

【研究ノート】

The elderly as consumers — an argument on the elderly —

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The ageing of the population is a trend common in almost all the industrialised countries. In Japan the total number of persons over 65 years of age exceeded 17 million on October 1, 1994. It continues to increase, and by the year 2020 is expected to account for more than 25% of the total population, 12% of which will be aged 75 or more. The proportion of the population over 65 in Sweden and Germany will in 2020 not be so high as in Japan, though it will be more than 20%. It will be a little less than 20% in the UK and France. The population of the USA is comparatively younger, but it will also have 16% aged 65 or more by that same year.

In my report the elderly are taken as consumers. Needless to say, they are first of all clients and buyers of welfare and health services. Indeed it is rare for the elderly themselves to pay in full, but they contribute to the development of both public and private social welfare and health service production. As their number increases, so does the number of welfare institutions and of persons employed in social work and health. Let us take the example of Japan. The number of home helpers was about 90,000 in 1995, making 200 elderly persons per home helper. The corresponding number in Finland is 13,000 i.e. 52 per home helper. And the number of day service centres in Japan was about 6,000 in 1995. As the number of home helpers was only about 30,000 in 1989 and the number of day service centres about 1,000, we can truly say that

there has been a great increase, though it should be remembered that Japan greatly exceeds some of the Western European countries, especially Scandinavia, in the number of elderly persons per home helper. The rise in the elderly population is providing employment in the field of social welfare and health.

What about the elderly as consumers? The chief aim of my report is to regard the elderly as consumers. Their demand for commodities and services will bring about a new market. However, *it should not be overlooked that the income level of the elderly varies among the OECD countries.* In countries like Japan, for example, whose per capita income was 26,000 US dollars in 1993 and ranks third in the OECD countries, and the USA, where it ranks fourth, not a few of the elderly are receiving living allowance. Therefore it is important to take into consideration not only the market mechanism and business openings but also the redistributive effects of social transfers on households, taxation and the living conditions of the elderly.

In view of the above, we come to the conclusion that the elderly in general can be considered wealthy, or at least better off than the young. Their annual income is not always more than that of the young, but they can spend money more freely. They are free from housing loans and education fees for their children. For example, the household spending of people in their thirties and forties in Japan contains a relatively high ratio of spending on paying off their housing debts, and people in their sixties and seventies are free from such debts in general. The rate of their household savings is much higher than that of the younger generation. Household saving rates in Japan are higher than in the USA, Germany and the UK, for example. And at the end of 1994, the average savings of elderly Japanese households were 25 million yen, and the average savings of households of salaried workers were about half those of the elderly.

Let us now take a look at consumption by the elderly. The following is very important. As people age, their life styles tend to differ. Some wish to continue working in old age, and the government will have to develop their employment. But others are interested in things other than work, and recreation and leisure activities are more important for them. The latter possibly outnumber the former. Many elderly people could not earlier live without working and they could not understand how to spend their free time as they had worked hard ever since they were young. But many elderly people now enjoy leisure activities. Leisure-related spending in Japan has been rising faster in recent years than the total consumer spending. The elderly contribute not a little to this. Leisure activities become the centre of life after retirement. Moreover, people who were born after the war will be the elderly fifteen years from now. As the elderly of the postwar generation increase and the pension systems are developed, it is certain that the number of elderly who enjoy leisure activities will grow in the future, too.

Once aware of this, the enterprises engaged in such business as hotels, railways, sports and travel have started to develop services designed especially for the elderly. In Japan, the popularity ranking of leisure activities changes every year, but the elderly always greatly enjoy domestic travel, dining out, gardening, sports (swimming, tennis, etc.), gateball, and studying at a culture centre. Some hotels have therefore recently been provided with gateball grounds. The railway companies have been selling low-priced tickets for the elderly only, allowing considerable numbers to travel in their own country. Swimming classes for the elderly are also on the increase in sports clubs and at public swimming pools. As the population ages, some enterprises in Japan are steadily developing commodities for the elderly. Most Japanese enterprises, however, have not yet regarded the elderly as influential consumers. This

applies to most enterprises in almost all the industrialised countries, but not a few enterprises are beginning to think of the elderly as future consumers. In this respect, enterprises have flexibility. It is expected that sooner or later the market for the elderly will expand rapidly.

