

## The silver economy Opportunities from ageing

### SUMMARY

The 'silver economy' covers a host of different but interlinked strands; together these can improve the quality of life and inclusion in society and involvement in economic activity of the ageing population through developing innovative policies, products and services to meet their needs, bringing more growth and jobs. The concept has been emerging over the years, and recently gathered momentum with the European Commission's first paper on the topic.

The population in the EU is ageing due to increasing longevity and low birth rates. The Commission's 2015 Ageing Report forecasts that the EU will move from having four working-age (15-64) people for every person aged over 65 years in 2013, to just two by 2060. Whilst population ageing brings challenges, it also presents opportunities. Euromonitor forecasts that the global spending power of those aged 60+ will reach US\$15 trillion by 2020. Annual age related government expenditure on older people (currently nearly 20% of GDP in the EU) is forecast to rise by 1.8 percentage points by 2060.

The silver economy concept seeks to look holistically at ageing and the opportunities it presents, bearing on the future direction of a broad range of policies such as those on the built environment, 50+ employment, life-long learning and preventative healthcare. Moreover, it seeks to embrace new technologies (e.g. health monitoring, smart homes, driverless vehicles, and care robots) and use them to lower the costs of ageing and improve the lives of older citizens whilst simultaneously helping to boost the economy.



### In this briefing:

- What is the 'silver economy'?
- Demographics and opportunities
- Overview of the silver economy
- Brief outline of the various elements
- Further reading

### Glossary

**The 'silver economy':** A recent European Commission paper suggested that 'The "Silver Economy" can be defined as the economic opportunities arising from the public and consumer expenditure related to population ageing and the specific needs of the population over 50.'

**eHealth:** There is no single definition, but essentially it refers to information and communications technology (ICT) tools and services for health used by healthcare institutions, health professionals and patients. This global term can encompass, overlap with, or be a synonym for, several other terms: 'Telehealth' which relates to the remote monitoring of physiological data; mHealth (mobile health) where medical and public health practice is supported by mobile devices; Telemedicine or the provision of healthcare services e.g. teleconsultation, teleradiology, telesurgery, etc. at a distance; and Telecare, which concerns remote care provision through the use of ICT, e.g. the use of care alarms in the home for the elderly to enable more independent living.

**Smart homes:** Central solutions for controlling, monitoring and automating functions in the home, often via the web or mobile apps. This can include healthcare and assisted living systems.

### What is the 'silver economy'?

The 'silver economy' is a concept that has emerged, in particular in the last decade or so, in response to ageing demographics. Whilst there is no single agreed definition, it is generally characterised by a focus on the [opportunities](#) arising from ageing, in terms of new and growing markets to meet the needs of the increasing number of older people. More innovation, knock-on benefits to the wider economy and potential for mitigating pressure on public spending from ageing are typically cited. Direct benefits to older people themselves, for example improved opportunities and support to remain active, or the potential for goods and services better adapted to them, also feature.

The silver economy also seeks to bring together and build on existing thinking and work-strands, such as efforts to promote active and healthy ageing, targets to increase the employment rate of older (e.g. aged 55-64) workers, and employment opportunities from the need for more elderly care and health workers in the future. For instance, many of these themes were discussed at the [Stockholm European Council](#) in March 2001. And in 2002, the **United Nations'** [declaration and international plan of action on ageing](#) included an emphasis on advancing health and wellbeing into old age and ensuring supportive environments.

The debate on the silver economy concept has been fostered by a range of stakeholders including academics, researchers, technology companies, national governments, the EU, the OECD and organisations representing older people and civil society. The particular emphasis can differ, as can the age ranges cited as being applicable although typically age 50 is the lower bound. To generalise, as the age bands rise the discussions tends to move gradually from a focus on the older person's own economic activity (as worker and consumer) and more towards inclusion and better and more cost effective health and social care.

An early reference outlining the silver economy in Europe was the 2005 [Bonn declaration](#) by the **Silver Economy Network of European Regions**<sup>1</sup> stating: 'elder people expect new and innovative products and services for greater quality of life in their old age (Silver Economy) while an appropriate innovative drive results in growth and new jobs, and in a global context increases Europe's competitiveness and that of the companies operating here'.

