

Research Report



“Good,” “Great,” or “Best Service Ever”? Consumers and Tipping Regulations in Canada

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About Option consommateurs

Option consommateurs is a non-profit association whose mission is to help consumers and defend their rights.

Option consommateurs provides information to consumers who have a disagreement with a merchant, offers budget consultation services, and gives information sessions on budgeting, debt, consumer law and privacy protection. Each year, we carry out research on important consumer issues. We also work with decision-makers and the media to report unacceptable situations.

To effect change, Option consommateurs is active on many fronts, conducting research, filing class action lawsuits, and advocating with government authorities and companies. You can help us do even more by supporting Option consommateurs. For more information: www.option-consommateurs.org.

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Summary

Since the pandemic, as a result of the increased use of payment terminals and soaring inflation, tipping has become a source of much dissatisfaction for Canadian consumers.

In focus groups, consumers report that tips are requested too often and almost everywhere. They are irritated by tip solicitations in payment interfaces, especially because of the high default amounts proposed and persuasive messages that accompany the tip options ("Good," "Great," "Best Service Ever"). In their view, these solicitation strategies are intended to influence their decision-making process. In particular, frustration is growing around the application of tip percentages on taxes. Many consumers also lament having to compensate for the low wages of employees receiving tips. Finally, they believe that tipping weighs heavily on their wallets and have been long awaiting its regulation.

Despite these issues, there is little consumer oversight of tipping in Canada, with the notable exception of Quebec, which has adopted standards to ensure neutrality when it comes to tip amounts. These new standards prohibit predetermined tip options from being calculated on the after-tax amount. They require that predetermined tip options be presented consistently, and that an option to customize the amount be displayed. In addition, the new regulations will prohibit the addition of emojis, adjectives and other messages alongside the proposed tip options.

Outside of Canada, while few consumer protection standards for tipping exist, Canadian legislators can take inspiration from three other countries. In the United Kingdom, a code of best practice provides for notices to be displayed in establishments to inform consumers of the destination and distribution of the tip. In Switzerland, tips must be included in the price of the service and merchants cannot request a tip in addition to this price. In Colombia, businesses cannot propose tipping more than 10% of the price of the service and must post a "tip policy" in their establishments, indicating that tipping is discretionary.

An analysis of payment interfaces in Canada supports the conclusion that legislation governing the solicitation of tips by merchants could be put in place relatively quickly. The configuration of point-of-sale systems used by numerous merchants already includes a wide range of settings, such as disabling tip requests, displaying options before or after taxes, and choosing the amounts and percentages displayed.

In conclusion, Option consommateurs is issuing recommendations aimed at protecting consumers' freedom of choice and ensuring transparency in tipping practices. The consumer rights organization proposes that federal and provincial governments limit businesses that are allowed to actively solicit tips, regulate the display of information on payment terminals and online platforms, and exclude taxes from any tip option calculated as a percentage of the price. Option consommateurs also recommends posting a notice in establishments, indicating to whom the tip paid by the consumer is given and specifying its entirely discretionary nature.

Introduction

I am absorbed by the feeling of guilt growing within me, about the error I made, the tip I failed to give to the young man ... I am now obsessed by a single thought: find the young man and give him something so that I can be forgiven. [Unofficial translation]

P. Chagnon

The protagonist of Philippe Chagnon's novel *Le pourboire* [*The Tip*]¹ is a young consumer tormented by the fact that he did not tip at an all-inclusive resort. Thanks to his father, he learns the customs of retribution for service: how much to give, when and to whom. This newfound knowledge creates a feeling of guilt in the new consumer as a result of forgetting the tip, which becomes an obsession, then a nightmare and, finally, a source of nausea. The mistake is atoned for only after having found and generously remunerated his valet.

The sense of guilt associated with tipping has never been stronger in Canadian consumers. In recent years, Canada has seen a considerable expansion in the types of merchants who request tips, as well as an increase in the percentage rates proposed for tips.² For consumers who are already grappling with inflation, these new practices raise a number of issues. Two in five Canadians (42%) say that the extra cost of tipping prevents them from going out to enjoy services, representing almost half of consumers under the age of 55.³

These phenomena, wherein the COVID-19 pandemic represented a turning point, have provoked a host of comments, articles and opinions in the press. Most question the excessive expectations of the "tipping culture" in Canada and point to consumer exasperation with the constant solicitation for tips.⁴

¹ Philippe Chagnon, *Le pourboire: roman*, Collection Encrages (Montreal, Quebec: Triptyque, 2019).

² Nathan B. Warren and Sara Hanson, "Tipping, Disrupted: The Multi-Stakeholder Digital Tipped Service Journey," *Journal of Service Research* 26, no. 3 (2023): <https://journals.sagepub.com/doi/10.1177/10946705231166742>.

³ Angus Reid Institute, "Tipping Point: Canadians tired of 'tip-flation'; most would scrap gratuity-based system for higher service wages," February 16, 2023, <https://angusreid.org/canada-tipping-service-hospitality-included-tipflation-tip-creep>.

⁴ Michael von Massow, "A Tip Too Far? Why Tip Fatigue May Be Setting in for North Americans," *The Conversation*, January 9, 2023, <https://theconversation.com/a-tip-too-far-why-tip-fatigue-may-be-setting-in-for-north-americans-189289>; Sylvain Charlebois, Poppy Riddle, and Janet Music, "The Future of Tipping in Hospitality: An Exploratory Study on Consumer Attitude in Canada," *International Journal of Business and Management* 17, no. 4 (2023): 1-53; Dalhousie University Agri-Food Analytics Lab and Angus Reid Institute, "New report suggests there is little support for no-tipping policy and only 20% of Canadian consumers intend to tip more after the pandemic," June 24, 2021, <https://www.dal.ca/sites/agri-food/research/restaurant-tipping.html>.

Research questions and methodology

To understand the phenomenon of tipping in Canada and make recommendations to better protect consumers, the following questions guided this research:

- What are the commercial practices used in Canada with respect to tipping? How have these practices evolved recently?
- How is tip information presented to consumers on digital platforms and payment terminals?
- What is the point of view of merchants? Why have they adopted these approaches to tipping?
- What are the issues surrounding tipping practices for consumers? What are the impacts on consumers? What are their experiences, opinions and perceptions?
- What is the applicable legal framework in Canada? What about abroad?
- What are the fairest solutions for consumers and merchants? Should we regulate how tips are requested in Canada?

To answer these questions, we developed a detailed methodological approach outlined in the following table.

Research methods	Details on the methodology
Documentary research	Selection, reading and analysis of books, academic texts, statistics and recent journal articles (2010–2024). This allowed us to draw a portrait of tipping in Canada, identify the key stakeholders and select the businesses to analyze. Documents were chosen based on their objectivity, their relevance to the research questions and the extensiveness of their sources.
Analysis of published information and settings offered to merchants by payment terminal providers	Twelve payment terminal suppliers (see Annex 1 on methodology) were selected based on the available statistics and their representativeness in the Canadian market: Moneris, Global Payments/Desjardins, Chase Payment Solutions, TD Merchant Solutions, Elavon, First Data Merchant Services/Fiserv/Clover, Square, Lightspeed, Shopify, eHopper, Touchbistro and Revel.
Analysis of the processes and terms of purchase of online platforms	Ten online platforms (see Annex 1 on methodology) were selected based on the available statistics and their representativeness in the Canadian market: • Four food delivery platforms: DoorDash, Uber Eats, Skip The Dishes and Instacart. • Two taxi platforms: Uber, Lyft. • Four independent contractor platforms: TaskRabbit, Fiverr, Upwork and Freelancer.
Interviews with experts	• Experts in various fields, including economics, tourism and law. • Industry representatives, merchant associations and tipped employees.
Focus groups with consumers	Six online focus groups in four Canadian regions, whose participants were selected to represent the Canadian population based on current demographics: two groups in Quebec, two groups in Ontario, one group in Western Canada and one group in the Maritimes.
Analysis of the legal framework	The legal framework applicable to tipping was analyzed in Canada and in three jurisdictions chosen because of their economic importance and similarity to Canada: the United States, the United Kingdom and France.

1. Tip: definition, history and stakeholders

1.1. A brief history of tipping

The word "tip" is defined by the Cambridge Dictionary as "a small amount of money given to someone who has provided you with a service, in addition to the official payment and for their personal use."⁵ The *Larousse* and *Le Robert* dictionaries offer a similar description. Based on this definition, we can see that the notion of a tip remains somewhat ambiguous because it is situated somewhere in between different types of payments: gifts, salaries, bribes⁶, bonuses, or charity.⁷

Tips are a payment made voluntarily, at the consumer's discretion, the amount of which is not determined prior to the transaction. This is why it must be distinguished from the included service fee, the payment of which is required by the merchant and is not optional.⁸

In English, three etymological origins of the word "tip" are often referenced. The first comes from the Latin "stips," which means gift or donation. The second is that it originates from the acronym "*To Insure Promptness*," wording which was supposedly appended to the jars where consumers hurriedly threw a few coins, before receiving service, in London.⁹ The third purports that the word *tip* is the shortened form of the word "*tipple*," which refers to the idea of drinking an alcoholic drink.¹⁰

The first traces of tipping date back to the 15th century in England, where it was customary for the nobility and upper middle classes to give servants a small bonus. With the arrival of the British, tipping was then established in North America.¹¹ Then, with the expansion of the middle class, the practice slowly took root among various levels of the social strata.¹² This path from England to the United States explains its spread to Canada since at least the end of the 19th century.¹³

⁵ Cambridge Dictionary, "Tip: meaning of tip in English," retrieved February 24, 2025, <https://dictionary.cambridge.org/dictionary/english/tip>.

⁶ For some authors, tipping is seen as close to bribery because, according to some economic theories, price is the only legitimate value of a product or service. Richard Seltzer and Holona LeAnne Ochs, *Gratuity: a contextual understanding of tipping norms from the perspective of tipped employees* (Lexington Books, 2010); Héctor Vera, "Sociología de la propina," *Casa del Tiempo* 6, no. 67 (2013): 30-32.

⁷ Jules Pector-Lallemand, *Pourboire: une sociologie de la restauration* (Éditions XYZ, 2022); Vera, "Sociología de la propina," supra; Seltzer and Ochs, *Gratuity*, supra.

⁸ William Gibson, "Economics and History of Restaurant Gratuities," accessible at SSRN 4293452, 2022.

⁹ Ofer H. Azar, "The economics of tipping," *Journal of Economic Perspectives* 34, no. 2 (2020): 215-36; Pector-Lallemand, *Pourboire*, supra.

¹⁰ Gibson, "Economics and History of Restaurant Gratuities," supra.

¹¹ Azar, "The economics of tipping," supra.

¹² Pector-Lallemand, *Pourboire*, supra.

¹³ Marc S. Mentzer, "The Tipping Dilemma: Restaurant Gratuities in Canada," *Journal of Tourism and Leisure Studies* 6, no. 2 (2021): 1.

Tipping has been contested numerous times throughout its history. In the newly independent United States, communist Russia and the brief period of the Spanish Republic, tipping was temporarily abolished, as it was perceived as supporting asymmetric and undignified relations. In effect, throughout its history, the "tip" has retained the symbolic meaning of a sum of money intended to "offer drinks to individuals inferior in rank."¹⁴ More recently, the practice of tipping has been regularly called into question during periods of economic crises and inflation, when the cost of living is higher.

Today, tipping is firmly entrenched in some cultures, such as in North America. The practice has become so widespread that it is difficult to discern with any certainty as to whether it is ultimately a mandatory amount or at the discretion of consumers.¹⁵ The logic behind the practice is also nebulous: Why are bartenders tipped and not clothing store staff, taxi drivers and not bus drivers? If opening a \$50 bottle of wine or a \$500 bottle of wine requires the same effort, why is a 15% portion of the price of the product always tipped?

Tipping is not universally practised, except in tourist and commercial enclaves frequented by North American tourists.¹⁶

- In Europe, as a general rule, the service charge is added to the bill and customers round the total or leave a small amount below 5%. In some restaurants in the UK, Germany and the Czech Republic, customers may offer a tip, but this is not the norm. On the other hand, in Scandinavian countries, tipping is perceived as offensive to servers.
- In the Middle East, there is no tipping, except in Israel due to American tourism.
- In Oceania (Australia and New Zealand), there is no tip culture, except in a few areas with a large presence of American tourists where a tip of about 10% is offered.
- In Asia, tipping is unusual and is perceived as undesirable or insulting, even in places with great American influence such as Japan, South Korea and Hong Kong. In India, there is no tipping, but recently, tipping around 10% has become more common.
- In Africa, the practice is not widespread, except in South Africa and Kenya where a tip of 10% is left.
- In Latin America, tipping is not the rule, except in Mexico where tipping around 10% is increasingly common. In general, service is included and guests leave a small amount extra.

1.2. A changing social convention

In recent years, tipping practices in Canada have been changing.

¹⁴ Pector-Lallemand, *Pourboire*, supra; Gibson, "Economics and History of Restaurant Gratuities," supra.

¹⁵ Jules Pector-Lallemand, "Une panique morale nommée 'pourboire'," *Le Devoir*, August 4, 2022.

¹⁶ Gibson, "Economics and History of Restaurant Gratuities," supra, 23-25; Qin Xie, "Tipping Etiquette Around the World: What You Need to Know," *The Times*, April 5, 2023, <https://www.thetimes.com/travel/advice/how-to-tip-abroad-qm69k50q0>; Mike MacEacheran, "How to Tip around the World," *BBC*, June 7, 2023, <https://www.bbc.com/travel/article/20230606-how-to-tip-around-the-world>.

First, the amounts left as tips are on the rise. A 2023 Angus Reid Institute survey found that 64% of Canadians feel they are asked to tip more often than in the past, while 62% feel they have been encouraged to tip more in recent years.¹⁷ According to some surveys, the average tip rate has risen from 16% in 2019 to 20% in 2023.¹⁸

In addition, new types of merchants are asking for tips. In the past, tipping was mainly reserved for restaurants, hotels, taxis and some beauty services. As of late, a tip is sometimes requested in retail stores and fast-food chains, or for the delivery of takeout orders or the provision of various services.¹⁹ This is the case, for example, for bakeries, mechanics and independent contractor applications such as Freelancer.²⁰

The timing of tipping is also changing. Traditionally seen as a way to evaluate a given service, tips are increasingly requested prior to receiving service.²¹ This is the case, for example, with food deliveries via mobile applications, such as UberEats, and restaurant chains where you pay the bill with the tip before you receive the product.²²

The payment methods used to leave tips are also changing. In the broader context of changes in payment methods and the declining use of cash,²³ tips are no longer paid primarily through tip jars, but rather through credit or debit card payment terminals, or online platforms.²⁴

Finally, tip solicitation tactics are becoming more sophisticated. Formerly an amount to be left at the consumer's discretion, it is increasingly common to find suggestions of a default

¹⁷ Angus Reid Institute, "Tipping Point," supra.

¹⁸ Sophia Harris, "As Tip Amounts Rise, Many Canadians Say They'd Rather Skip the Tip — and Some Restaurants Agree," *CBC*, February 23, 2023, <https://www.cbc.ca/news/business/no-tipping-model-restaurants-1.6755944>; Salmaan Farooqui, "Feeling Pressured to Tip by New Prompts at Tills? Give Only What You Want, Experts Say," *The Globe and Mail*, February 14, 2023, <https://www.theglobeandmail.com/investing/personal-finance/article-high-tipping-prompts-canada/>.

¹⁹ Radio-Canada Info, "De plus en plus de commerces sollicitent des pourboires toujours plus élevés," May 28, 2023, <https://ici.radio-canada.ca/info/videos/1-8778459/plus-en-plus-commerces-sollicitent-pourboires-toujours-plus-eleves>.

²⁰ Éric Beaupré, "Pourboires: des abus et des politiques injustifiées de plus en plus dénoncés dans nos commerces," *Vingt55*, July 26, 2023, <https://vingt55.ca/achat-pourboires-des-abus-et-des-politiques-injustifiees-de-plus-en-plus-denonces-dans-nos-commerces/>.

²¹ Alei Fan et al., "The Manipulative Effects in the Technology-Facilitated Preservice Tipping Experience," *Cornell Hospitality Quarterly* 66, no. 1, (2024): <https://journals.sagepub.com/doi/abs/10.1177/19389655241235106>.

²² Nathan Warren, Sara Hanson and Hong Yuan, "Feeling manipulated: How tip request sequence impacts customers and service providers?" *Journal of Service Research* 24, no. 1 (2021): 66-83.

²³ Stephen Yun, Paiements Canada, *L'avenir des paiements numériques est à nos portes: Rapport canadien sur les modes et les tendances de paiement 2023* (Canada, 2023), 23, https://www.paiements.ca/sites/default/files/PaymentsCanada_Canadian_Payment_Methods_and_Trends_Report_2023_Fr.pdf; Egan J. Chernoff, "Do You Need 'The Machine'? Tipping in Canada Is Unconscious (Part I)," *Canadian Journal of Science, Mathematics and Technology Education* 22, no. 1 (2022): 266; Option consommateurs, "Argent comptant: Vers une mort annoncée?" (Canada, 2019).

²⁴ Alei Fan, Laurie Wu and Yiran Liu, "To display tip suggestion or not? Examining tip suggestion's impact in technology-facilitated preservice tipping encounters," *Journal of Hospitality & Tourism Research* 48, no. 1 (2023): <https://journals.sagepub.com/doi/10.1177/10963480221076467>; Padraig Moran, "'Dark Design' Can Nudge You into Tipping More, Says Expert," *CBC Radio*, June 7, 2023, <https://www.cbc.ca/radio/thecurrent/tipping-technology-psychology-1.6868489>; Bruce McAdams and Michael von Massow, "Tipped out: How do gratuities affect restaurant operations?" *Journal of Foodservice Business Research* 20, no. 4 (2017): 433.

tip amount on payment terminals.²⁵ These minimum tip suggestions have increased, sometimes from 10% to 18%, up to a maximum of 30%.²⁶ In addition, persuasive messages, adjectives and, more recently, emojis sometimes accompany suggested tip options.²⁷ For example, "*Tips help motivate a delivery person to quickly accept your order*," "20% 'excellent'," or "25% 😊."

1.3. The role of the COVID-19 pandemic

The COVID-19 pandemic played a significant role in driving recent changes to tipping practices in Canada.

First, consumers have been encouraged to reward service sector employees more generously as the ones particularly affected by lockdowns and at risk of contracting the virus at work.²⁸ However, it seems that these new practices have persisted.

Second, the pandemic fast-tracked contactless payments through the widespread use of card payment terminals for on-site purchases (Section 2) and online delivery platforms (such as UberEats, DoorDash and more). Moreover, it is now more difficult to refuse to tip when purchasing on these interfaces than when paying with cash.²⁹ With these new systems, the consumer is actively encouraged to leave a tip; to avoid it, or to change the default suggestions, they must follow additional steps.³⁰ In addition, studies confirm that purchases made via payment terminals or online platforms with suggestions lead consumers to increase the amount of the tip.³¹

That said, the COVID-19 pandemic may not be the only explanation for the recent upheavals in tipping practices. Another possible explanation is that these transformations are linked to

²⁵ Zoé Arcand, "Pourboire: voici pourquoi les options sur les machines Interac sont plus élevées que 15%," *Journal Métro*, June 10, 2023, <https://journalmetro.com/actualites/montreal/3093687/pourboire-voici-pourquoi-les-options-sur-les-machines-interac-sont-plus-elevees-que-15/>; John S. Seiter, Garrett M. Brownlee and Matthew Sanders, "Persuasion by Way of Example: Does Including Gratuity Guidelines on Customers' Checks Affect Restaurant Tipping Behavior?" *Journal of Applied Social Psychology* 41, no. 1 (2011): 150-59.

²⁶ Morgan Leet, "A Vancouver Local Says They're 'Going Back' To Tipping 10% & It Sparked A Heated Debate," *Narcity Vancouver*, May 17, 2023, <https://www.narcity.com/vancouver/vancouver-local-says-going-back-to-tipping-10-sparked-heated-debate>.

²⁷ Sarah Lefebvre, Laura Boman and Marissa Orlowski, "Look on the bright side: Emojis impact tipping behaviour," *International Journal of Hospitality Management* 117 (2024), <https://www.sciencedirect.com/science/article/abs/pii/S027843192300227X>; Gabriel Côté, "Émojis sur les factures: 'Les jeunes donnent plus de pourboire', constate un restaurateur de Boucherville," *Le Journal de Montréal*, March 19, 2024, <https://www.journaldequebec.com/2024/03/19/emojis-sur-les-factures--les-jeunes-donnent-plus-de-pourboire-constate-un-restaurateur-de-boucherville>.

²⁸ Charlebois, Riddle and Music, "The Future of Tipping in Hospitality," *supra*; Agri-Food Analytics Lab and Angus Reid Institute, "New report suggests there is little support for no-tipping policy and only 20% of Canadian consumers intend to tip more after the pandemic," *supra*.

²⁹ Warren, Hanson and Yuan, "Feeling manipulated," *supra*.

³⁰ Max Alberhasky, "3 Ways We're Being Tricked Into Tipping More," *Psychology Today*, November 18, 2024, <https://www.psychologytoday.com/intl/blog/psychology-money-and-happiness/202306/how-businesses-trick-you-into-tipping-extra>; Global Village Space, "Tech Enables Overcharging in Tips by Businesses," *Technology*, March 7, 2023.

