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Michael Kirchler, Stefan Palan

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Contact Address:
University of Innsbruck
Department of Public Finance
Universitaetsstrasse 15
A-6020 Innsbruck
Austria
Tel: + 43 512 507 7171
Fax: + 43 512 507 2970
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Friendliness pays off! Monetary and Immaterial Gifts in Consumer-Salesperson Interactions.*

Michael Kirchler† and Stefan Palan‡

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Abstract

Recent studies find ample evidence that monetary and immaterial gifts influence effort in the workplace. We investigate the impacts of monetary gift exchange and of expressions of respect on salespersons' reciprocity when purchasing doner durum, a common lunch snack. Prior to the food's preparation, we either induce monetary gift exchange by tipping or explore the role of respect by making a compliment. We repeat the interaction on five consecutive days. Our findings show that salespersons exhibit positive reciprocity in response both to a monetary gift and to compliments regarding the product. The "compliment-effect" furthermore increases with repeated visits.

JEL classification: D01, D03

Keywords: gift exchange, respect, natural field experiment.

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†University of Innsbruck, Department of Banking and Finance, Universitätsstrasse 15, 6020 Innsbruck, Austria, and University of Gothenburg, Department of Economics, Centre for Finance, Vasagatan 1, 40530 Gothenburg, Sweden. Phone: +43 512 507 7587, Fax: +43 512 507 2846, E-mail: michael.kirchler@uibk.ac.at.

‡University of Innsbruck, Department of Banking and Finance, Universitätsstrasse 15, 6020 Innsbruck, Austria, and University of Graz, Institute of Banking and Finance, Universitätsstrasse 15, 8010 Graz, Austria. Phone: +43 512 507 7564, Fax: +43 512 507 2846, E-mail: stefan.palan@uibk.ac.at.

1 Introduction

It is indisputable that employees appreciate monetary rewards. They reciprocate with additional effort if they receive wages exceeding a theoretical minimum wage. Employees also benefit from non-monetary and immaterial incentives. They derive utility from what they believe others think about them. Expressing respect towards employees for example increases their utility. In a seminal survey, Ellingsen and Johannesson (2007) define both incentive methods. According to their terminology, the consequences of monetary or material incentives are studied using the social preference approach. The social esteem approach, instead, investigates the effects of non-monetary, immaterial incentives. While the two effects may overlap or be confounded, they describe two distinct theoretical concepts.

The social preference approach focuses on the impact of other-regarding motives such as altruism, fairness, or reciprocity on effort. They have in common that they are usually defined over material outcomes. Akerlof (1982) for example argues that a higher wage serves as a "gift" for the employees, who in turn reciprocate with higher effort. Laboratory evidence is broadly consonant, showing that higher wages lead to positive reciprocity by employees. This reciprocity takes the form of higher effort (Fehr et al., 1993; Fehr and Falk, 1999; Fehr and Gächter, 2000; Gächter and Falk, 2002; Charness, 2004). Evidence from field experiments is more inconclusive as some studies support the role of reciprocity (Falk, 2007; Maréchal and Thöni, 2007; Currie et al., 2013; Cohn et al., 2014 for monetary, and Kube et al., 2012 for non-monetary but still material incentives) while others find the effects to be only temporary (Gneezy and List, 2006).

The social esteem approach, instead, concentrates on the effects of self-regarding motives such as pride and shame on work effort. According to Fershtman and Weiss (1998), Fessler (2004), and the references therein, human desire for respect evolved millennia ago because being esteemed had material and sexual benefits. In the behavioral management literature, expressing respect (i.e., social recognition) is considered one of the three most important performance reinforcers besides money and feedback. In this line of research respect involves

expressions of approval, interest, and compliments—which is the sense in which we will use the term in the remainder of this paper (Haynes et al., 1982; Bandura, 1986; Ellingsen and Johannesson, 2007). In a comprehensive survey of behavioral management studies, Stajkovic and Luthans (2003) report that social recognition has a positive effect on task performance.[1] The economics and psychology literatures confirm that in a workplace relationship variants of respect from the employer and symbolic awards influence work effort positively (Markham et al., 2002; Brennan and Pettit, 2004; Ellingsen and Johannesson, 2007, 2008, 2011; Kosfeld and Neckermann, 2011).[2]

