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The Silver Avalanche
Are you prepared?

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Executive Summary

The silver avalanche is coming in Asia. It took the UK, US and France 45 years, 69 years and 115 years respectively to move from an ageing society to an aged society¹; but will take Singapore and China only 25 years to do so. By 2030, the elderly over 50 years of age will constitute 32% of the entire Asia-Pacific population but are expected to contribute 52% of the total Asia-Pacific consumer expenditure. Asian businesses need to respond to this avalanche. The momentum of the silver avalanche is not the same in all countries. China, South Korea, Thailand and Singapore surpass rest of the Asia-Pacific countries in both the mass and velocity of the avalanche.

Lack of homogeneity is the norm in a US\$26 trillion silver economy. It is one thing to make *inter-country silver* economy choices (i.e. which countries to prioritize or not to capture the opportunities and mitigate the risks of the silver avalanche), it is considerably more complicated to develop a successful *intra-country strategy* (i.e. within in each country what should be the goals and aspirations, where-to-play, how-to-win, capabilities and management systems). Key reason is the lack of homogeneity. In a US\$26 trillion silver economy in terms of accumulated wealth in 2018, unsurprisingly, the wealthy silver that is yet to become digital commands 60% of the share. However, the wealthy silver already turned digital is now the second largest segment and growing².

Choices remain complicated. Whilst companies should respond to the ageing avalanche of Asia, the urgency and pathway to do so will vary. We looked deeper at six selected markets in Asia. Some like Singapore and Thailand are *Silver Spotlights*, where companies need to transform their core as the market is about to shift. Others like India and Indonesia are *Silver Adjacency*, where companies can experiment with their edge plays. Finally, some like Japan are Silver Core, where if the companies have not yet made the move, they should deprioritize the market all together. From a sector perspective, markets differ. India, Indonesia and Thailand are huge spenders on *Food & Beverage* with 30-40% share of spend. Singapore and Thailand have relatively disproportionate share spend in *Leisure & Hospitality* sectors suggesting an imminent silver tourism avalanche in those markets. Whilst health will remain an important part, from a consumer spend perspective, it is <10% share of the elderly spend. *Financial services (incl. insurance) and Communications* will be another set of sectors (under the miscellaneous category) to watch out for as they remain the most digitally sophisticated sectors compared to the rest and hence ripe for disruption in the silver market.

Digital and ecosystem play an imperative to make the change. The pace at which the silver economy is becoming digital cannot be ignored. Companies who are successful in leveraging digital are expected to capture a greater share of the opportunities or, at the least, able to mitigate risks of being disrupted by the silver avalanche. We look at a few case studies to highlight three key success factors to serve the silver market: innovating across several levers concurrently, using digital as the key enabler and marshalling their ecosystem partners instead of doing it all alone.

¹ As per World Health Organization (WHO), ageing society is defined as when the society has 7%-14% of the population aged 65+; aged society is defined as when the society has 14%-21% of the population aged 65+

² The smart phone penetration of >50 years segment is growing at 2.4x times faster than the 18-34 years population segment

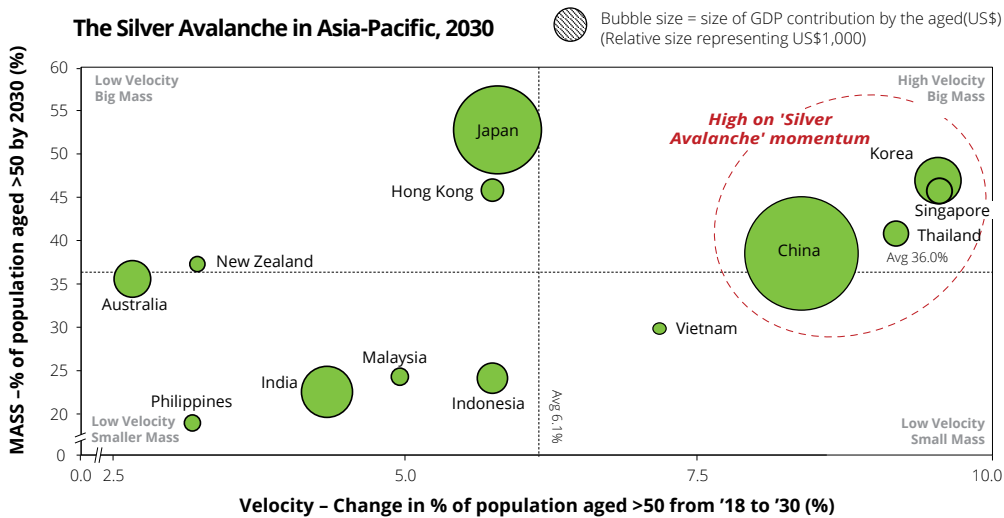
The Silver Avalanche



1. The Silver Avalanche is on its way but it's not homogenous

Asia's silver avalanche is coming. It took the UK, US and France 45 years, 69 years and 115 years respectively to move from an ageing society to an aged society; but will only take Singapore and China 25 years to do so³. By 2030, the elderly over 50 years of age will constitute 32% of the entire Asia-Pacific population but are expected to contribute 52% of the total Asia-Pacific consumer expenditure. We characterized the silver avalanche for 13 countries in Asia-Pacific region across its mass (to evaluate how large the silver economy will be by 2030) and its velocity (to evaluate the speed at which the silver economy is growing). We found that countries differ in avalanche types, but amongst them, four countries are experiencing the greatest momentum in their silver avalanche (**Exhibit 1**). Those countries are China, Thailand, Korea and Singapore. Furthermore, our analysis underlines the sheer lack of homogeneity in the markets.

Exhibit 1 : Silver Avalanche Analysis in Asia-Pacific



Source: World Bank, IMF, Monitor Deloitte Analysis

Whilst businesses may be able to repurpose their inter-country silver economy choices (i.e. which countries to prioritize or to not prioritize to capture the opportunities and mitigate the risks of the silver avalanche), it is considerably more complicated to develop a successful intra-country strategy (i.e. within in each country what choices need to be made). The silver economy market is far from being homogenous in its intra-country setting. Market segmentation is a powerful way to appreciate this lack of homogeneity. Whilst there can be many to segment the market, we chose two common variables to illustrate the lack of homogeneity. Firstly, how wealthy or frugal the market is as the silver population retires or starts preparing for their retirement. Secondly, how digital savvy or a digital laggard the market is. We realized that within these two variables the market is significantly divided. We articulated the heterogeneous nature of the market by conceptualizing four silver economy segments across Wealthy/Frugal and Technophile/Tech Laggards (Exhibit 2) at an aggregate level for 7 countries. Not surprisingly, the wealthy silver that is yet to turn digital (Silver turns Gold sans Digital) is worth 61% of the total silver economy market in dollar value terms. However, this is a moving target. Today, the wealthy silver that is already digital (Silver turns Digital Gold) is already the second largest segment amongst the four segments with 30% value share. The rate at which the silver market is going to become digital is also notable. The smartphone penetration for the population >50 years is growing at 22% year on year which is 2.4x times faster than smartphone penetration for the population aged between 18-34 years⁴.