³¹ Fan, Wu and Liu, "To display tip suggestion or not?" *supra*; Warren and Hanson, "Tipping, Disrupted," *supra*; Mentzer, "The Tipping Dilemma," *supra*; McAdams and von Massow, "Tipped out," *supra*; Seiter, Brownlee and Sanders, "Persuasion by Way of Example," *supra*.

the labour shortage: the increase in the number of services where tips are requested and the increase in the percentage requested would then be efforts to retain staff implemented by employers in a context of historical labour scarcity.³² However, this position, expressed in the media by some representatives of the restaurant industry, is not reflected in the scientific literature and has been contested by most of the experts interviewed as part of our research.³³

1.4. The three faces of tipping

To get a complete picture of tipping in Canada, it is necessary to understand the perspectives of three of the main players: the tip worker, the merchant and the consumer.

1.4.1. The worker's point of view

"Tipping in America is a ritualized master-servant relationship with origins in the 17th to 19th century Old World aristocracy... It is not grovelling servility nor is it the master-servant relations of old, but a milder caricature of that relationship."
William A. Gibson

With the proliferation of merchants asking for tips, it is difficult to measure the exact number of tip workers in Canada.³⁴ However, if we consider only restaurant and hotel workers, and

³² Caroline Senneville, "Restauration: Rareté de main-d'œuvre ou surplus de postes mal payés?" *La Presse*, November 18, 2021, Opinions section.

³³ While this is a reasonable explanation, it is difficult to discern the causal relationship. In response to labour scarcity, merchants chose to encourage tipping instead of raising wages or using other strategies to retain employees. For this reason, it is suspected that it is rather a way of framing the discussion about tipping and a justification from merchants to encourage it. In this sense, it is less of an explanatory hypothesis of the transformations in tipping practices in Canada. Gus Carlson, "Opinion: We Are Being Asked to Tip on Everything These Days. We Shouldn't," *The Globe and Mail*, May 20, 2023, <https://www.theglobeandmail.com/business/commentary/article-tipping-labour-shortage-tipflation/>; Stéphanie Bérubé, "Partage des pourboires: Des restaurateurs mettent de la pression," *La Presse*, Business section, August 4, 2022, <https://www.lapresse.ca/affaires/2022-08-04/partage-des-pourboires/des-restaurateurs-mettent-de-la-pression.php>.

³⁴ We use the broad notion of "tip worker" to define any person for whom a portion of employment income comes from tips. As we will see in the analysis of the legal framework (Section 5), "tipped employees," in the strict sense of labour law, exist only in Quebec, the only Canadian province where these workers receive a different minimum wage (\$12.60) than the general minimum wage (\$15.75). See: CNESST, "Salaire au pourboire," retrieved September 7, 2023. Organizations responsible for the enforcement of tax laws, such as the Canada Revenue Agency or Revenu Québec, also take into account income collected as tips for tax purposes, regardless of the worker's legal category. <https://www.canada.ca/en/revenue-agency/campaigns/track-report-tips-gratuities/tips-gratuities-taxable.html>; Canada Revenue Agency, "Are you aware that all your tips and gratuities are taxable?" March 3, 2020, <https://www.canada.ca/en/revenue-agency/campaigns/track-report-tips-gratuities/tips-gratuities-taxable.html>; Revenu Québec, "Déclaration des pourboires," retrieved July 17, 2023, <https://www.revenuquebec.ca/fr/citoyens/votre-situation/employe-au-pourboire/declaration-des-pourboires-1/>.

gig workers³⁵, there are at least one million.³⁶ A significant portion of them are service employees in the restaurant industry, more than half of whose income can come from tips.³⁷

According to the tipped employee representatives interviewed as part of our research, one word summarizes the conditions of employment of these workers: precariousness. Indeed, according to Statistics Canada's Labour Force Survey published in 2023, the average hourly wage of servers is \$18.65 and that of delivery drivers is \$20.33, including tips.³⁸ Moreover, the benefits offered to these workers vary by province and trade; in the case of the platform economy, these benefits are almost non-existent.³⁹ Finally, the unionization rate in the sectors where tip workers work is very low.⁴⁰

Numerous studies show that tip workers are treated differently depending on their ethnocultural origin or gender. For example, racialized people receive lower tips, all else being equal.⁴¹ Sexual harassment has also been linked to tipping practices. For these

³⁵ According to Statistics Canada, « Gig workers are unincorporated self-employed freelancers, day labourers, or on-demand or platform workers. » Statistics Canada, « Measuring the Gig Economy in Canada Using Administrative Data », 16 décembre 2019, <https://www150.statcan.gc.ca/n1/pub/11f0019m/11f0019m2019025-eng.htm> ; Statistics Canada, « Defining and measuring the gig economy using survey data: Gig work, digital platforms, and dependent self-employment », 4 mars 2024, <https://www150.statcan.gc.ca/n1/daily-quotidien/240304/dq240304b-eng.htm>.

³⁶ Restaurants Canada, "Foodservice and accommodation employment surpasses one million jobs in August" (formerly the Canada Restaurant Association), retrieved July 14, 2023; Statista, "Monthly Accommodation and Food Service Employment Canada 2021," retrieved July 14, 2023, <https://www.statista.com/statistics/422547/restaurant-industry-employment-in-canada/>; H&R Block Canada, "Gig Economy Workforce Rockets to More than One in Ten of Canadians; a Further Third Are Open to Joining, Reveals New Study," retrieved July 18, 2023, <https://www.newswire.ca/news-releases/gig-economy-workforce-rockets-to-more-than-one-in-ten-of-canadians-a-further-third-are-open-to-joining-reveals-new-study-812441559.html>.

³⁷ Gibson, "Economics and History of Restaurant Gratuities," supra; Pector-Lallemand, *Pourboire*, supra.

³⁸ Employment and Social Development Canada, "Wages – Open government," retrieved August 13, 2024, <https://open.canada.ca/data/en/dataset/adad580f-76b0-4502-bd05-20c125de9116>. Other Statistics Canada data, such as labour productivity measurements (Table 36-10-0489-06), show that total compensation per hour worked for restaurant and beverage services is \$24.59 including tips; a different amount, but still below a living wage for the greater Toronto area. Moreover, Quebec deserves a special analysis. According to Statistics Canada, servers earn \$19.40 per hour in Quebec, including tips. However, according to the Association Restauration Québec, these wages are more than \$38.63 per hour. This is a discrepancy of nearly \$20 between the two estimates. In addition, the gap between the regular minimum wage and the minimum wage for tipped employees has only grown in Quebec: In 2005, the hourly difference was \$0.75, while in 2024, it rose to \$3.15. ARQ, "Le pourboire au Québec en 2023," n.d.; Samantha Vila Masse, "Perception de justice sur les systèmes de rémunération: regard sur les travailleuses et travailleurs de la restauration du Québec," *IRSST*, February 16, 2023, <https://pharesst.irsst.qc.ca/videos/364/>; Living Wage Canada, "Rates," retrieved October 16, 2024, <https://www.livingwage.ca/rates>.

³⁹ Louis-Pierre Barrette et al., "Qui sont les jeunes qui travaillent sur les plateformes numériques au Québec ?" in *Le travail des jeunes au XXI^e siècle: État de la situation et nouveaux enjeux* (Quebec City: Les Presses de l'Université Laval, 2024), 33-59; Jim Stanford, "To Improve Productivity, Stop Paying People Nothing to Do Nothing," *Centre for Future Work*, April 13, 2024, <https://centreforfuturework.ca/2024/04/13/to-improve-productivity-stop-paying-people-nothing-to-do-nothing/>; *FORUM INTÉGRATION 2024 - Mircea Vultur*, retrieved August 13, 2024, <https://www.youtube.com/watch?v=GqsTOQATCEA>.

⁴⁰ Institut de la statistique du Québec, "Unionization rate, results by sex for various labour and employment characteristics, 2006-2023, Québec, Ontario and Canada," retrieved August 13, 2024, <https://statistique.quebec.ca/en/produit/tableau/unionization-rate-results-by-sex-for-various-labour-and-employment-characteristics-quebec-ontario-and-canada>.

⁴¹ Michael Lynn et al. "Consumer racial discrimination in tipping: A replication and extension," *Journal of Applied Social Psychology* 38.4 (2008): 1045-1060.

reasons, tip pay is considered energy-intensive for workers, who must adopt a warm and friendly behaviour at all times to ensure a decent income.⁴²

In addition, these workers face a number of challenges when it comes to the way tips are distributed or given:

- Some workers do not receive some or all of their tips. This phenomenon, known as "tip theft,"⁴³ occurs mainly in jurisdictions where there are no laws prohibiting tip sharing with managers and owners (Section 5.2).⁴⁴ Note, for example, that tips can be used by restaurants to pay bank or administrative charges.⁴⁵
- Delivery drivers and workers on online platforms can be victims of traps set by customers through tips.⁴⁶ In some applications and platforms that allow tipping to be cancelled or changed, some consumers offer a significant amount before service to ensure timeliness and quality, and then change it afterwards. This phenomenon is known as "tip baiting."⁴⁷

In fact, 73% of Canadians who have worked on a tipped basis believe that this practice simply allows employers to underpay their employees.⁴⁸ The workers' representatives we interviewed also advocate improving the working conditions of tipped employees, in particular by raising wages and enforcing better compliance with the law stipulating that tips belong exclusively to wage-earning employees. On the other hand, they do not propose abolishing this practice in Canada, as this form of remuneration is currently essential to achieving an income that lifts people out of poverty.

⁴² Charlebois, Riddle and Music, "The Future of Tipping in Hospitality," 29, *supra*; Xavier de Souza Briggs et al., "The Fight to End a Little-Known Legacy of Slavery Is at a Tipping Point," *The Emancipator*, November 4, 2022, <https://theemancipator.org/2022/11/04/topics/money/fight-end-little-known-legacy-slavery-is-tipping-point/>; Azar, "The economics of tipping," 229-30, *supra*; Seiter, Brownlee and Sanders, "Persuasion by Way of Example," *supra*; Bioneers, "Saru Jayaraman: How Restaurant Workers Are Inheriting a Legacy of Slavery in the U.S.," December 1, 2017, <https://bioneers.org/saru-jayaraman-restaurant-workers-inheriting-legacy-slavery-u-s-ztvz1712/>.

⁴³ For the director of the Halifax Worker's Action Centre, "Tip theft is when employers take gratuities left by customers for service industry workers, and use them to increase profits, cover overhead costs or simply pocket them." <https://www.cbc.ca/news/canada/nova-scotia/tip-theft-halifax-worker-s-action-centre-1.6890276>; Celina Aalders, "Halifax Advocacy Group Urges Nova Scotia to Ban 'Tip Theft,'" *CBC News*, June 28, 2023, <https://www.cbc.ca/news/canada/nova-scotia/tip-theft-halifax-worker-s-action-centre-1.6890276>.

⁴⁴ Sharing tips with managers or owners is a concept known as "house tipping" wherein they "take money from the tip pool as their own personal income, often with the justification that they are equal team members." Mentzer, "The Tipping Dilemma," 5-6, *supra*.

⁴⁵ Corey Mintz, "Opinion: Ontario 'Reviewing Concerns' about Digital Tips-Disbursement for Restaurant Workers," *The Globe and Mail*, June 6, 2023, <https://www.theglobeandmail.com/business/commentary/article-ontario-reviewing-concerns-about-digital-tips-disbursement-for/#:~:text=Restaurant%20workers%20should%20receive%20every,the%20hospitality%20and%20tourism%20sectors>; Pector-Lallemant, *Pourboire*, 92-93, *supra*; Gibson, "Economics and History of Restaurant Gratuities," 10, *supra*.

⁴⁶ [Adelaide Ross](#) and [Mindaugas Balčiauskas](#), "'No Tip, No Trip': Tipping Culture At Discussion Forefront Again After Delivery Driver's Rant Goes Viral," *Bored Panda*, July 12, 2023, <https://www.boredpanda.com/ubereats-doordash-deliveries-tips/>.

⁴⁷ Tip baiting occurs when "a customer leaves a tip with the intent of enticing a driver to accept their order, then removes the tip after the order is delivered. By doing this, the customer gets their order delivered to them quickly and saves money by not tipping." Kevin Ha, "Uber Eats Tip Baiting - What Is It And What To Do About It?" *Financial Panther*, March 24, 2023, <https://financialpanther.com/uber-eats-tip-baiting/>.

⁴⁸ Angus Reid Institute, "Tipping Point," *supra*.

1.4.2. The merchant's point of view

Most restaurants in North America have adopted a tip-based business model. Restaurant owners who have tried to use other formulas, such as included service fees, have either had to cease their activities or return to a tip-based system.⁴⁹

According to merchants cited in the media, it is the employees themselves who demand companies solicit tips from their customers through payment terminals. According to some restaurant owners, their employees would look for work elsewhere if they did not activate tip options in payment terminals.⁵⁰ Some restaurant representatives consider themselves the ones with the short end of the stick with this practice, which would only "impoverish" them: They believe that the more consumers tip through payment terminals, the more they have to pay in bank fees and payroll taxes.⁵¹

However, the scientific literature indicates that merchants are the ones receiving the benefits from tipping.⁵² First, they save on costs and reduce the need to monitor the quality of service and servers' behaviour. With tips, customers are the ones evaluating the service provided.⁵³ Second, the fact that service fees are not included in the price allows merchants to display lower prices to attract customers.⁵⁴ Finally, this practice allows them to externalize labour costs to consumers.⁵⁵

⁴⁹ Gibson, "Economics and History of Restaurant Gratuities," 17-19, *supra*; Azar, "The economics of tipping," *supra*; Seltzer and Ochs, *Gratuity*, *supra*; Aastha Shetty, "Kitchener restaurant, brewery want you to skip the tip," *CBC News*, June 26, 2023, <https://www.cbc.ca/news/canada/kitchener-waterloo/tip-ban-ontario-waterloo-region-kitchener-twb-brewery-odd-duck-restaurant-1.6888036>; Josh Goeree, "Local Kitchener Restaurant, Brewery Is Challenging Social Norm of Tipping," *City News*, June 30, 2023, <https://kitchener.citynews.ca/2023/06/30/local-kitchener-restaurant-brewery-is-challenging-social-norm-of-tipping-servers/>; Harris, "As Tip Amounts Rise, Many Canadians Say They'd Rather Skip the Tip," *supra*; Jay Porter, "What Happens When You Abolish Tipping," *Slate*, August 14, 2013, <https://slate.com/human-interest/2013/08/tipless-restaurants-the-linkerys-owner-explains-why-abolishing-tipping-made-service-better.html>; McAdams and von Massow, "Tipped out," 435-41, *supra*.

⁵⁰ Radio-Canada Info, "De plus en plus de commerces sollicitent des pourboires toujours plus élevés," *supra*; Bérubé, "Partage des pourboires," *supra*; Carlson, "Opinion: We Are Being Asked to Tip on Everything," *supra*.

⁵¹ Nathaëlle Morissette, "Quand les pourboires élevés appauvrissent les restaurateurs," *La Presse*, August 16, 2024, Business section; Marie-Eve Fournier, "Pourboires: des entreprises se font tordre le bras," *La Presse*, July 14, 2022, Chronicles section; Pector-Lallemant, "Une panique morale nommée 'pourboire'," *supra*.

⁵² Some studies have suggested that servers' interests run counter to those of merchants, seeking to maximize their tips at the expense of the restaurant. McAdams and von Massow, "Tipped out," 443, *supra*. However, this hypothesis was considered unlikely. Azar, "The economics of tipping," *supra*.

⁵³ Gibson, "Economics and History of Restaurant Gratuities," *supra*, 25; McAdams and von Massow, "Tipped out," 440-43, *supra*. In reality, all risk related to the quality of service is transferred to the employee, who can receive a reduced tip if errors are made in other departments, such as the kitchen.

⁵⁴ Angus Reid Institute, "Tipping Point," *supra*; Azar, "The economics of tipping," 223, *supra*.

⁵⁵ Gibson, "Economics and History of Restaurant Gratuities," 43, *supra*; Azar, "The economics of tipping," 233, *supra*; Seiter, Brownlee and Sanders, "Persuasion by Way of Example," 155, *supra*.

What's more, under tax laws, tips allow Canadian merchants to avoid paying certain contributions to the Canada Pension Plan and Employment Insurance.⁵⁶ Quebec merchants can also take advantage of a 75% tax credit for payroll taxes paid on employee tips.⁵⁷

These benefits explain why merchants wish to impose the practice of "tipping out" (sharing tips with employees who do not receive them directly from customers) in jurisdictions where it is prohibited or left to the employee's discretion, such as in the province of Quebec⁵⁸. By redistributing servers' tips to other workers, merchants achieve two goals. First, they slightly reduce the employee wage gap and, second, they further offload the costs associated with employees who do not receive tips directly by relying on customers' contributions.⁵⁹

Not surprisingly, business representatives advocate maintaining the status quo when it comes to tipping. According to them, abolishing tips would be detrimental to consumers, who would then pay higher prices and taxes on service charges. They also purport that it would require an increase in wages, lead to the closure of businesses and have repercussions on the labour market. However, merchants are aware of the discontent expressed by consumers about the new dynamics of this practice. As a result, they support the adoption of measures aimed at improving transparency, such as the display of information indicating who receives the tip in the place of business. Finally, they believe that the law should specify that tips belong exclusively to employees in provinces where this is not yet the case (Section 5.2).

1.4.3. The customer's point of view

There is a wide variety of hypotheses on why consumers leave tips.

Some economic theories argue that tipping is a way for customers to control the quality of service. These theories argue that tipping is a reward for good service and an incentive to maintain the same quality in the future.⁶⁰ On the other hand, some social psychologists argue that customers are motivated to tip because they assume that servers have a lower salary and social status, which they seek to compensate with this reward.⁶¹ Consequently,

⁵⁶ Canada Revenue Agency, "Tips and gratuities," retrieved November 15, 2024,

<https://www.canada.ca/en/revenue-agency/services/tax/canada-pension-plan-cpp-employment-insurance-ei-rulings/cpp-ei-explained/tips-gratuities.html>.

⁵⁷ Revenu Québec, "Crédit d'impôt relatif à la déclaration des pourboires – Entreprises," retrieved August 20, 2024, <https://www.revenuquebec.ca/fr/entreprises/impots/impot-des-societes/credits-dimpot-des-societes/credits-auxquels-une-societe-peut-avoir-droit/credit-dimpot-relatif-a-la-declaration-des-pourboires-entreprises-code-19/>. Restaurant owners in Quebec even propose ensuring that their employees are tax-compliant, provided they receive a tax credit of 100% on tip-related payroll taxes.

⁵⁸ Bérubé, « Partage des pourboires », supra; ARQ, « Avril 2022 : des ventes brutes supérieures à celles de 2019 », septembre 2022, https://restauration.org/media/11939/arg-stats_septembre-2022.pdf?utm_source=Cyberimpact&utm_medium=email&utm_campaign=Communique-ARQ-Stats---Septembre-2022 ; McAdams et von Massow, « Tipped out », supra.

⁵⁹ Azar, "The economics of tipping," 233, supra; Mentzer, "The Tipping Dilemma," supra; Pector-Lallemant, *Pourboire*, supra; McAdams and von Massow, "Tipped out," 441, supra; Marc S. Mentzer, "Canada Is Stuck with Tipping — and We're Worse off for It," *The Conversation*, January 18, 2023, <https://theconversation.com/canada-is-stuck-with-tipping-and-were-worse-off-for-it-197276>.

⁶⁰ Azar, "The economics of tipping," supra.

⁶¹ Gibson, "Economics and History of Restaurant Gratuities," supra.

the tip would be a sign of social status, generosity and superiority on the consumer's part.⁶² For others, tipping is just the norm.⁶³ As with any social norm, deviating from it would create a feeling of unease and lead to social disapproval.⁶⁴

Finally, some researchers combine these hypotheses and see tipping as the result of economic inequality:

*"Economic models [...] predict that sharply increased spending by top earners will exert indirect upward pressure on spending by the median earner. [...] As inequality grew, affluent people increased the amount they tipped in order to improve their relative positioning; that is, their status. This put pressure on those who are somewhat less affluent to increase the amount of tip that they left, beginning a cascade effect to the detriment of all. Evidence supports the view that expenditure cascades in housing and other areas are at least in part a consequence of increased income inequality. Tipping seems to me to be part of that trend."*⁶⁵

All these hypotheses prove insufficient to explain what motivates consumers to tip.⁶⁶ First, studies have not been able to demonstrate a significant correlation between tipping and service quality.⁶⁷ For example, in many countries where there is no tipping, the quality of service is also very good.⁶⁸ Second, consumers do not know whether their server makes a good income or not, and the expansion of tipping in Canada and the United States predates laws that provide for a different minimum wage for tip workers.⁶⁹ Thirdly, the hypotheses that tipping is a social norm do not answer the question of its origin⁷⁰ and do not explain why consumers comply with it.⁷¹

Whatever their reasons for tipping, consumers feel increasingly uncomfortable with it. The recent appearance of neologisms such as "tipflation,"⁷² "tip creep,"⁷³ "guilt tipping,"⁷⁴ "tip

⁶² Charlebois, Riddle and Music, "The Future of Tipping in Hospitality," 60, *supra*.

⁶³ Mentzer, "The Tipping Dilemma," *supra*; Azar, "The economics of tipping," 219, *supra*; Seiter, Brownlee and Sanders, "Persuasion by Way of Example," 151-52, *supra*.

⁶⁴ Seltzer and Ochs, *Gratuity*, *supra*.

⁶⁵ Yoram Margalioth, "The case against tipping," *U. Pa. J. Lab. & Emp. L.* 9 (2006): 127.

⁶⁶ Gibson, "Economics and History of Restaurant Gratuities," *supra*; Stephen J. Dubner, "Should Tipping Be Banned?" *Freakonomics*, April 1, 2016, <https://freakonomics.com/podcast/should-tipping-be-banned-2/>.

