

# Preface and Introduction

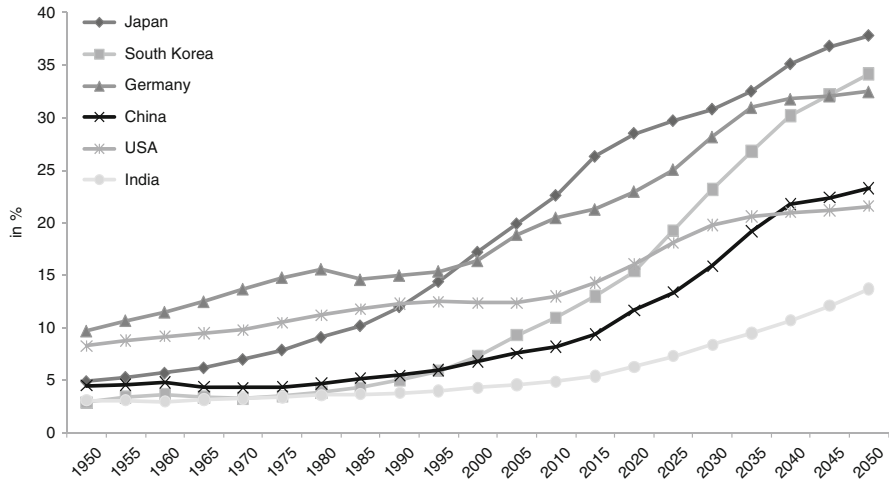
In the developed countries, the dominant factor in the next society will be something to which most people are only beginning to pay attention: the rapid growth in the older population and the rapid shrinking of the younger generation.

Peter F. Drucker

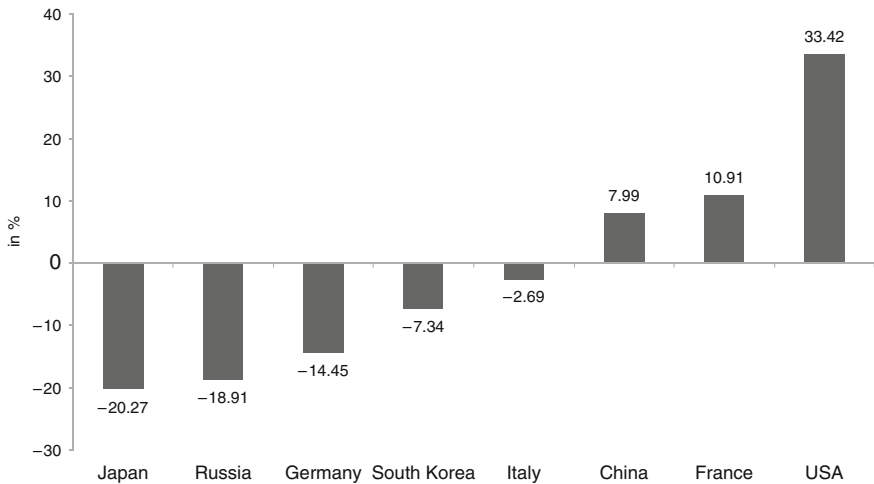
In 2008 we presented the first edition of this book. Since then, the issue of demographic change and the aging phenomenon have raised the attention of more and more scholars, business leaders, and politicians in many parts of the world. We strongly believe that aging is one of the decisive mega-trends, and societies all over the world will have to tackle aging and shrinking populations along with the related challenges.

Globally, the number of persons aged 60 or over is expected almost to triple, increasing from 737 million in 2009 to 2 billion by 2050. In the more developed regions, 21% of the population is already aged 60 years or over and that proportion is projected to reach 33% in 2050. As a matter of fact, in developed countries as a whole, the number of older persons has already surpassed the number of children (persons under age 15), and by 2050 the number of older persons in developed countries will be more than twice the number of children. But this trend is not restricted to the developed world. In developing countries as a whole, even though just 8% of the population is today aged 60 years or over, that proportion will more than double by 2050, reaching 20% that year. Visualizing the demographic change in terms of population aging and shrinking helps in grasping these massive figures. Figure 1 shows the percentage of people 65 years and older in relation to the total population for a number of selected countries. This percentage can be seen as a good proxy for the aging of these populations. Figure 2 shows the growth or shrinkage respectively of the populations in selected countries between 2005 and 2050.

We assume these unprecedented trends to heavily affect societies, companies, and politics. We further expect this development to be relevant for industrialized nations as well as for certain emerging economies. Against this backdrop, it is all the more surprising to see that research on the implications of the demographic change on societies, industries, and companies is still in its infancy. Most accounts of the so-called demographic “problem” deal, as the term already suggests, with the challenges and threats of the demographic development. These discussions feature, for example, the shrinking workforce, welfare effects, social



**Fig. 1** Percentage of population age 65 or over (middle variant)  
 Source: UN Population Division DESA, World Population Prospects – the 2008 Revision Population Database 2009



**Fig. 2** Population change 2005–2050 in % (middle variant)  
 Source: UN Population Division DESA, World Population Prospects – the 2008 Revision Population Database 2009

conflicts, etc. At the same time, chances and opportunities are often neglected. The emergence of new markets, the potential for innovations, the integration of older people into jobs and work places, the joy of active aging, and their varied

roles within society are just a few examples of how what at first sight appears to be a crisis could be turned into an opportunity. All in all, countries and industries are reacting very differently – from still neglecting to proactively looking for and developing solutions.