³ Standard Chartered, "Ageing - Passing the baton to Asia"

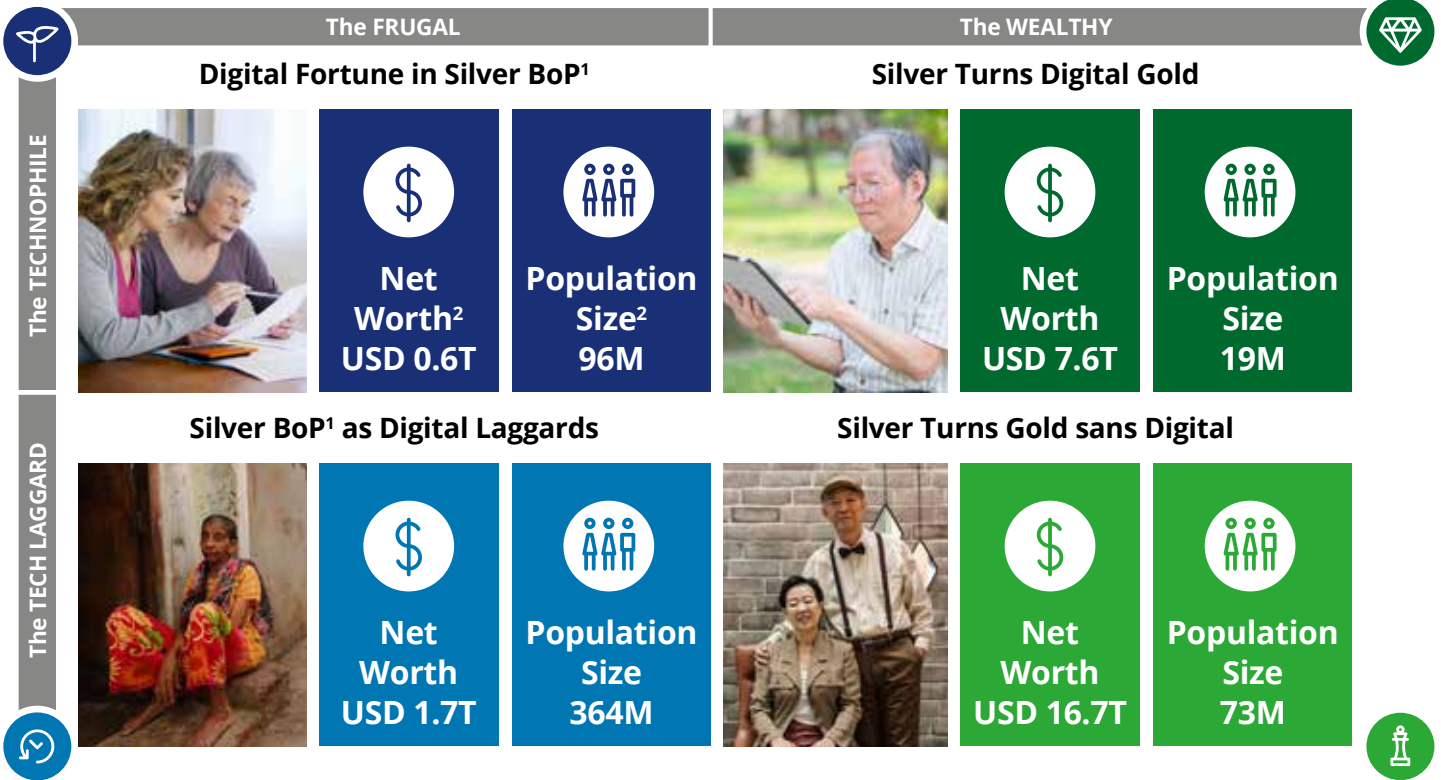
⁴ Pew Research Centre (2018) and eMarketer (2019), Monitor Deloitte analysis

It took the UK, US and France 45 years, 69 years and 115 years respectively to move from an ageing society to an aged society; but will only take Singapore and China 25 years to do so³. By 2030, the elderly over 50 years of age will constitute 32% of the entire Asia-Pacific population but are expected to contribute 52% of the total Asia-Pacific consumer expenditure.

China, Thailand, Korea and Singapore are experiencing the greatest momentum in their silver avalanche.

The smartphone penetration for the population >50 years is growing at 22% year on year which is 2.4x times faster than smartphone penetration for the population aged between 18-34 years⁴.

Exhibit 2 : The Silver Market in 2018 – Not one but many shades of Silver



¹ Bottom of pyramid

Source:

Monitor Deloitte Analysis; data on the on the following seven countries has been used to represent Asia excl. Middle-East: China, India, Indonesia, Japan, Korea, Philippines and Singapore

Distribution and wealth of the Wealthy is based on the top 10% and the Frugal is based on the bottom 50% of the elderly population from World Inequality Database (2012-2015), The World Economic Forum's Inclusive Development Index 2018 and Credit Suisse Global Wealth Databook. Distribution of the Technophile and the Tech laggard is based on smartphone penetration data from Pew Research Centre (2018) and Info-communications Media Development Authority of Singapore (2017). Distribution of the elderly is based on data from The World Bank Population estimates and projections (2019)

It is evident that considering the silver economy as homogenous would be erroneous. Different sectors need to develop, unique to their goals and aspirations and business environment, strategic segmentation to repurpose their go-to-market narratives and transformation. We also believe digital will be an important lever to activate this transformation. This is not just because the silver economy is becoming more and more digital, but also because digital drives agility and improves speed to change. One of the studies by Deloitte and MIT Sloan Management Review⁵ concluded that digitally matured organizations not just innovate more, they also innovate differently. Digitally matured organizations are 2x more likely to cultivate partnerships with their ecosystem players to drive innovation.

Thus, as the silver economy gets digital, companies who are successful in being digital are expected to capture a greater share of the opportunities or are able to mitigate risks of being disrupted by the silver avalanche.

This report provides key lessons learnt from some of the successful companies who have been able to innovate on the back of digital technologies to respond to the silver avalanche in their respective markets.

Digitally matured organizations are 2x more likely to cultivate partnerships with their ecosystem players to drive innovation.