⁶⁷ Fan, Wu and Liu, "To display tip suggestion or not?" 3, *supra*; Azar, "The economics of tipping," 223, *supra*; McAdams and von Massow, "Tipped out," 433, *supra*. For the same reason, improvements in service quality cannot justify the increase in tips: In 2023, 71% of Canadians disagreed or strongly disagreed that "customer service has improved over the past two years." Angus Reid Institute, "Tipping Point," *supra*.

⁶⁸ Gibson, "Economics and History of Restaurant Gratuities," 25-27, *supra*.

⁶⁹ Mentzer, "The Tipping Dilemma," 4, *supra*; Gibson, "Economics and History of Restaurant Gratuities," 25-27, *supra*.

⁷⁰ Gibson, "Economics and History of Restaurant Gratuities," *supra*; Seltzer and Ochs, *Gratuity*, *supra*.

⁷¹ Of course, there are also the so-called "stiffers" who do not conform to the standard. They are described as "people who do not tip for good service." They can make up to 20% of customers, according to William Gibson, "Economics and History of Restaurant Gratuities," 56, *supra*.

⁷² Danielle Nerman, "Tip-Flation Has Some Restaurants Asking for up to 30% in Tips," *CBC Radio*, August 22, 2022, <https://www.cbc.ca/radio/costofliving/tipflation-gratuities-1.6555135>.

⁷³ Padraig Moran, "'Dark Design' Can Nudge You into Tipping More, Says Expert," *supra*.

⁷⁴ Gene Marks, "'Guilt Tipping': Is There Any Escape from the Gratuitous Rise in Gratuities?" *The Guardian*, Business sect., March 19, 2023, <https://www.theguardian.com/business/2023/mar/19/guilt-tipping-small-business-tip-etiquette>.

shaming,"⁷⁵ and "tip fatigue,"⁷⁶ testifies to this growing discomfort. In 2023, 83% of Canadians said that "too many places are asking for tips these days." In 2016, 40% of Canadians said they preferred a shift from the tip system to a "service included" model. This percentage rose to 59% in 2023.⁷⁷

In fact, tipping can be a source of anxiety for consumers:

- The way in which tips are requested challenges consumers' freedom of choice. With new payment terminals and online platforms, consumers can be influenced by subtle ways of presenting price information (Sections 2 and 3), such as the screen colour and font size.⁷⁸ As a result, they may pay superfluous amounts for the service, especially as the minimum tip displayed sometimes exceeds the traditional 15% in Canada.
- Consumers are not sure whether the tip they pay applies before or after taxes. For example, in Quebec, consumers pay a 5% Goods and Services Tax (GST) and a 9.975% Quebec Sales Tax (QST) on the price.⁷⁹ If a tip of 15% is suggested on the payment terminal and it includes taxes, it is actually a tip of 17.25%.⁸⁰
- Consumers may receive poor service if they do not leave a tip or if the amount is not considered generous enough by the worker. For example, in the case of take-out and food delivery platforms, consumers who leave a small tip may be treated disrespectfully or not receive their orders.⁸¹
- Similarly, consumers falling into the category of a "visible minority" may face discrimination and receive a lower quality of service. In effect, studies show that racialized customers are perceived by employees as people who leave smaller tips, which could affect the quality of service they receive.⁸²

⁷⁵ Catherine Maisonneuve, "Tip shaming: Doit-on avoir honte du pourboire qu'on donne?" *La Presse*, March 24, 2024, Society sect.

⁷⁶ Harris, "As Tip Amounts Rise, Many Canadians Say They'd Rather Skip the Tip," *supra*.

⁷⁷ Angus Reid Institute, "Tipping Point," *supra*.

⁷⁸ Fan, Wu and Liu, "To display tip suggestion or not?" *supra*; Warren, Hanson and Yuan, "Feeling manipulated," *supra*; Salmaan Farooqui, "Feeling Pressured to Tip by New Prompts at Tills?" *supra*; Padraig Moran, "'Dark Design' Can Nudge You into Tipping More, Says Expert," *supra*; Max Alberhasky, "How Businesses Trick You Into Tipping Extra," *supra*.

⁷⁹ Revenu Québec, "Basic rules for applying the GST/HST and QST," retrieved July 20, 2023, <https://www.revenuquebec.ca/en/businesses/consumption-taxes/gsthst-and-qst/basic-rules-for-applying-the-gsthst-and-qst/>.

⁸⁰ Ma Fourchette, "Vous croyez donner 15% de pourboire, en fait c'est plutôt 17,25% que vous laissez sans même le savoir," retrieved July 20, 2023, <https://www.mafourchette.com/recettes/vous-croyez-donner-15-de-pourboire-en-fait-c-est-plutot-17-25-que-vous-laissez-sans-meme-le-savoir>.

⁸¹ Kieran Press-Reynolds, "TikTokers Say Tipping Culture Is Getting 'Out of Hand' after a Woman Claimed a Ben & Jerry's Cashier Got Annoyed When She Didn't Tip for a \$2 Cone," *Business Insider*, May 22, 2023, <https://www.businessinsider.com/tipping-culture-extreme-ice-cream-cone-no-tip-screen-tiktok-2023-5>; Samantha Berlin, "Disabled Woman Says Delivery Driver 'Discriminated' Against Her Over Tip," *Newsweek*, May 13, 2022, <https://www.newsweek.com/disabled-woman-says-delivery-driver-discriminated-against-her-over-tip-1706584#:~:text=A%20woman%20went%20viral%20after,to%20get%20to%20the%20food>; Chantal Da Silva, "Video Shows DoorDash Driver Cursing at Customer over 25% Tip, Sparking Online Debate," *NBC News*, July 5, 2023, <https://www.nbcnews.com/news/us-news/door-dash-driver-curses-customer-tip-online-debate-rcna92596>.

⁸² Margalioth, "The case against tipping," 127-28, *supra*.

Most of these negative effects were confirmed by Canadian consumers in focus group discussions (Section 4).

2. Configuring payment terminals

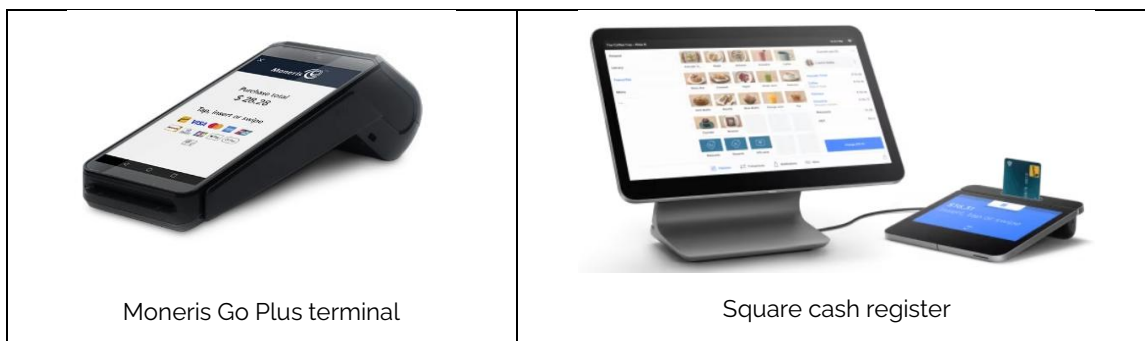
Recent changes in tipping practices in Canada have been mainly driven by the increased use of payment terminals (Section 1).⁸³ On these "tip machines," various methods of soliciting tips are common, such as displaying predetermined percentages or amounts, or using persuasive messages and emojis.⁸⁴

In this section, we aimed to analyze the information on tipping offered to merchants by payment terminal providers to provide an overview of the possible settings for soliciting tips, whether it be predetermined percentages, the method of calculating the proposed amount or any other functionality. In doing so, we sought to determine the degree of freedom merchants have to configure these devices.

2.1. The payment terminal ecosystem

Welcome to the Machine
Pink Floyd

The device used by consumers to make a payment by card comes in several different forms. It can be a payment terminal (mobile or fixed), a cash register with a screen facing the customer, a tablet or even a mobile phone.



These devices, which we will refer to as **payment terminals**, incorporate software that allows the user to interact with the screen to make a payment and configure the information displayed on the interface (price, messages, tip options, etc.).

⁸³ Statista, "POS Terminals in Canada, by Year 2012-2022," retrieved April 22, 2024, <https://www.statista.com/statistics/1316896/pos-terminal-count-in-canada/>.

⁸⁴ Côté, "Émojis sur les factures," supra; Gildas Meneu, "L'inflation des pourboires," *Radio-Canada*, Economy section, April 17, 2024, <https://ici.radio-canada.ca/nouvelle/2065330/pourboire-terminaux-paiement-restaurants-commerces#:~:text=Quelque%2060%20%25%20des%20consommateurs%20souhaiteraient,q%C3%A8rent%20les%20terminaux%20de%20paiement%3F>; Denis Wong, "Radio-Canada Information sur TikTok," *TikTok*, September 22, 2023, https://www.tiktok.com/@radio.canada.info/video/7281783896960716037?_t=8fuvENZefrC&_r=1; Nerman, "Tip-Flation Has Some Restaurants Asking for up to 30% in Tips," supra.

All the equipment and software used to process purchases and tips is known in the industry as a **"point-of-sale system."**⁸⁵ In recent years, these systems have evolved significantly and now offer a wide range of functions to merchants. In addition to processing purchases both on-site and online, POS systems offer features such as tracking customer data as well as managing inventory, employees, customer relationships and loyalty programs.⁸⁶

Point-of-sale systems are part of the complex and ever-changing ecosystem of the **payment processing industry.** Many players are part of the payments environment alongside **point-of-sale system manufacturers and developers**⁸⁷; among others, **acquirers**,⁸⁸ **payment card network operators**,⁸⁹ **credit or debit card processors**⁹⁰ and **card issuers**.⁹¹ For a fee, all these actors work together to make electronic payments possible between the consumer and the merchant: They authorize transactions, liaise with the bank and card issuers, clear and settle the sums exchanged, transmit data, guarantee the security of the exchange, and manage payment networks.⁹²

In this tangled ecosystem where numerous actors interact, multiple roles can be held by the same company.⁹³ Payment terminals and POS system equipment can thus be provided by an acquirer, a payment processor, a credit or debit card processor, or by the manufacturers and developers of the POS systems themselves.

⁸⁵ Yun Ji Moon, Woody Kim and Sunny Ham, "Users' Intentions to Employ a Point-Of-Sale System," *The Service Industries Journal* 34, no. 11 (2014): 901.

⁸⁶ Forbes, "Best POS Systems For Small Business 2024," retrieved April 18, 2024, <https://www.forbes.com/advisor/business/software/best-pos-system-for-small-business/>; Forbes, "POS System Cost Guide (2024)," retrieved April 18, 2024, <https://www.forbes.com/advisor/business/pos-system-cost/>; Forbes, "Best Retail POS Systems In Canada For April 2024," April 1, 2024, <https://www.forbes.com/advisor/ca/business/software/best-retail-pos-system/>; Forbes, "Best Mobile POS Systems In Canada For April 2024," April 1, 2024, <https://www.forbes.com/advisor/ca/business/software/best-mobile-pos-systems/>.

⁸⁷ More specifically, companies that manufacture computer hardware and develop software for payment terminals.

⁸⁸ According to the *Payment Card Networks Act*, an *acquirer* is an "entity that enables merchants to accept payments by payment card by providing merchants with access to a payment card network for the transmission or processing of those payments." *Payment Card Networks Act*, S.C. 2010, c. 12, s. 1834, s. 3.

⁸⁹ According to the *Payment Card Networks Act*, the *payment card network operator* "means an entity that operates or manages a payment card network, including by establishing standards and procedures for the acceptance, transmission or processing of payment transactions and by facilitating the electronic transfer of information and funds" *Payment Card Networks Act*, S.C. 2010, c. 12, s. 1834, s. 3. According to the FCAC, "The major payment card network operators (PCNOs) in Canada are American Express Canada, Discover, Interac, Mastercard Canada, Visa Canada and UnionPay." Canada, Financial Consumer Agency of Canada, *Merchant Rights under the Code of Conduct for the Credit and Debit Card Industry in Canada*, last modified November 2, 2023, accessed June 16, 2025, <https://www.canada.ca/en/financial-consumer-agency/services/merchants/rights-merchant.html>.

⁹⁰ According to Ranieri, *card processors* "offer outsourced services like authorization, settlement, customer service/call centers, loyalty program management, and statement printing/ mailing to card issuers." Luca Ranieri, "Payment Processing: Trends in the Merchant Acquiring Landscape," *SSRN Scholarly Paper* (Rochester, NY, February 16, 2024).

⁹¹ According to the *Payment Card Networks Act*, the *issuer* is the "entity or provincial Crown corporation that issues payment cards." *Payment Card Networks Act*, S.C. 2010, c. 12, s. 1834, s. 3.

⁹² For a detailed analysis of the intricacies of the payment system, see: Ranieri, "Payment Processing," *supra*; Angelika Welte and Jozsef Molnar, "The Market for Acquiring Card Payments from Small and Medium-Sized Canadian Merchants," *Business Economics* 56, no. 2 (2021): 87-97; Option consommateurs, "Carte de débit virtuelle: les consommateurs sont-ils bien protégés?" 9-10, *supra*.

⁹³ Ranieri, "Payment Processing," *supra*.

In recent years, hybridizations, partnerships and mergers between all these actors have also become commonplace. For example, in 2019, the acquirer, manufacturer and developer of point-of-sale systems Global Payments announced a partnership with Groupe Desjardins, which acts as an acquirer. That same year, First Data Corporation and Fiserv announced a merger agreement, which included the acquisition of manufacturer and developer of point-of-sale systems Clover.⁹⁴

2.2. Tip configurations

We analyzed 12 of the most widely used POS system brands in Canada.⁹⁵ In all cases, these brands bring together multiple players in the payment processing industry.

- Moneris
- TD Merchant Solutions
- Global Payments/Desjardins
- Chase Payment Solutions
- Elavon
- Square
- First Data Merchant Services/Fiserv/Clover
- Lightspeed
- Shopify
- eHopper
- TouchBistro
- Revel

To find tipping-related information from each provider, we used two strategies. First, we conducted a search on the Internet for each POS system.⁹⁶ Next, when possible,⁹⁷ we used demo versions of the POS software or applications. This approach allowed us to follow exactly the same steps that a merchant must follow to configure the display of tips on payment terminals.

For each POS system, we attempted to answer the following questions:

- Can the merchant enable or disable the tip solicitation feature?

⁹⁴ Global Payments Inc., "Global Payments Announces Strategic Partnership with Desjardins Group in Canada," October 31, 2019, <https://investors.globalpayments.com/news-events/press-releases/detail/62/global-payments-announces-strategic-partnership-with>; Fiserv, Inc. "Fiserv to Combine with First Data Corporation to Create Global Leader in Payments and FinTech," retrieved May 7, 2024, <https://newsroom.fiserv.com/news-releases/news-release-details/fiserv-combine-first-data-corporation-create-global-leader/>; Talech, "talech POS | Our partners," retrieved May 7, 2024, <https://ca.talech.com/partner/landing>.

⁹⁵ See Annex 1 on Methodology.

⁹⁶ This included the provider's website, device user guide and instructional videos on how to set up the payment terminal. Sometimes, the information concerned specific devices, whereas other times it concerned the software used by most devices. We investigated whether information on tip configurations was available for at least one payment terminal in each POS system. This allows us to reasonably conclude that the POS system makes tip configurations possible.

⁹⁷ This was the case for six of the 12 suppliers analyzed, namely: Moneris, Square, Clover, LightSpeed, Shopify and eHopper. In other cases, either there was no demo version available or it was impossible to access the system without contacting a payment terminal vendor.

- Is the "no tip" or "0%" option clearly visible to the consumer at the time of payment?
- Can the merchant choose to calculate the tip before or after tax?
- Is it possible to activate or disable the preselected tip option?
- Is it possible to activate or disable the "customized" tip option?
- Is there an option to activate the so-called "smart" or "dynamic" tip?⁹⁸
- Can the tip be automatically included in the total amount billed?
- Are there limits to the amount a consumer can tip?

The following table summarizes the results that we then describe in more detail:

⁹⁸ The tip option is displayed as a fixed amount for low-priced products, and as a percentage for more expensive products. See Section 2.2.2.

POS system	Disabling of T. ⁹⁹	"No T." option	Before/after taxes	Preset	Customization	Smart T.	Automatic T.	T. limit
Moneris	✓	✓	✓	*	*	*	*	*
TD Merchant Solutions	✓	✓	*	*	*	*	*	*
Global Payments/Desjardins	✓	✓	*	*	*	*	✓	*
Chase Payment Solutions	✓	✓	*	*	*	*	*	*
Elavon	✓	✓	*	✓	*	✓	*	*
Square	✓	✓	✓	*	✓	✓	*	✓
First Data/Fiserv/Clover	✓	✓	✓	*	*	✓	*	*
Lightspeed	✓	✓	✓	*	*	✓	*	*
Shopify	✓	✓	*	*	✓	✓	*	✓
eHopper	✓	✓	*	*	*	*	*	*
TouchBistro	✓	✓	*	*	*	*	✓	*
Revel	✓	*	*	*	*	✓	✓	*

*We cannot conclude with complete certainty that the POS system does not offer this configuration, as we did not have direct access to the payment terminals. Our analysis was conducted between March 29 and April 29, 2024.

2.2.1. Disparity of information

The level of detail found in tip setup documentation varies by POS system. Some companies provide exhaustive details, such as guides, tutorials and explanatory websites, while others are much more succinct.

The POS system with the least amount of information is TD Merchant Solutions, which only briefly describes the options presented to the consumer at checkout and indicates that you must contact the provider to change the tip configuration.¹⁰⁰ Square, on the other hand, provides detailed information about the additional features and configurations available to the merchant: the "smart" tip feature, the limit to the tip a consumer can give, the ability to disable customized tips, and the choice to calculate the tip before or after tax.¹⁰¹

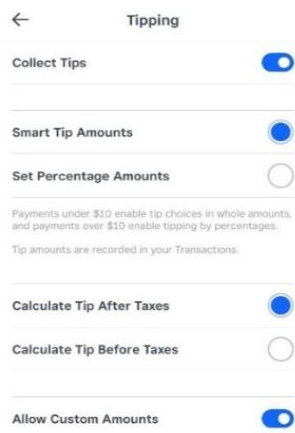
⁹⁹ "T" represents "tip."

¹⁰⁰ TD, "TD Generation Merchant Guide with PinPad," 2013, 28, <https://www.tdcanadatrust.com/document/PDF/merchantsolutions/TD%20Generation%20PINPad%20Merchant%20Guide%20-%20534004.pdf>.

¹⁰¹ Square, "Accept Tips with the Square App | Square Support Centre – CA," retrieved April 10, 2024, <https://squareup.com/help/ca/en/article/5069-accept-tips-with-the-square-app>.

PINPAD PROMPT	EXPLANATION
Tip Option 1. 10% (\$XX.XX) 2. 20% (\$XX.XX) 3. 30% (\$XX.XX) 4. Other amount 5. No tip	The customer selects the tip desired tip option (1, 2, 3, 4 or 5). Options 1, 2 and 3 are fixed percentage amounts that calculate the dollar value in the bracket beside the percentage. It can also show as pre-set dollar values. These amounts (dollar or percentage values) are set up at the time of installation. Option 4 allows the customer to select a percentage or dollar tip option and then enter a customized amount. To have this set or changed, call the TD Merchant Help Desk at 1-800-363-1163 .

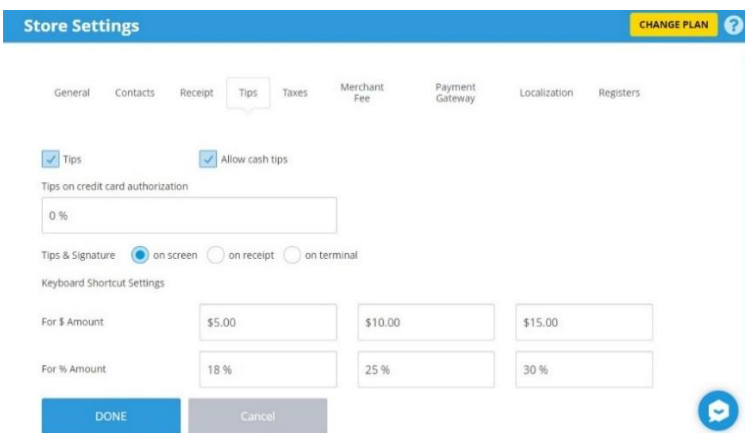
TD Merchant Solutions



Square

2.2.2. Variable terminal configurations

The majority of the terminals we analyzed allow the merchant to activate or disable the solicitation of tips and to choose the predetermined options. They also clearly display the "No tip" option for consumers.



eHopper

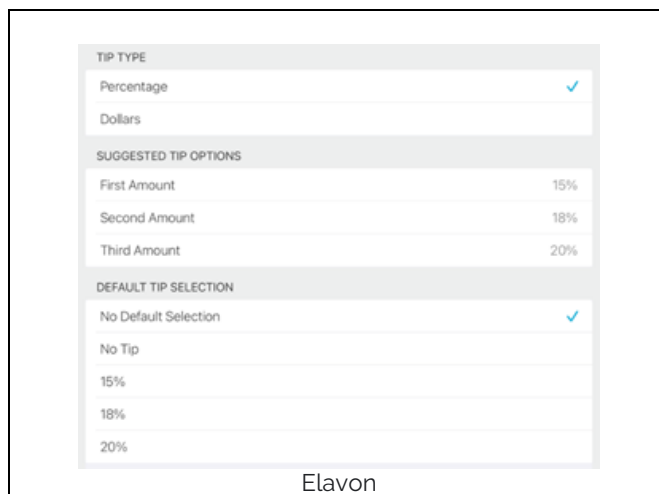
Certain settings are only available in some POS systems, such as the setting of a maximum tip the consumer can give, the function to disable the "customized" tip, and the preselected tip option.

