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Older consumers in an ageing society

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*5th International Conference on Economic Sciences and Business
Administration (ICESBA 2019)*

Older consumers in an ageing society

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15-16 November, Bucharest, Romania

Outline

- Population ageing
- Unequal distribution of risks in later life
- Older consumers in future business

World population

Year	Population (billions)
1950	2.5
2000	6.1
2050	9.7
2100	11.2

Population ageing

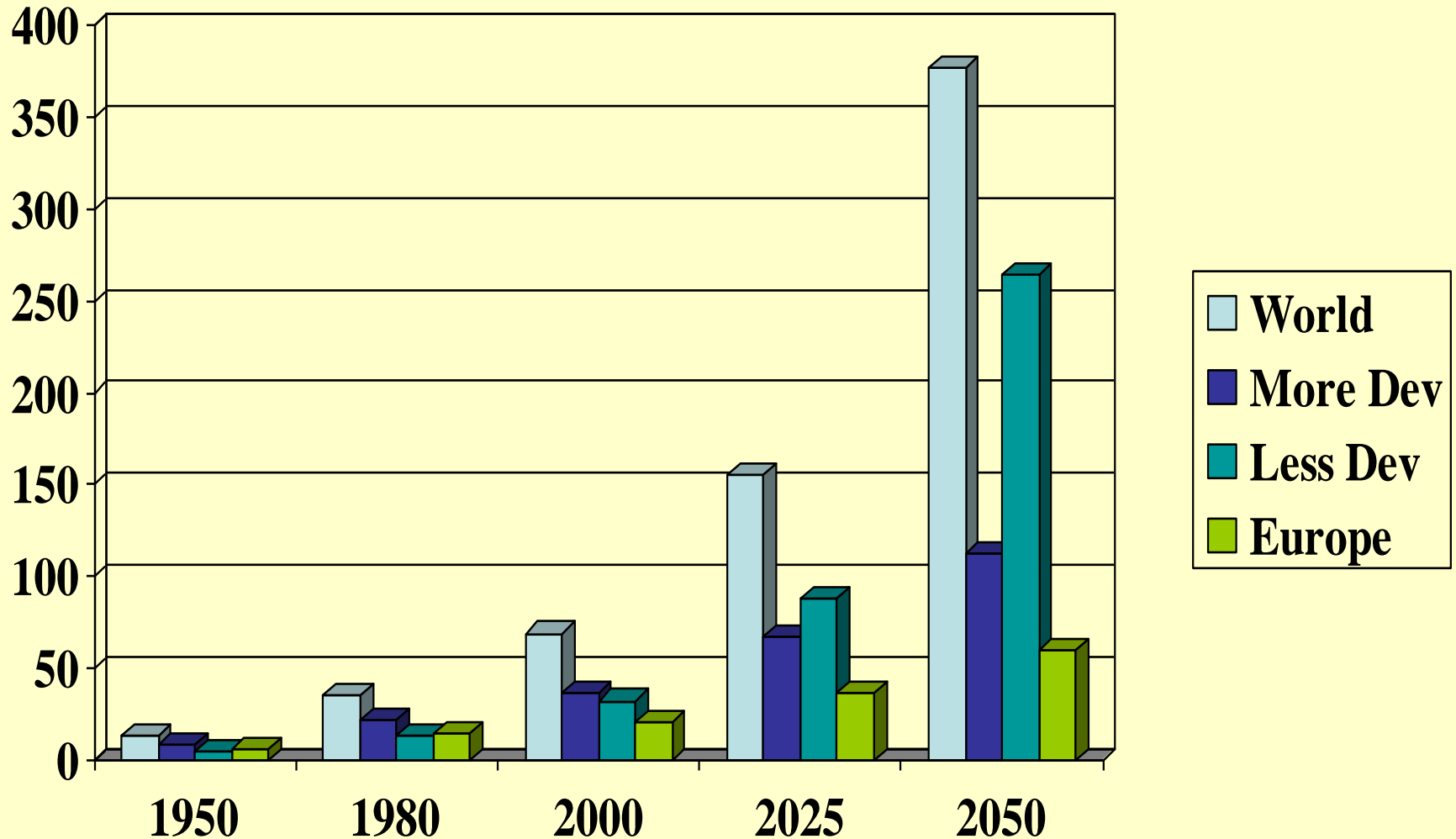
Population change is quite dramatic in many places.