The literature investigating both approaches focuses on classical employer-employee relationships. Remarkably, the two incentive methods have not been tested in other settings so far. Consumer-salesperson interactions, for instance, serve as an ideal field to investigate the role of both approaches. From a consumer perspective interactions with salespersons are highly relevant as they occur frequently (i.e., in some cases multiple times a day) and extra effort/kindness from the salesperson is valued greatly.[3]

In this paper we fill this research gap by running natural field experiments (Harrison and List, 2004), analyzing the impact of gift exchange and respect on salesperson kindness in consumer-salesperson interactions. We collect data for purchases of doner durum, a very common snack and lunch dish in Europe. In particular, we investigate the role of monetary gift exchange by tipping food salespersons prior to the product's preparation, and we analyze the role of respect by making a compliment about the product in advance. Finally, we explore how the observed effects hold up over time by purchasing the product from the same salesperson on five consecutive days.[4]

[1] Stajkovic and Luthans (2003) also note that social recognition programs have become more and more popular as their costs are very moderate compared to paying higher wages, yet yield similar expected results.

[2] Interestingly, Masclet et al. (2003) show that immaterial expressions of *disapproval* can serve as a form of punishment, which leads punished parties to increase their future contributions to a public good.

[3] This desire for salesperson kindness is recognized in the literature. Lynn et al. (1993) argue that employers make use of it as follows: consumers are in a better position than are employers to evaluate and reward employees' effort. It is for this reason that employers delegate the monitoring task to consumers, who reward the desired effort by tipping and sanction a lack of expected effort by withholding tips.

[4] We operationalize the generic concept of salesperson kindness by measuring doner weight

We find that (i) a monetary gift in the form of a tip given in advance induces positive reciprocity. Our results also show that (ii) expressing respect has a similar, albeit smaller effect. Finally we observe that (iii) only the "compliment-effect" increases significantly over repeated interactions.

With our approach we extend the literature along three dimensions. First, we explore the social preference approach and the social esteem approach in the same setting, making them comparable. Second, we are the first to investigate both approaches in natural consumer-salesperson interactions in everyday life situations. Third, we use a repeated setting to analyze how monetary (tip) and immaterial (compliment) gifts work over time.

2 Conceptual Framework and Experimental Setup

2.1 Conceptual Framework

In our experiment, we investigate the role of monetary gift exchange by tipping food salespersons prior to the product's preparation in treatment TIP. We furthermore analyze the effect of respect on salesperson kindness by making an immaterial gift in the form of a compliment about the product, again prior to its preparation, in treatment COMPLIMENT. The third treatment, NORMAL, serves as the benchmark where no intervention is made.

Note that our setting differs from classical employer-employee relationships. Consumer-salesperson interactions occur frequently in everyday life, and are of considerable relevance to the economy. We can thus derive novel insights to extend the literature.

With respect to the social preference literature, we expect a tip in advance to increase a salesperson's utility, which she will reciprocate with increased kindness (measured by product weight). This is an exchange of greater salesperson kindness for extra money. We formulate the first research question.

RQ1: Does a monetary gift by the consumer trigger increased salesperson kindness compared to "normal" transactions in consumer-salesperson interac-

and using this measurement to determine the extent of reciprocation.

tions?

Translating the idea of Ellingsen and Johannesson (2007) on social esteem to our setting, a salesperson's utility depends both on her income and on her pride from being esteemed by the consumer. We hypothesize that making compliments leads to increased salesperson utility and therefore to more salesperson kindness. The salesperson is made to feel proud of what she is doing and exchanges kindness for given esteem.

RQ2: Does an expression of respect by the consumer trigger increased salesperson kindness compared to "normal" transactions in consumer-salesperson interactions?

Gneezy and List (2006) show the importance of investigating how reciprocity develops over time. They find that in a labor market setting reciprocity effects are temporary. We address this issue by visiting each salesperson on five consecutive days, always using the same role (normal order, tip, or compliment). With this design we can answer our third research question.

RQ3: Do the effects of monetary gift-giving and of paying respect change over time?

