

Sterling Services Needed for the Silver Generation

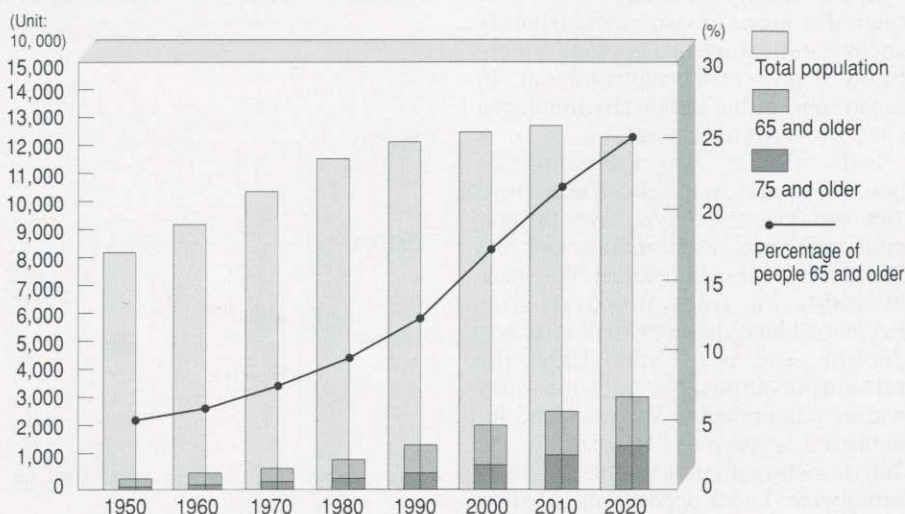
Services for the elderly are expected to grow in quantity and change in quality as the society rapidly ages, and there are many companies anticipating new business opportunities in this field. The number of people over 65 is rising in line with a longer average life expectancy, and together with lower birth rates, the ratio of elderly (the percentage of those 65 and over in the total population) is rising. By 2020, this group is expected to number 31.97 million, representing one-quarter of the total population, more than doubling the figures for 1990, 14.9 million and 12.1% respectively (see chart).

On the qualitative side, senior citizens have become affluent with increased savings and upgraded pension schemes. Accompanying this, their values and life-styles are also changing. This suggests that a new consumer ethic created by more positive, active and affluent elderly citizens will develop into a promising, substantial market.

On the other hand, there is a growing social need for commercial services for the aged, especially in the care-related field. There are two major reasons for this, families have become less able to take care of elderly members due to the increasing number of nuclear families and working women, and a possible shortage of public services in the future due to the rapidly aging population and budget limitations.

Businesses catering to the elderly are varied in nature, providing "goods or services supplied by private companies, based on competition, for people over about 60 years of age" as usually defined. This is the general term and does not specify the nature of the business, which can be broken down as follows: 1) institutional care including proprietary homes for the aged and nursing homes, 2) home-care services including home care, home bathing services and kitchen services, 3) sales and rental of care-related facilities including equipment, body-function supporters and rehabilitation equipment, 4) pension

Elderly Population, Actual and Projected



Source: Up to 1990, "National Census" by Management and Coordination Agency. After 2000, *Population Projections for Japan (1991-2090)* by the Institute of Population Problems of the Ministry of Health and Welfare

and care insurance, and 5) health-and well-being-related services including trips, hobbies and study, and sports.

Despite a promising future, however, these businesses have yet to establish large markets. Problems of realizing potential demand and unclear boundaries in roles shared between public and private services appear to be the main problems here.

Potential demand remains untapped because welfare services generally go unrecognized in Japan while there is some resistance to receiving care, or concern about publicity. As for role-sharing, despite the principle that basic services are to be provided by municipal or higher level governmental bodies and diversified services by private companies, the boundary is currently blurred and they are competing with each other. As many people still believe welfare should be provided free by the government, and with the difficulties in effectively differentiating themselves from public services, commercially-based services are suffering

from low prices.

Under these circumstances, for future growth in services to the elderly it seems necessary to develop a better business environment through enlightening and educational activities and by offering ample information. Equally important is the creation of an environment where customers can use the services with confidence by establishing certain standards for services and certifying qualified companies. On the other hand, private companies seem in need of a new approach. People aged 65 and older form a diverse group and are difficult to lump together into a single market. Products specifically designed for the aged may be rejected while those not targeting them may prove popular. The bottom line is how much those products accommodate the actual needs of this market. It is necessary to develop goods and services with a clear target in mind in order to cultivate the demand for services to the elderly.

(Okabe Takashi, senior economist)