Silver Economy. Sixty is the new fifty. That’s a crucial message for companies as demographic change opens up a vast new market over the next few decades. This trend is more pronounced in Germany, where the active over-50s age group provides huge potential for investment, innovation, and development.
They used to be referred to, perhaps a little dismissively, as the elderly. Now they’re being wooed as “Active Agers,” “Best Agers,” and “Power Oldies.” Corporate managers and research departments have woken up to the untold market opportunities that this fast-growing segment of the population offers – especially in Germany, whose rapidly aging society is producing millions of consumers with specific needs and deep pockets.

By 2035, Germany’s over-65 population will number 24 million, up from the current 17 million. That will be an increase to a third of the total population, up from around a fifth, according to the Federal Statistical Office. The number of people aged 50 and over will amount to half the population, up from 39 percent. More important, the net disposable income of married couples aged 65 and over currently averages EUR 2,440. Because older people tend to live in smaller households, their per capita income is higher than that of younger people.

It’s an inexorable development, resulting from weak birthrates and increased life expectancy. Furthermore, it is one that is affecting the whole of Europe. However, the trend is strongest in Germany, which already has a higher proportion of over-65s than any other country in the European Union (EU). Consequently, Germany is predestined to be Europe’s leading market in this area, providing huge growth potential for foreign investors in industries as diverse as health, tourism, furniture, household appliances, and hygiene.

“The bigger a market for new products and services is, the faster investments in it can be recouped,” says Melanie Wiegand, leading expert in the field of demographic change at Germany Trade & Invest, the economic development agency of the Federal Republic of Germany. “The over-50s already constitute an important consumer group in terms of numbers and purchasing power. The German market for older people also offers a lot of innovative potential for products and services. Solutions have yet to be found for many requirements. That makes Germany an extremely interesting market for foreign investors.” Wiegand adds, “Because Germany is one of the societies aging most quickly, companies that successfully establish a foothold here will be in a promising position to launch into the European and international markets.”

Take the development of the wheeled walker invented in Sweden and first introduced in Germany in 1990. Initially, they were grey, heavy, and unwieldy contraptions. But the sector is now booming, with some two dozen companies in Germany providing a range of state-of-the-art, visually appealing walkers for every occasion from hiking excursions and golf to hunting. Some models come complete with umbrella and drink holders, integrated shopping bags, horns, and headlights that switch on automatically. Developers are even working on navigation systems that help people find their way home. The premium models cost upwards of EUR 250.

Sales of wheeled walkers like this one from the US company trionic have increased significantly in recent years.

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Fit on their feet! GIX sneakers include a GPS transmitter that is ideal for keeping track of patients suffering from dementia.

Fujitsu has developed a walking stick with a navigation system, useful for both the walker and family or carers wishing to locate the user.
rates per year in recent years, and there are two to three million of them on German streets.” Furthermore, he expects the growth to continue unabated.

Another profitable area stems from the mounting incidence of dementia. This increase is spawning new products such as an interactive robot in the form of a cute baby seal developed by Japanese industrial automation company AIST. Called Paro, it emits soothing noises, helps reduce stress, and stimulates interaction between patients and their caretakers, the company says.

Demand for such products is set to surge, as are computer-based technologies: Argos Information, a company based in the southern German city of Würzburg, offers GPS tracking devices with which relatives or retirement homes can equip dementia patients to ensure they don’t get lost, for example. Additionally, researchers in Japan are even working on a robot that goes shopping with people and helps them choose their groceries. For its part, the German government is promoting research into product development for the silver economy. New technology will help significantly improve older generations’ quality of life and enhance safety.

But the boom isn’t just affecting industries and services that address the ailments of age. A recent study by TNS Infratest found that 75 percent of people aged over 60 feel younger than they are. Gone are the days when retirement meant donning a beige cardigan, tending to the garden shed, or knitting sweaters by the fire. Older people are much more active than they used to be. They travel, engage

**Thomas Appel**, managing director of Topro, a subsidiary of Norwegian wheeled walker manufacturer Topro AS, and a consultant on product development for older people.