2.2 Experimental Setup

In our setting, the experimenters ordered durum doner in restaurants or snack bars. A durum doner, pictured in Figure 1, is a Turkish dish made of meat roasted on a vertical spit and served in a wrap.[5]

We conducted our experiment in Graz (GRZ) and Innsbruck (IBK), Austria, and in Munich (MUC), Germany. In each town, three experimenters visited the same 18 restaurants, for a total of 54 restaurants in the entire sample. We employed eight male experimenters of approximately the same age (22-26 years), but only three of them collected data in a particular town. One experimenter was active in two towns. Each experimenter ordered *one durum doner* from

[5]The dish is also referred to as "shawarma" in Arabic, as "gyros" in Greek or as "gyro" in the US. Durum doner are a very popular form of lunch or snack in Europe. The annual revenues of the doner industry in Germany (the United Kingdom) amounted to roughly €3.5bn in 2011 (£2.2bn in 2013). See `http://online.wsj.com/news/articles/SB10001424052702304432704577350194262835880` and `http://britishkebabawards.co.uk/2013/04/`, retrieved on October 28, 2014.

Figure 1: Pictures of durum doner: wrapped in foil (left), wrapped without foil (middle) and unwrapped (right).

salesperson i on each of *five consecutive days*. An individual experimenter's role (i.e., treatments NORMAL, TIP or COMPLIMENT) was fixed for each salesperson. We furthermore strove to ensure that all experimenters always interacted with one and the same salesperson in a given restaurant. We thus designed the experiment to obtain 15 observations per salesperson (three treatments/experimenters, and five observations each). To control for experimenter effects we randomized the experiment. We applied each of the six possible assignments of treatments to experimenters (NORMAL-TIP-COMPLIMENT or NTC, NCT, TNC, TCN, CNT, CTN) three times to cover the 18 restaurants in each town. Thus, each experimenter played each role six times (for five visits each) in each town. The experimenters entered each restaurant independently from each other and were never present at the same time in the restaurant. After concluding a transaction, each experimenter immediately weighed the product outside of the restaurant in a place where he was not visible from inside. He also filled in a standardized protocol documenting the transaction. The doner were then handed over to charities in the respective town, except for a small percentage consumed by the experimenters themselves.[6]

In treatment NORMAL the experimenter ordered without any intervention.

[6]One could argue that getting more doner weight may not be considered beneficial by every customer. However, getting something extra is a typical act of kindness from a salesperson in the service industry (e.g., receiving an additional drink or a starter for free in restaurants). Therefore we believe that doner weight is the best general proxy for measuring salesperson kindness in our setting.

The standardized wording was as follows (translated from German): "*One durum doner without sauce, to take away please.*" In treatment TIP the experimenter placed the same order, but gave a tip of around 10 percent to the salesperson.[7] The experimenter took great care to ensure that the tip was recognized by the salesperson at the time the order was placed. The experimenter put the product price plus the tip on the counter and simultaneously augmented the order by adding "*The rest is for you*" to the standardized wording. Treatment COMPLIMENT was identical to TIP, but the tip was replaced by a compliment about the product, again made prior to the product's preparation. The first standardized wording reads as follows: "*One durum doner without sauce, to take away please. You have the best durum doner in town.*" In the four remaining wordings we only modified the last sentence. The translated wordings are as follows. Wording 2: "*[...] It tastes best at your place.*"; Wording 3: "*[...] By the way, your durum doner tastes great.*"; Wording 4: "*[...] I never had a better durum doner than at your place.*"; Wording 5: "*[...] There is no place where the durum doner tastes better.*" These five wordings were used in randomized order.

Table 1 outlines the number of observations per treatment and visit.[8] In some restaurants, salespersons changed during the observation period, such that we obtained more observations for early than for late visits with a particular salesperson.[9]

The setting of this study was carefully selected to fulfill the following requirements: (i) the entire consumer-salesperson interaction, including accepting the order, preparing the doner and accepting the payment, is attended to by a single salesperson; (ii) the amount of food provided is measurable; (iii) the salesperson has the discretion to choose a higher than normal amount of food; (iv) the experimental treatments are not likely to arouse suspicion in the salesperson

[7] As a percentage of price, tips varied between 8.1% and 10.3%, with a mean of 9.2%. This was due to the requirement of tip amounts being multiples of €0.10 in order to remain inconspicuous.

[8] Note that five observations were lost due to technical problems, and four had to be excluded due to one instance of an experimenter forgetting to tip during the second visit to a restaurant in treatment TIP (only the first visit observation was retained).