One particularly essential implication of the demographic shift is the emergence and constant growth of the “graying market” or “silver market,” the market segment more or less broadly defined as those people aged 50 or 55 and older. Increasing in number and share of the total population while at the same time being relatively well-off, this market segment can be seen as very attractive and promising, although still very underdeveloped in terms of product and service offerings. Note that this is true for the B2C as well as the B2B sector, as the workforce of organizations is also aging. This means that machines and tools, etc. also need to be adapted to fit the needs of an aging workforce.

Given the importance and the vast implications of demographic change for the business world, it is surprising to see how little academic research in the field of business and management studies has been conducted so far. Academia is only slowly taking up this challenge. In particular, empirically grounded work is missing. We need to know how companies and whole industries are coping with demographic change. We need to know what the needs of aging/aged people are compared to other age groups, and we need to look for practical solutions to their needs. There is also a lack of concepts, processes, and practical solutions in various fields and functions of management: How to segment and approach the silver market? How to adapt product development, design, and delivery of value to the silver market? How to grasp the latent needs and wants of the potential silver customers?

This new edition offers a thorough and up-to-date analysis of the challenges and opportunities in leveraging innovation, product development, and marketing for older consumers and employees. But it is much more focused than the first edition, and we put more emphasis on product development and design as well as marketing activities. This second edition features a total of nine brand-new chapters, and all remaining chapters have been carefully checked and updated where necessary. The authors are leading experts with backgrounds in various fields and disciplines, and are engaged in leading-edge academic scholarship or business practice or even both.

We still want to reach a rather broad target audience and offer helpful guidance for decision-makers, managers responsible for innovation, technology and R&D, marketing managers, strategic management (including CEOs, governmental and political decision-makers), but also interested scholars, teachers, and students.

We strongly believe in the relevance of the topic, and hope that this work helps to stimulate the development of innovation on different levels (product, services, and social). We further want to bridge between disciplines, such as the social sciences, engineering, health care/medical etc., and to foster networking among these, favoring the creation of valuable silver market solutions.

This is an edited volume, and without the positive response and active (writing) support of all the contributing authors it would never have been thinkable, nor possible. We therefore want to express our gratitude and thanks here to all authors.

Further, we would like to thank our publisher Springer, and specifically Dr. Martina Bihn and her colleagues, for accepting and realizing this ambitious project.

## **Structure of the Book: Overview**

This book is structured into three parts. In the first section, Part I (Innovation, Design and Product Development for the Silver Market) authors present their concepts and processes for successfully approaching the silver market, leading to innovative solutions in the form of new products and services that better fulfill the specific needs and desires of this target market. The authors clearly demonstrate that an important element of these approaches is to carefully assess the needs of older consumers and empathize with them, to ensure adequate and early integration of representatives of this market (customers and users) into product and service development, and to design solutions that truly correspond to their needs and desires.

Part II (Marketing for the Silver Market) of this book addresses marketing-related issues in connection with serving the silver market. Authors in this section look at pricing, distribution, and promoting and positioning issues, as well as segmentation approaches corresponding to silver markets. They discuss the applicability of classical marketing-mix-related activities in combination with silver markets, and present innovative approaches in employing these within this specific context.

The final section of the book, Part III (Industry Challenges and Solutions) presents a series of concrete examples or solutions (innovative products and services for the silver market) from various industries and countries.

## **Structure of the Book: Detailed Overview**

### ***Part I: Innovation, Design and Product Development for the Silver Market***

The first part of our book includes ten chapters. The first chapter in this section by *Florian Kohlbacher, Cornelius Herstatt and Tim Schweisfurth* (Product Development for the Silver Market) can be seen as an introduction to this section. The accelerated aging of many populations and the demographic shift are expected to have major implications for innovation management and new product development across all industries. One major challenge lies in the assessment and understanding of the needs of the silver market, since chronological age by itself is not a sufficient segmentation criterion. A promising dimension is the need for autonomy, which increases with age and which is correlated to social isolation and other individual

drawbacks. Thus, focusing on autonomy as a guideline to develop products and services that support people in maintaining or regaining their independence is a viable approach to developing innovation for the silver market, hence “silver products.” In this chapter, the authors present four cases from different industry settings where silver products were developed that help users to sustain or regain autonomy in combination with different functions (e.g., hearing, continence, vision). They present different approaches to technological and functional complexity and newness in these innovation projects, and depict related approaches to marketing and market research.

The second chapter in this section (*Silver Age Innovators: A New Approach to Old Users*) by *Britt Östlund* is about user-driven innovation. When designing innovations for the silver age, it is not sufficient only to discover old people’s needs. In addition, one also has to discover the new roles of old people as consumers, citizens and innovators. Since this is a group that until recently has been given few opportunities to make its voice heard, there is a requirement for methods that identify their needs and demands. More importantly, we need to study and use methods that reveal the sources of innovation behind their expressed problems and lifelong habits as users of technology. Three attempts to identify old people’s needs and demands by involving them in the design process are presented, drawn from design projects implemented in Sweden from 2005 to 2009. One project explores how the furniture market can be opened to new segments of older consumers. Another project concerns the development of services. The third project links older people’s lifelong habit of looking at the TV to the development of communication via the television medium. The results were analyzed from two points of view: How do we recognize a need that can be explored in design? When discovered, how do we know that this is a worthwhile need to explore? The first attempt shows that older people can present needs as active users with expressed and specific demands; the second attempt shows that older users can have a need to support the solution to problems which are not yet expressed and activated; and the third attempt shows them as users with latent needs that originate from their lifelong experiences and needs to keep up with daily routines.

