Richins, 1997; Xu *et al.*, 2019), while positive emotions (e.g., happiness) lead to positive outcomes (e.g. loyalty, positive word of mouth; Babin *et al.*, 2005; Rychalski *et al.,* 2010). By testing competing models incorporating negative and positive emotions (i.e., blocked vengeance vs. blocked gratitude), the present work contributes to the understanding of the role of emotion in customer response to non-voluntary tipping. Our work also underscores the role of thwarted abilities to punish and reward the server as predictors of those emotions. In sum, the present work advances prior literature by developing and testing an integrative process-focused framework involving dual thwarted ability-emotion pathways linking tipping systems with return intentions.

Second, and relatedly, the current work shows how non-voluntary tipping systems interfere with reward motives and positive emotions when service quality is high, a novel contribution beyond understanding the role of abilities and emotions more generally. Since most services are high in quality (Azar, 2009), it is critical to understand factors that may negatively affect the customer experience in such settings. To punish (Karabas *et al.*, 2019; Voorhees *et al.*, 2006) or to reward (Lynn 2009; 2016) are both possible tipping motivations, and non-voluntary tipping encumbers both. As noted, the present results showed that, under high quality service, non-voluntary tipping undermines the ability to reward one's server, which interferes with positive emotions, translating into reduced return intentions. To our knowledge, the present work

is the first to demonstrate that non-voluntary tipping systems interfere with customers' desire to reward the service employees and tendency to experience positive emotions. Future research capitalizing on this shift in focus (from heightened negative experience to dampened positive experience) could yield additional insights into the drawbacks of non-voluntary tipping systems.

Lastly, the current studies explored the effects of non-voluntary tipping systems under low and high quality service. Existing research on non-voluntary tipping systems suggests that perceived and actual service quality decrease after the adoption of a non-voluntary tipping system (Kwortnik *et al.*, 2009; Lynn and Brewster, 2018). That said, no prior work has examined responses to non-voluntary tipping systems under different levels of service quality. We hypothesized that negative response to a non-voluntary tipping system would be minimized when customers experience high quality service. However, counter to our expectations, the difference in customer response to voluntary and non-voluntary tipping systems was as large or larger under high quality. This counterintuitive yet reliable finding suggests that high quality service does not protect against the negative effects of non-voluntary tipping systems, which highlights important implications for managers, to which we now turn.

6.2. *Managerial implications*

Managers may assume that as long as service quality is high, patrons will accept non-voluntary tipping systems, as there is no need to punish a server. However, counter to this intuitive reasoning, the present results show that when service quality is high, non-voluntary tipping systems undermine the ability to reward servers, dampening positive emotions, and undermining return intentions. These findings should sound a clarion call for managers to think carefully before implementing non-voluntary tipping systems. While managers offering high quality service may believe they are protected against the negative repercussions associated with

non-voluntary tipping systems, our results suggest a non-voluntary tipping policy may undermine their efforts by counterintuitively interfering with the ability to reward servers and experience positive emotions. Indeed, the ability to punish and negative emotions may simply be a red herring when service quality is high, lulling managers into a false sense of security.

Given that non-voluntary tipping systems appear to interfere with the ability to reward servers and experience positive emotions, service establishments using non-voluntary tipping might consider implementing methods to alleviate the negative effect of non-voluntary tipping when service quality is high. For instance, a line on the check for additional tips, or a statement on the menu that customers can leave additional tips, or take some other action (e.g., voting for employee of the month), may grant customers an ability to reward good service, reducing the negative effect of non-voluntary tipping under high quality service. Content customers could also sign prefilled thank you cards on tables for servers to pick and distribute among the various positions (e.g., server, kitchen staff, bartender). This could provide an additional avenue for customers to reward good service, while also increasing motivation across all employees. The cards could also indicate that employees with most cards at the end of a certain period of time would receive a bonus payment. Furthermore, customers' ability to reward could also be restored by emphasizing that the automatic tip was still customers' contribution and not a default amount. A note on the bill emphasizing the automatic tip amount and thanking the customer for their tip may be a way to remind customers that they did, in a manner of speaking, rewarded their server.

Because non-voluntary tipping systems also appear to undermine perceived control, managers might take steps to heighten or restore customers' sense of losing control over tipping. For example, it is possible that an automatic gratuity may be presented as a default option, while

still offering customers the final say in whether they use the default automatic tipping system, or a more standard voluntary tipping system.