Only two point-of-sale systems explain that there are limits to the tip that the consumer can give. For example, Shopify explains that "Totals above 500 have a maximum tip amount of

twice the total checkout amount."¹⁰² Square, on the other hand, provides rules about this, for example: *"If a transaction is over \$200, then the maximum custom tip amount can be up to 50% of the transaction, up to \$1,000."*¹⁰³

Shopify and Square are also the only two payment terminal providers that allow you to disable the "customized tip" or "custom tip" option, where the customer can choose the tip at their discretion.¹⁰⁴ If this option is disabled, the consumer must choose one of the tip options displayed or leave no tip at all.

The default pre-selected tip, which is very common on online platforms and applications (Section 3.2.), seems less prevalent in payment terminals. Only the Elavon POS system offers instructions on activating this function, where a percentage or amount from three or four tip options is selected beforehand.¹⁰⁵



Finally, although the media reported a new trend of soliciting tips with options accompanied by emojis (😞 😊 😊),¹⁰⁶ we were only able to find information about this on a Clover web page presumably intended for developers and interface designers.¹⁰⁷

2.2.3. "Smart" tips

Half of the POS systems studied (six out of 12) offer the option to activate or disable the so-called "smart" or "dynamic" tip.

¹⁰² Shopify, "Collecting tips with the Shopify POS," Shopify Help Center, retrieved May 6, 2024, <https://help.shopify.com/fr/manual/sell-in-person/shopify-pos/tips>.

¹⁰³ Square, "Accept Tips with the Square App | Square Support Centre - CA," supra.

¹⁰⁴ Shopify, "Collecting tips with the Shopify POS," supra; Square, "Accept Tips with the Square App | Square Support Centre - CA," supra.

¹⁰⁵ Talech, "Add Tip Line and Suggested Tip Amounts," retrieved May 6, 2024, https://help.talech.com/s/article/Add-Tip-Line-and-Suggested-Tip-Amounts?language=en_US.

¹⁰⁶ Côté, "Émojis sur les factures," supra; 98.5, "Des émojis pour avoir davantage de pourboires," Montreal, March 19, 2024, <https://www.985fm.ca/audio/614167/des-emojis-pour-avoir-davantage-de-pourboires>.

¹⁰⁷ Clover, "Per-Transaction Settings," Clover Platform Docs, retrieved May 6, 2024, <https://docs.clover.com/docs/using-per-transaction-settings>.

One would imagine that the goal of this type of configuration is to encourage the consumer to leave a tip. By virtue of the “framing effect,” well-known to interface designers, a consumer is more likely to give a tip in line with the information that is presented to them.¹⁰⁸ For example, for a product costing \$8.00, a tip of “31%” may seem excessive, but it seems quite acceptable if it is displayed as “\$2.50.”

One of the topics that has sparked the most debate around tipping in Canada is the calculation of tips after tax (Section 4.2.2.). According to our analysis, at least four of the POS systems studied allow the merchant to choose how pre- or post-tax tip options are calculated: Moneris, Square, First Data Merchant Services and Lightspeed.

Option consommateurs, 2025

Tip suggestion calculation ☐ Include tax in calculation ☒ Don't include tax in calculation Save Clover	← Paramètres de Poubaire ? Pourboires acceptés ☒ Pouboire en argent ☒ Pourcentage du pouboire ☐ Pouboire sous-total ☐ Pouboire préétabli 1 ☒ Pourcentage 15 % Moneris
---	--

For example, Moneris offers instructions on its website on "Setting up tipping" regarding the "Tip on Subtotal" menu option: "Enable this setting to allow customers to leave a tip based on the pre-tax amount."¹⁰⁹ In other words, on this platform, tipping after taxes is the default option.

2.2.5. Automatic tipping

Another configuration available to merchants in at least three of the POS systems analyzed is the activation of an automatic tip. This practice is most common for group meals, where the total bill includes a pre-set tip percentage for all guests at the table, for example 18%.¹¹⁰

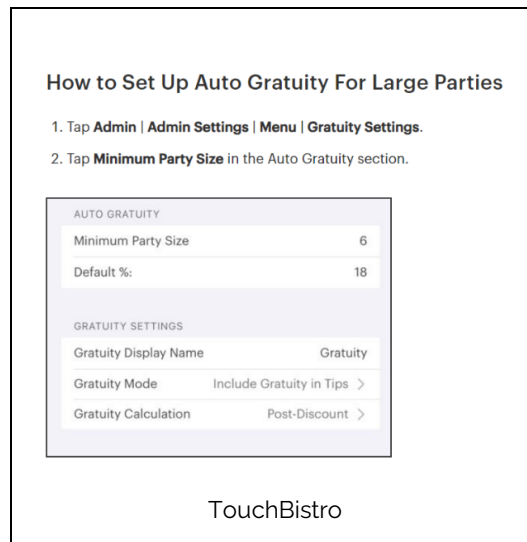
Global Payments/Desjardins explains the configuration available for one of its payment terminals on its website: "You can enable or disable tip prompts, as well as enable or disable automatic tipping."¹¹¹ In addition, Revel and TouchBistro show how to enable and configure automatic tipping for groups of diners.¹¹²

¹⁰⁹ Moneris, "Setting up tipping," retrieved May 6, 2024, https://www.moneris.com/help/M5K-R4-WH-FR/Configuration/settings_tip.htm.

¹¹⁰ Protégez-Vous, "Lors d'un souper de groupe, un resto peut-il imposer des frais de 15% et calculer les taxes sur le total de la facture?" *Protégez-Vous*, October 3, 2009.

¹¹¹ Global Payments Integrated, "How Can I Enable or Disable the Tip Prompt and Automatic Tipping on My iCT220/250? - Global Payments Integrated Help Center - L-Cayan and TSYS," July 30, 2019, <https://help.globalpaymentsintegrated.com/1/payment-devices/ingenico-ict-220-250/how-can-i-enable-or-disable-the-tip-prompt-and-automatic-tipping-on-my-ict220-250-terminal/>.

¹¹² Revel Systems, "Revel iPad Table Service POS - Auto Gratuity Settings," August 6, 2013, <https://www.youtube.com/watch?v=00vSgdS-tDk>; TouchBistro, "How to Set Up Gratuities," retrieved May 6, 2024, https://help.touchbistro.com/s/article/gratuity-settings?language=en_US.



That said, for Revel and TouchBistro, it is noted that the server can modify the automatic tip at the consumer's request at the time of payment.¹¹³

2.3. Easy-to-configure interfaces

Our analysis of POS systems shows that it is relatively easy for a person with basic digital skills to set up tip options on payment terminals. In most cases, merchants and their employees can easily navigate the interfaces of point-of-sale systems to activate or disable tip options and information displayed at checkout.

This contradicts statements reported in the media suggesting that the high predetermined percentages (from 18% to 25%), calculated on the after-tax total, cannot be changed by Canadian merchants, as these configurations are imposed by payment terminal developers, in accordance with the US market.¹¹⁴ In short, payment terminals offer numerous possibilities when it comes to setting up tip solicitations and it is worth considering that these modalities could be seamlessly aligned with any future regulation of tip solicitations in Canada.

¹¹³ Revel Systems, "Auto Gratuity," retrieved May 7, 2024, <https://support.revelsystems.com/s/article/Auto-Gratuity-1582902250028>; TouchBistro, "How to Set Up Gratuities," supra.

¹¹⁴ 98.5, "Des émojis pour avoir davantage de pourboires," supra; Arcand, "Pourboire," supra; Hélène Schaff, "La délicate question des suggestions de pourboire lors du paiement par carte," *Le Journal de Montréal*, August 8, 2022, <https://www.journaldemontreal.com/2022/08/08/pourboire-la-generalisation-du-paiement-par-carte-change-les-pratiques#:~:text=Des%20clients%20le%20demandent,de%20ne%20pas%20en%20laisser%C2%BB>.

3. Analysis of online platforms

In this section, we have analyzed the processes and purchase modalities on online platforms. The goal was to understand how tip information is presented to consumers on digital platforms, due to their growing popularity in Canada since the COVID-19 pandemic.¹¹⁵

3.1. The platform economy

The platform economy, also known as the "on-demand economy" or the "sharing economy," describes an economic system based on casual work.¹¹⁶ Unlike the traditional economy, which relies on long-term commitments between an employer and an employee, the platform economy is based on one-off transactions. Thanks to digital technology, these platforms link supply (for example, a driver) and demand (the consumer) to accomplish a specific task.¹¹⁷ Tipping plays a central role in this economic environment.

Some platforms are based on sharing or monetizing assets, such as Airbnb and eBay, where an individual can rent or sell an underutilized asset. Other platforms are based on an individual's skills and service provided, such as DoorDash or Uber, where the service provider or on-demand workers is paid per task performed. These tasks can be commonplace, such as housekeeping, or highly skilled, such as web design.¹¹⁸ Our analysis focuses on the latter category of platforms, where tipping plays a more important role.

The target customer base of these platforms may also vary. On some platforms, such as Amazon Mechanical Turk, the target customer is a business (B2B or business-to-business model). On other platforms, such as Uber Eats or SkipTheDishes, the target customer is a consumer (B2C or business-to-consumer model).¹¹⁹ This research focuses on the latter category of platforms.

On some platforms, services are provided in person by the worker, such as transportation (Lyft), deliveries (Instacart), or housework (TaskRabbit). The model can be bilateral, where the platform acts as an intermediary between only two actors (for example, driver-passenger), or multilateral, where the platform connects multiple actors (for example, consumer-delivery person-restaurant). On other platforms, the services are provided entirely online, such as consulting, programming or translation (Fiverr, Upwork, Freelancer).¹²⁰ This research will analyze these two categories of platforms.

¹¹⁵ Statista, "Online Food Delivery - Canada, Market Forecast," retrieved November 13, 2024, <https://www.statista.com/outlook/emo/online-food-delivery/canada>.

¹¹⁶ World Economic Forum, "The promise of platform work: understanding the ecosystem" (Geneva, Switzerland, 2020), 4, 6; Statistics Canada, "Measuring the Gig Economy in Canada Using Administrative Data," *supra*.

¹¹⁷ Jan Drahokoupil and Kurt Vandaele, "Introduction: Janus meets Proteus in the platform economy," in *A Modern Guide To Labour and the Platform Economy* (United Kingdom: Edward Elgar Publishing, 2021), 1, 5-6.

¹¹⁸ World Economic Forum, "The promise of platform work," 9-10, *supra*.

¹¹⁹ World Economic Forum, "The promise of platform work," 7, *supra*.

¹²⁰ World Economic Forum, "The promise of platform work," 4, 16, *supra*; Drahokoupil and Vandaele, "Introduction," 2, *supra*.

3.2. Soliciting tips on platforms

We selected ten of the most popular online platforms among Canadians: the food delivery platforms DoorDash, Uber Eats, SkipTheDishes and Instacart; the taxi platforms Uber and Lyft; and the independent contractor platforms TaskRabbit, Fiverr, Upwork and Freelancer.¹²¹

For each platform, we analyzed the transactional interfaces on the website and mobile application to determine how tips are requested. In addition, we examined the tip information available on the platforms' websites, their terms of use and privacy policies.

Our analysis, which we detail below, was structured around seven points summarized in the following table:

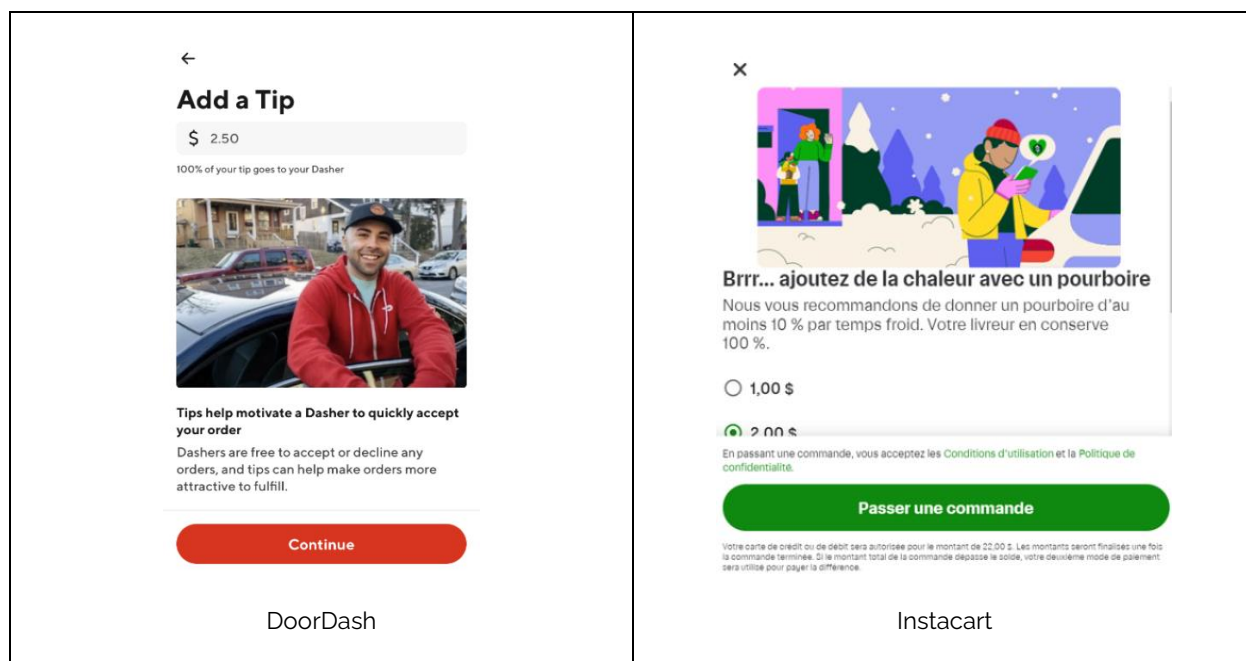
Platform	1. Incentive	2. Pre-selection	3. Difficulty refusing	4. Rate after taxes	5. Second tip	6. Tip fee	7. Consumer rating
DoorDash	✓	✓	✓	✓	✓		
Uber Eats	✓	✓	✓		✓		✓
Skip The Dishes		✓					
Instacart	✓	✓	✓		✓		✓
Uber		✓	✓		✓		✓
Lyft ¹²²		✓	✓		✓		✓
TaskRabbit		✓	✓	✓			
Fiverr		✓	✓	✓		✓	✓
UpWork				✓		✓	✓
Freelancer	✓	✓				✓	✓

3.2.1. Inciting consumers to tip

Some applications use visual language (such as hearts or a smiling delivery person) and statements designed to encourage the consumer to tip. For example: "Your delivery driver saves you a trip to the store" (Instacart), "Dashers are free to accept or decline any orders, and tips can help make orders more attractive to fulfil" (DoorDash), or "The delivery person can see the amount of the tip before accepting an order" (Instacart).

¹²¹ See Annex 1 on methodology for selecting companies.

¹²² We were unable to determine if Lyft requests the after-tax tip rate because the platform is not available in Montreal, where we conducted our research.



By preying on consumers' feelings and emotions, such statements could influence their decision about how to tip.¹²³ Indeed, the way in which a message is formulated or presented has effects on the people who receive it.¹²⁴ For example, a consumer might leave a tip out of empathy to the delivery person when reading this message in the middle of winter: "Brrr ... Add warmth with a tip."

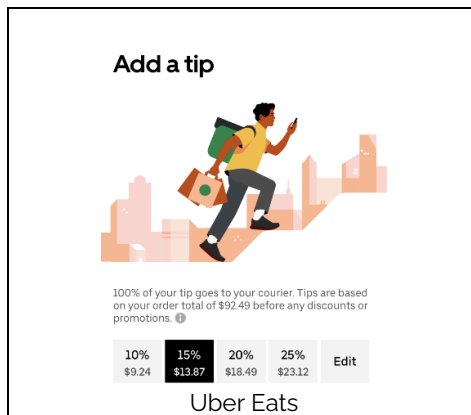
3.2.2. A preselected option

Almost all applications preselect a default tip amount or rate at the end of the transaction. This pre-selected tip is included in the total displayed on the bill: The consumer simply has to click on "pay." Although this practice speeds up the transaction, it could also lead the consumer to give a higher tip than desired.¹²⁵

¹²³ Brignull, *Deceptive Patterns*, 69, supra; Fernando Blanco, "Cognitive Bias," in *Encyclopedia of Animal Cognition and Behavior*, ed. by Jennifer Vonk and Todd Shackelford (Cham: Springer International Publishing, 2017), 2-3; Alexander L. Fattal, *Guerrilla Marketing: Counterinsurgency and Capitalism in Colombia*, *Chicago Studies in Practices of Meaning* (Chicago: University of Chicago Press, 2018).

¹²⁴ Brignull, *Deceptive Patterns*, 30, 50, supra; Jarovsky, "Dark Patterns in Personal Data Collection," 20, supra; Bunčić, Krstić and Kostić-Stanković, "Cognitive biases in marketing communication," 108-9, supra. We cite Brignull and Jarovsky extensively in this section, even if they do not discuss tipping directly, because they helped us understand the problematic aspects of the request through the lens of dark patterns. See Section 3.3.

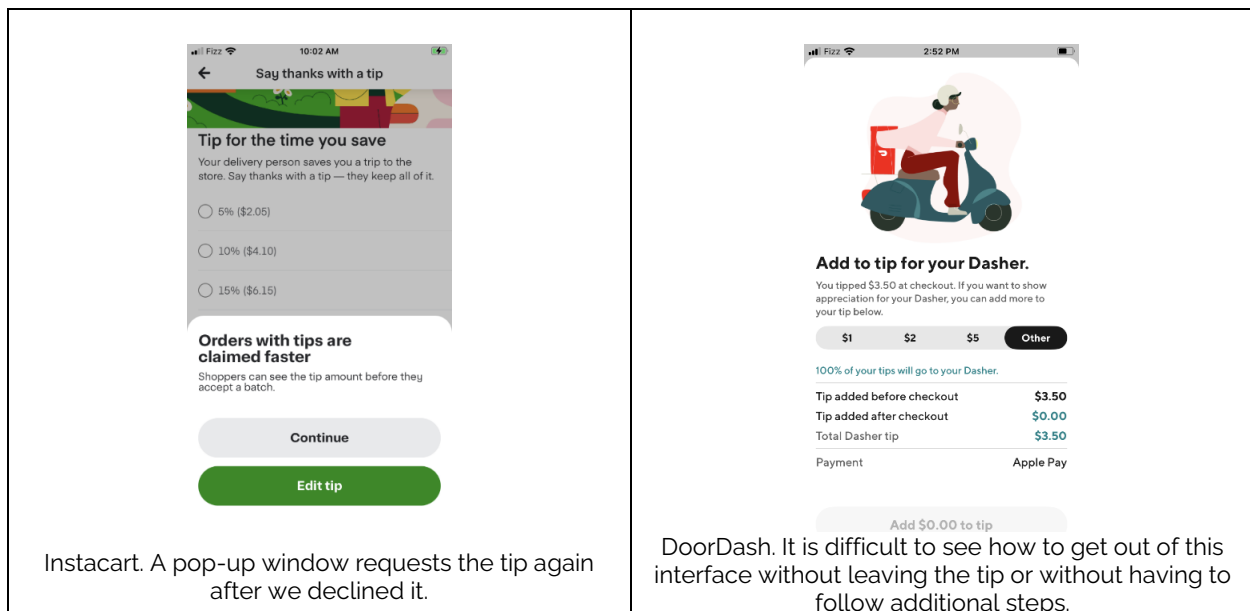
¹²⁵ Brignull, *Deceptive Patterns*, 48, supra; Jarovsky, "Dark Patterns in Personal Data Collection," 18, supra; OECD, "Dark Commercial Patterns" (Paris: OECD, October 26, 2022), 53.



The preselected tip percentage also serves as a reference for the consumer. This reference number or percentage may make choosing easier, but it may also influence or constrain decision-making by limiting the options that a consumer would consider. For example, consumers tend to choose one of the options presented to them, even if they consider them too high, instead of taking the time to customize a different amount.¹²⁶

3.2.3. A voluntary gesture that's hard to refuse

Many platforms make it difficult for consumers to refuse to tip. It may be more complicated for the consumer to complete the transaction without leaving a tip, or they may see messages prompting them to give one.



Instacart. A pop-up window requests the tip again after we declined it.

DoorDash. It is difficult to see how to get out of this interface without leaving the tip or without having to follow additional steps.

¹²⁶ Bunčić, Krstić et Kostić-Stanković, "Cognitive biases in marketing communication," supra; Brignull, *Deceptive Patterns*, 50, supra; Jarovsky, "Dark Patterns in Personal Data Collection," 15, supra; Blanco, "Cognitive Bias," 5, supra.

On several platforms, the option to exit the interface without leaving a tip is not displayed or is camouflaged, which can create a feeling of being stuck in the transaction. This situation can also put pressure on the consumer to tip, even if the service has not lived up to their expectations.¹²⁷

3.2.4. A tip rate applied on taxes and other fees

At many businesses, the tip percentage applies not only to the price of the product purchased, but also to service fees, applicable taxes, and even deductions and promotions offered by the platform.

The screenshot shows a DoorDash order summary. At the top, there is a red button labeled 'Place Order' with the total amount 'CA\$71.74'. Below this, there is a section for 'Order Summary (3 Items)' with a right arrow. A 'Promo Code' section shows '20% off, up to CA\$5' with a right arrow. The order breakdown is as follows:

Item	Amount
Subtotal	CA\$56.07
Delivery Fee @	CA\$1.99 CA\$0.00
Service Fee @	CA\$3.99
Estimated Tax @	CA\$8.25
Discount	-CA\$5.00
Dasher Tip	CA\$8.43
10%	
12%	
18%	
Other	

Below the tip options, a note states: 'The recommended Dasher tip is based on the delivery distance and effort. 100% of the tip goes to your Dasher. [Learn more](#) about how Dashers are paid.'