*Pia Helminen* (*Disabled Persons as Lead Users for Silver Market Customers*), looks at the key aspect of integrating customers/users into the process of developing innovative products and services. She argues how important it is to deeply understand needs of (silver-)customers when developing new products. User-centered design provides tools for learning about the user needs in question, but studying only the target market customers may result in constricted need data because of the functional fixedness of these customers. The lead user approach, in contrast, aims to learn from the lead users of a certain target group in order to find better solutions for the needs in the target market. In this chapter, Helminen shows through a study on mobile phones how disabled persons can be seen as lead users when developing products for silver market customers. She also presents methods to explore the needs and solutions that disabled users possess.

The fourth chapter in this section (*Integration of the Elderly into the Design Process*), by *Karin Schmidt-Ruhland* and *Mathias Knigge*, is somewhat related to

the work of Helminen. They argue that with demographic change looming in the background there is an ever-greater need for products and aids for the growing target group of elderly people. Both authors state that classical methods in product development and design have often failed to develop attractive and helpful solutions that meet the wishes and needs of this age group. They then introduce new approaches and concepts, which have been developed in the “sentha Research Project.” “sentha” stands for “seniorengerechte Technik im häuslichen Alltag” (Everyday Technology for Senior Households). In this interdisciplinary research, project designers from the Berlin University of the Arts work closely in cooperation with the Technical Universities of Berlin and Cottbus as well as the Berlin Institute for Social Research. The goal was to develop products and services for an increasingly aging society so that seniors can maintain their independence in daily life as long as possible. This includes the development and positioning of senior-friendly products and services. In their projects, the focus was on specific wishes and needs of elderly people, without limiting themselves in form and function solely to this one target group. The article elucidates specific design approaches, methods for integrating elderly people, and shows a selection of real-world designs.

*Florian Kohlbacher* and *Chang Chieh Hang* (Leveraging Disruptive Innovations for the Silver Market) propose that the silver market might be an ideal field of application for disruptive technologies and innovation, and that there are important business opportunities in this market segment that could be leveraged through them. This chapter builds and extends on their previous research by (a) analyzing how changes in the external reality of the firm can create new opportunities for the development of disruptive innovations and how R&D has to grasp and react to these changes, and (b) analyzing the important role of disruptive innovations in aging societies. This chapter aims to contribute to the stream of research on the front-end question of technology creation and to the area of purposeful R&D to create disruptive technologies. R&D should consciously match these with potential markets in order to accelerate the pace of business growth through disruptive innovations, by investigating R&D efforts for disruptive innovations catering to the needs of the emerging market segment of the so-called silver market. The chapter also contributes to the knowledge of analyzing disruptive potential in R&D activities, and adds to efforts to clarify the concept of disruptive innovations in general. Finally, the authors also aim to give recommendations to practitioners such as R&D and product managers.

*Ryoko Fukuda* (Gerontechnology for a Super-aged Society) argues that various rapidly developed technologies are supporting the daily lives of younger users, but have left older adults behind. However, in a super-aged society, technologies could (and should) contribute to helping older adults maintain independent lives. The chapter introduces “gerontechnology,” which means the study of technology and aging, for the improvement of the daily functioning of the elderly. Through such means as behavior observation, eye tracking, and the subjective evaluation of participants in a daily situation, the difficulties older adults encounter in using technologies are clarified, and products aimed at the elderly are designed and produced based on the obtained data. More empirical studies are still required to

verify the effectivity of products aimed at the elderly. At the same time, efforts should be made to help more people become familiar with gerontechnology.

*Deana McDonagh* and *Dan Formosa* (*Designing for Everyone, One Person at a Time*) contend that products that surround us have a profound impact upon our lives. When they empower us to complete daily tasks with ease, speed and dignity, they contribute to our well-being and independence. When they generate negative experiences, they can strip us of dignity and erode our independence. Many companies confuse age with ability which can diminish the value of the final product. This chapter discusses two techniques that address ability by adding empathy to the design process. *Real People* targets specific individuals. *Empathic Modeling* simulates physical challenges that designers can experience for themselves.

*Oliver Gassmann* and *Gerrit Reepmeyer* (*Universal Design – Innovations for All Ages*), strongly argue for a product design that bridges between the needs of different age groups. In their view, demographics require companies to abandon the concept of solely targeting young customers. They need to create new products that are attractive to *both* younger *and* older customers. For both authors the key to success is Universal Design. Products that follow the principles of Universal Design do not separate but integrate customer groups, and they substantially increase a company's target markets. This chapter not only highlights the economic potential of Universal Design, it also shows how Universal Design can be implemented within any corporation. A successful implementation makes it necessary to (1) define a suitable Universal Design strategy, (2) establish adequate processes within the firm, (3) design the products correctly, and (4) market the products appropriately to customers. The chapter concludes by illustrating attractive areas for universally designed innovations.