The sheer number of older people is increasing faster than what we often thought.

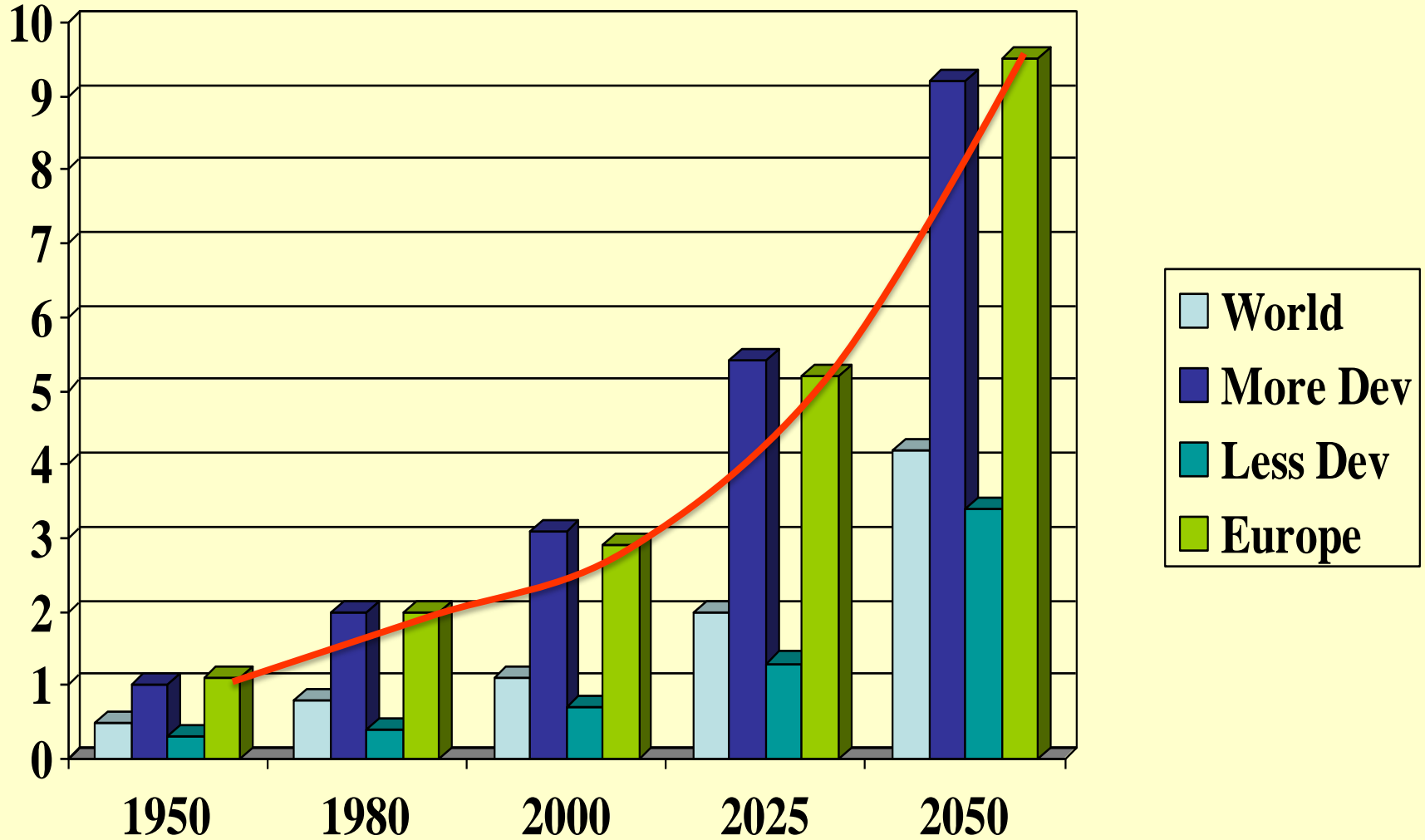
By 2030,

- A quarter of the population in Asia will be over 60 years.
- A quarter of the population of the developed world will be over 65 years.

