The Mature Economy – The Business of Ageing

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The Mature Economy
– The Business of Ageing
The Australian Workplace and Social Research Centre (WISeR) focuses on work and socio-economic change. WISeR is particularly interested in how organisational structure and practices, technology and economic systems, policy and institutions, environment and culture interact to influence the performance of workplaces and the wellbeing of individuals, households and communities.

WISeR also specialises in socio-economic impact assessment including the distributional impacts and human dimensions of change on different population groups and localities. Our research plays a key role in informing policy and strategy development at a national, local and international level.
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Population ageing is fuelling rising domestic and international demand for a wide range of goods and services that respond to the needs and preferences of ageing consumers both here in Australia and throughout the Asia Pacific region. For example, Ageing Asia (2013, p 13) estimates that:

*Baby boomers in Asia Pacific represent US$3 trillion in household savings by 2017. Their capacity to spend will significantly drive economic growth in industries such as healthcare, housing, wellness, technology, transportation, tourism, education and finance. Therefore, there is a need for business to change their mindsets in how they view grey power, and also start paying more attention towards innovation and product design with the older consumers in mind* (Ageing Asia, 2013, p. 13).

A significant proportion of Baby Boomers is wealthier and more educated than previous generations, and have grown up in a consumer society defined by lifestyle aspirations and choice.

This change has given rise to the emergence of a global Mature Economy where population ageing should be seen as a driver of increased demand for a wide range of goods and service, generating new business and employment opportunities.

The Mature Economy is underpinned by policy changes inspired by the Active Ageing and age-friendly design movements. The introduction of policies like Consumer Directed Care and the National Disability Insurance Scheme are opening up new sources of financing consumption in these areas.

Active Ageing focuses attention on functional capacity over the life course. In older age this involves maintaining independence and preventing disability along with rehabilitation and ensuring quality of life. The Active Ageing agenda provides a foundation for transforming the way we design and deliver goods and services for the mature age population. The *Age-Friendly Cities* movement targets the design and maintenance of public spaces and building, transportation, housing, social participation, respect and social inclusion, civic participation and employment, communication and information, and community support and health services. The South Australian Government has developed a series of *Age-Friendly Guidelines* with specific reference to each of these. There is significant potential for businesses to develop new industries in response to this. The Guidelines assist by identifying areas of demand for age responsive goods and services.

The current retirement incomes reform agenda is seeking to extend the longevity of people in the workforce, by extending the Age Pension eligibility age and proposing changes to the superannuation preservation age. It is anticipated that longer working lives will reduce pressure on the Age Pension, sustain people at working life income levels for longer (even if this does reflect a transitioning from full- to part-time), and enable people to save more towards supporting their
own retirement. To sustain rising workforce participation rates for older people we will need to design, construct and support more age friendly working environments. This will require the involvement of architects, interior designers, physiotherapists, occupational therapists, medical practitioners, social workers, engineers, builders and many others in the development of integrated solutions.

Major drivers of demand for goods and services in the Mature Economy are the current Aged Care Reform process and the NDIS (otherwise known as Disability Care Australia), both of which are linked by a common focus on consumer directed care (CDC). The Aged Care Reform package involves $3.7 billion over five years - $880.1 million was committed to home care packages to help older people remain in their homes while receiving care, with the number of packages increasing from 40 000 to 100 000 over five years; $75.3 million was committed to the provision of basic home support services; and $660.3 million was committed to providing improved incentives for residential aged care providers to invest in new facilities and provide consumers with greater choice about the level of accommodation services. The Australian Government has committed $19.3 billion over seven years from 2012-13 for the NDIS to provide services to an estimated 460 000 people with disability. Through personalised budgets, older people who receive their services on a CDC basis through the NDIS will have greater choice and control over the types of care and services received how care is delivered and who delivers it. This has potential to shift the terrain in terms of demand for and consumption of various aged care-related products and services.

The magnitude of demand that will be generated by the mature economy is linked to older people’s growing share of the population and their increasing wealth or ‘spending power’. While older people tend to have lower incomes than their younger counterparts, they generally have greater household net worth (taking into account assets and liabilities) and report less financial stress. Superannuation is helping to a degree to support the financial strength of over 65s and is projected to grow strongly over time; however based on existing income data for the over 65s, it is considered likely that the majority of households, particularly singles, will only be able to afford a modest level of spending in their retirement years.

There is evidence that older households spend less on average but have accounted for an increasing share of aggregate consumption over the last two decades. International evidence suggests that older people spend the highest proportion of their income on housing and utilities, followed by food; health spending increases markedly with age, while spending on clothing, transport and communication decreases, potentially due to decreased demand once employment has ceased. Spending on leisure and luxury items is higher in wealthier countries that have well-developed aged support systems. Australian evidence signals increased spending in older households on essential services (e.g. utilities and health care), coupled with reduced spending on discretionary items (e.g. travel, hotels, restaurants, recreation).

Overall the evidence suggests that the strongest markets in the mature economy are related to health care and spending on non-discretionary items such as food and energy utilities. Although spending on discretionary items does trend down with
age, significant new market opportunities are likely to arise where products and services are targeted and marketed appropriately to older consumers. The evidence indicates that older households are in a stronger financial position than they have ever been, indicating that they are more likely to spend more on high priority products and services.

A recent global survey of businesses by Ageing Asia Pte Ltd has identified significant growth opportunities in the areas of healthcare and pharmaceuticals, leisure and tourism and financial services. In addition opportunities exist for specialised companies targeting older consumers (e.g. medical device manufacturers - hip and knee joints). To realise these opportunities investments will be required in research and development, mastering age-sensitive marketing and advertising techniques, and rethinking corporate strategies and business models in recognition of different demographics.

Markets opening up in healthy ageing will span a wide range of products and services designed to help older people to maintain health, wellbeing and optimal functional capacity. A significant market for assistive technologies has emerged to support independent living, incorporating devices and applications designed to enhance quality of life, health, wellbeing and, principally, functional independence. Examples range from biotechnologies (e.g. cochlear implants, vision-enlarging video systems etc.) to telehealth technologies (enabling remote service delivery and monitoring of conditions) to sensitively designed robotics as a way to service diverse needs and demands of older people.

Research has shown that new communication technologies such as the Internet, computers, tablets and mobile phones are currently underutilised by older people but potential for growth in this market – particularly as the Baby Boomers enter retirement – is vast. Potential exists both in the design and development of age-friendly ICTs (e.g. user friendly hardware and software) and in providing services to skill and build confidence among older people in using ICTs for a range of purposes.

Enormous scope exists for exploring residential options for older people. This includes developing goods and services to support functional ageing-in-place by adapting home and community environments. One example is adapting home environments with features such as biosensors and ambient intelligence to monitor the functional wellbeing of frail older people at home; another is responding in innovative and flexible ways to increasing demand for in-home health care, and household services such as housekeeping and general maintenance services and meal support services.

While increasing numbers of older people are choosing to stay in their own homes, many are downsizing to smaller private dwellings, into purpose built retirement living options, and some ultimately into residential care. Opportunities are identified in developing a range of living options and innovative models to respond to diverse and evolving needs, such as the ViTA-ACH facility that provides recovery, health restoration and rehabilitation services for older residents.

Mature economy-related opportunities also exist in the financial services sector, noting that people approaching retirement will need significant advice and support.
to manage their private and public income streams in order to best secure their livelihoods in older age. Demand will exist for investment options that provide solid growth while minimising investment volatility; the need to develop savings and insurance products that account for changing working patterns as people age (e.g. work in with fluctuating personal incomes in semi-retirement); and considering lifetime annuities for later stages of retirement.

Ageing is expected to present opportunities for the tourism, leisure and retail industries. Even though older people tend toward conservative spending, the intensity of tourism consumption is highest for older people and thus presents a key source of revenue for tourism operators. Changes that have been noted include in the types of tourism products demanded, with increased focus on ‘off the beaten track’ options, and escorted services catering for mature single travellers. Older travellers are looking for value for money and are attracted to combining diverse travel elements in a single travel plan, for an all-inclusive cost.

Older people are also key consumers of culture and the arts and it is expected that retiring Baby Boomers will on average seek out more cultural, entertainment and retail spending opportunities than their predecessors. Other industries that have been responding to mature economy demand include booksellers who are starting to think about tailoring their products to suit older needs and the auto companies that are including age-friendly automotive design features and technologies that provide enhanced safety and accessibility without overwhelming the sensibilities of older drivers.

There is also significant scope to engage older people in lifelong learning activities across the spectrum of formal and informal learning options. Older people want to learn in areas that are relevant to their lives, suggesting an array of possibilities in areas such as health promotion and disease management, nutrition, sexuality and ageing, exercise, managing stress and coping with loss. There is also a demand for learning in relation to hobbies, writing life histories, managing finances, using computers and other ICTs, and the list goes on.

There is also major potential to tap into regional mature economy markets – particularly in parts of the Asian region where it is acknowledged that countries have not adequately prepared for the impending ageing process. These countries will be confronted by demands they will struggle to meet, and the expectation is that the more advanced countries such as Australia and Japan will play an important role in the region by filling the gaps. Initiative, foresight and preparedness on the part of government and industry will be required for these opportunities to be realised.
1 THE MATURE ECONOMY

Baby boomers in Asia Pacific represent US$3 trillion in household savings by 2017. Their capacity to spend will significantly drive economic growth in industries such as healthcare, housing, wellness, technology, transportation, tourism, education and finance. Therefore, there is a need for business to change their mindsets in how they view grey power, and also start paying more attention towards innovation and product design with the older consumers in mind (Ageing Asia, 2013, p. 13).

Public debate on population ageing tends to focus on spiralling health and pension costs and the threat these pose to national accounts. There is another side to the story. The Mature Economy report draws attention to ageing as a positive driver of both domestic and international demand for goods and services. It highlights ageing as presenting a major economic opportunity for innovative businesses and public sector organisations to grow in response to the multiple needs and preferences generated by population ageing in the developing ‘Mature Economy’.

The Mature Economy is a global phenomenon. Population ageing is increasing in many nations and often at a faster rate than it is here in Australia (see Box 1). This is a function of declining fertility rates and increasing longevity. As the proportion of older people increases in nations, major shifts follow in the expenditure and consumption patterns of governments, community organisations, workplaces, households and individuals. Healthy ageing and quality of life imperatives combine to create rising demand for a diverse range of goods and services that respond to manifold needs of the ageing cohort.

Our starting point must be to acknowledge great heterogeneity in ageing populations, giving rise to the need for more personalised solutions underpinned by innovative product and service development processes. The Mature Economy is likely to be characterised by more demanding customers than has been the case in the past. Policy agendas like Consumer Directed Care in the aged care sector actively seek to foster this by directing funding to individuals rather than organisations and moving away from a ‘menu-driven’ approach to service provision.

This report is the principal outcome of the Mature Economy project sponsored by the Stretton Centre and the Office for the Ageing. The extent to which population ageing represents an economic opportunity is the central question we pose. More specifically we ask what industries and jobs might grow in response to population ageing?
**Box 1 Population Ageing Trends**

**Global**
In global terms, the World Population Ageing 2013 report (United Nations Department of Economic and Social Affairs Population Division, 2013) has identified that:

- Population ageing is occurring in nearly all countries worldwide. The global share of older people (aged 65+) increased from 9.2% in 1990 to 11.7% in 2013 and is projected to reach 21.1% by 2050. The number of older people is expected to double from 841 million in 2013 to more than two billion in 2050;
- The older population is itself ageing, with the share of people over 80 years expected to triple by 2050;
- Public transfers (e.g. pension systems) are a major source of old-age support in developed countries; however income from older people’s own assets also plays a substantial role in their consumption behaviour.

**The Asia-Pacific Region**
The United Nations ESCAP (2013) has reported that Asia and the Pacific is ageing at an unprecedented rate:

- The number of older people in the region is expected to triple from 438 million in 2010 to more than 1.26 billion by 2050. Around one in four people in the region will be over 60 years old.
- 19% of older people in the region are expected to be above 80 years of age by 2050.
- While the timing and pace of ageing is variable across the region, all countries will experience population ageing and associated challenges in the years to come.

**Australia**
At 30 June 2014, 3.5 million Australians (15% of the population) were aged 65 and over. Close to two million of these (56%) were aged 65 to 74 years of age (Australian Bureau of Statistics, 2014). The ABS (2009b) has modelled population growth and ageing to the year 2056 using three scenarios assuming low, steady and high population growth factors (based on fertility, life expectancy and migration):

- The proportion of people aged 65+ in 2056 is expected to grow to around a quarter of the overall population compared with 13% in 2007. The number of people aged 65-84 is projected to grow from 2.4 million in 2007 to 6.4 million by 2056 under the medium (steady) scenario;
- The proportion of people aged 85+ is set increase to between 4.9% and 7.3% of the population, depending on the scenario used, compared with 1.6% in 2007. This equates to an increase from 344 000 in 2007 to 1.7 million in 2056, with the fastest rate of growth expected with the entry of Baby Boomers in the early 2030s.
- The pace at which the populations aged 65+ and 85+ will grow is forecast to accelerate in the short and medium terms (associated with the entry of the Baby Boomers) before slowing down in the longer term.
1.1 The socio-economic contribution of older people

The implications of population ageing for modern societies have been widely discussed and debated. The most prominent narrative focuses on ageing as an economic burden to society, an evolving fiscal crisis no less. Proponents argue that rising health and pension costs are not sustainable, particularly in light of an increasing old age dependency ratio – that is, an increase in the number of older people not in paid work relative to the number of workers.