*James J. Pirkel* writes his chapter on the design of living, or what he calls transgenerational housing (*Transgenerational Design: A Heart Transplant for Housing*). Responding to his past research and the realities of the aging process, the author describes why and how he designed and built the first fully accessible house aiming directly at baby-boomers and beyond. His project offers a vehicle for broadening consumer awareness of, and increasing the demand for, "transgenerational" housing and household products. This uniquely innovative design neutralizes many restrictive effects of aging, accidents, illness or chronic conditions. It also demonstrates that attractive transgenerational houses can be designed to promote, provide and extend independent living, remove barriers, offer wider options, supply greater choices, and enhance the quality of life for all – the young, the old, the able, the disabled – without penalty to any group.

The last chapter in this section of the book takes the perspective of services and innovations in service (*Service Innovation: Towards Designing New Business Models for Aging Societies*, by *Patrick Reinmoeller*). This author claims that the aging of industrialized countries requires firms to fundamentally rethink their business models. Firms active in Japan have to reconsider how to deal with unprecedented demographic change that alters the resources available to satisfy the shifting demand. Throughout the supply chain, aging of human talent and

retirement requires firms to anticipate and prevent the negative effects of losing knowledge and skills. Adjusting the supply chain, developing new products, and/or augmenting products with services to target the silver market may offer short-term benefits, but is not enough to sustain success. Firms need to develop and implement new business models, leveraging service innovation to meet the needs in aging societies. Examples of service innovations and the case study of the shared business model innovation of Seven Eleven Japan and Yamato Transport illustrate how companies can seize the opportunities to create and capture more value in aging societies.

## ***Part II: Marketing for the Silver Market***

This section includes ten chapters. *Gunnar Arnold* and *Stephanie Krancioch* (Current Strategies in the Retail Industry for Best-Agers) take a closer look at retailing in combination with the silver market. In their view of the demographic transformation, the retail trade faces a clear challenge to reconsider existing retailing concepts, and to better include older target groups in marketing planning. In this chapter, the authors look first at the factor of location, one of the central success factors in the retail trade. Next, they examine the preferences of German best-agers for certain types of businesses, such as shops close to home in comparison with out-of-town malls. They then proceed to discuss the effects of changed customer needs with regard to the design of the assortments and of packaging resulting from their decreasing physical capabilities. Finally, the authors present examples from the daily practice of the trade, and conclude with a brief overview of foreseeable trends in the retail trade.

*Stefan Lippert* (Silver Pricing: Satisfying Needs Is Not Enough – Balancing Value Delivery and Value Extraction Is Key) presents the next piece of work. In his view also, the silver market provides a highly lucrative opportunity for businesses willing and able to meet the needs of Japan's senior generation. International and domestic players have been pursuing these new opportunities in the last few years. Thoroughly understanding the needs of the silver generation is a key to capitalizing on it. However, this is just one side of the value coin. A need is not the same as demand, and demand is not the same as profitable business. To turn a profit, you have to balance value delivery and value extraction. Value delivery is relatively easy: it requires market research, appropriate products and services, and an effective distribution system. Value extraction is difficult: you need to set and implement the right prices across products, regions, and channels. A marketing strategy based solely on demographic and socioeconomic data, customer needs, and buying power is simplistic, misleading, and in some cases dangerous. Capitalizing on the silver market requires a systematic approach to developing and profitably selling products and services tailored to the older generation. It takes a solid understanding of customer requirements, value-to-customer, ability and willingness to pay, price elasticities, and revenue and profit functions. The best way to achieve this is by



means of a professional pricing process covering and connecting pricing strategy, price setting, and price implementation.

The chapter “Changing Consumer Values and Behavior in Japan: Adaptation of Keio Department Store, Shinjuku” by *Nozomi Enomoto* looks (again) closer at issues concerning retailing for the silver market. Retailers in Japan now face various changes in the business environment – including demographic change, economic globalization, development of information technology, and changes in consumer values and behavior. Consumer values and behavior in Japan reflect a characteristic transition in the retail sector, in which department stores have been a major force. The Keio Department Store Co. Ltd. in Shinjuku has been gearing its business toward seniors since the mid-1990s. The purpose of this study is to examine how an organization adapts to a changing business environment by exploring Keio Department Store, Shinjuku as a case of a senior-focused retailer, extracting factors that are important in tailoring business practices.

*Lynn Sudbury* and *Peter Simock* (*Bargain Hunting Belongers and Positive Pioneers: Key Silver Market Segments in the UK*) argue that although the importance of older consumers to marketers is well-documented, there exists a relative paucity of UK-based empirical studies into the attitudes, values, and behaviors of these consumers. Moreover, silver consumers are often treated as a homogenous mass. Based on an extensive survey into a range of socio-demographic, health and physical, socio-psychological, psychographic, and behavioral variables amongst adults aged between 50 and 79 years ( $n = 650$ ), their study confirms that the older consumer market is not homogeneous. Rather, analysis of the data leads to the first comprehensive segmentation model of the older consumer market in the UK. This chapter profiles two of the major segments to emerge from this analysis, which differ considerably from each other on a range of variables, including consumer behaviors. The marketing implications for targeting these different segments are discussed.