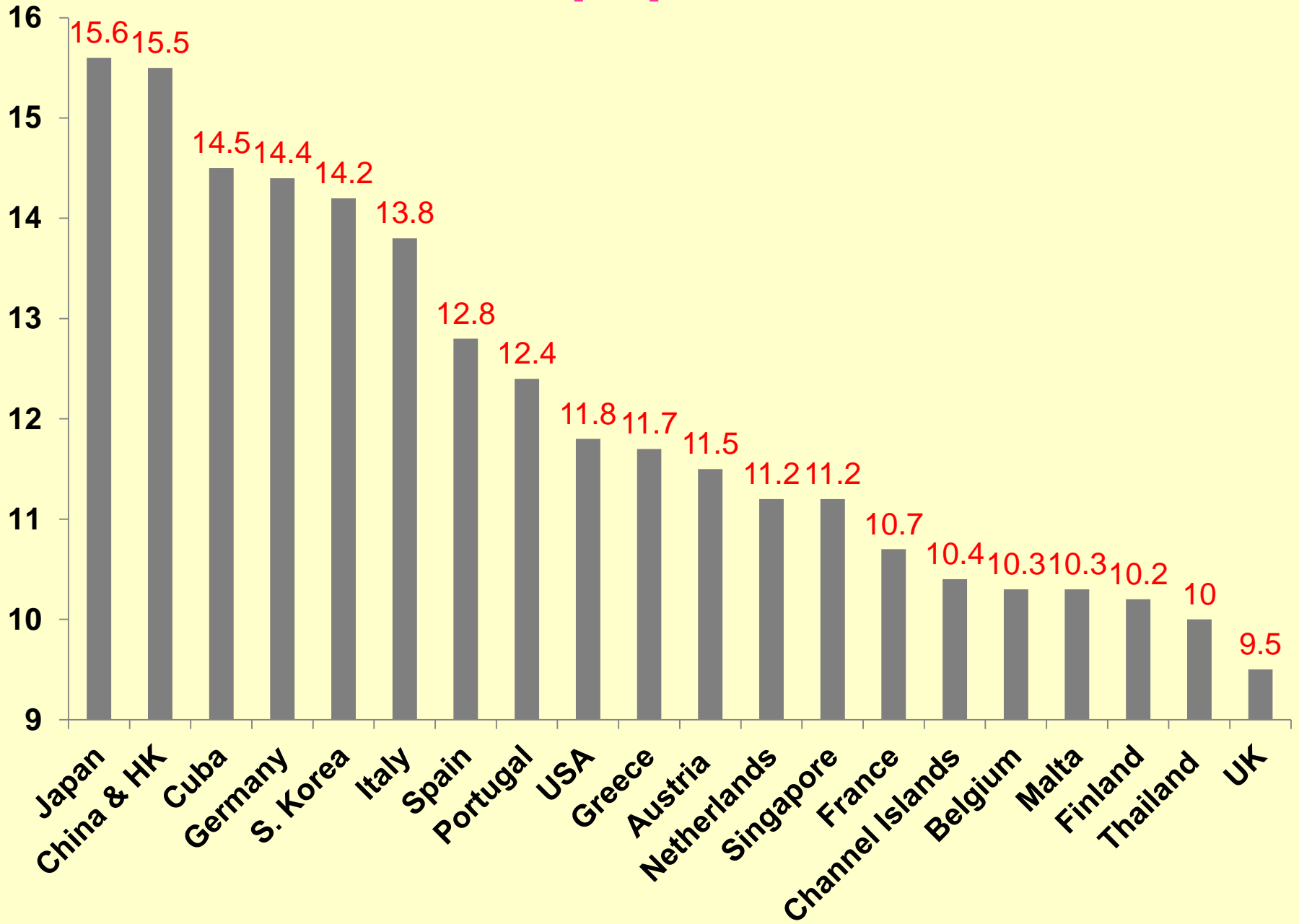
1950-2050 population 80+ (millions)



1950-2050 population 80+ %



% 80+ population, 2050



The UK situation

Number of centenarians increase at a faster rate. The number *will reach some half a million by 2066.*

The prevalence of disability rises with age:

6% Children

16% Working age adults

45 % State pension age+

Currently over 11 million disabled people in the UK (18%), costing around £80 billion per annum.