The final 'Total' is CA\$71.74.

DoorDash. In this case, the suggested tip of 12% is calculated on the price of the product, service charges, taxes and even two advertised discounts: the \$1.99 delivery fee and the \$5.00 discount. If the tip were applied solely to the price of the product (subtotal \$56.07), it would actually represent 15%.

This method of calculation could be confusing for consumers who believe they are paying a percentage of tips exclusively on the product purchased. To identify the amount to which the percentage applies, they must do a calculation. The average consumer will probably not take the time to do so.¹²⁸

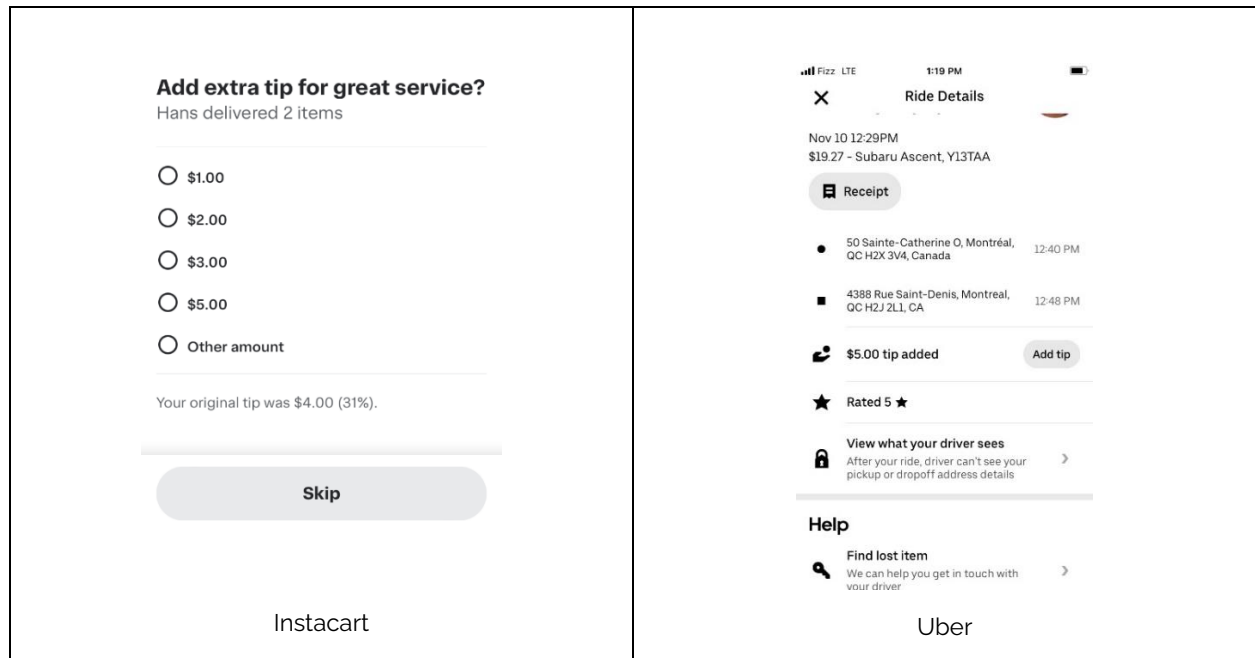
In addition, we found that on DoorDash, UberEats, SkipTheDishes and Instacart, "smart" or "dynamic" tipping is used (Section 2.2.3.). On these platforms, the form of the tip varies depending on the bill total: For low-priced products, the tip options are displayed in dollar amounts, while for higher-priced products, the tip is displayed as a percentage.

¹²⁷ Brignull, *Deceptive Patterns*, 32-38, 57-58, 69, supra; Jarovsky, "Dark Patterns in Personal Data Collection," 19, 29-30, supra.

¹²⁸ Brignull, *Deceptive Patterns*, 29, supra; Jarovsky, "Dark Patterns in Personal Data Collection," 31, supra; Blanco, "Cognitive Bias," 2, supra.

3.2.5. A second tip?

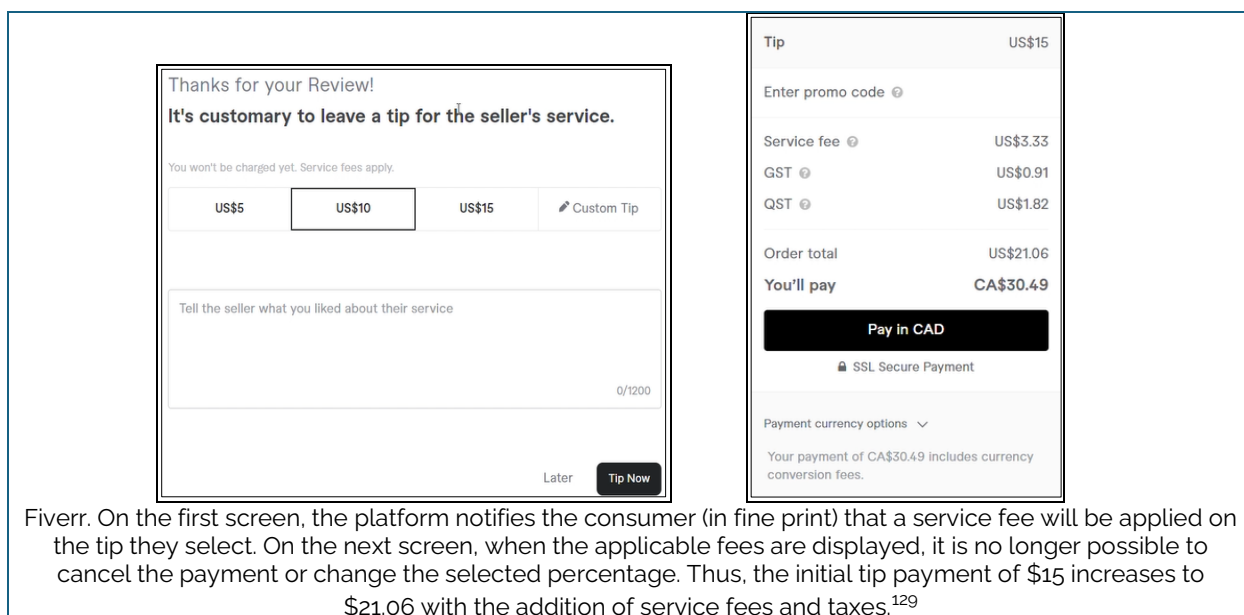
Platforms that allow the customer to tip before or during the provision of the service sometimes request a second tip or offer to increase the initial amount after the service has been received. If a notification appears after the service has been provided, a distracted consumer could pay the second tip by mistake.



This practice could lead the consumer to leave a very high total tip amount, sometimes even without realizing it. For example, in the case of Instacart mentioned above, giving a second tip of \$2 would bring the total tip percentage to almost 47%.

3.2.6. Tip distribution

When requesting tips, most platforms indicate that the tip is paid in full to the worker. However, some platforms add a service fee to the tip, sometimes without explicitly informing the customer. A consumer may be surprised that they must pay a fee to the platform on a tip to the worker.



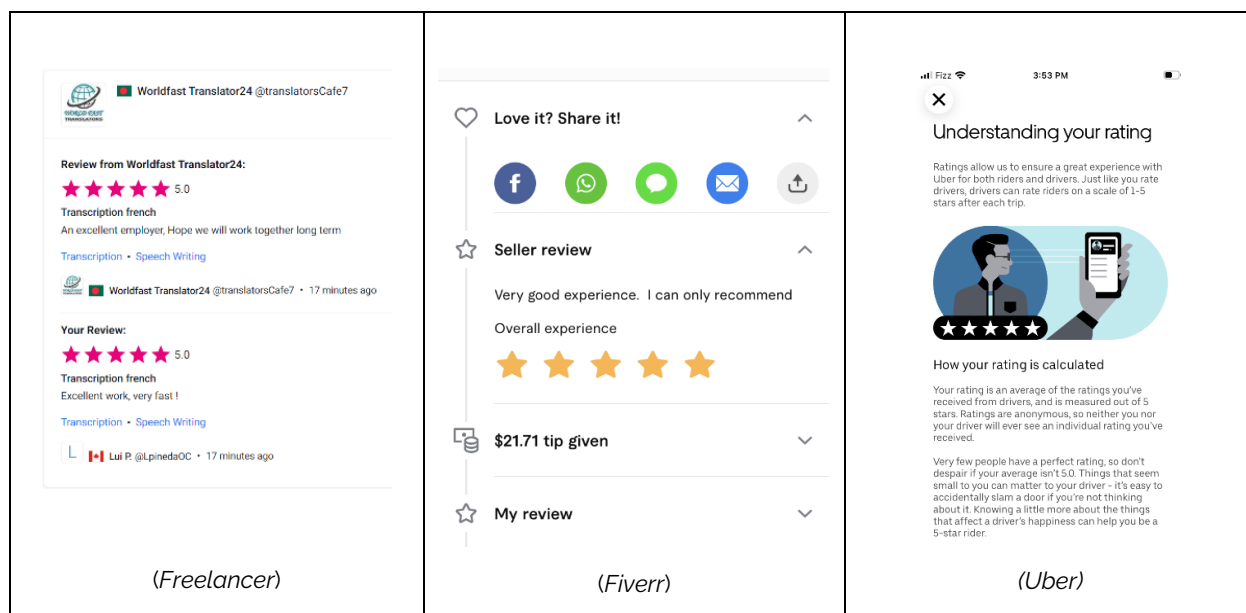
Fiverr. On the first screen, the platform notifies the consumer (in fine print) that a service fee will be applied on the tip they select. On the next screen, when the applicable fees are displayed, it is no longer possible to cancel the payment or change the selected percentage. Thus, the initial tip payment of \$15 increases to \$21.06 with the addition of service fees and taxes.¹²⁹

This practice calls into question the very definition of a tip as a gratuity for work or service rendered by a person, since the platform adds mandatory fees. Finally, we observe a different phenomenon of calculating the tip on the amount after taxes (Section 3.2.4.): Here it concerns taxes and fees applied on the tip.

3.2.7. Give a rating ... to the consumer

On most of the platforms analyzed, the tip is solicited either immediately before or immediately after the request for feedback on the worker. In some cases, it is even mandatory to leave a review in order to offer a tip.

¹²⁹ These are the fees and taxes applied to the tip transaction. Previously, service fees and taxes had already been paid on the price of the product ordered.



Most of the platforms analyzed also allow the worker to rate the consumer. It remains to be seen whether the amount of the tip could influence their assessment.

3.3. Dark patterns?

Certain characteristics observed in the tip request could be interpreted as falling within the realm of dark patterns.

A dark, deceptive or manipulative pattern is defined as "a user interface that has been carefully crafted to trick users into doing things."¹³⁰ In this type of interface, techniques, tricks and methods are used to force the consumer to make decisions that are contrary to their best interest and to perform actions that they did not intend to do, such as spending money and time. Dark patterns are effective because they exploit consumer vulnerabilities—known in experimental psychology as cognitive biases.¹³¹

Our analysis of online platforms shows that, in some cases, consumers could be misled by information displayed in a non-transparent and confusing manner. When an option other than the default is difficult to find or it is almost impossible to finalize the transaction without leaving a tip, it could be said that the platform uses dark patterns and limits the consumer's autonomy in their tipping choices.

¹³⁰ Brignull, *Deceptive Patterns*, 5, *supra*.

¹³¹ Cognitive bias refers to "a systematic (that is, nonrandom and, thus, predictable) deviation from rationality in judgment or decision-making." Cognitive biases stem from the fact that a human being does not make decisions according to the theoretical model of a rational agent in economics (*homo economicus*): an informed consumer who always makes the optimal choice, or the one that suits them the best. On the contrary, consumers make decisions based on limitations and constraints with respect to cognitive resources such as reasoning and reflection capacity, available information, time, emotions and state of mind, social influence, and mental shortcuts. Blanco, "Cognitive Bias," *supra*; Jarovsky, "Dark Patterns in Personal Data Collection," 46, *supra*.

3.4. A lack of information

Despite the considerable importance of tipping on the platforms studied,¹³² information about this practice is nearly absent from their terms of use and privacy policies.

Some companies specify in their terms of use that a tip is a voluntary payment.¹³³ Uber is the company that provides the most details in this regard:

"You understand and agree that, while you are free to provide additional payment as a gratuity to any Third Party Provider who provides you with services or goods obtained through the Uber Services, you are under no obligation to do so. Gratuities are voluntary."

Very few companies provide information on the distribution of tips in their conditions of use. Some say that the entire tip is given to the service provider,¹³⁴ for example Lyft:

"Tips. Following a ride, you may have the opportunity to elect to tip your Driver in cash or through the Lyft Platform. You may also elect to set a default tip amount or percentage through the Lyft Platform. Any tips will be provided entirely to the applicable Driver."

With respect to service fees and taxes applicable on tips (Section 3.2.6), the little information available is often scattered throughout the terms of use and the platform websites. This information can sometimes be ambiguous due to the fact that the additional amounts paid by the consumer are referred to as "bonuses," which can include other categories of expenses than the tip alone.¹³⁵

Some platforms establish the accepted method of payment to pay tips. At Fiverr, the customer is forbidden to pay tips other than through the platform interface, which suggests that a tip could not be given in cash. Conversely, at Lyft, tips can be paid in cash and through the platform. Companies also specify that gift cards or promotional codes may be declined to pay a tip.¹³⁶

Finally, all the companies covered by our study describe themselves as basic online intermediaries.¹³⁷ For example, the Skip contract states:

¹³² Jacqueline Ross and John Welsh, "Service Labor, Freedom, and the Technique of Tipping," *Critical Sociology* 49, no. 4-5 (2023): 738.

¹³³ This is the case with DoorDash and Uber.

¹³⁴ This is the case with Lyft and TaskRabbit.

¹³⁵ Upwork, "Pay a Bonus," retrieved July 21, 2023, <https://support.upwork.com/hc/en-us/articles/360000980407-Pay-a-Bonus>; Upwork, "Upwork Legal Center," retrieved November 30, 2023, <https://www.upwork.com/legal#upworkfeesfreelancers>; Freelancer, "Giving My Freelancer a Tip | Project | Freelancer Support," retrieved March 8, 2023, <https://www.freelancer.com/support/project/giving-my-freelancer-a-tip/>; Fiverr, "Buyer FAQs," Fiverr Help Center, retrieved November 30, 2023, <https://help.fiverr.com/hc/en-us/articles/360011454477-Buyer-FAQs>; Fiverr, "Accepting Deliveries Using the Mobile App," Fiverr Help Center, retrieved November 30, 2023, <https://help.fiverr.com/hc/en-us/articles/360011607878-Accepting-deliveries-using-the-mobile-app>.

¹³⁶ This is the case with Instacart and TaskRabbit.

¹³⁷ With the exception of Fiverr, where the terms of use are not clear to this effect.

"You understand that Skip's technology and services facilitate these transactions in certain jurisdictions only and that Skip is not a vendor or courier nor is Skip responsible for fulfilling orders placed by customers with vendors or couriers."

As such, they consider that a contract is formed between the consumer and the final service provider at the time of purchase, and that they have no responsibility for the execution of this transaction.

4. Tip fatigue: analysis of focus groups

We organized six online focus groups with Canadian consumers to better understand their views on tipping.¹³⁸ Two of these groups were organized in Quebec (in French), two in Ontario, one in the Maritimes, and one in Western Canada (in English). Each group consisted of approximately eight participants, for a total of 47 people.

Our groups included as many men as women, aged 18 and over, with different levels of education. They included workers, retirees, students and people on a leave of absence. Our selection was intended to be representative of the Canadian population as a whole. To avoid bias in the results, we limited the number of people per group who had previously worked in a job where they were tipped to two.

4.1. Consumer experiences

According to consumers, tips are requested very often and solicitation methods have changed considerably in recent years.

4.1.1. A common practice

In Canada, tipping is a widespread practice. As participants had different buying habits, some said they were asked to tip only three times a month, while others said they were asked more than 100 times a month. On average, participants were solicited 20 to 30 times per month.

As a result, most focus group participants were familiar with the practice of tipping. Participants are most often asked to tip in the provinces in central Canada, Quebec and Ontario. Soliciting tips is less common in the Maritimes and western provinces.

Consumers are asked for tips by most merchants offering a service, including restaurants, beauty services, taxis and hairdressers. To a lesser extent, participants are asked for tips for take-out orders, in grocery stores, retail stores and hotels, or even at the mechanic's.

Not surprisingly, participants identified the pandemic as a pivotal moment in the transformation of tipping. They note that COVID-19 marked the breaking point wherein tip amounts have increased, tips are solicited more often, and the ways to request tips have evolved.

In Quebec, participants stated that before the pandemic, the suggested tip rate started at 15%, but after the pandemic, it increased to 18%. Now they sometimes see options of 20%, 22%, or even 30%. Elsewhere in Canada, participants reported that suggested tip rates were 5%, 15% and 20% before the pandemic; now suggested percentages have increased to 20%.

¹³⁸ The discussion guide used for these groups can be found in Annex 2. The firm BIP was mandated to recruit participants and lead the focus groups, each lasting two hours. They took place between January 9th and 17th, 2024.

25% and 30%. In addition, according to some participants, it is not clear whether this rate applies to the bill amount before or after taxes.

Consumers say they have noticed another notable transformation. "Since the pandemic, there is also the small description below the tip we choose to give. For example: 15% equals satisfactory service, 20% equals good, etc. It gets sneaky, because you think, if I give 15%, it's associated with inferior service. It's a very intimidating way of going about it, I think," said a participant from Quebec.

A handful of consumers also noticed that it is now possible to tip long after receiving the service, for example several days or weeks later, on certain delivery or taxi platforms.

Finally, consumers find that the number of businesses requesting tips has grown considerably. In general, participants agree that tips are now expected and standardized. As one consumer summarizes: "Everybody wants a tip now: I want a tip!"

4.1.2. Different methods of payment and solicitation

"I've never been asked for tip by a human being, I've always been asked for a tip by a machine."

Participant from Western Canada

The vast majority of participants indicate that they pay the tip in the same way as the good or service. However, about one tenth of the participants recruited say they prefer to pay the tip in cash, regardless of the payment method used.

Participants noted that the use of payment terminals has become commonplace since the pandemic, a phenomenon that coincides with the decline in the use of cash (Section 1.3). Consumers are finding that the use of payment terminals is now a standard to which they have adapted their habits, at the expense of the classic tip jar.

With respect to tip requests through food delivery platforms, transportation applications or other digital platforms, we observed a generational and demographic divide. On the one hand, younger people are more likely to use these platforms and applications. On the other hand, they are mainly used in the provinces of Quebec and Ontario, as well as in major cities. Participants from remote areas explained that they did not have access to these services.

Tip modalities offered to consumers include bill percentages, fixed amounts or options at the discretion of the consumer. According to participants, the most frequently proposed modality when using a payment terminal is a percentage. Proposing a fixed amount or tip at the consumer's discretion are found to a lesser extent. Only a few participants mentioned the option of rounding the bill amount.

4.2. Consumer perceptions

Based on the focus group discussions, we can safely say that there is a great deal of confusion around the practice of tipping in Canada. Although they often feel compelled to tip, consumers do not always agree on where, how much or why they should tip. In addition, they do not know who the ultimate recipient of the tip money is. The ambiguity of this practice, oscillating between a voluntary donation and quasi-compulsory service, is also highlighted. However, there is a consensus among participants that current tipping practices have gone too far.

4.2.1. Why give it, to whom, and how much?

In general, participants gave different reasons for tipping.

The vast majority of consumers indicated that they leave a tip out of obligation, due to social conventions and out of necessity. A few statements illustrate the near-binding nature of the tip:

- "I don't think it's optional, if it's not mandatory, it's almost mandatory, like a hidden cost";
- "It's a due, that's what's unfortunate";
- "It is a societal thing. It is the new norm";
- "It's embarrassing if you don't tip";
- "You don't want to look cheap!"

A handful of consumers cite large group dinners as an example, where a tip percentage applies to all diners, regardless of their opinion of the service: "They include an automatic tip, and yet the service leaves something to be desired." Others say they always tip whenever it is requested; as one consumer put it: "I can't say no, so I tip anyways when there is the option."

Although the sense of obligation associated with this practice is stronger in Quebec than elsewhere in Canada, all of the participants agreed: Rather than a discretionary choice, tipping is perceived as the result of pressure, a social convention, and therefore an obligation.

Another reason given for tipping, although less frequently, is that the worker relies heavily on tips to boost their salary in a difficult and poorly paid job. For participants who share this view, tips are tied to their perception of the worker's salary, especially if the salary is below the norm: "The question is whether workers are underpaid."

Only a few participants noted that they leave a tip to acknowledge the quality of service or guarantee good service next time. For some, the effort put in by the employee, the number of interactions and the quality of service are determining factors when tipping. Conversely, some participants indicated that they tip when they receive personalized service, regardless of its quality: "If in a restaurant there is not a good service, I'll still tip but less."

Finally, some consumers say that the decision to tip depends on their state of mind or the "mood factor."

When asked about the recipients of their tips, participants asked more questions than they answered. Almost all participants admitted that they did not know for sure who receives the tip. They ask themselves: Is it paid to the worker who provided the service directly? Is it split equally among all workers? Does it depend on the payment method (digital or cash)? A few consumers mentioned hearing stories that the merchant, manager or online platform took some or all of a tip. According to a participant from Quebec: "Employers say they keep a percentage of tips for the administration related to tip distribution. That one's a beauty!"