It should also be noted that the services produced by the public sector in Japan are not as broad as in some of the Western European countries, especially Scandinavia. In this respect in countries like Japan the elderly and their families can be considered as consumers of the welfare and health services and technology provided by the private sector. Commercial old people's homes and home service companies are typical examples. As these usually do not receive support from the state or municipalities, they are pure businesses which rely on the money paid by the elderly. Housing companies have also started marketing houses built with special consideration for the elderly and handicapped, such as barrier-free houses and houses with elevators.

It must be noted that the elderly have problems with regard to consumption. At present there are many supermarkets which are so big that the elderly cannot easily find what they are looking for. And there are a lot of shopping areas which the elderly cannot easily reach on foot. There are also many commodities which are not easy for the elderly to use, such as heavy vacuum cleaners, deep bath tubs, and so on. These commodities are for people in general, but they are little use to the elderly. And there are numerous commodities which the elderly have difficulty in using because they cannot understand—or even read the small print in—the instructions.

It can be concluded that with the ageing of the population, the elderly as consumers will play an important role in the economic development of almost all the industrialised countries. It is therefore very important for industries to realise the importance

of the elderly as consumers in developing their marketing strategies. Industries should have consideration for the elderly and develop commodities for them. The time will certainly come when the role of the elderly as consumers will be taken into consideration in the management plan of each company.

I would also point out the following. First, with the ageing of the population, the percentage of the population between the ages of 15 and 64 will decrease. This will bring about a reduction in the population of working age and possibly also a decline in the potential economic growth, because younger workers adapt to a new technique better than older ones. But if the falling percentage of the population aged 15-64 can be made a major incentive to invent a new technique, it will be a different matter. Second, the ageing of the population will bring about an increase in the national burden rate, because social security expenditure, especially social welfare expenditure for the elderly and social insurance (pensions, medical insurance) will increase. The ratio of the total national and local taxes to the national income is the tax burden rate. The ratio of the social security burden such as the social insurance fee to the national income is the social security burden rate. The tax burden rate and social security burden rate together make up the national burden rate. This will decrease the household savings rates of salaried workers and increase the capital costs. It is possible that it will also slow down the economic growth rate. Needless to say, whether the economic growth rate increases or not will depend on whether the labour productivity increases, and so on. At any rate, it is feared that the ageing of the population will bring about a decline in economic growth. In this case, the consumption structure and level of consumption of people belonging to various age brackets will be influenced. As regards consumption by the elderly, it is very important for the income transfer from the working generations to the elderly to go smoothly. This will also be of

significance in reducing the potential friction between the generations.

Finally I would like to add the following. The theme given me in the Second International Conference on Gerontechnology is “Economics of ageing-transition, developing, industrialised countries”. So I have mainly dealt with the elderly as consumers. But in my report, the object is limited to the elderly in the industrialised countries, because ageing of the population is not yet a very important issue for countries in transition and the developing countries. On the contrary, the social welfare and health of children are more important and more urgent problems for most of these countries. Therefore, I had to omit the elderly in countries in transition and the developing countries. Naturally the approach to the elderly in these countries is different from that in the industrialised countries. Ageing of the population will, however, be an inevitable issue for countries in transition and the developing countries, too, sometime in the distant future.

本稿は、1996年10月15日～17日にヘルシンキ市（フィンランド）で開催された国際高齢者テクノロジー学会（Gerontechnology, Second International Conference）においてKeynote speakerとして報告したものに加筆・修正を行ったものである。

北星学園大学社会福祉学部 北星論集第34号 正誤表

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133頁17行目	increase,	increase.