In contrast, a powerful alternative narrative highlights the positive contributions that people who are ageing make to society. Mature age people are contributing to economic revenue by way of income tax on earnings from extended working life employment and income from savings and investments, paying capital gains tax, and taxes on consumption expenditure (GST). As this report will go on to explore, their consumer dollar makes a vital contribution in a range of markets. They also make ‘hidden’ contributions in terms of providing social care within families and the community, through volunteering, making charitable and family donations, and by generally contributing to social cohesion. In weighing up the respective financial costs and benefits associated with older people, a UK based study found that -

*The overall value of the contribution made by older people is already positive and the value of this net contribution can be expected to grow (as people work longer and accrue more wealth through savings) (WRVS, 2011: 20).*

Linked to this recognition of older people as positive economic contributors in general, is the argument that ageing can have a positive and transformative impact on the demand for goods and services globally and here in South Australia. From this perspective, active ageing can be viewed as an important generator of knowledge intensive industry development and jobs.

*Source from http://www.freedigitalphotos.net*

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1 Noting that the combination of the Seniors & Pensioners Tax Offset (SAPTO) and tax-free super rules for over-60s entitles Australians of Age Pension age to a greater level of tax-free income
What do we mean by the term older people?

The United Nations uses the age of 60 years and over to refer to older people, however many developed nations use the age of 65 years as this is the age at which people become eligible to receive old-age social security benefits (noting that this figure is increasingly under review as governments grapple with the fiscal costs of population ageing). Defining old age from a chronological perspective is problematic due to increasing life expectancy and variability in individual ageing processes. While 65 might make sense as an older age entry point when the life expectancy is 78 (2010-2015 estimate in developed countries), this is less feasible when life expectancy at birth is 83 (2045-2050) (United Nations Population Fund, 2012).

The Active Ageing movement has shifted the discussion about ageing milestones away from chronology toward functional, physical and mental capacity as people age, noting that this is highly variable within the ageing population (Kalache, 2013). As UNFPA (2012, p. 21) points out:

*Older persons are a highly diverse population group, in terms of, for example, age, sex, ethnicity, education, income and health. It is important to recognize this in order to adequately address the needs of all older persons, especially the most vulnerable.*

For the purposes of this report, the term ‘older people’ refers in principle to people aged 65 years and over, in line with current eligibility for the Age Pension in Australia. However, there is some implied looseness about how this term is used to allow for variation in when and how people approach their semi/retirement years.

The significance of the ‘baby boomers’ to the mature economy

It is important to recognise that the ageing population is itself segmented by age - sometimes conveniently characterised as the pre-War generation, born 1945 and earlier, the *leading-edge Baby Boomers* born between 1946 and 1954, and the *trailing-edge Boomers* born between 1955 and 1964 (National Tour Association, 2002). From a Mature Economy perspective, the ‘cashed-up’ Baby Boomers are of particular interest as an emerging consumer group. It is important that we understand what distinguishes this generation from others. Research has shown that Baby Boomers on average (Glover & Prideaux, 2009; Pruchno, 2012; Stefanik et al., 2013):

- Are healthier and have longer life expectancies at age 65; nonetheless they are expected to develop chronic conditions including hypertension, arthritis, cancer, and heart disease just as their predecessors did, albeit in much higher numbers and within a relatively short period of time.
- Are more highly educated; more likely to occupy professional and managerial positions, include more women in the workforce; and are more racially and ethnically diverse.
- Have higher rates of separation and divorce, lower rates of marriage, and gave birth to fewer children. At the same time, they experience an unprecedented longevity of relationship with their parents and children, often complex intergenerational relationships, and are placed in a difficult position of allocating resources up and down the intergenerational ladder.
- Have more varied work histories, longer transitions out of the workforce, worked for more of their adult years than previous generations; have higher disposable income; access to superannuation funds, and more opportunities to build personal wealth (more savings and property); although on the flip side,
they tend to find their life-long savings are insufficient to cover their needs (both older and younger Baby Boomers).

- Have grown up in a consumer society, developed different (higher) lifestyle expectations and a stronger voice in articulating needs and demands.
- Work hard to juggle caregiving, work, family, and other social commitments and have high expectations of support from paid service providers.

Within this broad characterisation, Baby Boomers are known to be a highly diverse group. Popular – even expert – imaging of Baby Boomers tends to foreground affluent, middle class individuals who wanted to have a good time (often seen as a good marketing ploy). However, largely absent from this picture are those people with disability or scarce financial resources (Tavener & Byles, 2014). In reality, racial inequalities, health disparities and educational inequities contribute to highly disparate value systems and behaviours within the Baby Boomer cohort (Achenbaum, 2012). It can be easy to forget that in the excitement of the older population transforming from ‘dependent’ to ‘advantaged’ to ‘contender’ status, more vulnerable Baby Boomers will often be relegated back to the status of ‘dependent’ (Pruchno, 2012).

Overall though, and largely driven by the Baby Boomers, older people are playing a much more active role in crafting their own social identities, dictating how their lives are to be lived and, increasingly, negotiating their own self-care. To this end, they are defining their own brand of consumerism – actively defining themselves through what they choose and choose not to consume (Gilleard, 1996). It is important to remember that:

*Most old people do not want a public service that cares for them; they want a way to be able to manage their own lives, in their own homes, with a degree of dignity, which means controlling who comes in and out. Above all, perhaps, for as long as possible, they do not want to be made to feel old* (Millane, 2013: 56).

Based on Buzzle Baby Boomer Characteristics: [http://www.buzzle.com/articles/baby-boomer-characteristics.html](http://www.buzzle.com/articles/baby-boomer-characteristics.html)
2 Drivers of the mature economy

Population ageing profoundly influences household and individual consumption patterns and the policy and investment decisions of government, non-government organisations and the private sector. This is giving rise to growth in demand for a wide range of goods and services that respond to people’s needs and desires as they age – to service what might be described as the Mature Economy. A strong government and community focus on positive ageing is helping to shape this demand, creating new businesses and jobs in multiple sectors both here in Australia and overseas.

2.1 Active Ageing

Active Ageing is defined by the World Health Organisation as ‘the process of optimizing opportunities for health, participation and security in order to enhance quality of life as people age’ (2002, p. 12). This framework replaces the traditional framing of old age as being about retirement, illness and dependency (which in many cases runs contrary to lived experience) with a new paradigm ‘that views older people as active participants in an age-integrated society and as active contributors as well as beneficiaries of development’ (ibid., p. 43). Active Ageing turns the lens onto maintaining functional capacity over the life course; in older age this involves preventing disability and maintaining independence, with a complementary focus on rehabilitation and ensuring quality of life. The Active Ageing agenda provides a foundation for transforming the way we design and deliver goods and services for the mature age market.

Active Ageing challenges the traditional life course approach which is characterised by three broad stages: 1) learning and developing while we are young; 2) working in gainful employment, raising children and caring for families across the central productive portion of our lives; and 3) stepping back from active service (‘putting our feet up’) in our twilight years. Active Ageing acknowledges that learning, working, having children and providing caring are roles that frequently overlap, and are roles that we enter, exit and re-enter at different points in our lives. The mid-life course and retirement years are becoming increasingly blended in terms of caring roles, partial employment and/or volunteering roles, and engagement in a variety of learning and development activities (Kalache, 2013).

These changes in roles and expectations of life in the mature age years are producing changes in demand, with a critical flow on effect for the design and delivery of goods and services to meet this energised demand.

2.2 Age Friendly Design

Informed by the principles of Active Ageing, the World Health Organisation has spearheaded an Age Friendly Cities movement promoting the design and development of lived environments that are ‘accessible to and inclusive of older people with varying needs and capacities’ (World Health Organisation, 2007: 1). The
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age-friendly status of cities is assessed against eight core principles targeting age-friendly design and maintenance of public spaces and building, transportation, housing, social participation, respect and social inclusion, civic participation and employment, communication and information, and community support and health services.

With specific reference to these principles, the Government of South Australia SA Health department has produced Age-friendly Living Guidelines for Residential Development (2012a), Age-friendly Neighbourhoods Guidelines and Toolkit for Local Government (2012b), and Age-friendly South Australia Guidelines for State Government (2012c). These guidelines are principally targeted to agencies with primary responsibility for delivering age-friendly outcomes, however key roles for other stakeholders in the not-for-profit and private sectors and academic institutions are also recognised.

The Guidelines signal the South Australian government’s vision and commitment to respond to changing demographics in a way that builds inclusion, participation and opportunity for older people, and opportunities more broadly for the State (Government of South Australia SA Health, 2012c: 2):

South Australia’s Communities for All: Our Age-friendly Future will optimise efforts towards a sustainable and prosperous future where older people are at the forefront of our thinking, planning and design, policies and programs. In this way, the initiative will build on existing innovative and collaborative approaches to active ageing that have been developed across various areas of local and state governments.

There is significant potential for business and industry to leverage momentum from within the SA government toward establishing an age-friendly agenda for the State. The Guidelines assist by identifying areas of key demand under each of the core principles which present potential for the development of responsive goods and services. Some of the more obvious opportunities include the demand for home modifications to support independent living, better designed public amenities to support access and inclusion, specialised transport services to increase mobility, and improved customer service catering for the needs of older people. As signalled by the checklists presented, opportunities associated with the Guidelines are manifold – particularly in light of a broader policy context supporting the development of an age-friendly future for South Australia. Moreover, the opportunities don’t stop there – there is a global age-friendly cities movement producing demand for innovative approaches, goods and services across the Asia-Pacific region. There is a strong sense that now is the time to catch the wave if South Australian businesses want to maximise opportunities to develop and grow in the Mature Economy space.
2.3 Retirement income reform

The Australian retirement system is reported to be relatively healthy insofar as total spending on the Age Pension, the age dependency ratio and old-aged poverty are low by international standards. Older worker labour participation is climbing faster than in other countries, and superannuation assets are approximately equal to GDP, one of the highest ratios in the world (Chomik & Piggott, 2012).

At the same time, extending mature age workforce participation has been identified as a key strategy in mitigating the longer-term risks associated with an ageing population. A Deloitte Access Economics report (2012) prepared for the Australian Human Rights Commission noted that a 3% increase in participation among workers aged 55 and over would result in a $33 billion boost to GDP, while a 5% increase would equate to around $48 billion in extra GDP. Mature age participation rates are increasing over time and this is expected to continue as a result of higher participation rates among women, increases in the Pension age and shifts in traditional attitudes to retirement as Australians adjust to increases in longevity.

In addition to benefits for the Australian economy as a whole, Deloitte Access Economics note that by working longer, older people will increase their current income and save more to support themselves when retirement does arrive. This in turn will translate to increased spending power and a stronger platform for a Mature Economy based on servicing the needs and wants of older people who are likely to expect higher living standards in retirement than previous generations.

There has been a range of recent policy developments designed to encourage extended workforce participation among older Australians. At present, the Age Pension eligibility age has been set to increase to 67 years of age by 2023, with further plans to increase this to 70 years of age by 2035. In the latest 2015 Budget, the Federal government also announced plans to tighten the assets test for Age Pension payments which will have the greatest impact on wealthier retirees. An estimated 170,000 people will have their Pension rates increased; 235,000 will have their payments reduced; and 91,000 will lose their eligibility altogether (but will be granted a Commonwealth Seniors health Card or Health Care Card (Klapdor, 2015).

The superannuation system is also a key plank of retirement income security. A recent Productivity Commission (2015: 4) review of superannuation policy noted that the compulsory employer contribution scheme ‘was designed to increase individual lifetime savings and act as a supplement to improve post-retirement living standards above what can be afforded by the Age Pension’. It was reported that median superannuation balances for people aged 55-64 years in 2011-12 were just over $100,000 and that the relatively modest superannuation savings of the current cohort do not last long in retirement. This is likely to change as the superannuation system matures in coming decades, when it is anticipated that Australians will have greater savings on average to support themselves in retirement – although most will continue to depend on the Age Pension to a greater or lesser degree.

In a measure designed to encourage longevity in the workforce and reduce pressure on the Age Pension, the current preservation age (age at which people can access
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their superannuation savings) is legislated to gradually increase from 55 to 60 years in 2025. Debate is currently ongoing about the feasibility of raising the preservation age (along the same lines as raising the Pension eligibility age). The Productivity Commission (2015: 2) has undertaken modelling to assess the impact of raising the preservation age to 65 years, finding that:

- There will be a modest increase in the participation rate of older workers (of around 2 percentage points in 2055) — mainly among those with higher wealth at or near retirement;
- Households that delay their retirement are likely to do so by around two years and will have superannuation balances around 10 per cent larger in real terms when they retire;
- There will be an indicative annual fiscal improvement of around $7 billion (in 2015 prices) in 2055 — mainly due to tax revenue increases from wealthier households;
- Changing the preservation age will have little, if any, impact on the workforce participation of individuals who retire involuntarily — almost one half of men and over one-third of women who retire between the ages of 60 and 64.

Transition to retirement pension arrangements are another means for keeping people connected to the workforce, by encouraging a gradual shift from full-time employment to full-time retirement. However, the effectiveness of this policy has been called into question by the Productivity Commission, which found that ‘incentives relating to taxation [minimisation] may have been a more relevant consideration than reducing working hours in the lead up to retirement’ (2015: 39).

