

“Silver Industries” Have High Growth Potential

Industries that serve senior citizens, collectively known as “silver industries” in Japan, are a growing sector. The goods and services they supply are diverse. Industries for aged people are defined as “industries operated by private corporations on the basis of corporate competition to supply goods and services to people aged 60 and over,” but the goods and services they supply are not defined. To be specific, they furnish such services and goods as (1) home care including home nursing, helping the aged take a bath, and supplying foods to such people, (2) operation of such facilities as fee-charging homes for the aged and condominiums with home care, (3) selling and leasing of equipment for rehabilitation, nursing equipment and functional aids, (4) such financial products as pensions and nursing insurance, and (5) services intended to make old people’s lives happy and stimulating, such as services related to tours, hobbies, self-edification, and sports.

A great many companies place expectations on new business opportunities in industries for aged people because of the aging of the Japanese population, with the market for goods and services for aged people growing, and public nursing insurance to be introduced in the near future.

The number of people aged 65 and over is increasing in Japan along with the prolonging of the average lifespan. This, together with the declining birthrate, is pushing up the percentage of people aged 65 and over in the Japanese population. The number of people aged 65 and over and their percentage to the population, which were 14.9 million and 12.1% respectively in 1990, are expected to reach 33.34 million and 26.9% in 2020, showing more than a two-fold gain over 1990 levels.

There have been changes in substance, too, as well as in numbers. Elderly people have become affluent as a result of an increase in their assets and savings, and improvement of pen-

sion schemes. Their sense of values and lifestyles have also changed. With an increase in the number of elderly people who are active and have greater purchasing power, new consumer behavior is expected to arise and generate a substantial market.

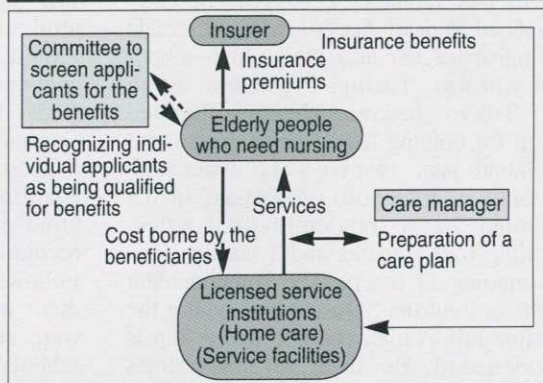
Moreover, new social needs are already growing, mainly in the nursing field. There are two causes behind this. Firstly, with an increase in the number of nuclear families and in the number of working women, households’ ability to take care of aged parents has declined. Secondly, there are fears that services provided by the public sector cannot keep pace with the rising number of elderly people hereafter because of budgetary limitations.

To cope with this situation, the government is scheduled to introduce a public nursing insurance scheme in 2000. Great expectations are placed on this insurance for two reasons. Firstly, the new insurance scheme is expected to stimulate demand for both home care and facility care. Secondly, new demand for such peripheral services as the leasing of nursing equipment and nursing support will be created and grow. Further, demand for amenity-related services where the users will bear the cost is also expected to rise and grow.

The government has already announced the timetable for introducing the public nursing insurance scheme. Business corporations concerned are making preparations for implementation of this new insurance, securing experts such as case managers who will determine the scope of benefits and services to be offered.

In order for industries for aged people to develop a large market, however, they must overcome two problems. The first is how to uncover latent demand. The second is how to divide roles

Mechanism of the Public Nursing Insurance Scheme



between the public and private sectors. In Japan, welfare services do not yet enjoy full citizenship, and demand for them does not show up easily because aged people are often unwilling to be taken care of by others and are concerned with what their neighbors think. Regarding how roles should be divided between the public and private sectors, it is said that basic services will be undertaken by local governments while sophisticated and diversifying needs will be met by private corporations. However, there is no clear-cut borderline between the two, and there is an overlapping area where the public and private sectors compete. For many people, there is a strong consciousness that free welfare services should be made available by the government.

In order for industries catering for aged people to grow, preparations on the institutional side are also necessary. For example, services and goods in a one-stop shopping form should be made available for users’ convenience. In addition, a system for checking whether the substance of a given service is proper or not and a system for settling problems when they arise should be established so that aged people can make use of services with a sense of ease and security.

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