

# A RESTAURANT MARKETER'S GUIDE

to Targeting  
the Rural Consumer

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# INTRODUCTION

As you create a restaurant marketing strategy amid an ever-evolving landscape, responding to consumer behavior shifts can help you create a sustainable plan to drive traffic and acquire new customers for restaurants of all types, from quick serve restaurants (QSR) to fast casual to casual dining.

As consumers demand more convenience and safety, restaurants are embracing digital platforms, including mobile apps and digital payment solutions. This Guide is designed to share the knowledge we've built over the last 30 years of serving our clients to help you capture greater market share and reach your marketing goals.

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## 01

## RURAL RESTAURANT CUSTOMERS

are Hungry for Value in Response to Price Increases

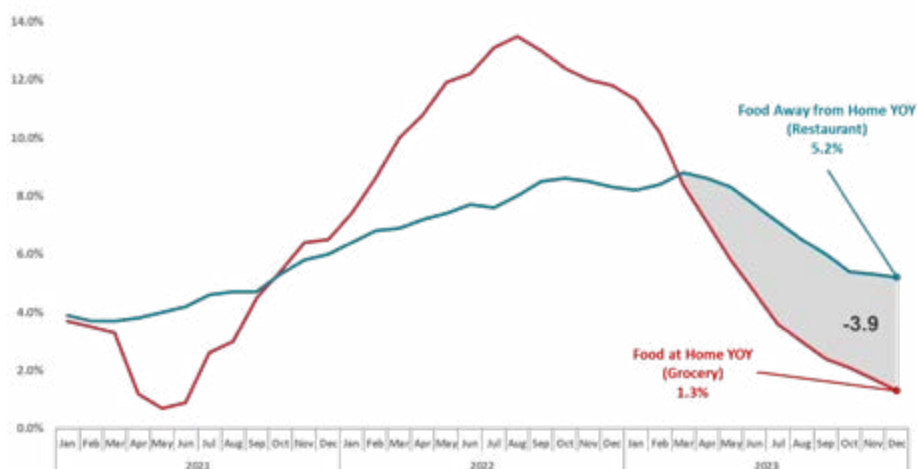
In rural markets across America, 60% of consumers have noticed price increases in dining out<sup>1</sup> over the past year. In response to price increases, 27% of these consumers are using coupons more, and 19% are doing more comparative shopping with advertising inserts<sup>1</sup>.

## INFLATION FINALLY SLOWS FOR THE FIRST TIME IN TWO YEARS

Restaurants' inflation advantage over groceries has reduced as the gap continues to expand to groceries' advantage. When the gap widens and restaurant inflation is lower, restaurants typically see a rise in sales when the manager of the household budget determines "It is cheaper to eat out!" **Since March 2023, the gap has widened every month and is now -3.9%. December 2023 marked the 10th straight month where grocery inflation had an advantage.**<sup>2</sup> It becomes imperative for restaurants to offer value to acquire new customers and keep loyal customers for the long term.

## RESTAURANT ADVANTAGE REDUCED

After narrowing in October 2023, the gap widened in December as Grocery Inflation remained -3.9% below Restaurant, now a 10-month trend. We are seeing the continued signs of **restaurant inflation fatigue**, with traffic down **-18.4%** since 2019<sup>1</sup>.



## YOUR WINDOW OF OPPORTUNITY MAY HAVE CLOSED

- Lower Inflation influences the "Do I Dine At Home or Dine Out?" decision
- Restaurant Consumers are experiencing 'sticker-shock'

Consumer discretionary spending is down as ritual household expenditures such as utilities, dining out and groceries face strong upward pressure.

Customers are trading brand preference and loyalty for greatest perceived value.

## DID YOU KNOW?

61%

of consumers surveyed said rising prices are causing them to be less brand loyal<sup>3</sup>.

25%

of restaurant customers chose where to dine based on a coupon<sup>4</sup>.

Even with higher inflation and slower return to normal, restaurants can continue to win at the cash register by offering their diners more value for their dollars. Brands that understand the new consumer value equation can create preference and steal share.

### BALANCING PRICING IS CRITICAL

An inflation advantage typically translates to sales. Restaurants must watch the impact price increases have on top line sales and grocery prices dropping.

Restaurants can increase the chance of repeat visits as 36% of U.S. diners are members of a restaurant loyalty program<sup>5</sup>. The top drivers to join loyalty programs include discounts or coupons and the ability to earn free items<sup>6</sup>.

By analyzing data collected from loyalty programs, we can help you create tailored offers and incentives, such as personalized discounts or menu suggestions.

Restaurant or takeout customers respond to ads across a variety of advertising channels.

#### IN THE PAST 12 MONTHS:



57%

responded to ads/  
offers in the mailbox<sup>7</sup>.



52%

responded to  
streaming TV ads<sup>7</sup>.



48%

responded to a  
pre-roll video ad<sup>7</sup>.



48%

responded to an  
online ad<sup>7</sup>.

Mspark's targeting capabilities enable you to reach your most likely customers with engaging offers that drive action, whether your goals are loyalty program signups, mobile app downloads, online orders, or store visits.