Overall though, there is evidence that retirees are prudent in drawing down their superannuation savings, with less than 30% taken as lump sums and these used mostly to pay down debt, invest in income stream products and to purchase durable goods that are used throughout retirement.

2.4 Aged care and disability reform

Changes in aged care and disability policy in Australia are driving additional demand for products and services to support people who are ageing and people with a disability, and who require services to live independently or to transition to higher levels of support. Understanding the focus and scale of these changes is important in determining opportunities in the Mature Economy over coming years.

2.4.1 Aged care reform

The Productivity Commission Caring for Older Australians (2011) report set the agenda for a new aged care reform program, culminating in the Aged Care (Living Longer Living Better) Act 2013. This has been further developed with the focus of current reform centring on ensuring the aged care system is sustainable and affordable, offers choice and flexibility for consumers, encourages aged care businesses to invest and grow, provides diverse and rewarding career options, and supports people to stay at home and be part of their communities for as long as possible. Reforms are being implemented progressively from 2012 to 2022, and
include several components that are of importance to the Mature Economy due to their potential to create new business activity. In particular, the new focus on **restorative and re-ablement services** and on **consumer-directed care** support the growing demand for continued independence in the later years of the life cycle and will require new service models to sustain that demand. This is likely to include bundling services and programs beyond aged care so that lifestyle as a whole is supported. For example, particular ageing-related functional changes can be addressed through a range of housing, technology and lifestyle responses that preclude formal aged care, or which reduce the need for this.

A key feature of the new **Commonwealth Home Support Programme (CHSP)** is that it embeds a **restorative and re-ablement approach**, supporting greater independence and reduced reliance on formal services. An overarching **wellness philosophy** reflects the premise that even with frailty, chronic illness or disability, most people are motivated to live autonomously and support activities with a prevention focus and that optimise physical and emotional wellbeing.

Reablement is the use of timely assessment and targeted, short term interventions that help restore function and independence after an illness, crisis or any decline in capacity and enable independence and reduced reliance on services. A standardised national assessment process will include developing goal-oriented individual support plans which map out re-ablement objectives and begin the process of the consumer and service provider working together to realise those aims. Existing rehabilitation and day therapy services will be realigned to address re-ablement outcomes and new restorative services funded, for example, through new short term care packages. Workforce development to support this new direction is part of the overall reform, and will involve promoting a culture change at systems level from ‘doing for’ to ‘doing with’ (DSS 2014: 8-9).

**Consumer Directed Care (CDC)** is designed to give people ‘greater control over their own lives by allowing them, to the extent that they are capable and wish so to do, to make choices about the types of care services they access and the delivery of those services, including who will deliver the services and when’ (Australian Government, n.d.).

CDC is a **rights-based** model that promotes **choice** and **control** by consumers and a more market-driven approach to services. As such, it represents a radical shift away from years of tradition that involved service providers determining need and service design, and from more recent trends that placed the consumer at the centre of services by tailoring a package of supports according to individual need (and according to available funding). As the CDC model is phased in, funding will follow the consumer rather than the service provider. This will fundamentally change the traditional relationship between service provider and consumer, and with it, the accepted design of the care workforce. In this way, CDC represents a mindset shift to a **negotiated partnership of care** whereby...

... the consumer can purchase services and supports – changing the relationship between ‘consumer’ and ‘service provider’ to one of ‘employer’ and ‘employee’ (Barnett & Spoehr, 2014, p. 3).
In the process, it can be expected that new workforce roles will evolve, for example, to assist people to navigate service system choices or to manage individualised budgets. More broadly, it is likely that consumers will seek supports that achieve the same outcomes of independence as are sought now through aged care services, with new technologies playing a critical role. For example, housing design that supports independent living (with or without formal services) can be expected to be a growing area of demand for ageing Baby Boomers.

The Aged Care reform package announced in the Australian Government 2012-13 federal budget committed $3.7 billion over five years including a net Government investment of $576.9 million, with the balance of the package to be funded from within the aged care system and by introducing fairer means testing arrangements. $880.1 million was committed to home care packages to help older people remain in their homes while receiving care, with the number of packages increasing from 40,000 to 100,000 over five years; $75.3 million was committed to the provision of basic home support services; and $660.3 million was committed to providing improved incentives for residential aged care providers to invest in new facilities and provide consumers with greater choice about the level of accommodation services (2012). This money is expected to flow into the Mature Economy, creating manifold opportunities for innovative business and industry development.

2.4.2 Disability Reform

The National Disability Insurance Scheme (NDIS), rebadged as DisabilityCare Australia, is being trialled in parts of Australia and will be progressively rolled out across the nation from July 2016. The scheme applies the CDC model but is underpinned by an insurance model (rather than a service model) that is based on an estimate of the reasonable and necessary support needs of people with a disability. The NDIS represents a conceptual shift in disability policy because it shifts disability support from a welfare system to an entitlement. As with aged care reform, it can be expected to generate a range of new workforce roles and business opportunities designed to support consumer demand.

The Australian Government has committed $19.3 billion over seven years from 2012-13 to provide services to an estimated 460,000 people with disability. Modelling of the long term economic benefits of the scheme indicate that these will exceed its costs, adding about 1 per cent to gross domestic product and saving $20 billion per year by 2035 (NDIA 2014: 29 citing Productivity Commission and PriceWaterhouseCoopers research).

With an ageing population, the number of over 65 participants in the NDIS is expected to grow strongly over coming years’ (National Commission of Audit, 2014, p. 183). A review of NDIS costings by the Australian Government Actuary indicated that around 5% of clients and between 5% and 10% of funding (around $250m to $500m) under the NDA may be going to those aged 65 or more (aged 50 or more in the case of indigenous Australians) (The Treasury, n.d.).

2.4.3 The potential contribution of public procurement to the Mature Economy

Government procurement processes contribute significantly to the wider economy by way of the number and value of contracts awarded to various companies and
organisations in return for required goods and services. At the Commonwealth level, procurement contracts for the 2013-14 period amounted to 66,047 contracts around $49 million in value. Of this, close to $17 million (around 36,000 contracts) went to SMEs and around $5.7 million (20,000 contracts) went to small enterprises. Among the top 20 categories for goods and services awarded procurement contracts in 2013-14 are a number that have potential applicability within the Mature Economy sphere, for example the healthcare services industry which received around $2 million worth of contracts with SMEs accounting for 31.2% of the work (Australian Government Department of Finance, 2014).

There is increasing recognition among governments of the benefits that can be delivered through public procurement processes, beyond immediate commercial objectives. Public procurement can facilitate valuable socio-economic outcomes for example supporting regional economic activity, triggering investment in the businesses that make up local supply chains and thereby boosting regional employment. Research has shown that procuring goods and services from local suppliers generates greater economic activity and enhanced economic impact compared with chain suppliers. This is driven in large part by payment of wages and benefits to local residents, supporting local supply chains, retaining profits within the local community, and charitable giving to local causes (Civic Economics, 2007). Public procurement can also play a role in triggering and supporting innovation in areas of special interest to government (e.g. advanced manufacturing and assistive technologies), and in attracting and retaining a skilled and vibrant workforce mix (Deloitte Access Economics, 2015).

The South Australian Office of the Industry Advocate (OIA) is ‘tasked with improving the economic benefit to the state by increasing the number of State Government contracts being awarded to local businesses’ (Office of the Industry Advocate, n.d.: 1). The OIA has endorsed nine principles to ensure maximum local participation that require the procuring agencies to factor economic benefit to the state in assessing bid evaluations, to streamline the process and facilitate the capacity of local businesses and organisations to tender for work, and to take a proactive stance in seeking potential for local industry development and employment creation at project design stage. These important signals at government level should be seen as a key encouragement for local businesses and organisations in the Mature Economy sphere to seek opportunities through public procurement processes.

### 2.5 The Spending Potential of Older People

The household savings of people over the age of 60 provides some indication of the magnitude of demand that might be generated by older people over years to come. Ageing Asia (2013) estimates the value of the so called ‘silver economy’ or Mature Economy in the Asia Pacific region to be around US$3 trillion by 2017, up 58% from 2012. It expects around 1.2 billion ageing Baby Boomers to be living in the Asia Pacific region by 2020. In its *Asia Pacific Silver Economy Business Opportunities report* Ageing Asia ranks Australia 2nd out of 15 nations for market size and the economic potential of Baby Boomers. Table 1 shows Hong Kong receiving the top rating followed by Australia, Singapore, Japan and the Republic of Korea.
### Table 1: Ageing Asia silver economy index

<table>
<thead>
<tr>
<th>Factors</th>
<th>Hong Kong SAR</th>
<th>Australia</th>
<th>Singapore</th>
<th>Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Capita Household Savings</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Growth rate of Household Savings</td>
<td>5</td>
<td>13</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>% Of Ageing Population</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Life Expectancy</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Weighted Average Index</td>
<td>3.8</td>
<td>5.8</td>
<td>6.1</td>
<td>6.3</td>
</tr>
<tr>
<td>Ranking</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Ageing Asia, 2013

The Australian Human Rights Commission (2014) underscores the relatively strong economic position of a large number of Australians:

- Between 1994 and 2012, Australian people aged 55-74 years had the fastest growing household wealth of any age group.
- People aged 50-69 years hold more than 40% of the nation’s wealth.
- In 2011, the 55-75 age group held the most assets collectively and had the greatest average net worth, ranging from $743,000 - $828,800.
- In 2011 Baby Boomers had combined over $1 trillion in disposable income.

It is important that both income and wealth be taken into account in assessing the economic position of older Australians. The AIHW (2013) reported that even though households with an older person tended to have lower average incomes than other households, they were more likely to have greater wealth. Older people were less likely to be living in households experiencing financial stress than younger people: 4% of people aged 65 and over reported that their household had a cash flow problem in the previous 12 months compared with 25% of people aged 18-44 and 17% of people aged 45-65. Table 2 and Table 3 show the financial position and tenure status respectively of older Australian consumers relative to the general population, 2011-2012. These indicate that older households are in a relatively strong financial position.

### Table 2: Financial status of older Australians 2011-2012

<table>
<thead>
<tr>
<th></th>
<th>Mean gross household income per week</th>
<th>Mean household assets</th>
<th>Mean household liabilities</th>
<th>Mean household net worth</th>
</tr>
</thead>
<tbody>
<tr>
<td>All households</td>
<td>$1,847</td>
<td>$858K</td>
<td>$130K</td>
<td>$728K</td>
</tr>
<tr>
<td>Couple only, 55-64</td>
<td>$1,857</td>
<td>$1,369K</td>
<td>$103K</td>
<td>$1,266K</td>
</tr>
<tr>
<td>Couple only, 65+</td>
<td>$1,021</td>
<td>$1,211K</td>
<td>$21K</td>
<td>$1,189K</td>
</tr>
<tr>
<td>Lone person, 65+</td>
<td>$542</td>
<td>$628K</td>
<td>$5K</td>
<td>$623K</td>
</tr>
</tbody>
</table>

Source: ABS (2013a)
Table 3: Tenure status of older Australians 2011-2012

<table>
<thead>
<tr>
<th></th>
<th>Owner without a mortgage (%)</th>
<th>Owner with a mortgage (%)</th>
<th>Renter (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All households</td>
<td>30.9</td>
<td>36.6</td>
<td>30.3</td>
</tr>
<tr>
<td>Couple only, 55-64</td>
<td>55.1</td>
<td>34.2</td>
<td>8.7</td>
</tr>
<tr>
<td>Couple only, 65+</td>
<td>82.1</td>
<td>8.2</td>
<td>7.9</td>
</tr>
<tr>
<td>Lone person, 65+</td>
<td>71.9</td>
<td>4.8</td>
<td>19.3</td>
</tr>
</tbody>
</table>

Source: ABS (2013a)

Research by Challenger Ltd into retirement income has shown that the average balance in super at June 2010 for people aged 65 years and over was $72,247 ($96,540 for men and $70,721 for women). The median aggregate personal super balance (excluding zero balances) for this cohort was $119,900 ($121,200 for men and $120,300 for women).

Lump sum payments accounted for 56% of benefit payments from APRA-regulated funds in 2011. Of those aged 65 years and over who received a lump sum payment, 32% used part of the payment on home-related expenses, 25% invested some of the amount in an annuity or other super vehicle and around 27% invested outside super (Cooper, Minney, & Sainsbury, 2012).

The Challenger research also calculated average aggregate personal super balance at retirement projections, assuming that wages increase by 4% per annum and contributions increase to 12% by the 2020 financial year, and factoring in a 3%, 6% and 9% future return on investments (see Figure 1). In a positive sign for the Mature Economy, according to this modelling balances are set to increase considerably by 2020, and this ‘will continue until the system has fully matured, sometime after 2040’ (ibid., p. 14).

Figure 1 Super proxy and projections of median aggregate personal balance at retirement

Source Challenger estimates from ABS, RBA, APRA, and Morningstar data (Cooper et al., 2012, p. 14)

1 Based on ABS aggregate personal balance estimates.

2 Median balances are considered to better represent the typical super balance because they refer to the person ‘in the middle of system’ and are less affected by small or large outliers. Source ABS and Challenger estimates.
2.6 Spending Patterns of Older People

It is important to understand the consumption patterns of older people. Research indicates that they tend to spend a higher proportion of their income on housing and social services, health care services, and energy and utilities while expenditure on culture, entertainment and transport tends to decline and expenditure on basic food and clothing remains constant. Nonetheless, the consumption of more luxurious items (e.g. recreation, travelling/transport and restaurants) is a significant component of expenditure in countries with higher incomes. Descriptive analysis based on non-standardised European Household Budget Surveys has shown that (Stefanik et al., 2013):

- Over 60s spent the highest proportion of their income on housing and utilities (this increases with age), followed by food;
- Health spending increases with age;
- Spending on most other items (e.g. clothing, transport and communication) declines with age, potentially linked with a decline in income, reduced commuting requirements etc.; however the decline in recreation, culture, restaurants and hotels spending was less definitive.