When establishing who, exactly, is a tip worker, participants gave two types of answers: On the one hand, it is someone who receives less than the minimum wage and must, in the words of one participant, "unfortunately declare taxes"; on the other hand, it is anyone who provides a service, "someone you need," as one consumer put it. Participants generally agreed that a tipped employee is a person who provides a service, who interacts with the customer, or whose work adds value to the customer experience. One participant also pointed out that a tipped employee should not be a manager in the company.

Finally, consumers reflected on the amount of a tip that is considered fair. Most participants concluded that, in general, a 15% tip "excluding taxes" could be considered fair for "expensive" services without specifying exact amounts. Some are willing to consider giving a tip of up to 18% or even 20%, depending on how they rate the service. For cheaper services, consumers would prefer to pay a lump sum, without specifying the amount. In short, a "fair" tip depends on the context and is at the discretion of the consumer: There is no amount or percentage believed to be "fair" that is outside of the amount of the bill or service received.

4.2.2. An irritating practice

Tipping is a source of irritation for consumers. The frequency of tip requests, the methods of solicitation and the consequences of current tipping practices frustrate consumers.

First, according to most of the participants, tips are requested too often and almost everywhere. They are solicited in situations where they feel it is not justified, for example for take-out orders or during transactions that do not require service, such as a purchase without an interaction. In addition, some consumers expressed their frustration with repeated requests for tips on online platforms through multiple notifications and pop-ups.

Some of the most unusual examples of tip requests reported by consumers include:

- during a funeral service by a priest at a church;
- in a medical clinic;¹³⁹
- in a post office.

Secondly, consumers find it shocking that tips are solicited through payment terminal interfaces, whether because of the excessive amount offered, uncertainty about the amount to which percentages apply, or the messages that accompany tip options.

¹³⁹ This case was reported by a consumer who contacted Option consommateurs at a time when we were still developing the focus groups. According to the consumer, who also contacted the Collège des médecins to denounce the situation, the request for a tip in a medical clinic contravenes the code of ethics and takes advantage of the unequal and authoritative relationship between the physician and patient.

Default percentage options bother some consumers. They find the minimum rate proposed by terminals unjustified and too high, which sometimes starts at 18% or 20%, and can, according to one participant, go up to 40%. In addition, focus group participants commented on the difficulty, if not the impossibility, faced when searching for an option to personalize the amount ("custom tip") or simply not to leave a tip. They perceive this as a constraint and say they feel a moral obligation to pay a specific amount.

One point in particular caused dissatisfaction among participants: the fact that tip percentages are applied to taxes. According to participants, this process, which transforms a tip of 15% into 17.25% without the consumer being aware of it, is dishonest and abusive.

Participants also expressed their annoyance with regard to the messages accompanying tips. According to a participant from Quebec, "it is not so much the fact that there are options that shocks me; it is the fact they assign values to them (15% equals satisfactory service, 18% equals good service, 20% equals very good service and 30% equals excellent service). I may want to give 15% even though I had excellent service."

When examples of tip request messages posted by food delivery platforms were presented – such as "Your delivery driver saves you a trip to the store" or "Add warmth with a tip" – Quebec participants expressed the following opinions:

- "I find it really inappropriate; it's like bad pressure even though it's kind of funny. It makes tipping unpleasant and that shouldn't be the point. It makes you feel like a child."
- "These comments are stupid and insulting";
- "It's a passive aggressive way to make you tip";
- "Those kinds of messages make me feel a bit guilty."

Participants from other regions of Canada did not give such sharply worded responses:

- "It is cheesy but I do not mind it."
- "No effect, neutral."

Finally, for some consumers, this type of messaging encourages them to leave a tip; for others, it has the opposite effect and reduces their desire to give a reward.

4.2.3. A persistent aftertaste

The tipping experience does not end after paying an amount. Consumers stated that there are thoughts, feelings and mindsets associated with the practice. In addition, they are considering changing their consumption and purchasing habits. In some cases, they have had bad experiences related to tips.

As for their state of mind after paying a tip, participants express divided opinions. For some, especially in Quebec, there is a feeling of guilt or regret, and even a feeling of being fooled. Others, especially elsewhere in Canada, feel no emotion about tipping.

In retrospect, many consumers lament finding themselves in the position of having to compensate tipped employees for their low wages. Only a minority reported feeling good about tipping after receiving good service, or when the worker is grateful. However, even in

cases where there is some satisfaction after tipping, consumers perceive it as an economic effort on their part.

A significant minority of participants said they had considered changing their buying habits due to the increase in the amount of tips requested and inflation. For example, some people are reluctant to shop or prefer to have breakfast instead of lunch in a restaurant to save money:

- "I do not go that often and when I do I feel this pressure to give a tip and then before you know there goes \$20. I feel I should not go out if I cannot give a good tip so I will not go out. If I can have it at home, I would rather do that."
- "My hesitation is more about the costs of the service itself. Since the pandemic, everything has increased drastically."

A western Canadian consumer also indicated that tipping caused her to lose control of her expenses: She forgot to take tip amounts into account when planning her purchases. Afterwards, she regretted that she failed to calculate tips.

Finally, participants provided many examples of bad experiences related to tipping, mainly because the amount paid was not appreciated or considered sufficient by the employee:

- A server "started acting like an idiot" and left without saying goodbye.
- A waitress acted disinterested and rejected the tip.
- A tattoo artist looked at her client, waiting for her to take out a second \$20 bill from her wallet.
- A server gave a disapproving look.
- After not leaving a tip due to very poor service, the waitress went out to the street yelling to the customers that they had forgotten to tip her.
- A waitress became impatient with the time it took the customer to choose the amount of tip to leave on the payment terminal.

All of these experiences led focus group participants to reflect on the need for oversight of tipping practices in Canada.

4.3. Regulating tipping

The conversations focused on regulating tipping brought to light measures that were met with varying degrees of consensus. Subsequently, consumers wondered: Should tipping be banned?

4.3.1. How can tipping be regulated?

Participants reached a consensus on a number of proposals aimed at regulating tipping practices. These proposals mainly address the problem of the lack of transparency on the part of merchants when it comes to tipping.

First, consumers propose prohibiting the application of tips on taxes. According to them, tip options on payment terminals should display percentages before taxes, not after taxes. The issue here is that there is potentially misleading information on terminal interfaces when the

amount paid does not correspond to the percentage displayed. This practice should be forbidden, according to the unanimous opinion of consumers.

Second, focus group participants felt that under no circumstances should a merchant withhold part or all of the tip. In addition, consumers would like to know who receives the money, for example, whether the tip is for the worker who directly provided the service or whether it is shared with other employees.

Third, focus group participants suggested tackling the "absurdity" of tip jobs paid below the basic minimum wage. In their view, employers should assume responsibility by offering their employees better pay conditions. This would take a burden off the shoulders of consumers, who feel compelled to compensate for low wages with tips. Moreover, it would release them from the sense of guilt associated with this practice. For the sake of transparency, some consumers believe that businesses should inform their customers about their employees' compensation.

Finally, consumers want conditions to be put in place to ensure that tipping is truly voluntary. First, "terminal adjustments should be regulated," one participant said. Indeed, recommendations have been issued to set guidelines for the display of information on terminal interfaces so that it is as transparent as possible. For example, one consumer expressed that "there should be an option to skip percentages or an easy way to customize the tip"; others also suggested regulating the percentages displayed, pre-selected amounts or repetitive tip requests, but did not go into detail. Finally, participants proposed prohibiting forced or imposed tips, such as the pre-established mandatory percentage for group reservations.

Although most participants agreed on two other proposals, they were not unanimous. Several consumers expressed that tips should only be requested when there is no service charge or a tip is already included; otherwise, there is a risk that the customer will pay an additional amount for the same service:

"Some places where I have gone, restaurants, actually included tips on all bills. They will tell you, there will be a little sign saying 15% gratuity on all bills. A lot of people do not notice that. I actually ended up tipping on top of it. A friend of mine who brought me there told me by the way you double tipped them because it says in your total amount tip is already included and now you tipped. So, I do not think that places should be allowed to add a tip on."

Similarly, participants agreed with the idea of regulating services that can or cannot solicit tips, such as retail, over-the-counter sales or take-out orders: "Some business that weren't tipping pre-pandemic shouldn't be tipping," proposed a Maritime consumer. However, they did not propose an exhaustive list of places where tips should not be requested.

4.3.2. To prohibit or not to prohibit: that is the question

Ultimately, the thorny debate about ending tipping contrasts two values: fairness, according to those who would prefer tips to be included in the price and tips to be abolished, with better wages for employees; and freedom, according to those who would like to see the practice of tipping continue and have the power to determine how much to pay.

The first opinion is summarized as follows by a consumer:

"It is clear that it needs to be regulated. It is also nonsense that there are people who are paid less than the minimum wage because they receive tips. These people could just be paid minimum wage and tips could cease to exist. It would not cost the restaurant more, because consumers are already the ones who pay extra by tipping. Even if the bill is passed on to the consumer, we would not lose out. This should be done through regulation."

Another participant added, when referring to workers:

"I prefer an all-inclusive option because generally that does mean that they are being paid better, like in other countries they have to be paid a livable wage. It is so much less of a headache; you are told exactly how much to pay. If someone has done an exceptional job, I will give them something more if I want."

In response to these opinions, two other consumers replied:

"In Canada, we deeply value freedom. Despite the imperfections of the current system, I prefer to have the freedom to give rather than not to give. No matter what happens, we must remain free to make our choices. [The option of ending tipping] would be too imposed and we will lose control over the price."

"I prefer status quo. It still gives me the discretionary option. [With] all-inclusive invoices, there is a little bit less in my control."

Although the opinions are balanced, a significant proportion of focus group participants would agree with the idea of ending the practice of tipping in favour of an all-inclusive bill – taxes and service – to which the consumer has nothing to add, provided that the wages of tipped employees are increased.

In conclusion, the results of our focus groups confirm the results of recent pan-Canadian surveys that tipping is a source of irritation for consumers.¹⁴⁰ We can deduce that this practice is going through a legitimacy crisis in Canada. Most consumers question the justification, acceptability and fairness of tips, and the majority of participants consider the number of requests for tips or the increase in amounts unjustified. Some consider certain solicitation strategies problematic as they are perceived as manipulative, such as messages from payment terminals and delivery platforms. Others find it unfair for merchants to externalize a portion of employees' wages to consumers. In short, while tipping has become a widespread and established habit, Canadian consumers are struggling to accept the changes made to tipping since the pandemic.

¹⁴⁰ Angus Reid Institute, "Tipping Point," supra; Agri-Food Analytics Lab and Angus Reid Institute, "New report suggests there is little support for no-tipping policy and only 20% of Canadian consumers intend to tip more after the pandemic," supra; Julien Brault, "Survey: Find Out How Much Canadians Tip and What Irritates Them," *Hardbacon*, January 30, 2024, <https://hardbacon.ca/fr/budget/sondage-pourboires-canada/>; Lightspeed, "Canadians Cut Back on Tipping and Turn to Savvy Money-Saving Strategies When Dining Out: Doggy Bags, Happy Hours and Value Meals Surge in Popularity," retrieved July 8, 2024, <https://www.lightspeedhq.com/news/canadians-cut-back-on-tipping-and-turn-to-savvy-money-saving-strategies-when-dining-out-doggy-bags-happy-hours-and-value-meals-surge-in-popularity/>.

5. Legal aspects of tipping

Tips are not specifically regulated by consumer protection laws in Canada,¹⁴¹ with the notable exception of Quebec, which recently adopted standards governing the solicitation of tips by merchants. It is, however, more closely regulated by worker protection standards and tax rules, although these may vary from province to province. Outside of Canada, with some exceptions, few standards differ significantly from the Canadian legal framework.

5.1. Tipping and consumer protection

The fact that tipping is a voluntary gesture by the consumer, who can choose whether or not to give a tip, means that this type of payment often falls outside the purview of consumer protection laws. However, certain commercial practices related to tipping could be covered by these laws, particularly with regard to misrepresentation.

5.1.1. Distinguishing between tips and mandatory fees

There is no law in Canada prohibiting a merchant from requesting a tip. Nor does the law require that an additional amount voluntarily given by the consumer be disclosed in any way prior to purchase. Thus, a restaurant owner can display prices on their menu without mentioning tips, since this payment is optional for the customer.

However, the situation is different when the merchant requires payment of a tip, adding it as a mandatory fee tacked onto the total bill. In this case, the tip is no longer voluntary and becomes a fee that is included in the cost of the service.

In Quebec, such a "mandatory tip" must be included in the price advertised to the consumer and cannot be added retrospectively to the price initially advertised.¹⁴² Specifically, section 224 of the *Consumer Protection Act* provides that a merchant may not "charge, for goods or services, a higher price than that advertised,"¹⁴³ in addition to the applicable taxes. This means that the posted price must include all the components that the consumer must pay, without any additional fees. For example, in stores, case law has determined that a merchant cannot add a mandatory fee for the use of a debit card.¹⁴⁴

A class action was instituted in Quebec in 2022 on the basis of this provision. In that case, the plaintiff alleged that the "booking fee and tip" added by a cruise operator to the invoice amount did not comply with section 224 of the *Consumer Protection Act*, in addition to

¹⁴¹ With the exception of Alberta's legislation, which refers to tipping in the specific context of payday lending agreements, not from the perspective of consumer protection with respect to commercial practices relating to tipping. See: *Consumer Protection Act*, RSA 2000, c. C-26.3, s. 52.

¹⁴² However, if the customer is a business and not a consumer, the *Consumer Protection Act* will generally not apply and such a business practice could be considered legal. See: *Consumer Protection Act*, CQLR c. P-40.1, s. 2.

¹⁴³ *Consumer Protection Act*, CQLR c. P-40.1, s. 224; *Regulation respecting the application of the Consumer Protection Act*, c. P-40.1, s. 91.7 to 91.8.

¹⁴⁴ *Stratos Pizzeria (1992) Inc. v. Galarneau*, 2015 QCCS 2353.

constituting a false representation.¹⁴⁵ However, the courts were unable to rule on the merits of the class action as it was settled out of court after being authorized.¹⁴⁶

No other province has a provision similar to Quebec's, except for certain specific sectors of activity such as the automobile sector.¹⁴⁷ However, the *Competition Act*, a federal law that applies across Canada, has prohibited partial price indications since 2022,¹⁴⁸ i.e., the announcement of a price "that is not attainable due to fixed obligatory charges or fees."¹⁴⁹ One may therefore wonder whether a tip that must be paid by the consumer, and that is not part of the initial price disclosed could contravene this law in the same way as in Quebec.

5.1.2. Regulating tip solicitations

Only Quebec has adopted consumer protection standards that specifically address how tips are solicited. In 2024, the Quebec legislature incorporated a new provision into the *Consumer Protection Act* aimed at regulating certain commercial practices with respect to tipping.¹⁵⁰

This new Quebec regime applies only when a merchant offers the consumer the option to leave a predetermined tip, meaning when tip percentages or amounts are displayed for the consumer to select at the time of payment. The law does not target a specific technology and consequently covers the solicitation of tips from both payment terminals and online platforms.

The new law provides that a proposal to leave a tip must contain "only, and to the exclusion of any other element, predetermined amounts and the option for the consumer to determine the amount of the tip."¹⁵¹ In other words, merchants will no longer be able to display adjectives ("good," "very good," "excellent") or emojis alongside the predetermined amounts. They will also be required to display an option allowing the consumer to choose the amount of tip they wish to leave. In addition, these predetermined choices must "be presented in a uniform manner, without inciting the consumer to favour one over another."¹⁵²

Finally, the new Quebec law provides that "any predetermined amount it contains that corresponds to a proportion of the price must be established on the basis of a price that excludes the Québec sales tax and Canada's Goods and Services Tax."¹⁵³ In short, this means

¹⁴⁵ *Phanor v. Cruises AML Inc.*, 2022 QCCS 3358.

¹⁴⁶ *Phanor v. Cruises AML Inc.*, 2023 QCCS 904; *Phanor v. Cruises AML Inc.*, 2023 QCCS 2406.

¹⁴⁷ See: Union des consommateurs, *L'imposition d'une surcharge en fonction du mode de paiement*, 2019, pp. 42-44. It should be noted that in 2010, Ontario introduced a bill to prohibit "automatic tips" added to restaurant bills, but this bill was never passed: *Elimination of Automatic Tips Act*, Bill 81 (2010), 2nd Sess., 39th Legis. (On)

¹⁴⁸ *Competition Act*, RSC 1985, c. C-34, ss. 52 (1.3) and 74.01 (1.1).

¹⁴⁹ Competition Bureau, *The Deceptive Marketing Practices Digest — Volume 6*, Bulletin, April 17, 2023, <https://competition-bureau.canada.ca/en/how-we-foster-competition/education-and-outreach/deceptive-marketing-practices-digest-volume-6>

¹⁵⁰ *An Act to protect consumers against abusive commercial practices and to offer better transparency with respect to prices and credit*, LQ 2024, c. 32, ss. 44 and 67. This act incorporates section 225.1 into the *Consumer Protection Act* and section 91.8.1 into the *Regulation respecting the application of the Consumer Protection Act*.

¹⁵¹ *Regulation respecting the application of the Consumer Protection Act*, CQLR c. P-40.1, r. 3, s. 91.8.1.

¹⁵² *Regulation respecting the application of the Consumer Protection Act*, supra.

¹⁵³ *Regulation respecting the application of the Consumer Protection Act*, supra.

that the tip must be calculated on the amount before taxes, ending a practice that is particularly irritating to consumers (sections 2.2.4, 3.2.4 and 4.2.2).

Although well received by the public, these new provisions nevertheless leave some of the issues identified in this research unresolved. Despite the rising number of merchants proposing consumers leave tips, Quebec law does not limit the types of companies that can solicit them. Similarly, it does not require merchants to inform consumers about the recipient(s) of the tip, for example by displaying the information at the place of business. The law also does not cover solicitation practices used by merchants who do not offer predetermined options, for example, if they only encourage the consumer to tip an amount of their choosing. That said, this new regime makes Quebec a trailblazer when it comes to protecting consumers against abusive tipping practices and which is mostly unparalleled compared to other countries (section 5.4).

Elsewhere in Canada, our research has not allowed us to identify a law that addresses tip solicitations as in Quebec. Most provincial consumer protection laws specifically regulate purchases made on the Internet, such as those made on the online platforms that were the subject of our study.¹⁵⁴ However, while these laws impose consumer information obligations as part of the online purchasing process, none address the issue of tipping in this context.

Similarly, we were unable to identify standards for the solicitation of tips by payment terminals. At the federal level, Payments Canada, incorporated under the *Canadian Payments Act*¹⁵⁵ to oversee clearing and settlement systems, has adopted technical rules that stipulate, among other things, that the consumer must be informed of the final amount of the transaction and approve it on the payment terminal.¹⁵⁶ However, these rules, which are essentially intended to govern the smooth functioning of payment systems, leave a large amount of freedom to the merchant in setting the terms and conditions of the request for tips.

¹⁵⁴ These schemes sometimes cover only purchases made on the Internet and sometimes all contracts concluded remotely, which also includes contracts by phone or mail. See: *Business Practices and Consumer Protection Act*, SBC 2004, c. 2, ss. 46-52 (British Columbia); *Internet Sales Contract Regulation*, Alta Reg 81/2001 (Alberta); *The Consumer Protection and Business Practices Regulations*, RRS c. C-30.2 Reg 1, ss. 3-3 to 3-14 (Saskatchewan); *Consumer Protection Act*, CCSM c. C200, ss. 127-135 (Manitoba); *Consumer Protection Act*, CQLR c. P-40.1, ss. 54.1-54.16 (Quebec); *Consumer Protection Act*, R.S.N.S. 1989, c. 92, s. 21V to 21AF (Nova Scotia); *Consumer Protection and Business Practices Act*, SNL 2009, c. C-31.1, ss. 28-35 (Newfoundland and Labrador). Note that New Brunswick and Prince Edward Island have not adopted a consumer protection framework for contracts concluded over the Internet. In Ontario, new consumer protection legislation was recently passed, but is still not in force, along with regulations that could clarify its scope: *Consumer Protection Act, 2023*, S.O. 2023, c. 23, Sched. 1, ss. 16-19 [not in force].

¹⁵⁵ *Canada Payments Act*, RSC 1985, c. C-21.

¹⁵⁶ For example, Payments Canada's rule E1, which governs point-of-service payments, states that the consumer must see the amount of the transaction to be transmitted displayed on screen and have the option to accept or cancel it. See: Payments Canada, *Rule E1 – Exchange of shared electronic point-of-service payment items for the purpose of clearing and settlement*, (Canada, 2023), s. 17.

5.1.3. False representation and dark patterns

Most provincial consumer protection legislation and the *Competition Act* prohibit false or misleading representation.¹⁵⁷ These general prohibitions could be applied when merchants mislead consumers about tips.

Within the meaning of the law, a false or misleading representation includes not only advertising but all forms of information communicated to the consumer. Since the prohibition concerns the message rather than the medium, nothing precludes a false or misleading representation regarding the tip from being found on a payment terminal, in the process of purchasing from an online platform, or communicated in any other way to the consumer.¹⁵⁸

One can imagine various scenarios involving misrepresentation, within the meaning of the law, when it comes to tipping. This could be the case if a merchant made the customer pay a higher amount than the rate chosen on a payment terminal, or mistakenly made the customer believe that they gave the entire amount of the tip collected to the employees.