The next chapter in this section, “Grey Power: Developing Older Customer Strategies” by *Sue Tempest*, *Christopher Barnatt* and *Christine Coupland*, explores the increasing importance of “grey power” in the labor market and the marketplace. To fully understand grey market potential, companies need to develop an understanding of individual older customers and their broader social contexts, in terms of both their varying immediate household compositions and their intergenerational relationships. In this chapter, the authors first challenge stereotypes and then introduce a model of older-person segmentation. The frame of analysis is then extended beyond the individual older customer in order to assess the range of “future households” in which the old will increasingly play a key role when purchasing decisions are being made. The authors provide a wealth/health segmentation for firms seeking to develop older customer strategies, and supplement this with a categorization of future households and the issues raised by intergenerational dynamics. This is then used to challenge false assumptions about older household compositions in the twenty-first century. In turn, this provides a segmentation of the old as workers and as customers in a variety of social contexts, which offers some

useful tools for companies seeking to capitalize on grey power now and into the future.

*Simone Pettigrew*, with her work on “Catering to Older Consumers’ Customer Service Needs,” discusses her observation that older consumers have distinct customer service needs that can constitute a source of competitive advantage for forward-thinking marketers who seek to attract this large and relatively affluent segment. Her chapter focuses on the supermarket, financial planning, and health-care industries to demonstrate the importance of providing personalized attention to allow for the older person’s deteriorating physical and cognitive abilities and shrinking social networks. In particular, emphasis is placed on the need to allow older customers to form meaningful relationships with service staff. This strategy has implications for the recruitment, training, and retention of staff members who are able to demonstrate genuine concern for the welfare of the older consumer.

*George Moschis* and *Simone Pettigrew* (*Business Strategies for Enhancing Quality of Life in the Later Years*) emphasize the importance of understanding the factors that enhance well-being in later life, and suggest strategies that can be adopted by marketers to assist consumers to achieve this objective. This emphasis on developing strategies that enhance well-being entails a change in philosophy, involving a more holistic approach to marketing that focuses on both profits and enhancing consumer well-being.

*Michael Prieler*, *Florian Kohlbacher*, *Shigeru Hagiwara*, and *Akie Arima* (*Silver Advertising: Older People in Japanese TV Ads*) contend that choosing the right models and portraying them appropriately are crucial tasks in marketing management and advertising creation. The way older television viewers feel represented by a company has an influence on the overall company image and purchase intentions. This chapter reports that despite a strong increase in older people in Japanese television advertisements between 1997 and 2007, there is still an under-representation of older people. This is especially the case for older women. These findings are in accordance with extant research from different parts of the world. However, our study also finds that when represented, older models are overwhelmingly depicted in major roles. Overall, this study adds not only a Japanese perspective, but is also the first one that compares two periods in time. In terms of product categories the authors found finance/insurance and real estate/housing to feature the largest number of older people. Finally, results from a survey of Japanese consumers give further insight into the phenomenon of older people in Japanese TV ads and how Japanese think about them. Even though the content analysis had revealed a strong under-representation of older people, the consumer survey shows that TV ads are not seen as showing too few older models, and the vast majority of respondents refuted the idea that they did not want to see older people in television advertising. Implications for advertising research and practice are discussed.

*Chuck Nyren* (*Advertising Agencies: The Most Calcified Part of the Process*) also looks into the issues of advertising in connection with the silver market. From his perspective, today’s advertising industry needs a minor revolution. Talented men and women in their 40s, 50s, and 60s must be brought into the fold if you

want to target the silver market. This includes copywriters, graphic artists, producers, video directors, and creative directors. If companies plan on implementing a marketing strategy that includes baby-boomers as a primary, secondary, or tertiary market, and turn it over to only people in their 20s and 30s, they will forfeit the natural sensibilities required to generate vital campaigns. Companies can analyze marketing fodder all day and night, read countless books about marketing to baby-boomers, attend advertising and marketing conventions around the world, and soak up everything all the experts have to say. However, the bottom line is this: if the right people are not in the right jobs, what happens is what happens in all arenas of business – failure and mediocrity. And the reverse is true. If a company had a product or service for the late-teens and twenty-somethings, and had walked into an advertising agency with a creative team made up of only people in their 50s and 60s, the company would and should be very, very worried.

The last chapter in this section (*The Importance of Web 2.0 to the 50-Plus*) by *Dick Stroud* looks into the importance of Web 2.0 for older people. This chapter addresses this issue, and provides suggestions on how organizations can use Web 2.0 to improve their online interactions with the older market. The chapter analyses the differences between the historical way that web sites have been created and used and the opportunities and dangers of using Web 2.0 technologies. Social networking and web video are the two best-known applications of Web 2.0, and are discussed in detail. The author shows that whilst both these applications are associated with young people, they are intrinsically “age-neutral” and are equally appropriate to older Web users. The chapter describes how social networking and web video are likely to develop, and the resulting implications upon the channel strategy of organizations targeting the older web user.