⁵ Accelerating digital innovation inside and out – Agile teams, ecosystems, and ethics, Deloitte Insights



Uneven Scale of Impact



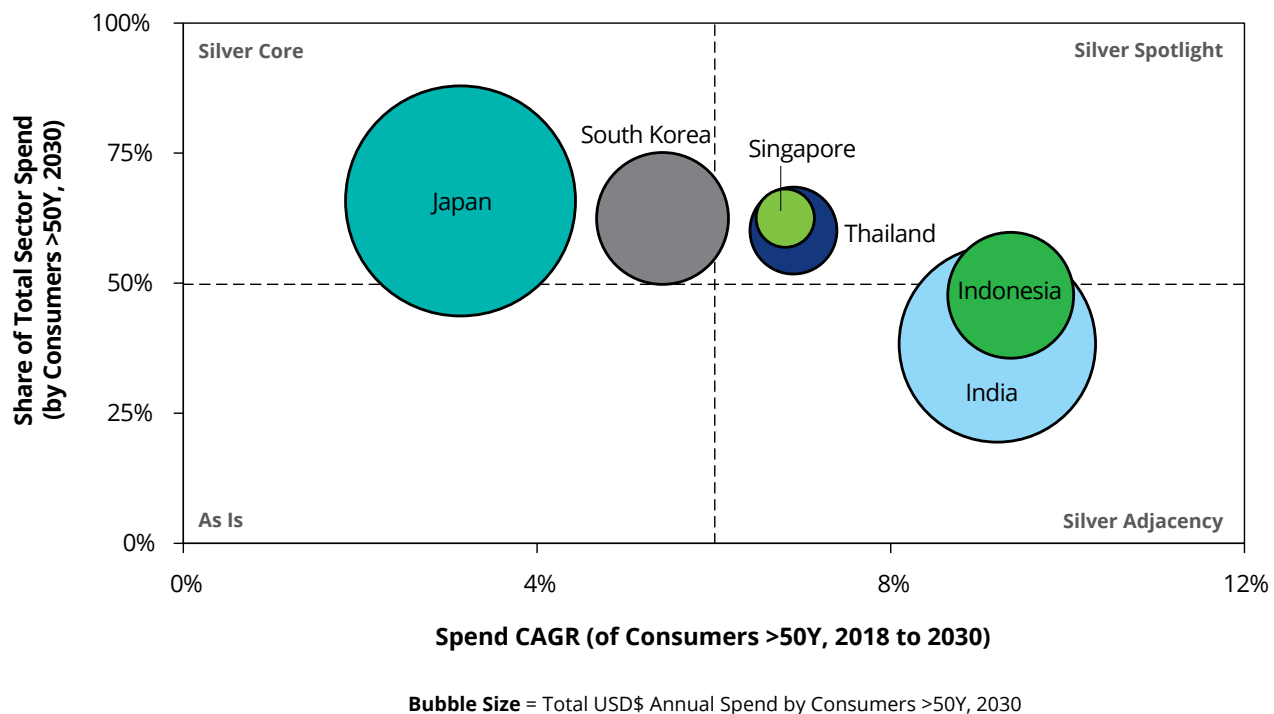
2. Uneven Scale of Impact – Fifty Shades of Silver

Whilst it is clear that companies need to repurpose to accommodate the silver avalanche, the urgency to adapt is not uniform. To qualify the degrees of shades of the urgency, we analysed the projections of the silver population's spend as a consumer on products and services in 2030 for six nations. We measured the share of spend by the silver over the whole population in 2030, the projected annual growth rate (CAGR) of spend by the silver from '18-'30 and the dollar size of the spend from the silver as a consumer by 2030.

The six nations were selected such that it gives us a view of markets who belong to different stages of the ageing spectrum. Japan is a *Super Aged market* (defined as a society with greater than 21% population aged 65+); South Korea is an *Aged market* (defined as a society with 14%-21% population aged 65+); Singapore and Thailand are an *Ageing market* (defined as a society with 7%-14% population aged 65+) and India and Indonesia have not yet aged (with <7% population aged 65+).

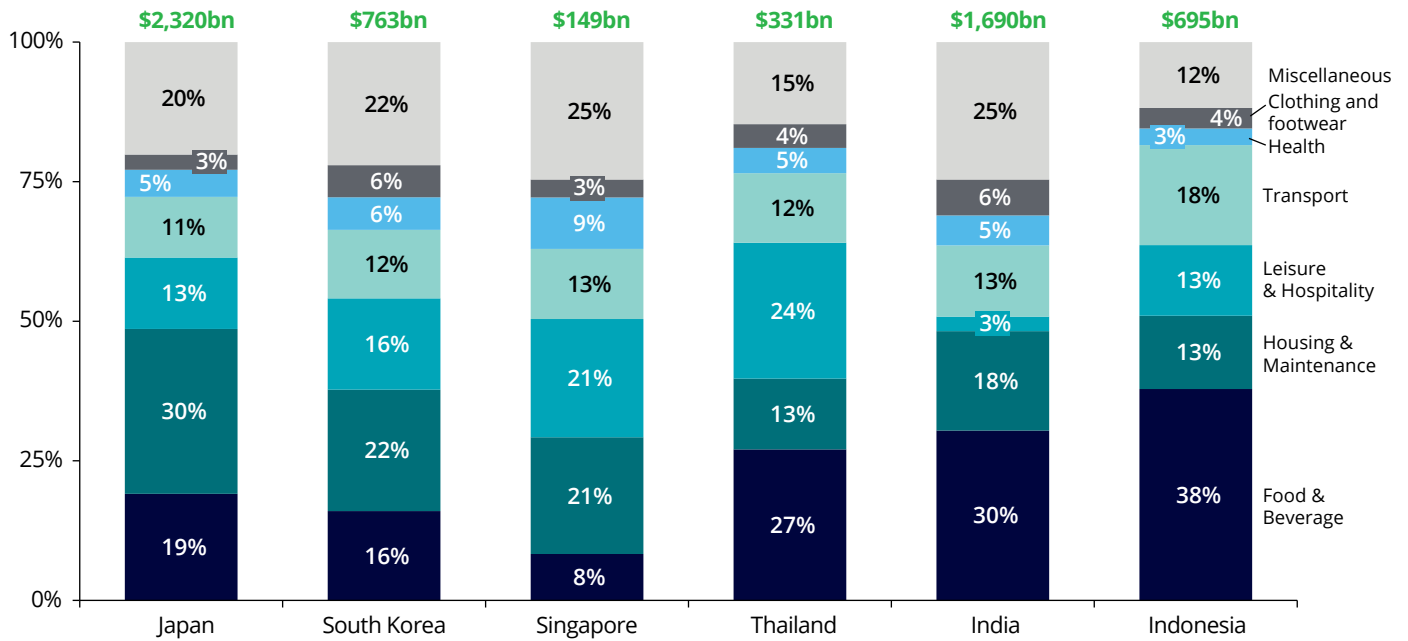
The results give us perspective on the degree of impact the silver avalanche will have on the businesses in the future (**Exhibit 3**). In markets such as Singapore and Thailand, where the spend share and the annual growth are both high (*Silver Spotlight*), businesses, irrespective of their market standing, should start transforming towards the silver economy. In markets like Japan, where spend share is high but spend growth will be low (*Silver Core*), businesses should by now already have had made the transformation or should deprioritize due to lack of ability or intention to serve the silver market. In markets such as India and Indonesia where the spend share is still low but high growth (*Silver Adjacent*), businesses can afford to experiment on the edges to serve the silver market whilst maintaining their core business to the non-silver market.

