

# The New Hope for the EU – Silver Economy

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**ABSTRACT:** The population of Europe is ageing. This phenomenon is a major challenge for the society, but it can also be a great opportunity for business and economy. The “Silver economy” project focuses on developing strategies related to population ageing, mainly by means of special technology services. These services generally aim to support well-being with through health monitoring, robotic assistance, electrical mobility or sport activities, including health tourism, green care and web based home care solutions.

Nowadays, innovation developers focus on solutions for elderly people. Economic sectors involved in innovation and development want immediate strategies and clear visions for the next decades. Health and social care, health services, self-health management and senior tourism all require ready models. The big question is whether the current economic model will be able to sufficiently respond to the new needs, or instead of amending the existing models, should we think of a totally new economic model?

It is evident that if this new economic model is based on technology, it will play an important role in the future. We have to be prepared to be able to introduce elderly people to the modern and virtual society. Furthermore, the whole virtual community will benefit from the process, as a new group of people with specific knowledge and experience will be needed to serve the need of senior citizens.

Are we at the beginning of new age in human evolution?

## **Introduction**

Biotechnology and other industries focusing on alternative energy research are among the most rapidly developing and most funded industries worldwide. Taking into account recent events of world politics, war economy and medical industry are both flourishing. Tourism – which also belongs to the world’s leading industrial sectors – has to adapt to a dynamic environment caused by the rapidly changing geopolitical situation and the current phenomenon of international migration trends. As a result of the aforementioned factors, a high level of adaptability and openness to novel solutions are required from tourism market actors in order to be able to cope with the challenges of the continuously changing conditions. With regards to social and economic safety and predictability, our world is rapidly shrinking. However, ensuring social and economic sustainability is the common interest for every country. An ageing population not only represents a huge challenge for the society, but at the same time it is a great

opportunity for the future. Large multinational industrial companies has reached a point in the technology contest where great opportunities are ready to serve the IT industries’ future purposes. The evolution of the IT industry is especially important in the European Union, where both economic and social problems need be resolved. The future is here with us today, when we are able to start creating a new lifestyle for the elderly. I have conducted interviews with experts of the field and then analysed their answers and opinions on silver economy. My research aims to explore the existing possibilities and their relationships, in order to make them widely available for all actors of the society.

**Which economic segments are affected by the silver economy?**

**Economic segments of the silver economy**

Media	Fashion	Gerontology, health services	Home services
Real estate, smart homes	Education system	Tourism, medical tourism	Nursing home, assistant living
Fitness	Finance, insurance	Cosmetics	Mobility
Culture, recreation	IT, innovative technology	Home delivery	Robotics
Architecture	Design	Public transport	Local markets (e.g. food)

Figure.1: Economic segments of the silver economy

Source: own edition

As indicated by the table above, silver economy affects all segments of the economy. Most importantly, a new demand will enter the market, with clear and specific needs accompanied by a sufficient amount of income and a high level of willingness to pay. To exploit this new market possibility, the supply side will have to resolve dilemmas. For example, it is an interesting question whether the new demand side wants to utilise technological developments to live healthier or only longer.

The process had already started, and each market actor seems to be opting for different solutions. It is clear that silver economy distinguishes between two lifestyles of the elderly. The first category is willing to live in independent households, while the other group prefers special homes with healthcare services. For market purposes, the services to be developed seem to be similar, but the respective tasks are quite different. However, both situations require local or regional solutions.

Governmental support plays a key role, because most of the private companies do not have the capacity to facilitate and sustain systems that require large-scale and continuous funding. For example, the public emergency system is calibrated based on the number of local population. The system does not have information on the age composition of the population. In case of a lot of accidents or emergency calls at the same time, the system can allocate its capacities at local, county or national level; in specific cases, further resources can also be engaged; in such cases, governmental involvement is indispensable.

### The significance of silver economy

Generally speaking decision makers of the marketing industry do not put enough emphasis on facilitating services that would target the specific demands of the 50+ age group, in spite of the fact that – as the recently ended economic crisis had shown – the only population group with a stable and sufficient purchasing power are the senior citizens. Representing a strong buyers' market, the elderly cannot be considered as a homogenous group. Senior citizens are different in many way. Age is a main distinctive feature: there can be decades of difference, which means that we can talk about “younger” and “older” senior people (see Fig.2). From marketing aspects, there are further differentiating factors like gender, cultural background, acquired skills, life experience or health status.

