Foundation Seminar Series 2005
"Age and work – connecting the generations"
Kranj, Slovenia, 23-25 May, 2005

"Emerging Markets" –
Responding to the Demand of an Ageing Society
Lessons from the "Silver Economy" in
Northrhine-Westphalia

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Ageing Europe

Distribution of the population (EU25) per age group (1950-2050)

Source: UN World Population Prospects (2002 Revision) and Eurostat 2004 Demographic Projections (Baseline scenario)

Source: CEC Green Paper "Confronting Demographic Change …", 2005:19
Germany ages – threefold!

absolute numbers of elderly (60+) go up:
2001: 20 mio.
2030: 28 mio.

share of elderly in total population goes up:
2001: 24%
2030: 34%
2050: 36.7%

numbers of high aged (80+) go up:
2003: 3.2 Mio.
2030: 5.7 Mio.
2050: 9.1 Mio.
Money is not the bottle neck!
income situation of the elderly

NRW-income study 55plus:

household income average ca. 2500 €/month

• disposable income: Ø 710 € per head and month

• importance of income other than pensions is growing

• average pensioner household property : 225.000 €

• Note: old age poverty is low but still 20 % of 55plus households have poor incomes
## Disposable income across age groups

<table>
<thead>
<tr>
<th>age group</th>
<th>share in population</th>
<th>free disposable income/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>50+ years</td>
<td>35.5% 29.2 mio.</td>
<td>48% 9.7 bil. €</td>
</tr>
<tr>
<td>20 to 49 years</td>
<td>43.3% 35.6 mio.</td>
<td>49% 9.8 bil. €</td>
</tr>
<tr>
<td>Up to 19 years</td>
<td>21.2% 17.4 mio.</td>
<td>3% 0.6 bil. €</td>
</tr>
</tbody>
</table>

source: Cirkel, Hilbert, Schalk 2004: 16
Household incomes compared

source: SHARE-study 2005: 296
50plus: quality of life instead of saving for the heirs

...% of households, who agree to the statement: "I rather live in comfort than save my money"

<table>
<thead>
<tr>
<th>age groups</th>
<th>1992</th>
<th>1999</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50-59</td>
<td>60-69</td>
<td>70-75</td>
</tr>
<tr>
<td>fully applies/applies</td>
<td>26</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>partly applies</td>
<td>37</td>
<td>38</td>
<td>35</td>
</tr>
<tr>
<td>rather not applies/</td>
<td>37</td>
<td>35</td>
<td>38</td>
</tr>
<tr>
<td>does not apply</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

source: GfK Wirtschaftstrendforschung, 50plus 2002
Heterogeneity of age: patterns of living & housing

- "old people commune"
- "Mallorca – pensioner"
- "cooking grandma"
- "Caritas – single"

financially independant

financial funding

integrated

social integration

individualised

dependant on state welfare schemes

source: Hypovereinsbank 2001
### NRW – households 55plus: expenditures

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing</td>
<td>29.7%</td>
</tr>
<tr>
<td>Nutrition &amp; consumption</td>
<td>15.3%</td>
</tr>
<tr>
<td>Travels</td>
<td>8.2%</td>
</tr>
<tr>
<td>Bigger purchase</td>
<td>8.2%</td>
</tr>
<tr>
<td>Savings</td>
<td>6.8%</td>
</tr>
<tr>
<td>Transfers</td>
<td>6.3%</td>
</tr>
<tr>
<td>Private health insurance</td>
<td>4.2%</td>
</tr>
<tr>
<td>Transportation</td>
<td>4.0%</td>
</tr>
<tr>
<td>Personal hygiene and cleaning</td>
<td>3.9%</td>
</tr>
<tr>
<td>Liquidations of debts</td>
<td>3.1%</td>
</tr>
<tr>
<td>Clothing &amp; shoes</td>
<td>2.8%</td>
</tr>
<tr>
<td>Pubs &amp; restaurants</td>
<td>2.1%</td>
</tr>
<tr>
<td>Insurance</td>
<td>2.0%</td>
</tr>
<tr>
<td>Telephone</td>
<td>1.7%</td>
</tr>
<tr>
<td>Print media</td>
<td>1.6%</td>
</tr>
<tr>
<td>Household related services</td>
<td>1.1%</td>
</tr>
<tr>
<td>Donations</td>
<td>0.8%</td>
</tr>
<tr>
<td>Computer</td>
<td>0.7%</td>
</tr>
<tr>
<td>Membership</td>
<td>0.5%</td>
</tr>
<tr>
<td>Pets</td>
<td>0.5%</td>
</tr>
<tr>
<td>Mobile phone</td>
<td>0.5%</td>
</tr>
<tr>
<td>Consulting</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

Source: Reichert/Born 2003: 29
The 'silver generation' -
more demanding and critical!

growing demands:
- health conscious, mobile and independent, more interests in travelling, culture, technology, fashion etc.

growing self-confidence and self-esteem:
- well funded, critical, quality and service oriented
what is meant by 'silver economy'?

