

A photograph showing a person in a blue suit jacket handing a US dollar bill to a person in a yellow shirt. The background is dark and out of focus. A blue vertical bar is on the left side of the image.

2023

State of Tipping in Hotels

A first-of-its-kind report on the current tipping practices of hotel guests and the corresponding impact on frontline hotel workers and management teams.

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In light of this situation, many hoteliers have begun experimenting with ways to improve employee retention. Since 2019, [hoteliers have significantly increased employee wages](#) to attract workers back into the hotel industry. However, the staffing shortage has persisted despite the higher wages, suggesting that the wage increases have not been enough.

Since hoteliers must also turn a profit, there is a limit to the wage increases. Therefore, it's not surprising that increasing tips to staff members is becoming a common strategy to boost wages without impacting the hotel's bottom-line.

Tipping has been around in the service sector forever, and tipping practices in industries like restaurants are well known and understood. However, less attention has been paid to tipping specifically in the hotel industry, and how tipping affects the more than [two million people](#) (IBISWorld 2023) that work in the industry.

Though the American Hotel & Lodging Association (AHLA) does offer a [gratuity guide](#) that provides guests with standard recommendations for how much to tip various types of hotel workers, actual tipping practices are far from universal.

To combat the ongoing staffing shortage, hoteliers need more clarity into the ability of tipping to meaningfully increase employee pay and keep them on the job.

The following report summary was created to provide that clarity.

Introduction

INDUSTRY BACKGROUND

In the past few years, industries all over the world experienced substantial disruption due to COVID-19. The hotel industry was acutely affected during this crisis with mass shutdowns of lodging properties and a crippling of both business and personal travel. During the early stages of the pandemic, many hotels were forced to layoff workers and cut shifts. However, as the world reopened and consumers began traveling again, many of these workers never returned to their positions as housekeepers, front desk agents and other key frontline staff members. This caused a staffing shortage in the hotel industry that has still not abated as of 2023.



EXECUTIVE SUMMARY

This first-of-its-kind report combines original survey data with unique insights gathered from the [Canary](#) platform. Its goal is to examine the current state of tipping in hotels and provide insights into guest practices and the corresponding effects on employees.

Key points that are covered in the following report include:

- The hotel industry is still in the midst of a massive staffing shortage
- Despite significant wage increases since 2019, the staffing shortage has persisted
- Increasing tips is a major lever hoteliers have to attract workers back to the hotel industry
- The vast majority of hotel workers would be more likely to stay in their current role if the amount in tips they receive was increased
- And hotel guests overwhelmingly believe hotel workers should be tipped
- However, a relatively small percentage of guests actually tip hotel workers today
- And tips to hotel workers has generally decreased over time as guests carry less cash
- But Digital Tipping solutions can help increase the frequency of tips to hotel guests and lift tip amounts above hotel industry gratuity guidelines
- In fact, more than 70% of hotel guests would tip more if a Digital Tipping solution was available
- Hotel employees think hotel owners and operators have a responsibility to help them earn more tips and are open to working with new technology tools to make that happen

SURVEY PARTICIPATION & METHODOLOGY

From Jan. 26 to Feb 6, 2023, Canary Technologies ran two concurrent surveys of hotel guests and workers to gain insights into tipping behavior at lodging properties across America.

In the first survey, 1,000 recent hotel guests (i.e., stayed at a hotel in the previous 12 months) representing a broad swath of the general public were asked to respond to a variety of questions regarding their tipping behavior and knowledge of tipping etiquette in hotels.

In the second survey, 300 hotel employees across a variety of roles were asked to respond to questions regarding the tipping practices of guests, how tips have fluctuated over time, and the impact tipping can have on decisions regarding employment.

AUDIENCE BACKGROUND: HOTEL WORKERS



EMPLOYMENT STATUS

- Currently a hotel employee 37.67%
- Not currently a hotel employee, but worked in hotels in the past 5 years 39.67%
- Not currently a hotel employee, but worked in hotels more than 5 years ago 22.67%

ROLE AT A HOTEL:



27.67%

housekeeper



25.67%

front desk agent/manager



13.67%

kitchen/server



11.67%

valet



10.67%

bellhop



10.67%

concierge

MEMBER OF A UNION



● no 60% ● yes 40%

Each group was surveyed using Pollfish. This report is primarily based on these surveys with supplementary proprietary data from Canary's platform.