In addition, the present studies provide practical insights toward the timing of informing customers about the non-voluntary tipping system. In study 1, participants learned about the non-voluntary tipping system at the time of payment, while in study 2 participants learned about the tipping system prior to dining. Although not the focus of our work, it is possible that customers' service evaluations may be different based on when they learn that the tip would be automatically added to their bill. While learning at the time of payment may come as a surprise, learning before commitment to purchase the service (e.g., seeing it on the menu) may lead to a couple of possible effects. On the one hand, automatic tips may increase customers' expectations for the quality of service. On the other hand, customers would be prepared for the automatic tips and it would give them the option to not buy the service. To test these possible explanations, we merged the service quality evaluations in both studies from the non-voluntary tipping/high quality conditions ($N = 105$). Results of an independent samples t-test revealed a nonsignificant effect ($p = .57$), suggesting that learning about the non-voluntary tipping on the menu or at the time of payment did not have an effect on service quality evaluations.

6.3. *Limitations and future research*

While the current research makes tangible contributions to theory and practice, several limitations should be considered. First, the studies relied on scenarios and self-report measures. Notably, scenarios have several benefits in this context. For example, scenarios allow for control over manipulated conditions while minimizing potential noise (Bitner, 1990). Scenarios also help role-play service failures and recoveries, which would be costly and time consuming to run as a real-life experiment (Smith *et al.*, 1999). Even though scenarios are commonly used in the services literature (e.g., Bitner, 1990, Choi and Mattila, 2008; Karabas *et al.*, 2019; Kwortnik *et*

al., 2009; McCollough *et al.*, 2000; Wan *et al.*, 2011), field experiments could provide evidence

for the robustness of the current findings in real settings with actual customer behavior. A second

limitation of the current work is its generalizability. Even though we established our findings

across two settings (restaurants, hair salons, as noted in Footnote 4**),** future work testing the

replicability of the current findings across a wider range of settings (e.g., hotels, coffee shops) is

encouraged. Indeed, some occupations are more likely to be tipped than others (Lynn, 2016),

which may affect customers' response to non-voluntary tipping systems. Thus, future research

should consider tip expectations as a potential moderator.

Beyond the avenues just noted, it would be valuable to examine what service providers

can do to reduce negative response to non-voluntary tipping. Practices that can help restore

perceived loss of control (e.g., customer feedback cards), or allow the customer to reward the

server beyond an automatically-determined tip, could represent promising strategies for reducing

negative responses to non-voluntary tipping. Anecdotally, some service establishments still leave

a line for tips on the checks even though a certain percentage is already added automatically. In

our studies, participants did not see a line on the check. Future research can test whether this

would be a viable option for managers to allow customers to reward good service. Another

construct that future research should consider is power. For example, tipping is more common in

countries where people have a stronger need for power such that tipping provides customers with

an opportunity to exert power over servers by choosing how much to tip (Lynn, 2000). In

addition, recent research shows that anger and complaining are linked within high (but not low)

power customers (Min *et al.*, 2019). Given these findings, it would be interesting to explore

whether response to non-voluntary tipping systems vary as a function of the customer's power.

Table I

Correlation matrix (study 2)

	M (SD)	1	2	3	4	5	6	7
1. NV Tipping System	N/A	-						
2. Service Quality	N/A	.01	-					
3. Ability to Punish	3.52 (1.90)	-.36**	-.02	-				
4. Ability to Reward	4.93 (1.59)	-.56**	.04	.53**	-			
5. Negative Emotions	2.85 (1.85)	.30**	-.10	.25**	-.25**	-		
6. Positive Emotions	5.06 (1.34)	-.34**	.10	.36**	.65**	-.37**	-	
7. Return Intentions	5.44 (1.25)	-.27**	.16*	.21**	.53**	-.36**	.67**	-

Note. $N = 206$. * $p < .05$; ** $p < .01$ (two-tailed). NV = non-voluntary. Tipping system:

voluntary (1) vs. automatic (2). Service quality: high (1) vs. very high (2).