An analysis of ABS distributional data on Australian household income and consumption for 2009-10 - drawing on Household Expenditure Survey (HES) data, Survey of Income and Housing data, and aggregate data from the national accounts - showed that compared with younger households, older households (Beech, Dollman, Finlay, & La Cava, 2014):

- Allocate a lower proportion of spending to durable goods (possibly because these have already been accumulated);
- Spend proportionally more on essential services (e.g. utilities, health care) and less on discretionary services (e.g. travel, hotels, restaurants, recreation);
- Are trending away from spending on goods toward spending on services (although the size of this effect was small).

Beech, et al., (2014) found that older households have accounted for an increasing share of aggregate consumption over last two decades while younger and middle-aged share of total consumption has declined. This was seen as a function of the share of older households increasing across society; older households spending more overall than they used to; and older households having higher disposable income and wealth compared with earlier equivalent cohorts, due to real value of pensions and superannuation and later retirement. At the same time, this needs to be weighed against research findings that show that older household purchasing power and patterns are sensitive to shifting local conditions and cost of living pressures (e.g. rising utility bills) which can act as a depressor on discretionary spending, particularly among poorer households. There is evidence to show that as the average household gets older a larger proportion of the available household income is being spent on non-discretionary (essential) items, which makes older people more vulnerable to price increases in the market. However, the fact that older age incomes tend to be higher than they used to be has allowed most older
households to adjust without too much trouble to price increases in some non-discretionary items. (Kelly, 2011).

The strongest markets in the mature economy are related to health care and spending on non-discretionary items such as food and energy utilities (Beech, Dollman, Finlay, & La Cava, 2014; Kelly 2011). Although spending on discretionary items does trend down with age, this does not discount significant market opportunities if products and services are targeted and marketed properly to older consumers. As the evidence indicates, older households are in a stronger financial position than they have ever been, and where there is stronger financial security in the wider economy, there is higher spending on products and services that carry particular appeal for older people.

3 Economic opportunities in the mature economy

Significant business and employment opportunities exist in the Mature Economy both here and overseas. While domestic policy drivers are generating demand for Mature Economy goods and services here in Australia, the offshore opportunities dwarf those that are available here. In this section we canvas the broad range of opportunities available both here and offshore, suggesting that the market for mature economy goods and services is truly a global one as data from Ageing Asia demonstrated earlier.

A further study on the economic potential of the silver economy in selected European countries underscores this claim (Stefanik et al., 2013):

- **Germany** has a well-developed pension system and high average salaries; against this backdrop, older consumers tend to spend on health care, recreation and culture. A likely need was identified for more employees to service the growing demand of older people in most sectors of national economy.

- **Italy** demonstrates similar contextual features to Germany, translating to a higher ‘silver’ demand for food, beverages and tobacco, housing utilities, health care and luxury goods. This similarly should translate into new job opportunities.

- **Finland** has a relatively high standard of living, underpinning an evident ‘silver’ demand for both daily life necessities and luxury goods and services (furnishing, recreation, culture, transport, communication, restaurants, and hotels). It is expected that positive labour demand expansion in future will largely be driven by demand from older consumers.

Using aggregate data of the EU 27, the impact of population ageing was approximated with respect to older households (those with a person 60 years and over) and younger households (person younger than 60 years). The results suggested that increased demand generated by older households will generate **2.6 – 4.4 million new jobs** from 2010-2025. Changes in public expenditure and the potential to export Silver economy goods and services were not factored into these analyses, however, it was considered that these factors were likely to contribute a
positive effect. Higher productivity gains were expected in manufacturing sectors than in service sectors.

The Economist Intelligence Unit (2011) undertook a study of population ageing related risks and opportunities faced by businesses involving a desktop review, in-depth interviews with a range of experts and a global survey of 583 executives across financial services, telecommunications and technology, healthcare, pharmaceuticals and biotechnology and professional services. The main findings showed that:

- Business is largely optimistic about longevity, with most considering it a ‘middling’ opportunity, but around a third seeing it at a major opportunity.
- Healthcare and pharmaceuticals, leisure and tourism and financial services were seen as some of the major beneficiaries; however, companies will have to adapt to achieve success in the Silver market.
- Significant growth opportunities exist for specialised companies targeting older consumers, such as health care and medical device manufacturers (e.g. hip and knee joints); however long-term benefits are also likely for companies that are not age-specialist (i.e. that produce non-age specific products). As the proportion of the mature economy increases, this segment will be responsible for a greater proportion of general revenue.
- Undertaking research and development is integral to building a Silver market response; leaders in this respect include Intel, General Electric, Danone and Philips. Smaller businesses appear to be more responsive than their larger peers in developing new products and services, however, bigger companies are better able to market to specific niches, train their sales staff.
- Age-sensitive marketing/advertising is a challenge – it was found to be important to avoid mentioning age, and to focus on product benefits and positive, active consumers. It was also found to be useful to tap into social network sites for older people to advertise and to actively engage with this constituency.
- Companies need to rethink their corporate strategy, adapt their business models, expand into new product markets or geographies, and rethink pricing structures for different demographic groups.

3.1 NEW MARKETS AND OPPORTUNITIES IN THE MATURE ECONOMY

The Mature Economy offers industry and business development opportunities in a range of areas, many of which overlap. These are outlined below.
3.1.1 **Opportunities in Healthy Ageing**

Australian households show a clear preference for spending on medical and health services, based on rising levels of need (Martins et al., 2012). The quantity and type of health related products and services are certain to continue increasing across acute and primary care settings, including a greater demand for pathology and testing services and pharmaceuticals. A recent analysis of Australian Government health expenditure for older households has shown the marked increase between 1984 and 2009-10 in spending on a range of health services spanning acute care, community health services, pharmaceuticals and other expenditure (see Figure 2 and Figure 3 below) (Tapper & Phillimore, 2014).

**Figure 2: Trends in Australian Government health expenditure, by age**
Markets opening up in healthy ageing will span a wide range of products and services designed to help older people to maintain health, wellbeing and optimal functional capacity. There will be expanding opportunities in the management of health, including health literacy and medication management, in healthy eating, physical activity, falls prevention, alcohol and tobacco use, and opportunities for social, economic, cultural, spiritual and civic participation. Adapting and creating age-friendly environments will also receive increasing attention:

*Some important aspects of age-friendly cities that encourage healthy ageing are pleasant and clean environments, green spaces, seating areas available for rest, paving and surfaces free of fall hazards, accessibility of shops and transport, security and adequate public toilets (Renehan et al., 2012, p. 17).*

There is scope across all of these areas for innovation in product design, such as online self-management resources, medication packaging design, and in service offerings, such as peer-led, lay-led and health professional-led education, telephone support services for older consumers, expansion of age-focused allied health services (including those with a restorative focus), community based groups and classes, exercise programs (gym-based and outdoor), skills development, counselling and mental health services and the list goes on (Renehan et al., 2012).
**Box 3: The Oomph**

The Oomph is a UK-based social enterprise designed to fill a gap in fitness and leisure services for older people in care homes. Oomph has developed unique training techniques, choreography and routines to underpin fitness classes such as chairrobics and Strictly Fun Dancing. Classes are co-designed with older adults, based on expert methodology and endorsed by leading industry bodies. Classes have been delivered to more than 500 care homes and 15,000 residents. The enterprise is extending its reach by training activity coordinators in care homes to deliver regular, highly cost-effective classes themselves. With reference to the founder of Oomph, the Guardian reports that - ‘Fitness and personal training companies often see care homes and the elderly as the less ‘glamorous’ part of the market, but he feels they are a huge and growing part of the population that deserves dignity and respect.’


**Box 4: Funlife Fitness Centre Older Adult programs**

Funlife Fitness Centre Older Adult Fitness Programs & Strength for Life
The Adelaide-based Funlife Fitness Centre runs a supervised and individually tailored program specifically for over 50’s to regain and maintain muscular strength. The Strength for Life program promotes health and well-being amongst people over 50 through strength training programs run by accredited trainers. Features of the service include providing an accessible and safe environment for older clients, individual client assessments, supervised sessions, and an area for participants to socialise before and after sessions, for a low cost.


### 3.1.2 Opportunities in Assistive and Emerging Technologies

Assistive technologies (AT) are devices that enable individuals to perform tasks they would otherwise not be able to because of age or disability, or technologies that increase the ease and safety with which tasks can be performed. AT range from relatively simple to highly complex technologies (Spoehr, Worrall, Sandercock, Eyre, & Molloy, 2014: 8).
The Australian Workplace Innovation and Social Research Centre (WiSeR) at the University of Adelaide partnered with the Stretton Centre, the Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) and Fraunhofer IAO based in Stuttgart to identify high value practical and actionable target opportunities for South Australian firms along the AT value chain. According to the report, the growth in demand for, and output of AT in wealthy societies is correlated to (Spoehr et al., 2014: 15):

- greater life expectancy and concomitant increases in age-related health expenditures;
- the general shift towards higher consumption of services as income grows;
- the increasing imbrication of services with advanced manufacturing, highly evident with AT;
- rapid technological innovation that makes the satisfaction of these demands possible, alongside the creation of new wants;
- reform in aged care through the Living Longer, Living Better policy agenda, a key focus of which is Consumer Directed Care (CDC).

In an earlier WiSeR study, multiple opportunities were identified for innovation in AT that would make a difference in supporting independence for the older person, including people with dementia (Eyre, Spoehr, & Barnett, 2013: 4):

Possible areas are the need for lighter weight and less bulky products that can reduce the demands on users, carers or care staff for manual handling and be more easily transported and used in homes. Other ideas are for low cost items and aesthetically appealing products that fit well into home décor.

Australia was described as behind the US and European Union in developing industry opportunities. Job creation in South Australia was viewed in a favourable light however the size of the market - 6% of the national market - and cost of overheads and labour relative to low cost country manufacturers were seen as the primary barriers to manufacturing. Nonetheless, key areas of future demand included –

- Creative and better ways to use existing ICT and customization of ICT to support greater sustained independence for older people;
- Telehealth and telelink
- Innovative Apps that support independence, e.g. memory support, with design and geo mapping implications e.g. for wanderer alerts for safety
- AT in residential care to support palliative care and the impact of degenerative diseases
There is limited available data to enable a thorough assessment of AT-related expenditure. However, in late 2013 WISeR undertook a study to explore the scope and issues related to AT in the aged care sector in South Australia. The study captured information from 25 interviews and written material from a total of 15 procurement, community/home care and residential care staff from seven aged care providers and 10 representatives from professional associations, suppliers and developers. Notable findings included (Spoehr et al., 2014) -

- A local AT supplier reported that over a three year period (2010-13) growth had occurred in home based equipment rental of 70% in disability sector services, 25% in aged care services and 49% in palliative care.
- Not all interviewed organisations were able to provide dollar estimates for their AT procurement costs. For the six aged care organizations that could provide reliable information, expenditure on AT in the last financial year ranged from 0.3% - 4.6% of annual revenue. Much of this expenditure was ‘lumpy’, for example increasing whenever a new facility was constructed or refurbished.

The ActiveAge Project in the UK characterises the independent living market (assistive living solutions) as a cross-sectoral concern, incorporating products and services to enhance quality of life, health, wellbeing and independence. Assistive technologies enable people to continue to function and adapt as they age and/or manage particular disabilities. The independent living market was expected to grow around 20% between 2008 and 2015, driven in large part by the prevalence of long-term or chronic health conditions, a focus on quality in service provision, the need to find solutions to escalating health care costs, and changing user needs and expectations.

Examples of innovative products and services within this market include cochlear implants, vision-enlarging video systems, translating on-screen text into Braille, corrective communication devices for speech impairments, computers controlled by voice or eye movements, prostheses and implants. Biotechnologies refer to the production of biomaterials and bioengineering processes resulting in, for example, artificial retina devices, cortical implants, growing artificial organs from stem cells (e.g. pancreas, heart, bladder), regeneration of joints using stem cells, and using antioxidants to counteract cochlear degeneration.

**Box 6: Liftware stabilizing utensils**

Lift Labs is a San Francisco-based start-up brought together a group of scientists and engineers to develop new technologies for people with Essential Tremor and Parkinson’s disease, a demographic that includes millions of people whose hands shake so much that just getting food into their mouths is a challenge. The company’s premiere product is a rechargeable handheld device capable of stabilizing an attachment such as a spoon, fork, or tweezers. The device has built-in sensors that detect tremors and cancellation technology that eliminates, on average, 70 percent of a person’s tremor.

http://www.liftware.com/

Emerging technologies, particularly in the sphere of robotics, are increasingly being used to respond to the diverse needs and demands of older people. Examples include home security and surveillance robots; reminder robots to assist people with dementia; rehabilitation robots, for example intelligent wheelchairs, walkers and motor skill enhancement armatures such as the Robot Suit HAL (Hybrid Assistive Limb); robots for lifting and washing patients; and social assistive robots for companionship. For example, cognitive and emotional interactions between older people and animal shaped robots are currently being investigated in Japan, with the aim of overcoming social isolation.