Guest Perceptions of Tipping in Hotels

Overwhelmingly, hotel guests believe that hotel employees are hard-working individuals that deserve to be tipped.

Canary's survey found that an impressive **80 percent** of recent hotel guests believed that housekeepers should receive tips. And **60 percent** of hotel guests claimed to have tipped frontline hotel employees during a recent hotel stay.

However, consumers tend to inflate their own contributions or fall prey to overconfidence in their performance.

In a well-known [study published by AAA](#) in 2018, 73 percent of US drivers considered themselves better-than-average drivers despite the fact that statistically only 50 percent of drivers can be better than the average driver

Similarly, Canary's surveys found a significant discrepancy between how much hotel guests say they tip and how much hotel workers say they receive. And since consumers are known to overinflate their own abilities and actions, we put more weight on what hotel workers report than what consumers say they do.



The Current State of Tipping in Hotels

REPORTED TIPS FOR HOTEL WORKERS

According to survey results from hotel workers, guest tipping behavior does not reflect their positive feelings toward the practice. Hotel workers reported that **only 30 percent of guests tip staff members**. And when guests do show their gratitude financially, **they tend to tip less than \$10**.

For the **vast majority of hotel workers** (~75 percent), tips from guests translate to roughly **\$1 per hour in additional take-home pay**. However, for **housekeepers**, this actually works out to an **average of less than \$1 per hour of additional take-home pay** from guest tips.



60% of guests CLAIM they tip, but only **30% of guests** actually tip staff members...

...and when they do, they tip



less than \$10

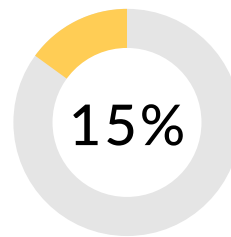
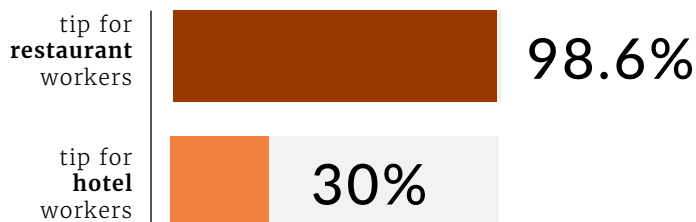
(according to data reported by hotel workers)

HOTEL WORKERS ARE TIPPED LESS THAN SERVICE-INDUSTRY PEERS

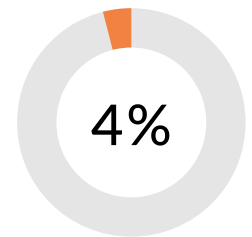
Hotel workers are tipped far less frequently and receive smaller tips than their service industry peers.

In survey results, 98.6 percent of recent hotel guests claimed to tip at restaurants when they dine out. This is much higher than the 30 percent of guests that hotel workers report tip hotel staff.

CONSUMER TIPPING COMPARISON BY INDUSTRY



percentage of bill tipped in **restaurants**



percentage of bill tipped in **hotels**

And when consumers do leave a tip, they report giving 15 percent of their restaurant bill but only 4 percent of their hotel bill.

Given guests' generally positive feelings toward tipping hotel workers – and the generosity shown towards restaurant workers – it can be assumed that a lack of willingness to tip is not the primary reason for this disparity. With the right mechanisms in place, hoteliers should be able to tap into the good will of their guests and increase tipping frequency at their properties.

Hotel Worker Tips Have Generally Decreased Over Time

According to data reported by hotel housekeepers, there may have been a time when both tipping frequency and amounts were much higher.