[9] In 14 of the 54 restaurants the salesperson changed at least once during the elicitation period. We still visited each restaurant 15 times, but recorded the observations as stemming from different salespersons and controlled for this in our analysis.

Table 1: Number of observations for each visit and treatment.

	Number of observations			
Visit	NORMAL	TIP	COMPLIMENT	Sum
1	69	69	69	207
2	58	58	57	173
3	53	54	52	159
4	48	47	44	139
5	42	41	40	123
Sum	270	269	262	801

(i.e., it is not unusual in these restaurants to give a tip or make a compliment about the product); and (v) the consumer-salesperson interaction reflects an everyday life situation. All five requirements are met in our setting, ensuring a high degree of experimental control. See section 6.1 in the appendix for more details on the procedures employed.

3 Results

3.1 Main Results

Table 2 presents descriptive statistics of raw doner weight. Across treatments it varies from 242 g to 802 g, with a mean of 422 g. It is evident that raw doner weight is on average highest in treatment TIP, and that it increases substantially over time in treatment COMPLIMENT.

As average doner weights differ widely between different restaurants and salespersons, we control for these differences by calculating an index of normalized doner weight as follows:

$$\text{NORMWEIGHT}_{i,t}^{\theta} = \frac{W_{i,t}^{\theta}}{W_{i,1}^{\text{NORMAL}}} \cdot 100. \tag{1}$$

Here, $W_{i,t}^{\theta}$ stands for doner weight in treatment θ, purchased from salesperson i in visit t. To arrive at NORMWEIGHT we divide each doner's weight $W_{i,t}^{\theta}$ by the weight of the first doner bought from the same salesperson in treatment

Table 2: Descriptive statistics: mean, median, standard deviation, minimum, and maximum of raw doner weight across treatments and over time.

Treatment	Visit	Mean	Median	Std.dev.	Min	Max
NORMAL	1	413.35	409.05	60.14	295.15	681.55
	2	406.49	409.23	64.24	257.20	626.90
	3	409.88	398.60	58.64	314.45	646.25
	4	419.33	411.13	58.22	323.30	664.40
	5	416.15	410.73	71.89	244.90	698.45
TIP	1	430.77	424.70	62.09	285.85	650.40
	2	435.67	427.10	61.24	293.70	633.65
	3	430.60	425.60	60.14	308.70	633.95
	4	427.68	414.38	65.13	325.55	643.50
	5	433.42	421.25	80.94	329.65	802.35
COMPLIMENT	1	416.12	409.65	56.23	304.55	635.85
	2	418.94	416.30	60.69	241.65	649.15
	3	422.27	415.65	55.43	284.50	622.75
	4	422.35	419.45	57.59	276.90	589.10
	5	439.88	421.35	71.16	351.75	693.50

NORMAL. This normalization eliminates salesperson and restaurant idiosyncratic effects and allows us to focus on treatment differences over time. For convenience, we multiply by 100, such that any deviation of NORMWEIGHT from 100 can be interpreted as a percentage difference relative to the NORMAL observation in the first visit.

Figure 2 presents a graphical overview of normalized doner weight. We find that normalized weight remains stable at around 100 over time in the baseline treatment NORMAL. A monetary tip of approximately 10 percent in treatment TIP results in a roughly 6 percent higher normalized doner weight initially. This effect decreases slightly over time, such that the surplus shrinks to around 4 percent in the last visit. The picture is different for treatment COMPLIMENT. Here normalized weight starts out slightly above 101 in visit 1 and increases substantially over time to a surplus of more than 7 percent compared to the first baseline visit.

To investigate statistical differences in normalized weight between treatments we run OLS regressions which we report in Table 3. NORMWEIGHT serves as the dependent variable and we use binary treatment dummies for TIP and COMPLIMENT as independent variables. In Model 2 we add time trends