The **European Commission's** 2006 [communication](#) 'The demographic future of Europe – from challenge to opportunity',<sup>2</sup> although it did not use the phrase 'silver economy', did cover many of the aspects typically included within it, saying: 'The ageing population can even represent a good opportunity to enhance the competitiveness of the European economy. European companies should be able to take advantage of better conditions to grasp the opportunities offered by demographic change in terms of creating new markets for goods and services which respond to the needs of an older clientele. A first step in this direction would undoubtedly be to encourage companies and other economic actors to incorporate the ageing phenomenon into their innovation strategies. This concerns a number of areas such as information and communication technologies, financial services, transport, energy and tourism infrastructures and local services, in particular long-term care.'

In 2007, [the Council](#), following an exchange of views partly informed by the Commission's communication, adopted a resolution which invited the Commission 'to take into account the growing and diversifying demand for goods and services for older people ... in order to encourage developments in this area and thus to increase the chance of Europe becoming a leading example of the "silver economy"'; and invited the Member States 'to respond to the needs of an ageing society and to create suitable framework conditions for opening new markets in the context of the "silver economy" in order to make better use of the opportunities for economic growth'.

In 2008, the **European Parliament** adopted a [resolution](#)<sup>3</sup> on the demographic future of Europe which mentioned the silver economy and stressed many of the key themes it is built on. It noted that older people's 'consumption of goods and of leisure, care and welfare services is an expanding economic sector and a new source of wealth', and called on 'the Member States to promote and develop the economic and social participation of elderly people, paying particular attention to their physical well-being and the quality of their social and financial living conditions'. It further called for 'the promotion of preventative and holistic age management techniques' and for 'Member States to promote the role of older workers within the labour market ... and encouraging employers to adopt flexible working practices...'. Other relevant points included noting the importance of life-long learning and assisting employees in upgrading their skills, a good working environment, including adaptations for older workers and those with disabilities, and tackling age discrimination.

The **European Parliament and the Council**, in adopting the 2011 [Decision](#)<sup>4</sup> on 'The European Year for Active Ageing and Solidarity between Generations (2012)' also briefly mentioned the silver economy, referring back to the Council conclusions of 2007. EPRS has completed an [implementation assessment](#) of the year.

Talking about the silver economy, the [Global Coalition on Ageing](#) says that: 'Aging populations can be drivers of productivity and wealth creation by remaining active, engaged and working. Capturing this workforce engine will necessitate workplace adaptations, new definitions of retirement and savings, and investment in lifelong training and education'.

National debates on the subject are also gathering steam in Europe, for instance in [France](#) and [Germany](#).

In 2015, in its [first paper](#) explicitly focused on the topic, the **Commission** said, 'The "Silver Economy" can be defined as the economic opportunities arising from the public

and consumer expenditure related to population ageing and the specific needs of the population over 50'.

So the silver economy concept, and the emerging debate on it, takes a holistic look at ageing and the [opportunities](#) it presents but also raises concerns. For instance, that the hopes for the silver economy are too optimistic and may lead to complacency in tackling the challenges from ageing. Another [criticism](#)<sup>5</sup> is that too much emphasis on innovation through technological solutions may reduce the focus on other, more cost-effective steps. But, overall, looking at ageing through the lens of the silver economy has been broadly welcomed, including as a way to focus on opportunities as well as challenges.

## Demographics and opportunities

### An ageing EU

The population in the EU is ageing due to a combination of increasing longevity and low birth rates. The [2015 Ageing Report](#) projects that life expectancy at birth for males in the EU will increase by 7.1 years, reaching 84.8 in 2060, and for females, by 6.0 years, to reach 89.1 that year.<sup>6</sup> In the same report, the [total fertility rate](#) is projected to rise from 1.59 in 2013 to 1.76 by 2060 for the EU as a whole,<sup>7</sup> but this is still well below the natural replacement rate of 2.1. As a result the EU is projected to move from having around four working-age (15-64) people for every person aged over 65 years in 2013, to just two by 2060.

### Growing opportunities for older people

For older people themselves, longer life expectancy and the fact they make up an increasing share of the population gives them a still more important role in society and the economy. They can expect better opportunities, for those who want to and are able, to stay in the labour market for longer, aided by such things as more flexible retirement options, better adapted workplaces, life-long learning and efforts to combat age discrimination.