Competition for share of stomach has never been higher in restaurant marketing. Restaurants are competing not only with other restaurants, but with grocery and convenience stores. Value menus and deals are popping up across the landscape at 2009 price points.

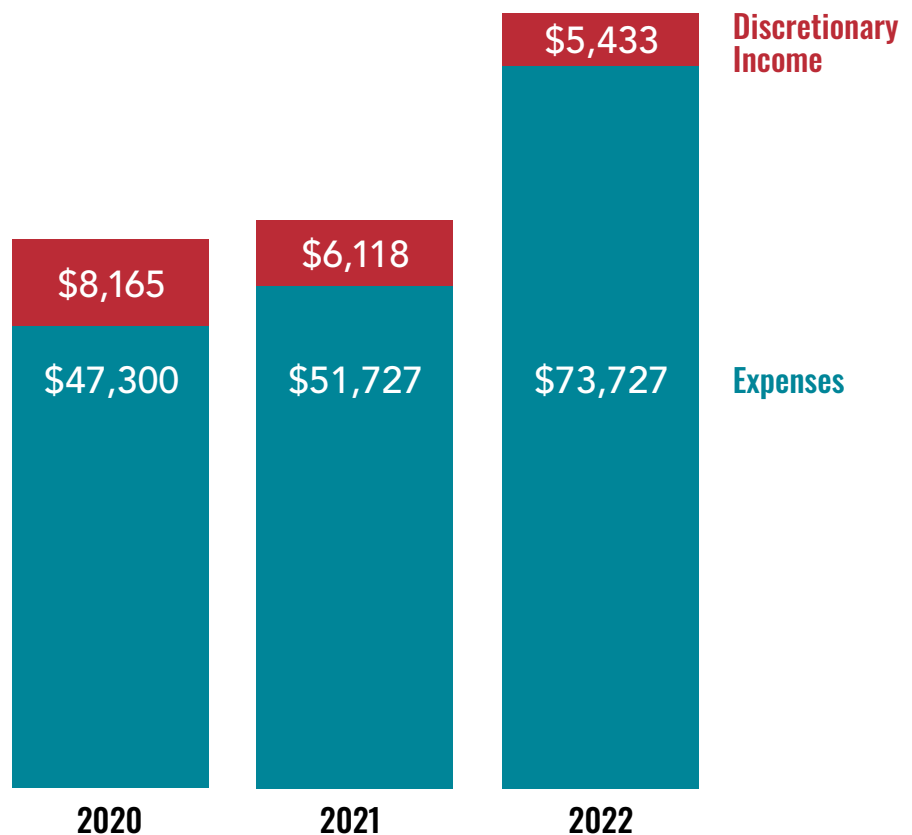
## WHAT IS DRIVING THIS FIERCE COMPETITION?

Data from Circana showed an 8% year-over-year increase in use of deals at restaurants by inflation-weary consumers during the first quarter of 2023. Consumers' inflation fatigue contributed to slowing sales growth in April—the industry's weakest performance since July 2022 and its second-softest month of growth in more than two years, according to Black Box Intelligence.

In the rural markets Mspark serves, consumers feel the impact of inflation more severely than their urban counterparts. From January 2020 to December 2022, discretionary income for rural consumers decreased 33%.<sup>1</sup>

While transportation costs fueled rural inflation over the past two years, during 2022 rural consumers also had to contend with growing costs for housing, household expenses, food at home, and health insurance (as shown in the chart below).

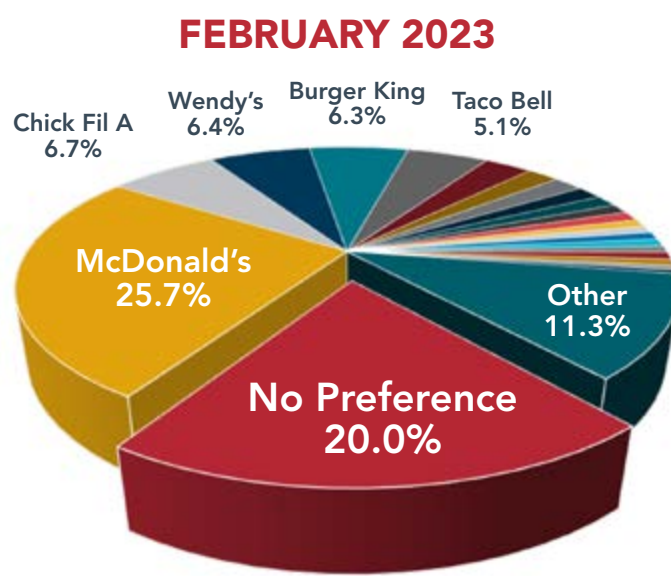
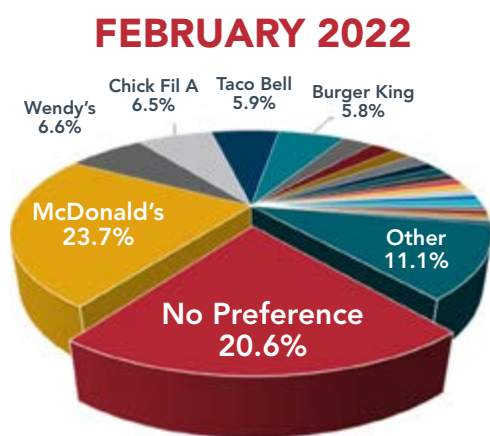
Rural  
Disposable  
Income is  
24% Less  
Than Their  
Urban  
Counterparts



Although inflation eventually evened out later in the year, discretionary income for rural consumers remained below that of urban consumers.<sup>2</sup> These consumers continue to prioritize value for their money above any single restaurant preference.