Table II

Hierarchical regression analysis testing abilities and emotions as mediators linking tipping

systems with return intentions (study 2)

|	B	SE	β	t	p
Model 1					
NV Tipping System	-0.68	0.17	-0.27	-4.10	0.001
Service Quality	0.40	0.17	0.16	2.39	0.018
Model 2					
Tipping System	0.06	0.18	0.02	0.34	0.736
Service Quality	0.32	0.15	0.13	2.19	0.030
Ability to Punish	-0.06	0.05	-0.09	-1.28	0.200
Ability to Reward	0.46	0.06	0.59	7.44	0.001
Model 3					
Tipping System	0.09	0.16	0.04	0.55	0.583
Service Quality	0.20	0.13	0.08	1.60	0.112
Ability to Punish	-0.03	0.05	-0.05	-0.73	0.467
Ability to Reward	0.17	0.06	0.21	2.60	0.010
Negative Emotions	-0.07	0.04	-0.10	-1.52	0.130
Positive Emotions	0.48	0.07	0.52	7.26	0.001

Note. $N = 200$. NV = non-voluntary. Tipping system (1 = voluntary, 2 = automatic). Service

Quality (1 = high, 2 = very high).

Figure 1. Tipping system x service quality interaction on

negative emotions and return intentions (study 1)
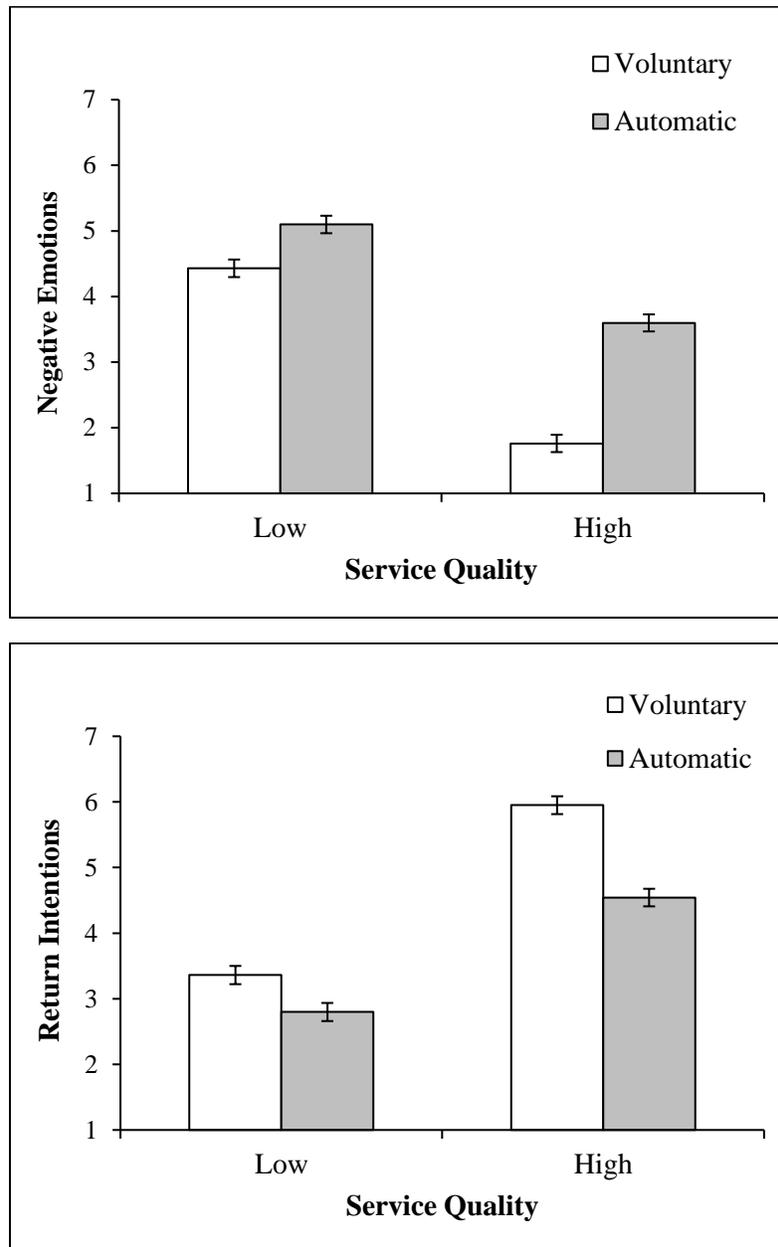
Note. Higher values correspond to higher negative emotions and return intentions. Error bars represent standard errors.