Approximately **70 percent of housekeepers reported that tips from guests have stayed the same or decreased over the past 5 years.** And **33 percent of housekeepers report that tips have significantly decreased over the past 5 years.**

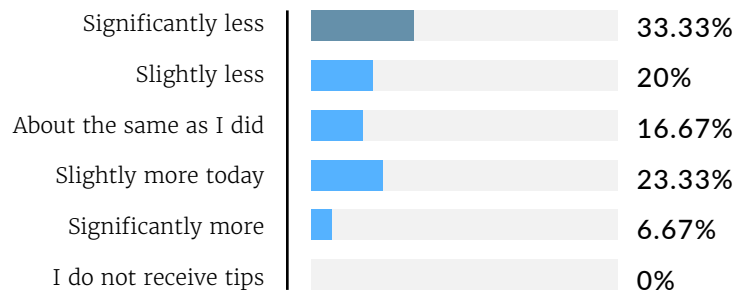
In contrast, only 7 percent of housekeepers reported an inverse experience in which tips have significantly increased over the past 5 years.

THE REASON TIPS HAVE DECLINED

In an era of credit card transactions, online payments and digital wallets, it's little surprise that about 60 percent of hotel guests claim to carry less cash than they did just five years ago, with nearly 40 percent declaring they consider significantly less cash.

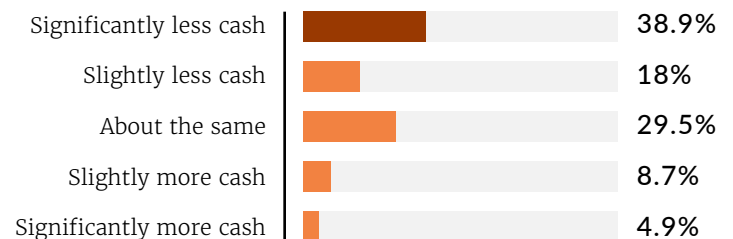
With the reduced amount of cash circulating through the economy, it can be expected that service employees would see a decrease in the amount of tips they receive. And it's clear that this change in consumer behavior has had a significant negative impact on tips provided to

During your time working in hotels - compared to 5 years ago -
HOW MUCH IN TIPS DO YOU CURRENTLY RECEIVE DURING A TYPICAL 8-HOUR SHIFT?



frontline hotel staff members – a group already considered under-tipped when compared to their counterparts in the restaurant industry.

DO YOU CARRY MORE OR LESS CASH IN YOUR WALLET than you did 5 years ago?



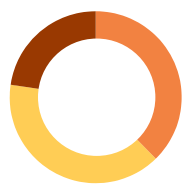
What This Means for the Hotel Industry

According to a 2023 report from the [Bureau of Labor Statistics](#), the hotel industry has an employee turnover rate of 73.8 percent.

Likewise, [AHLA found in a 2022 survey](#) that 87 percent of hotels indicated they are experiencing a staffing shortage. And more than one-third (36 percent) of respondents claimed to be experiencing a “severe” staffing shortage.

Canary’s survey findings paint a similar picture. Less than 40 percent of hotel worker respondents claimed to still work in the hotel industry as of today.

DO YOU CURRENTLY WORK IN THE HOTEL INDUSTRY?*



● Yes	37.67%
● No, but I have worked in hotels in the past 5 years	39.67%
● No, but I worked in hotels more than 5 years ago	22.67%
● No, I have never worked in hotels	0.00%

*Question was only asked to respondents who currently work - or used to work - in the hotel industry.

In this environment, hospitality workers are more important to retain than ever and increasing tips can be a key factor in keeping hotel employees on the job.

