



FORGET EVERYTHING:

The New Rules of Marketing That Are Changing Small Businesses Forever

Read Time: 7 mins and 30 secs

In the past year, through conversations with small-business owners, I've identified a common challenge many entrepreneurs face. There's a consistent narrative that lead generation and sales dynamics have shifted significantly since COVID-19, marking a departure from previous strategies and outcomes.

As I was thinking about this issue, I realized that I've actually been hearing about this problem since late

2020, but the difference between then and now is that in 2021, we could all chalk the changes up to residual COVID-19 issues in the economy. Then, it shifted to a pending economic crisis that didn't or hasn't yet materialized in the way everyone was predicting. As of the end of 2023 and through Q1 2024, small-business owners are just now confused because they can't point to COVID-19 or a massive recession as the explanation of why lead generation and sales and marketing tactics that used to crush it are now completely ineffective or at best, don't work nearly as well as they once did.

What's the Reason for the Change?

The short answer is the demographics, psychographics, consumer savviness, and spending power have shifted dramatically over the last few years.

Understanding this shift is significantly more complicated than my short answer and is very important for all small-business owners to understand or risk being left behind.

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Let's Go DEEPER.

There are going to be a lot of numbers, facts, and figures, but stick with me. This is very important to understand.

📊 We have to start by looking at how the population and spending power have shifted and will continue to shift in the coming years.

🇺🇸 The U.S. population is estimated at 333 million people.

👴👵 There are an estimated 60 million (plus or minus) baby boomers still alive today.

🎂 The youngest baby boomer will be 60 years old in 2024 and 65 by 2029.

🕒 The average life expectancy in the U.S. is 77 years old.

💰 The median income from 55–64 years old is \$63,336 per year.

📉 At 65 years old, the median income declines by 14.5% to \$54,184 per year. The decline continues each year after that.

👤 Single people on average see their spending decline by 1.7% each year.



👪 Married couples see their spending decline by 2.4% per year.

📈 2019–2023 cumulative inflation increased by 21.38%, compared to 2014–2018 where cumulative inflation was only 7.99%.

💰 As of 2022, the baby boomers had an estimated total wealth of \$78.1 trillion, which is 50% of the total wealth of all Americans.

👴 While baby boomers are still the wealthiest generation, the transfer of that wealth is in full swing.

👨👩👧👦 A study published in February 2024 found that the average baby boomer was subsidizing their 18–29-year-old kids and grandkids to the tune of \$1,442 per month.

🙄 Unfortunately for the boomers, it doesn't get better. On average, boomers are subsidizing their 30+ year-old kids' lifestyles by \$2,100 per month.

👴 As the baby boomers pass away, the majority of that \$78.1 trillion in wealth is being transferred to the same Gen X and millennial kids and grandkids.

🔍 When you factor in inflation, health care costs, subsidies to family members, an increase in travel spending by baby boomers, and an overall natural

decline in consumer spending as a generation ages, this shift is one of the major factors breaking the marketing and sales funnels of many businesses.

📉 Unfortunately, the transfer of wealth and an aging baby boomer population isn't enough to fully explain why so many small-business owners are struggling to generate leads and convert those leads to new customers post-pandemic.

The Generational Shift in How We Buy

As the wealth and spending power of the population transfer to Generation X and the millennials, small-business owners have to adjust how they market to these groups. Both generations are significantly more

sales and marketing literate, which impacts their decisions to engage with your business or not. To opt-in to your funnels or not. To give you fake information or simply move to the next retailer. They have technology to help avoid marketing messages or screen phone calls and texts. To top it all off, they see more marketing in a day than a boomer would see in a month 30 years ago.

Many small businesses marketing in years past focused on creating awareness, interest, desire, and action or problem agitate solution. When



targeting Gen X and/or millennials, those formulas don't work as well as they have previously.

Today, Generation X and millennials purchase in (mostly) similar fashion, which is good news for anyone trying to market a business.

Marketing to Gen X consists of discovery, exploration (research), personalization, relationship/community, and loyalty.

This generation is very cynical but when treated correctly, they are the most loyal generation. To earn their business,

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“For they all wanted to frighten us, thinking, ‘Their hands will drop from the work, and it will not be done.’ But now, O God, strengthen my hands.”

