A GREYING WORLD

WHO ARE THE SILVER CONSUMERS?

TAPPING THE SILVER CONSUMER MARKET

CONCLUSION
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Scope

- This report reviews the demographic makeup of the global regions and the purchasing power of the population aged 65+ in different country markets. It then highlights the growing opportunities that exist for businesses to develop products and services that meet the needs of the ageing population. The report also gives examples of companies already taking advantage of such opportunities in various sectors and markets.

Population Aged 65+

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The global consumer landscape is being transformed and reshaped at an unprecedented pace. With fewer births and an increasing life expectancy, population ageing is now taking place in almost all countries of the world. Businesses that recognise and adapt to this population trend – not only by targeting the current older population but also by focusing on tomorrow’s silver consumers – will be rewarded with substantial opportunities in a wide range of sectors.
## Key findings

| The global population is ageing rapidly | Increased life expectancy, better healthcare, declining fertility rates, and improved living standards have resulted in a long-lasting global trend of population ageing. Ageing presents many socioeconomic and health challenges, but the changing needs of consumers as they age also present substantial opportunities that are not to be overlooked by businesses. |
| Staying healthier and more active for longer | Older people worldwide are generally richer, healthier and more active (including economically active) than ever before. Coupled with their rising numbers, this makes them a consumption force of growing importance. |
| Purchasing power of the older consumer varies significantly | The average gross income of the population aged 65+ varies hugely between countries, as it inevitably reflects the country’s overall income level and its stage of socioeconomic development. However, even within the developed world, the fortunes of the over-65s are uneven. |
| A granular strategy is needed | Just like with any other consumer segments, a one-size-fits-all strategy will not work when it comes to targeting silver consumers as they are extremely diverse. In order to succeed in seizing the wide-ranging opportunities presented by population ageing, businesses must have insight into not only older consumers’ purchasing power but the changing attitudes, preferences, needs and behaviours of this consumer segment. |
| The future is silver | Euromonitor forecasts the global population aged 65+ will approach 1.0 billion, accounting for 11.7% of the world’s population, in 2030. Seven in 10 people aged 65+ will live in emerging and developing nations in 2030 with China being home to 1-in-4 people aged 65+ globally. |
The global population is ageing rapidly as a result of increased life expectancy, better healthcare, declining fertility rates, and improved living standards. By 2030, the global population aged 65+ is set to reach 995 million, an increase of 88.6% over 2010. In comparison, the 0-14 age group is expected to grow by 10.4% and the working age population (15-64) by 21.3% during the same period. The share of people aged 65+ in the global population will reach 11.7% in 2030, a rise from 8.5% in 2010.

Meanwhile, the world’s median age will reach 32.8 years in 2030, up from 28.6 years in 2010. However, median age varies significantly between the regions, with Eastern Europe and Western Europe being the oldest regions with forecast median ages of 44.2 and 43.8 years in 2030. The Middle East and Africa is the youngest region with an expected median age of just 22.1 years in 2030.
Ageing is a long-term demographic transition that is occurring in both developed and developing countries, although different countries are at different stages of this lasting global trend. Ageing presents many challenges including poorer health, loneliness and increased dependency of older people on those of working age (not to mention socioeconomic challenges), but the changing needs of consumers as they age also present many opportunities for businesses to develop products and services that meet the needs of the burgeoning older population. In the global context of uncertainties and weak economic growth, it has become increasingly difficult for companies to generate profits and expand. By paying greater attention to the unmet needs of the silver consumer, companies can uncover for themselves a much-needed new growth avenue. Over the medium to long term, successful businesses will be those that understand the growing importance not just of the current silver consumer, but also of tomorrow’s older population.

Why does population ageing matter?

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Source: Euromonitor International’s Future Demographic Model
Note: Data for 2017-2030 are forecast.
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Income of the over-65s: A global overview

- The average gross income of the population aged 65+ varies hugely between countries, as it inevitably reflects the country's overall income level and its stage of socioeconomic development. In Switzerland for example, the average gross income was as high as US$83,234 per person aged 65+ in 2016 while in Cameroon this was just US$1,266. Additionally, there is also considerable diversity within economies – for example between older people in urban areas and those in rural areas. Such diversities call for a granular strategy when targeting the silver consumer.

