



Starbucks Employees Can't Get Tips via Credit Card

By [Douglas A. McIntyre](#) September 25, 2014 6:27 am EST

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Only Starbucks Corp. (NASDAQ: SBUX) knows what percentage of purchases in its stores are made by credit card, compared to cash, the company's apps and its physical Starbucks Cards. What consumers might know, and what Starbucks employees do know, is Starbucks store workers cannot be tipped when a transaction is paid via credit card or a physical Starbucks Card. That almost certainly costs Starbucks workers a large portion of what they might be paid, if tips were available by all means of payment.

Starbucks commented on the current pay practices in an email to 24/7 Wall St.:

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Customers are able to tip using cash in our locations. With the continued increase in mobile payment transactions, our customers have asked for an easy and convenient way to show their [appreciation] to our store partners. To support that request, we enabled digital tipping through our Starbucks app for iPhone and our Starbucks app for Android.

At this time, customers are not able to leave a tip when they pay with a physical Starbucks Card or Credit Card.

It is hard to understand why Starbucks makes these exceptions, since the practice of tipping employees via credit card at most restaurants is standard.

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One reason credit cards tips would be a meaningful addition to what Starbucks store workers make is how little the base pay of many of these store workers is. According to an analysis done by 24/7 Wall St. late last year, Starbucks is among [the 10 companies paying Americans the least](#). The the analysis was based on NLP data and information from SEC filings. Additionally:

[A]ll employee figures represent systemwide employment, including employees of franchisees. To avoid double-counting low-wage workers, Starbucks is an exception, as many other low-wage employers are Starbucks licensees.

Starbucks does offer benefits that include, in some cases, health care coverage and full

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tuition for Arizona State University programs. However, none of these things can entirely make up for low wages, which might be improved by the ability to tip workers by any means of payment.

Starbucks lists among its core reasons to work at the company:

Connecting with each other, with our customers and the communities we are a part of fosters a deep sense of purpose at Starbucks. We believe we can all become a part of something bigger and inspire positive change in the world around us. That's why we go out to do community service as a team throughout the year (#extrashotofgood), partnering up with organizations to revitalize and enhance the neighborhoods we serve.

That includes neighbors who, in many cases, cannot give them tips.

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