



NEW ZEALAND
TRADE & ENTERPRISE
Te Taurapa Tūhono

SILVER ECONOMY AND OPPORTUNITIES IN CHINA 2024

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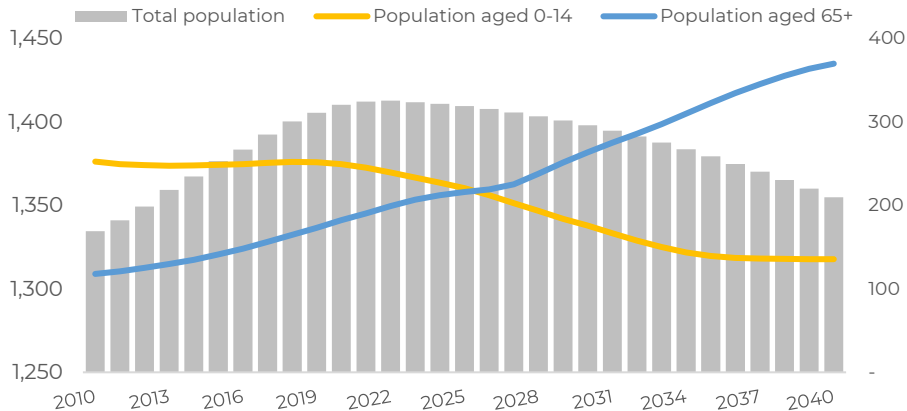
Executive Summary

- The elderly population in China and its proportion of total population is expected to increase significantly in the next decade or two, as a result of lower birth rate and longer life expectancy. The elderly population aged 60 and above reached 297 million in 2023, in which 217 million were aged 65 and above.
- The ageing process, as well as the income level of the senior population, differs significantly among provinces and regions in China. The 'Silver Economy' market offers potential opportunities in areas with higher senior population and income level, such as East coast areas and Southeast areas.
- The Government has unveiled a set of guidelines to activate the potential of silver economy and fulfill demands from elderly population, in both the public and private sectors.
- Senior consumers are also adapting their consumption behaviour to a more digitalized and self-satisfactory lifestyle, indicating large potential opportunities in sectors such as fast-moving consumer goods, healthcare products and services, leisure, entertainment and tourism.
- It is important for brands to target the right audience when developing and marketing products suitable for the elderly - identifying the specific demands from elderly consumers in different life stages and health conditions.

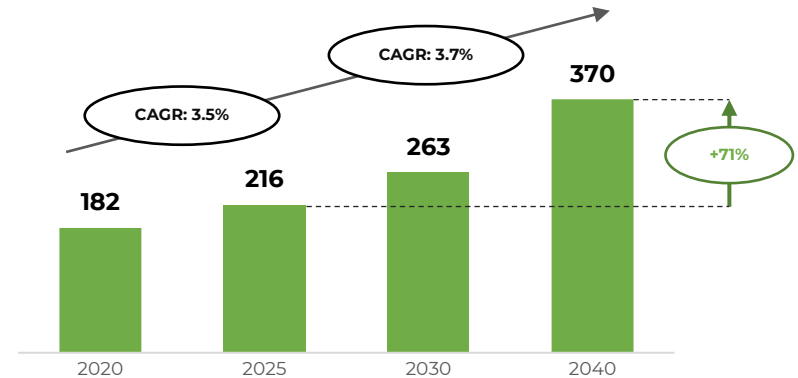
Accelerated growth of elderly population in China

- China has reached its peak of population in 2021, reaching 1.413 billion people. It is forecasted that China's population will decrease at a steady pace of 0.2% CAGR to 1.355 billion in 2040, as a result of birth rates fall and life expectancy increase.
- The elderly population is forecasted to increase by 71% from 2020 to 2040. The growth rate is expected to accelerate from a CAGR of 3.5% between 2020 to 2025, to 3.7% between 2025 to 2035.

China population forecast (population million)