### ***Part III: Industry Challenges and Solutions***

Altogether we present 13 chapters here. The first, “The Business of Aging: Ten Successful Strategies for a Diverse Market” by *Hiroyuki Murata*, starts with the observation that in Japan, an increasing number of enterprises have been focusing on developing new products and services for older adults or for the baby-boomer generation, but actually most of them failed to do so. One reason for this is that often their visions or approaches were too narrowly defined. Many enterprises consider the older adult market or the boomer market as single homogeneous icebergs. However, it seems not to be enough to say that the boomers represent a large part of the market just by sheer numbers. Another reason is that the nature of today’s markets is very different from those of the past. This chapter gives readers a perspective of how to view the baby-boomer market or senior market, and gives insights in how to successfully serve markets in this realm.

*Kim Walker* (*The Age-Neutral Customer Journey*) claims that nobody wants to feel old as a result of choosing or using a particular product or service. For this

reason, age-based products and positionings will have limited appeal for mature consumers, particularly the aging baby-boomer generation. These marketing-wise, life-experienced consumers will expect any purchase experience to be age-neutral. This will require just about every consumer business to make subtle or even radical changes to their product-development, marketing and after-sales approach: changes that accommodate the relentless effects of physiological aging. This chapter demonstrates why and how businesses and brands should become age-neutral. Using three distinct case studies, the author introduces SilverAudit, a unique process that measures and monitors age neutrality by applying 150 “experiences” of the customer journey against 15 identified “effects” of aging. By making products, services and the entire customer experience “age-neutral,” businesses can understand, measure, and ultimately remove the barriers between their products and services and mature customers, thereby unlocking the vast spending power of the “senior” markets.

The next chapter looks closer at the case of Germany (The Discovery and Development of the Silver Market in Germany). The authors *Carolin Eitner*, *Peter Enste*, *Gerhard Naegele* and *Verena Leve* report a paradigm shift which is emerging in Germany with regard to the silver economy, and which is resulting in an increasing focus on the economic potential and the economic power of the elderly. Given the much increased buying power of the elderly, and the increased heterogeneity of consumption wishes and needs corresponding to the differentiation of old age, as well as the empirical evidence for an age-specific change in consumption requirements, it stands to reason to look for inherent impulses for economic growth and employment by dint of new “age-sensitive” product ranges and services, and to promote their development and expansion. Today, in fact, the silver economy comprises products and services in very diverse and by no means only “social” market segments and, in addition to the health economy, affects such diverse sectors as mobility and IT. This contribution provides an insight into the development of the silver economy in Germany and its future prospects.

*Chikako Usui* (Japan’s Population Aging and Silver Industries) shows that the “aging problem” should not be viewed as an economic encumbrance. It is better viewed in the context of the robustness of the economy. Expansion of the carrying capacity of the active labor force, as well as active aging among older adults, will decrease the burden on society. This chapter draws out social and cultural implications of demographic changes in the context of Japan’s transformation from a Fordist to post-Fordist economy. The distinction shifts attention to the social organization of technology-based service industries. The growing number of older persons and senior households means immense business opportunities for developing new solutions, products, and services. Older adults are potent consumers, willing and economically able to maintain independent living and a high quality of life. This chapter discusses a number of emerging silver industries, including housing and real estate, food, pets, robotics, senior care appliances, and the funeral market.

The perspective of India is presented by *Suresh Paul Antony*, *P.C. Purwar*, *Neelam Kinra*, and *Janakiraman Moorthy* (India: Opportunities and Challenges of

Demographic Transition). India is in the middle of its demographic transition. The 60-plus age group (elderly population) is projected to quadruple by 2050, while the 0–14 age group (child population) remains stagnant. India's population structure and distribution would then closely resemble that of nations currently with a high aging index. The high index, as seen now in nations like Russia and the UK, indicates that the elderly population is larger than the child population. Such changes in the size, structure, and distribution of the population will have implications for public policy as well as business. The Government of India has launched a slew of initiatives to meet this challenge. On the business front, many products and services have been launched that specifically target the elderly. However, there are many other products and services used by all age groups. These may have to be repositioned, if the motivations of the different age groups are not similar. Both from the angle of public policy and business, decision makers in India should closely examine the experience of nations with a high aging index, and respond to the challenges of demographic transition.

The chapter “Silver Markets and Business Customers: Opportunities for Industrial Markets?” by *Peter Mertens, Steve Russell and Ines Steinke* looks at the impact of demographic change on industrial markets and B2B. Companies can react on many different levels. On the one hand, they can make it a business opportunity by developing and selling products and services that support older people. On the other hand, companies will have to cope with fewer younger workers. The authors discuss several ways to do this (1) to prevent loss of skills from retirement, (2) to accommodate older workers, and (3) to survive with fewer workers. These could lead to Business-to-Business (B2B) products and services that can help companies to solve the issues involved. The authors look at these possibilities in turn, and find that they each lead to ideas that have one or more of the following properties (1) they are actually Business-to-Consumer (B2C) products, (2) they are management or organizational solutions or services, and/or (3) their benefits are not specific to older workers but benefit all employees. Thus, the authors are led to the conclusion that the technical products best suited for the B2Industry silver market will not be “silver-specific” products, but products “designed for all” with an emphasis on usability and problem solving.