Proportion of life spent in poor health at age 65, England (2013 - 2015)

	At birth Males	At birth Females	At age 65 Males	At age 65 Females
Life expectancy	79.5	83.1	18.7	21.1
Healthy Life expectancy	63.4	64.1	10.5	11.2
Number of years in poor health	16.1	19.0	8.2	9.9
% of life in poor health	20.3	22.9	43.9	46.9

Key risks of global ageing

What are the key challenges of ageing with regard to the way it shapes our lives?

- Burden of disease in old age
- Financial security in retirement
- Familial resources for elderly care
- Care workforce for elderly

Burden of disease

- Epidemiological transition – changes in leading causes of deaths from acute and infectious diseases to chronic and non-communicable ones.
- Non-communicable diseases are big threats such as Heart disease, Stroke, Cancer, Diabetes and Dementia.
- These are also linked with disability, dependency & long-term care needs.
- Highly likely to suffer from multi-morbidities.

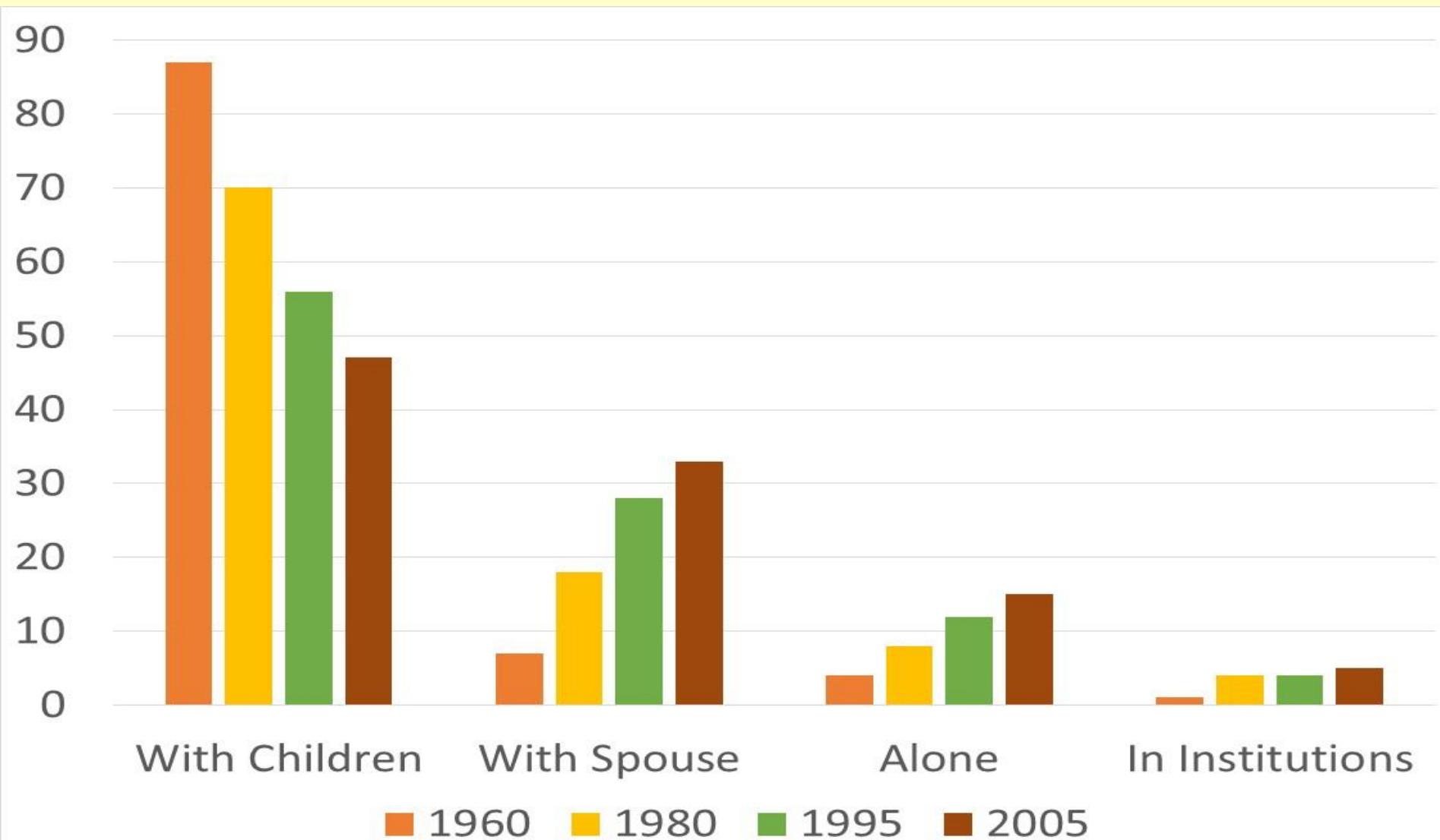
Financial security

- A century ago, workers in Europe would be lucky to reach their retirement age. Today, people are expected to live 20 to 30 years after the retirement.
- Ageing is a threat to pension system (number of pensioners are increasing relative to contributors).
- The Equality Act 2010 gives protection to older people.
- State Pension age (65 for men, 60 for women) would increase to 68 between 2037 and 2039.
- Compulsory retirement at age 65 is fully abolished as of 6th April 2011.

Familial resources for elderly care

- Family has been known as the main sources of informal care in many countries, particularly in Asia.
- Changes in family size and structure.
- This has reshaped living arrangements in the household.
- Older people quickly become vulnerable within the household.

Living arrangements of people aged 65+ in Japan



Care cost in Japan

The increase in the number of elderly people will put a strain on costs for medical and nursing care services.

Medical service costs for people aged 75+ run to average of £6,090 per year.

Nursing care service costs for people aged 75+ works out an average of £3,572 a year.

Total annual cost per person aged 75+ is £10,000.