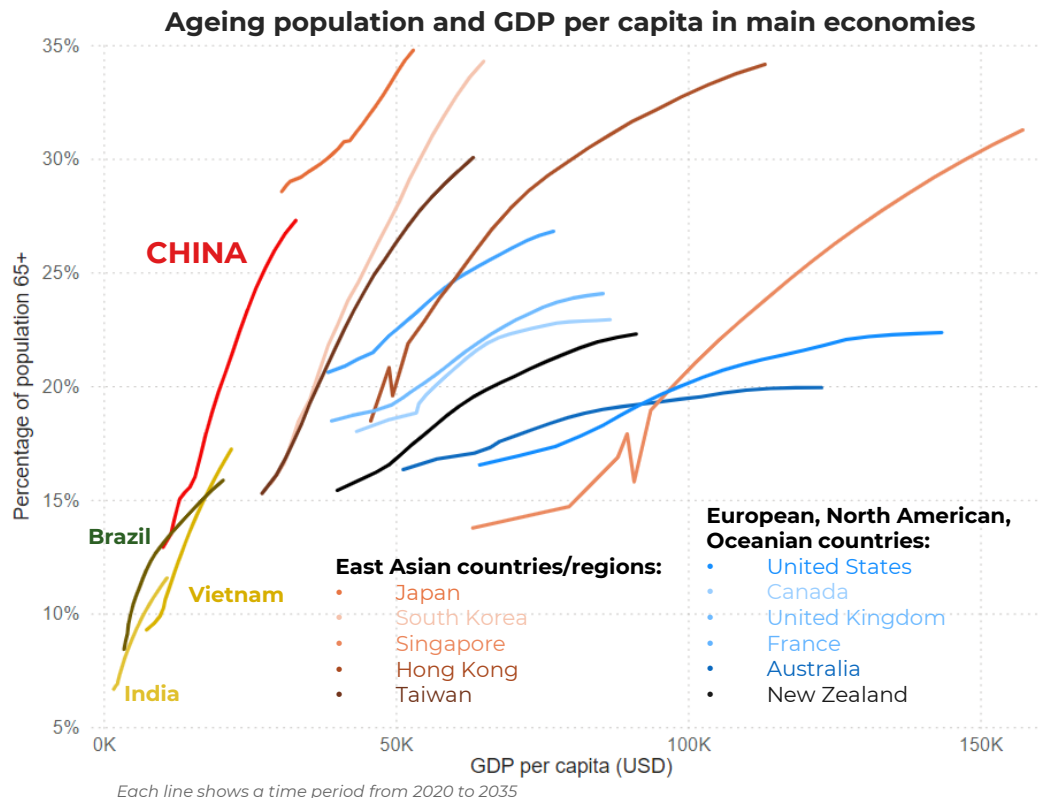


Population aged over 65 in China 2020-2040 (population million)



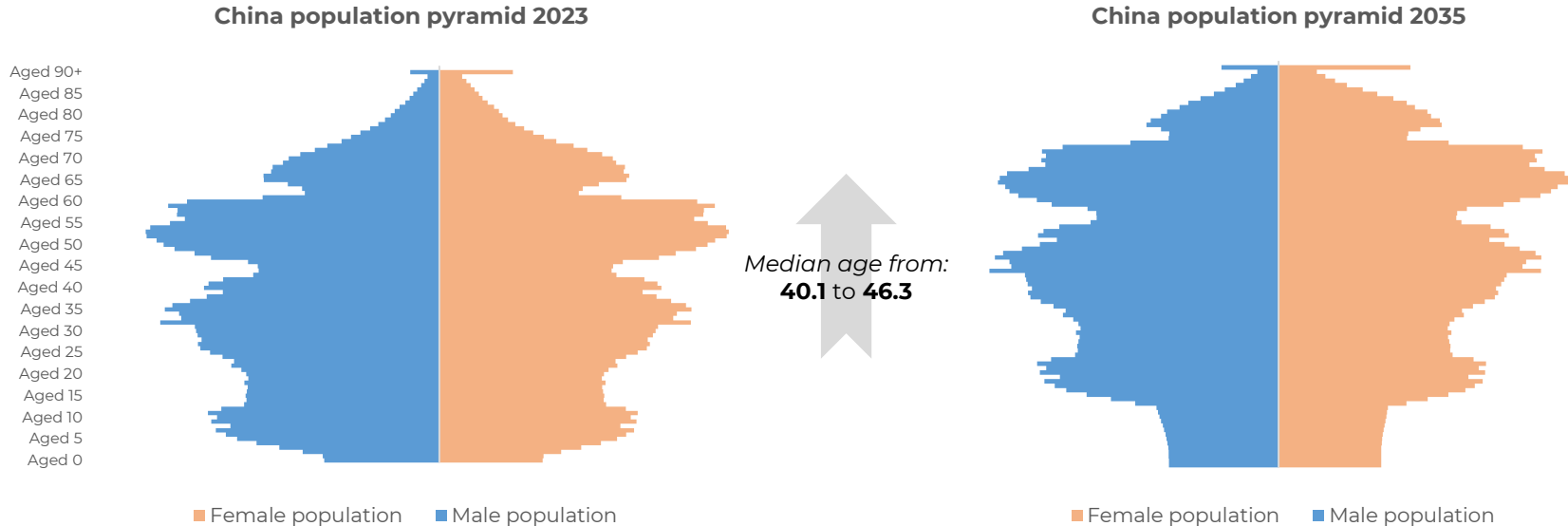
Population ageing process in China

- In order to put the ageing process in China into context, we use a matrix to compare population structures and GDP per capita in different countries and regions.
- There are distinctive patterns among developed Western countries, East Asian countries, and emerging markets. In general, emerging markets such as India, Vietnam, and Brazil have younger populations and slower ageing process.
- China has an accelerating ageing process forecasted in the next decade, while its overall economic development has not quite caught up with major developed countries.