⇒ housing, adaptations, accompanying services to enhance quality of life in age
⇒ products and services supporting everyday-life
⇒ leisure, travel, cultural and entertainment offers cut to the interests of senior citizens
⇒ educational offers and new media for senior citizens
⇒ clothing and fashion for the silver generation
⇒ geriatric care & assistance services
⇒ anti-ageing: pharmaceuticals, nutrition and exercise
"Initiative Silver Economy NRW" – the objectives

- improve the quality of life of elder citizens
- extend employment in enterprises which supply products and services for senior citizens
- mobilise purchasing powers of the elderly
- present NRW as a location competent in all matters concerning age and ageing
methods and strategies

- sensitizing the public
- identification of supply gaps and new fields of action to improve quality of life and employment
- kick off of pilot projects
- building and establishing networks
- strengthening international contacts
- marketing of NRW silver economy competences
- providing orientation and initiating qualification measures
organisational structure

- political responsibility: Ministry for Health and Social Affairs NRW
- scientific management: Institute of Gerontology, University Dortmund (FFG) & Institute for Work and Technology, Gelsenkirchen (IAT)

Working groups:
- telecommunication and new media for seniors
- housing, crafts and service supplies
- leisure, tourism, sports, culture and wellness

Office: 'silver economy'
- proposals for measures and projects
- scientific control and evaluation
- organisation of conferences and workshops
- identification, focussing and marketing of competences
- management and coordination of the initiative
supply gaps in the silver economy

products and services for more quality of life in age in the market show a gap between needs and supply – e.g.:

- housing: supply in middle price levels is insufficient
- travelling: tourist destinations lack convenience and quality
- services: household services are absent or too expensive
- communication: focused on emergencies and too little on social communication and mobilisation
tourism:
active and intergenerative

pilot region health- and silver tourism:
Teutoburger Wald and Lower Rhine
demand for household-services by 50plus-households

source: GfK 2002
support of independent living by technology

- concept 'intelligent living'
- quality standard "convenience & quality"
- inHouse – innovation centre 'intelligent house'
- TV communication technologies
- virtual retirement home
- telehealth-monitoring

don't be afraid of technology
new media: device for better services

development and projects:
- extended home emergency services
- telehealth-monitoring
- internet based logistics
- support of nursing families
in institutional fabric in support of the silver economy NRW

- research and development for geronto-technologies and intelligent housing
- silver tourism, health tourism, provision of prevention- and wellness facilities
- technology network building
- organisation of 'health in old age' campaign
- development of integrated prevention- and health care concepts
- vocational and further training
- silver economy as an accent in local economic development strategies
'silver economy NRW' - a first balance

- growing **awareness** for health and silver economy – many new big projects coming up

- **foreign trade**: cooperation of enterprises to establish foreign trade relations with Japan

- big **branch organisations** join in:
  - qualification centre 'silver economy' of the crafts in NRW
  - silver economy marketing campaign in collaboration with the Chambers of Commerce

- **welfare organisations**, associations of municipalities and associations of elder citizens collaborate

- concept and structures are imitated in other German states
silver economy impact: employment estimates until 2015

- additional employment induced by

<table>
<thead>
<tr>
<th></th>
<th>GER</th>
<th>NRW</th>
</tr>
</thead>
<tbody>
<tr>
<td>ageing (care, …)</td>
<td>350,000</td>
<td>70,000</td>
</tr>
<tr>
<td>household services, adaptation of homes</td>
<td>340,000</td>
<td>68,000</td>
</tr>
<tr>
<td>&quot;repatriation&quot; of incomes spent abroad</td>
<td>35,000</td>
<td>7,000</td>
</tr>
<tr>
<td>(silver, health) tourism</td>
<td>25,000</td>
<td>5,000</td>
</tr>
<tr>
<td>fitness</td>
<td>66,000</td>
<td>13,000</td>
</tr>
</tbody>
</table>

overall estimate

800 – 900,000        160 – 180,000

silver economy – the future: 2 scenarios

eyes-closed-scenario

- illusions about sustainability of the social security system
- continuing neglect of adequate working conditions for older workers
- low response to age-specific demand for goods and services
- underestimation of age as incentive to innovation

take-up-the-challenge-scenario

- reform of the social security system: high level basic supply for all plus private additions
- decided advancement of private & public "silver" services and products
- innovation in organisational and technological design
- extension of the labour market and improvement of working conditions for older workers
Age is the only way to a long life!

Thank you for your attention