On the other hand, many commercial practices that can undermine consumers' freedom of choice do not necessarily fall under the prohibition of false or misleading representations. Indeed, while the law governs the *informative* content of a message, the *persuasive* content of the same message is not regulated. Marketing techniques used to encourage a consumer to make a purchase, such as hyperbole, subliminal advertising or product placement, are examples of methods that are not prohibited as such by consumer law.¹⁵⁹

Several practices identified in this research, which we have lumped together under the term "dark patterns" (section 3.2.9), could therefore be more a matter of persuasion techniques than misrepresentation. Encouraging consumers to tip more by suggesting higher default rates, adding an adjective ("good," "very good" or "excellent") or preying on their good feelings, is not in itself illegal. Even if these methods can lead the consumer to make a choice that they would not otherwise have made, by tipping or giving more than they would have liked, they remain in a legal vacuum.

¹⁵⁷ See in particular: *Consumer Protection Act*, SBC 2004, c. 2, s. 4-6 (British Columbia); *Consumer Protection Act*, RSA 2000, c. C-26.3, s. 6 (Alberta); *The Consumer Protection and Business Practices Act*, SS 2013, c. C-30.2, s. 6-9 (Saskatchewan); *Consumer Protection Act*, 2023, S.O. 2023, c. 23, Sched. 1, s. 8 [not in force] (Ontario); *Consumer Protection Act*, CQLR c. P-40.1, s. 216-219; *Consumer Protection and Business Practices Act*, SNL 2009, c. C-31.1, s. 28-35 (Newfoundland and Labrador); *Competition Act*, RSC 1985, c. C-34, s. 52.

¹⁵⁸ To determine whether a representation is misleading, one must refer to the general impression it leaves and the literal meaning of the terms used. It should be noted that the *Competition Act* requires a representation to relate to a material respect of the promotion of a product or any business interest, a requirement that does not exist in Quebec. See in particular: *Consumer Protection Act*, CQLR c. P-40.1, s. 218; *Competition Act*, RSC 1985, c. C-34, s. 52(4). In Quebec, the case law has established that the general impression is assessed according to the first impression it produces on an unsuspecting and inexperienced consumer. See: *Richard v. Time Inc.*, 2012 SCC 8, [2012] 1 S.C.R. 265; Pierre-Claude Lafond, *Droit de la protection du consommateur: théorie et pratique*, 2nd ed. (Montreal: Éditions Yvon Blais, 2021), para. 699-701. However, in other provincial legislation and the *Competition Act*, it seems less clear whether such a protective test for consumers applies. See: Competition Bureau, *The Future of Competition Policy in Canada*, Submission by the Competition Bureau, March 15, 2023; Brenda Pritchard and Susan Vogt, *Advertising and Marketing Law in Canada*, 6th ed., (Canada: LexisNexis Canada, 2019), 43-44.

¹⁵⁹ Lafond, *Droit de la protection du consommateur*, para. 704-713, *supra*.

tipping has recently spread, such as fast food or retail, are not considered tipped employees and therefore do not receive a lower minimum wage.¹⁷¹

As a result, labour law addressing tips provides unequal protection from one province to another: While some have a strict framework, others do not provide for any measures to this effect. Moreover, it is not certain that the protection framework found in some provinces benefits all workers who receive tips. It is worth noting that labour standards legislation applies to relations between employers and employees, but does not apply to self-employed workers and other independent contractors.

However, workers in the gig economy (Section 3.1) could be considered not as employees, but rather as "self-employed" entrepreneurs, and thus excluded from the protection afforded by labour standards legislation.¹⁷² This would then exempt online platforms from paying them a remuneration at least equivalent to the minimum wage or guaranteeing them ownership of the tip. However, it is not enough for a company to state that the workers with whom it contracts are independent contractors to escape the application of labour standards laws. To determine whether there is an employment relationship, a case-by-case analysis of the degree of control exercised by the company over the worker is required.¹⁷³ The question of the qualification of these workers remains open and is still the subject of debates before the courts.¹⁷⁴

In this regard, British Columbia and Ontario have recently passed legislation to offer certain protections to individuals who perform work on a digital platform, such as ride-sharing or delivery services.¹⁷⁵ In Ontario, the *Act to enact the Digital Platform Workers' Rights Act, 2022*, which is still not in force at the time of writing, states that these workers are entitled to the minimum wage¹⁷⁶ and that the platform operator "shall not withhold amounts earned or tips or other gratuities from a worker, make a deduction from an amount earned by a worker or a worker's tips or other gratuities or cause a worker to return or give the amount earned by the worker or the worker's tips or other gratuities to the operator."¹⁷⁷ It should be noted that this legislation was opposed by the Ontario-based organization Gig Workers United, which believes in particular that these workers should have the status of employees.¹⁷⁸

¹⁷¹ According to CNESST documents obtained through an access to information request, the public body responsible for enforcing Quebec's *Act respecting labour standards* considers that these employees benefit from the protection of Quebec standards regarding tips even if they are paid at the regular minimum wage.

¹⁷² It should be noted that the status of "employee" may differ between tax laws and labour laws. See: Ouimet, *Travail plus*, 64, *supra*.

¹⁷³ Ouimet, *Travail Plus*, p. 55 et seq., *supra*.

¹⁷⁴ Martin Langlois, "Les magiciens d'Oz de l'économie à la tâche ou pourquoi, derrière l'artifice technologique, des plateformes numériques sont des employeurs 'ordinaires'" in Barreau du Québec, *Développements récents en droit du travail* (2023), vol. 533 (Montreal: Éditions Yvon Blais, 2023), 189.

¹⁷⁵ *An Act to enact the Digital Platform Workers' Rights Act, 2022*, 2022, c. 7, Schedule 1 (Ontario). *Labour Statutes Amendment Act*, 2023, SBC 2023, c. 44 (British Columbia).

¹⁷⁶ *An Act to enact the Digital Platform Workers' Rights Act, 2022*, 2022, c. 7, Schedule 1, s. 9.

¹⁷⁷ *An Act to enact the Digital Platform Workers' Rights Act*, s. 10, *supra*.

¹⁷⁸ Gig Workers United, *Does Bill 88 Work For App-Based Delivery Workers?*, retrieved November 15, 2024, <https://gigworkersunited.ca/bill88.html>

5.3. Tax issues

Tipping also raises questions about tax rules, both in terms of applicable sales taxes and the taxes payable by workers.

Many consumers complained that merchants calculate the tip on the total after taxes, rather than applying the tip percentage on the amount for service without tax. However, this practice does not in itself appear to run contrary to the law: To the extent that the tip is a gift of the consumer, they may choose to determine the amount as they see fit, using a reference amount of their choice. That said, it should be recalled that Quebec now prohibits this practice in predetermined tip proposals (Section 5.1.2). It should also be noted that a merchant cannot make false representations to its customers (Section 5.1.3); the merchant may not therefore mislead the consumer as to how the tip is actually calculated.

Conversely, calculating taxes on the amount including the tip paid by the consumer could contravene the law, since the tip given voluntarily by a customer is not subject to the application of sales taxes.¹⁷⁹ On the other hand, mandatory fees would be taxable as it is a component of the price of the service.

As for tax rules, tips are taxable income within the meaning of tax laws, just like an employee's salary.¹⁸⁰ When the tip is considered to be "controlled" by the employer (i.e. the employer distributes it to the employee), it must be subject to source deductions for Canada Pension Plan and Employment Insurance contributions. Conversely, when the tip is paid directly by the customer to the employee, it is not subject to these contributions.¹⁸¹

In Quebec, an employee is required to report to their employer, in writing, the tips they received in each pay period.¹⁸² If the employee, during a pay period, declares tips equal to less than 8% of the amount of sales that may give rise to the collection of a tip, the employer must allocate an amount to fill the gap.¹⁸³ In addition, allowances such as vacation pay or sick leave must be calculated based on salary and tips declared or allocated.¹⁸⁴

5.4. The case in other countries

Our analysis shows that, despite the upheavals brought about by the COVID-19 pandemic, tipping is still a largely deregulated practice from a consumer perspective elsewhere in the world. However, some countries have set specific tipping standards:

¹⁷⁹ Revenu Québec, "Tips and service charges," retrieved November 15, 2024, <https://www.revenuquebec.ca/en/businesses/consumption-taxes/gsthst-and-gst/special-cases-gsthst-and-gst/food-services-sector-applying-the-gst-and-gst/tips-and-service-charges/>

¹⁸⁰ Canada Revenue Agency, "Track and report your tips and gratuities," retrieved November 15, 2024, <https://www.canada.ca/en/revenue-agency/campaigns/track-report-tips-gratuities.html>.

¹⁸¹ Canada Revenue Agency, "Tips and gratuities," supra.

¹⁸² *Taxation Act*, CQLR c. I-3, s. 1019.4.

¹⁸³ *Taxation Act*, s. 42.11, supra. See also: Revenu Québec, "Employees who receive tips," retrieved November 15, 2024, <https://www.revenuquebec.ca/en/citizens/your-situation/employees-who-receive-tips-benefits-and-obligations/>

¹⁸⁴ *Act respecting labour standards* CQLR c. N-1.1, s. 50(4).

- In Switzerland, the tip must be included in the price or clearly designated and indicated in numbers.¹⁸⁵ The merchant may not request a tip in addition to the indicated price or display the statement "tip not included" or other similar formulations.¹⁸⁶ On the other hand, the consumer is still allowed to leave an additional amount at their discretion.¹⁸⁷
- In Colombia, a merchant cannot suggest a tip exceeding 10% of the value of the service provided.¹⁸⁸ They must also ask the customer, when requesting payment of the bill, whether they wish to include the tip in the bill or if they wish to pay a different amount.¹⁸⁹ Colombian law specifies that the consumer can choose not to pay the suggested amount or change it at any time.¹⁹⁰
- Some states have adopted standards that focus on providing consumers with information about tips. This is the case in the United Kingdom, which provides for a voluntary code to inform consumers about tipping (Section 5.4.2.). In Colombia, notices appearing at the entrance of a restaurant and on menus must remind the consumer of the voluntary nature of the tip, as well as their right to refuse to pay it or to change the amount, and to file a complaint with the authorities in case of dispute.¹⁹¹ The notice must also indicate that the money collected is intended exclusively for workers who are part of the service chain.

In light of these few and far between standards, recent changes to its *Consumer Protection Act* place Quebec among the jurisdictions at the forefront of consumer tip protection (Section 5.2).

In the context of this research, we analyzed the legislation applicable to tipping in the United States, the United Kingdom and France. We selected these countries because of their economic importance and similarity to Canada.

5.4.1. United States

South of the border, the culture of tipping is strongly rooted in commercial practices. As in Canada, there has been an expansion of the phenomenon of tipping in recent years. The "excesses" of American tipping culture have been the subject of much criticism, and examples of requests deemed excessive or outlandish abound.¹⁹²

¹⁸⁵ *Ordonnance sur l'indication des prix (OIP)*, December 11, 1978 (status on July 1, 2022), s. 12.

¹⁸⁶ *Ordonnance sur l'indication des prix (OIP)*, *supra*.

¹⁸⁷ Fédération romande des consommateurs, "Pourboire non obligatoire," July 5, 2016.
<https://www.frc.ch/pourboire-non-obligatoire/>

¹⁸⁸ Superintendencia de Industria y Comercio, *Circular externa No. 007*, September 5, 2022,
<https://sic.gov.co/content/circular-externa-no-007-del-2022>.

¹⁸⁹ Superintendencia de Industria y Comercio, *Circular externa No. 007*, *supra*.

¹⁹⁰ Superintendencia de Industria y Comercio, *Circular externa No. 007*, *supra*.

¹⁹¹ Superintendencia de Industria y Comercio, *Circular externa No. 007*, *supra*.

¹⁹² Jesse Will, "How to Tip With More Confidence," *Consumer Reports*, June 6, 2024,
<https://www.consumerreports.org/money/tipping/how-to-tip-with-more-confidence-a5199070160/>

We were unable to identify a specific standard for consumer tip protection in the United States. As a purely voluntary act, the delivery of a tip and the way in which it is requested are generally not the subject of any particular regulation.

The same is true for mandatory charges added to the customer's bill. Recently, several proposals have been put forward in the United States to regulate "junk fees": hidden fees added to the total amount the consumer must pay.¹⁹³ In California, for example, a law passed in 2024 now requires merchants to include all mandatory fees in advertised prices; however, an exception allows restaurant owners to continue to display these fees separately, provided they are clearly disclosed.¹⁹⁴ Other jurisdictions in the States, whether at the state or municipal level, may also require that the amount of mandatory fees be disclosed prior to purchase, although this amount does not have to be included in the price.¹⁹⁵

False representation is also prohibited by US law.¹⁹⁶ As such, misleading statements about tips could therefore be subject to legal sanctions. This was the case for Amazon, which was accused by the Federal Trade Commission (FTC) of falsely asserting that all tips were given to the delivery people, a case that ended with an out-of-court settlement providing for the payment of more than \$61 million to the company's delivery workers.¹⁹⁷

In addition, according to the FTC, certain practices referred to as "dark patterns" could be considered to violate the law, such as making it difficult to unsubscribe from Amazon Prime.¹⁹⁸ However, it does not appear that persuasive techniques to induce tipping are subject to any legal bans in the US.

Under labour laws, tips are subject to certain protections in the United States. Federal law provides national standards for the whole country, to which state laws may be added. As in Quebec, some US states stipulate a different minimum wage for tipped employees.¹⁹⁹ Employers cannot keep any portion of the tip, unless they serve the customers

¹⁹³ At the federal level, legislation has been introduced to ensure that all mandatory fees are included in the advertised prices for specific sectors: *Junk Fee Prevention Act*, H.R. 2463, April 14, 2023. The Federal Trade Commission has also issued draft regulations to this effect: Federal Trade Commission, "FTC Proposes Rule to Ban Junk Fees," October 11, 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/10/ftc-proposes-rule-ban-junk-fees>. Several states have also introduced bills on this issue, including Minnesota and New York. See: *Failure to disclose mandatory fees in advertising added as a deceptive trade practice*, Minnesota House Bill 3438 (2024); *Establishes the "New York junk fee prevention act"; requires clear and conspicuous pricing practices regarding trash junk fees*, New York Senate Bill 7783 (2024).

¹⁹⁴ *California Civil Code*, s. 1770 (29).

¹⁹⁵ For example, this is the case in the District of Columbia: Office of the Attorney General for the District of Columbia, "Consumer Alert: DC Restaurants Are Barred from Charging Deceptive Fees," March 7, 2023, <https://oag.dc.gov/release/consumer-alert-dc-restaurants-are-barred-charging>

¹⁹⁶ 15 U.S.C., s. 45.

¹⁹⁷ FTC, "Amazon To Pay \$61.7 Million to Settle FTC Charges It Withheld Some Customer Tips from Amazon Flex Drivers," February 2, 2021, <https://www.ftc.gov/news-events/news/press-releases/2021/02/amazon-pay-617-million-settle-ftc-charges-it-withheld-some-customer-tips-amazon-flex-drivers>

¹⁹⁸ FTC, *Bringing Dark Patterns to Light*, (Washington, 2022), <https://www.ftc.gov/reports/bringing-dark-patterns-light>; FTC, "FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel," June 21, 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-takes-action-against-amazon-enrolling-consumers-amazon-prime-without-consent-sabotaging-their>

¹⁹⁹ U.S. Department of Labor, "Minimum Wages for Tipped Employees," July 1, 2024, <https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>

themselves.²⁰⁰ Employers may, however, impose a method of sharing tips, the rules of which vary depending on how the employees are remunerated.²⁰¹

5.4.2. United Kingdom

Tipping culture is much less entrenched in the UK, where the practice formerly consisted of leaving only a few coins in a pub. However, the pandemic also served as an impetus with respect to tipping, which is now on the rise there.²⁰² As everywhere else in the world, tips are optional in the UK and the consumer is therefore not required to pay them.

Although consumer law in the UK does not specifically address the issue of tipping, certain standards are still likely to apply with respect to the way tips are represented. Recently, the UK adopted the *Digital Markets, Competition and Consumers Act 2024*, which explicitly requires a merchant to announce the total price prior to purchase, including all its components.²⁰³ Of course, false representation is also prohibited by law in the UK.²⁰⁴

Specifically, the United Kingdom has a voluntary code of practice on tipping.²⁰⁵ This code, which is intended to apply in all sectors where tips are requested, requires the merchant to disclose to the consumer, prior to the purchase, information on tips and service charges, including how the amounts paid are shared among employees. The code leaves it up to the merchant's discretion how to communicate this information to the consumer, which could appear on a posting on the wall or door of the establishment, or on the restaurant menu.

In response to the growing practice of tipping, the UK recently passed a new law that provides greater protection for workers.²⁰⁶ This law requires employers to remit the entire tip to their employees and allocate these sums "fairly."²⁰⁷ Employers are also required to put their tip practices in writing²⁰⁸ and are prohibited from deducting the tips received from an employee's minimum wage.

²⁰⁰ U.S. Department of Labor, "Fact Sheet #15: Tipped Employees Under the Fair Labor Standards Act (FLSA)," <https://www.dol.gov/agencies/whd/fact-sheets/15-tipped-employees-flsa>

²⁰¹ U.S. Department of Labor, "Fact Sheet #15," supra.

²⁰² Anthony Palazzo, Angela Feliciano and Sabah Medding, "American-style tipping is testing British pub culture," *The Japan Times*, May 10, 2024.

²⁰³ *Digital Markets, Competition and Consumers Act 2024*, UK Public General Acts, 2024 c. 13, ss. 230 (2) and (4). This law replaces *Consumer Protection from Unfair Trading Regulations 2008*, which the organization Which? criticized as insufficient to limit drip pricing. See: Katie Alpin et al., *Stung by fees, Which?*, October 13, 2023, <https://www.japantimes.co.jp/news/2024/05/10/world/society/us-tipping-uk-pub-culture-change/>

²⁰⁴ *Digital Markets, Competition and Consumers Act 2024*, UK Public General Acts, 2024 c. 13, ss. 225 et seq.

²⁰⁵ Department for Business Innovation & Skills, *A Code of Best Practice on Service Charges, Tips, Gratuities and Cover Charges*, BIS/09/1327, October 2009.

²⁰⁶ *Employment (Allocation of Tips) Act 2023*, UK Public General Acts, 2023 c. 13. This law incorporates new sections into the *Employment Rights Act 1996*, UK Public General Acts, 1996 c. 18.

²⁰⁷ *Employment Rights Act 1996*, UK Public General Acts, 1996 c. 18, s. 27D. A code has also been adopted to guide employers in this regard: Department for Business & Trade, *Code of practice on fair and transparent distribution of tips: Statutory guidance*, July 29, 2024.

²⁰⁸ *Employment Rights Act 1996*, UK Public General Acts, 1996 c. 18, s. 27I.

5.4.3. France

In France, it is customary for customers to add a small additional amount to the bill total, but tips are not expected by staff.

As elsewhere in the world, tipping in France is a voluntary gesture, an act of generosity, which is largely unregulated from the consumer's point of view. However, the imposition of mandatory fees requires different rules. Technically, merchants must post the total amount of all taxes included that the consumer will be required to pay.²⁰⁹ In restaurants, French regulations expressly provide that mandatory service fees must be included in the price displayed to the consumer.²¹⁰ Documents that are displayed or made available to the consumer, such as the menu, must include the words "*Prix service compris*" [service charge included], followed by the percentage applied in parentheses.²¹¹

Moreover, misrepresentation is also prohibited by French law,²¹² suggesting that misleading statements surrounding tipping practices could run contrary to the law.

In the wider European Union, of which France is a member, it is interesting to note that a number of regulations prohibiting misleading or abusive practices could apply to certain practices characterized as dark patterns.²¹³ In particular, the recent *Digital Services Act* stipulates that online platforms may not design their interfaces in such a way that "otherwise materially distorts or impairs the ability of the recipients of their service to make free and informed decisions."²¹⁴ This regulation also gives the European Commission the power to establish guidelines to clarify this obligation with regard to specific practices, such as "giving more prominence to certain choices when asking the recipient of the service for a decision."²¹⁵

In labour law, French law provides that both mandatory service fees and tips must be entirely given to the staff that interacts with customers and to whom they are habitually given directly.²¹⁶ Under France's labour code, the method of distributing these amounts is established by collective bargaining agreements for each type of occupation or, failing that, by government decrees.²¹⁷ Although the method of remuneration for employees may vary,²¹⁸ an employee may not receive less than France's minimum wage.

²⁰⁹ Arrêté du 3 décembre 1987 relatif à l'information du consommateur sur les prix, s. 1.

²¹⁰ Arrêté du 27 mars 1987 relatif à l'affichage des prix dans les établissements servant des repas, denrées ou boissons à consommer sur place, s. 1.

²¹¹ Arrêté du 27 mars 1987 relatif à l'affichage des prix dans les établissements servant des repas, denrées ou boissons à consommer sur place, supra.

²¹² Code de la consommation, ss. L121-1 to 121-4.

²¹³ Inge Graef, "The EU Regulatory Patchwork for Dark Patterns: An Illustration of an Inframarginal Revolution in European Law?" *TILEC Discussion Paper* no. 7 (2023) [forthcoming].

²¹⁴ Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act), pp. 1–102, s. 25.

²¹⁵ Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act), supra.

²¹⁶ Code du travail, s. L3244-1.

²¹⁷ Code du travail, s. R3244-2.

²¹⁸ In France, servers can be paid either a set wage or as a percentage of the service charge.

Conclusion and recommendations

In recent years, with the increased use of payment terminals and soaring inflation, tipping has become a source of much frustration for Canadian consumers.

Many consumers are now questioning the meaning and legitimacy of the practice (Section 1). According to 2023 data, 83% of Canadians believe that "too many places are asking for tips these days," while 62% believe that the tip amounts requested have increased.²¹⁹ In addition, a survey conducted in January 2024 concluded that "65% of [Canadians] reported having left a tip solely because the payment terminal offered this option."²²⁰

According to most participants in the focus groups conducted as part of this research (Section 4), tips are requested too often and almost everywhere. They are irritated by tip solicitations in payment interfaces, especially because of the high default amounts proposed and persuasive messages that accompany the tip options. Specifically, frustration is growing around the application of tip percentages on taxes. Many consumers lament finding themselves in the position of having to compensate tipped employees for their low wages. Finally, the practice of tipping is often accompanied by a feeling of guilt and even having been fooled.