Exhibit 3 : The Silver Consumer spend outlook in 2030



Source: Monitor Deloitte Analysis; World Bank Population Data; EIU; Euromonitor

Exhibit 4 : The Silver Consumer spend Share by sector in 2030



Source: Monitor Deloitte Analysis; World Bank Population Data; EIU; Euromonitor

There will also be large differences in an intra-country setting for the Silver consumer across the sectors – a look at the top six sectors⁷ by spend (Food & Beverage, Housing & Maintenance, Leisure & Hospitality, Health, Transport, Clothing & Footwear. Rest is categorized as Miscellaneous spend⁸) highlights this disparity. *Housing and Maintenance* will be the largest spend category in the super-aged Japan, South Korea and Singapore whereas *Food & Beverage* spend will be the largest in Thailand, India & Indonesia.

Even within these cohorts, there are significant variations – *Food & Beverage* will comprise of almost a fifth of the silver demographic spend in Japan, whereas their counterparts in Singapore do so in the *Leisure & Hospitality* sector. Similarly, *Leisure & Hospitality* will be ~25% of spend in Thailand, in stark contrast to the ~13% in Indonesia & just ~3% in India.

Lastly, there will be some country level singularities. *Health* spend share will be less than 5% everywhere except in Singapore, where it will be almost twice as much. *Transport* share of spend will be 50% more in Indonesia than anywhere else. *Clothing and footwear* spend share will be almost twice as much in South Korea and India compared to the other markets.

Miscellaneous spend, which includes significant categories like Financial services (incl. insurance) and Communications ranges from ~12% to ~25% of the spend across the markets.

The above show the degree of heterogeneity of the silver market across nations, sectors and therefore across the silver segments. Companies, especially those who operate in multiple geographies in one or more sectors, will need to carefully think through the cascade of choices on the goals and aspirations, where-to-play, how-to-win, capabilities and management systems to serve their silver market.

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⁷ Standard Industry Classification industry groups

⁸ Miscellaneous includes spend on financial services (incl. insurance), communications, personal care, jewelry, travel goods, personal effects and other goods and service



Harness the Ecosystem



3. Responding to Ageing in the Digital World – Harnessing Innovation through Ecosystems



The impending silver avalanche has sparked some pioneering entities to respond to the opportunity. We looked for companies who have made the moves in the silver market across Asia Pacific, and have distilled selected case studies of those entities across healthcare, housing, travel, financial services, and recreation and communication sectors across seven markets. They have innovated across several levers concurrently, and not just across one. We used Doblin’s “Ten Types of Innovation” tool to assess the innovation levers activated by the entities. We also realised how they amplified the innovation by collaborating with their ecosystem partners on the back of digital technologies.

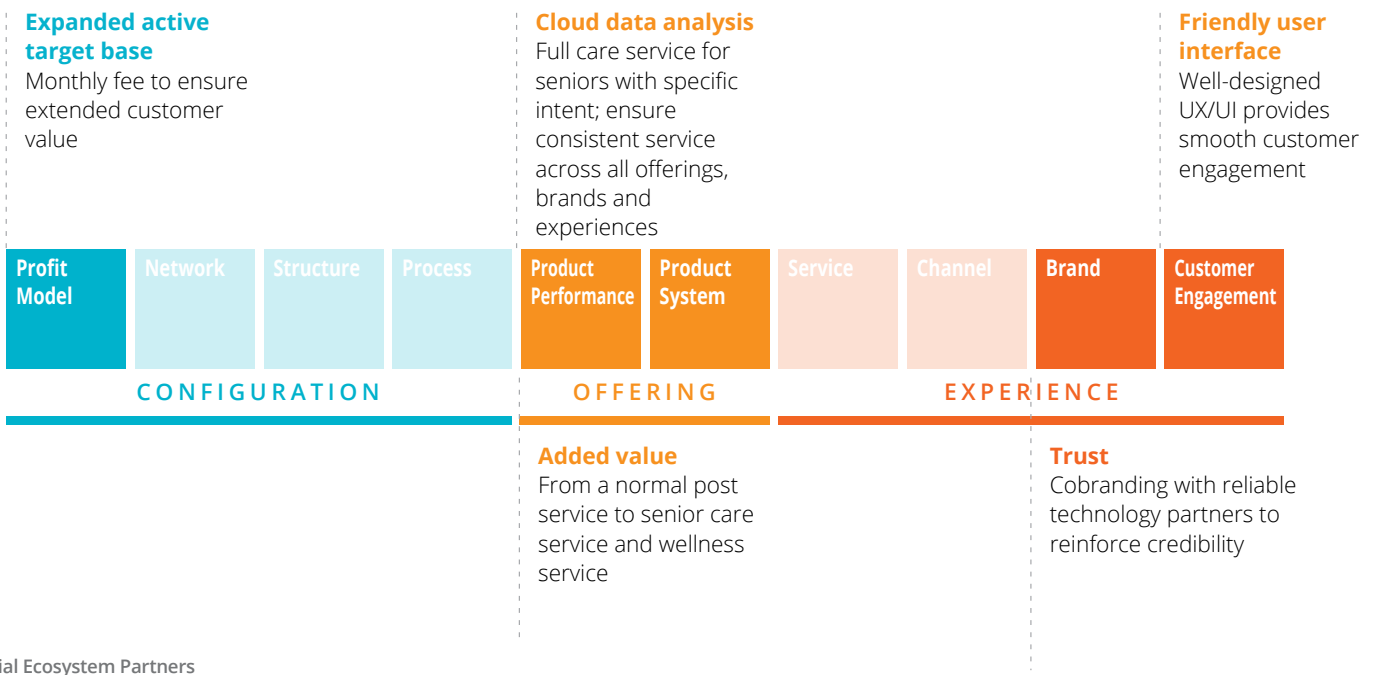


Communication and monitoring for the Silver (Japan)

A Connected Smart Home for the elderly

Digital penetration among the elderly has been relatively low as compared to the rest of the population due to its complexity, resulting in alienation of the elderly population from the rest of the community.

Exhibit 6



Potential Ecosystem Partners

Capability: Monitoring/ emergency services

Provision of monthly medicine delivery and monitoring of senior daily medicine usage

Capability: Government engagement

Local government can share important news and notices

Capability: Online shopping delivery

Provide delivery services for daily necessities; the integrated system can also track delivery updates

Providing integrated connected smart home to the elderly through technology solutions

A Japanese organization has formed alliances with global technology companies to offer monitoring services nationwide. The service offers an all-rounded service, such as daily health monitoring and communication with family members. It has integrated Artificial Intelligence and cloud platform to analyze data inputs collected from the elderly on a daily basis. This set of data is then shared with the senior's families. It also provides direct access to various services such as time to taking medicine and exercise, diet reminders, community activities, grocery shopping support, employment support, etc. They have developed a partnership with over 8000 hospital facilities ecosystem alone.