This creates a restaurant marketing opportunity for QSR and pizza brands to emphasize value in their campaigns to create preference among consumers and increase their share of loyal customers.

- McDonald's accounts for **26% of QSR/ Fast Casual consumer preference**
- #2 consumer choice is 'No Preference' at **20%**



February 2022 and 2023 numbers are pictured above, with little to no change in preference as of November 2023 according to *Prosper Insights & Analytics Survey Data*.

## VALUE IS MOST IMPORTANT TO CONSUMERS ACROSS ALL MARKETS

Consumers, including Rural, Urban and Suburban, ranked Value as the most important attribute when selecting a restaurant. This combines consumers who felt value was important, somewhat important, and very important. Only 11% were "on the fence" and 11% rated somewhat unimportant, not at all important, and unimportant combined.<sup>3</sup>

### QUESTION:

How important is value to you when choosing a restaurant to dine at or order from?



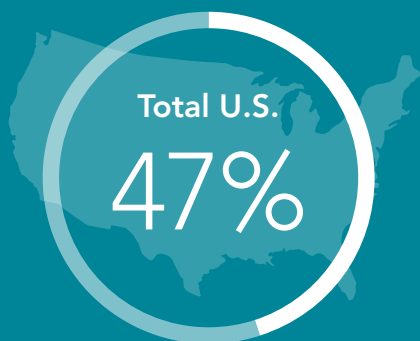


## VALUE MEANS MORE DOLLAR MENU OPTIONS

From rural to urban to suburban markets, consumers said they wanted to see more dollar menu items than any other value offerings from restaurants.<sup>3</sup>

**QUESTION:** Which of the following value options would you like to see more of from the following types of restaurants? Please select all that apply.

Dollar Menu ranked #1,  
followed by Promotions:



Rural

55%



Urban

48%



Suburban

41%

Engage this value-hungry audience with coordinated digital and direct mail messaging that will drive them to your restaurant, mobile app, or website.

## DID YOU KNOW?

- 60% of consumers visited a brand's website after receiving direct mail.<sup>4</sup>
- 52% of consumers surveyed tried a new product, service, or establishment after receiving marketing mail; restaurants are tried most often.<sup>5</sup>
- Integrating digital ads with direct mail increases program performance as much as 28%, based on historical program performance.
- Engagement with direct mail is high across generations.<sup>4</sup>

## PERCENTAGE OF EACH GENERATION WHO FEEL POSITIVE ABOUT DIRECT MAIL

GEN Z



77%

MILLENNIALS



77%

GEN X



71%

BABY BOOMERS



55%

Source: SC360 The future of Direct Mail, 2022

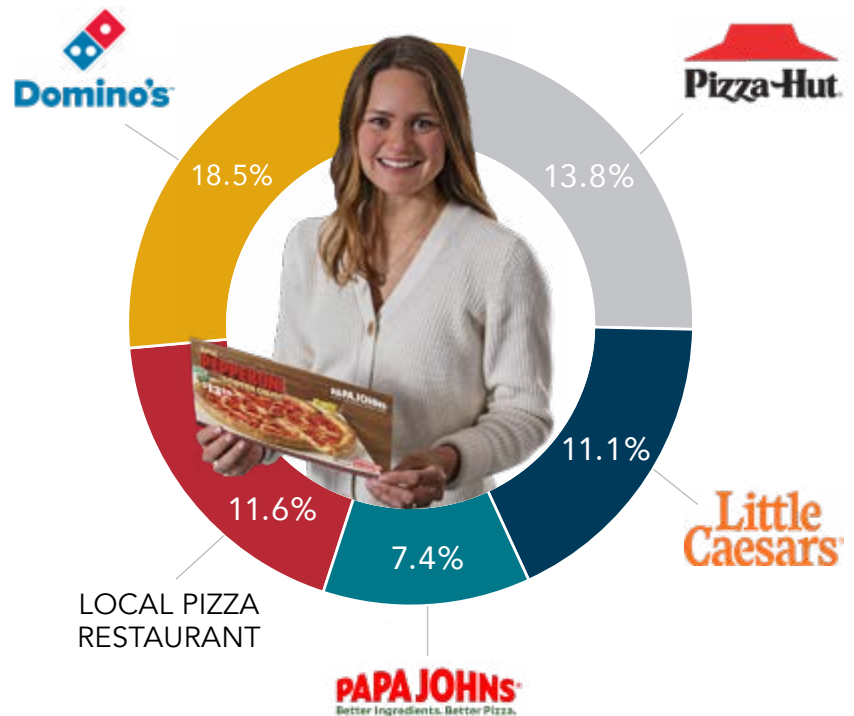
Mspark partners with you to identify consumers most likely to visit your restaurant and create a coordinated print + digital strategy that increases traffic and acquisition



Nearly 40% of consumers say they have no preference when choosing a pizza restaurant<sup>2</sup>—a pizza marketing opportunity to create preference and win new customers who are looking to reduce spending. How can pizza marketers create preference?