These changes in tipping practices can pose a financial burden. A significant percentage of Canadians (42%) say that the extra cost of tipping prevents them from going out.²²¹ While consumers feel manipulated by commercial schemes that encourage them to give bigger tips to more types of merchants, their participation in economic life is hampered by the dual impact of the perceived excessive cost of tipping and inflation.

Despite these factors, regulations surrounding tipping are sorely lacking from the Canadian consumer's point of view. At both the provincial and federal levels, tipping practices most often fall outside various standards protecting consumer rights, with the notable exception of Quebec, which recently adopted standards to this effect (Section 5). Indirectly, certain tipping-related commercial practices could sometimes be covered by provisions prohibiting hidden charges or false representation. On the other hand, many commercial practices used to solicit tips that can undermine consumers' freedom of choice can escape any legal framework. Examples include making one tip option more prominent than another and camouflaging other options, making repeated tip requests, soliciting a tip when the service is already included in the bill, or using clever methods to get consumers to pay a higher tip rate, such as "smart" tips (Section 2.2.2).

Faced with this legal vacuum, Canada would benefit from drawing inspiration from the standards recently adopted in Quebec to ensure that tip proposals are transparent and neutral. These new standards prohibit predetermined tip options from being calculated on the after-tax amount. They also require that predetermined tip options be presented consistently, without giving prominence to any one option, and that an option to customize the amount be displayed. In addition, the new regulations will prohibit the addition of emojis, adjectives or other messages alongside the proposed tip options. These provisions have

²¹⁹ Angus Reid Institute, "Tipping Point," *supra*.

²²⁰ Julien Brault, "Survey," *supra*.

²²¹ Angus Reid Institute, "Tipping Point," *supra*.

received the support of restaurant owners²²² and consumer associations,²²³ as they guarantee, albeit partially, transparency in the area of tip solicitations.

Abroad, while few consumer protection standards for tipping exist, Canadian legislators can take inspiration from three other countries. In the United Kingdom, a code of best practices provides for notices to be displayed in establishments to inform consumers of the destination and distribution of the tip. In Switzerland, the tip must be included in the price of the service and the merchant cannot request a tip in addition to this price. In Colombia, businesses cannot offer to tip more than 10% of the price of the service and must post a "tip policy" in their establishments, indicating the discretionary nature of the practice.

Canadian regulations could even take it a step further than these countries, as tipping is much more prevalent in Canada than elsewhere in the world (Section 1.1). As a result, Canadian consumers need more protection, which they are furthermore asking for, judging by the media's frequent reporting of tipping as a source of irritation among consumers.

In fact, we found in focus groups that tip regulations have been a long time coming in consumers' eyes (Section 4.3). Five measures were proposed to ensure transparency and their freedom of choice.

First, consumers want the calculation of tip options on the after-tax amount to be outlawed. Second, for the sake of transparency, they believe it is important to know who receives the tips; in their view, only workers, and not merchants, should be entitled to it. Third, they believe that tips should only be requested once, and not be requested again when a service fee is already included in the bill or when the tip has been requested previously. Fourth, consumers believe that businesses that can and cannot actively solicit tips must be regulated. Fifth, they stress the importance of regulating how tips are solicited on payment terminals and platforms. In their view, the option to leave no tip or customize it should be available, and the minimum suggested tip percentage rate should be reasonable.

Legislation regulating the solicitation of tips by merchants could be put in place relatively quickly. The configuration of point-of-sale systems used by numerous merchants already includes a wide range of settings, such as disabling tip requests, displaying options before or after taxes, and choosing the amounts and percentages displayed (Section 2.3).

Finally, contrary to what some industry players have suggested,²²⁴ regulating tipping will not necessarily reduce the incomes of tipped employees or businesses' profits. On the contrary, such regulation could have positive economic benefits. For example, knowing that there are now provisions to ensure their free choice, Canadians who feel that the extra cost of tipping prevents them from going out to enjoy services could participate fully in the economy. As a

²²² ARQ, *Consultations sur le projet de loi 72 déposé à la Commission des institutions de l'Assemblée nationale*, October 8, 2024, 6-7.

²²³ Union des consommateurs, *Mémoire présenté à la commission des institutions, dans le cadre de consultations sur le projet de loi 72*, October 7, 2024, 28-29; Option consommateurs, *Commentaires présentés à la Commission des institutions* *Projet de loi 72*, October 2, 2024, 7-9.

²²⁴ Carla Geib, "Quand la loi sur les pourboires menace le portefeuille des serveurs," *Maudits Français*, October 7, 2024, [https://mauditsfrancais.ca/quand-la-loi-sur-les-pourboires-menace-le-portefeuille-des-serveurs/#:~:text=Les%20serveurs%20du%20Qu%C3%A9bec%20ressentent,encore%20affaibli%20par%20la%20pa%C3%A9nd%C3%A9mie](https://mauditsfrancais.ca/quand-la-loi-sur-les-pourboires-menace-le-portefeuille-des-serveurs/#:~:text=Les%20serveurs%20du%20Qu%C3%A9bec%20ressentent,encore%20affaibli%20par%20la%20pa%C3%A9nd%C3%A9mie;); La Presse Canadienne, "Les restaurateurs réagissent à la proposition de réguler les pourboires au Québec," *Les Affaires*, September 15, 2024, <https://www.lesaffaires.com/sans-section/les-restaurateurs-reagissent-a-la-proposition-de-reguler-les-pourboires-au-quebec/>.

result, legislation that preserves transparency and discretionary tipping could benefit both employees and businesses.

To protect consumers' freedom of choice, autonomy and wallets, we make the following recommendations:

Federal and provincial governments:

- **Limit the types of establishments that can actively solicit tips to businesses where workers habitually receive tips and where this practice is part of the social convention.**
- **Regulate how tips are requested by merchants who use predetermined tipping options on their payment interfaces:**
 - **require businesses to present all tip options equally and neutrally, without giving prominence to any particular option;**
 - **require that the payment interface allows consumers to determine the amount of the tip themselves, indicating, at their choice, the percentage of the price or an amount;**
 - **require that the option to leave no tip and the option to customize the amount of the tip be displayed as clearly and neutrally as the others;**
 - **require that a common option, not exceeding 15% of the price, be displayed;**
 - **prohibit the use of messages, emojis or adjectives accompanying predetermined tip options;**
 - **exclude taxes from any tip option calculated as a percentage of the price.**
- **Require businesses that may actively solicit tips to post a notice in their establishments, indicating to whom the tip paid by the consumer is given and specifying its entirely discretionary nature.**
- **Prohibit repeated requests for tips, as well as incentives to increase the amount chosen by the consumer or to leave a second tip.**
- **Prohibit tip requests in businesses where the service fee is already included in the bill.**

To suppliers of point-of-sale systems:

- **Refrain from using methods in their user interface that limit consumer autonomy, including:**
 - **camouflaging the option to leave no tip or customize the amount;**
 - **preselection of a tip option;**

- **automatic inclusion of the tip in the bill;**
- **using emojis, adjectives or messages to encourage tipping;**
- **the use of "smart" or "dynamic" tips;**
- **repeated requests for tips, including a request to pay a second tip or to increase the amount selected.**
- **Update their software so that the tip is always calculated on the amount before taxes, and the merchant cannot activate the option after taxes.**

To merchants:

- **Refrain from actively soliciting tips from clients when they operate an establishment where employees do not usually receive tips and the practice is not part of the social convention.**
- **Post a notice in their establishments, indicating to whom the tip paid by the consumer is given and specifying its entirely discretionary nature.**
- **Refrain from activating configurations that limit consumer autonomy.**
- **Refrain from asking for a tip when the service fee is included in the bill.**
- **Refrain from requiring transaction or service fees on tips.**

To consumers:

- **Do not hesitate to refuse to tip in businesses where leaving a tip is not common.**
- **Beware of strategies that limit their autonomy in choosing to tip in order to avoid giving higher amounts than desired.**

Annexes

Annex 1 – Methodology for Selecting Companies

The reduced use of cash is one of the factors that is transforming tipping practices.²²⁵ For this reason, our analysis focuses on digital tip payment systems and excludes the practice of tipping in coins or bills.

Selection of payment terminal providers

The purpose of this selection is to analyze the published information and the terminal settings offered to merchants. The selection of 12 payment terminal providers was made based on available statistics and their representativeness in the Canadian market.

- Moneris
- TD Merchant Solutions
- Global Payments/Desjardins
- Chase Payment Solutions
- Elavon
- Square
- First Data Merchant Services/Fiserv/Clover
- LightSpeed
- Shopify
- eHopper
- TouchBistro
- Revel

Payment terminals are sold in the market as point-of-sale systems, or POS systems. Providers of these systems may be acquirers, payment processors, credit or debit card processors, card issuers, or point-of-sale manufacturers and developers (Section 4.1).²²⁶ The selection was based on the Bank of Canada's 2020 study entitled "The Market for Acquiring Card Payments from Small and Medium-Sized Canadian Merchants" and the most recent press review on the topic. Five of the POS systems – Moneris, Global Payments/Desjardins, Chase Paymentech Solutions, TD Merchant Solutions – held between 85% and 90% of the

²²⁵ Option consommateurs, "Will Cash Soon Be a Thing of the Past?" *supra*.

²²⁶ Ranieri, "Payment Processing," *supra*; Welte and Molnar, "The Market for Acquiring Card Payments from Small and Medium-Sized Canadian Merchants," 87-97, *supra*; Option consommateurs, "Virtual debit cards and consumer protection," *supra*.

Canadian market in 2018.²²⁷ The other acquirers were chosen because they are heavily referenced in the scientific literature²²⁸ and the press review.²²⁹

Selection of online platforms

The purpose of this selection is to analyze the purchasing processes and terms of purchase. The ten online platforms were selected based on available statistics, their representativeness in the Canadian marketplace and their diversity.

Four food delivery platforms: **DoorDash, Uber Eats, Skip The Dishes, Instacart.**

Two taxi platforms: **Uber, Lyft.**

Four independent contractor platforms: **TaskRabbit, Fiverr, Upwork, Freelancer.**

Food delivery platforms were selected from the two main mobile app stores,²³⁰ the Google Play Store and Apple Store, each belonging to one of the two most widely used mobile operating systems in the world²³¹: Android and iOS, respectively.

For our selection, we crossed data from four different sources: the official pages of the Google Play Store²³² and Apple Store²³³, as well as two databases that provide lists of the most downloaded apps: App Analytics²³⁴ and SimilarWeb.²³⁵

For the Google Play Store and Apple Store, the search categories were *Top Free Apps* for *Food & Drink*. However, we were unable to determine whether the list corresponded to Canada, the United States or the world. For this reason, we used App Analytics and SimilarWeb, as of June 29, 2023, and June 27, 2023, respectively. In these cases, we used the following search categories: *Google Play Store* or *Apple App Store* (or iOS), *Free*, *Food&Drink*, *Canada*, *All Purchase Types*. Equipped with this information, we selected four

²²⁷ Welte and Molnar, "The Market for Acquiring Card Payments from Small and Medium-Sized Canadian Merchants," 5, supra.

²²⁸ Warren and Hanson, "Tipping, Disrupted: The Multi-Stakeholder Digital Tipped Service Journey," supra; Warren, Hanson and Yuan, "Feeling manipulated: How tip request sequence impacts customers and service providers?" supra.

²²⁹ Forbes, "Best POS Systems For Small Business 2024 – Forbes Advisor," supra; Forbes, "POS System Cost Guide (2024) – Forbes Advisor," supra; Forbes, "Best Retail POS Systems In Canada For April 2024," supra; Forbes, "Best Mobile POS Systems In Canada for April 2024," supra; Salmaan Farooqui, "Feeling Pressured to Tip by New Prompts at Tills?" supra; Harris, "As Tip Amounts Rise, Many Canadians Say They'd Rather Skip the Tip," supra; Square, "Tipping Trends in Canada," supra.

²³⁰ Statista, "Number of Apps Available in Leading App Stores as of 3rd Quarter 2022. Biggest App stores in the World 2022," 2022, <https://www.statista.com/statistics/276623/number-of-apps-available-in-leading-app-stores/>

²³¹ Matthew L. Ball, *Le métavers: comment va-t-il tout révolutionner?* (Louvain-La-Neuve: De Boeck Supérieur, 2023).

²³² Google Play, "Food & Drink - Android Apps on Google Play," retrieved June 29, 2023, https://play.google.com/store/apps/category/FOOD_AND_DRINK?hl=en_CA&gl=US

²³³ App Store, "Top Free iPhone Food & Drink Apps on the App Store - Apple (US)," retrieved June 29, 2023, <https://apps.apple.com/us/charts/iphone/food-drink-apps/6023>

²³⁴ Data.ai, "Top Apps - Google Play Store Rank," retrieved June 29, 2023, <https://www.data.ai/intelligence/top-apps/store-rank>

²³⁵ Similarweb, "Most Popular iPhone Food & Drink Apps Ranking in Canada," retrieved June 29, 2023, <https://www.similarweb.com/apps/top/apple/store-rank/ca/food-drink/top-free/iphone/>

food delivery platforms that made the top ten most downloaded apps in each list. We chose four, excluding six that do not allow you to tip through the platform.

Taxi platforms were chosen based on a survey conducted by Statista of 647 Canadians, between the ages of 18 and 64, in March 2023.²³⁶ The question, with the possibility of multiple answers, was phrased as follows: "Which of these ride sharing/ride hailing or online taxi providers have you used in the past 12 months?" The first two platforms selected from the list were used by 99% of respondents.

Independent contractor platforms were chosen for two reasons. First, because they concern professional services, where the business practice of asking for a tip is new. Second, because self-employed or gig workers now account for around 10% of workers in Canada and their popularity has grown.²³⁷ The selection was made based on the Statistics Canada study "Measuring the Gig Economy in Canada Using Administrative Data" from 2019 where these platforms were named.²³⁸

²³⁶ Statista, "Ride Sharing/Hailing/Online Taxi Usage by Brand in Canada 2023," 2023, <https://www.statista.com/forecasts/998574/ride-sharing-hailing-online-taxi-usage-by-brand-in-canada#:~:text=We%20asked%20Canadian%20consumers%20about,in%20our%20Consumer%20Insights%20tool>.

²³⁷ H&R Block Canada, "Gig Economy Workforce Rockets to More than One in Ten of Canadians," *supra*; Statistics Canada, "Measuring the Gig Economy in Canada Using Administrative Data," *supra*

²³⁸ Statistics Canada, "Measuring the Gig Economy in Canada Using Administrative Data," *supra*.

Annex 2 – Animation Guide: English Version

(Ontario, Maritimes, Western Canada)

Group	Holding date
1) Québec	Tuesday, January 9, 7pm Eastern Time
2) Québec	Wednesday, January 10, 7pm Eastern Time
3) Ontario	Thursday, January 11, 7pm Eastern Time
4) Ontario	Monday, January 15, 7pm Eastern Time
5) Maritimes	Tuesday, January 16, 7pm Atlantic Time (6pm Montreal time)
6) West	Wednesday, January 17, 7pm Mountain Time (9pm Montréal time)

1 – Introduction (10 min)

Presentation

- Moderator's introduction.
- Confidentiality. No names are mentioned in our report; responses remain confidential and anonymous.
- The information collected will be used only for the purposes of the study.

DISCUSSION RULES

- Recording.
- Control of the raised hand function, speak one person at a time.
- Importance of spontaneity and personal opinions.
- No wrong answers.

CONTEXT AND OBJECTIVE OF THE MEETING

In tonight's meeting, we'll discuss tipping and how it is requested and paid. Among other things, we'll discuss:

- Businesses or services that offer tipping (e.g. restaurants, cabs, delivery platforms, coffee shops, bakeries, pastry shops and other food shops, hotels, hair salons, etc.).
- Payment methods (payment terminal, platform or application, cash, etc.).
- Solicitation methods (wording, display, amounts or percentages, etc.).
- As consumers, your experiences with tipping.

If one or more participants ask who the study is for (and only if they ask) mention that it's a study commissioned by Option consommateurs, a consumer rights organization based in Montreal.

ROUND TABLE: INTRODUCTION OF THE PARTICIPANTS

- Your name.
- Your city of residence.
- Your job title.

Cumul : 10 min

2 - Status report: participants' tipping experiences (35 min)

Over the next half hour, I'm going to ask you a few questions to help you understand the type of situation in which you've had to give a tip. I won't ask for your opinion, just the facts. We'll discuss your opinion, whether favorable or unfavorable, in the next section.

- On average, how many times a month would you say you are asked for a tip?
- Where are you being asked for a tip? In what type of business or service?
If necessary, mention these examples if they are not addressed by the participants.
 - Restaurants?
 - Delivery platforms?
 - Cabs?
 - Coffee shops?
 - Bakeries, pastry shops and other food outlets?
 - Hotels?
 - Hair salons?
- When you tip, what is the most common method used?
Read the examples
 - Payment terminal ?
 - Cash?
 - Online platform (app, website) on your computer, phone or tablet?

➤ If it's a home delivery, is the method different?
- When you tip, what are the suggested methods? Is it:
Read the examples
 - An amount?
 - A percentage?
 - A pre-selected default option?
 - At your discretion?
- In what type of business or service do you tip and in what type do you not? Why or why not?
- In your opinion, who receives the tip? Does the tip you give remain with the person you are tipping?
If necessary, mention these examples if they are not addressed by the participants.
 - It is given to the worker who directly provides the service.
 - It is distributed to all workers.

- One part goes to the workers and another to the merchant.
 - To the business owner.
 - To the online platform (e.g. Uber, Uber Eats, DoorDash, etc.).
 - Others.
- Who do you think is a tipped employee? Give some examples.
 - Have you noticed any changes in tipping practices since the COVID-19 pandemic?

Read the examples

- In relation to the amount requested?
- In relation to the payment methods?
- In relation to the sectors that require it?

Cumul : 45 min

3 – Consumers' experience (45 min)

We'll now discuss your tipping experience as a consumer.

- Why do you tip?
If necessary, mention these examples if they are not addressed by the participants.
 - To recognize the worker's service?
 - To evaluate the service?
 - Because the worker depends heavily on tips, to improve the worker's salary?
 - Out of compassion for the worker?
 - Out of social convention?
 - Pressure?
 - For any other reason(s)? Which ones?
- Do you think you get a better service when you tip?
- How do you react when you're asked to tip?
 - Is there any things that shock you, particularly (but not only) when you're asked to tip at payment platforms and terminals?*If necessary, mention these examples if they are not addressed by the participants.*
 - Default percentage from 18% upwards.
 - After-tax tip percentage.
 - Pre-selected default options.
 - Repeated requests to tip through notifications on your phone (food delivery, cab, etc.). This is equivalent to asking for a second tip after the service/transaction.
- What's your most surprising experience with tipping?
If necessary, mention these examples if they are not addressed by the participants.
 - Asking for a tip in an unexpected place like a self-service checkout.
 - An exaggerated tipping option.

- Has the amount of the tip ever made you hesitate to make a purchase?
 - If so, for what type of purchase or for what type of business or service?
- How do you feel when presented with these messages - on an online delivery platform, an app on your phone - when asking for a tip?
 - "Say thank you with a tip"
 - "Add warmth with a tip"
 - "Your delivery driver saves you a trip to the store"

If necessary, mention these examples if they are not addressed by the participants.

 - Do you feel pressured to tip?
 - Do you feel guilty when you do not tip?
- Does receiving a discount, promotion or deduction encourage you to tip more?
- How much of a tip do you consider fair? Does your answer vary according to the type of business or service?

Possible answers; do not suggest

 - Around 15 %
 - Less than 20 %
- How do you feel after tipping?

If necessary, mention these examples if they are not addressed by the participants.

 - You are comfortable or at ease
 - You regret it
 - You feel deceived, fooled or cheated
- Have you had bad experiences because your tip wasn't considered sufficient?

If necessary, mention these examples if they are not addressed by the participants.

 - Disrespectful treatment from the employee
 - A disapproving look from the employee
 - Not being provided with any service
- Have you received a bad rating on online platforms because your tip was not considered sufficient?

Cumul: 90 min

4 – Recommendations (25 min)

- In your opinion, what are the services where it is normal to be tipped and what are the services where it is not normal to be tipped?
- *If necessary, mention these examples if they are not addressed by the participants.*
 - Waiter (restaurant).
 - Delivery man (home delivery).
 - Hairdresser.
 - Cab driver.
 - Cashier or clerk (in a café, food shop or other business).
 - Room cleaner (hotel).
 - Housekeeper.
 - Massage therapist.
- In your opinion, are there any rules that should oversee tips? What rules?
- *If necessary, mention these examples if they are not addressed by the participants.*
 - Limit the asked amount.
 - Limit the places where tips may be requested.
- In your opinion, should certain tipping practices be banned?
- *If necessary, mention these examples if they are not addressed by the participants.*
 - Percentage tip on taxes and other charges
 - Pre-selected default options
 - Repetitive tip requests on platforms
- Which of the following two options would you prefer? Why?
 - a) A price / invoice that does not include a tip, to which you add the suggested or desired tip yourself. This is the situation in Canada.
 - b) A price/invoice that includes everything, taxes and service, and to which you don't have to add anything.
- Do you think tipping should be banned?
 - In all types of business or just certain ones?

Cumul: 115 min

5 – Conclusion (5 min)

- Since the start of the meeting, has your general opinion or awareness of tipping changed? If so, what has changed?
- Do you have any additional comments?

Cumul: 120 min

Thank you for your participation!