

Tipping point: When restaurants foot the bill

'Waiter, waiter, there's a fly in my soup.'

'Don't worry sir. He's so small he won't drink much of it.'

*Restaurants compete in a ferocious marketplace, where bearing the cost of mistakes to help retain custom is commonplace. But at what cost to the restaurant? **Jessica Exton** serves up some food for thought.*



It's a situation familiar to many of us. You dine at a restaurant but somewhere between browsing the menu, discussing options with the waiting staff and ordering, an additional or incorrect meal is mistakenly delivered.

Be it an error by the customer or the waiter, the restaurant will invariably shoulder the cost. This can involve removing items from the final bill to compensate the diner, whether the restaurant was at fault or not. The customer is always right, don't forget.

But how does this impact the restaurant? This itself is a two-pronged discussion – one of financial and another of reputational cost.

A business is often built on reputation. Bad reviews, especially in today's social media-led environment where everyone believes themselves to be a worthy critic, can have a significant impact. A picture-perfect starter posted on Instagram can be the making or breaking of a restaurant. So, if the cost of one meal means preventing one bad review, it's often considered justified. One scathing critique may influence ten would-be diners to choose elsewhere to eat. And word-of-mouth travels fast these days.

Practically speaking, businesses account for a degree of losses such as this. But whether this filters into a customer's thinking can influence the end agreement for who pays for what.

Robin Hood effect

Taking a free meal or having a discounted bill may feel justified for some. The thought process follows that of the Robin Hood effect, where the poor, hungry customer receives a free meal off the big, rich corporate.

But what of the waiter? Some may assume a customer's malevolence will unlikely stretch to a specific individual. But, in fact, quite the opposite can be true. A customer's benevolence may try and compensate the waiter by leaving a generous tip in an effort to remove any personal fault associated with the mistake, no matter who's error it was. This redistribution or reallocation of money helps balance the equilibrium as much in one's conscience as it does in one's wallet. In this case resources are allocated without negatively impacting either party; the customer receives a discount, the waiter receives a more generous tip, the restaurant helps preserve its reputation and hopefully a returning customer.

Guilt complex

Generosity can stem from different contextual factors. A 2010 [study](#) in the International Journal of Hospitality Management notes how a restaurant's ambience, such as the music it plays, can influence patrons to leave larger tips. Service with a smile and forgiveness will invariably also have an effect.

Customer guilt may be heightened if say, you're eating at a small family-run business. Yet the opposite may be true if a large food chain or Michelin-starred restaurant serves up an unappetising treat. Big businesses can bear the brunt more than others, right?

Given we have different personality characteristics, how we approach situations such as these will differ greatly. Furthermore, put the same person in an identical situation, but on another day and they may act entirely differently. The diner may have been recently paid and so more relaxed over being compensated; they may be looking to make a good impression on a first date, and so shrugging off a mistake could put them in a better light; they may simply be having a bad day and react out of character.

Whatever the specifics, a restaurant striving to succeed must balance relative short-term losses with longer-term profit based on a reputation of high standards.

Even if the customer isn't always right, it often pays to make them think they are.