**Average Gross Income of Population Aged 65+**

**Global Figure**

2016, USD

16,314.8

**Regional Comparison**

2016, USD

- Asia Pacific: 7,563.5
- Australasia: 50,778.7
- Eastern Europe: 6,612.1
- Latin America: 7,674.9
- Middle East & Africa: 4,758.3
- North America: 50,845.1
- Western Europe: 36,574.8

Source: Euromonitor International from national statistics

Note: Grey bars represent developed countries and blue bars represent emerging and developing countries.
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Huge variations within the developed world

The over-65s in developed economies generally enjoy greater purchasing power than their counterparts in emerging and developing countries. They also tend to hold more assets and have accumulated more savings. Within the developed world, however, the fortunes of the over-65s is uneven. In US$ terms, the average income of people aged 65+ in Latvia was the lowest of all developed countries we track (at US$7,708 in 2016), but as a proportion of the national average, older people in Hong Kong had an average income equivalent to only half of the national average in 2016. In contrast, the income level of the over-65s in Australia, Belgium and France was equivalent to 105% of the national average gross income in 2016.
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Over-65s in emerging markets enjoy rising incomes

- While the population aged 65+ in emerging and developing countries lag behind their counterparts in developed countries in terms of purchasing power, their incomes have registered considerable gains. In China, for instance, the average gross income of the over-65s in 2016 was US$5,328, compared to US$39,467 across the developed world, but their income saw a robust 43.6% real growth between 2011 and 2016.

- Through to 2030, although many key emerging market economies are expected to face increasing uncertainties and challenging global conditions, older consumers in many emerging markets are likely to continue to enjoy rising incomes. Euromonitor International forecasts that during the 2017-2030 period, the average gross income of population aged 65+ in the BRIC countries will rise by 81.8% in real terms (averaging a healthy 4.7% per year), compared to a real growth of 18.3% (equivalent to 1.3% per year on average) in developed economies. By 2030, the over-65s in BRIC countries will see the share of their income in total gross income rise to 15.0%, up from 9.2% in 2016.

Real Growth Index of Average Gross Income of Population Aged 65+
2011-2030

Source: Euromonitor International from national statistics
Note: BRIC and MINT represent the key emerging markets of Brazil, Russia, India and China (BRIC); and Mexico, Indonesia, Nigeria and Turkey (MINT). Data for 2017-2030 are forecast.
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Richer, healthier and more active

- To fully understand and engage the silver consumer, insight into their purchasing power is not enough. Businesses need to also understand the changing attitudes, preferences, needs and behaviours of this consumer segment.
- Invariably referred to as the “silver generation” and “baby boomers” in the West, the “grand generation” (GG) in Japan and the “grey wall” in China, older people worldwide are becoming increasingly active consumers with rising demand for an expanding range of products and services.
- A rising proportion of the global population aged 65+ are also economically active, which contributes to boosting their purchasing power and economic independence. In the UK, for example, over 1-in-10 people aged 65+ are economically active, twice as high as the rate back in 2000.
- Older people are redefining ageing as they are increasingly proactive in their attempts to look and feel healthy and active for as long as they can.
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Japan, Germany and Italy are among the most interesting silver consumer markets, as they boast the highest proportions of the population aged 65+ as well as strong purchasing power of the over-65s. But if a business seeks to market high-end, luxury products and services, Western European markets such as Belgium, France and Switzerland could be better bets. In 2016, people aged 65+ accounted for 30.2% of social class A (the highest income group) in Belgium – the highest proportion globally, followed by France and Switzerland where over 1-in-4 people in social class A were aged 65+.
LVMH: Shifting focus towards older affluent consumers

Based in Paris, LVMH Moët Hennessy Louis Vuitton SA (LVMH) is the world’s largest luxury goods company with a broad portfolio of brands. It is also a global leader in recognising and tapping the huge spending potential of older affluent consumers, especially in developed markets.

In 2014, Louis Vuitton – LVMH’s largest brand – cast their oldest model ever Catherine Deneuve (71) in their Spring/Summer campaign. In the following year, fashion house Céline – part of LVMH – featured 80-year-old author Joan Didion as the face of its Spring/Summer 2015 campaign.

In 2015, LVMH Moët Hennessy Louis Vuitton SA captured 11.2% of total retail sales value of luxury goods in Western Europe, an increase from 9.0% in 2010.
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Potential for low-cost goods and services in Eastern Europe

- People aged 65+ in Eastern Europe made up 28.9% of the lowest-income social class E in 2016 – the highest share of all global regions.
- Countries such as Bulgaria, Estonia, Hungary, Latvia and Romania where the over-65s have low incomes and account for a large share of social class E make can be attractive for affordable goods and services for the over-65s.

Top 10 Countries with the Highest Share of Over-65s in Social Class E: 2016

Average Gross Income of the Population Aged 65+ in Eastern European Countries 2016

Source: Euromonitor International from national statistics
Bulgarian consumers are price conscious, particularly the over-65s who make up over 20% of total population and the majority of whom are on low incomes. Yet in addition to being price sensitive, convenience has become a really important consumer priority as Bulgarian shoppers age.