Nehemiah 6:9

they demand excellent value for their money and great customer service. To earn their loyalty, Gen X wants to have a relationship with the brand and/or be part of a community, and they want personalized (special) offers for being loyal.

To cater to Gen X requires a significant shift in how small businesses operate and allocate their resources.

Gen X responds to both traditional and digital marketing lead generation efforts; 86% of Gen X get their mail daily and 60% of this generation has used a coupon in the past month. At least 75% of Gen X is on social media. Gen X prefers email marketing but trusts direct mail marketing significantly more than email marketing.

Millennials have had one challenge after the next thrown their way since they became adults. The oldest millennial will be 43 this year, and the youngest millennial will be 28. They've lived through the dot-com boom and bust, 9/11, the Great Recession, a boom in the economy starting around 2015, COVID-19, and inflation of approximately 23% over the last few years. They are the most educated generation, which has led to massive student debt for many.

Millennials prefer to make purchases at physical locations rather than online but will purchase from an online-only retailer. They are price conscious and love a discount. Millennials are less loyal than Gen X and, given an average experience with a brand that they don't feel a connection with, will switch for a 30% or greater discount. If a millennial feels like they have a relationship with a brand and are part of a community, 60% say they wouldn't switch even for a

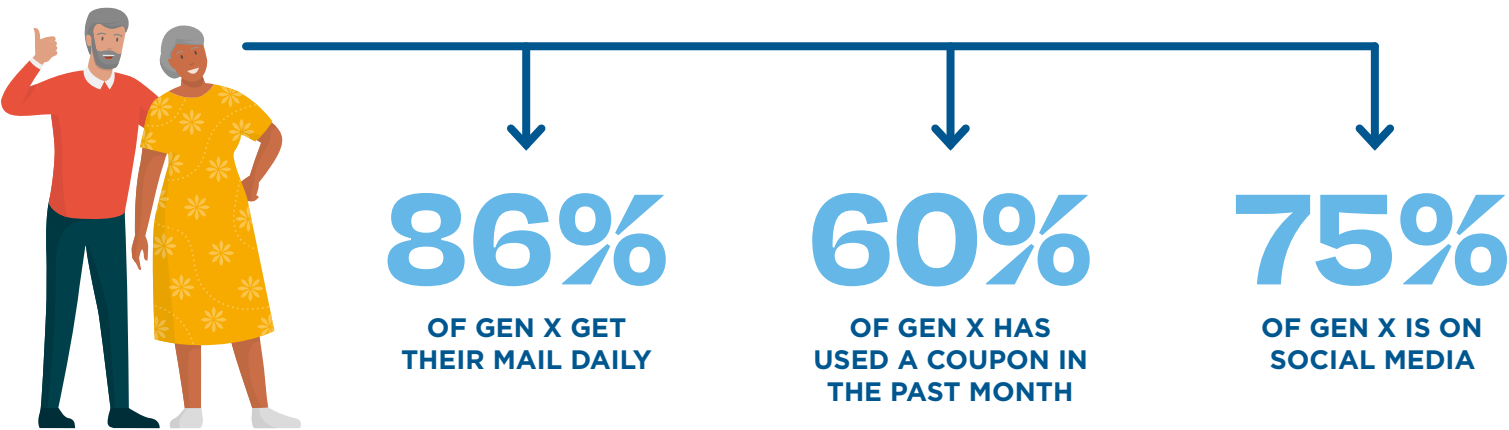


large discount. Millennials are also very comfortable with subscription-based purchases, which could be an opportunity for some entrepreneurs.

How to Use This Information to Grow Your Business

The first step is to realize that the market is shifting. That shift in who is buying and how they buy isn't going to slow down over the next few years.

I spent numerous hours studying this change to write this article and here are some of the conclusions



I've come to that are impacting the marketing I'm doing for my companies.

Lead Magnets: The good old days of tossing up a down-and-dirty ebook are long gone. Everyone has secondary email addresses for spam. While a book and other high perceived value lead magnets still work very well in many markets, everyone is aware you're not giving away this valuable item because you're a pure soul who only wants to make the world a better place.