Many of these types of technologies have not yet entered the mainstream due to significant cost and performance inhibitors, and a lack (to date) of public receptivity. In view of this, it is important to explore how such technologies can be designed to complement rather than replace human interaction. Blackman (2013: 763) argues that there are ethical and marketing issues associated with developing assistive robots with pet-like or human-like features. The better approach is to develop ‘useful domestic appliances and personal technologies with attractive designs, engaging functionality and intuitive usability’; moreover from a marketing perspective, ones that connect with older people’s contemporary lifestyles rather than suggest age-related decline and loss of independence.

**Box 7: VGo Telepresence Robots**

Visiting Nurse & Hospice of Vermont and New Hampshire (VNAVNH) have collaborated with VGo Communications, Inc. to implement VGo robots to deliver care in New Hampshire and Vermont clients’ homes. VGo robots are a light weight, easy to use technology that enables health practitioners to deliver remote services to select patients, while preserving valuable person to person interaction.


It is noted that the potential to develop and market suitable telehealth products in the Australian context would require close collaboration between all levels of government, medical and health care professionals, patient representative groups, public and private hospitals, health insurers, researchers, technology providers, telecommunications suppliers and others. An initiative of this scale and complexity needs a national Telehealth Vision and Strategy, investment in Health and ICT research and development, and an overarching collaborative research strategy rather than piecemeal, fragmented research as is currently the case (Per Capita, 2014).

### 3.1.3 Opportunities in ICT Development

Research suggests that new communication technologies such as the Internet, computers, tablets and mobile phones are underutilised by older people even though this population stands to benefit the most:
New technologies provide a forum for communication, regardless of location, that can help offset loneliness and isolation issues. Importantly, new communication technologies empower people by allowing for access to information, regardless of level of mobility. As society as a whole, including service organisations that provide care to ageing populations, move to become increasingly ‘digitised’ in their distribution of information and services, it is crucial that older people are not left behind (Feist & McDougall, 2013, p. 1).

No data were available on Australian age-related household expenditure on ICTs, however usage data are able to provide a picture on the burgeoning potential of ICTs in the Mature Economy (see Figure 4).

**Figure 4: Trends in older Australian households’ computer and internet access, 2003-2009**

As ICT engagement increases among older people – particularly with the advent of the Baby Boomers into retirement – the scope for developing age-friendly ICT products and services will increase in line. Examples of innovation already set in motion include the development in the US of the ‘Wow! computer for seniors’ which has a locked desktop and Linux operating system which prevents people from accidentally downloading programs and viruses, and a touchscreen that is useful for people who lack the dexterity to type or use a mouse. A similar Telikin product provides patient, responsive phone support for tentative older customers and a remote assistance feature which allows an external used to port in and demonstrate which buttons to press. Other enterprising businesses have developed simple interfaces for senior browsing that include a limited number of buttons for basic functions such as email, photos and the web. Some providers store email and photos on their own server so seniors cannot accidentally delete them (McDermott, 2012).
Japan has taken a highly proactive stance in considering the potential of ICT applications in the areas of e-participation, e-government and e-health for older citizens, with some estimating that the value of ‘silver ICT business’ in Japan could be around USD$1trillion by 2035. There is a concerted effort to exchange knowledge with other countries on how evolving ICT can be applied to meet the needs of rapidly ageing populations, for instance in the areas of e-disaster education and e-public safety particularly where older people are affected by lack of mobility. The figure below demonstrates the projected scope for ICT development in the mature economy (Iwasaki, 2013) -

**Figure 5: ICT services and applications that can be adapted for an ageing society**

Japan is setting a number of benchmarks in the area of ICT innovations in health. Various applications include the use of telemedicine (particularly in remote areas), teleradiology where radiology images such as x-rays, CTs etc are transmitted/shared across locations, and home telecare which involves remote monitoring of health conditions by transmitting users’ health data to connected medical institutions via telecommunications networks. An example is ‘Raku Raku’ telephone handsets with built in pedometer and heart rate monitor which have the ability to link with
external scale and blood pressure meters via an infrared signal port, enabling compilation of medical data in graph form. On the basis of remotely communicated biomedical feedback, professional caregivers or rehabilitation centres can provide tailored advice and instruction to their older patients. It is worth noting, however, that as it currently stands in Japan the cost of operating remote telecare options has proven prohibitive and has led to a decrease in their use. There is still some way to go in developing systems that are both proficient and efficient (Obi, Ishmatova, & Iwasaki, 2013).

There is significant interest in the Asia Pacific region in developing preventative health initiatives and projects focused on improving mobility, exercise and physical activity, and the management of dementia and other mental health issues (Ageing Asia, 2013). Japanese examples of ICT innovations to support healthy ageing include the development of video games for seniors to maintain physical and mental health, complemented by programs such as the Serious Game Project which is about engaging and enabling the games industry to expand in this area (Obi et al., 2013).

**Maximising opportunities arising from increased ICT engagement**

Increasing ICT engagement by older people also signals potential for their power as consumers of goods and services marketed online. Household Use of Information Technology data (Australian Bureau of Statistics, 2011) indicate that along with a range of activities, internet use by older people for purchasing and ordering goods or services is increasing over time (see Figure 6).

**Figure 6: Older households’ internet use by activity, 2003-2009**

![Older households’ internet use by activity, 2003-2009](image)

Source: ABS (2011)

As Figure 7 shows, in 2010-2011 just over half of people aged 65 years and over had used the internet to purchase or order goods and services. This was mainly geared to the purchase of travel, accommodation, memberships or tickets (71%). The next
waves of older consumers (people aged 55-64 years and 45-54) had a progressively higher propensity to purchase over the internet, signalling that the trend is likely to grow over time and to present market opportunities in a range of spheres.

**Figure 7: Top internet transactions by age, 2010-2011**

<table>
<thead>
<tr>
<th>Internet transactions 2010-11 – Top 4</th>
<th>69% of 45-54 year olds</th>
<th>64% of 55-64 year olds</th>
<th>53% of 65+ year olds</th>
</tr>
</thead>
<tbody>
<tr>
<td>What percentage of internet users purchased or ordered goods/services via the internet?</td>
<td>79%</td>
<td>77%</td>
<td>71%</td>
</tr>
<tr>
<td>Travel, accommodation, membership/◊/tickets</td>
<td>29%</td>
<td>32%</td>
<td>26%</td>
</tr>
<tr>
<td>Computer software, hardware or Internet time</td>
<td>40%</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>Clothes, cosmetics, jewellery</td>
<td>28%</td>
<td>22%</td>
<td>19%</td>
</tr>
<tr>
<td>CDs, music, DVDs, videos, books or magazines</td>
<td>38%</td>
<td>38%</td>
<td>34%</td>
</tr>
<tr>
<td>Sporting goods, toys, CD/DVDs, hobbies, shares or insurance</td>
<td>22%</td>
<td>22%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: AIHW (2012)

The data also show older households’ reasons for not purchasing via the internet, which signals areas that could potentially be addressed to build the profile of this cohort as an important market segment in the online space (see Figure 8). For those aged 65 years and over, 39% considered they had no need to shop this way, with around a fifth preferring to shop in person and expressing security concerns about
providing credit card details. Security concerns were even higher for people aged 55 to 64 years, flagging the need to build confidence in this area among older people.

**Figure 8: Main reasons for not purchasing via the internet, by age**

![Chart showing reasons for not purchasing via internet by age group](image)

Source: AIHW (2012)

### 3.1.4 Opportunities in Supporting Age-Friendly Workplaces

Retirement income reform, whether focused on the Aged Pension or superannuation arrangements, is geared toward extending longevity in the workplace. This is likely to bolster existing trends towards higher rates of employment for older people (see Figure 9). Figure 10 shows the rate of change in the employment status of older people across age groups from 45 years. It is likely that upward trends in the 55 to 64 year old groups will carry into the 65 and over group over time.

**Figure 9: Increase in the proportion of employed people aged 65 and over, 2001-2011**

![Chart showing increase in employment rates](image)

Source: AIHW (2012)
To sustain rising workforce participation rates for older people we will need to design, construct and support more age friendly working environments. This will require the involvement of architects, interior designers, physiotherapists, occupational therapists, medical practitioners, social workers, engineers, builders and many others in the development of integrated solutions.

An interesting demonstration case is the BMW Today for Tomorrow Strategy which originated in mid-2007 at the plant in Dingolfing, Lower Bavaria and was designed to improve retention and productivity among older workers. Most of the workplace changes made were physical alterations to the workplace designed to reduce wear and tear on workers’ bodies. A total of 70 changes were made to workplace equipment. These are summarised in the table below.
### Table 5: Changes Made to the BMW Production Line, Their Cost and Purpose

<table>
<thead>
<tr>
<th>Workplace change made</th>
<th>Cost (€)</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wooden flooring</td>
<td>5,000</td>
<td>Reduces knee strain &amp; exposure to static electricity</td>
</tr>
<tr>
<td>Ergonomically modified chairs</td>
<td>1,000</td>
<td>Enables breaks, alternate sitting/standing while working</td>
</tr>
<tr>
<td>Orthopaedic footwear</td>
<td>2,000</td>
<td>Reduces strain on feet</td>
</tr>
<tr>
<td>Angled monitors</td>
<td>-</td>
<td>Reduces eye strain. Achieved in 2 hours’ maintenance time</td>
</tr>
<tr>
<td>Magnifying lenses</td>
<td>1,000</td>
<td>Reduces eye strain &amp; minimises sorting errors</td>
</tr>
<tr>
<td>Large typeface on computer screens</td>
<td>-</td>
<td>Reduces eye strain &amp; minimises sorting errors. Undertaken by maintenance staff</td>
</tr>
<tr>
<td>Adjustable worktables</td>
<td>-</td>
<td>Eases physical strain. Facilitates personnel rotation. Undertaken by maintenance staff</td>
</tr>
<tr>
<td>Large-handled gripping tools</td>
<td>-</td>
<td>Reduces strain on arms. Project undertaken with uni students</td>
</tr>
<tr>
<td>Stackable transport containers</td>
<td>-</td>
<td>Eases physical strain. Facilitates personnel rotation.</td>
</tr>
<tr>
<td>Manual hoisting cranes</td>
<td>1,000</td>
<td>Reduces back strain. Cost shared with university to support a master’s thesis.</td>
</tr>
</tbody>
</table>

*Source: Lock, Sting, Bauer & Mauermann (2010: p.101)*

These physical changes to the work setting were complemented by changes in work practices. Work station assessments resulted in the adoption of an ‘Ergonomically Optimal Job Rotation’ practice, and a physiotherapist was engaged to develop strengthening and stretching exercises for workers to undertake at the start of breaks.

A total of €40,000 plus a few hours of maintenance time was needed to implement the changes. Capital investment amounted to some €20,000 while wages covering workers’ participation in workshops totalled a further €20,000. The reported return on investment was as follows:

- The pilot line achieved a 7% productivity improvement in one year, equalling that of lines staffed by younger workers.
- A range of BMW targets were met (units of production per shift, defects per million quality target met and zero defects achieved).
- Absenteeism dropped from 7% to 2% which was below the plant average.

The project was subsequently rolled out to other BMW sites in Germany, as well as in Austria and the USA. Tests on the impact of these have been similar to the outcomes achieved in Dingolfing. Exemplifying the business case for its workforce health initiatives, BMW won the *AARP International Innovative Employer Award for Best Practice in Age Management* for the *Today for Tomorrow* Initiative while its Dingolfing Plant also won the *Factory of the Year Awards’ Future Prize* for the *Healthy at Work* Initiative (Barnett, Adams, & Howard, 2014).

This type of program highlights the potential for age-focused interventions in the workplace, and spin-offs in terms of demand for associated goods and services in the Mature Economy space. Moreover, the benefit is two-fold insofar as a focus on workplace adaptation for older workers injects demand into the Mature Economy and it delivers higher productivity outcomes for employers.

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3.1.5 Opportunities in Age-friendly Living Arrangements

At the time of the 2011 Census 2.7 million (94%) of older Australians lived in private dwellings (up from 93.3% in 2001) and 180,300 (6%) lived in non-private dwellings, marginally down from 6.7% in 2001 (Australian Bureau of Statistics, 2013b). The breakdown in terms of dwelling type for each category is presented in Figure 11. It is suggested that the slight reduction in rates of living in non-private dwellings is due to the increasing social and policy focus on enabling people to age in the community, and the concurrent development of services and accommodations to support this.

**Figure 11: Living arrangements of older Australians, 2011**

![Diagram showing living arrangements of older Australians, 2011](source: ABS (2013b))

**Ageing at Home**

Adapting home environments to ensure comfort, independence and safety for older people is set to become a key feature of the mature economy. Opportunities are expected to unfold in new home design and retro-fitting existing homes with various features and aides designed to accommodate the needs of older people. Age friendly housing design will overlap with developments in assistive technologies, for example using biosensors and ambient intelligence in the home to sense and alert changes in predictable behaviour (e.g. sensing a lack of activity in the event that a person has fallen and is immobilised). Smart home technologies are considered to be viable in Australia because as a nation it is relatively affluent, has a stable economy and is a ‘digitally orientated society’. Smart homes are being ‘promoted as an emerging space for positive aging, especially with their potential to increase the ease and safety in performing domestic tasks and to improve communication’ (Lê, Nguyen, & Barnett, 2012, p. 609).