HOW HOTEL WORKERS VIEW TIPS IN RELATION TO THEIR EMPLOYMENT

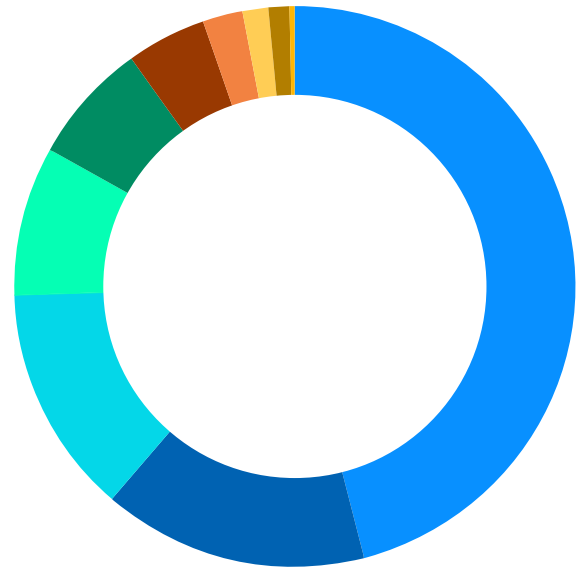
According to data reported by frontline hotel workers, increasing staff tips at a property can provide hotel management with a strong bulwark against the numerous economic forces driving high staff turnover.

In Canary’s survey, **low pay was the most commonly reported reason** hotel workers left the industry.

HOW HOTEL WORKERS VIEW TIPS IN RELATION TO THEIR EMPLOYMENT (CONT.)

WHY DID YOU STOP WORKING IN THE HOTEL INDUSTRY?

● Low pay/could receive higher pay in other industries	23.53%
● Limited career opportunities	14.29%
● I needed a new job & couldn't find a job in the hotel industry	20.17%
● I no longer work (retired, homemaker, etc.)	13.45%
● Inadequate benefits (healthcare, retirement, etc.)	13.45%
● Other	15.13%

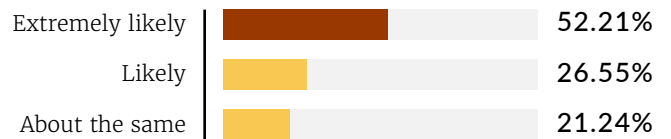


However, hotel staff are open to ways of increasing compensation beyond simply having hotels raise the hourly wages for which they are contracted.

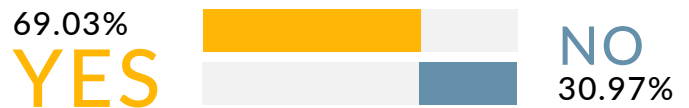
Nearly 80 percent of current hotel workers say they would be more likely to stay with their current employer if their tips were increased, with more than half stating that they would be extremely likely to stay in their position.

Hoteliers suffering from the effects of the staffing shortage should also take note that approximately **70 percent of current employees feel hotel management teams have a duty to encourage tips to staff members.**

HOW MUCH MORE LIKELY ARE YOU TO STAY WITH YOUR CURRENT EMPLOYER IF YOU ARE TIPPED MORE?



DO YOU FEEL HOTEL MANAGEMENT TEAMS HAVE A DUTY TO ENCOURAGE GUESTS TO TIP STAFF MEMBERS?





Technology's Role in Increasing Tips to Hotel Workers

The practice of tipping in hotels has reached an inflection point, primarily due to three driving factors:

- 1** Hotel guests have an expressed desire to tip hotel employees, and yet, do so less frequently than ever due to a decline in the amount of cash they carry and a variety of other factors.
- 2** Hotel workers have been dealing with the financial impact from falling tips for years and have a heavy interest in recouping this lost income.
- 3** Hotel management teams across the industry are experiencing an acute staffing shortage with no foreseeable end in the near future.

