

# Business Climate Preparation Crucial

With the aging of the Japanese population promising quantitative growth and qualitative changes in the senior citizen market, many businesses are anticipating the opening of new opportunities in the so-called "silver industry," the name given to businesses that target the specific needs of the elderly. As the average life span increases so does the number of Japanese citizens aged 65 year or older. Combined with a falling birth rate, the result is a rising percentage of the total population falling into the 65 or older generation. In 1990, the senior citizen population numbered 14.9 million, which was 12.1% of the total population. By 2020, this figure is expected to more than double, with a senior citizen population of 33.34 million accounting for 26.9% of the total population.

As for qualitative changes in the "silver market," increased assets and savings and hefty pensions have made many elderly financially well-off. Other changes are the shifts in senior citizens' values and lifestyle. Accordingly, it is believed that as the number of senior citizens with more aggressive and active purchasing power increases, it will give rise to a new consumption style and a huge senior citizen-driven market.

Furthermore, society's demand for the services of "silver industries," particularly in areas such as home care and nursing, is clearly increasing. There are thought to be three major reasons for this. First, the ability of the family to provide care for the elderly is falling due to the rise of the nuclear family and a greater role for women outside of the home. The second reason is fear that public services will not be able to keep up with the growing elderly population because of budgetary limitations. Finally, introduction of government-provided nursing insurance is set for the year 2000, promising to expand the demand for care.

A broad range of goods and services fields are targeted to benefit from the expected growth in the "silver industry." Generally, "silver industry" is



130 companies participate in "Silver Service Exhibition" held in Tokyo in March this year.

defined as "private businesses that provide goods and services targeting senior citizens 60 years old and over based on the principles of corporate competition." In short, as long as a business' main customers are the elderly, that business is part of the "silver industry" no matter what kind of enterprise it might be involved in. Specifically, "silver industries" provide 1) home-care services such as home nursing, home bathing and home meal services, 2) institutional care in privately run nursing homes and condominiums with care-giving services, 3) sales and rental of nursing equipment used to aid in nursing, functional aids and rehabilitation, 4) pensions and nursing care insurance and 5) services related to health and enjoyment of life such as travel, hobbies, study and sports.

In order for these services for the elderly to grow into a major market, the following two issues must be addressed. First is the materialization of demand and second is the divvying up of public and private sector roles. In some aspects, demand may not materialize as easily as expected. Overall, knowledge of welfare services is fairly low in Japan. Furthermore, Japanese people resist being taken care of by non-family members and they also worry about what other people will think if their relatives receive outside care. As for how services for the elderly will be divided between the public and private sectors, it is said that local self-government bodies will provide the basic services

for the elderly and private companies will respond to more advanced and diversified needs. At present, however, there is no clear boundary between the two and the private and public spheres are competing to provide services to the elderly. The idea that welfare is provided to the public at no charge is still strong in Japan. Thus, as long as there is little difference between the services provided by the public and private sectors, prices that can be charged by private providers are kept down.

For the "silver industry" to grow in the future under these conditions, a fertile business environment must be developed through the promotion of public understanding of nursing care for the elderly and the availability of information. At the same time, an environment must be created in which people can feel comfortable using these services. Such an environment can be built by establishing a system for checking whether companies provide appropriate services and a system for assessing fault and damages when trouble arises. On the other hand, private service providers themselves will have to develop new methods in the future if the "silver industry" is to grow.

Although the "silver market" is blithely used to refer to everyone 65 or older, there is a large variation in age within this segment of the population, making it difficult to make generalizations about the "silver market." Sometimes, products advertised as "for the elderly" can actually turn off elderly customers instead of attracting them. In some cases, products made without the elderly particularly in mind turn out to be very popular among senior citizens. The key is just how much the product or service satisfies the actual needs of the elderly. Products and services must be developed that accurately hit their target if demand for the "silver industries" is to be created and expanded in the future.

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