Figure 2. Indirect effect of tipping system on return intentions via negative emotions (study 1)
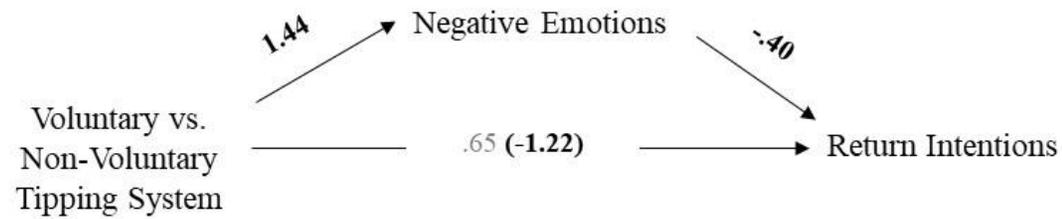
Note. $N = 200$. Unstandardized coefficients shown. All **bolded coefficients** significant ($p < .01$); gray coefficient significant ($p < .01$). Service quality included as a covariate. Indirect effect significant ($CI_{95} = -.8749, -.3255$). Direct path from tipping system to return intentions shows partial (initial) coefficient after (before) controlling for negative emotions.

Figure 3. Blocked vengeance vs. blocked gratitude models linking non-voluntary tipping systems with reduced return intentions
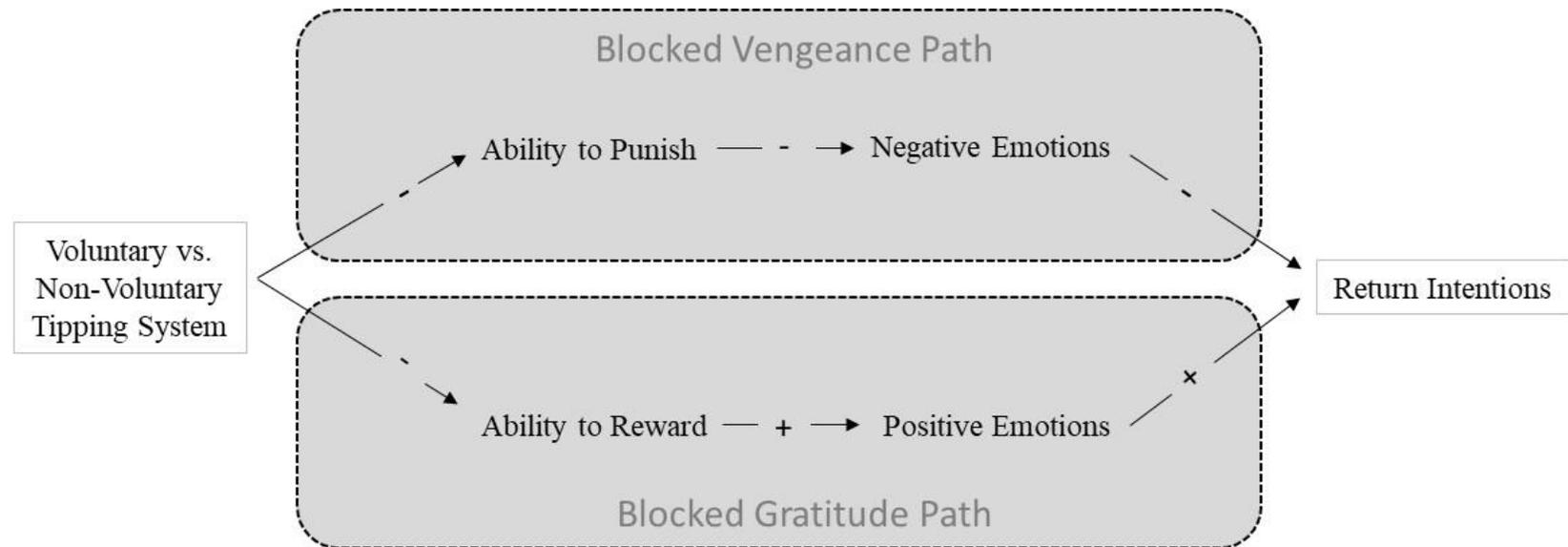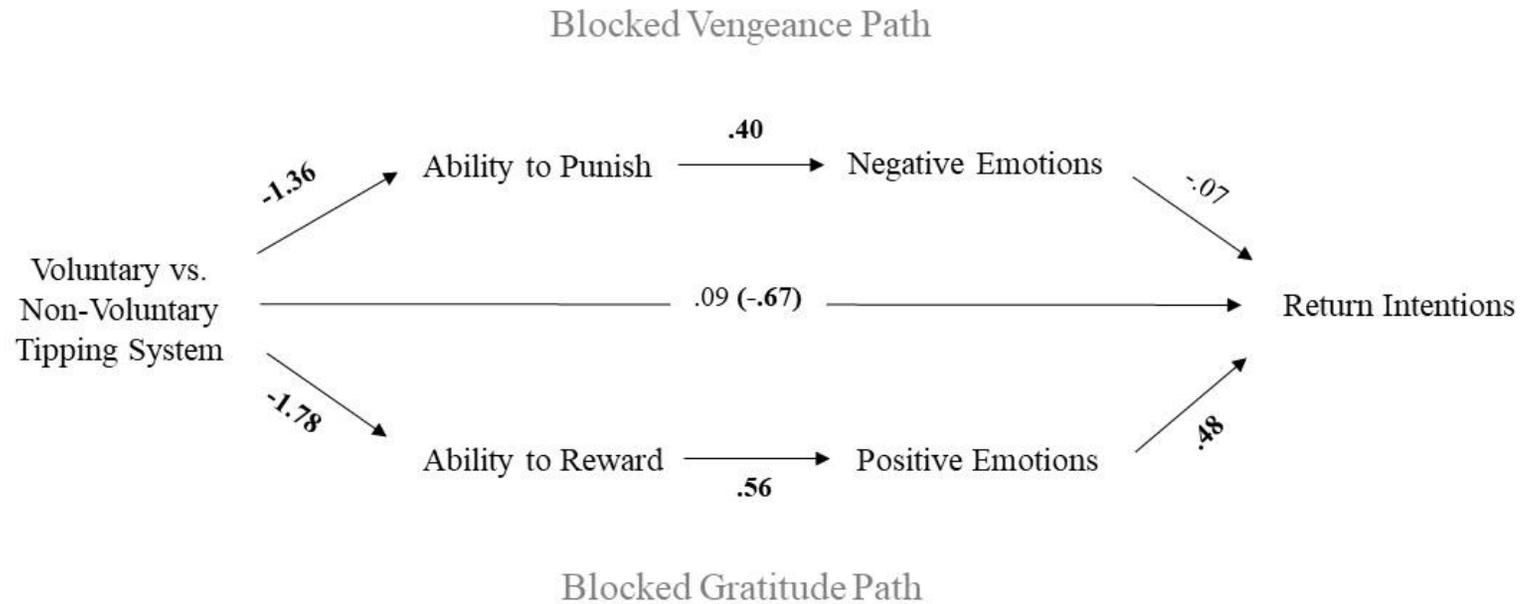
Figure 4. Blocked vengeance vs. blocked gratitude indirect effects tests (study 2)

