

The Rise Of The Chinese Silver Economy And Its Opportunities

Report Summary



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Executive Summary

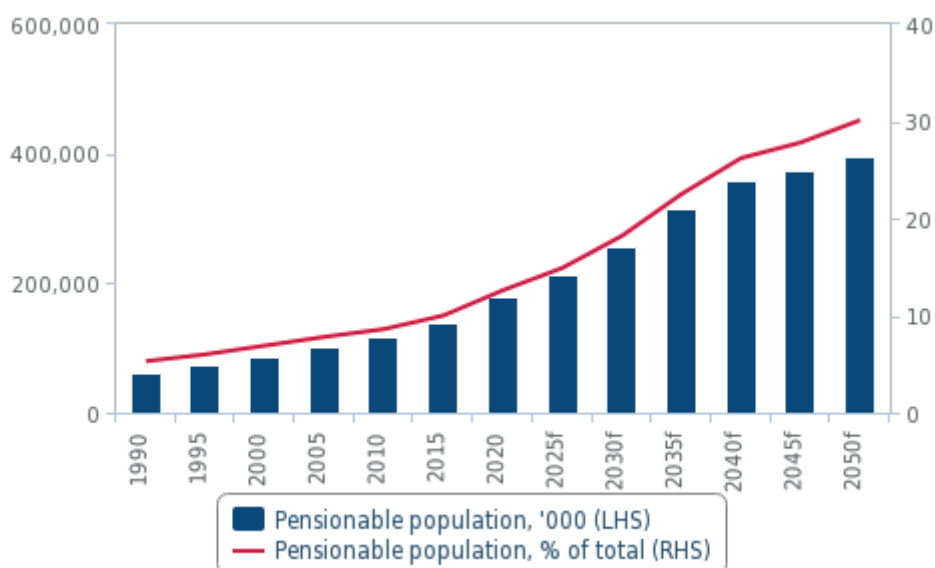
Executive Summary

Key View: This special report looks at the growing ageing population in Mainland China and the opportunities that this expanding demographic offers. Dubbed the 'silver generation', the industries that cater to elderly consumers are seeing historical levels of demand as consumers live longer, becoming an increasingly attractive consumer demographic due to their size and purchasing power. This report takes a long-term outlook to 2050, acknowledging the shifting habits and demands that the silver generation of the future will have compared with their peers of today. The overarching key theme for this report will be how companies will need change their strategies to operate in this new environment and the opportunities that will arise from this growing consumer group.

The Growing Size Of The Silver Generation

Mainland China's economic rise over the last four decades and the accompanying improvement in quality of life and healthcare has seen a rapid improvement to its population's life expectancy. As this trend continues, China will see a burgeoning of its population aged above 60 years. Dubbed the 'silver generation', this demographic is forecast to total 510mn people by 2050, making it one of the largest population groups globally. Additionally, unique population dynamics in China will create nuances never seen before in the market. The rise of this group, accompanied with its unique consumer needs and its growing spending power, signals the need for investors and companies to better cater to this rapidly enlarging demographic.

Silver Generation Will Increasingly Be A Key Demographic
Mainland China - Pensionable Population (1990-2050)



f = BMI forecast. Source: UN, BMI

Commercial Relevance Of the Silver Generation

The silver generation will become the largest demographic group in the market by 2050, creating extensive commercial opportunity and potential as a growing consumer market. As elderly consumers, the healthcare sector will be the key beneficiary of this growing consumer base. This sector will increasingly evolve and build its offerings around this, developing drugs and medical devices for age-related health conditions. Additionally, high levels of technology literacy will mean that digital health services can

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help alleviate some of the burden on the healthcare system. In the Consumer & Retail sector, unique demographic dynamics have seen community kitchens increasingly gain in popularity. We highlight the opportunities for international food majors to target the more premium segment of this market by creating more value-added products aimed at the wealthier but ageing Chinese consumer. Lower birth rates are also affecting traditional attitudes towards housing, with retirement communities growing from a niche offering into an increasingly mainstream product. This mindset shift comes as Chinese consumers have fewer children and are able to redirect spending that would otherwise have been used for their children to their own retirements. In the fintech space, the silver generation will focus on personal wealth, boosting and driving the growth of wealth management solutions and pension financing. Finally, we highlight the growing demand for tourism from this demographic as they seek out entertainment and relaxation in their retirement. Organised tours, cruise lines and medical tourism are the three sectors we believe are well placed to develop offerings which would resonate with this target market.