Population structure change

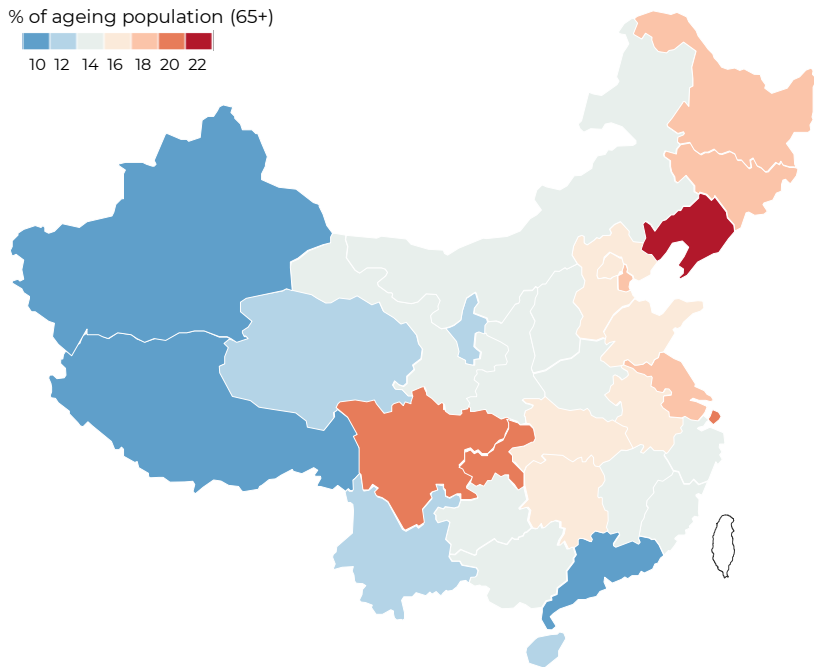
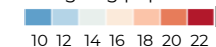
- Current population pyramid shows several population peaks in the age group of 50-60, 30-37, and a much smaller one in 7-12. It is forecasted that the birth rate will remain low in the next decade, which will lead to a sharply decreasing younger generation.
- With the median age trending up, China will have a significantly larger elderly population.



Ageing process differentiated in geographical regions

Geographical distribution of ageing population (65+) 2022 | % share of total population

% of ageing population (65+)

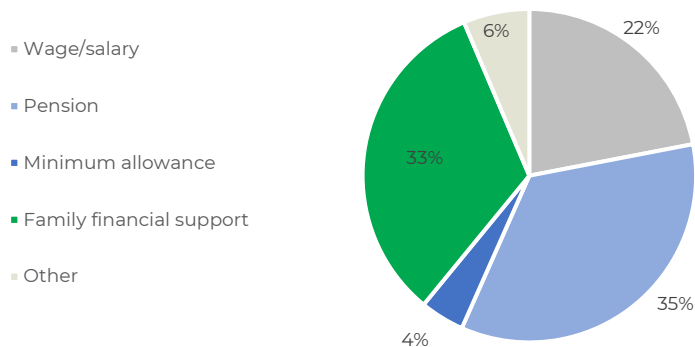


- All provinces but three have a proportion of the elderly population aged 65 and above 10 % of the total population. Liaoning, Shanghai, Chongqing, and Sichuan have the highest percentage of elderly per head of population.
- Several regions with concentrated elderly populations include:
 - Northeast China: younger population outflow caused by economic downturn and reduced employment opportunities.
 - Yangtze River Delta: economic growth leads to lower birth rate and higher average life expectancy.
 - Sichuan & Chongqing: Megapolises in Southwest China with high level of economic development.
- The demographic structure of the Greater Bay Area is much younger, with Guangdong having one of the lowest percentages of ageing population per capita besides Xinjiang and Tibet, while maintaining a high GDP per capita

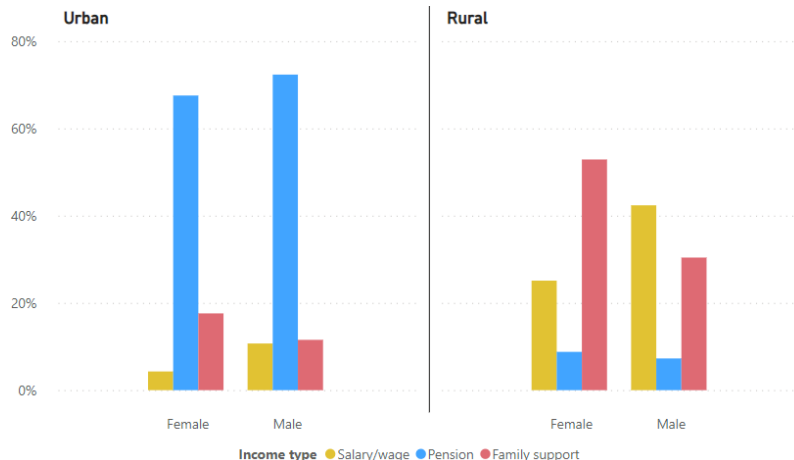
Imbalanced income of elderly population between urban and rural

- According to census data in 2020, more elderly population relying on pensions as their major source of living income, indicating the development of the social welfare system and the improved financial status of the elderly population.
- However, there are still imbalances regarding the elderly population and income, especially in terms of residence status. Elderly populations in urban areas have significantly higher percentage of pension income, with less dependency on family financial support. They will be a major source of elderly consumers with strong purchasing power.

Main Sources of Living for the Elder population



Main Sources of Living for elderly population by residence and gender



National policies promoting silver economy

- In Jan 2024, China's State Council unveiled a new set of Opinions on Developing Silver Economy to Improve Wellbeing of the Elderly, proposing a variety of measures including 26 guidelines across four key sectors. The document marks the first policy dedicated to the silver economy, addressing future needs of a fast-growing aging demographic.

