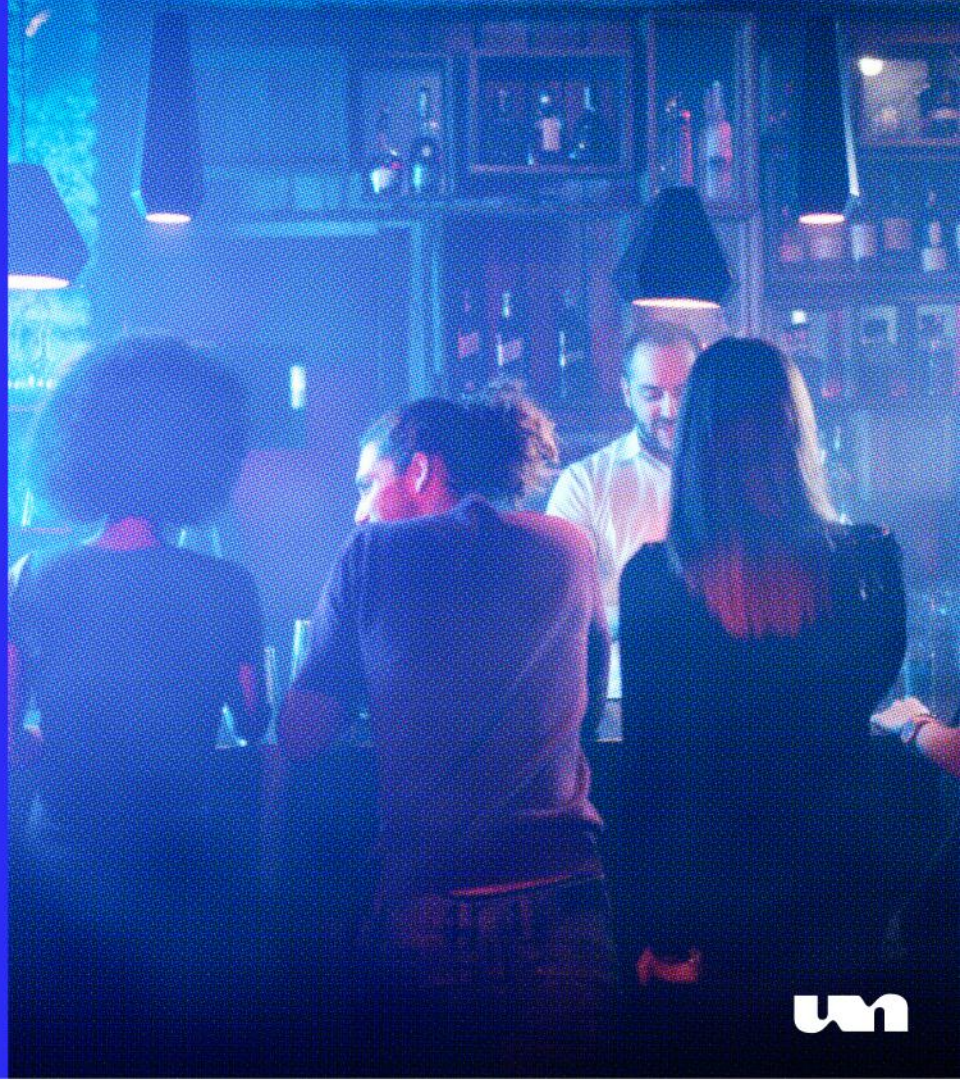


OnPrem Insights
by **union**

JUST THE TIPS

Ever wonder if women tip more than men? Or how the time of day impacts tip %? This report dives into all that and more, evaluating tipping behavior across Union venues from March 2022 through August 2022.

September 2022 Report
March 2022 --- August 2022



WHAT'S IN THIS REPORT

This report is part of our Guest Behavior series that examines non-category-specific consumer choices. This particular report covers March 2022 through August 2022 and focuses on tipping behavior.

The Union GuestMatch™ and MenuMatch™ technologies enable Union to form and track ad-hoc guest cohorts and analyze behavior over time. These findings are based on actual guest behavior, not surveys, depletions into the venues, or other indirect techniques.

WHERE THE DATA COMES FROM

Union is a POS and mobile ordering & payment system specifically designed for the needs of the highest volume bars and restaurants. And the secret sauce is our proprietary canonical data foundation underlying all branded menu items.

This foundation allows Union to capture on-premise consumption data with an unprecedented level of precision, comprehensiveness, and granularity, from thousands of venues serving millions of guests per month across 34 states.