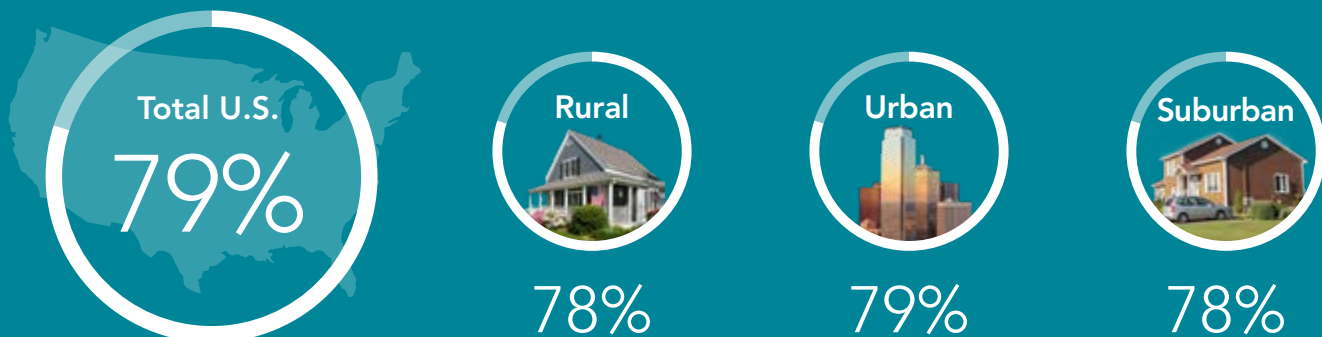
It starts with value. As menu prices continued to rise in early 2023, 8.2% higher than 2022, consumers were choosing restaurants who offered more value for their dining dollars. During the first quarter of 2023, 27% of restaurant visits included a "deal," a 7% increase over 2022<sup>1</sup>.

Consumers who have eaten at a pizza restaurant in the past 90 days chose the following pizza restaurants:

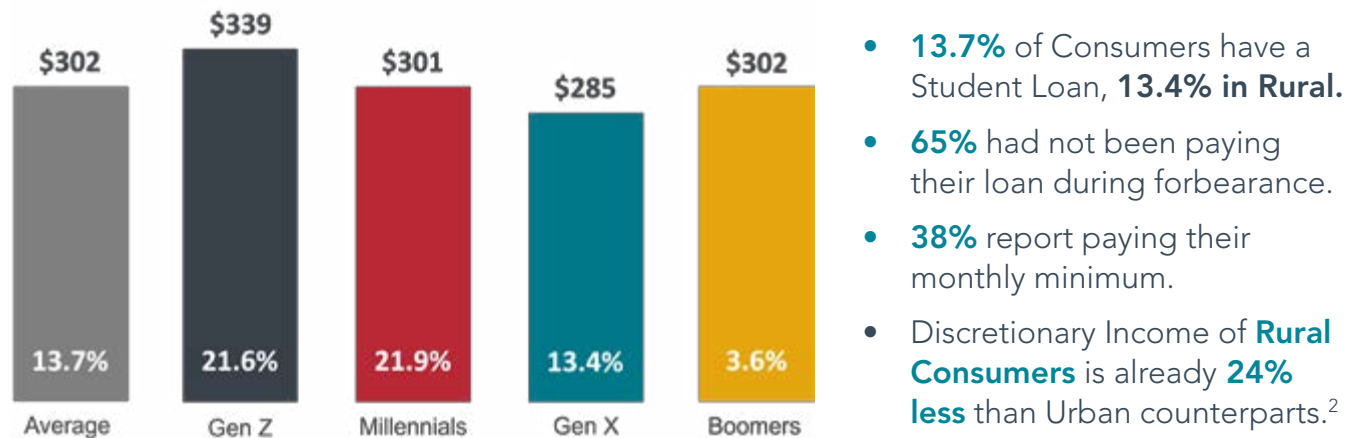


Consumers across rural, urban, and suburban geographies ranked value as the most important attribute when selecting a restaurant. The chart includes consumers who ranked value as important, somewhat important, and very important.<sup>5</sup>

Value will become even more important to the 44 million consumers who resumed student loan payments effective October 1st, 2023. This brings a potential \$9 Billion impact on consumer discretionary spending EACH MONTH.