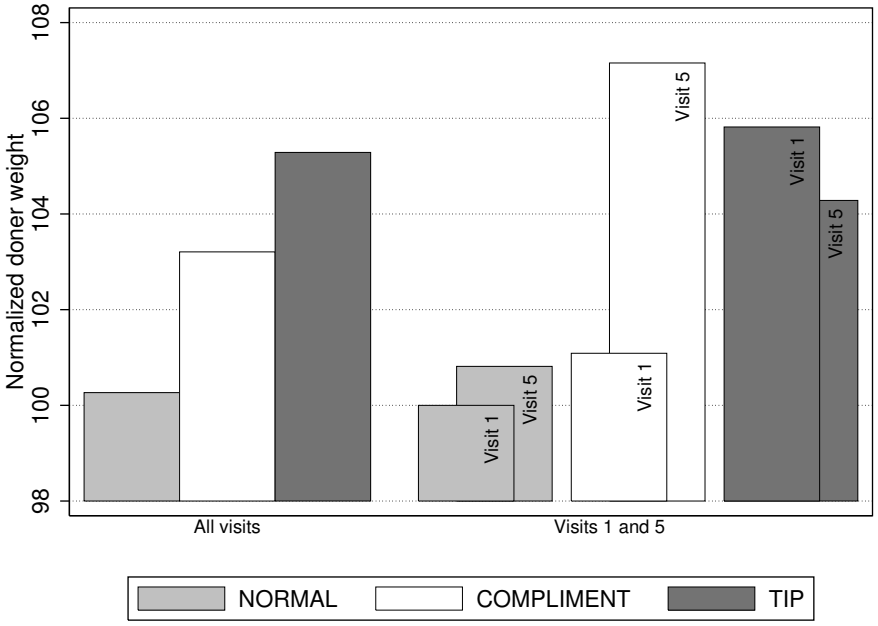

Figure 2: Normalized doner weight in the various treatments.

(TIME) for each treatment to analyze whether the effects of monetary gift exchange and respect change over time. We also add experimenter and location dummy variables as well as variables AGE and FEMALE for salesperson age and gender.[10,11] Standard errors are clustered at the salesperson level.

Table 3 outlines the results of our three research questions. Model 1 captures the pure treatment effects postulated in RQ1 and RQ2. We find a positive overall effect of both interventions. NORMWEIGHT is significantly higher than in the baseline treatment both in COMPLIMENT and in TIP. The difference between treatments COMPLIMENT and TIP in model 1 is highly significant as well (Wald coefficient test, $p = 0.007$).

With regard to RQ3 we find that only the time trend of Treatment COMPLIMENT is significantly positive in model 2, with an average increase of 1.29 percentage points per visit. The time trends of the other treatments are insignificant.

[10]Since one experimenter was active in both Munich and Innsbruck, we need to include the location dummy MUNICH in addition to the experimenter dummies to control for restaurant location.

[11]Age was estimated by each experimenter independently and the median was taken for the regressions.

We observe a difference in time trends between treatments NORMAL (with a positive coefficient) and TIP (with a negative coefficient). This difference is weakly significant (Wald coefficient test, $p = 0.076$), while the one between COMPLIMENT and TIP is highly significant (Wald coefficient test, $p = 0.003$). To test for robustness we run fixed and random effects panel regressions with the salespersons serving as the cross-section. These regressions yield qualitatively unchanged results (see the Appendix for details).

The differences between treatments over time are summarized in more detail in Table 4.[12] It reports the results of paired t-tests for treatment differences between normalized weight variables for each visit. We find a general, positive effect of treatment TIP. Mean normalized product weight is significantly higher in treatment TIP than in treatment NORMAL in 4 out of 5 visits. Comparing the effects of monetary and immaterial gifts is less clear. During the first two visits the difference is significantly positive, but it declines monotonically and reverses (although insignificantly) for the last visit.

This allows us to answer all research questions with results using the same numbering scheme as that used for the questions themselves.

Result 1: A monetary gift induces positive reciprocity by the salesperson in the form of increased kindness, measured by product weight.

Result 2: An expression of respect by the consumer induces positive reciprocity as well, yet the effect is less pronounced.

Result 3: The expression of respect through compliments by the consumer leads to increasingly reciprocal behavior over time. Thus, making immaterial gifts to the service provider has positive time effects compared to reciprocity induced monetarily by tipping first, and compared to normal orders.

[12] Minor differences between Table 4 and Figure 2 stem from cases where it is not possible to calculate treatment differences for a specific salesperson i, because, as noted in footnote 9, we do not have observations from all treatments for all salespersons.

Table 3: OLS-regressions for normalized doner weight across treatments and over time.