Developing elderly support infrastructure



- Meal assistance and delivery services
- Home-based elderly care
- Community services
- Improving elderly care services
- Cultural and sports services
- Improving rural elderly care

Unleashing versatile industry potential



- Research and design of elderly-friendly products
- Smart healthcare and elderly care industries
- Rehabilitation and assistive device industry
- Anti-aging industry
- Financial products including pension and insurance
- Tourism services for the elderly

Expanding product supply and quality



- Fostering silver economy entities
- Industrial clusters
- Industry association efficiency
- Promote branding development
- Standardization progress
- Broadening supply channels

Government support for the silver economy

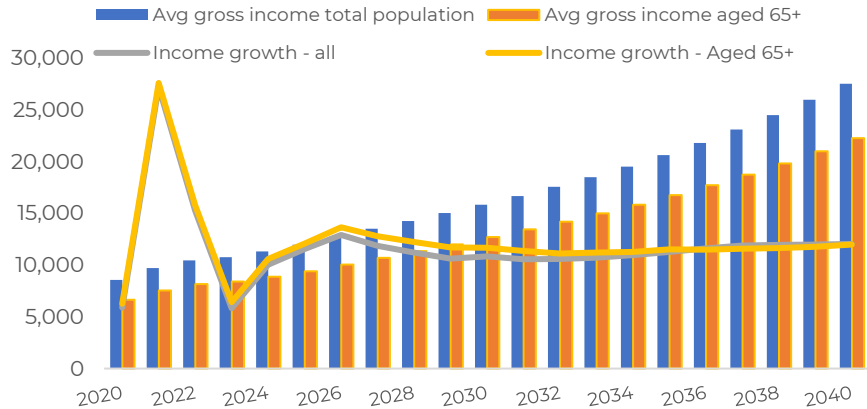


- Technology innovation application
- Formulating land supply plans
- Financial and fiscal support
- Talent acquisition
- Data support
- Anti-fraud initiatives

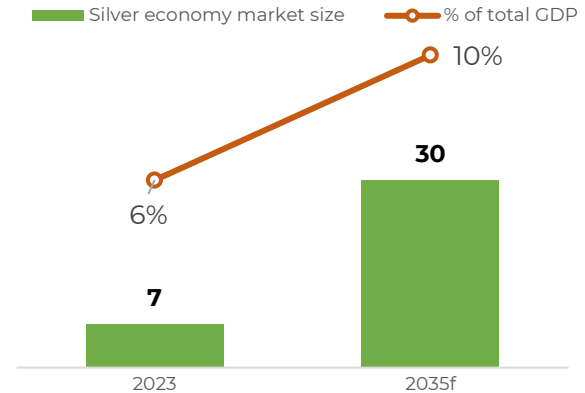
Increasing income of elderly population leads to economic potential

- It is forecasted that average gross income of elderly population will double from less than 8,500 USD/capita to nearly 17,000 USD/capita in 2035, with a CAGR of 5.42%, faster than the growth rate of average gross income for total population (5.1%). It's worth mentioning that income imbalance in elderly population seems to be more significant among urban and rural areas, or different city tiers.
- With the increasing elderly population and their income level, the overall silver economy market is expected to reach 30 trillion RMB with around 10% of the total GDP market size.

Average annual gross income forecast (USD)



China silver economy market forecast (trillion RMB)



Large scope and potential of silver economy

- Although there might be different definition for elderly population and silver economy, it is commonly agreed that the scope has been expanding with an increasing number of elderly population and their purchasing power.
- Some of the most important industries include consumer goods, healthcare products and services, leisure and entertainment, as well as elderly life assurance services.

	Pre-senior	Mid-senior	Advanced-senior
Age	50 ~ 65	65 ~ 75	75+
Characteristic	Energetic, just into retirement	Deteriorating functionality	Significant deterioration and diseases
Consumption	Self-indulgence, prevention	Improvement	Life essentials
Industries	Social, health improvement, entertainment	Ageing-friendly products, elder care products and services	Care and companionship, medical products and services.

Consumer goods: food & beverage, personal care, apparels, etc.

- More brands are providing products specifically targeting the elderly population to stimulate their willingness to purchase.

Healthcare: medication, medical devices, health supplements, etc.

- Healthcare products are one of the most important necessary goods for the elderly population. With the increasing population, health supplements are getting more popularity as precautions.

Leisure, entertainment, and tourism

- With an increasing income level, those younger seniors or pre-seniors have stronger incentive and willingness to consume entertainment products.

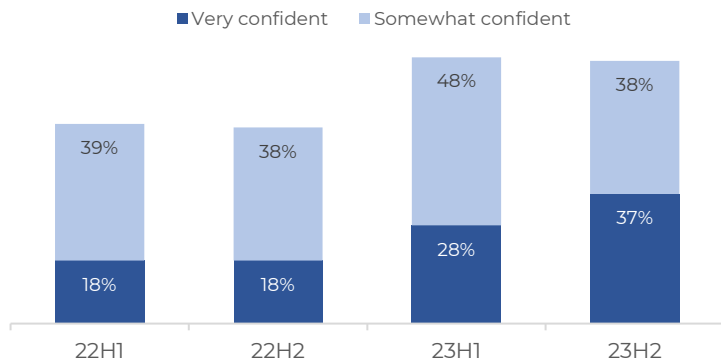
Life assurance: care services, finance, hospitals, etc.