## RETURN OF STUDENT LOAN PAYMENTS A SIGNIFICANT IMPACT ON DISCRETIONARY INCOME



Source: 1 Prosper Insights & Analytics, November 2023  
 2 Iowa State analysis, July 2022 (Bureau of Labor Statistics: CPI-U January 2020-December 2022 + CEX 2019-2021)

The biggest impact is on Gen Z and Millennials, who also purchase the most pizza and represent 53% of consumers overall. 22.2% of Gen Z and 24.6% of Millennials have student loans with an average monthly minimum payment of \$292 and \$330 respectively. We estimate that the overall impact on restaurant traffic could reach 2.5 to 3.0% based on consumers with a loan and looking at all the ways they say they will cut back, and dining out is at the top of the list.

## STUDENT LOAN PAYMENTS WILL BE PAID FOR BY CUTTING SPENDING IN OTHER AREAS



<b>1 Eating Out</b>	49%	<b>54%</b>	44%	<b>50%</b>	<b>54%</b>
<b>2 Apparel</b>	38%	38%	36%	44%	36%
<b>3 Entertainment</b>	37%	45%	36%	37%	37%

Source: Prosper Insights & Analytics, November 2023 (Have a student loan: In order to make student loan payments, do you plan to reduce spending on any of the following? Check all that apply)

Engage these consumers and earn their loyalty with appealing deals and offers that give them more value for their money.

## YOUR CUSTOMERS SAY VALUE HAS 3 IMPORTANT INGREDIENTS

From big cities to small towns, value is important to consumers. Across all geographies, research shows three key ingredients must be present to meet the expectations of your customer and create their value perception of your restaurant.

	TOTAL U.S.	RURAL	URBAN	SUBURBAN
1 GREAT TASTE	19%	18%	15%	23%
2 QUALITY INGREDIENTS	16%	15%	16%	16%
3 LOW PRICES	14%	14%	13%	15%

Source: Mintel/Kantar Profiles, January 2023

## SHARED MAIL IS THE SECRET INGREDIENT THAT DRIVES RESTAURANT TRIAL

Engage value-seeking diners with a marketing strategy that prioritizes deals and offers that will prompt action. 69% of consumers who received advertising mail from restaurants tried a new restaurant over the past year<sup>4</sup>.

This trend crosses all generations from your core Boomers and Gen X to the new Millennial and Gen Z generations<sup>4</sup>; you must actively build relationships with them and earn their loyalty while maintaining your Gen X and Boomer base.



65%  
Gen Z



66%  
Millennial



74%  
Gen X



70%  
Boomer

## SHARED MAIL IS A DIGITAL ON-RAMP

52% of consumers who receive advertising mail report they visit the brand's website. This is particularly true among the important Gen Z group with 67% going online<sup>4</sup>.

**READ OUR PIZZA AND RESTAURANT CASE STUDIES** to see how other pizza brands have benefitted from integrated shared mail marketing solutions.

## A RURAL MIGRATION

Consumers in small cities and towns and rural communities comprise over 20% of the U.S. population today, a growing rural marketing opportunity.

## DID YOU KNOW?

75% of consumers who plan to buy a house in the next year indicated they plan to purchase a home in the suburbs or a rural community, according to a June 2023 Prosper Insights & Analytics survey.

By 2025, these small yet lucrative markets are projected to represent over a quarter of all U.S. households and hold a disproportionate share of spending power across a broad range of retail categories.<sup>1</sup>

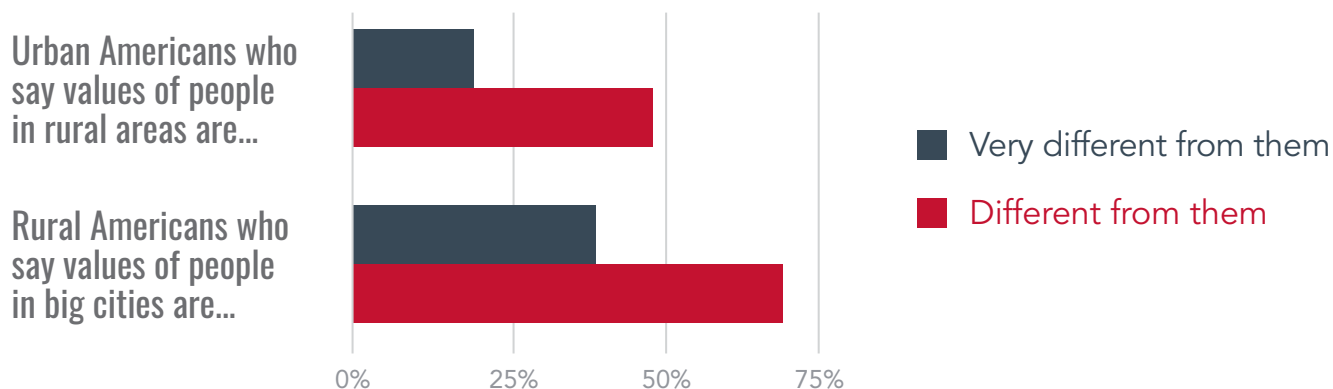
The first step in engaging rural consumers is to acknowledge that their needs are not typically the same as general-market consumers, and the divide is felt more distinctly in rural areas, where consumers feel more separated and less understood by marketers.