Part III includes further a number of chapters discussing different industries, and solutions within these, for the silver market automotive industry. The first of these (Business Opportunities in Personal Transportation: Traffic Safety for Older Adults) by *Kazutaka Mitobe* starts with a view on business opportunities in the safety of personal transportation for older adults. In order to achieve traffic safety for older adults, it is important to support the declining sense and cognitive functions. The author discusses the process of how to reduce traffic accidents involving pedestrians in an aged society. A first business opportunity lies in the establishment of inspection technology. A second business opportunity would be the establishment of training technology. A third business opportunity would lie in the establishment of the market of assistive devices that can compensate for the older adult's declining sense and cognitive functions. From the human factor study using a VR technology, the detailed situations of pedestrian traffic accidents will

become clear. Effective assistive technology might be developed based on the risk factor of traffic accidents.

A related piece of work is next presented by *Joachim Meyer* (In-Vehicle Telematic Systems and the Older Driver). He starts his argument with the fact that cars in general are rapidly changing. In addition to its traditional driving-related functions, the car has become a platform for various services and devices. Some of these are involved in the driving task and can improve its ease, comfort, and safety. Others are unrelated to driving, and allow the driver to engage in various activities while driving. The aging of the driving population, and the tendency of older people in many parts of the world to continue driving for as long as possible, pose major challenges regarding the design of such devices and their deployment in cars. Some advantages, as well as some limitations, which these devices may have for older drivers are pointed out. Design of future in-vehicle telematic systems will have to consider these issues in order to provide maximum benefits for the older driver.

“The Golden Opportunity of Silver Marketing: The Case of Housing and Financial Services,” by *Kenneth Alan Grossberg*, examines two areas that promise major commercial opportunities because of such a vast socio-demographic change linked to a huge pool of liquid assets. Those areas are, firstly, catering to the financial needs of the country’s senior citizens and, secondly, responding to their particular preferences and requirements for housing. In Japan’s generally sluggish market for housing and financial services, the silver market provides one of the richest segments available, but successfully offering such services to this population requires skill, sensitivity, and an understanding of the evolving consumer mindset in Japan. In addition, the added impact of the recession of 2008 will make it even more difficult to persuade this target market to part with their diminished personal assets, but it also opens opportunities for financial service providers whose offerings best suit the anxieties and fears of these aging investors.

In the next chapter, the author *Mark Miller* takes the perspective of the media industry (The End of Mass Media: Aging and the US Newspaper Industry). Miller observes that the baby-boom generation, the largest in US history, grew up with mass media and is by far the largest constituency for newspapers, television, and magazines. However, as audiences age and fragment, the economic foundations of these traditional media are challenged. The pain is especially sharp in the newspaper industry, giving rise to worries about the future of American journalism.

*Junichi Tomita* (Material Innovation in the Japanese Silver Market) takes yet another industry perspective. His work argues what the material innovation process in the Japanese silver market should be like. Material suppliers are continually attempting to contribute to an aging society through material innovation. Although they are not always successful in their intentions to meet the needs of users, they at times discover the actual needs of the users, which are slightly different from the perceived needs. Subsequently, these suppliers work on improving the new materials so as to meet the actual needs of users by developing a close contact with them. The case of superabsorbent polymer (SAP), studied in

this chapter, is a typical example of this. The author terms this material innovation process an emergent process. The SAP “Aqualic CA” launched on the market by Nippon Shokubai Co., Ltd., in 1983 is a raw material that facilitated the popularity of disposable diapers in the Japanese market. It also currently holds a large share in the American and European markets. However, it was not originally designed for use in disposable diapers, and the process it underwent from development to marketing was not linear. His case study describes how, after failure in its technological development and supply agreements, success was finally achieved. Further, it indicates the effectiveness of developing evaluation technologies in the process through an end-user oriented approach. As a result, his study should prove to be a valuable aid in helping material suppliers understand effective innovation management.

Another industry perspective is presented by *Helinä Melkas* (Effective Gerontechnology Use in Elderly Care Work: From Potholes to Innovation Opportunities). The use of information and communication technologies (ICT), including safety alarm technologies, is increasing. Its influence on service personnel in elderly care has implications on the possibilities for rooting technological innovations into care work. Human impact assessment methodologies have been employed to assess competence related to technology use, needs for orientation to technology use, and well-being of care personnel. Safety alarms are considered useful both for actual care work and for the administrative part of the care organization. Care personnel appeared not to be fully informed on the technical characteristics and resulting organizational changes. At individual and work community levels, regular human impact assessment of new technologies may stimulate their adoption by the professional carers. The chapter is based on empirical research in a large research and development project in Finland. The research focused on safety telephones and high-tech well-being wristbands. “Potholes” lying in safety alarm systems were identified – taking into account the technology as well as services and organizational networks. The potholes may also be looked into as sources and opportunities for potential future innovation. Social, organizational, process, and marketing innovations – combined with technology – are significant parts of the innovation activity related to the aging of the population.