Note. $N = 206$. Unstandardized coefficients shown. All **bolded coefficients** significant ($p < .001$). Remaining coefficients not significant. Service quality included as a covariate. Blocked vengeance indirect effect not significant ($CI_{95} = -.0121, .0856$). Blocked gratitude indirect effect significant ($CI_{95} = -.7738, -.2607$). Direct path from tipping system to return intentions shows partial (initial) coefficient after (before) controlling for downstream model variables.

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Appendix A

Service quality and tipping system scenarios and experimental manipulations

Study 1

Common Scenario	
The other day, you went to a restaurant to have dinner with a couple of your friends. After arriving at the restaurant and being seated at a table, the server brought you some water and the menus. After spending some time looking through the menu, the server returned to take your order. You ordered soup as a starter. Not long after, the server came back with everyone's orders and your soup.	
Service Quality Manipulation	
Low Quality Service	*High Quality Service*
You started eating your soup and immediately realized that it is not the soup that you ordered. You asked your server for a replacement. The server brought you the correct soup, but it took a while and the server treated you rudely.	You enjoyed your soup.
Common Scenario	
After everyone was done with their meal, the server brought everyone's checks.	
Tipping System Manipulation	
Voluntary Tipping	*Automatic Gratuity*
Once you received the check, you browsed through the items listed and the total price. You then inserted the amount of tip that you wanted to give to the server, signed the check, and left the restaurant.	Once you received the check, you browsed through the items listed and the total price. You then realized that a tip was automatically added to the bill, as this restaurant automatically adds tips to account for the service charge. After signing the check, you left the restaurant.