## HERE ARE 14 THINGS TO KEEP IN MIND WHEN PLANNING YOUR MESSAGING TO RURAL CONSUMERS:

#1

Nearly **70% of rural Americans believe their values are different than urban Americans**, a distinction marketers should factor in when building a strategy to reach this valuable audience.<sup>2</sup>

## DIFFERENCE OF OPINIONS





68%

of Rural Americans feel their values are different than Urban Americans, compared to 48% of Urban Americans.

#2

**The rural value system is primarily built on relationships and community.**

The way people relate to each other in rural communities is more personal, emotional, direct, and socially supportive, while urban social interactions are more impersonal and indirect.<sup>3</sup>

#3

**Rural residents empower themselves to be independent** and appreciate the hard work that goes into what they make and buy.<sup>3</sup>

#4

**Individualism** is important to rural consumers to survive in the larger economic & social environments.<sup>3</sup>

#5

**Rural residents celebrate community and hometown traditions,** and they trust local communities more than mass media.<sup>3</sup>

#6

Rural consumers are less digitally driven; **they are active online 11% less often** than urban residents on a daily basis.<sup>4</sup>

#7

Despite a 9% increase in home broadband adoption since 2016, **rural residents are still less likely than those living in suburban areas to report having home broadband.**<sup>4</sup> It is important for advertisers to understand the differences in media access and online penetration in these markets.

#8

**Rural consumers respond to direct mail** due to its longer shelf life and the value it offers in-hand via the mailbox vs. digital downloads.

**#9** Economic fluctuations impact rural consumers differently. **Consumers in small and rural markets are impacted by inflation 9% more** than their urban counterparts, which affects their spending and shopping behavior.<sup>5</sup>

**#10** Between January 2020-January 2022, **rural consumers saw their discretionary income cut by more than 30%** due to increases in fuel, food and home energy costs, according to **research by Iowa State University**.

**#11** Rural consumers are **5% more likely than urban consumers to decrease their overall spending** as prices rise.<sup>5</sup>

**#12** These consumers in small markets are more price and budget conscious and hungry for deals and value, making them **21% more likely to use coupons than urban consumers**.<sup>5</sup>

**#13** Nearly 50% of rural consumers surveyed said they **shop online for lower prices**, and nearly 40% shop online to find better sales and deals.<sup>5</sup>

**#14** Rural consumers are more likely to **reduce driving and shopping trips to save on gasoline** and to plan their shopping and purchases ahead of time. The planned bundling of shopping trips increases the need for longer value and deal shelf life, which affects the message and the choice of media.<sup>5</sup>



## MSPARK DELIVERS VALUE TO THE RURAL CONSUMERS MOST LIKELY TO BECOME YOUR BEST CUSTOMERS

If this audience is important to your business, we can help you reach them. Mspark specializes in driving brand growth and customer engagement strategies for national and local advertisers in these important markets. Reach out today to plan your strategy.



In a world filled with digital clutter, there's something special about receiving a piece of direct mail.

64%

of consumers say direct mail has inspired them to take action, such as visiting a website or a physical store.<sup>1</sup>

74%

of marketers say direct mail delivers the highest response, conversion rate, and ROI of any channel used.<sup>1</sup>

## WHAT SPECIFIC ACTIONS DO CONSUMERS TAKE WHEN THEY RESPOND TO DIRECT MAIL?



40%

### 40% INVESTIGATE A BRAND

- Visit the brand or service website.<sup>1</sup>
- Search for the brand/product/service online.<sup>1</sup>
- Check the brand or service's social media.<sup>1</sup>

33%

### 33% RESEARCH A BRAND

- Look up reviews of the brand/product/service.<sup>1</sup>
- Visit another website looking for the product or service advertised.<sup>1</sup>
- Check out other media to gauge other's thoughts on the brand/product/service.<sup>1</sup>