The following smart home features have been identified by Aged and Community Services Australia as having potential use in maintaining older people in their homes, depending on their health and financial status (ibid, p. 610):

- Personal alarms via pendants and pull cords to a response centre;
- Video door entry systems that allow the resident to see who is visiting and to then open the door remotely;
- Bed and chair occupancy sensors that provide early warning if the resident does not return in determined time;
- Lighting that can be automatically activated when a resident gets out of bed;
- Medical monitoring, such as pulse, blood pressure and soiling that can be assessed on site and information forwarded appropriately; and
- Increased use of robotics to assist around the house.

**Box 8: Tele-health Fall Detector**

![Image](image1.png)

*Source: Fraunhofer (www.mobihealthnews.com)*

**Box 9: Lively activity sensors**

**Lively** is an inexpensive system of Internet-connected sensors placed on objects within a person's home that tracks activity so adult children can ascertain if a parent is taking their medication, opening the refrigerator, visiting the bathroom, or leaving the house. The sensors beam activity signals to a central hub with built-in cellular service which communicates with the Lively website family members can monitor. If activity levels are out-of-whack the company sends notifications to family members via email or text message. The San Francisco-based start-up has garnered $7.3 million in funding to date.


With more older people seeking to stay at home for as long as is functionally possible, opportunities will increase exponentially in the Mature Economy personal care and household services sectors. The typical services that will be in high demand include personal care management including in-home health care, and household services such as housekeeping and general maintenance services and meal support services. It is expected that those approaching retirement will want more choice and flexibility in the nature and type of services offered and this will provide scope for new business products and models of delivery, for example personal services tailored to the needs of individuals (e.g. companionship, walks, grocery shopping).

Figure 12 presents need for assistance data drawn from the Australian Survey of Disability Ageing and Carers showing the increase in numbers of people requiring...
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different services, in the three years between 2009 and 2012 (Australian Bureau of Statistics, 2009a, 2012a).

**Figure 12: Number of people aged 65 and over requiring assistance, 2009-2012**

![Graph showing number of people aged 65 and over requiring assistance, 2009-2012](image)

*Source: ABS (2009a, 2012a)*

Ageing Asia (2013, p. 14) identifies the vast scope for business and employment growth associated with the ‘business of care with Asia’s 1.2 billion ageing population’, extending beyond traditional provision by the public and not-for-profit sectors to include Care Entrepreneurs, those business owners and employees who have a dual commitment to delivering better care and quality of life for the elderly and securing operational sustainability in the business of care. Noting the likelihood that over time fiscal pressures will compel governments to focus their efforts on those least able to afford care, it is suggested that private sector Care Entrepreneurs will step in to provide products and services to meet the needs of those with the resources to buy in their own care.

In the Australian context the role of Care Entrepreneurs intersects with the shift to consumer directed care, where older people will be able to purchase the types of care they want from providers of their own choice rather than being restricted to prescribed care packages. This also frees up space for innovation and flexibility in care design and provision that suits the SME sector.

In terms of the growth in demand for household services, an Australian study showed that in 2011 older Australians were more likely to live in larger, detached dwellings compared with ten years earlier; and were less likely to have moved out of their homes in the period 2006-11 than 2001-06. This supports the observation that older people prefer and are opting to stay in their own homes for a longer period of time. However those that did downsize commonly cited home and garden maintenance as a key consideration in their decision-making. This suggests that the availability of services of this type will be crucial in order to support older people to
age in place, either in their original homes or smaller ‘downsized’ but still independent housing, where they are likely to need assistance with cleaning, gardening and general household maintenance.

Wider environmental adaptation to provision for the needs of older people will necessarily extend beyond the home environment into community settings in order to support greater social inclusion and participation. This includes designing age-friendly leisure and community facilities and amenities, and public and private transport options with a focus on accessibility, safety and trustworthiness (e.g. para-transport, curb-to-curb, door-to-door).

Source [http://www.morguefile.com/archive](http://www.morguefile.com/archive)

**Designed-for-purpose retirement living options**

There are business opportunities associated with the provision of designed-for-purpose retirement living options, catering to diverse support, care and lifestyle needs. It has been noted that –

*Ageing people are increasingly making choices about where they want to live and the lifestyles they want to enact, such that retirement places become sites to perform and affirm identity in later life (Rudman, Huot, & Denhardt, 2009: 18).*

Some of the choices that present at this stage of life include opting for a sea or tree change, for retirement communities, homes that require less maintenance, or not to move at all. Research has shown that ageing in place (with or without home modifications) is the most common choice, followed by entering into a retirement community that provides services (rated much less highly however signalling a potentially significant market for senior housing). Reasons for moving tend to include quality of life issues, seeking out particular amenities such as weather and recreation, economic issues (e.g. the need to downsize and free up equity) and dissatisfaction with, or inappropriateness of housing quality or features (Ewen, Hahn, Erickson, & Krout, 2014).
While remaining in traditional homes is the preferred option for the majority of older people, entry into purpose built retirement villages has a significant profile in Australia. Figures indicate that around 5% of people aged 65 years and over have opted for this style of living (Finn et al., 2011).

Research shows that decision-making around moving from general community living into retirement village living tends to hinge on different needs and desires for security and belonging, and autonomy and stimulation. Leisure-oriented retirement communities tend to appeal to older adults interested in active lifestyle in an age-restricted, secure environment (this is usually the marketing edge). People move there for proximity to amenities, shops, services, sports facilities, and communal buildings. The gated nature of many of these communities whereby controlled entry for vehicles and pedestrians is provided offers a valued sense of security (Geboy, Moore, & Smith, 2012). Older people who prefer to dwell in the general community place greater focus on neighbours, friends and family as their community connection (retirement village residents tend to seek a generally supportive social milieu) and tend to resist the idea of retirement village living as posing a threat to their independence and privacy – although people living in these settings do not perceive this as a significant issue (Bohle, Rawlings-Way, Finn, Ang, & Kennedy, 2014).

For those in the retirement village/housing industry, there are opportunities to better design, market and provide products and services, focusing on five domains associated with resident satisfaction (Kennedy & Coates, 2008):

- **Built environment** – incorporating the individual residence, internal common space, external common space, overall design of the community, security in design, product mix, community location;
- **Financial environment** – encompassing financial satisfaction at point of entry, ongoing, at departure, overall value for money, ability to engage in forward planning;
- **Service delivery environment** – the physical delivery of services, activities, management, staff, care, dependency/independence, Residents’ Committee;
- **Social environment** – incorporation social relationships (readily available companionship), satisfaction with fellow residents, social atmosphere more generally, interdependency (residents helping each other out);
- **Spiritual/religious environment** – less prevalent, but with powerful meaning to residents seeking this form of connection.

Beyond Australia, interviews conducted with Asia Pacific market leaders in the ageing industry indicate that half had a preference for living in seniors-friendly housing developments with provision for ageing-in-place services; around a third would choose regular residential developments, and 15% selected retirement villages as their preferred option. This was seen as indicative of Asian families preferring to live in intergenerational homes or close to their children. The intergenerational housing community model is a variation from the more conventional retirement village model in creating greater scope for parents to live in close proximity to their children in an age-friendly environment. The idea is to achieve ‘a balance between proximity and privacy for the seniors and their children.
by allocating blocks or plots for the respective generation group’ (Ageing Asia, 2013: 12).

In the US there are a range of retirement living arrangements being explored with an assisted living component to reduce reliance on nursing homes. Assisted living provides a combination of housing, health care and social services, with options for residential care facilities, personal care homes, catered living facilities, retirement homes, homes for adults, community residences, residential care in continuing care retirement communities, some independent living arrangements, and special residential sections of nursing homes. The number of older adults using these arrangements is anticipated to increase markedly over time (Ewen et al., 2014). Geboy et al (2012) identify The Village Model as an alternative to purpose built leisure oriented retirement villages, whereby older adults stay in their homes in the community and pay to become a member of an organization that coordinates and delivers programs and services. This model incorporates three elements – a ‘virtual’ community space, the inclusion of support services and healthcare services. It maintains resident independence, while providing an alternative to moving into retirement or assisted living communities.

It is also important to flag the emergence of new forms of living that bridge the private home, hospital care and residential aged care. A prime example is the South Australian VITA-ACH Group and SA Health facility which is a purpose built, high tech health, teaching and research facility co-located with Adelaide’s Repatriation General Hospital, and providing recovery, health restoration and rehabilitation services for older residents. The facility is comprised of 60 long term aged care places (11 of which are being set aside for a pilot of short term restorative care), 40 transition care places and 20 rehabilitation places, the latter of which are designed to assist older people to regain their independence and return to their homes post receiving hospital care. This innovative model draws on key features of the healthy ageing framework, moving away from traditional models of aged care to embrace a restorative and teaching-based model (Curtis, 2013).

**Box 10: VITA Residential Care**

VITA Residential Care offers premium residential care for older people with access to onsite rehabilitation and restoration services. The residential care model is transformative in focusing on restoring health in a stimulating, engaging and therapeutic environment. It features state-of-the-art gyms, a modern café for light meals and dining, smart room technology, hairdresser, courtyard gardens and green spaces, latest technology and wireless internet.

Changes are expected in the design and delivery of nursing homes for palliative care in the Asia Pacific region, driven by the ageing-in-place impetus (2013). It is expected that entry into nursing homes will happen later and for a shorter duration with a focus on extremely high level care than cannot be delivered to the home. Demand is likely to centre on home styled en-suite units rather than institutional-style settings. Australia (and South Australia in particular as a recognised national leader in innovation in aged care) is well advanced in this respect which suggests scope to market Australian approaches and models in the Asia Pacific region. Demand is also likely to build for alternative services such as senior activity centres, rehabilitation and wellness facilities, retirement, home care services and age-friendly housing.

### 3.1.6 Opportunities in the Financial Services Sector

PricewaterhouseCoopers (2014) recently identified a range of ways that the financial services sector will be affected by the ageing of its membership base and associated changes in demand. It is anticipated that older Australians will need significant financial advice and support to manage the balancing of personal income and the Age Pension, particularly as the proportion of people on the Age Pension is expected to decline due to increased value of superannuation and other private assets and income.

Other notable factors identified in the report include the rising tendency for homeowners to approach retirement with mortgage debt, up to 1 in 3 from 1 in 6 in 2002; demand for investment options that provide solid growth while minimising investment volatility (in the wake of the GFC); the need to develop savings and insurance products that account for changing working patterns as people age (e.g. work in with fluctuating personal incomes in semi-retirement); and considering lifetime annuities for later stages of retirement.

The Ageing Asia (2013) Silver Economy Business opportunities report similarly flags opportunities arising in the long term care insurance industry as the 85 years and over population increases exponentially to 2050. This would require the industry to interest and engage the community in purchasing long-term care insurance earlier in life and to create innovative insurance products to meet diverse and evolving needs. Insurance companies are also encouraged to invest in seniors-related business such as retirement communities, residential aged care, wellness centres and the like to inject funds and reap the rewards of the burgeoning ageing-driven market.

Some are arguing for a rethink of the role of the home equity release in retirement funding, as a ‘Fourth Pillar’ to complement the three pillars of the existing retirement income system: the government pension, retirees’ compulsory superannuation savings and retirees’ voluntary saving for retirement including assets held outside the superannuation system. Financial products that enable older people to access equity in their homes have the potential to provide for a comfortable retirement and a buffer for unanticipated expenditure (Brownfield, 2014: 34). However, this is an option that requires caution in its application.
The National Seniors Productive Ageing Centre commissioned a study investigating the role of financial literacy and financial advisor anxiety in the financial decision making of older Australians, in particular the decision to take personal financial advice from a finance professional (Gerrans & Hershey, 2013). Financial advisor anxiety relates to factors such as embarrassment and exposure of personal details (e.g. poor prior investments, tax liability, a ballooning credit card balance or changed employment circumstances).

The study surveyed over 2200 people aged 40 to 70 years of age.

Notable findings:

- Around 60% of respondents had consulted at some time with a Finance Professional.

<table>
<thead>
<tr>
<th>Whether consulted a financial professional</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently consult a financial professional</td>
<td>18.5</td>
</tr>
<tr>
<td>Have consulted a financial professional in the past but not presently</td>
<td>40.8</td>
</tr>
<tr>
<td>Have never consulted a financial professional</td>
<td>40.7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

- Around three quarters of older people who were actively consulting a Finance Professional at the time of responding were seeking comprehensive advice; people who had consulted in the past but were not currently had generally sought single issue advice.

<table>
<thead>
<tr>
<th>Basic Advice (%)</th>
<th>Single Issue Advice (%)</th>
<th>Comprehensive Advice (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently consult</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Previously consulted</td>
<td>18</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>14</td>
<td>36</td>
</tr>
</tbody>
</table>

- Money management attitudes improved with age for both men and women.
- Men reported higher self-assessed financial knowledge than women, particularly older women (aged 69 years and over) who also recorded lower awareness of different financial products.
- Financial advisor anxiety can actively prevent older people from seeking advice; this type of anxiety declines with age, but not for people who have never consulted a financial advisor.
- People who are financially literate are more likely to seek financial advice in the future. Where personal understanding of finance matters is not sufficient to make sound decisions, a preparedness to consult with a qualified financial advisor can be vital to making timely, effective money management decisions.