New and emerging technologies, for example cell therapy, health monitoring and preventive healthcare and driverless vehicles could help older people to continue to live active and healthy lives, which also enables continued engagement in the labour market. Such innovations can also make older people more empowered and independent in looking after their health and fully included in society, for instance by being able to continue to live and travel independently. Technology can also improve care for older people in later life via such innovations as telecare, and even care robots.

### Growing market for goods and services for older people

Europeans over 65 already have a spending capacity of over €3 trillion [according to the European Commission](#) and this market segment is growing. As there are increasing numbers of older people, the number of people with age-related impairments will also grow, meaning the market for goods and services to minimise, manage and mitigate these impairments will become bigger still. Euromonitor forecasts that the global spending power of those aged 60 and above will reach US\$15 trillion by 2020.<sup>8</sup> According to the report '[The Silver Economy in southwest Europe](#)' by the SilverSUDEO project, 'At €420 billion in Europe, the market for the Silver Economy is the beginning of an important development'. In France, a recent study estimated that 53% of economic demand in 2015 will be from the aged (Source CRE-DOC). In Germany there is estimated purchasing power of €316 billion among the elderly.<sup>9</sup>

New technologies developed for these markets can underpin the successful businesses of the future and have knock-on effects for the success of the wider EU economy. For example, the SilverSUDEO project stresses the need to segment the market and involve older people in the design of products and services aimed at them. It provides examples from France, Portugal and Spain of older consumer markets and efforts to meet their needs. For instance, 'in Spain the seniors market already comprises 41% of the food consumption budget'. In France, Project ICARE, involving a consortium of partners interested in the elderly, aims to maintain the autonomy of people at their homes as they become older and will test applications over 24 months across 2 000 homes in France. A [report](#) by the American Association of Retired People (AARP) highlights nine areas of opportunity for businesses looking to target the older consumer market, including in areas such as physical fitness, care navigation and vital-sign monitoring.

### **Mitigating the costs of ageing on the state**

Alongside the large and growing spending power of older people themselves, government expenditure on older people (pensions, healthcare and long-term care) is also very significant and is expected to grow overall given ageing demographics. According to the 2015 Ageing Report, in 2013, government spending on pensions in the EU accounted for 11.3% of GDP, healthcare 6.9% and long-term care a further 1.6%<sup>10</sup> for a total of nearly 20% of EU GDP. And this is set to rise, with the report saying: 'Looking at the components<sup>11</sup> of strictly age-related expenditure, the increase between 2013 and 2060 is mostly driven by healthcare and long-term care spending, which combined is projected to rise by about 2 pp. [percentage points] of GDP (healthcare: +0.9 pp., long-term care: +1.1 pp.)<sup>12</sup>.

Whilst this is seen as a challenge to public finances and standards of care for the elderly, it can also provide impetus to governments and companies to innovate to mitigate the costs, and to develop technologies, businesses and initiatives to help to maintain or improve standards in an efficient way and potentially boost the EU economy as well.

The Commission [says](#) that, 'The introduction of ICT (information and communications technology) and telemedicine alone is estimated to improve efficiency of healthcare by 20 percent. Moreover, ICT empowers users of every age to better manage their health'. According to a [study](#) by a consulting group, 'it is estimated that mHealth (mobile healthcare) could reduce overall elderly care expenditure by 25 percent.'

More details on eHealth, including on the European Parliament resolution on the eHealth Action Plan 2012-20 are in a recent [EPRS Briefing](#). One report on world markets for telemedicine technologies states that, 'The global telehospital/clinic and telehome market reached ... US\$19.2 billion in 2014, and should reach about US\$43.4 billion in 2019 with a compound annual growth of 17.7% through 2019'. The purported scale of the market for such technologies is one indicator of the potential efficiencies they could offer to mitigate public spending, when compared to the costs of existing approaches to health and long-term care.

### **Overview of the silver economy**

Some broad categories are set out below. Annex II of the European Commission's [recent paper](#) has details of specific EU level initiatives relating to some of these themes.