In response to the changing needs of an ageing population, convenience store chain Gastronomes Beryozka expanded its operations in Bulgaria to 35 outlets in 2017, up from 20 in 2013. In 2016, Gastronomes Beryozka was the best performing grocery retailer in the country.
Beyond Eastern Europe, older people in emerging and developing countries across Asia Pacific, Africa and Latin America are not to be overlooked either:

- Although the over-65s in these markets are less well off than those of working age as well as their counterparts in the developed world, the multi-generational household structure helps to ensure better economic wellbeing for the elderly. In 2016, the population aged 65+ accounted for just 11.3% of social class E in Latin America and only 12.1% in Asia Pacific. This cohort is also set to enjoy rising incomes as well as greater global exposure and connections through to 2030.

- Because of the sheer size of their populations, China, India and other emerging markets are home to the majority of the global elderly population. In 2030, China will be home to 1-in-4 people aged 65+ globally, making it too significant a silver market for businesses to ignore.

**Population Aged 65+ in Developed, and Emerging and Developing Countries 2011-2030**

*Source: Euromonitor International from national statistics/UN*

*Note: Data for 2017-2030 are forecast.*
Greentown: Developing senior housing and elderly service facilities

China’s old-age dependency ratio is set to reach 26.0 in 2030, a rise from 11.7 in 2011. This means every 100 working-age Chinese will have 26 elderly to care for in 2030.

- Greentown is one of China’s leading property developers who seeks to tap the huge demand for senior housing and independent living solutions. The country’s one-child policy has created smaller families and eroded the family’s traditional role of caring for the elderly.

- The Blue Patio Project in Hangzhou is one of Greentown’s senior housing complexes. It features 86 apartments for the elderly and a wide range of facilities including a university for the elderly, a health centre, a recreational centre, a hospital, gardens and a nursing home with 60 beds.
Sectors with greatest potential

- Nutrition
- Healthcare
- Technology
- Financial services
- Transport
- Household goods
- Wellness and fitness
- Beauty and personal care
- Leisure and recreation
Aeon Group: A “Grand Generation” strategy

- The Aeon Group, Japan’s largest supermarket group and mall operator, has a strategy aimed at targeting senior consumers. Their initiatives include the launch of a range of women’s underwear, of which “design and function meet the needs of the active senior class”.

- They have also increased their focus on single-portion, healthy ready meals, and introduced the convenient e-money “Yu Yu WAON” cards for customers aged 65 and over. In addition, they have made changes to the shop floor including increasing font size in Point of Sale displays.

In Japan between 2011 and 2016, the average gross income of the over-65s grew 5.1% in real terms, higher than the 3.5% real growth of the national average gross income.
Coca-Cola: Branching out to seize the silver opportunity

Japan has the third largest market for fortified functional soft drinks, valued at US$7.0 billion in 2016, after the USA and China.

- Multinational soft drink company Coca-Cola entered the coffee, tea, wine and orange juice markets during the 1980s partly to attract older consumers who were less interested in the Coke brands. In 2013 it also took over Innocent, the maker of fruit smoothies, juices and veg pots.

- Most recently, in 2017, the company launched Coca-Cola Plus in Japan and targets older consumers. Coca-Cola Plus is a fibre-enriched, fat-blocking, calorie-free soft drink. Each bottle contains 5g of indigestible dextrin and consumed with food can reduce blood triglyceride levels by 7%.
Where is the next Japan?

Japan
Total Population

Most similar countries to Japan by demographic structure

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<th>Country</th>
<th>2017-2030</th>
<th>EU</th>
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<td>Greece</td>
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Silver consumers in brief

- Silver consumers are tomorrow’s consumers – even young nations nowadays are ageing.
- In 2030, the global population aged 65+ will approach 1.0 billion, accounting for 11.7% of the world’s population.
- 7-in-10 people aged 65+ will live in emerging and developing nations in 2030. China, in particular, will be home to 1-in-4 people aged 65+ globally.
- On the whole, older people are richer, healthier and more active than ever before.
- Older consumers’ purchasing power varies widely – between developed and developing markets; and even within the developed world. A one-size-fits-all strategy will not work.
- Many Western European markets are characterised by the concentration of older people in higher-income brackets while Eastern European older populations generally have below average income levels and therefore demand budget goods and services.
- Convenience is rising in importance as consumers age, even in low-income markets where price matters.
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Ageing as growing opportunity but how to seize it?

Celebrate age
• As older consumers are healthier and more active (including economically active), brands need to avoid stereotypes and engage in positive marketing.

Branch out
• Develop products and services that meet the changing needs of older consumers as well as debunking the myths of ageing.

Holistic approach
• Not only develop products that meet older consumers’ needs but also ensure they are easy for older people to access and purchase.

Granular strategy
• One-size-fits-all strategy will not work when it comes to targeting silver consumers, who – just like younger consumers – are diverse.
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