- Elderly care services have been expanding from essential life support to medical services and emotional support. Financial services are becoming also increasingly important.

Elderly consumers willing to spend more for themselves

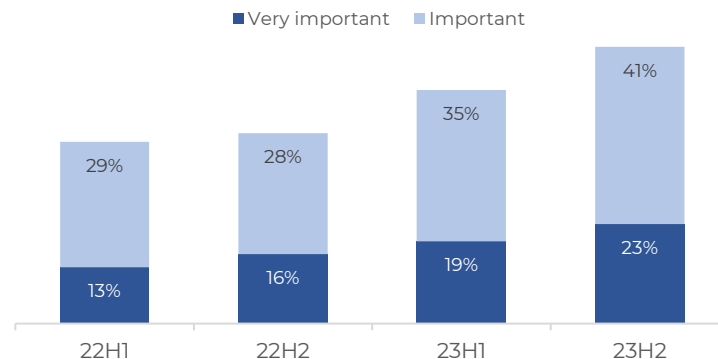
- The overall financial situation is recovering steadily, among all age groups and city tiers. In elderly consumers aged 50+, more than ¾ of them feel very or somewhat confident in an improving financial situation in the next three months. It's worth mentioning that elderly consumers that feel 'very confident' in an improving financial situation increased significantly by 20% from 2022 to 2023.
- With this improving financial situation, elderly consumers are willing to spend more money for themselves, with more than 60% of them think spendings on self-indulgence is 'important' or 'very important', which also witness a 20% increase from 2022 to 2023.

Elderly consumers confidence in improving financial situation



Q: Thinking about your current financial situation, how would you describe your confidence in improving it in the next 12 months?

Elderly consumers financial priorities – spending on self-indulgence

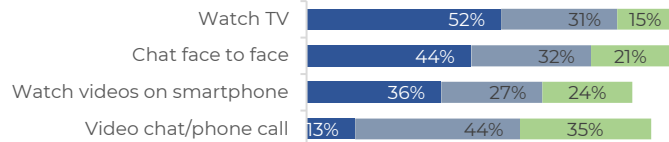


Q: How important or unimportant are the following activities to you in the next 12 months? – Spending on self-indulgence (eg buying luxury goods, visiting premium restaurants, taking holidays)

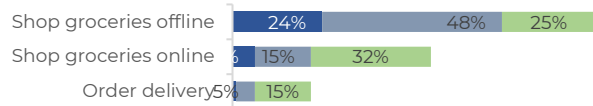
Elderly consumer profile and their digital preferences

- Although TV remains as the most widespread touch point, social media and short videos on smartphones are getting more popularity and penetration.
- Brands should no longer overlook the elderly group of consumers and their demands. In fact, some of them are becoming 'trendy' consumers in terms of digital lives, including but not limited to following peer bloggers, sharing brand news and promotional information, and shopping from livestreams.

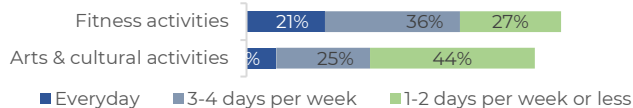
Leisure and communication



Shopping



Entertaining activities

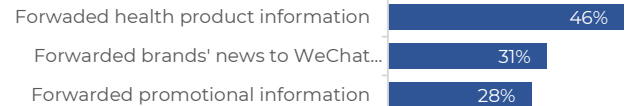


Q: How often did you do each of the following activities every weeks in the last three months?

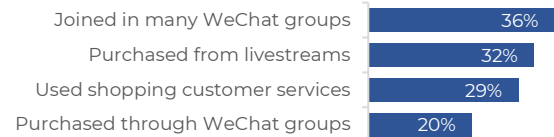
Browsing habits



Socialising/Sharing



Consumption behaviour

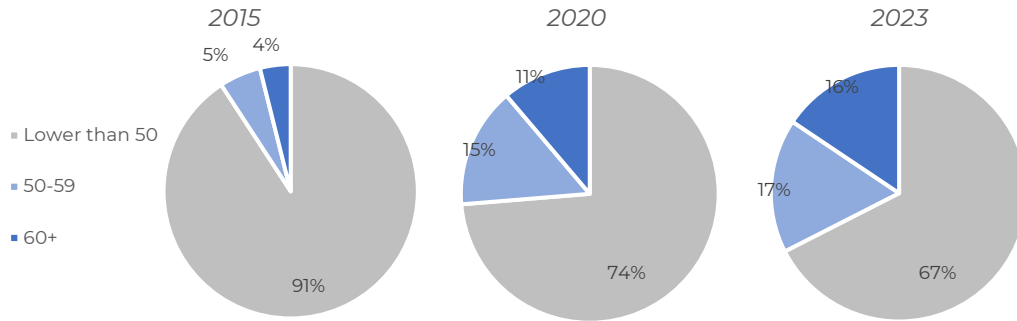


Q: Which of the following do you often do when you use smartphones to surf the Internet?

Elderly population embracing e-commerce

- With the development of technology and smart device availability, elderly population become a significant part of China's netizen group. Percentage of internet users aged over 50 has been increasing from 9% in 2015 to over 33% in 2023.
- Average elderly internet users spend 127 hours on mobile apps, increasing by 5.2% year-on-year. Their engagements with apps and WeChat mini programs are also increasing significantly. Most popular apps for elderly users include short video, news, ecommerce, and audio book apps.

