



## **A report of the collaborative workshop delivered at the 2011 ActiveAge Summit by Newcastle Science City, Newcastle University and the Health Innovation and Education Cluster North East**

### *An ActiveAge Report*

#### **Context**

In the UK today, the over-fifties own 50% of the wealth, are responsible for 40% of consumer spending and are growing in numbers. Yet they only attract around 10% of marketing spend.

And this is not a new trend. In fact it has been a subject that has been attracting attention for at least 50 years. Age UK identified research going back as far as the early 1970s in which academics in the US talked about the fact that, even then, the older market was bigger than the youth market<sup>1</sup>.

Globally, the number of those aged 65 and over is growing at around twice the rate of the overall population. This age cohort is now the fastest-growing primary segment of the world's population, and its growth rate is outstripped only by that of an even older subgroup: those aged 80 plus.

Despite there being growing public knowledge about the impact of demographic change on public finances, far less is said about the effect on business. We know the latter is two-fold and the effects of ageing occur on companies as employers of older workers and on companies as marketers of goods and services for older consumers. Both require companies to change and adapt to remain ahead of the game.

Worthy of reading, for any business wishing to stay ahead of the game, is a recent study by The Economist Intelligence Unit<sup>2</sup>, which was undertaken to examine the business impact of longevity. This provides good background and some interesting insights into what is generally perceived as the longevity 'opportunity' for business.

Following the theme of this report, which shows that '71% of Executives see longevity as an opportunity'<sup>3</sup>, on the afternoon of this year's ActiveAge summit, held at Newcastle Civic Centre on 7<sup>th</sup> June, three of the North East region's leading business support organisations - The Health Innovation and Education Cluster, The Institute for Ageing and Health and Newcastle Science City – teamed up to provide businesses in the North East with a unique insight into business opportunities around markets being created by an ageing society.

<sup>1</sup> Age UK, The Global Economy, 2010. The consumer marketplace in an ageing society

<sup>2</sup> Economist Intelligence Unit Limited, A Silver Opportunity? Rising Longevity and its implications for Business, 2011. Sponsored by AXA

<sup>3</sup> ibdn

Pooling their expertise in product innovation, business strategy and the crucially important segments of healthcare, lifestyle and independent living, these organisations demonstrated a unique offering for business leaders. The afternoon workshop aimed to answer the following key questions:

- What does the ageing market look like?
- How do I break into it?
- What are the needs?
- Where are the opportunities?
- Where are the niches?
- What are the challenges?
- What help is available to my business?
- What is the best plan of action?

The workshop had a good turn out with 31 people including 22 SME's and a number of individuals from the public sector as well as larger private companies.

Gregor Rae, the CEO of BusinessLab and Founder of the ActiveAge programme facilitated the workshop with Mike Morgan, Business Development Manager from the University, Simon Green, Programme Manager of Newcastle Science City and Nicola Wesley, Senior Project Manager of HIEC NE describing the support offered by their respective organizations.

#### **Mike Morgan Business Development Manager Newcastle University**

Mike began his presentation with some statistics about increasing life expectancy to set the context. He highlighted the fact that in 2003 one in three people were aged 50 plus. In 2033 this is predicted to rise to two in five. Over the last 200 years life expectancy has increased by 5 hours a day.

Of particular interest in the context of the workshop were the facts Mike presented about 'expenditure growth'. He alerted the audience to the fact that the over 50's buy 80% of all top of the range care, 50% of skincare products and 80% of leisure cruises. These statistics marry with findings that some of the key sectors likely to benefit from longevity will be "*healthcare and pharmaceuticals, leisure and tourism and financial services*".<sup>4</sup> In essence it seems that those sectors likely to help older people live more independent lives are likely to benefit the most.

In case anyone thought this age group were not using ICT Mike brought the audience's attention to statistics that say 56% of 50 pluses have a laptop or PC and 70% have a mobile phone. In addition Mike drew attention to the fact that people aged 50-65 spend twice as much on entertainment as the under 30's.

In summarizing the market opportunity Mike said that the over 50's are currently 20 million strong and growing fast. They hold 80% of the nation's wealth. As much as 40% (£260 bn) of total UK annual consumer spending can be attributed to the UK over 50s. Yet, **they currently receive only in the region of 10% of marketing focus.**

A quote he used to emphasise this point was by Germaine Greer, who is reported to have said, "*just because I'm over 60 nobody wants to sell me anything any more*".

In turning his attention to the University whom Mike represents he began to outline the assets available for businesses looking into offering products and services for the ageing marketplace.