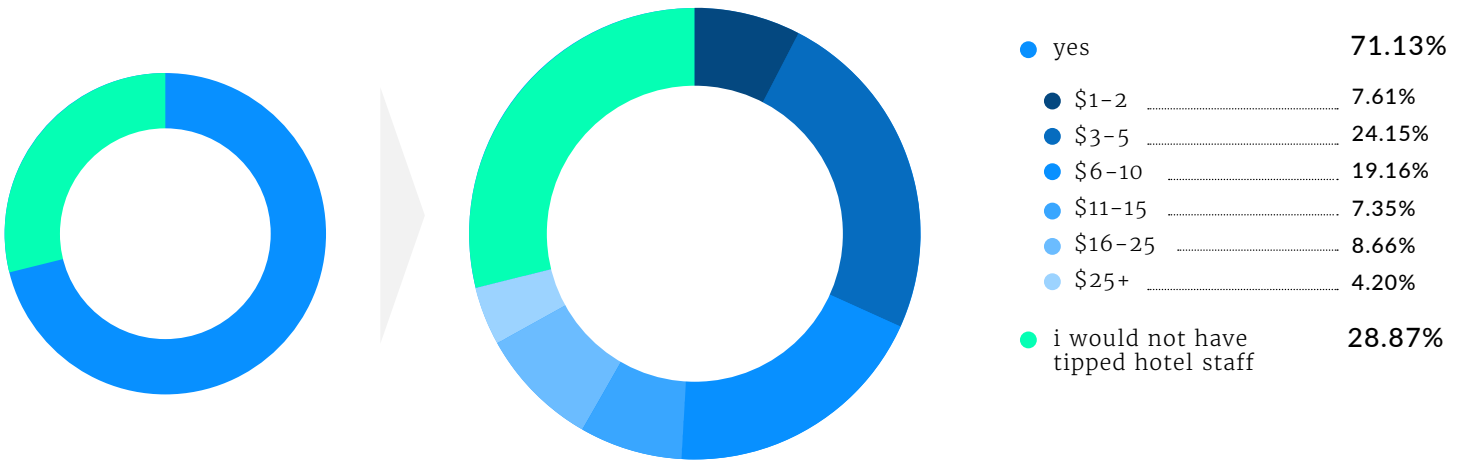
In this landscape, it is in the interest of all three groups to leverage new [digital tipping](#) technology solutions that make tips easier to give, more frequent and larger.

GUESTS WOULD TIP SIGNIFICANTLY MORE IF DIGITAL SOLUTIONS WERE AVAILABLE

Of guests that don't tip, more than 70 percent say they would have tipped guests if [Digital Tipping](#) was available:

Digital tipping solutions enable guests to tip hotel staff members easily via their mobile device.

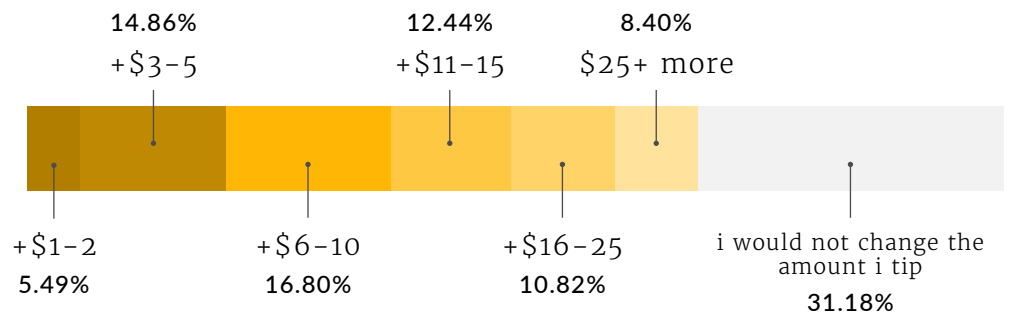
IF DIGITAL TIPPING WAS OFFERED DURING YOUR MOST RECENT HOTEL STAY, HOW MUCH WOULD YOU HAVE TIPPED THE STAFF?



Nearly 70 percent of survey respondents that tipped hotel staff say...

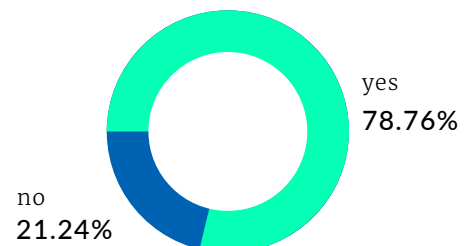
...they would have tipped MORE if they were presented with a Digital Tipping option.

Digital tipping solutions enable guests the ability to tip hotel staff members easily via their mobile device. IF DIGITAL TIPPING WAS OFFERED AT YOUR MOST RECENT HOTEL STAY, WOULD YOU HAVE LEFT A LARGER TIP?



Hotel workers are eager to engage these solutions to help them boost take-home pay.