Age groups of internet users in China



Source: China Internet Network Information Center, QuestMobile

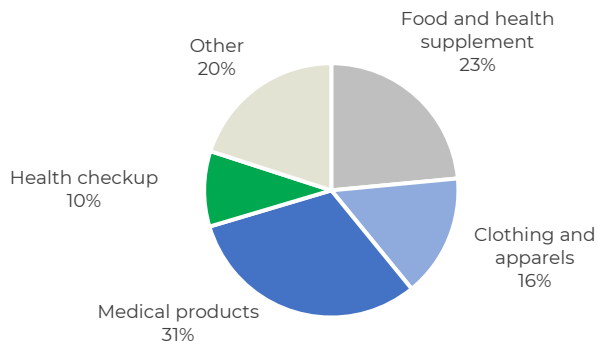
App preferences in senior smartphone users

No.	Category	App name
1	Short video	抖音火山版 Douyin Huoshan
2	Short video	好看视频 Haokan Video
3	Short video	快手极速版 Kuaisou Speedy
4	Short video	西瓜视频 Xigua Video
5	Short video	抖音极速版 Douyin Speedy
6	News	搜狐新闻 Shouhu News
7	Ecommerce	淘特 Taote
8	Audio book	番茄畅听 Fanqie Audio
9	News	今日头条 Toutiao
10	Video	华为视频 Huawei Video

Elderly population consumption structure

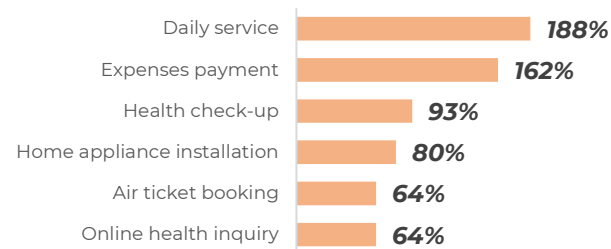
- Necessary goods including food and health supplements and medical products are the major categories for elderly consumers, accounting for more than 55% of their total spending.
- Elderly population has become an important growth engine for ecommerce consumption. According to JD data in 2023, elderly population ecommerce spending has increased significantly, especially in categories like health supplements, fresh grocery, as well as services and tourism.

Elderly consumer spending on different consumer goods

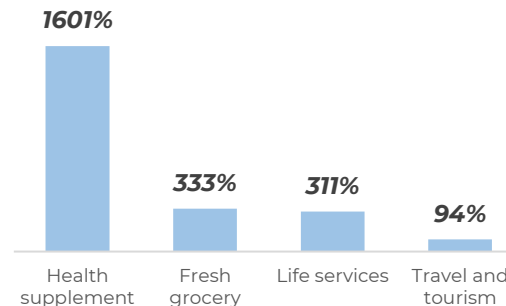


Source: iiMedia, JD data

Growth rate of elderly population online purchase categories



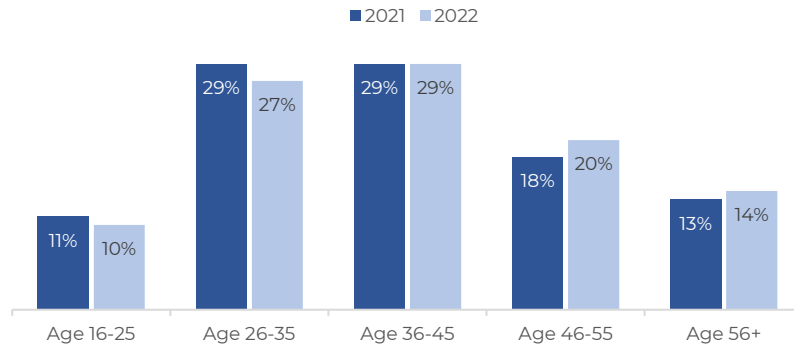
Outperforming categories for elderly population online purchase



Elderly consumers making purchase decisions

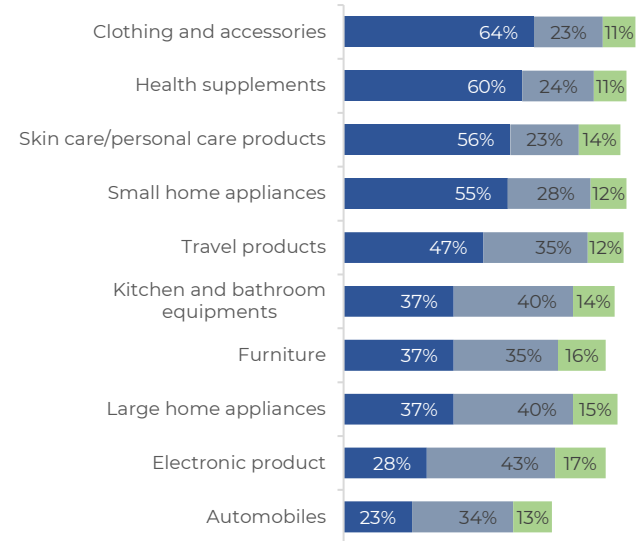
- Elderly consumers are more confident in making their own decisions and pay the bill when purchasing FMCG products, clothing, and travel services, while preferring to consult their children for advice when it comes to big-ticket items.
- Consumers ageing 26-45 purchase more than 55% of all the elder products online.
- It is important to identify the right target audience when branding products and services designed for elderly population. In some cases, younger generations can also be important touch points for elderly products.