27%

### 27% ACTIVATE

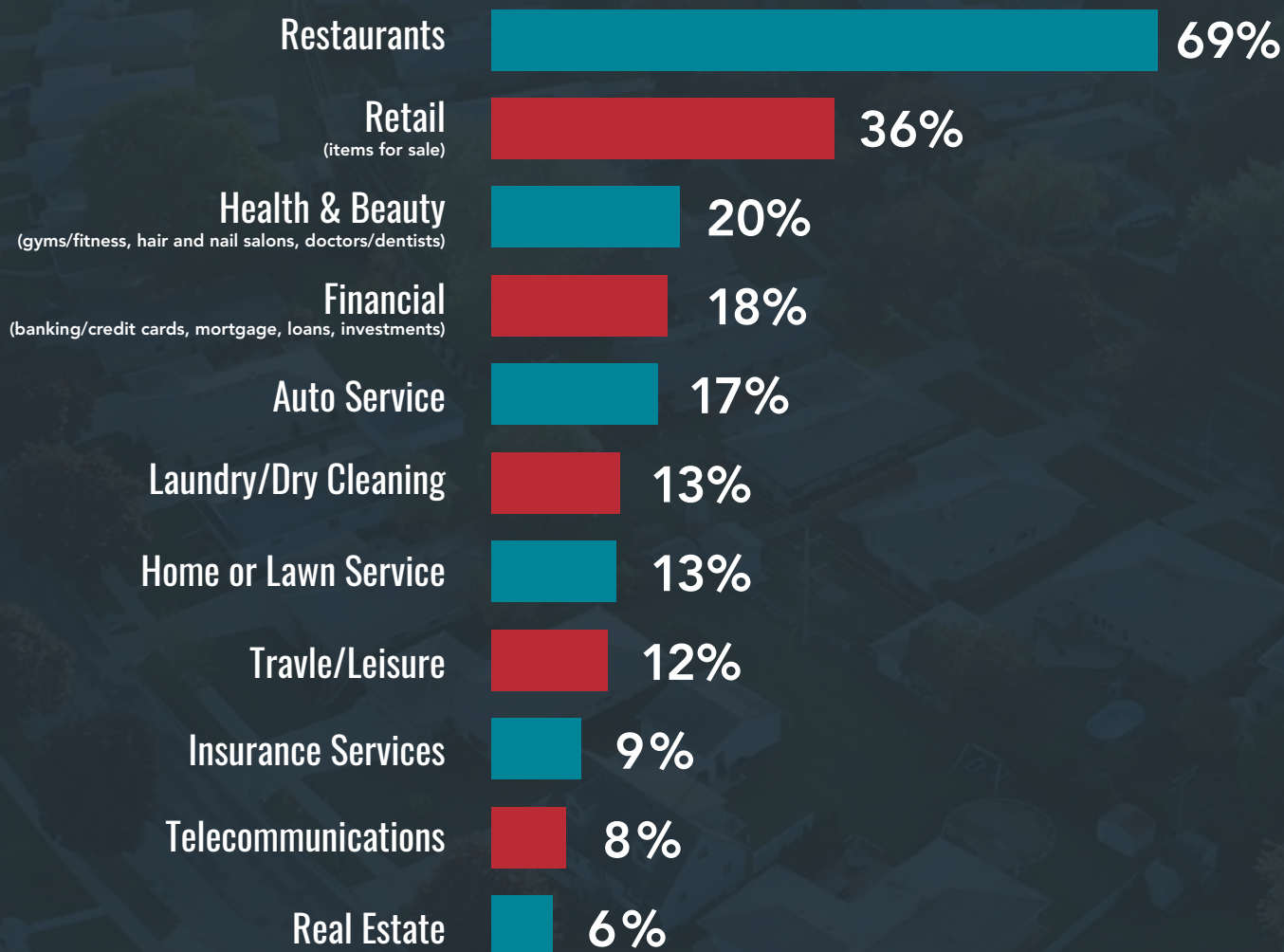
- Visit a retail location to check out a product in person.<sup>1</sup>
- Buy a product or sign up for a service.<sup>1</sup>



In the past 6 months, more than half (52%) of respondents have tried a new product, service, or establishment after receiving marketing mail.<sup>2</sup>

- Restaurants, retail, and health and beauty are the most common new businesses tried.<sup>2</sup>
- Gen Z are most likely to try a new business after receiving marketing mail.<sup>2</sup>

## NEW PRODUCT/SERVICE/ESTABLISHMENT TRIED



# HOW TO GET THE MOST FROM YOUR DIRECT MAIL CAMPAIGN

## GIVE THEM A REASON

A compelling, relevant offer is key to get recipients to open and read direct mail:

- 78% will open/read a single offer or promotion.<sup>3</sup>
- 77% will open/read multiple offers or promotions.<sup>3</sup>

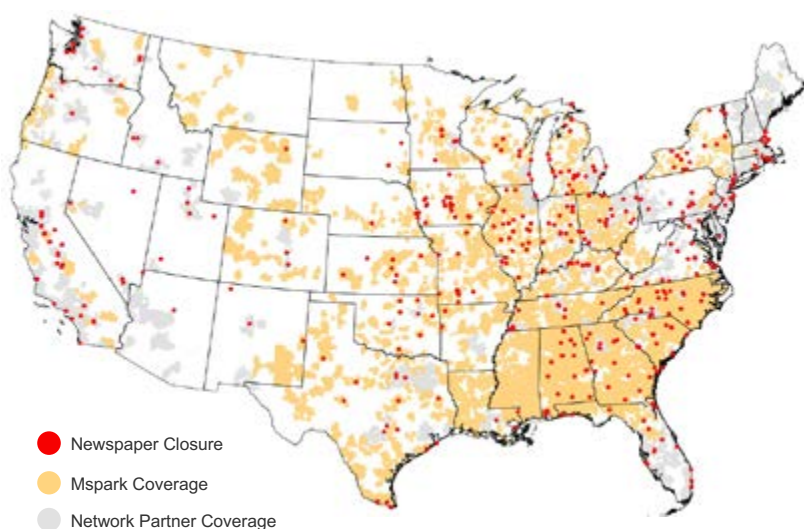
## GET PERSONAL

- Personalized direct mail drives higher engagement rates. Mspark's targeting capabilities enable you to zero in on your highest-value prospects and target them with postcard messaging specific to their needs and preferences. [Learn more about our targeting capabilities.](#)
- 68% of consumers are more likely to engage with a brand's message that is personalized to them;<sup>2</sup>
- 55% expect mail from brands to be personalized to them in some way.<sup>3</sup>