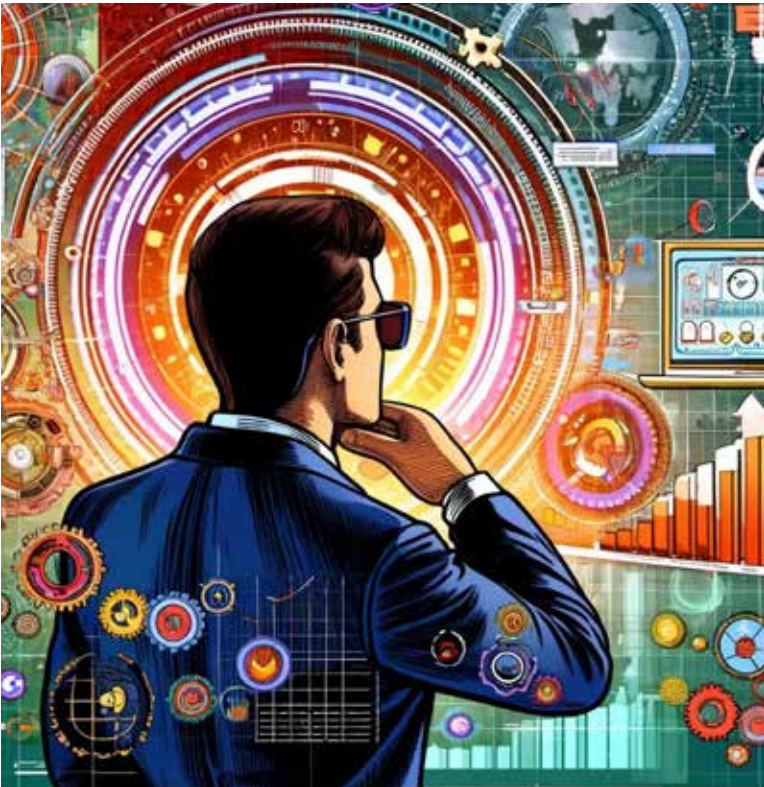
To increase the quality of leads you get and the volume of leads, offer something of high value that allows the lead to be part of a community, or deliver value where you actually solve a problem for the prospect, or you educate and/or entertain via social media and gain influencer status. These are all working very well right now.

Three examples of lead magnets that fall in the above categories that I'm using or am working on building as I type this are:

- **Email Community Newsletters**
- **Freemium Software**
- **Short Form Content**

All three work together but number one and three work very well together.

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HAVE A LAUGH!

ditch pony
@molly7anne

My dad is vacuuming while chewing sunflower seeds and he's spitting them out right in front of the vacuum to clean them up as he goes. I have so much still to learn from this man that gave me life

Ali Kolbert
@AliKolbert

I wish I could google search my own mind and just type in stuff like "what are my favorite movies" or "what was the name of the place with the really good egg rolls"

Madilyn Bailey
@madilynbailey

Rap battles are basically two grown men writing poems about each other.

Ian Abramson
@ianabramson

When you compare the size of a gummy worm versus a gummy bear, it starts to paint a horrific picture of the gummy universe.



I've been preaching for over a decade now that you have to build a relationship, i.e., a community with your list. While Newsletter Pro focuses heavily on your relationship with your existing customers, you now need to build that relationship and community with your leads. The good news is, when done correctly, you actually end up with less expensive traffic, more leads, and more sales. The lack of community and relationship are big factors in the shift many are experiencing in their lead generation and conversions.

Once you have a community, it becomes easier to nurture your leads; they buy more and stay longer.

When selling, risk reversal and exclusive offers based on the interests, desires, and outcomes each person wants are going to be your best friends. Mass emails to the whole list are rapidly becoming less and less effective. Part of that is the shift we've been talking

about, and part of that are changes made in February by Google and Yahoo regarding spam complaints and email deliverability.

With a large majority of consumers now dealing with tight budgets and are at least somewhat risk averse due to living through the ups and downs of the economy, we as entrepreneurs need to adjust by providing value in advance as well as taking on the risk for the consumer.

If you want to see sales soar, simply remember this formula.

Community + Exclusivity + Risk Reversal = \$\$\$

Risk reversal, combined with exclusive offers and leads who are part of a community, will take even a startup from zero to millions in sales as long as they can deliver on the promises they're selling.

Reading this article again before I send it off to my editors left me with the question: How do you build a community in a B2B, B2C, and/or local business?

That will have to be my cover article for next month, but I'll break it down in detail for you.