% of elder product purchases by age group



Source: Mintel/KuRun Data, JD report

Purchase decision making



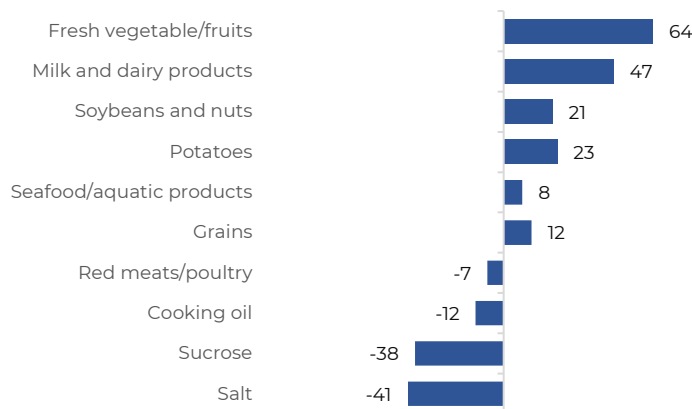
- Decide and purchase/pay by myself
- Ask younger generation for advice but purchase/pay by myself
- Ask younger generation to purchase/pay

Q: How do you usually make purchase decisions for each of the following products?

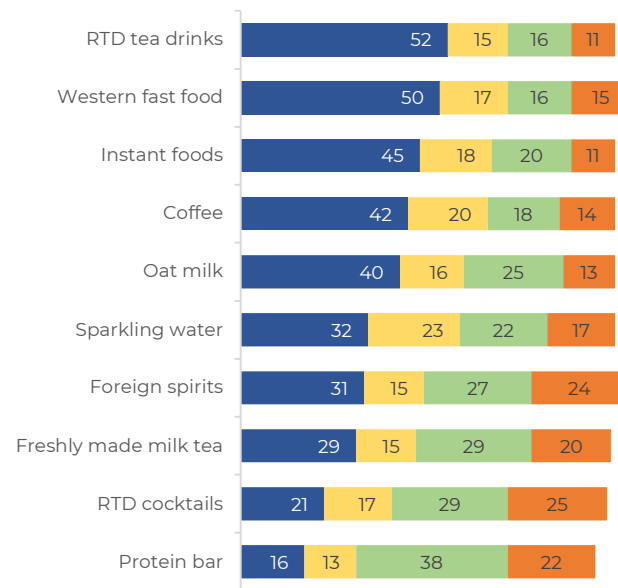
Silver economy sectors: food & beverage preference

- There's a continuing trend that senior consumers are intaking more fresh horticulture products, dairy products, and soybeans and nuts, while they consume less meat, oil, sucrose and salt mainly for health concerns. Fresh vegetables/fruits and milk/dairy products the top two winning categories that seniors have increased intake of after pandemic.
- With more exposure to social media and ecommerce, elderly consumers are open to trying popular F&B products favoured by younger generations.

Elderly consumer diet change after pandemic



New try in food and drinks



■ Have tried and will continue to buy
 ■ Have tried but will not buy again
 ■ Have not tried but interested in buying
 ■ Have not tried and not interested

Food & beverage products targeting senior consumers

- Senior claims in food and beverage new products still remains at a low level, with milk, nutritional drinks, and hot cereals being the top categories of new launches.
- However, F&B brands, especially domestic brands, are trying to target senior consumers by not only emphasising health benefits, but also incorporating other marketing hooks such as Guochao, herbal ingredients, and convenient foods.



Yili lactose-free milk

- Blood sugar control
- Low GI
- Contains corn silk and mulberry leaf extract



Laojinmofang snacks

- Healthy snacks
- New-Chinese style/Guochao



Wens chicken soup

- Ready to eat
- Herbal ingredients with medical benefits

New food and drinks launches with senior claim in China, 2020-2023

Sub-category	% of total sample
White milk	82.3%
Nutritional & Meal replacement drinks	8.1%
Hot Cereals	3.2%
Tea	1.6%
Plant based drinks (Dairy alternatives)	0.8%
Seasonings	0.8%
Kombucha & other fermented drinks	0.8%
Sweet biscuits/Cookies	0.8%
Malt & other hot beverages	0.8%
Snack mixes	0.8%

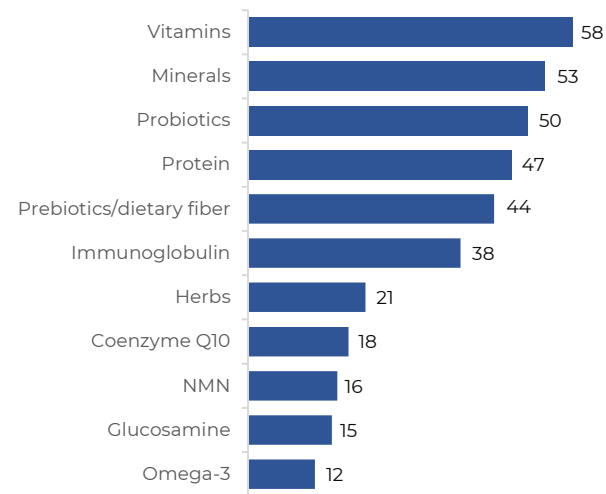
Silver economy sectors: health supplement

- According to Mintel survey, more than 50% of senior respondents showed interest of basic nutrients like vitamins and minerals, and 50% to probiotics, for health improvement after the relaxation of COVID-19 regulations.
- Increasing interest was observed in herb extracts/traditional Chinese medicines, as well as novel ingredients such as Coenzyme Q10 and NMN, among elderly consumers.
- Health supplement brands should identify specific needs from senior consumers in their different stages and health conditions.