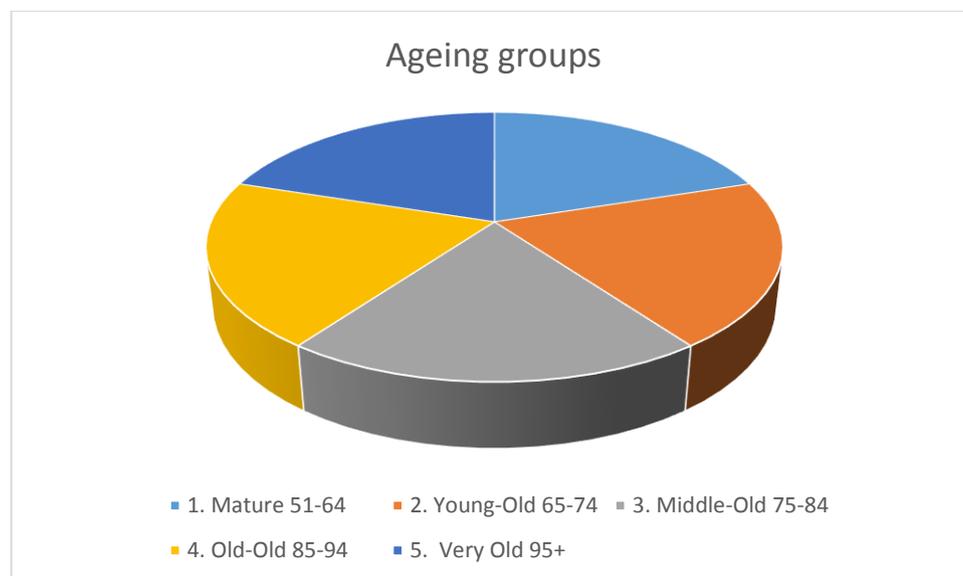


Figure 2.: Age groups of senior people

Source: own edition

Taking into account all age factors, we can see that there is a huge market segment with unexploited opportunities. In this segment, the right to well-being is just as significant as in case of other segments. This has led to the creation of the expression “silver economy”.

The term “silver economy” was created by researchers of the Oxford University to define the economic activity of the 50+ age group. Based on the definition, the term refers to the total economic activity of all 50+ people, including all expenditure-generating products and demands. Although the definition itself refers to a huge economic potential, it only represents a small “niche” segment of the total economy (EUROPEAN COMMISSION 2015).

**Population projections, examinations, research of ageing**

According to demographic forecasts, it is clear that the world’s population is growing. Quantitatively speaking, the elderly represent the majority of the population and in parallel with the economic development, the rate of senior people is further increasing (see Fig.3). At the same time, the developed world has to face a major challenge caused by the fact that the reductive performance of the population is below the replacement level (i.e.: the number of deaths is higher than the number of new-borns). Within the EU, especially Hungary is in the situation where the increased life expectancy (72 years for males and 80 years for females) combined with an unfavourable reproduction rate (1.4) results in a trap situation (Taigetos syndrome). Situations like this usually lead to an overall ageing of the society that can be resolved by smart migration policies (L. RÉDEI 2006).