Regressors	Model 1	Model 2
TIP	5.253	7.901
	$(1.041)^{***}$	$(2.090)^{***}$
COMPLIMENT	2.724	0.509
	$(1.037)^{**}$	(1.699)
NORMAL × TIME		0.481
		(0.446)
TIP × TIME		−0.465
		(0.449)
COMPLIMENT × TIME		1.285
		$(0.393)^{***}$
Experimenter Dummies		`yes`
MUNICH		−1.377
		(3.236)
FEMALE		−0.211
		(3.241)
AGE		−0.065
		(0.132)
Constant	100.173	102.983
	$(0.975)^{***}$	$(4.888)^{***}$
R^2	0.03	0.06
adj. R^2	0.03	0.04
N	797	797

The dependent variable is normalized doner weight NORMWEIGHT: All product weights are normalized at the first observation from the same salesperson in treatment NORMAL. Hence, treatment NORMAL is normalized to 100 in visit 1.
Standard errors are clustered at the salesperson level and provided in parentheses.
*, ** and *** represent the 10%, 5% and 1% significance levels of a two-sided test.

Table 4: Percentage point differences in normalized doner weight. Paired t-tests are run to test for differences between treatments.

Visit	NORMAL vs. COMPLIMENT	NORMAL vs. TIP	TIP vs. COMPLIMENT
1	−1.09	−5.82	4.33
	(1.61)	(1.74)***	(1.44)***
2	−3.57	−7.58	3.74
	(2.10)*	(1.87)***	(1.87)**
3	−2.89	−3.98	1.76
	(1.49)*	(1.41)***	(1.62)
4	−0.17	−1.83	1.29
	(1.53)	(1.82)	(1.70)
5	−5.82	−4.00	−2.52
	(2.15)***	(1.70)**	(2.02)

Standard errors in parentheses.
*, ** and *** represent the 10%, 5% and 1% significance levels of two-sided, paired t-tests.

3.2 Additional Results

One interesting question to ask is whether consumers are compensated for the extra amount spent in Treatment TIP. For this purpose we calculate NORMWEIGHT_NET which accounts for the money spent on the tip. It is defined similar to NORMWEIGHT except that we divide raw doner weight (both in the numerator and in the denominator) by total costs—consisting of price and tip (in treatment TIP)—to obtain a measure of the amount of doner provided per Euro spent.

We find that NORMWEIGHT_NET lies below the baseline weight, at levels between 95 and 97 percent. When running the same regressions as in Table 3 with this new dependent variable, the results reverse for treatment TIP. The treatment dummy TIP in model 1 turns significantly negative, showing that tipping in advance does not repay for the extra cost incurred ($p = 0.000$). A Wald coefficient test furthermore reveals that the difference between COMPLIMENT and TIP is also highly significant ($p = 0.007$).

When analyzing NORMWEIGHT_NET's development over time in line with Table 4 we find that the differences between treatment COMPLIMENT and the other treatments are significantly positive in 8 out of 10 visits. Furthermore, NORMWEIGHT_NET in Treatment TIP is significantly lower than in treatment NORMAL in all visits except for visit 2.[13]

4 Discussion

In some contexts, additional or better service is not measurable quantitatively but may take other forms. These could include a more friendly salesperson, a higher perceived quality of service, but also additional benefits which are not directly related to the service. While we would expect our results to transfer to other consumer-salesperson settings, limited measurability may complicate the scientific investigation of this conjecture.

Note that with our analyses we measure only a lower bound of additional

[13] Detailed results on the statistical tests are available upon request.

service in treatment TIP and especially in treatment COMPLIMENT. In many cases the experimenters received additional benefits which could not enter our analysis. In treatment TIP the experimenters received a total of 9 rebate cards, one salesperson provided a serving of special meat for a tasting, and another repeatedly provided free servings of tea and prawn crackers. In treatment COMPLIMENT the experimenters received 16 rebate cards, free servings of tea, soft drinks, almond juice and prawn crackers, in one instance two rebate marks instead of one, and even a return compliment. In treatment NORMAL, the experimenters received no special benefits except for 12 rebate cards and, in one case, two rebate marks.

