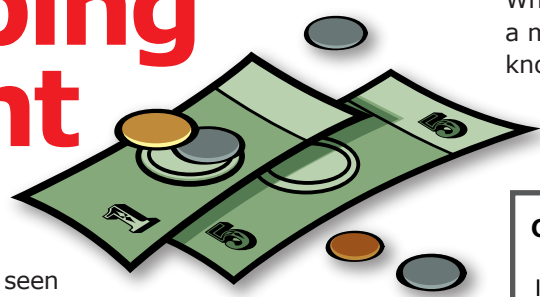




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## The Tipping Point



Gratuity has traditionally been seen as a way to incentivize a server for a great dining experience. Some in the food industry view the practice as outdated for several reasons, one of which is that it can be difficult for owners to split tips to compensate the entire team. After all, it takes strong front- and back-of-house teams working together to ensure guest satisfaction. So how can Operators solve this challenge to compensate their entire staff fairly and provide a living wage?

One idea that has gained some attention is to eliminate tipping. By simply raising menu prices or by adding an administrative or service fee to cover the costs, Operators can pay higher wages across the board that will benefit all employees and eliminate the need for tips to supplement pay. There are always many sides to a story, so let's take a look at some of the pros and the cons of this option from the patrons' viewpoint.

### Pros

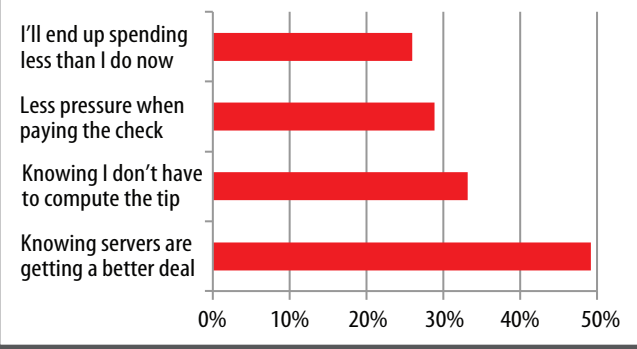
A no-tip policy is going to affect many people, including your patrons. Will they accept this new policy or will it discourage them from dining with you? In a recent survey, 47% of patrons indicated that they were indifferent and 34% were somewhat or very excited about the idea – indicating over 75% of patrons would not be opposed to the policy. The general consensus was that as long as servers were being taken care of, they would support the change.

***By simply raising menu prices or by adding an administrative or service fee to cover the costs, Operators can pay higher wages across the board that will benefit all employees and eliminate the need for tips to supplement pay.***

When patrons were asked "What would you like about a move to no tipping?" the No. 1 response was knowing that their server was getting a better deal.

Patrons also favored not having to compute the tip at the end of the meal.

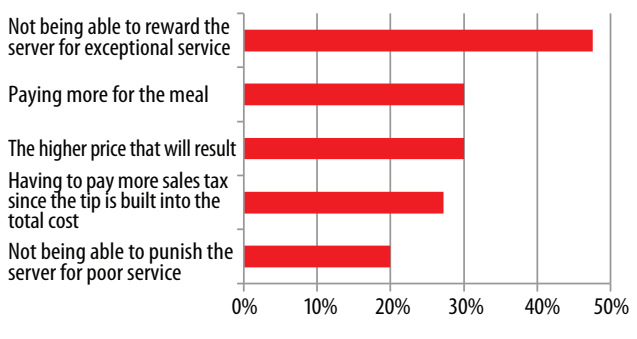
**Q: What would you like about a move to no tipping?**



### Cons

On the other side of this debate, there are patrons who have concerns about eliminating tipping. A full 19% of consumers surveyed indicated that they would be somewhat or very upset if a restaurant did away with tipping. Their viewpoint is based on the idea of subjective tipping or pay for performance. When patrons were asked what they would not like about no tipping, 47% said not being able to reward a server for exceptional service and 20% for not being able to punish a server. There were also concerns that check averages would rise based on higher menu prices and subsequently so would sales tax.

**Q: What would you NOT like?**



## Key P.A.T.R.O.N.® Segment

Visit [conagrafoodservice.com](http://conagrafoodservice.com) to run a P.A.T.R.O.N.® profile of your operation. This proprietary report offers ideas to help Operators understand what motivates patrons to visit their restaurant. It can also help identify elements that can become your PODs to help attract new patrons, inspire smart ways to encourage repeat business and even confirm what you already are doing to promote the value of your brand and offerings.

SIDE DISH

## Patron Key Insights

No matter how patrons feel about a no-tipping policy, this trend is garnering national attention as more and more restaurants jump on the bandwagon. Operators looking for ways to compensate their whole staff with a more consistent living wage will need to understand the pros and cons for all parties affected.



For more targeted recommendations to grow your business, ask your ConAgra Foodservice representative for a customized P.A.T.R.O.N. profile report.

THE P.A.T.R.O.N.®  
Personalized Analysis Targeting Restaurant Operator Needs

## Top 5 Actions

1. Proudly display your no-tipping policy using front-of-house merchandising to ensure your patrons understand how your staff will be compensated.
2. Update your social media and Web presence to promote and educate your patrons on the no-tipping policy.
3. Solicit feedback from your patrons regarding their dining experience by using comment cards or ensuring that a manager personally visits each table before your patrons depart.
4. Implement a waitstaff incentive or "employee of the month" recognition program – engage with your patrons and use their feedback to select the winner.
5. Donate tips to charity. Let's face it; some habits are hard to break. If you have a patron who insists on tipping, collect it graciously and then donate to a local cause. Make sure patrons know whom their tips are supporting.



to go...

Sources: Datassential, *Eliminating Tipping*, Winter 2015  
*Restaurant Business*, *Tipping Is Fair Play*, January 2016  
*Open Table*, *Why the Country's Top Restaurants Are Eliminating Tips*, Oct. 23, 2015

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