**EU27 population by age and sex**

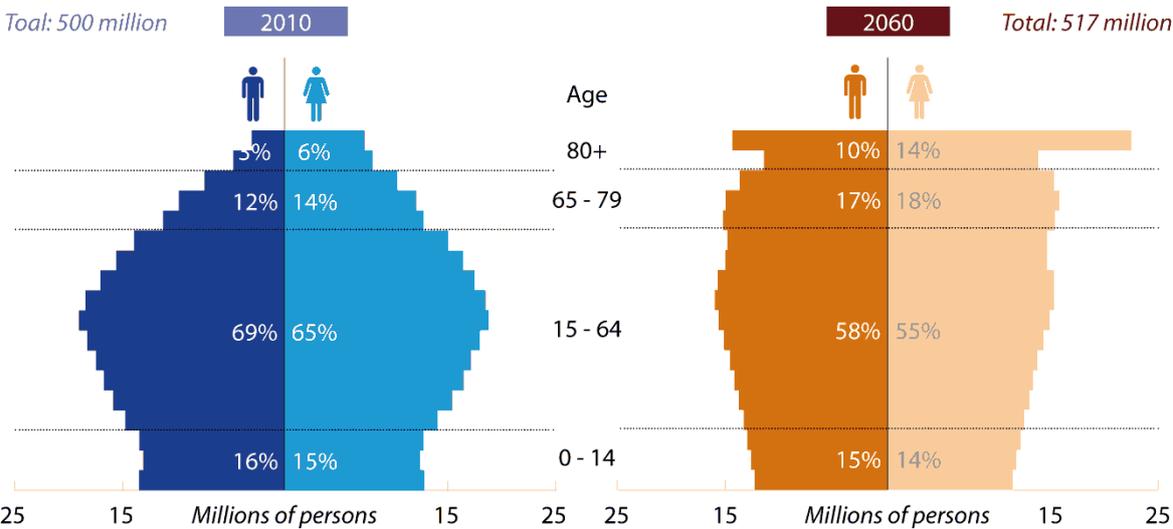


Figure 3. EU population forecast by age and sex (2010, 2060)

Source: European Parliamentary Research Service (<http://epthinktank.eu>)

In response to the challenges of the “greying century”, new scientific fields have emerged. There are important researches going on in order to have a greater understanding of the biological processes related to ageing. The science of gerontology examines the chronological changes in human life processes and aims to define the characteristic principles of ageing. Geriatrics, a special field of gerontology focuses on the health issues of the elderly. In short, geriatrics is a medical field of prevention, curation and rehabilitation, focusing on the chronological changes in human life processes that affect everybody equally. For example, it is a general statement that the ageing of the body is a normal biological process, not necessarily accompanied by pathological lesions or diseases. However, the biological processes of natural ageing increase the vulnerability to diseases and accidents. With ageing, the body mass decreases by around 0.3 kg annually, the movement ability decreases, cellular loss becomes continuous, the pain threshold becomes higher, blood pressure increases, lung capacity declines and muscular strength decreases. Hereditary factors, environmental impacts, personal lifestyles developed in younger years, behaviour, social status, emotional and cognitive development, moral and ethical values and the accessibility to quality free time all affect ageing and life expectancy (IMRE, 2007).

The most important results of gerontology research are:

- human life expectancy can be expanded up to 150 years, of which around 30 years can be achieved by healthy lifestyle, genetic modifications and implant technologies;
- intellectual performance can be enhanced by chemical, psychological and psycho-biological methods;
- the defensive-protective operation of the immune system can be influenced and modified by targeted dietetic programmes;
- the role function of elderly age is transforming, but there is no general pattern of ageing, because diseases affect life quality.

Different risk factors can emerge at any stage during the ageing process, but there is a so-called “healthy ageing process” (CZIGLER, 2000). According to this, elderly people become ill because they are affected by a disease, and not because they are old. Health issues directly related to ageing are typically movement coordination disorders, lack of stamina or dementia (HALMOS, 2002). I think that elderly people are gradually starting to realise the importance of a healthy lifestyle, and there is a tendency among them to open up towards regular physical activity and physical-emotional-intellectual harmony, and as a result, a higher level of empathy will emerge towards them.

### **How the will the re-defined “new old age” affect the society in the future?**

Age has several impacts, including personal life, family, community, population groups, institutions, economy, society, culture, health and politics. According to present tendencies, the process of ageing goes on in parallel with today’s trends of urbanisation. As a result, the population tends to migrate from rural and peripheral regions towards central urban areas (ENYEDI, 2002). City management bodies and urban planners will have to cope with huge challenges in the near future, when the development of senior-friendly spaces becomes a priority. The changes will greatly affect local people, living environments, existing road and pavement systems, utility and transport services, community spaces and parks, workplaces, shopping facilities, doctors’ offices, schools, hospitals, public institutions and the whole settlement area and everyday life. The newly introduced term of senior-friendly accessibility

will not only refer to spaces developed especially for elderly people, but it will also mean a more user-friendly and safer environment for the whole population.