It is also important to discuss the implications of our study from a principal-agent perspective. The exchange of additional product weight for monetary tips and for expressions of respect may increase the utilities of the consumer and the salesperson. The principal (i.e., the owner of the restaurant), however, pays the cost of the increased goods and material employed. At the same time, the owner may profit from a satisfied customer, because the latter will be more likely to return and to spread the word among her friends. Thus, the effect sizes in COMPLIMENT and TIP may differ for employee salespersons and owner salespersons. Fortunately, doner are frequently prepared not by employee salespersons, but by the restaurant owners themselves. This allows us to study differential effects between them. The final experimenter to interact with any particular salesperson inquired whether the salesperson was the owner of the restaurant.[14] Including interactions between a dummy variable for owner salespersons and dummy variables for our treatments in our regressions, we find no evidence that any of our findings differ significantly between owner and employee salespersons.

It is furthermore important to note that other factors may have contributed to the effects found in treatment COMPLIMENT. First, making a compliment may have the effect of reducing social distance, i.e., "the emotional proximity induced by the situation" (Charness and Gneezy, 2008, 30). Such a reduction

[14] Due to problems with salespersons changing during the experiment, we were able to obtain this information only for approximately 90% of our observations.

has been found to induce increased kindness (see for example Hoffman et al., 1996, and Charness and Gneezy, 2008). Second, as suggested in the discussion of the principal-agent perspective, a compliment may also be a signal of the consumer's willingness to play a repeated game. Third, part of the effects could be driven by guilt aversion (Charness and Dufwenberg, 2006; Battigalli and Dufwenberg, 2007; Ellingsen et al., 2010). Guilt aversion postulates that people feel guilty (and so incur a utility loss) whenever their behavior does not live up to the expectations of others. In our experiment part of salespersons' behavior could be motivated by guilt aversion in the face of consumers' kind acts of tipping and complimenting. If a salesperson is guilt averse she does not want to let the customer down and thus reciprocates with kindness, i.e., higher doner weight.[15]

Finally, it is important to emphasize that our results hold in a situation where the behavior exhibited in our treatments—while not entirely out of the ordinary—is not a general norm among consumers. We would expect our treatment effects to diminish with increasing frequency of tipping and complimenting, respectively, in the general consumer population. In the extreme case that tipping or complimenting were to become a social norm, we would expect negative reciprocity for non-tipping, non-complimenting consumers. In other words, we conjecture that consumers might be punished by the salesperson if no tip or compliment is given in advance when it is the norm to tip or compliment.

5 Conclusion

Classical economic theory holds that people are exclusively motivated by monetary incentives. However, there is ample evidence that employees also derive utility from what (they believe) others think about them. In this paper we test the impact of monetary gift exchange and paying respect on salespersons' kindness in consumer-salesperson interactions.

We thus extend the literature along three dimensions. First, we test the

[15] As Ellingsen et al. (2010) point out, measuring guilt aversion is difficult even in a lab environment. Hence, we cannot state the exact impact (if any) of guilt aversion.

role of monetary gift exchange and immaterial respect in the same setting, rendering the outcomes directly comparable. Second, we focus not on employer and employee relationships, but are the first to investigate natural consumer-salesperson interactions in everyday life situations. We consider this to be important, as consumer-salesperson relationships are of great relevance for everyday decision-making. Third, we apply a repeated setting to learn how monetary and immaterial gifts work over time.

We find that (i) a monetary gift in the form of tipping salespersons in advance induces positive reciprocity but is insufficient to compensate for the extra money spent. We observe that (ii) expressing respect significantly increases salespersons' kindness, yet that the effect is weaker compared to tipping salespersons in advance. We finally show evidence that (iii) only this "compliment-effect" grows significantly over repeated interactions, increasing by around 7 percentage points over the course of five visits.

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6 Appendix

6.1 Procedural Details

6.1.1 Tipping

The experimenter chose the coins handed over to the salesperson such that the latter could see that the tipping was intentional, and not caused by e.g. rounding to the nearest round number. If, for example, the price was €4.10 and the experimenter tipped €0.40, he would not hand over two 2 Euro coins and one 50 Cent coin, but would instead hand over 2 Euro coins, one 10 Cent coin and two 20 Cent coins.