MAINLAND CHINA SILVER GENERATION OPPORTUNITIES			
Sector	Theme	Description	Key Metrics To Watch
Healthcare	Digital health services and drugs for age-related conditions	As the Chinese population ages, we highlight opportunities for digital health services as well as drugs for age-related conditions. Digital health services can help alleviate the growing burden of the healthcare system by enabling more efficient provision of nursing, health management and recovery care services for senior citizens via online channels. The growing elderly demographic will also signal a greater demand for drugs for age-related health conditions, such as cardiovascular diseases and neurodegenerative conditions.	<ul style="list-style-type: none"> Population demographics Healthcare personnel Internet penetration rate Real household incomes
Food & drink	Community kitchens	The current model of community kitchens and delivery will gradually evolve to cater to the growing silver generation market, becoming more tailored to consumer demand for this older age group. As real incomes grow, offerings within the community kitchen and delivery segment will continue to evolve to offer an increasingly wide spectrum of offerings. Foreign players will be best suited to target the luxury segment of the market, where they can incorporate imported ingredients and more fusion food offerings in order to differentiate their premium offering from those of the mass market.	<ul style="list-style-type: none"> Real household incomes State construction capacity Governmental assistance Essential and non-essential spending Food spending Consumer price inflation Mobile subscription rate Population demographics

Sector	Theme	Description	Key Metrics To Watch
Consumer & retail	Retirement communities	Currently, the cost of independent care is prohibitively high, meaning that older generations are looked after by their children and grandchildren, who tend to live in close proximity. However, changing population dynamics are altering this. The new silver generation will increasingly be composed of people that have moved away from their family homes, have higher disposable savings and incomes than previous generations, and have fewer children and grandchildren that can support them. There is a rising opportunity to provide this consumer market with appropriate housing options, which consumers will increasingly have the disposable income to afford.	<ul style="list-style-type: none"> • Life expectancy • Real household incomes • Population demographics • Number and type of new projects announced
Telecommunications	Fintech and pension financing	Consumer adoption of fintech across China is relatively widespread. Fintech potential within this segment is not so much about expanding general fintech offerings but rather about tailoring existing or new fintech services to the demographic features and specific needs of this growing segment of the population. With the population ageing, rising incomes and a relatively high savings rate, pension financing will be the main opportunity in the silver generation fintech space in China.	<ul style="list-style-type: none"> • Internet and mobile Penetration • Fintech credit volume • Household disposable incomes • Investment income per capita • Pension contribution rate
Tourism	Tours, cruises and medical tourism	As the incomes of Chinese consumers grow, the silver generation will play an increasingly important role in the tourism sector. We spotlight group tours, cruises and medical tourism as three growth opportunities in the silver generation tourism space. Older travellers globally display a preference for package/group tours as they offer companionship, a constant contact point and the assurance of support. Silver generation consumers will also be the prime demographic for cruises and medical tourism.	<ul style="list-style-type: none"> • Outbound tourism rate • Real household incomes • Population demographics • Cruise tourists' age demographics • Cruise passenger volume • Cruise ship deployment rate • Medical tourism rate

Source: BMI

Demographics

Mainland China's Silver Generation Soon To Become Its Largest Demographic

Key View

- Mainland China's population will rapidly age over the next 25 years, and by 2050 the majority of the pensionable-aged population will be above the age of 70.
- As a total, this population group will be larger than Nigeria, which will have the third largest population in 2050, highlighting its global importance as a population group.
- Dubbed the 'silver generation', this age group will display different consumer preferences and will need a different set of tools to target.

Mainland China's Population Will Change Dramatically Over The Long Term

Mainland China's population is going to rapidly change over the next 25 years as decades of population control measures, low fertility and the rising cost of having children takes its toll on population growth. Between 2023 and 2050, China's total population will decline by 113mn people, reaching 1.312bn by 2050. With China's current population breakdowns, the majority of people are aged between 25 and 55 years old in 2023. However, with medical advancements, people will continue to live longer, and this will result in the Chinese population aging rapidly. Between 2023 and 2050, the medium age of the population will grow from 39 to 51 years old. The graphic below highlights this dynamic and its impact on the total population. The blue line depicts China's population pyramid in 2023, and the red line depicts it in 2050. The bars between the lines highlight the difference between the two lines, illustrating whether a certain age group will grow or contract over the long term. As portrayed, every age group below the age of 59 years old will contract out to 2050, while those over 60 years old will report rapid growth. The growth rates of the older population groups (those older than 75 years old) will be the most drastic as low existing bases highlight how China has never had such significant numbers of older populations as it will over the next 27 years.

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