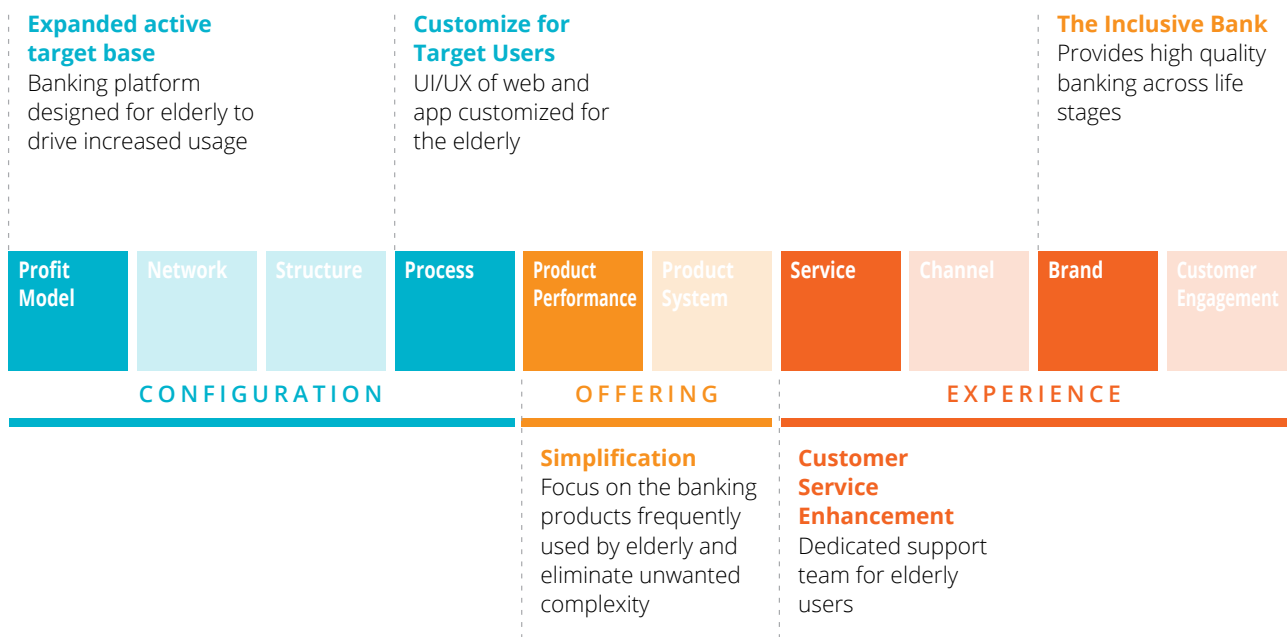


Banking for the Silver (South Korea)

An Integrated Mobile banking platform for the elderly

Low penetration rate of mobile banking among the elderly has been a major challenge in the finance industry. Contrary to the goal of the industry, digitalization of banking services have alienated the elderly due to the unfamiliarity of these services and complexities of the user interface. Meanwhile, the number of off-line branches has been steadily declining, an attempt by traditional banks to cut their costs to remain in competition with on-line banks. Therefore, the elderly is dragged into the unfriendly world of mobile banking in order to solve their essential banking needs.

Exhibit 7



Ecosystem Partners

Capability: Custom Insurance

Extend additional financial products that designed for the elderly needs

Capability: Beyond banking offerings

Added services like funeral planning enables elderly to solve problems beyond banking

Capability: Communications Infrastructure

Enables customized information to be sent to the elderly based on market analysis; to facilitate further use of the platform

Bringing together an ecosystem of providers to deliver a banking platform for the aged

A South Korean mobile banking platform aims to meet all the essential needs of the elderly, and this is not limited to just banking services. As of 2018, it had connected the platform to over 10 ecosystem providers such as banking, healthcare, insurance, funeral service, messenger, legal advice, travel agency, etc. who offer various services that are directly linked to the elderly's essential needs. As a banking service, the entity contributed to increasing the penetration rate of elderly mobile banking by providing a much more elderly-friendly UX/UI, which was designed bottom-up with the elderly in mind. As a platform, it facilitates the exchange of information and data on elderly citizens with other providers and it provides customized recommendations to elderly users based on analysis of their historical usage data. Due to such attempts spreading across industries, the number of elderly using healthcare services through the platform reached 10,000-20,000.

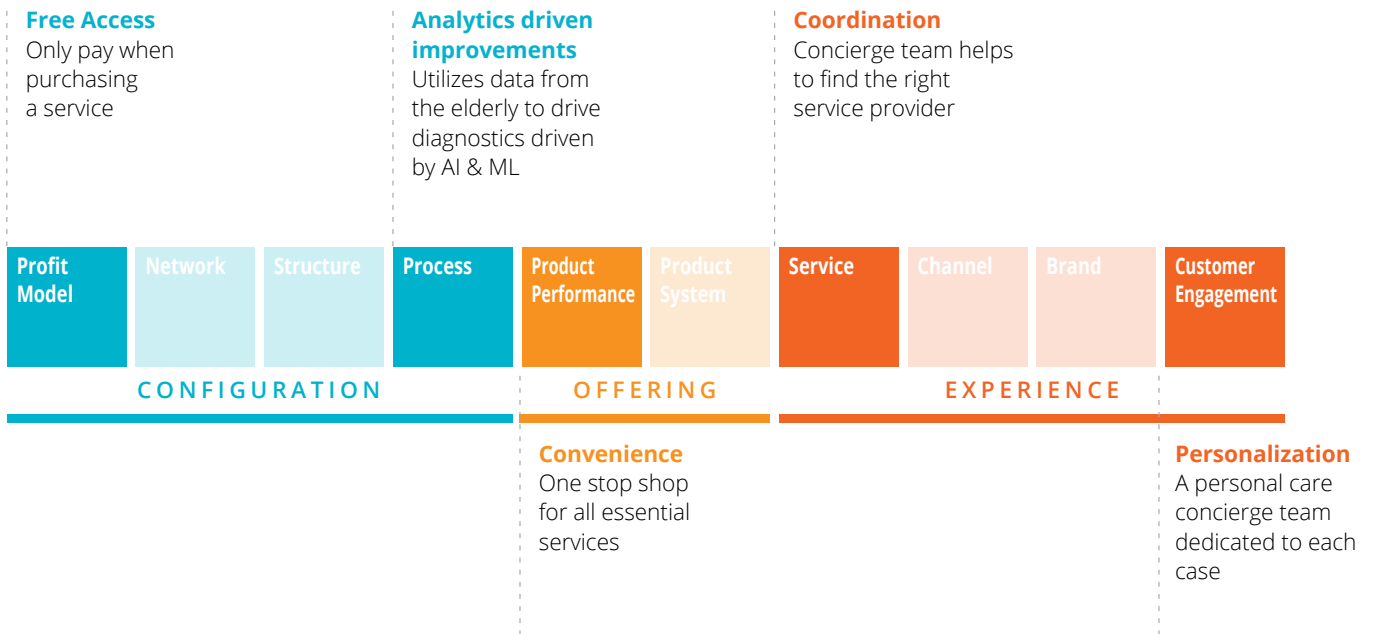


Health and Wellness for the Silver (Singapore)

Integrated health and wellness platform for elderly care

With a rapidly ageing population, it has been a challenge to cater to the needs of the elderly. There is a lack of one-stop shop for all essential elderly services, an absence of good care coordination between the health and social services, and it is difficult for the elderly and caregivers to navigate complex web of providers.