Note: Study 1 design: 2 (tipping system: voluntary vs. automatic) x 2 (service quality: low vs. high).

Study 2

Common Scenario
The other day, you went to a restaurant to have dinner with a couple of your friends. After arriving at the restaurant and being seated at a table, the server brought you some water and the menus.

Tipping System Manipulation *(Before Commitment to Purchase)*	
Voluntary Tipping	*Automatic Gratuity*
As you were looking through the items on the menu, you noticed the statement which explained that customers decide how much of a tip to give to the server.	As you were looking through the items on the menu, you noticed the statement which explained that tips are automatically added the bill to account for the service charge.

Common Scenario
After spending some time looking through the menu, the server returned to take your order. You ordered soup as a starter. Not long after, the server came back with everyone's orders and your soup.

Service Quality Manipulation	
High Quality Service	*Very High Quality Service*
You enjoyed your soup.	You enjoyed your soup and thought the overall service was excellent.

Common Scenario
After everyone was done with their meal, the server brought everyone's checks.

Tipping System Manipulation *(Each group matched with their previous tipping condition)*	
Voluntary Tipping	*Automatic Gratuity*
Once you received the check, you browsed through the items listed and the total price. You then inserted the amount of tip you wanted to give to the server, signed the check, and left the restaurant.	Once you received the check, you browsed through the items listed and the total price. Since the tip was automatically added to the bill, you just signed the check and left the restaurant.

Note: Study 2 design: 2 (tipping system: voluntary vs. automatic) x 2 (service quality: high vs. very high).

Appendix B

Measures across studies 1 and 2

Service quality evaluation (adapted from Grace and O'Cass, 2004)

Indicate the extent to which you agree or disagree with the following statements regarding the scenario you just read. (1 = strongly disagree, 7 = strongly agree; study 1: α = .97)
a. The service here suited my needs. *(study 1)*
b. The service here is reliable. *(study 1)*
c. This establishment provided quality service. *(studies 1 and 2)*

Scenario realism (adapted from Wirtz *et al.*, 2013)

Using the scale below, indicate the extent to which you agree or disagree with the following statement regarding the scenario you just read. (1 = strongly disagree, 7 = strongly agree; study 1: α = .92)
a. It is easy to imagine being in the situation described in the scenario. *(study 1)*
b. Something like the situation in the scenario can happen. *(study 1)*
c. The scenario is realistic. *(studies 1 and 2)*

Perceived control (adapted from Mulder and Joireman, 2016; Sheldon and Hilbert, 2012)

Thinking about the tipping system in the scenario you just read, to what extent do you feel: (1 = strongly disagree, 7 = strongly agree; study 1: α = .73; study 2: α = .54)
a. that it is making you do things against your will [recoded] *(studies 1 and 2)*
b. you have control over how much you tip *(studies 1 and 2)*

Ability to reward (adapted from Lynn, 2016)

I believe the tipping system in the scenario I just read allows me to: (1 = strongly disagree, 7 = strongly agree; study 2: α = .80).
a. reward good service *(study 2)*
b. repay the server for his/her efforts *(study 2)*

Ability to punish (developed by the authors)

I believe the tipping system in the scenario I just read allows me to: (1 = strongly disagree, 7 = strongly agree; study 2: α = .93).
a. punish bad service *(study 2)*
b. "Get back at" a server who treats me badly *(study 2)*

Positive emotions (adapted from McNiel *et al.*, 2010)

Thinking about the situation in the scenario you just read, you feel: (1 = strongly disagree, 7 = strongly agree; study 2: α = .92)
a. Happy *(study 2)*
b. Content *(study 2)*
c. Pleased *(study 2)*

Negative emotions (adapted from Bougie *et al.*, 2003)

In the scenario I just read, I would feel: (1 = strongly disagree, 7 = strongly agree; study 1: α = .96; study 2: α = .95)
a. Outraged *(study 1)*
b. Frustrated *(study 1)*
c. Angry *(studies 1 and 2)*
d. Resentful *(studies 1 and 2)*
e. Annoyed *(studies 1 and 2)*

Return intentions (adapted from Boulding *et al.*, 1993)

How likely is it that you would return to this establishment again in the future? (1 = not likely at all, 7 = very likely) *(studies 1 and 2)*