Digital tipping solutions enable guests the ability to tip hotel staff members easily via their mobile device. WOULD YOU BE INTERESTED IN WORKING WITH A DIGITAL TIPPING SOLUTION AT YOUR PROPERTY IF IT INCREASED YOUR TIPS?





Boost staff pay by up to \$3/hr



Increase staff retention



Enhance the guest experience

Canary Digital Tipping

**WANT TO INCREASE STAFF PAY
AT YOUR PROPERTY?**



BOOK A DEMO TO SEE HOW

Visit canarytechnologies.com/products/digital-tipping now.

TRUSTED BY OVER 20K HOTELIERS WORLDWIDE

Additional Points of Interest

In addition to the above information included in this report, Canary's surveys of hotel guests and workers revealed a variety of other intriguing data points.

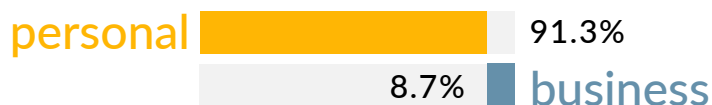
Business travel remains at a low level since the pandemic.

This is likely to have had a generally negative impact on the take-home pay of hotel workers, as business travelers are approximately 15 percent more likely to offer tips than their counterparts who are traveling for personal reasons.

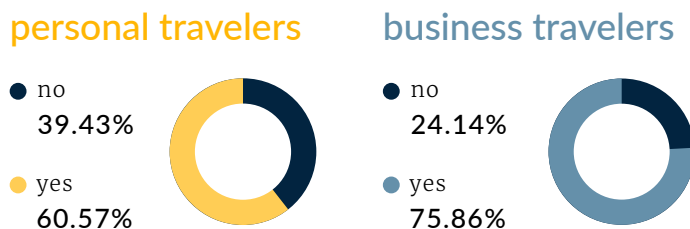
More than half of hotel guests want their check-in and checkout process digitized, even as COVID concerns have become less prevalent.

Percentage of Guests That Leave a Tip for Hotel Workers by Income Bracket (as reported by hotel guests)

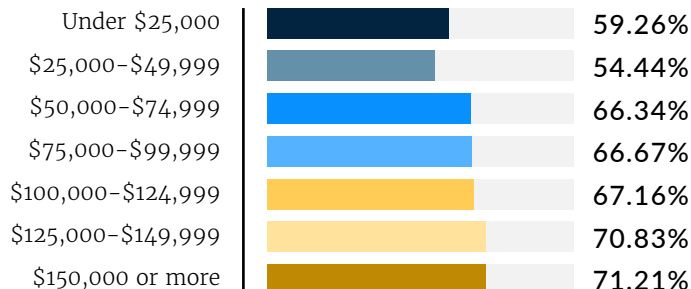
WHAT WAS THE PURPOSE OF YOUR MOST RECENT TRIP WHEN YOU STAYED AT A HOTEL?



DURING YOUR MOST RECENT HOTEL STAY, DID YOU LEAVE A TIP FOR THE HOTEL STAFF?



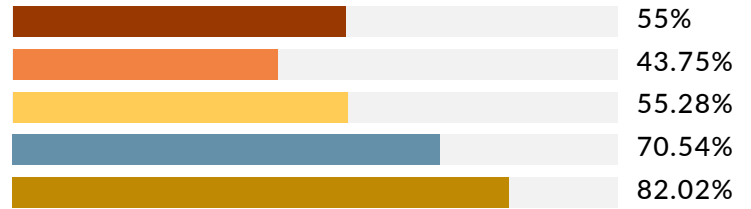
WHAT ASPECTS OF THE HOTEL EXPERIENCE WOULD YOU LIKE TO SEE DIGITIZED? *Select all that apply*



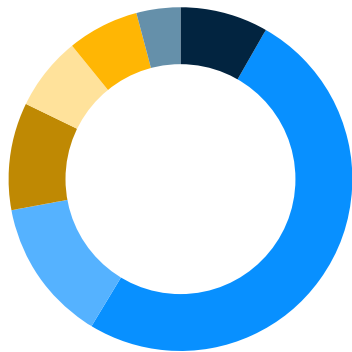
ADDITIONAL POINTS OF INTEREST (CONT.)