Exhibit 8



Ecosystem Partners

Capability: Business analytics

Provides data for other ecosystem alliances such as clinics

Capability: Wellness Chatbot

Platform to create chatbots related to health, thus engaging the elderly

Capability: Homecare

Doctors provide follow-up to home bound patients in their

Bringing together an ecosystem of providers to deliver an integrated services platform

Singapore based entity helps families to find services catered to the needs of the elderly. The entity has formed an alliance of ecosystem to provide products and services (e.g. financial, medical, legal, social, etc.). The platform then serves as a one-stop shop for elderly care products and services. The platform also manages and distributes elderly data to the ecosystem in a secure and trusted way to provide insights for personalized services to the elderly. The entity works with 40+ wellness ecosystem partners and has integrated 24 different elderly care verticals.

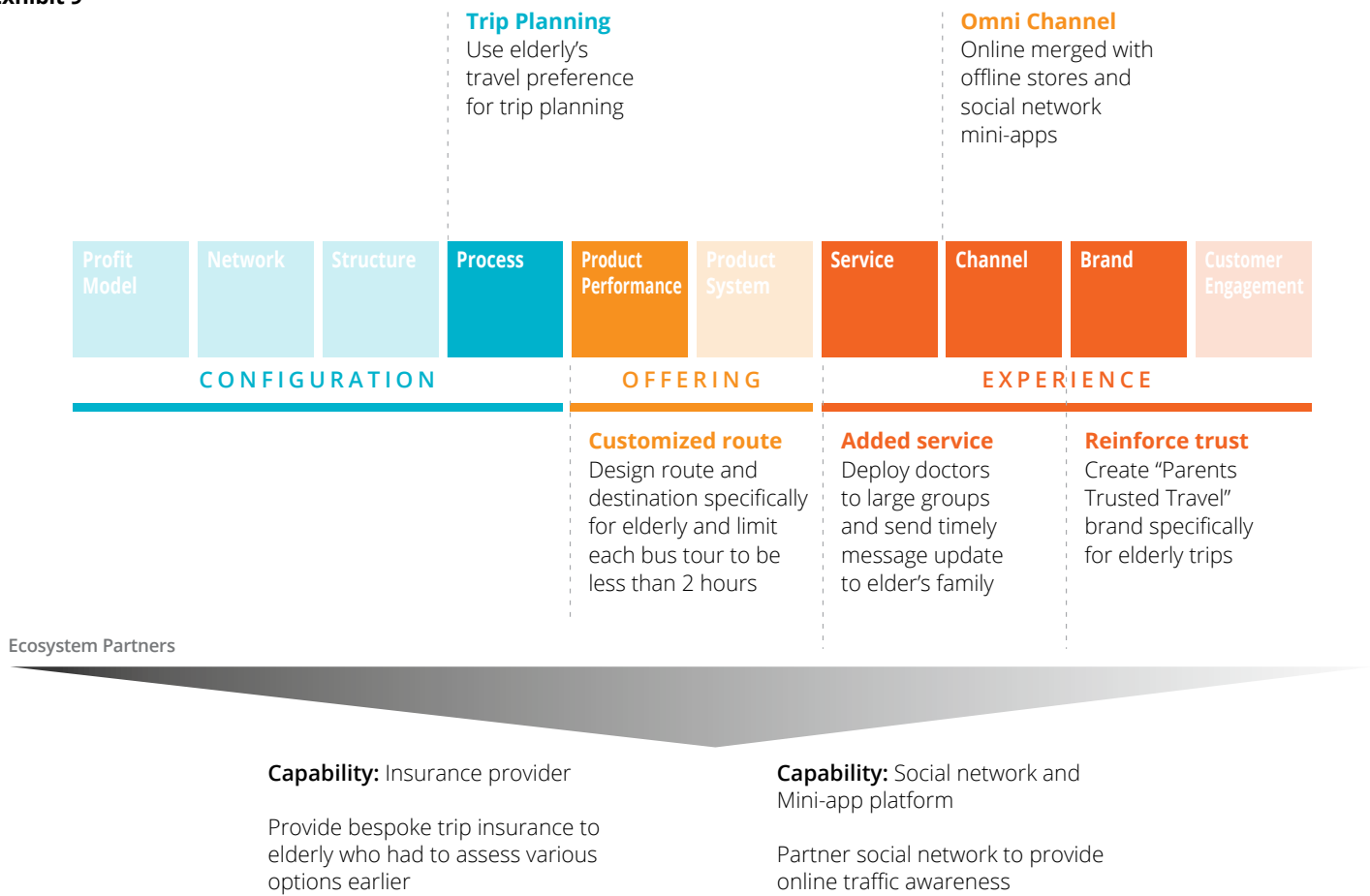


Travel and hospitality for the Silver (China)

Enhancing the elderly's travel experience by providing a one-stop platform

Travel planning has been a challenge for elderly. Most of them lacked the capability and resource to plan the trip by themselves and go out for solo trips. However, even for group travel, they were not designed for elderly and could bring out challenges to them. The trips designed for general people could be a burden for elderly if the route requires too much walk. The pre-existing group trip plans also lack certain protection that could give elders assistance physically or financially.

Exhibit 9



Curated travel for the Elderly with end to end planning & one stop platform

China's leading online travel platform upgraded their products and services to cater to the elderly needs by providing a one-stop platform for the elders who would like to travel with satisfying experience. The platform designed the product in a way that provided additional protection to the elder through insurance partnership with insurance company and through designing the route considering elder's health. It also expanded its go-to-market channels by expanding in social network platform and offline stores in tiered cities to reach out to end elderly users who might desire an in-person interaction before making purchases. Consequently, it has opened over 7000 offline stores, and elderly are one of its key growth segments with an annual 2017 growth of 50% in their elderly travelers.