#### **Maintaining and improving employment prospects for older workers**

Older workers can be defined as age 55-64. However, in the context of the silver economy a range of ages are discussed, at times also including those aged 50+ and/or

those aged 65+. Of course there are long-standing efforts to support older people's employment prospects at national and EU level, for instance through the [European Social Fund](#). A 2013 Eurofound [report](#) gives examples of initiatives involving both national governments and social partners including those drawing on European funding.

Measures to maintain and improve employment prospects for older workers can vary depending on the particular age ranges. But nonetheless there are some common elements, for example tackling age discrimination and supporting [life-long education and learning](#), including providing opportunities to retrain and change career later in life. With the right support, some people aged 50+ may wish to utilise their experience to continue in work on their own terms as [older entrepreneurs](#). Interestingly, a [study](#) revealed that a new generation of over 50s is emerging as entrepreneurs in the UK, challenging the traditional view of the entrepreneur as a young person.

At older ages, considering less rigid approaches to mandatory retirement ages and enabling flexible retirements and downshifting can assist in maintaining and improving employment prospects for older workers who are able, and wish, to stay in work, perhaps in a reduced capacity. This could involve working part time and/or in a different role (in the same field or not) more suited to the older person skills and abilities.

### **The built environment and transport**

Adaptions the built environment<sup>13</sup> – to homes, workplaces and [public spaces](#) can make them more 'age-friendly' allowing older people to remain in the workplace for longer, to be involved in society and to live independently. The World Health Organization (WHO) report '[Global Age-friendly Cities: A Guide](#)' lists measures such as even pavements, places to sit and pedestrian crossings. Berlin (Access City Award winner in 2013), introduced a website ([www.mobidat.net](http://www.mobidat.net)) '...aimed at people with sensory, mobility and cognitive impairments, helping them with information about accessibility'. Age-friendly homes may benefit from the expected growth in [smart homes](#) integrating healthcare and assisted-living systems designed to meet older people's needs. Efforts to improve accessibility for people with disabilities could also benefit an ageing population. A 2013 report<sup>14</sup> produced by the Academic Network of European Disability experts (ANED) shows government buildings leading the way in terms of accessibility requirements, while workplaces and private dwellings provide a more mixed picture.

[Public transport improvements](#) and adaptations and [facilitating older people's use of public transport](#) can allow older people to remain independently mobile for longer, enabling continued engagement in society and the economy. Here, again, the ANED report presents a mixed picture with aircraft/airports and trains/railway stations leading the way. Emerging technologies such as [driverless vehicles](#) also offer the prospect of prolonged independence for older people who are [interested](#) and can [afford](#) them. Links with workplace adaptions may also have a role to play, for example through remote working or allowing flexible hours to make travel more viable (e.g. less frequent and/or outside peak times).

### **Increasing healthy life years**

Apart from the obvious benefit for individuals, healthier lives also have economic benefits including enabling continued participation in the labour market, mitigating state spending on the consequences of ageing and ill health and providing opportunities for developing innovative businesses to help people live more healthy and active lives.

Elements include more emphasis on [health promotion and prevention](#), screening and early diagnosis and intervention in health policies, as well as encouraging [appropriate physical fitness](#), [better diet](#) and [nutrition](#) and [quitting smoking](#) and ensuring better compliance with medication and therapy regimes and better health monitoring. All these represent potentially growing markets which may lend themselves to innovative technology-driven solutions such as [mHealth](#) or [eHealth](#) strategies and initiatives.

The [European Innovation Partnership on Active and Healthy Ageing](#) brings together key stakeholders (end-users, public authorities, industry) in the innovation cycle to 'pursue a triple win for Europe: (1) enabling EU citizens to lead healthy, active and independent lives while ageing; (2) improving the sustainability and efficiency of social and health care systems; and (3) boosting and improving the competitiveness of the markets for innovative products and services, responding to the ageing challenge at both EU and global level, thus creating new opportunities for businesses.' Prevention and health promotion, care and cure, and active and independent living of elderly people will be the focus, with an overarching target to increase the average healthy lifespan by two years by 2020. The partnership will overcome barriers and improve the framework conditions for the uptake of innovation, leveraging financing and investments, and improving coordination and coherence between funding for research and innovation at European, national and regional level.