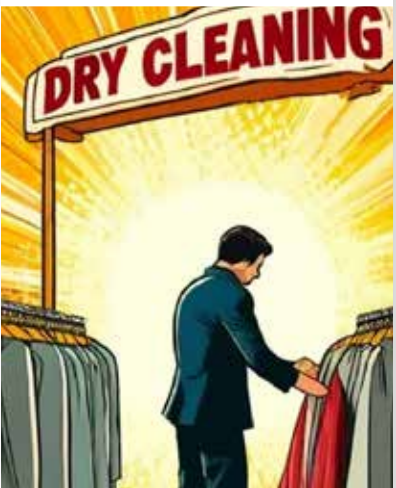
In the meantime, if you have questions or need my help, email me at Shaun@newsletterpro.com.

-Shaun



Are you thinking about using a newsletter to build a community and relationship with your customers? Schedule a call with my team, and we will walk you through it. Scan the QR code or go to NewsletterPro.com/schedule.

Even if you've chatted with us before, I've made major changes across the board, including what type of content is working best, how we use content planning (and you should too) to maximize your relationship with your customers, get them to spend more, and encourage them to send you more referrals. We have even added risk reversal options for our done-for-you newsletter services if you want our help building your community.



Stop Losing Customers:

TRANSFORM YOUR BUSINESS WITH THESE POWERFUL RETENTION TECHNIQUES

Read Time: 2 mins and 45 secs

Have you ever wondered why some businesses have crazy customer retention numbers and others don't?

I became fascinated with customer retention and customer lifetime value around the ages of 22 or 23.

At the time, I owned a dry cleaning company that offered free pick-up and delivery services. Our primary marketing method was door-to-door sales.

Door-to-door sales worked great, but it was brutal work.

Around the same time, a guru I followed, named Ryan Lee, was talking about membership sites and recurring revenue. The idea of having customers on subscription services who paid month in and month out and stayed for years seemed like the holy grail of business models.

I fully admit that retention marketing isn't the sexiest form of marketing. But it is insanely profitable. Our customer retention rates at Newsletter Pro are 287% higher than those of other marketing companies our size.

Retention marketing may not be sexy, but it is extremely profitable. Here are three secrets to improving any business's customer retention rates.

Get Personal:

If you've spent a lot of time watching many of the social media influencers who have blown up on apps like TikTok, one thing many have in common is that they come across authentically. You see their messy room, and they make videos where they are not looking their best. They tell you about wins and failures personally and professionally. People are craving authenticity.

Adding your personality to communication is the key to building your personal and professional brand.

The second step to making this work is to communicate frequently. So many business owners worry about too much communication (regardless of the media, email, direct mail, social media, etc.).

The fact of the matter is that most small businesses aren't even communicating at bare minimum levels and frequencies to even build a relationship. You need to show up in greater volume, in greater frequency, and in more places.

If you're worried about over-communicating, don't. People don't have to subscribe to your emails or social channels. If they don't want your newsletter, they will call or email you.

The communication people don't want, which causes them to want less from you, is the boring, solely self-serving, generic communication that doesn't add value.

Avoid those, and you'll be miles ahead of most.

Recognizing and Rewarding Loyalty:

Recognizing and rewarding loyal customers and employees will have a very positive impact on your retention rates. This doesn't have to be complicated. Here are a few ideas that have worked well for us.

Provide exclusive offers, events, or access.

Personal communication. Send out handwritten notes or cards. Send

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personal emails. Recognize a major life milestone or personal/professional accomplishment.

Send gifts for birthdays or just because.

Create a formal rewards program and provide valuable gifts or prizes.

This doesn't have to be complicated. Think about and treat customers like friends, or how you wish companies treated you, and implement those ideas.

Enhance the Customer Experience:

We've all heard the saying "under promise and over deliver." The problem is how can you do that on a

consistent basis with every customer? The only sure-fire way to make that happen is to plan to under promise and over deliver.

Years ago, my team and I stopped talking about some of the extra things we do for customers on sales calls or even during onboarding calls. We did this with a few specific items many years ago just so we are always able to deliver a wow experience.

We also have mechanisms in place so that when one of my employees sees an opportunity to deliver a wow experience to a customer, we can.

The key to winning the customer retention game is planning and execution. Once you start to implement your plan, just be aware, this isn't a lead generation campaign. It takes time to build relationships and trust. Don't get discouraged if things don't turn around overnight. Stick with the plan and I promise in short order you'll be a true believer and your bank account will be significantly larger.



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-Shawn