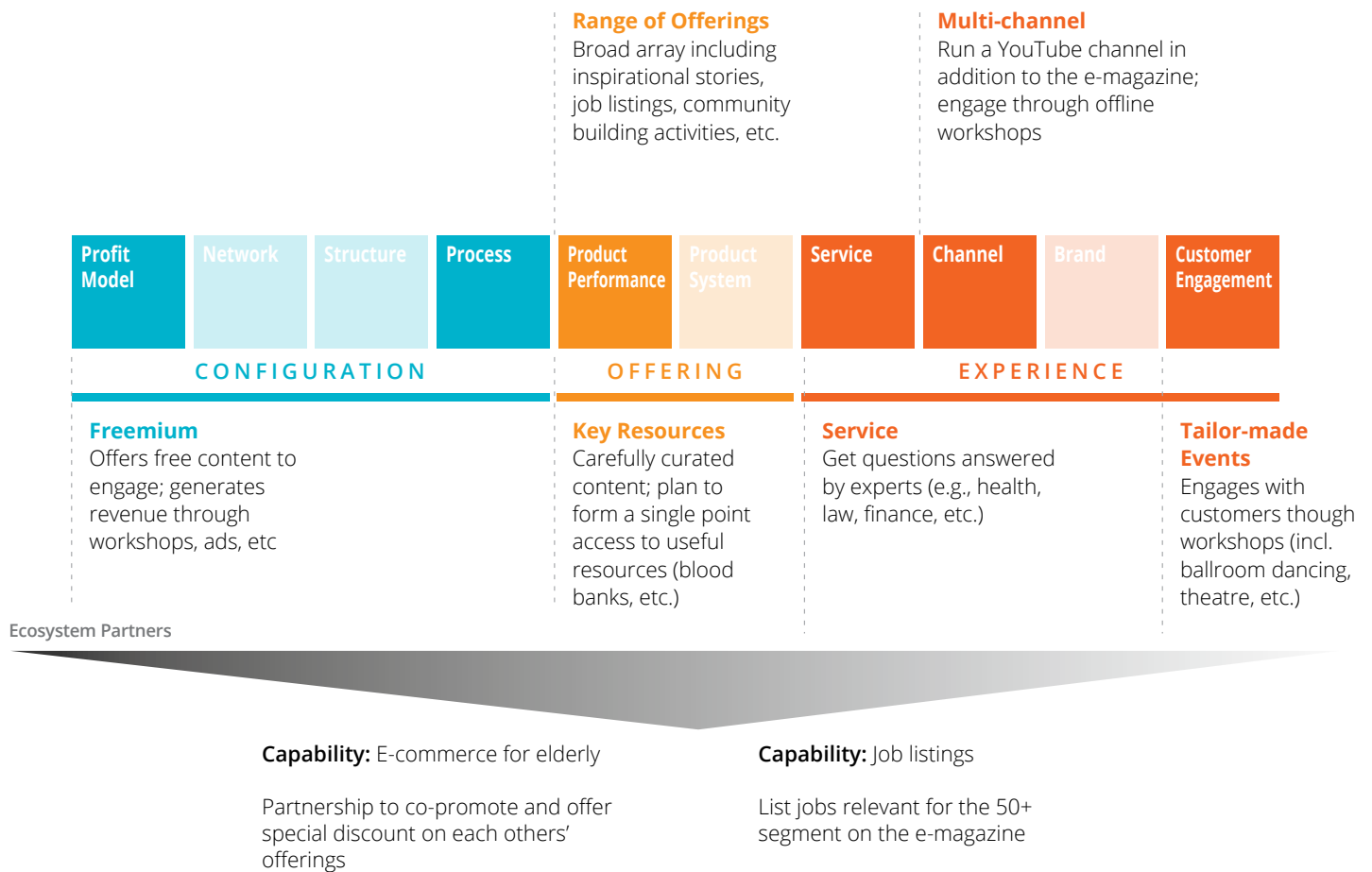


Social Media for the Silver (India)

An online magazine and social engagement platform for the elderly

The elderly tend to desire a connection with the community and engage in an active lifestyle. However, content that is currently available on other mainstream magazines and job listing portals is not curated and customized for the elderly segment. As a result, the senior community lacks informative and engaging activities geared towards them.

Exhibit 10



Engages with the elderly through articles, workshops, and job listings for a second

An online magazine and social engagement platform posts relevant and inspirational articles for the elderly (i.e. above the age of 55) segment. There are specific sections devoted to review key products and services for seniors, and shares highlights regarding senior entrepreneurs, health and nutrition, etc. In addition, to cater to seniors aspiring for a second career the platform has job listings on the e-magazine that are actively supported by ecosystem partners. The platform also has an 'Ask the Expert' section where users can discuss key topics such as health, finance, law, etc. Going beyond the online experience, the organization organizes tailor-made events and workshops on topics ranging from theatre, ball room dancing to art workshops and heritage walks. It has engaged with over 5,000 users online and conducted 75+ curated workshops to date.

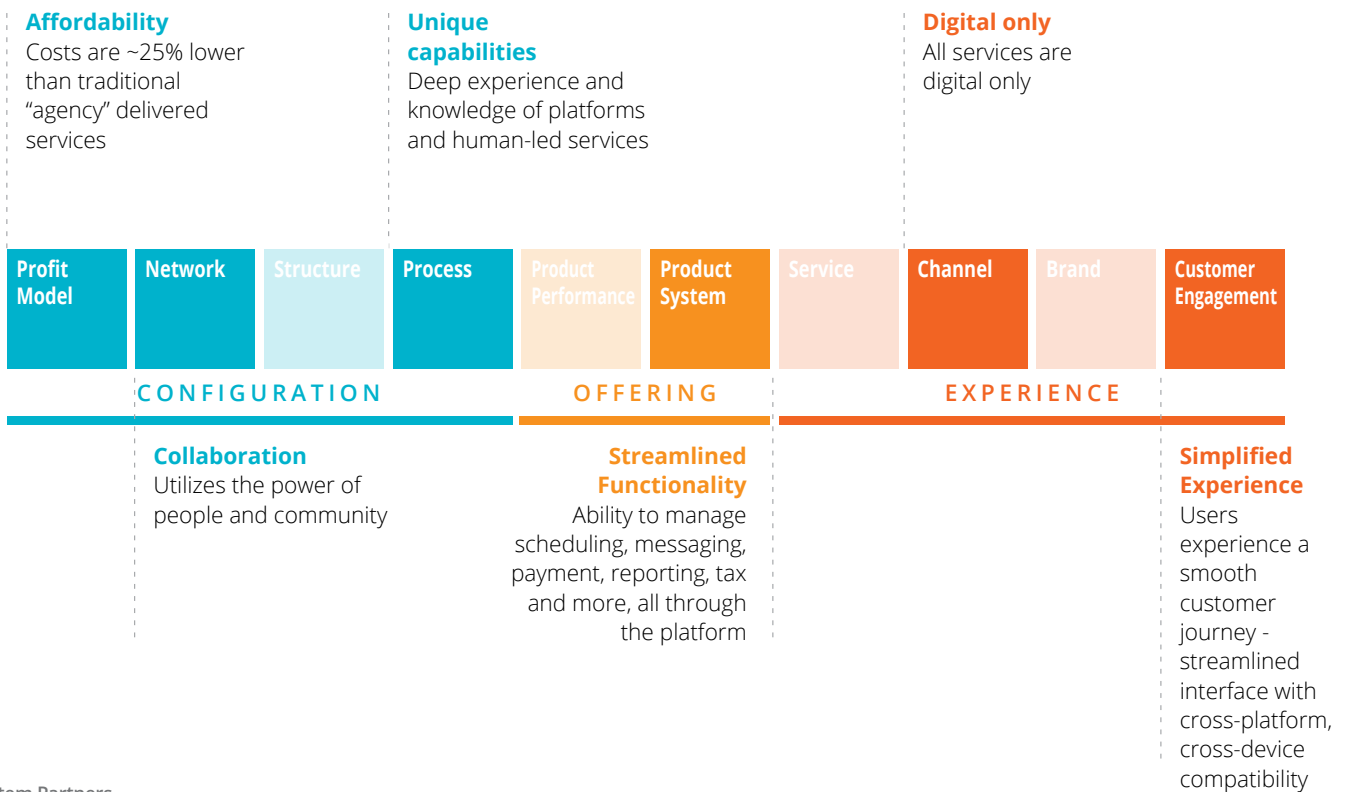


Gig economy for the Silver (New Zealand)

A social impact platform for improving the wellbeing of New Zealanders

The demand for care workers has been increasing as a result of the ageing population. Some elderly people are living independently, and may require assistance in recovering and rehabilitating at home. Therefore there is a need for a platform to connect care seekers and care workers in the same community.