Such spaces with a higher level of safety will not only be suitable for the elderly: children, young single women and disabled people will also benefit from the changes. Safety is also a priority when it comes to tourism – as a matter of fact, it is the most important factor of decision making about destinations.

Typical senior friendly urban real estate developments had already started in some areas; as a result, experimental designated areas had been developed to provide solutions for safe ageing. One of the main safety priorities in such cases is that the area lies far away from any natural disaster area. Another key factor is that the new projects must include the practical utilisation of any formerly developed infrastructure located in the area.

In Hungary, the first and (so far) only similar development is taking place in the Mátra mountains, in the beautiful village Parádsasvár. According to experts, the area of the Mátra mountains has excellent tourism opportunities and is facing a long-term prosperous development. Within the frameworks of a project starting in 2011, the settlement of Parádsasvár – formerly renowned for its glass manufactures – has started to focus on active senior and health tourism. A large-scale 3-steps project will be implemented in the area, and a smart technology retirement home will be closely integrated into the settlement structure.

Social senior tourism is another important field of health tourism with an increasing importance in the EU. The term refers to elderly people who live on their pensions in another country that enables them a higher life standard from the same income.

The fundamental research of Royal Park project (PARK ROYAL RESORTS & SENIOR CARE HOMES) focused on exploring senior friendly communities and the opportunities of implementing senior friendly areas. The basis for the project were the experimental “Living Lab” projects in LÄNSI-SUOMI (West-Finland) and in the USA, which operate specially designed designated quarters especially designed for senior people. These experimental settlements consist of fully equipped houses and the residents have their own cultural, free-time, commercial and health services (HAPPY VILLAGE). One of the main problems of urbanisation is that senior people are willing to move to urban areas mainly because of the available services, but the cities are often not ready to receive them (VERES 2006).

The “buzz” of big cities is one of the most significant problems that usually disturbs the elderly. Noise, electro smog, insufficient pedestrian crossings, the lack of benches, resting places and public toilets are just as annoying for senior people as for tourists. Cross-sections of bicycle paths and walking routes is another major problem that affects older people, while the rest of the society does not seem to comprehend the problem yet.

### **Silver tourism**

As of today, tourism has become a continuously developing industry, including countless innovation opportunities and tourism products. It is predictable that based on their common interest and mutually using each other’s resources, the two leading sectors: tourism and health industry will soon create a global market together. The main attractions of the product are health improvement and general well-being (MICHALKÓ, 2012). Because the market of the product offers services both for healthy consumers and those willing to be healthier, the terms “wellness”, “prevention”, “therapy”, “rehabilitation” and “fitness” have become widespread and common expressions among the whole population. It is also likely that senior people will pay more attention to seek successful opportunities (see Fig 4.). High quality services and achieving harmony will be their priority.

