



Beauty and the feast: Examining the effect of beauty on earnings using restaurant tipping data [☆]



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ABSTRACT

This paper looks at the effect of beauty on earnings using restaurant tipping data. Customers were surveyed as they left a set of five Virginia restaurants about the dining experience, their server, and themselves, including about their tip and their server's beauty and productivity. I find that attractive servers earn approximately \$1261 more per year in tips than unattractive servers, the primary driver of which is female customers tipping attractive females more than unattractive females. Potential explanations of this earnings gap are drawn from both the labor and experimental economics literatures, the most compelling of which is customer taste-based discrimination.

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1. Introduction

Beauty is desired. Despite the risks (Mayo Clinic Staff, 2010), Americans spent more than \$12 billion consuming over 11 million cosmetic procedures in 2013, the latter which represents an approximate 279 percent increase over 1997 cosmetic procedure consumption (ASAPS, 2013). Of the over 11 million cosmetic procedures performed in 2013, nonsurgical procedures (e.g., Botox injection, laser hair removal) accounted for nearly 84 percent of the total and surgical procedures (e.g., liposuction, breast augmentation) accounted for only about 16 percent, with females consuming the lion's share of procedures at roughly 91 percent (ASAPS, 2013). Less risky means of attaining beauty include spending on clothing and the use of beauty products (Hamermesh, Meng, & Zhang, 2002). Consumer spending by Americans on clothing in 2013 amounted to

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approximately \$127 billion, with expenditures by women comprising close to 63 percent of this total (Bureau of Labor Statistics, 2014), and based on the results of a 2013 survey of Americans conducted jointly by *The Huffington Post* and YouGov, roughly 40 percent of males and about 80 percent of females use at least one beauty product to get ready in the morning on a typical day (Adams, 2013). All of this attention paid to beauty and appearance is not just a sign of the times. Medieval noblewomen, for instance, swallowed arsenic and applied the blood of bats to improve their complexions, and Victorian ladies trying to attain a wasp-like waist would have their lower ribs removed (The Economist Newspaper Limited, 2003).

Beauty pays. In their seminal study, Hamermesh and Biddle (1994) find that plain looking people earn less than average looking people, who in turn earn less than good looking people. Subsequent work, as a means of better controlling for productivity and other differences across individuals that might be correlated with beauty, has focused on workers either within a specific occupation (e.g., Biddle & Hamermesh, 1998) or in an experimental labor market (e.g., Mobius & Rosenblat, 2006). Related experimental work has examined the effect of beauty in dictator games (e.g., Rosenblat, 2008), public goods games (e.g., Andreoni & Petrie, 2008), ultimatum games (e.g., Solnick & Schweitzer, 1999), and trust games (e.g., Wilson & Eckel, 2006). Other studies have looked at the effect of beauty on callbacks using audit studies. For example, in Boo, Rossi, and Urzua (2013), attractive people receive more callbacks than unattractive people. Ruffle and Shtudiner (in press) find a beauty premium related to callbacks for attractive men but not for attractive women. The focus here in this paper, however, is on the effect of beauty on earnings.

One explanation of why beauty pays, formalized in Becker (1957), is taste-based discrimination, which comes in two flavors. Employer taste-based discrimination, evidence of which is found in Hamermesh and Biddle (1994), says that employers receive utility from interacting with attractive workers, and thus choose to pay them more. Evidence of customer taste-based discrimination, which says that attractive workers earn more than unattractive workers because customers have a taste for the former, thus making the former more productive, is found in Biddle and Hamermesh (1998).

Another explanation of why beauty pays has to do with certain stereotypes people ascribe to attractive people, including but not limited to intelligence, competence, leadership skills, and health (Eagly, Ashmore, Makhijani, & Longo, 1991; Feingold, 1992; Langlois et al., 2000). For example, Mobius and Rosenblat (2006) attribute a portion of their beauty premium to employers perceiving beautiful workers as being more able. Similarly, the public goods experiments in Andreoni and Petrie (2008) reveal a beauty premium among participants resulting from players' expectations that more attractive subjects are more cooperative. However, attractive subjects contribute, on average, no more or less than others. The beauty premium disappears when information is provided on individual contributions and becomes a beauty penalty. When expectations that beautiful people are more cooperative are dashed, people are less cooperative with them. Wilson and Eckel (2006), using trust game experiments, find that attractive trustees are viewed as more trustworthy than less attractive trustees and, thus, earn more in the first stage of the game; however, trustees expect attractive trusters to send more than they do and when these expectations are dashed, attractive trusters are punished (less is sent back by the trustee).

Two additional explanations of why beauty pays are because more attractive people have better negotiation skills and are more confident. For example, using dictator game experiments, Rosenblat (2008) finds that attractive recipients earn more than less attractive recipients, but only when dictators are able to both listen to recipient pre-recorded speeches and view recipient photographs. Mobius and Rosenblat (2006) attribute part of their beauty premium to attractive people having both better oral skills and greater confidence.

This paper contributes to this literature by presenting new evidence of whether and why beauty pays using restaurant tipping data. More specifically, using survey data that I collected outside of five Virginia restaurants, I look at whether beauty pays by comparing the tip earnings of attractive and unattractive restaurant servers and then consider taste-based discrimination, stereotypes, and negotiating ability, oral skills, and confidence as potential explanations of why beauty pays.¹ Survey respondents (respondent and customer are used interchangeably throughout the paper) answered questions about the size of the bill and tip, characteristics of the dining experience, and server and own demographics. Server beauty here is measured such that it is in the eye of the beholder, by asking customers to rate their server's beauty on a five-point scale. Previous studies have relied either on interviewer ratings of beauty (e.g., Hamermesh & Biddle, 1994), self-reported ratings of beauty (e.g., French, 2002), independent photo-based ratings of beauty (e.g., Hornik, 1992; Biddle & Hamermesh, 1998; Solnick & Schweitzer, 1999; Lynn & Simons, 2000; Mobius & Rosenblat, 2006; Wilson & Eckel, 2006; Andreoni & Petrie, 2008; Rosenblat, 2008; Belot, Bhaskar, & van de Ven, 2012; Ruffle & Shtudiner, in press), or objective measures of beauty (e.g., Boo et al., 2013). Because the customer's rating of the server's beauty occurs roughly simultaneously with their leaving of a tip, we are able to rule out simultaneity bias between the server's beauty and the tip amount.² Server productivity is measured by asking respondents to rate the quality of service they received from their server on a seven-point scale. Few previous studies of the effect of beauty on earnings control for actual productivity (e.g., Mobius & Rosenblat, 2006; Belot et al., 2012). None to my knowledge do so in a real-world work setting like is done here.

¹ The unit of analysis in this paper is the customer. Thus, an alternative statement is that this paper compares the tips of customers who rate their server as attractive with the tips of customers who rate their server as unattractive. Because there is substantial agreement on what constitutes human beauty within a society at a point in time (Hamermesh, 2011), such a statement is equivalent to the statement that this paper compares the tip earnings of attractive and unattractive restaurant servers.

² The customer dines, leaves a tip, exits the restaurant, and then is asked to complete a survey. Thus, it is virtually impossible for the tip that is left by the customer to cause the server's beauty as measured by the customer.

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