Exhibit 11



Ecosystem Partners

Capability: Network of carers and community support services

Partnership with local agencies to provide hyperlocal connections on both supply (access to independent contractors) and demand (access to families in need)

New Zealand's largest community care provider offering a suite of help at home.

A New Zealand digital community platform provides services for the elderly to enable them to live safely and comfortably at home, with the goal of maintaining their independence and quality of life. The platform enables the elderly to find support in their community through digital tools to help manage scheduling, messaging, payments, reporting, tax, etc. The platform has strong partnerships with district health and social ministries, and is part of an ecosystem of support programs. As of May 2019, over \$2.5 million per annum is spent by the community delivering over 100,000 support hours on this platform.

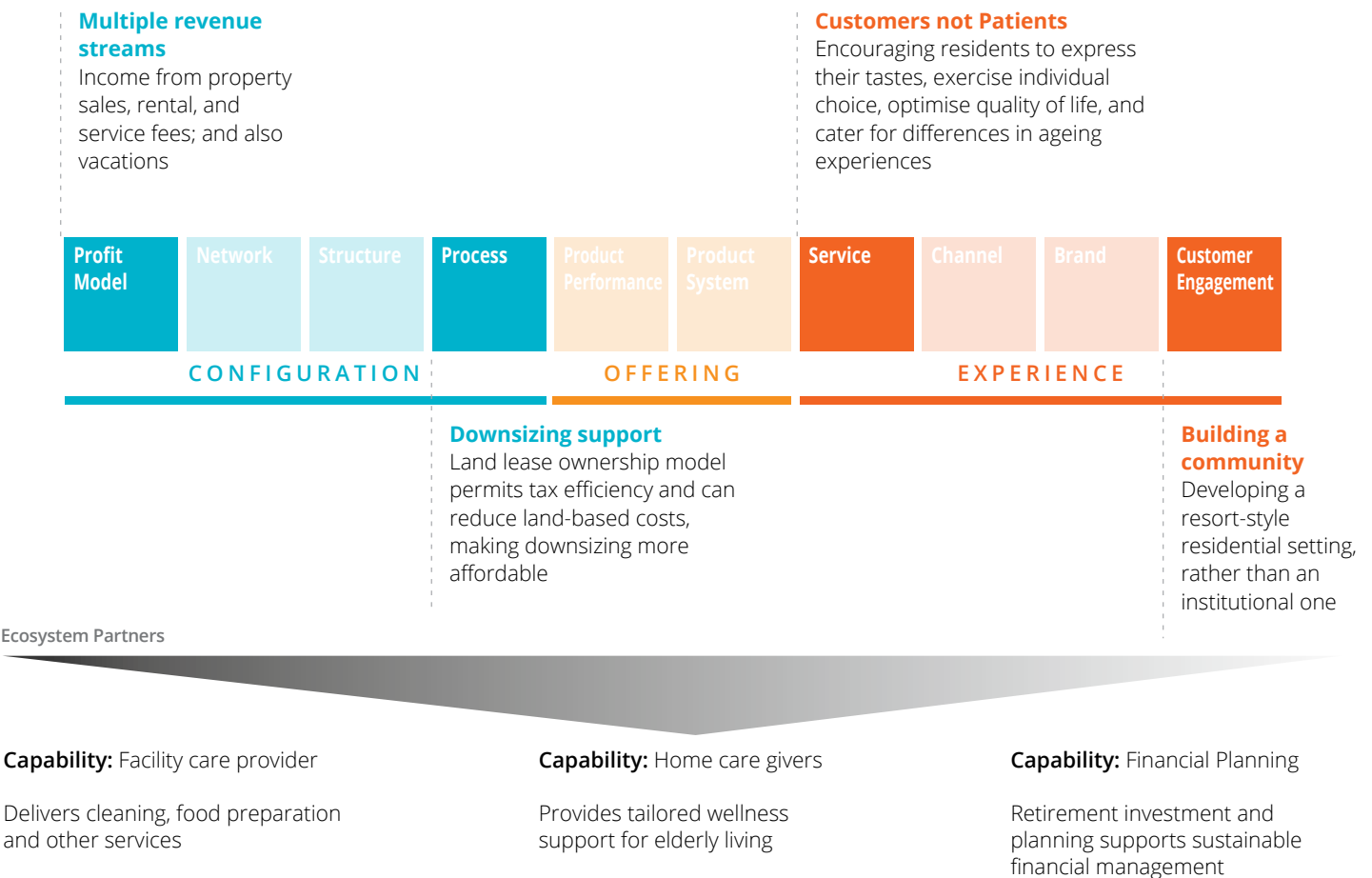


Housing for the Silver (Australia)

Alternatives to conventional residential care for the elderly

Traditional models of residential care for the elderly are being challenged in Australia. The elderly over 65 are looking for alternatives that allow them to maintain their physical and financial independence and enjoy an active lifestyle, whilst receiving an appropriate level of care and support in a residential setting. Many older people attempt to adapt their family property so that they can stay in their own home past retirement to preserve a sense of independence. Given that most of their wealth is locked up in the property, they are cash poor despite owning high value assets. However, punitive property transaction tax rules are disincentives for equity release downsizing. Customer behavior is also affected by the fear of institutional living due to abuse scandals in aged care facilities.

Exhibit 12



Developer operates retirement and vacation communities for older people

This entity is the market leader in developing a suite of innovative solutions for retirees to either buy a retirement property without incurring stamp duties, or to rent one coupled with a service offering that encourages independent yet supported living. The elderly are considered a customer segment which wants to make choices about the services they receive, rather than a homogenous cohort of patients. Building and operating retirement communities like these represents a big growth opportunity in a market with a consistently ageing population. The entity is the market leader with over 73 communities developed and 5,000 individuals served across AU\$1 billion property portfolio.



Bottom Line

Silver avalanche in Asia is on its way. Some countries will be affected more than the rest but none can ignore its momentum. Whilst the market size is big, it lacks homogeneity. Organizations need to rethink their segmentation strategies to cater to this avalanche. Organizations need to decide whether they need to transform their core or play at the edges depending on the extent of their exposure to the silver avalanche. Irrespective of this decision, the call for action is to harness ecosystems partners to not just do things differently but also do different things.



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