## REPLACE DISAPPEARING NEWSPAPER COVERAGE WITH MORE EFFECTIVE DIRECT MAIL

Industries including restaurant, grocery, retail (especially Home Depot, Lowe's, and ACE Hardware), automotive, consumer packaged goods, and telecom have historically relied on newspaper TMC advertising to distribute their weekly circulars.

Targeted direct mail is a more efficient and reliable way to engage your target customers as newspaper coverage continues to shrink.



**152** Newspapers Have Closed Since the Start of 2023

**OVER 480**

Newspaper/TMC Products Have Stopped Circulation Since 2019

**64%**

of Closed Newspapers are in Rural C & D Counties that Mspark Covers

Learn more about Mspark's targeted [mailbox solutions](#) to drive traffic to your restaurant, mobile app, or website and acquire new customers.

Digital marketing helps you achieve consistent brand delivery across media channels and platforms, which can **increase revenue by 23%** on average<sup>1</sup>.

A marketing strategy that drives results for your business is capable of pinpoint targeting your best potential customers while evaluating performance, optimizing campaigns, and measuring results.

## CUSTOM-BUILD AN AUDIENCE OF YOUR BEST POTENTIAL CUSTOMERS

No advertising campaign can be successful without first identifying the highest-value target audience for your message. **Your audience is not going to be the same as anyone else's.** It's going to be your keywords, your website visitors, your geofences that you choose—customized just for your business.

Our audience targeting solutions are created based on data, eliminating most of the waste that is often associated with other advertising methods.

### There are three main sources of data used to identify the relevant audience:

- **Behavioral** – behavioral data comes from a person's internet activity.
- **Location** – location data comes from a person's offline actions based on the locations they have visited.
- **Demographic** – demographic data comes from offline purchase behavior, publicly available data, and self-reported data.

### Did you know?

- **Average time of people being online is up to 6 hours, 37 minute per day in 2023** (up from 6 hours in 2018).
- The majority of internet activity is now being conducted on mobile devices: **7 out of every 10 hours spent on the web are on mobile devices**<sup>2</sup>.

Different actions demonstrate customers at different points during their path to purchase, making all of them a worthwhile audience to target with your digital marketing message. As your target audience surfs the web, they are targeted with ads as they go about their day and interact with their connected devices. This puts your ads in front of:

- People who go to your website and then leave.
- People who are searching for the products and services that you sell.
- People who are reading content that is relevant to your industry.
- People who visit locations in the real world, such as your competitors.





## TARGET CONSUMERS BASED ON WHO & WHERE THEY ARE

Geofencing enables you to target consumers based on who they are and where they are.

How is this possible? **90% of mobile users keep their location services turned on**, creating a wealth of data and consumers to target based on physical locations visited<sup>4</sup>.



Once your target audience has been identified, a coordinated digital marketing approach enables you to drive engagement across multiple channels utilizing Mspark's Boost digital solutions, including digital display, pre-roll video, and OTT/CTV video.



## BUILD BRAND AWARENESS & DRIVE STORE TRAFFIC

**Why digital display?** The average consumer spends 7 hours per day on internet connected screens<sup>5</sup>.

Our Boost Digital Display solution serves static or animated ads on a variety of device types with targeting to the household level.



## ENGAGE NEW CUSTOMERS & GENERATE AWARENESS

**Why pre-roll video?** 91% of consumers want to see more online video content from brands<sup>6</sup>.

Video increases brand awareness, ad recall & purchase consideration. Highly targeted at the household level, ads are served to users on premium publishers and mobile apps and average 65%-75% completion rate.



## AMPLIFY YOUR REACH

**Why OTT/CTV Video?** 87% of US adults own at least one connected TV, and almost half of US adults watch a connected TV daily<sup>7</sup>.

This video channel allows you to reach consumers streaming on all screens down to the household-level with non-skippable ads for the highest video completion rates, averaging 98%. Linear TV subscribers can be excluded.

## MEASURE & OPTIMIZE DIGITAL MARKETING CAMPAIGN PERFORMANCE

Reporting features, along with campaign insights reports, help to paint a picture of exactly who is receiving your ads, where they are receiving them, and how they are interacting with them, reinforcing your ability to maximize the relevance of your campaigns.

Learn more about **digital advertising solutions** that increase reach and response with measurable results. Our **full suite of mail and digital advertising solutions** is designed to be customizable to develop the most cost-effective media mix to drive ROI and achieve your marketing goals.