3.1.7 Opportunities in Tourism, Leisure and Retail

There is evidence that ageing has an impact on tourism decision making: older cohorts are more inclined to participate in tourism, but are less inclined to spend on tourism. The propensity to participate is linked with having more leisure time and better health in old age, and a desire to have experiences that transcend daily life. However, older people tend to refrain from spending too much on tourism because a) they are keen to transfer wealth to the next generation and b) they are also attracted to spending on other cultural experiences such as theatre, concerts, sports events and so forth. However, the intensity of tourism consumption is highest for older people and thus presents a key source of revenue for tourism operators who need to market their products to maximise participation and expenditure in this sector (Bernini & Cracolici, 2015).

The European tourism industry has undergone considerable change as a result of ageing. It has been noted that older travellers are choosing ‘off the beaten track adventures usually associated with younger travellers’. Travel insurance for older
people has increased, particularly for winter sport cover for the over 65s and uptake of annual European and worldwide multi-trip insurance policies which has had record uptake by this demographic. There has been in increase in demand for services catering for mature single travellers, for example escorted trips that are well marketed and run by reliable and trustworthy operators. Older travellers are looking for value for money and are attracted to combining diverse travel elements in a single travel plan, for an all-inclusive cost. These developments signal a niche selling opportunity for attuned businesses (de Hoffmann, 2013).

**Box 12: Medical Travel Companions**

*Medical Travel Companions* is an Adelaide-based business developed in response to a perceived need for specialised travel assistance among a range of individual and group travel consumers (schools, sporting groups, people with disabilities). The service has proven over time to be particularly popular among older leisure travellers – ‘people who have the appetite and means to see the world, but find it increasingly complex’. This cohort has come to account for around three quarters of the business, and this is likely to increase as the population ages. The service offers a practical solution for travellers who require a professional to assist or find it difficult to travel on their own. Medical travel companions are fully qualified health professionals (Nanny’s, Carers, Nurses or Paramedics), all of whom have undertaken a rigorous selection and credentialing process. Companions are available to travel either locally within Australia or Internationally, often at short notice.


Other research has pointed to a gap between supply and demand for tourism products that cater to the Baby Boomer generation, who are seeking different experiences to those of the pre-war generation (Glover & Prideaux, 2009). Two Australian case study examples point to the impact of ageing on caravanning and visiting Norfolk Island as a tourist destination. In the first instance, there is evidence that the caravanning market is shifting from a family orientation to older couples without dependents (e.g. two berth caravans with ensuite facilities). Caravan parks need to consider ways to service the needs of older clientele, for example balancing the established market focus (primarily families with children) with a focus on meeting the needs of current retirees and the younger Baby Boomer retirees who are just entering the market (as well as thinking about how to attract the future market of Gen Xs to caravanning). It is suggested that established models are in need of an overhaul to keep the industry relevant and appealing to the emerging older market.

In the case of Norfolk Island, tourism products and services are noted to be highly geared to older people, in terms of themes, styles, images of tours, narration and commentary on tours, and physical standards of hotels and restaurants. There is a distinct need to ‘modernise’ many of these offerings to appeal to the more discerning tastes and adventurous spirit of the Baby Boomers; otherwise the key local tourism industry looks set to decline with potentially disastrous economic consequences for the Island.

While trend data are not reported, the Older Australia at a glance report produced by the AIHW (2012) shows travel figures by age for the twelve preceding months. While people aged 65 years and over represented 17% of the adult population, they
accounted for 20% of visitor nights, had a longer average length of stay (nights). These data demonstrate that older people are a vibrant component of the travel industry.

**Table 6: Domestic overnight trips, domestic daytrips and outbound trips, by age, 2011**

<table>
<thead>
<tr>
<th></th>
<th>15-54</th>
<th>55-64</th>
<th>65+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Domestic overnight trips &amp; visitor nights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overnight trips ('000)</td>
<td>47,826</td>
<td>12,086</td>
<td>9,860</td>
<td>69,773</td>
</tr>
<tr>
<td>Visitor nights ('000)</td>
<td>160,566</td>
<td>49,072</td>
<td>53,604</td>
<td>263,242</td>
</tr>
<tr>
<td>Average length of stay (nights)</td>
<td>3.4</td>
<td>4.1</td>
<td>5.4</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Domestic daytrip visitors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daytrip visitors ('000)</td>
<td>101,844</td>
<td>27,444</td>
<td>27,136</td>
<td>156,423</td>
</tr>
<tr>
<td><strong>Outbound trips &amp; total nights</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outbound trips ('000)</td>
<td>4,127</td>
<td>862</td>
<td>450</td>
<td>5,439</td>
</tr>
<tr>
<td>Total nights ('000)</td>
<td>164,714</td>
<td>18,354</td>
<td>11,588</td>
<td>194,655</td>
</tr>
<tr>
<td>Average length of stay (nights)</td>
<td>39.9</td>
<td>21.3</td>
<td>25.7</td>
<td>35.8</td>
</tr>
<tr>
<td><strong>Total population</strong></td>
<td>12,659,000</td>
<td>2,597,400</td>
<td>3,103,500</td>
<td>18,359,900</td>
</tr>
</tbody>
</table>

Source: AIHW (2012)

As noted earlier, people who are ageing now are more likely to have a much stronger resource base, confidence and voice in shaping demand for specific goods and services, and this has particular resonance in the context of consuming *leisure and luxury goods*. Data for 2013-14 show that people aged 65-74 years are proportionally on par with 55-64 year olds as major patrons of classical music concerts, theatre performances, and musicals and operas, and while the proportions drop slightly for the over 75s, they are still active in the culture and arts market (Australian Bureau of Statistics, 2015). Figure 13 shows the types of cultural events recording the greatest proportional increase in attendance by older people between 2005-06 and 2013-14. It is expected that retiring Baby Boomers will on average seek out more cultural, entertainment and retail spending opportunities than their predecessors, so the challenge for industries and businesses will be to provide for their demands.
### Figure 13: Trends in Attendance at Cultural Events, by Age, 2005-2006 to 2013-2014

<table>
<thead>
<tr>
<th>Event Type</th>
<th>2005-6 Age Group</th>
<th>2013-14 Age Group</th>
<th>2005-6 Age Group</th>
<th>2013-14 Age Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Museums</td>
<td>19%</td>
<td>10%</td>
<td>29%</td>
<td>10%</td>
</tr>
<tr>
<td>Cinemas</td>
<td>27%</td>
<td>10%</td>
<td>37%</td>
<td>10%</td>
</tr>
<tr>
<td>Popular Music Concerts</td>
<td>13%</td>
<td>8%</td>
<td>21%</td>
<td>1%</td>
</tr>
<tr>
<td>Theatre Performances</td>
<td>8%</td>
<td>6%</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>Art Galleries</td>
<td>45%</td>
<td>6%</td>
<td>51%</td>
<td>5%</td>
</tr>
<tr>
<td>Art Galleries</td>
<td>16%</td>
<td>5%</td>
<td>21%</td>
<td>5%</td>
</tr>
<tr>
<td>Zoological Parks &amp; Gardens</td>
<td>22%</td>
<td>6%</td>
<td>28%</td>
<td>6%</td>
</tr>
<tr>
<td>Botanic Gardens</td>
<td>24%</td>
<td>5%</td>
<td>29%</td>
<td>5%</td>
</tr>
<tr>
<td>Popular Music Concerts</td>
<td>23%</td>
<td>2%</td>
<td>25%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: ABS (2009a, 2012a)

### Box 13: The Mature Economy in Arts and Culture

A Pittsburgh study has highlighted that audiences such as this one entering a symphony performance at Heinz Hall have an inordinately high proportion of patrons age 55 or older. While the ‘greying’ of patrons in some areas of the arts has been treated as a cause for concern for the industry, from a positive age perspective it points to a great success story of older age cultural participation and signals a key opportunity for arts and culture companies to maximise the potential offered by this committed (and potentially ‘cashed up’) cohort.

Considerable scope exists for the development of food and beverage services that cater for older-age needs (e.g. restaurants and bars that minimise the effects of noise), tailored retail opportunities, and entertainment options. For example, one study noted that mature consumers want personal attention from friendly, talkative cashiers, rather than speedy service. They also want smaller stores closer to home, and a clear, organized assortment with high-quality products at good prices, as opposed to unlimited choice of cheap, average-quality products or quantity-based promotions (Walker & Mesnard, 2011).
Opportunities flowing from the Mature Economy have been identified in the book selling industry, where research has shown that older people are accounting for a significant proportion of consumer spending on books. One survey in the UK suggested that those aged 60 years and over accounted for nearly 40% of book sales in 2009, up from around 30% in 2005. Research conducted in the US suggested that 35% of respondents aged 65 years and older read for five or more hours per week, compared with 20% of people aged 25 to 34 years, likely signalling having available time, resources and an interest in reading. However it was observed that publishers by and large have ignored this cohort, which represents a key marketing gap. Opportunities exist to tap into Mature Economy demand, in terms of producing suitable subject matter, understanding the types of reading media preferred by older people and how to develop the appeal of digital media for this cohort (e.g. building receptivity to e-readers), and understanding the dynamics of older people’s preference to shop at physical bookshops against the fear of ordering online and what this means for the business models used (Tagholm, 2010).

Age-intelligent product design and marketing also has a place in the motor industry in combining the usual marketing messages around quality and desire with age-friendly features such as better access and visibility. Research in the US has demonstrated that where the peak probability of licensed drivers buying a new vehicle in 2007 was age 35-44, by 2011 it had jumped to age 55-64. Moreover, 76% of Baby Boomers currently in the 50-68 age bracket planned to drive well into their 80s or 90s — or even indefinitely. Desirable technologies identified for drivers as they progressively age (but generally applicable to all drivers) include blind spot warning and reverse monitoring systems; crash mitigation and emergency response systems; drowsy driver alerts, lane departure warning and voice activated systems to access features by voice command; and smart headlights with the capacity to reduce glare and improve night vision. Notably, age-friendly automotive design features and technologies must achieve a user-friendly balance in order to provide enhanced safety and accessibility without overwhelming the sensibilities of older drivers (Goslow, 2014).

**Box 14: the Harley-Davidson Trike**

Harley-Davidson has designed a three wheeled motorcycle offering greater comfort and security and by virtue of this, greater appeal for the older rider. The company has focused on developing a product that has broad appeal based on shared values and ideals (‘Long haul freedom. Comfort, cargo and head-turning style’) rather than referencing it to specific age groups.


Significant opportunities have been identified for the food industry to develop products to meet the diversity of needs emerging from an older population –
...these needs range from the most active consumer who desires and is able to shop personally for his or her own food supplies and prepare meals, to the house bound consumer who requires home delivery of food supplies and prepared meals including specialised diets (International Union of Food Science and Technology, 2014: 5).

The effects of ageing on the experience of food and beverage consumption can manifest in taste and smell impairment; oral tactile and/or temperature perceptions; swallowing capacity; deteriorating vision and hearing; and changes in food liking and preferences. Nutritional and special dietary needs also change with age. From a business development perspective, food product developers will need to give due consideration to sensory losses of older people when formulating their food products, as well as to portion sizes, nutrient density of foods, texture modification, compensatory strategies to account for deteriorating motor skills and packaging solutions that address manageable portion sizes, and accessibility in terms of being easy to read and open for older people.

In terms of food preferences and implications for demand, one Canadian study into the retail meat purchase patterns among older consumers found that while households were significant consumers of fresh meat, expenditure on processed meat declined with age. In terms of general consumer behaviour, this cohort exhibited less interest in product diversity and typically consumed types and cuts of meat associated with product trends of the past (Anders, 2010). An Australian study examined the food shopping behaviour of Baby Boomers, finding that the most common reasons for shopping at particular shops were low prices, convenience, a good range of health products and user-friendly environments (Worsley, Wang, & Hunter, 2011). However, this varied considerably between respondent groupings, based on age, gender and income status. For example, people were less interested in saving while food shopping as age increased; higher income Baby Boomers were more interested in convenience while those on lower incomes preferred user-friendly environments; and women preferred to shop at stores with healthy eating information.

As this suggests, there are a range of food product development and marketing strategies the food industry can develop to cater for the diverse needs of ageing populations (IUFoST, 2014).

3.1.8 Opportunities in lifelong learning

There is growing awareness that learning in later life can help older people to stay active, engaged with society and health, with evidence emerging about the association between mental development, brain capacity and longevity. Participating in lifelong learning can help people to retain their independence as they age, either through formal means contributing to mature age employment prospects, or informal means to develop interests and skills that feed into people’s sense of identity and wellbeing (Engelbrecht, 2010; Swindell, 2012).

In terms of the uptake of study by older people, the Australian Bureau of Statistics only collects higher education data up to the age of 64 years of age, possibly assuming that uptake of study at this level for the 65 years and older cohort is minimal (however unknown). National ABS data for publicly funded vocational and
preparatory courses for people aged 60 years and over in 2010 identified 63,216 enrolments (30,634 males and 32,381 females) (Australian Bureau of Statistics, 2012b). Western Australian VET data provides enrolment statistics for those aged 65 years and over, hovering in the 900’s between 2010 and 2013, or around 0.6% of the student population (Government of Western Australia Department of Training and Workforce Development, 2015). NCVER student outcome data for 2013 showed that of VET graduates aged 65 years and over, 59% were employed after training and 88% reported fully or partly achieving their main reason for doing the training, which was the highest of all the age groups surveyed (NCVER, 2013).