6.1.2 Order and Measurement

The experimenter ordered a "durum doner without sauce, to take away". This ensured that the product was standardized and extras by the salesperson could be clearly measured quantitatively. The only way in which the salesperson could provide extra benefit in the interaction (apart from, e.g., being particularly friendly, or gifting the consumer with complimentary goods) was to increase the amount of meat or other ingredients, since the durum wraps are standardized. We consciously refrained from ordering sauce, because additional sauce has a high relative density and might reduce the perceived benefit of the durum doner (in other words, it might add considerable weight without a corresponding increase in perceived doner quality). The experimenters also did not start conversations with the salespersons. In case they were asked questions, they answered naturally but succinctly.

Once the experimenter had received the product, he stepped outside the restaurant to a place where he was not visible from inside and immediately weighed the product on small letter scales which he carried in a backpack. The doner was weighed as is, i.e., including the tin foil the doner was wrapped in (the weight is negligible in comparison to the product weight and does not vary systematically across treatments). The experimenter noted the weight and put the doner into his backpack for later hand-over to a charitable agency. Condi-

tional on the experimenter's calory requirements, in some cases the product was also consumed directly by the experimenter himself (of course after the weighing procedure).

6.1.3 Transaction Record

After each interaction the experimenter filled in a form recording details about the transaction. These were the date, time, restaurant, product price and tip amount (if any), as well as salesperson characteristics like gender, age and ethnicity. The final experimenter to interact with any salesperson also inquired whether the salesperson was owner or employee of the restaurant. The experimenters furthermore noted any special occurrences. We took pictures of all durum doner during the weighing procedure. Data is available upon request.

6.2 Robustness Check

We run panel regressions with the data used in Table 3 to test the robustness of our results. For our panel data set, salespersons serve as the cross-section. Normalized doner weight NORMWEIGHT is the dependent variable. As independent variables we use binary treatment dummies for TIP and COMPLIMENT, time trends TIME for each treatment, and all control variables employed in model 2 of Table 3 (i.e., experimenter and location dummies as well as a gender dummy and an age variable for the salespersons). In models 3a and 4a we control for cross-section fixed effects and in models 3b and 4b we run random effects specifications. Standard errors are clustered at the salesperson level.

Table A1 shows that the results from the panel regressions are practically identical to the ones obtained from the OLS regressions reported in the paper.

Table A1: Panel-regressions for differences in normalized doner weight across treatments and over time.

Regressors	Model 3a (fe)	Model 3b (re)	Model 4a (fe)	Model 4b (re)
TIP	4.988	5.019	7.682	7.706
	(0.973)***	(0.978)***	(2.044)***	(2.056)***
COMPLIMENT	2.661	2.650	0.897	0.834
	(0.988)***	(0.990)***	(1.638)	(1.644)
NORMAL × TIME			0.576	0.559
			(0.388)	(0.392)
TIP × TIME			−0.391	−0.404
			(0.393)	(0.395)
COMPLIMENT × TIME			1.215	1.219
			(0.367)***	(0.366)***
Experimenter Dummies			yes	yes
MUNICH				−1.256
				(2.976)
FEMALE				−1.537
				(3.410)
AGE				−0.094
				(0.138)
Constant	100.281	100.351	98.849	104.322
	(0.577)***	(0.930)***	(1.374)***	(5.228)***
R^2	0.05	.	0.08	.
adj. R2	0.05	.	0.06	.
R2 within	0.05	0.05	0.08	0.08
R2 between	0.01	0.01	0.03	0.04
R2 overall	0.03	0.03	0.04	0.05
N	797	797	797	797

The dependent variable is normalized doner weight NORMWEIGHT: All product weights are normalized using the weight in treatment NORMAL in visit 1 for every salesperson. Hence, treatment NORMAL is normalized to 100 in visit 1. Models 3a and 4a (3b and 4b) use fixed (random) effects specifications.
Standard errors are clustered at the salesperson level and provided in parentheses.
*, ** and *** represent the 10%, 5% and 1% significance levels of a two-sided test.

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Abstract
Recent studies find ample evidence that monetary and immaterial gifts influence effort in the workplace. We investigate the impacts of monetary gift exchange and of expressions of respect on salespersons' reciprocity when purchasing doner durum, a common lunch snack. Prior to the food's preparation, we either induce monetary gift exchange by tipping or explore the role of respect by making a compliment. We repeat the interaction on five consecutive days. Our findings show that salespersons exhibit positive reciprocity in response both to a monetary gift and to compliments regarding the product. The "compliment-effect" furthermore increases with repeated visits.

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