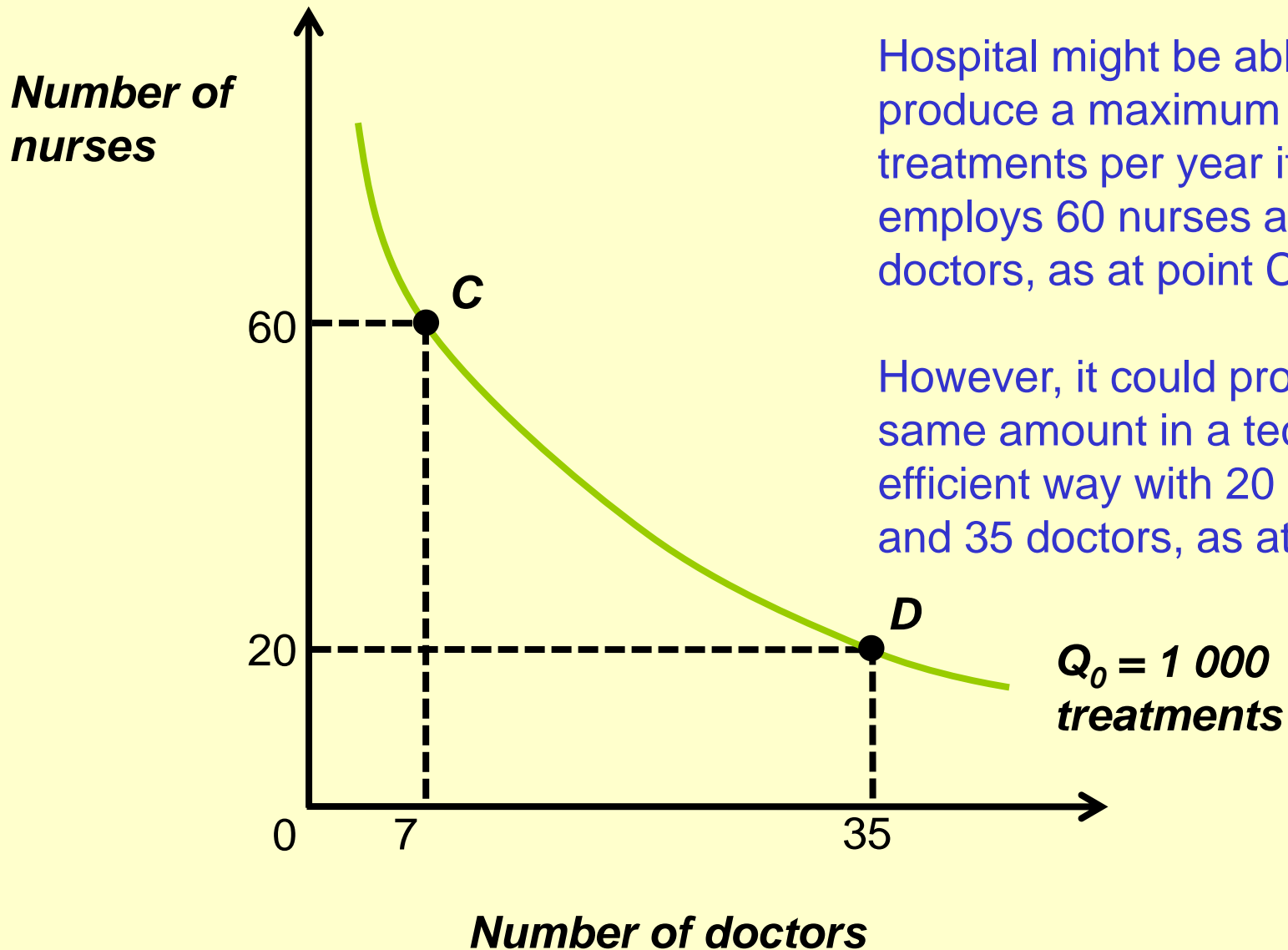
Care burden

- New generation has an increasing care responsibility.
- Care responsibility usually shared by siblings within families.
- The lower the number of sibling the higher degree of care responsibility goes to them.
- Childlessness in the household may be a big concern for future care provision.

Healthcare workforce for elderly

- Healthcare workforce include doctors, dentists, nurses as well as a host of allied health professionals involved in the healthcare.
- Growing demand for adequate number of care workforce for ageing population.
- Production of healthcare workforce for treatment.

Production function of health



The Consumer Market

Older people are the richest consumer segment on the face of the earth



About 75% of the wealth in America is in the wallets of people over age 50

Consumers 50+ in America

- Generate 41% of all disposable income!
- Earns \$2.4 trillion annually
- Have 2.5 times the discretionary power of any other consumer cohort!
- Stand to inherit between \$14 and 20 trillion in the next 20 years!
- Buy 60% of all packed goods, 56% of all new cars, 80% of leisure travel!

Less than 10% of all marketing dollars are spent targeting the 50+ consumers!

In the UK, the older consumer market is large and it is growing gradually. When we compare this to the younger segment of the market, we see that the 18-59 year old group is projected to grow by 7% in comparison to the older market, which is forecast to grow by 81% from 2005 to 2030.

By 2030 the over 65s will account for 25% of the total consumer market.

Today's over 50's already hold 60% of the UK's savings ... and are responsible for 40% of the consumer demand in the country, spending £200 billion per year.

This reflects a significant opportunity for those companies willing to address the needs of people in later life.

Opportunities not only exist for companies developing products and services for older consumers, but for those able to capitalize on the knowledge and skills of an ageing workforce.

People want to live healthier for longer. Healthy living, and positive healthy lifestyle choices, are inextricably linked.

Companies are able to help consumers achieve more independent lifestyles. Specifically, “healthcare and pharmaceuticals, leisure and tourism and financial services” have been singled out as being attractive to older consumers alongside “consumer goods, food and beverages, retail and technology”.

Conclusion:

- There is clear forecasting on an increasing number of older consumers across the world.
- Older consumers demand and lifestyle choices will enforce changing the future business.
- Older consumers will have higher savings and purchasing power. Thus, future products and services should be designed accordingly to meet their demand and expectations.
- As health conditions deteriorate by age and older consumers have financial power to spend money. Therefore, there is an emerging market for healthcare products and services in future.

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