Chinas Grey Opportunity Beckons

Contributed by TNS
Friday, 01 August 2008
Last Updated Thursday, 01 January 2009

Elderly people are the fastest-growing segment of Chinaâ€™s population

What is the most important concern for Zhang Yan, a 60-year-old retired school teacher living with her husband in Shanghai? The answer is health. And food and exercise, she feels, are the two most important determinants of health, so she goes to great lengths everyday to shop for the freshest vegetables and live fish.

Zhang Yan is typical of many of Chinaâ€™s elderly. Their only child is married and lives in the neighbourhood. Drawing a pension of RMB 2000 (US$285) per month, Zhang Yan leads a gregarious life with her retired friends. They meet regularly, exercise and sing together, shop together and often holiday together. She is a voracious user of her mobile phone, but mostly uses text messaging to keep the monthly bill in check. She loves to go out and especially likes to visit the tranquil farms around Shanghai. When she grows older, she wants to live in an old peopleâ€™s home and not be a burden on her son. But most important of all, Zhang Yan will â€“ based on the average longevity of females in Shanghai â€“ still be one of Chinaâ€™s consumers for at least another 20 years.

Normally countries age as they grow more prosperous. In the Philippines â€“ a relatively poor country â€“ the proportion of consumers under 15 years of age is twice that of Japan. Other developed Asian economies such as Korea, Hong Kong and Taiwan have significant greying populations. But with its one-child policy, China is in the unique position of having a large ageing population before it becomes sufficiently well-off to bear the cost of its elderly citizens.

Whatâ€™s more, with Chinaâ€™s commitment to continuing its one-child policy (it aims to stabilize the total population at 1.36 billion in 2010, up from around 1.3 billion now), the proportion of elderly citizens will grow further. Chinaâ€™s current senior population is already estimated to be 156 million â€“ some 12% of the total. In some cities, grey consumers are a much bigger segment. In Shanghai, 20% of the population is over 59; by 2020 this could increase to 33%.

Despite todayâ€™s limited purchasing power, Chinaâ€™s elderly folk constitute a staggeringly large consumer base. But how ca marketers accurately read and understand the special needs of these consumers? The most obvious theme is around functionalÂ needs, such as special foods and supplements, product labels, packaging and instructions that are legible to fading eyes, and large easy-topress buttons on phones.

There are social and emotional needs too, yet few marketers are aware of the changing dynamics. Elderly consumers have throughout their lives bought products for their children; their emotive needs have centered around protecting and nurturing their families. They chose brands that were associated with being a good mother, a responsible father or a conscientious home-maker. But with children now leading separate lives, the elderly need to look elsewhere for emotional sustenance.Some of the more affluent are looking beyond the care of their own children to social responsibility and philanthropy. Others are learning to pamper themselves, without feeling guilty. Marketers need to understand these emotive needs with sensitivity.

Traditionally, marketers in China have tended to ignore older consumers and focused their energies on the young. But with changing demographics, marketers have no choice but to meet the needs of the elderly. Many companies have already taken notice and are changing gear.