WHY THIS DATA MATTERS

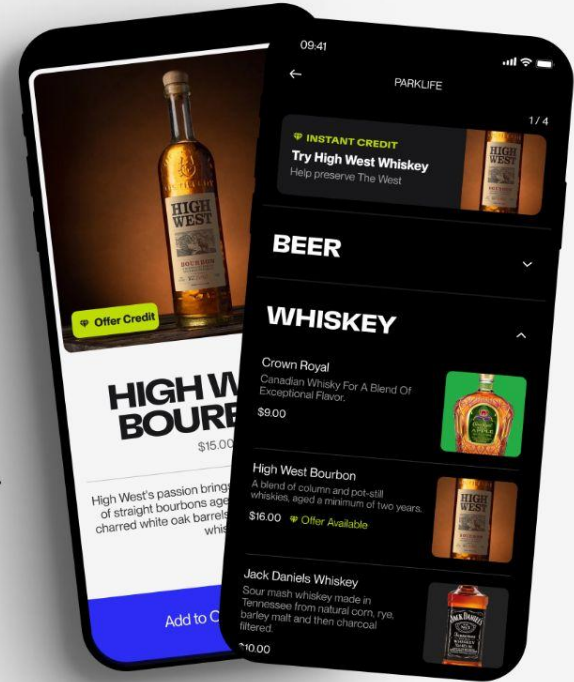
YOU CAN IMPACT THESE TRENDS

On-premise is the key channel for brand building. It's where consumers discover new brands, seek recommendations, and have their most formative brand experiences. And every city has its most popular bars and restaurants. The venues with the most consumer action, where trends are born and take hold.

Because these accounts are typically independently owned/operated, they collectively provide the most comprehensive and accurate "finger on the pulse" of alcohol beverage consumers.

What's even more exciting is that Union doesn't just report the news, but we also help brands make the news. Through our direct connection to thousands of GMs/owners and millions of consumers, we help brands drive distribution and recruit new consumers at the most popular independent on-premise bars and restaurants throughout the country.

For more information on Union Impact programming, please see the last page of this report.



Union allows your brand to directly reach millions of consumers on their smartphones while ordering at bars & restaurants all over the country

Tips get higher as the night gets later

As the sun goes down, tip percentages start going up, with a 19% jump from lunch time to the late night crowd.



To be the first to receive our upcoming reports that dive deeper on tipping by food or drink sales, subscribe on getunion.com/impact

Tip % by Time

TIME OF DAY

TIP PERCENT

| | |
|---------------------------------|--------------|
| Lunch Before 4pm | 18.0% |
| Happy Hour 4 - 7pm | 19.2% |
| Dinner 7 - 10pm | 19.5% |
| Late Night After 10pm | 21.4% |

Tips get smaller as check sizes increase

Tip % gets smaller as a guest spends more in total. The lowest end is influenced by whole dollar tips on small tickets (e.g., guests often leave a \$2 tip for a \$3 beer, a tip percentage of 67%), but that effect fades above \$20.

Within the very common tab range of \$20 to \$140, there is a steady correlation of $-.032$ between tab size and tip. The tip percentage levels out above \$140 between 17.5% and 18.0%.

This analysis also suggests the common practice of automatically applying an 18% gratuity to large parties may just narrow the variance from check to check, but not actually meaningfully increase the total tips for servers.

A big take-away from this data from a server perspective, a request to “split the check” between multiple guests should be viewed as an opportunity to increase tips, rather than a nuisance.

Tip % vs Total Spend



Tipping behavior by gender

For this section, we look at tipping behavior by gender, both in terms of the tipper (guest) and the tippee (server).

Overall, on average male guest tips are 1.6 percentage points higher than those of female guests

Male servers also receive higher tips, though the gap is smaller at 0.5 percentage points.

Getting more specific, male guests tip male and female servers fairly similarly, with a slight skew towards more for male servers (0.2 percentage points higher for male servers). However, female guests tip male servers materially higher than female servers (0.9 percentage points higher for male servers).



There are certain transactions for which Union does not know the gender of either the guest and/or the server (e.g., when tips are automatically pooled and not assigned to a specific server).

Tips by Gender

| | | GUEST | |
|--------|--------|--------|-------|
| | | Female | Male |
| SERVER | Female | 18.1% | 20.0% |
| | Male | 19.0% | 20.2% |

Mobile payments drive higher tips

We at Union are big believers in the benefits of mobile ordering & payment for both venues and guests. Reducing guest wait times and reducing staff time spent on low value-added activities is a win for everyone.

Ultimately, venues are able to increase revenues by getting their guests all the food and drinks they want as soon as they want it. Further, with over 10 million unfilled restaurant and bar job openings nationally, a system that helps a server provide excellent service to 3x more guests at the same time is a must.

From a guest perspective, they love being able to place orders/pay their check as soon as they're ready while avoiding standing in long lines or searching for servers.

Tip percentage is more driven by the speed and quality of service rather than the physical presence of the server at the time of tipping.

All that being said, we often get asked if guests paying via a mobile app impacts tips. Some fear that guests might tip less if the server is not standing right in front of them when they are selecting a tip. However, the data shows that tip percentage is more driven by the speed and quality of service rather than the physical presence of the server at the time of tipping. Across all venues with at least 2,000 mobile tabs during the past six months, mobile tips are 19.6% vs. traditional payment tips of 18.7%.

Importantly, this is simply tip percentage. When you compound the benefit by the fact that average check size is 28% higher with mobile ordering/payment, the true benefit to servers in terms of total tip amount becomes even more clear.

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Union is the highest powered point of sale and guest mobile platform ever created, touching millions of consumers at the most popular bars and restaurants in the country.

Bars & Restaurants

Increase revenue 28% on average, mitigate staffing shortages, provide amazing guest service.

Brands

Gain an unprecedented understanding of on-premise behavior.

Guests

A holistically improved experience: easier ordering, less waiting, more customization.

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