**How will the aging of society impact the economy?**

Appel: All areas of industry will have to take account of this demographic trend in their product development. The upcoming silver generations will be more receptive to new technologies than the current postwar generation because they already use such products today. At the moment, a growing number of universities is researching age-specific product development in a wide array of fields ranging from architecture and engineering to industrial design.

**What areas of industry will become particularly important?**

Appel: Converting residential property to enable people to live at home for longer will be a major field. Assisted living that still enables autonomy will also be a very big growth area. We need systems that people can trust without feeling that they’ve got to run around with a red emergency button all the time.

**What are less immediate effects?**

Appel: The silver generation is very, very careful when deciding on whether to purchase new product innovations. They have to be tried and tested, of high quality, and above all, safe. If that’s guaranteed, the silver generation is quick to accept products that will help them stay independent, and they have the purchasing power.

**Photos:** GTAI; Duka PC (M); VW (M); Technisches Museum Wien (M); GFA (GFA)
in sport and outdoor activities, and want to embrace the Internet and all it has to offer. They also want to look good while doing it. According to the TNS Infratest study, half of people aged 60 to 70 like to experiment with what they wear. In fact, only the 18 to 29 age group is similarly interested in fashion.

The lust for life and for the great outdoors is further reflected in the booming market for electric bikes in Germany, with 420,000 estimated sales in 2013, up from 50,000 in 2007. “Most of the buyers are 55 and over, partly because that age group has the resources necessary to afford a bike for EUR 1,500 to 2,000,” says Stephan Schreyer, spokesman for the Germany Bicycle Industry Federation. Sales are set to keep on rising. The share of e-bikes, currently at around 10 percent of the four million bicycles sold in Germany per year, is likely to reach up to 17 percent in the next five years or so, the association estimates.

The silver economy is crucial for carmakers as well. The average age of car buyers reached a record high of 52 in 2012, according to a study by the University of Duisburg-Essen. That’s six years older than in 1995. Almost a third of buyers of new cars were over 60, while just 7 percent were younger than 30. “Demographic change is being reflected in the new-car market,” says Professor Ferdinand Dudenhöffer, head of the university’s Center Automotive Research.

Greying car buyers are likely to welcome the trend toward self-driving features in cars, which most of the big automakers are working on. Having your car drive you automatically, and then park itself when you arrive, could be a particularly enticing prospect for people of a certain age. Companies are pledging major advances in this technology over the coming decade – and “Best Agers” are well placed to purchase and benefit from such innovative features.

“People who retire today tend to have considerable financial resources,” says Wiegand. “Compared with younger age groups, older people are materially better off on average, and they are frequently property owners. They also have the option of drawing on lifelong savings.”

Demographic change will inevitably influence product design in countless areas. The quality of the development of products and services for older people is likely to be boosted by the increasing presence of “silver workers” – also known as Very Experienced Persons (VEPs) – on corporate management boards. Executives aged over 50 are back in demand, and companies are starting to regret their rush in previous years to nudge skilled employees into early retirement. They’re needed for their know-how and their calm seen-it-all-before attitude. They also have got nothing left to prove: ego and ambition, which can be destructive forces in the workings of the corporate world, are less pronounced in older workers.

“New brooms sweep well. But the old ones know where the dirt lies,” says Alfred Odendahl, 66, the head of Bosch Management Support GmbH, a consultancy that hires out retired employees from the Bosch engineering company for projects around the world. With ever more pensioners working, their disposable income will continue to grow.

One in ten people in Germany carries on working even though they are old enough to retire. Their number has doubled since 1996 to 425,000, according to the Federal Institute for Population Research.

These big numbers send a clear message to foreign investors: Jump on board, ride Germany’s silver wave, and make the most of the opportunities that the “golden oldies” in Europe’s largest economy are presenting. Success here could set up a great launchpad for other markets, as the silver wave becomes a tidal force sweeping across Europe.

Melanie Wiegand is Germany Trade & Invest’s leading expert in the field of demographic change. She identifies innovative business fields and future markets for Germany.

WANT TO KNOW MORE?

Melanie Wiegand is brand strategist for the development and marketing of products and services for the 50-plus age group. Throughout her professional experience, she has held various senior marketing management positions and successfully developed products for the 50-plus age group.

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