A study conducted by the National Seniors Productive Ageing Centre found that people aged 60 years and older are particularly motivated to pursue personal interests and hobbies (67.3% rated this very important in contributing to quality of life) and to spend more time with family (65.2%). Only around a quarter of respondents in this age group prioritised opportunities to learn new skills (24.5%). Just over 40% considered that lifelong learning is very important in relation to obtaining personal enjoyment and self/fulfilment. Close to 80% were aware of local community education facilities, and just under two thirds were aware of self-organised learning groups such as the University of the Third Age (U3A). Close to 40% had attempted to access information about learning, education or training (LET) within the last three years, with this more prevalent among women than men. Around the same number reported having undertaken LET in the same timeframe.

The principle motivating reason for starting the most recent LET was having a personal interest in learning and the subject matter (52.1%). Just over a quarter of respondents said it was to improve their job security and/or prospects. Barriers to participation included negative attitudes on the part of mature age people towards their ability to undertake LET, including their ability to learn, compounded by a belief that there was no need to participate in further learning because they did not intend to participate in paid or unpaid work. There is significant scope to foster a positive attitude to lifelong learning, by promoting the broader value of participating in LET and designing LET offerings that support the learning styles and match the interests of older people (Williams, 2015).

There are a range of later-life learning organizations that have become successfully established in different countries. Defining characteristics of these organisations include that they are driven by grassroots member volunteers, for example retirees who bring their specific skills and expertise into later life learning settings; and many are based at universities or colleges and have access to their learning resources but autonomy in terms of program content and administration while others are based in the community. Program features that have proven successful include focusing on healthy lifestyle choices, providing intellectual challenges, fitness-related activities and exercise programs, operating in a social environment, and being responsive to what later life learners want to learn (Swindell, 2012).
The University of the Third Age (U3A) is a worldwide organisation for 'over 50s' who wish to expand their interest in the world, increase their knowledge by learning and to pass on the experiences of life to others. Members come from all walks of life, all levels of learning and all degrees of interest; they are persons who wish to be aware of the world around them and who want to share their knowledge, experience and talents. U3A members are able to participate in any of the courses - at their own pace and motivated only by their own interest. Accordingly, there is no pressure on U3A members to 'succeed' and accreditation in any form is not issued. The purpose of the courses is to provide member satisfaction.

Significant scope exists to engage older people in learning activities across the spectrum of formal and informal learning options. Designing responsive education products will involve flexibility in modes of delivery and program content. Older people want to learn in areas that are relevant to their lives, suggesting an array of possibilities in areas such as health promotion and disease management, nutrition, sexuality and ageing, exercise, managing stress and coping with loss. There is also a demand for learning in relation to hobbies, writing life histories, managing finances, using computers and other ICTs, and the list goes on. In order to maximise the potential of this market there is a need to address the barriers, including concerns about cost, flexibility and general awareness of the available opportunities (Engelbrecht, 2010).

Source: http://www.adelaideu3a.on.net/

Source: http://www.ach.org.au/good-lives/foundation-for-older-australians
There are clear opportunities that exist for industries and companies wanting to build their business by engaging the Mature Economy. At the same time it is important to acknowledge and address the various barriers that have worked against the realization of this potential. In this context, The Per Capita (2014) *Blueprint for an Ageing Australia* report identified unhelpful stereotyping of mature consumers (e.g. being set in their ways and holding entrenched brand loyalties) and the general invisibility of the Mature Economy except for a limited focus on mobility aids, palliative care products, insurance and funerals. The European Commission (2014) identified as key challenges the lack of scalable business models, regulatory aspects, whether consumers are willing to pay for the products and services on offer, the attractiveness (or otherwise) of products, and poor interoperability and usability.

The Active Age (2012) *Ageing Marketplace* report expands on these issues, identifying the following areas of that need to be addressed:

- **Ageist stereotyping** particularly in media and marketing ignores the purchasing power of seniors, particularly baby boomers. There is some evidence to suggest that older consumers are less likely to switch brands and/or shop around, however this is changing with the advent of the educated and tech-savvy Baby Boomers. Older people are also known to be receptive to appropriately framed and delivered marketing messages.

- Companies find it difficult to present themselves as embracing all ages and are fettered by concerns about the stigma of being associated with older people (e.g. how to market and sell to older people without ‘putting younger customers off’). One problem is the lack of obvious or well-publicised role model companies who have embraced the Mature Economy within their broader remit.

- **The lack of marketing directed toward older people.** TV advertising is failing to connect with the over 50s, possibly due to the younger age of marketers. Companies are failing to appreciate that the older market is highly diverse in interests and needs; segmentation of older people needs to be more nuanced. Older people need to be involved in consumer research.

- Companies **don’t know how to communicate with older people.** There is a real challenge around knowing how to communicate with older people in an appropriate, positive and engaging way. Alternative marketing and sales techniques are needed for mature as opposed to younger customers. Pew Research Centre data suggests that uptake of Facebook is increasing among seniors, suggesting greater potential to use social networking to engage seniors.

There are leading examples of countries that have taken a proactive, integrated and collaborative approach to building a strongly functioning mature economy, by way of policy development and supporting infrastructure. Japan, one of the most rapidly ageing countries in the world, has instituted a joint task force on ICT applications for ageing society that emphasizes co-operation across industry, government and
academia. ICT innovations (specific solutions and applications) are being sought for twelve defined areas including: new traffic systems, healthcare, E-Government/e-Municipality, disaster prevention (networks, remote supervision systems via mobile, GPS), elderly housing, lifelong education, social participation, a new ICT based Pension service system, pro-elderly employment (e.g. teleworking, part-time), nursing care (nursing care robots, elderly consumer electronic products), safe and secure systems (emergency assistance systems, security features, fall prevention, automated timers, alerts and social alarming), and global environment (harmonisation between eco-efficient ICT product industry and market development, market of ICT based products for ageing society.

Four major strategic directions have been developed to underpin the initiative: development of the ICT industry, focusing on production, international standardisation of innovative technologies, and provision of low-cost services (technological competitiveness); mitigation or elimination of regulations impeding the development of ICT innovations; establishment of regional silver innovation centres, involving older citizens; and ICT capacity building programs for older people, including the provision of training in ICT applications. There is a particular focus on developing appropriate business models that can deliver profitable yet affordable products and services. In this context, international networks of organisations active in this field are noted to be invaluable, for sharing business models, marketing approaches and partnership structures; and in facilitating technology transfer and commercialisation of products (Obi et al., 2013).

The Institute for Ageing at Newcastle University, UK, also demonstrates a proactive engagement with building capacity around the mature economy. The Changing Age for Business Programme was established expressly to assist businesses to tap into the emerging silver market. The program has a dual focus on supporting general science and technology based enterprises and supporting businesses to respond to demand for age related products and services. An underpinning principle is basing responses on a thorough, researched understanding of the issues and needs of the ageing population, differentiated across older age categories. The program is supported by VOICE North, a consumer forum of around 1500 older people who act as a sounding board for product and service development (Active Age, 2012). Other initiatives supported by The Institute for Ageing include the Campus for Ageing and Vitality which brings together academia, health care, voluntary sector, business to generate innovative products and services for healthy ageing and independence. The Charter for Changing Age focuses on changing attitudes and removing ageist stigma (Armitage, 2014).

Organisations that are linked with the Institute of Ageing around the agenda of developing the mature economy include the Newcastle Science City which supports the creation of innovative businesses and helps existing businesses to innovate and grow by providing direct advice and mentoring on business development, access to experts in specialist areas, expert training and workshops and access to networks; the Health Innovation and Education Cluster (HIEC) North East identifies innovation needs of health services and works with multinational corporations and SMEs to develop local solutions; NHS Innovations North supports business to find commercial opportunities in health care and ageing; and Newcastle University’s
Social Inclusion through the Digital Economy (SIDE) Project explores the application of pervasive technology in domestic settings (including the Ambient Kitchen Project) and is involved in developing a research base for commercialisation of viable products and services for the ageing population.

The European Union has implemented a range of specific measures to grow the ‘silver economy’, incorporating the following:

- **Active and Assistive Living Joint Programme (AAL JP)** which supports applied research on innovative ICT-enhanced services for ageing well, with a time to market of 1 to 3 years. The AAL JP 2013-2020 is driven by Member States and supported by the European Commission\(^5\);
- **eHealth Action Plan 2012-2020** which provides a roadmap to empower patients and healthcare workers, to link up devices and technologies, and to invest in research towards the personalised medicine of the future\(^6\);
- **European Innovation Partnership on Active and Healthy Ageing** which includes a component for boosting and improving the competitiveness of markets for innovative products and services, and responding to the ageing challenge at both EU and global level, thus creating new opportunities for businesses\(^7\).

As these examples show, there is a key role for organisations that can support Mature Economy related ideas through research and development, and assist in taking them to market. Part of this involves educating businesses that the process is not necessarily about changing products or services for older people, or developing new products and service lines – it can be about better marketing, adapting and improving existing offerings to be more attractive to older consumers. Identifying and realizing the potential of the Mature Economy also hinges on bringing industry, companies (particularly SMEs), policy and decision makers, academic researchers, care professionals, service providers and consumers together to discuss how to maximise economic growth and new jobs creation (European Commission, 2014).

\(^7\) [http://ec.europa.eu/research/innovation-union/index_en.cfm?section=active-healthy-ageing&pg=about](http://ec.europa.eu/research/innovation-union/index_en.cfm?section=active-healthy-ageing&pg=about)
Examples of companies that have successfully activated their focus on the Mature Economy market include (Active Age, 2012):

- **Intel in partnership with General Electric** – formed Care Innovations, a $250 million enterprise to serve needs of older people with health needs (telehealth, health monitoring); based on recognition that seniors can learn new technologies to take care of own health [push back against stereotypes].
- **Nintendo Wii** – the product is designed to have broad consumer appeal, but contains specific applications for an older market.
- **Harley Davidson** has designed a three wheeled motorcycle featuring greater comfort and security; marketed to have a broad appeal, targeting people with similar values rather than particular age groups.
- **Kimberley Clarke** has developed the Depend brand of incontinency products, careful marketing to distance the product from a ‘getting old’ message; more about active management.
- **Vitality** functional yoghurt drink – market research showed that brand’s strongest appeal was to mature consumers. A successful ploy was to enlist Joanna Lumley (popular older actress featuring in the award winning BBC comedy Absolutely Fabulous) to advertise the product.
- **SAGA** (an established UK-based company) offers specialist insurance and financial services, and holidays for over 50’s market.
- **Marks and Spencer** used a marketing campaign using fashion icons across the age spectrum to establish broad appeal and relevance across the age-spectrum.
- **Dove** campaigns have featured women of all ages, sizes; launched itself as a pro-age brand.
- A number of marketing companies (e.g., 20plus30, Springtide Marketing) have specialized in providing advice to businesses about:
  - Segmenting the market based on lifestyle preferences, not age
  - Developing skills in age-neutral marketing (broad target)
  - Capitalising on older market’s responsiveness to direct mail advertising

### 5 Activating the Mature Economy

The *Mature Economy* report draws attention to population ageing as a driver of domestic and international demand for goods and services. Ageing presents a major economic opportunity for innovative businesses and public sector organisations to grow in response to the needs and preferences generated by ageing consumers within the Mature Economy. In particular, the progression of the Baby Boomer generation toward retirement is changing the face of population ageing; members of this cohort are healthier, wealthier and more educated than their predecessors, and have grown up in a consumer society shaped by lifestyle aspirations and choice.

The report outlines key features of the Australian policy reform in aged and disability care, both of which highlight a role for consumer directed care. The scale of fiscal investment in these reforms is significant and, combined with the heightened focus on consumer choice, provides a platform for stimulating and building the Mature Economy into a major force. The pillars of the Mature Economy are the population ageing process itself (i.e. older people are assuming an increasing share of the population and therefore the consumer base), and the greater
propensity for contemporary older people to articulate their needs and demands and expect for them to be met.

Older Australians have considerable spending power (i.e. household net worth), however this does not necessarily translate to spending largesse. Older people are clearly judicious about their spending, dedicating a large part to non-discretionary products and services such as food, utilities and healthcare; nonetheless there is an existing demand for more discretionary products and services which looks likely to build as more Baby Boomers move into retirement. To maximise market potential, industries and businesses will need to better understand the older market segment, to design and develop products and services in accordance with needs and demands, and advertise and market in a way that appeals and taps into what older people want without patronising them in the process.

There is also major potential to tap into regional Mature Economy markets – particularly in parts of the Asia Pacific region where it is acknowledged that countries have not adequately prepared for the scale of impending population ageing. These countries will be confronted with demands they will struggle to meet, and the expectation is that more advanced countries such as Australia and Japan will play an important role by stepping into the gap. To maximise these opportunities, it is vital that local industries take the initiative – anticipate and research the needs, develop their networks, and plan their responses.

Finally the significant changes which new technologies are bringing to lifestyles, service and product design, and the interface between these and population ageing, represents a substantial and growing component of the Mature Economy.

### 5.1 Some questions to consider

- What do you see as the most significant business opportunities in the Mature Economy in the short and long term - locally, nationally and globally?

- Are you aware of local initiatives or businesses that have taken a proactive approach to engaging in the Mature Economy? How have they done this? What do you think is the best way to do this?

- What is holding back business investment in the Mature Economy? What is needed to encourage and support industries and businesses to embrace the Mature Economy?

- Could part of the solution lie in linking end users (older people themselves) with business to create new Entrepreneur groups?

- What strategies might be adopted to accelerate the growth of the Mature Economy?
6 References


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