# Successful Aging

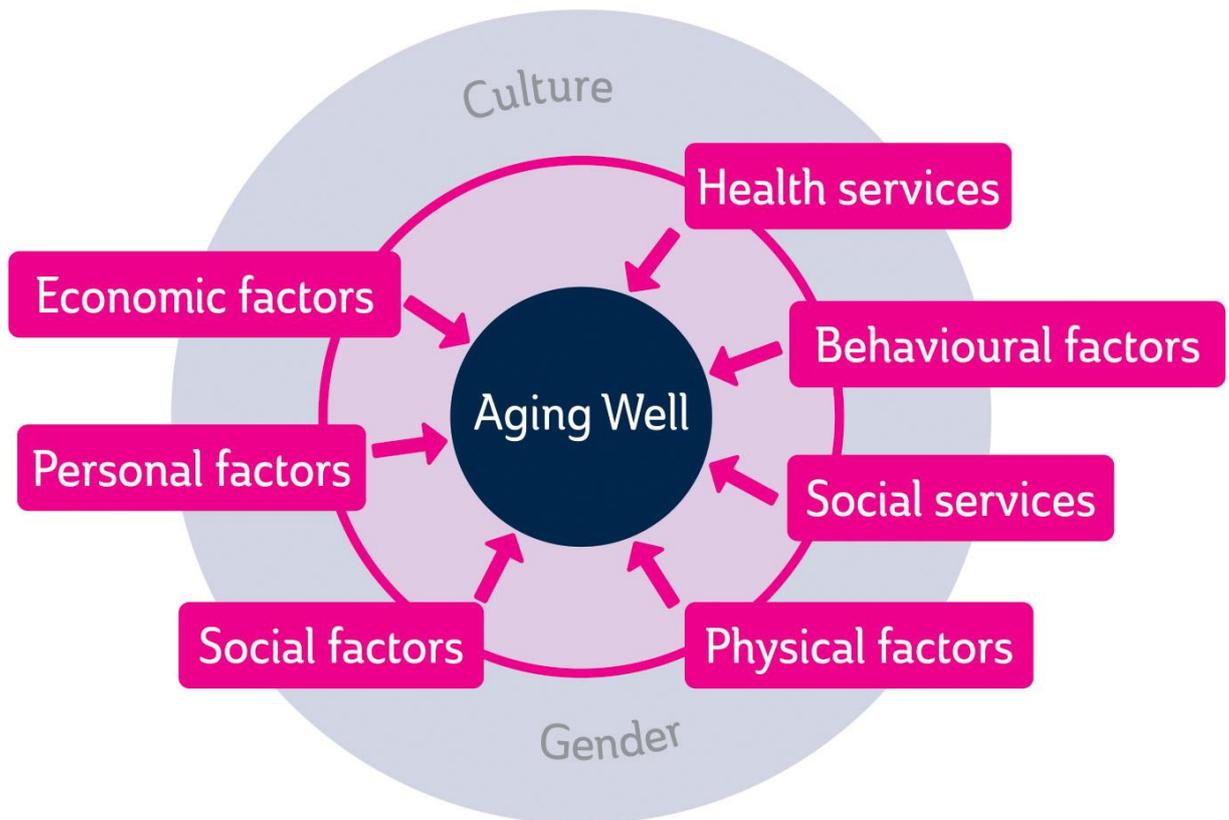


Figure 4.: Factors of successful aging

Source: own edition

It is a common sense that ageing affects the whole society. The establishment of senior friendly communities in urban areas is a long-term process. With smart decision making, the development of senior friendly urban areas can also answer the needs of tourism scene development (MICHALKÓ 2007). According to settlement marketing professionals, the innovative marketing term of “designed for older people” will eventually be widely accepted. The great dilemmas and challenges in connection with “senior solutions” are as follows:

- To what extent can a local community become senior friendly?
- To what extent can senior friendly developments be supported by the whole community?
- How senior friendly a tourism destination can be?

In my opinion, when researchers start to investigate the above mentioned topics, quite simple questions will have to be answered to assess the measure of support in relation with senior friendly developments, i.e.:

- Do you usually smile at elderly people?
- What senior healthcare methods are you familiar with?
- Would you support the introduction of a designated sign on senior drivers' cars (similar to student drivers)?
- Would you employ volunteers at local programmes?

- Would you support senior drivers' using disabled parking spaces?
- Would you listen to radio programmes led by senior people?
- Would you purchase gardening products from an elderly shop assistant at a local gardening shop?
- Would it be a problem for you if the local bus stopped at senior people's houses?

### **Summary**

Service providers and marketing professionals so far had neglected the “silver economy”, mostly because the market segment of elderly people used to be considered as a homogenous group. According to demographic projections, Europe is facing an era of ageing and an imbalance in gender ratio towards women. With demographic indicators and social processes we have concluded that senior people are different. Based on gerontology definitions, we have established that there are significant differences in the process of ageing and that there is a so-called “healthy ageing”. Because of general urbanisation effects, an increasing number of senior citizens are foreseen to move to the urban areas, due to their wider range of services. At the moment, urban developers do not put an emphasis on senior friendly solutions, which will probably cause many problems for the elderly. The whole tourism sector, especially tourism destinations have to be prepared to implement senior friendly tourism scenes; with smart planning, the whole society will benefit from these developments. Service providers have achieved significant results at national, regional and local levels, but these positions are foreseen to change with the appearance of the new market segments. The role of supplementary services will be appreciated and new services like silver tourism and social tourism will appear in the European Union. Initial planning and developments have already started in the region, so economic actors of the EU will be the first to profit from “silver economy”, which is predicted to bring important changes both in the economy and society.

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