Finally, in their chapter “Senior Educational Programs to Compensate for Future Student Decline in German Universities,” the German authors *Doreen Schwarz*, *Janine Steidelmüller* and *Christiane Hipp* discuss the opportunities of the silver market for (German) universities. Germany’s population is expected to fall from about 82 million people in 2008 to, at worst, 65 million people in 2060. Simultaneously, the average age of the population is increasing. In particular, the coming years in East Germany will be characterized by an expected strong decline in the number of young people and a significant increase in the number of elderly. However, demographic change does not automatically imply negative consequences but also creates room for opportunities. In this chapter, the authors explore opportunities to enlarge the purpose of the educational silver market by an economic component because of two developments (1) current and upcoming generations of seniors increasingly spend their spare time studying intellectual and

cultural subjects, and (2) traditional universities will experience a shortage of students. The authors propose incentives to include more people aged 65 and over in educational issues, and thus to create a win-win situation for third agers and institutions of higher education.

## **Lessons Learned and the Challenges and Opportunities Ahead**

Concerning aging, we are talking too much about technology and not about innovation. But what counts is not what is technically possible. What counts is what people want.

Professor Joseph F. Coughlin, Director, AgeLab, MIT

Despite the vast amount of valuable information, insights and analyses in this book, there still remain many questions unanswered and a great deal of work to be done. But, we did not – and could not – aim for completeness but rather for variety, and wished to highlight the differences between distinct industries and countries. Thus, we could only present a first fraction of the global silver market phenomenon and some of the industries working on ways of catering for the needs of older people. The need for further research, as well as practice, is obvious.

### ***Lessons Learned***

The lessons learned are of course legion. We won't repeat all the lessons learned from each individual chapter here, and it would be somewhat unfair to stress only the lessons learned from some chapters. But one of the most crucial insights is without doubt the fact that the silver market is by no means a homogenous market segment, in that the so-called 50-plus market covers a wide range of different customers and consumers with an equally wide range of values, attitudes, needs and wants. Thus, the silver market actually consists of various different silver markets. In a similar vein, we should not forget that marketing has, for a long time, already gone beyond the simplistic segmentation by age and that, despite the tremendous business potential of the 50-plus, we should resist the temptation of merely looking at a person's age.

The second crucial insight is that the silver market is not necessarily restricted to the silver generation only. Or, put differently, who is silver is not determined by age (alone), and younger consumers can also have silver hair, so to speak. This of course refers to the powerful concepts of universal and transgenerational design as well as ageless or age-neutral marketing. Managers and scholars alike should bear in mind that the best products, services and solutions are often those that can be attractive to a variety of customers regardless of their age, and that they can also be used or consumed regardless of age and physical or mental condition. Beware of ageism, think transgenerationally!



## ***Challenges Ahead***

Of course, the challenges ahead are numerous. Ever more countries are affected by demographic change. Think about China, for example. The population structure continuously shifts from young to old due to the effects of the one-child policy, for example. Even currently very young countries such as Vietnam and Thailand are also aging, though the population is not going to shrink over the next decades. However, despite the importance and the vast implications of population aging and shrinking in many nations, we should not forget that population growth still remains a major challenge in many developing countries. Lord Adair Turner of Ecchinswell, Former Chairman of the UK Pensions Commission, for example argues that:

... across the world the biggest demographic challenge is rapid population growth in parts of the developing world, not the manageable problems of aging in rich developed countries. [1]

Even though this issue goes beyond the scope of this book, this fact should not be forgotten when discussing demographic change.

Another crucial challenge derives from a combination of the financial situation and the health condition of senior people. Especially with the (mostly affluent) baby-boomer generation that is approaching age 60 and beyond in many countries, the focus of most silver market strategies are the “rich and young-at-heart” elderly, while the “poor and weak-of-limb” elderly are often neglected. True, there are ever-more helpful gerontechnologies and assistive and supportive devices, etc. available, but these are often costly. What happens to those who cannot afford to pay by themselves and are at the same time not sufficiently covered by social and welfare systems? We believe that there might be a new silver market phenomenon on the horizon, which will even be more challenging to governments, policy makers and corporations. The number of those older people whose financial and health situation is not favorable might strongly increase over the next decades. Prahalad [2] has written a book “The Fortune at the Bottom of the Pyramid,” where he refers to those consumers at the bottom of the income and wealth pyramid, especially those in developing countries. Kohlbacher and Hang [3] were the first to apply this idea to the silver market, where those in need will be those at the top of the population pyramid (while being at the bottom of the income and wealth pyramid). They warn:

Firms should be careful not to exclude those customers at the bottom of the innovation pyramid, not only because – as is the case with many baby boomers – the fortune at the bottom of this pyramid is enormous, but also because of corporate social responsibility, as they can benefit both individuals and societies with “gerontechnologies” and related products and services [3].

Bringing the issue of (corporate) social responsibility and social innovation to the discussion of the silver market, or bringing the silver market phenomenon onto the agenda of the CSR and social business debate, will be an important development for both areas.

## *Opportunities Ahead*

Finally, the opportunities ahead will not be less than the challenges. The baby-boomers will continue to age and retire, and so will their children in the future. The silver market phenomenon will not only be an opportunity for business but also an opportunity for innovation and invention, creativity, learning, and social response and responsibility. The lead market Japan could certainly serve as an interesting role model, as can other countries such as the USA, Germany and the Scandinavian nations, but also India and China.

We strongly hope that this book has contributed to this opportunity for business, innovation and invention, creativity, learning, and social response and responsibility. We also hope that it will be a helpful tool in making sense of the silver market phenomenon and that it will encourage an active and creative debate as well as real action in tackling the challenges and opportunities of demographic change.

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