Percentage of Guests That Leave a Tip for Hotel Workers by Hotel Class (as reported by hotel guests)

- ★ Hostel, backpacker motel, etc
- ★★ Economy Hotel (e.g., Days Inn, Motel 6, etc.)
- ★★★ Midscale Hotel (e.g., La Quinta, Hampton Inn, etc.)
- ★★★★ Upscale Hotel (e.g., Hilton, Marriott, etc.)
- ★★★★★ Luxury Hotel (e.g., Four Seasons, Waldorf Astoria, etc.)

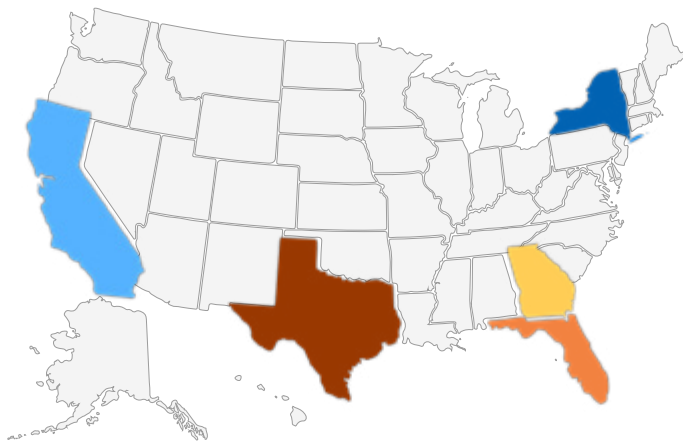


Half of all hotel tips go to housekeepers, followed by room service servers and front desk agents.



AT YOUR MOST RECENT STAY, WHAT PERCENTAGE OF YOUR OVERALL TIP WENT TO EACH DEPARTMENT

● Valet	8.26%
● Housekeepers	50.4%
● Room Service	13.44%
● Front Desk	10.1%
● Concierge / Guest Services	6.95%
● Bellhop	6.73%
● Other	4.13%



MOST COMMON DESTINATIONS

- california
- texas
- new york
- georgia
- florida

KEY TAKEAWAYS & ACTION ITEMS FOR HOTELIERS

There are a variety of important conclusions that can be drawn from this report with important implications for both hotel workers and managers, including:

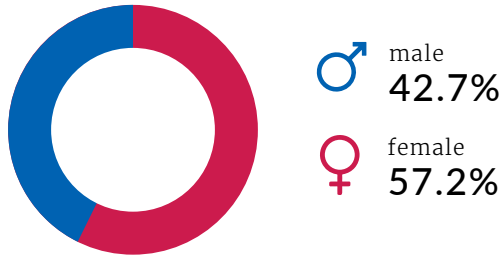
- Though less prevalent than tipping in restaurants, tipping hotel workers remains a common practice that hotel guests, employees and management teams have an interest in improving
- Publicly available information around tipping etiquette in hotels appears dated in light of the data collected in Canary's surveys. The AHLA recommends a tip range of between \$1-5 for many hotel workers. However, average tip amounts reported by both guests and hotel workers imply that this recommendation may be low
- Hotel employees feel that tips are an important part of their compensation and want active help from management teams in increasing their amount and frequency
- Digital tipping technology can provide a powerful tool for hotel management teams that want to increase tips to their employees and stem the staffing crisis

