

Ageing consumers

Chasing the grey yen

Japanese firms have wisdom to hand down about selling to the elderly

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The perfect car for youngsters like us

DESIGNING underwear to fit human curves is tricky. For decades, Wacoal, a global manufacturer of lingerie based in Kyoto, has been measuring the female form and making products that factor in the toll of time and gravity. Its research is proving ever more rewarding. The company's sales to senior citizens—who are just as interested in a graceful silhouette as women decades younger—are growing by double-digit rates each year.

Many societies are ageing, from America to China, but Japan has a head start. One in four Japanese are over 65; by 2035 it will be one in three. So the country is serving as the world's laboratory for selling to older consumers. Elderly Japanese outspend younger ones, says a study by the Boston Consulting Group. They now account for two-fifths of personal consumption.

Many of the country's biggest firms have adjusted their strategies to tap into the grey yen. Panasonic, a maker of domestic appliances, has rolled out a string of new products, including foot heaters and lightweight vacuum cleaners. Aeon, a giant retailer and shopping-centre operator, has a "Grand Generation" strategy, which ranges from providing one-stop medical clinics on the premises to making in-store signs easier to read. Fujitsu, an electronics firm, has sold 20m of its "Raku Raku" mobile phones, with larger buttons and simplified functions, and is now introducing them into Europe.

Japanese firms have been equally inventive in the area of medical products for the elderly. But this is an area where cumbersome regulation can hold them back. Cyberdyne, a spin-off from the University of Tsukuba, designed a robotic exoskeleton suit to give mobility to the

elderly and disabled. Although it gained approval for clinical use in Europe in 2013, it has yet to do so at home. Testing for medical products is costly as well as slow in Japan, and getting new devices covered by health insurance is a long and arduous process. Having opened up a lead in robotics for nursing care, the country risks losing it.

Regulation is not the only pitfall firms face, however. Businesses are finding it is easier to invent products that the elderly might find useful than it is to market those products to them. One reason is that older consumers do not appreciate being reminded that they are old. A recent report by McKinsey, a consulting firm, describes how one Japanese firm, Bridgestone, made the mistake of promoting a new line of golf clubs as being for senior citizens; a rival brand did better by avoiding any explicit mention of age, but stressing its clubs' ability to make the ball travel far, tapping into older golfers' anxieties about not being able to whack it like they used to.

Must be accompanied at all times

With this in mind, advertising campaigns often tread delicately around the age issue. Toyota, a carmaker, uses silver-haired, middle-aged models to target ageing baby-boomers but those of pensionable age seldom appear in ads of any kind unless accompanied by young actors representing their children or grandchildren.

Some companies, such as Wacoal, have created separate brands and marketing campaigns for their new products designed for older consumers, so as to avoid damaging the "young" image of their main brand. However, Florian Kohlbacher, co-editor of "The Silver Market Phenomenon", a marketing handbook, argues that it is often better, instead of creating separate products just for the old, to design ones that bridge the generations. Toyota increasingly loads its cars with lasers, cameras and sensors to prevent collisions, for example. Such safety features can be marketed to drivers of all ages, but the main beneficiaries are the increasing numbers of elderly motorists: although total traffic deaths in Japan have roughly halved over the past two decades, the number of fatalities involving the over-65s is rising.

Debates such as these will soon enough be part of boardroom discussions outside Japan, too. In the end, says Mr Kohlbacher, all managers will have to find ways to market to the old without either offending them or putting off younger consumers. They might start by actually talking to the elderly, who have more experience of shopping, after all, than anyone else.

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