Senior health conditions and major health supplement products

Precaution	Suboptimal health	Disease
<ul style="list-style-type: none"> • Multi-vitamin • Beauty supplement • Probiotics • Collagen • Ca/Mg/Zn • NAD supplement 	<ul style="list-style-type: none"> • Fish oil • Coenzyme • Chondroitin • Bone health • Lutein • Digestion • Eye health • Replenishing and calming • Thistle products 	<ul style="list-style-type: none"> • Whey protein • Ganoderma spore powder • Ginseng extract • Colostrum • Dietary supplement • Medical nutrition

Health supplement Ingredients of interest



Q: After the easing of COVID-19 restrictions, which of the following ingredients are you more willing to supplement to improve your health?

Silver economy sectors: health care products and services

- With the increasing senior population and extended life expectancy, there's large potential market for the elder healthcare products and services. A rough indicator of potential demands of these products and services is the amount of beds in private and public elder care facilities. There's imbalance among provinces and regions, while the average 20 to 30 beds per 1,000 senior population is lower than the world average of 45.6.
- This calls for innovation in elder care industry, in order to increase capability in home or community care services. This includes new trends such as patient companion services, online/AI diagnosis services or software, as well rehabilitation appliances and facilities, which are getting more popularity.



Patient companion services

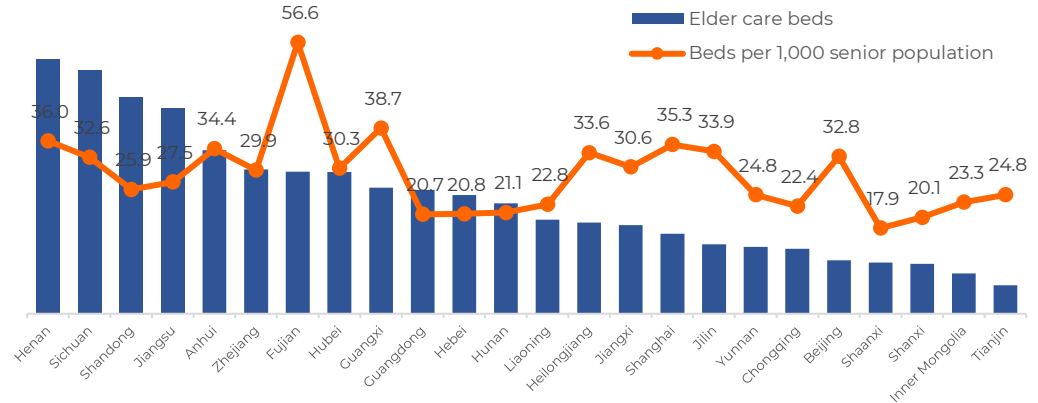


Online/AI diagnosis

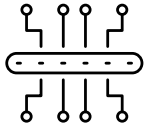


Rehabilitation care

Elder care capability by province



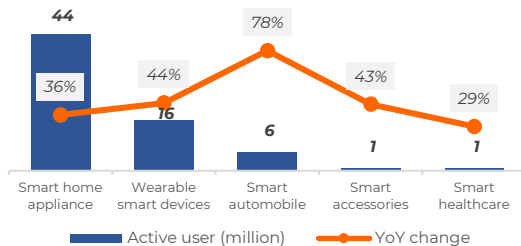
Silver economy sectors: other products and services



Smart appliances

- Although senior consumers have relatively lower adoption of smart appliances, there's increasing demand in the sector with the fast development of AIoT. More seniors are adapting to a digitalized and smart lifestyle to improve their life quality.

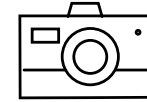
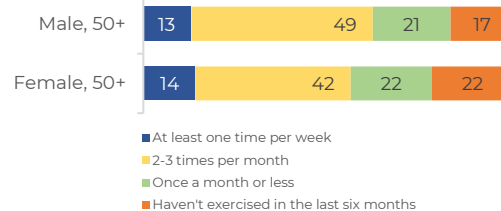
Smart appliances adoption in seniors



Fitness

- Seniors are pursuing young mindset and active lifestyles via exercising, calling for venues and more diversified form of exercise suitable for the elderly.
- Top exercise types preferred by seniors include running/jogging, badminton, ping pong, and walking.

Senior exercising habits



Tourism

- Elderly population has become one of the most important sources of tourists. According to Ctrip, travels by senior tourists increased by more than 200% year-on-year in 2023. Outbound travelling by senior consumers over 55 have been increasing by more than 500%.
- Characteristics of senior travellers:
 - Off-peak traveling
 - Increasing spending per trip
 - Group travelling preferred



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