Appendix & Demographics

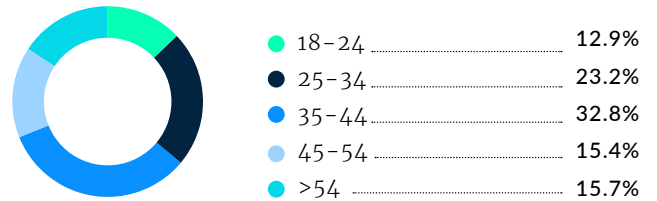
AUDIENCE BACKGROUND: GUEST SURVEY

NUMBER OF RESPONDENTS: 1,000

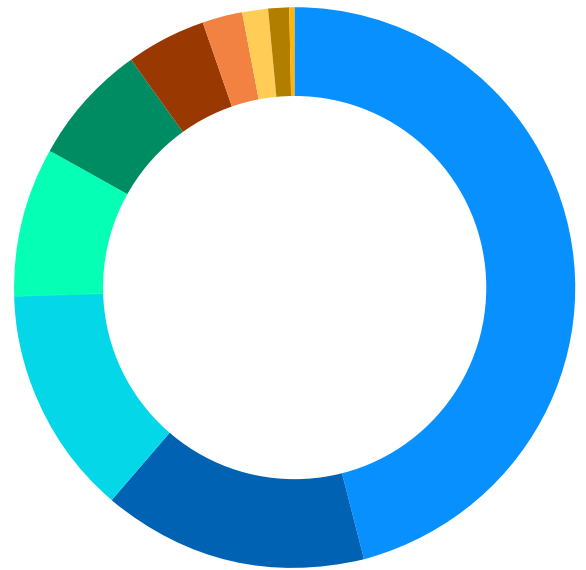
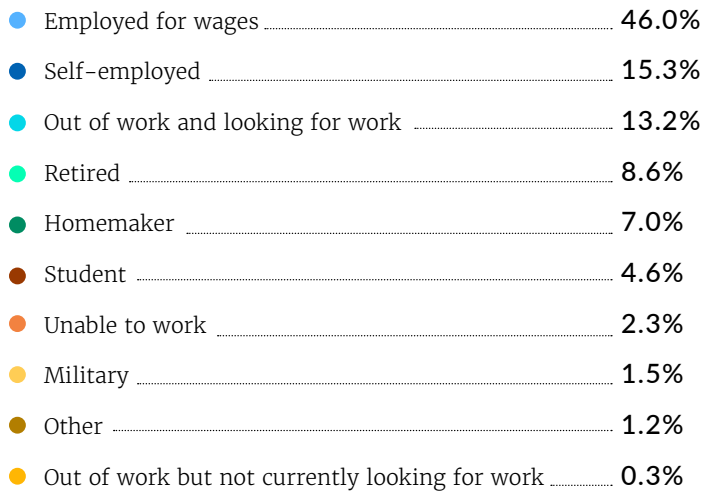
SEX



AGE



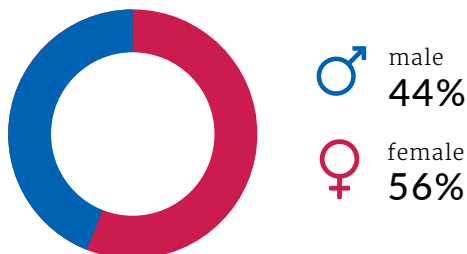
EMPLOYMENT STATUS



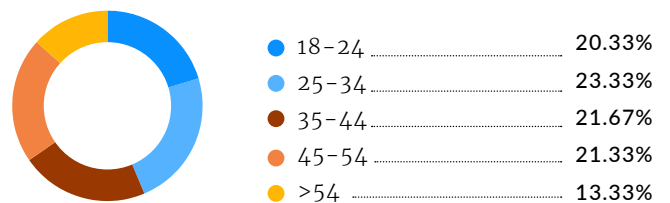
AUDIENCE BACKGROUND: HOTEL WORKER SURVEY

NUMBER OF RESPONDENTS: 300

SEX



AGE



ABOUT CANARY

Canary Technologies is modernizing the hotel tech stack with the first mobile web end-to-end Guest Management System and its award-winning Digital Authorizations solutions. Digitizing everything from post-booking through checkout, Canary is trusted by more than 20k hoteliers in more than 70 countries, including Four Seasons, Choice Hotels, Radisson Hotels and Ace Hotel Group. Canary's solutions help hotels eliminate paper processes, boost revenue with upsells, raise staff efficiency, ensure PCI compliance, improve the guest experience, and reduce chargebacks and payment fraud.

Learn more at canarytechnologies.com.

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