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Tipped off: American consumers grapple with tip creep

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NEW YORK (Reuters) - When Ted Rossman was at Newark Airport in New Jersey the other day, he got a shock along with his sandwich.

Rossman, a senior industry analyst for financial information site Bankrate, went to a self-serve kiosk for a snack before a flight, scanned the item himself, and was asked for a tip.

Since there was no other human involved in the transaction, just a machine blinking back at him, he was more than a little flabbergasted.

"People are being asked to tip more than ever," says Rossman. "There are crazy examples that $y(\sqrt{x})$ would have no



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frame.

For taxi or rideshare drivers, from 48% to 41%. For hotel housekeepers, from 28% to 22%. For coffee shop baristas, from 23% to 20%.

So what is going on?

"Tipping in America is truly out of control," says Kashif Ahmed, a financial planner with American Private Wealth in Bedford, Massachusetts. "I understand many folks get most of their pay from tips, but businesses have started to ask for tips when no extra work was done. And in some cases, no human was even present!"

The resentment seems to be widespread. In a separate WalletHub survey, 74% of Americans say tipping has spiraled out of control, 57% say businesses are just replacing salaries with tips and 27% actually tip less when presented with a suggestion screen.

To be clear, this is not a knock on hard-working folks in often-thankless customer service jobs. The federal tipped minimum wage in America is a microscopic \$2.13, so millions of people rely on these tips just to survive.

But the public seems to suspect that corporations are offloading their own costs by getting customers to chip in and provide for their employees instead. In the Bankrate survey, 37% of respondents said businesses should pay their staffers better, rather than relying so much on tips.

For a nation that is already financially squeezed, especially with inflation having driven up the cost of almost everything, being asked for more money all the time is causing a backlash.

Here are three things to consider amid an omnipresent demand for tips:

THE TOUCHSCREEN IS NOT YOUR BOSS

One sneaky factor behind "tipflation" is the tablet touchscreen with pre-loaded amounts. You might be given a few different options like 18%, 20%, 25%, or even 30%.

You do not have to do what a touchscreen is suggesting you do, so do not feel bullied by technology. There is typically a "custom" tipping button alongside those presets, even if the business makes it hard to find, so

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feel emotionally pressured into paying one just because you are afraid of what others might think.

USE YOUR BEST JUDGMENT

Just because you are angry at all the requests for tips these days, do not let it affect your tipping across the board. Use your discretion about which situations truly call for it and, when warranted, absolutely tip generously.

"Do you need to tip someone who punched in your order on the touchscreen? No, because that's something you could've done yourself if given the opportunity," suggests Andrew Herzog, a financial planner in Plano, Texas.

"But do you need to tip someone who cuts your hair, delivers your pizza, or serves your table? Probably yes. The tip should apply to something you were not able or willing to do yourself."

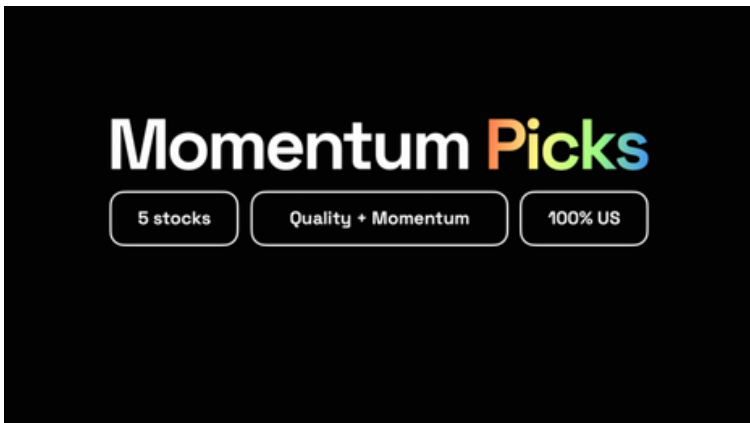
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