Health and safety at work also has a key role to play in increasing healthy life years and maintaining a healthy workforce as the population ages, and action is under way to support this at EU level. For instance a [project](#) co-funded by the Health Programme of the EU seeks to strengthen occupational health professionals' capacities to improve the health of the ageing workforce. And a [pilot project](#) requested by the European Parliament aims to assess the prerequisites for occupational health and safety strategies and systems to take account of an ageing workforce. The European [Agency](#) for Safety and Health at Work aims to make Europe a safer, healthier and more productive place to work, and this includes looking to the future of an [older workforce](#) and adapting work and the work environment to suit.

#### **Remote care and health monitoring**

[Telecare and telehealth](#) remotely delivering health monitoring and care can help people to [live independently](#) for longer, as well as moderating the extra costs brought by ageing populations. An [assessment report](#) for the EU says that mobile healthcare (mhealth) 'could save €99 billion in healthcare costs in the EU and add €93 billion to EU GDP in 2017 if its adoption is encouraged'. According to a [report](#), traditional telecare solutions (wearable emergency alarms) have the most users, with 4.55 million EU citizens currently using these. But the market for more sophisticated devices capable of automatically triggering alarms and monitoring health (telehealth) in cases such as chronic heart failure, diabetes or asthma, is already developing. [According to the Commission](#), the global telecare and telehealth market is forecast to grow from €7.6 billion to €17.6 billion by 2017. The Commission ordered a [report](#), 'ICT & Ageing – European Study on Users, Markets and Technologies' which looked to identify factors that facilitate or present barriers to the development of this field and included a number of case studies.

Demographic ageing will mean that carers – both informal and professional – will be increasingly in demand. But new technologies may also have the potential to provide some care services. The European Parliament's 2011 resolution<sup>15</sup> on a European

initiative on Alzheimer's disease and other dementias highlighted the role telemedicine could play in allowing people to be cared for at home. Technological help may even extend to some perhaps surprising areas, as has been seen with the early development and trialling of [care robots](#).

## Main references

[Growing the Silver Economy in Europe](#), European Commission, 23 February 2015

[The 2015 Ageing Report](#), European Commission, European Economy 3/2015

[EU demographic indicators: Situation, trends and potential challenges](#)

'[WHO Global Forum on Innovations for Ageing Populations](#)', December 2013

'[Modelling the economic potential of the silver economy](#)', Miroslav Štefánik et al., Neujobs working paper no. D 12.3, August 2013

## Endnotes

<sup>1</sup> The [SEN@ER](#) – Silver Economy Network of European Regions is a joint initiative of European regions initiated by the region of North Rhine-Westphalia (Germany). The SEN@ER was founded and established on 18 February 2005 at the first European Silver Economy Conference in Bonn, Germany.

<sup>2</sup> Commission Communication – [The demographic future of Europe – From challenge to opportunity](#), COM(2006)571, 12 October 2006. Quote from section 3.3, 'A more productive and dynamic Europe'.

<sup>3</sup> European Parliament [resolution](#) on the demographic future of Europe, P6\_TA(2008)0066, 21 February 2008.

<sup>4</sup> [Decision No 940/2011/EU](#) of the European Parliament and of the Council of 14 September 2011 on the European Year for Active Ageing and Solidarity between Generations (2012).

<sup>5</sup> '[Healthy and active ageing: turning the "silver" economy into gold](#)', Annika Ahtonen, European Policy Centre, March 2012.

<sup>6</sup> [The 2015 Ageing Report](#), Section 1.1.2, Life expectancy, page 15.

<sup>7</sup> [The 2015 Ageing Report](#), Section 1.1.1, Fertility rates, page 14.

<sup>8</sup> Euromonitor, [Boomers as Consumers](#), October 2012.

<sup>9</sup> RKW Magazine, No 4/2008.

<sup>10</sup> [The 2015 Ageing Report](#), table (1), page 9,

<sup>11</sup> Pensions, healthcare, long-term care and education.

<sup>12</sup> [The 2015 Ageing Report](#), Executive Summary, Budgetary projections, page 4.

<sup>13</sup> This has been defined as 'the human-made space in which people live, work, and engage in recreation on a day-to-day basis'.

<sup>14</sup> 'National accessibility requirements and standards for products and services in the European single market: overview and examples'.

<sup>15</sup> European Parliament [resolution](#) on a European initiative on Alzheimer's disease and other dementias, P7\_TA(2011)0016, 19 January 2011.

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