

Japan's Graying Population Leads To New Foodservice Demand

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The population in Japan is ageing rapidly, creating a range of new foodservice opportunities for operators that can cater to seniors and their unique demands.

Japan's ballooning senior population has already caused significant changes to the country's demographic makeup, and the trend shows no signs of slowing down.

Declining birth rates and smaller families have led to a population that is not only shrinking, but growing increasingly older, with a median age that is now nearing 45, fifteen years above that of Asia Pacific as a whole. The bulk of Japan's consumer base is now being redistributed to new demographics, so much so that by 2020 people aged 65 and over will make up nearly 30% of the population.

This ever-expanding group, with its unique set of lifestyle challenges, will likely have lasting effects on the local consumer foodservice landscape, from smaller stores with higher outlet density, to increased delivery service and menus adapted for senior preferences. Furthermore, while Japan's population is ageing faster than most, the world's population is getting older too; the coming years in Japan could offer real insights to operators in other markets as their populations continue to age.

Seniors as shopping refugees

Seniors in many markets face challenges—especially when it comes to obtaining food and other daily essentials—and Japan's elder population is no exception. While many Japanese baby boomers have significant savings (currently 60% of savings in the country are held by people over the age of 60) many also live on vastly reduced incomes in line with state pension allowances, and those in rural areas often don't have easy access to transportation.

Compounding these issues is the continued evolution of the Japanese family home, which was traditionally large and consisted of multiple generations living together under one roof. Strained by increasing urbanization and the growing independence of younger generations, this structure has broken down, resulting in more elderly people living on their own and a marked increase in single-person households. Since 2005 the number of households with four or more people in Japan has declined each year, whereas single person and two-person households have both increased in number.

Subject also to the pressures of increasing urbanisation and other lifestyle trends, the retail landscape in Japan's rural areas has changed, shifting away from tradition and toward modern, Western-style commerce. There was a time when rural areas were supported by local markets and shopping arcades, known as shotengai, that were easily reachable and seen as de facto community centres.

Now, with the increased penetration of chained stores, hypermarkets and mass merchandisers, many of these local businesses have been shuttered or drawn into sprawling, American-style shopping malls, which are often farther away and reachable only by automobile. As a result, there is now a large population of people in Japan known as kaimono nanmin, or “shopping refugees,” who are elderly, living on fixed incomes and effectively cut off from access to retail food and other goods.

New opportunities for foodservice

The ageing population and its growing subset of kaimono nanmin presents a valuable opportunity for foodservice operators. Seniors who don't have easy access to grocery retail outlets, or who no longer wish to prepare their own meals, will likely turn instead to consumer foodservice, often patronizing outlets at a higher frequency and across a broader range of dayparts than consumers belonging to other major demographics. As such, marketing specifically to this group is becoming an increasingly lucrative endeavour.

The mobility issues faced by many seniors highlight an obvious way for operators to reach these consumers: Bring nutritious, value-priced food to them in the form of delivery service.

Many major players have already launched new services geared specifically toward seniors, and this trend is likely to gain traction as the population continues to grow older. Some operators, like chained 100% home delivery/takeaway bento box player Hotto Motto, have expanded existing delivery services in the hopes of capturing more business from seniors. The chain typically sees the majority of delivery demand from its lunch crowd, but it recently extended delivery to the evening hours.

Other players, like chained bars/pubs operator Watami, realized they could target delivery service even further, adapting menus to reflect typical senior preferences. Their meal delivery service, Watami Takushoku, now features meals tailored specifically for senior palates, which often favour quality over quantity and require custom dietary needs, such as low-calorie or low-sodium.

Further evidence of the strength of this trend, the use of delivery as a way to reach seniors has moved beyond fast food and 100% home delivery/takeaway to reach even the full-service category: Market-leading full-service player Skylark Group launched all-day delivery service at four of its five brands in 2010, and the company has stated it expects delivery orders will contribute a growing portion of its total sales in the coming years.

While these categories all stand to gain incremental sales as a result of these initiatives, it's possible no category is better poised to reach the senior demographic than convenience stores fast food. 7-Eleven, in particular, focuses its business strategy on high outlet density and providing, "close by convenience stores" that are easily accessible in areas served by the brand.

As such, these outlets can cater to the daily needs of elderly people, including meals and other essentials, even for those who don't wish to venture far from home. 7-Eleven is also taking this convenience a step further, offering a new program, Seven Meal, which offers delivery 365 days per year.

In select markets, the operator is even testing a program that furnishes households with simple, easy-to-use touch screen tablet computers with which residents can order meals. This service gives consumers a direct link to outlets and brings delivery service to those who may not be comfortable doing so using a telephone or personal computer. In this way, 7-Eleven has reached consumers thought to be untouchable by delivery service, proof operators do not need to be limited by a lack of technology savvy.

Ageing Japan, ageing world

While the rapid ageing of its population is somewhat unique to Japan, this trend offers insights to consumer foodservice operators in other markets, as well. The world's population is also growing older, albeit at a much slower rate, and the median age of the population in every world region has increased each year for the past decade. At 45, Japan's current median age is the highest in the world, but many developed countries aren't far behind. In 2010, 19 other countries had median ages of 40 or higher (11 years higher than the global median), and by 2015 that number will grow to 22, over half of the world's 35 developed countries.

Many developing countries are also seeing substantial increases in the age of their populations, including China and Vietnam, both of which have median ages that have climbed three years since 2005. In fact, of all developed, emerging and developing countries tracked by Euromonitor International, only four saw decreases in the median age of their populations (all less than 0.3 years) over 2005-2010. An even fewer number are expected to see decreases by 2015. As a result, many countries will soon see ballooning senior populations like Japan's, which currently encompasses more than 29 million people aged 65 or over.

This emergence of seniors as a viable and untapped consumer base speaks to new opportunities over the long-term, especially in this era of increasingly competitive consumer foodservice, in which no demographic is too small to be of value. By 2015, the US will have a senior population of over 46 million (14% of the total population) and Germany (21%), Italy (22%), France (19%) and the UK (18%) will each have more than 11 million.

These statistics show it's time for foodservice operators to start marketing to this demographic, even those who may not currently count seniors among their consumer base. Seniors are a group that is growing in number, one that often experiences limited other options for meals, and one that clearly shouldn't be ignored.

Analyst Insight by Elizabeth Friend

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