

# The big marketing opportunity in serving elderly consumers

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## Serving the Silver Generation

As the 1990s drew to a close, Austria's **Emporia Telecom** was in crisis. The firm had started out as a B2B provider of landline phones and fax machines, but the company's core offerings no longer held widespread appeal. Suddenly, inspiration struck from an unlikely source. The firm's founder and **CEO, Albert Fellner**, was helping his mother learn how to use her new mobile phone, which was riddled with unfamiliar features. In the process, he realized he'd stumbled across a huge void in the marketplace: providing simple, functional mobile phones to seniors.

As it turned out, **Emporia** was well placed to fill this niche. The company had previously **designed** landline phones with special emergency functions and had built an R&D department that prided itself on collaborating with consumers during the product-testing phase. As a result, the firm could easily shift its focus to senior-specific mobile devices, and could quickly churn out user-friendly models that satisfied an overlooked sector of the market.

According to a new [study](#) from a team of international researchers, the **Emporia** story serves to illustrate two emerging truths in the modern economy. First, entrepreneurs and innovative firms cannot simply rely on their internal capabilities and practices, but must continually look for opportunities in external trends and shifting demographics. And second, the senior market is seriously underserved by even the most forward-thinking companies. The [number](#) of people who are 50 and older is growing in many countries, and many of these consumers are likely to have disposable income to spend on new products. Therefore, the authors write, companies have a golden opportunity to appeal to the silver generation, provided they're alert enough to recognize an opening, possess knowledge of the general product category, and have the in-house expertise to tweak their development process to appeal to older consumers.

The number of consumers older than 50 is growing, and they have disposable income for new products.

Although most [researchers](#) have focused on how changes in technology can drive the growth of entrepreneurial activity, this is one of the first empirical studies to show how an important

external demographic trend — population aging — can provide a similar impetus for **innovation**. The authors tracked several large companies around the world from various industries, all of which had identified and exploited product **innovation** opportunities addressing the demands of older consumers. Over more than six years, the authors interviewed managers and R&D specialists at the firms, in both formal and off-site settings, and scrutinized internal memos that documented the product development process. They also analyzed industry reports and media articles about the new products, contrasting them with information about the offerings of competing firms.

One important takeaway: Although the thinking on **innovation** has typically stressed the importance of shifts in supply-side dynamics, such as technological upgrades or supply chain streamlining, trends in consumer demographics that provide demand-side opportunities should not be ignored by entrepreneurs.

For example, the founder of ImmoKasse, a company based in Germany, merged his expertise about the domestic real estate market with his insights about foreign economies. Reverse mortgages — which allow senior citizens to convert their house equity into cash and are prevalent in the U.S. and U.K. — didn't exist at the time in Germany. ImmoKasse successfully transported the practice to Germany, showing the importance of scanning external sources for inspiration, identifying a void in the market, and having the capabilities to turn existing knowledge into new offerings.

Similarly, Johnson & Johnson Medical set up a specialized discovery team to conduct interviews with doctors in hospitals and nursing homes to pinpoint the unmet needs of older patients. By bringing its previous know-how about medical technology to bear on the aging population, J&J could quickly take advantage of new opportunities.

Another case involved Topro, a Norwegian manufacturer of rollators — walkers with wheels that help people overcome their mobility challenges. Extensive discussions and consultations with older users led managers to believe there might be an untapped market for premium, upscale rollators: The models typically prescribed by doctors and paid for by insurance providers were functional, but Topro identified a desire for customized machines that reflected their owners' aesthetic and technical preferences. Although it meant introducing a new sales strategy, the firm pinpointed a basic truth about the older market: Although third-party financing streams such as insurance carriers bring affordability to the market, they also tend to shun higher-priced, better-quality products, allowing opportunistic firms to fill the gap.

The authors argue that firms seeking to exploit demographic changes should reallocate resources toward coming up with products, solutions, and services that meet older consumers' demands. "Moreover," they write, "they need to ensure that their employees have the right empathic capabilities and customer orientation toward older people, and they have to generate the appropriate **innovation** research intelligence on their customers' needs and preferences."

Source: "[Golden Opportunities for Silver Innovation: How Demographic Changes Give Rise to Entrepreneurial Opportunities to Meet the Needs of Older People](#)," by Florian Kohlbacher (Xi'an Jiaotong-Liverpool University), Cornelius Herstatt, and Nils Levsen (both of Hamburg University

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