Newcastle University assets include:

- The Institute for Ageing and Health – Europe’s leading Institute
- Interdisciplinary Research
- Campus for Ageing and Vitality
- The Changing Age programme
- Changing Age Network

In terms of Business Solutions Mike broke these down into 3 key areas:

- The Requirements of Ageing – independence, home living and positive quality of life
- Changing Age for Business, the university initiative to help businesses grow in the emerging market created by an ageing society which includes an engagement team, facilities, business mechanisms and the campus for ageing and vitality
- University Resources including Livewell, SiDE, Medical, ALip, Voice North and the university business school

The different types of business engagement with the university include:

- Student placements
- MBA projects
- Contracted research
- Consultancy
- Knowledge Transfer Partnerships (KTP’s)

For those companies wishing to design new products they can also access Design Network North, which supports innovative companies, helping them to utilize high quality design skills and processes offering specialized product design, industrial design and new product development support.

The Ambient Kitchen at the University’s Culture Lab provides a platform for explaining and exploring the application of pervasive computing technology in a domestic setting. The project is committed to developing commercially viable products that bring real benefit to a rapidly ageing population.

The Institute for Ageing and Health at the University specializes in various age related conditions including dementia, Alzheimer’s, heart conditions, osteoporosis etc. The research themes include:

- Mechanisms of ageing
- Experimental medicine
- Translation for patient benefit
- Ageing, health and society
- Technology for an ageing society
- Nutrition and oral health

In concluding Mike highlighted the next business wave, which will include the Internet and e-business. He emphasized that understanding the 50 plus market will be critical to business and society. Older adults are not all the same and to be effective marketing needs to be tailored to specific segments of the older adult market.

Finally, there is a reward here for North East businesses that ‘get it’. They will have a competitive edge, gaining a market share of a growing market, increased social responsibility and profit.

**Dr Philip Nichols and Dr Nicola Wesley  
Health Innovation and Education Cluster North East**

Dr Nichols started by describing what the role of the Health Innovation and Education Cluster (HIEC) North East is:

*“The purpose of the HIECs is to deliver high quality patient care through better trained clinicians and to accelerate the translation and adoption of research and innovation”*

The themes of the HIEC North East include: innovative education, innovative technology, innovative service delivery solutions and NHS North East projects.

Nicola Wesley went on to explain the HIEC’s connections with NHS Innovations North, the official Technology Transfer organization for the NHS in the North East Region. The latter support businesses with finding commercial opportunities in healthcare and ageing and are part of a network of NHS innovations organizations or ‘hubs’.

NHS Innovations North is hosted by RTC North Limited – Design Network North and R&D globalization. NHS innovations was established in 2002 by the Department of Health with a dual purpose:

- To provide a mechanism for NHS organizations to identify, protect and exploit IP generated as a result of research and occupational experience and,
- To stimulate increased business and enterprise activity in the field of healthcare.

The benefits provided by NHS Innovations North include working with Industry, SMEs and NHS employees to identify and protect innovative technologies, devices or services that could be commercialized or shared in order to:

- Improve patient care and patient experience
- Provide recognition for and motivation of, NHS staff
- Improve diagnostics and treatment processes
- Improve service provision
- Generate new revenue streams by the introduction of new products and technologies
- Raise the profile of the NHS as an innovative and commercial organization
- Contribute to the economic prosperity of the UK through the transfer of knowledge to industry
- Save costs and improve efficiencies – achieving cost cutting targets

In terms of what has been achieved so far across the North East Region Nicola summarised the following:

- 3000 ideas have been assessed
- 200 items of intellectual property have been identified and protected
- 60 technologies and services have been successfully commercialized
- Over £1 million has been generated for the NHS in the North Region
- 3 spin out companies have been formed from NHS IP
- 175 SME’s have received ‘free’ specialist support
- 65 jobs have been created
- 90 jobs have been safeguarded

NHS Innovations North and the HIEC have developed 'The Innovation Pathway Northeast' which provides a number of services for businesses or individuals with ideas, including clinical trial management, business development, licensing assistance and product development etc.

Some examples of products that have had assistance through 'The Innovations Pathway' include *The First Step Leg Bath*. The idea arose from the fact that community health workers have to bathe the legs of people with mobility problems (elderly/obese) and lifting the leg can be difficult and painful. They are traditionally bathed in a bucket/washing up bowl and there are major ergonomic issues for healthcare staff. The idea came from a community care nurse. NHS Innovations North developed a prototype, sourced a licensee & licensed the product on behalf of North Tyneside PCT. The product was launched in 2010.

Other examples Nicola highlighted included *Safe Place*, for tiny babies which allows the placement of catheters to be confirmed using ECG readings, and the *Urine Flow Meter*, which is a low-cost device that gives a patient the ability to monitor their symptoms in private and in their own time.

The Innovation Pathway North East team can assist in many areas critical in the setting up and the running of a social enterprise, such as:

- Advice on choosing the right ideas to take forwards
- Help with the setting up of your company
- Working on business models to make sure your business is sustainable beyond seed funding
- Marketing and promotion of your Business
- Access to funding
- Identifying networks and contacts

### **Simon Green Newcastle Science City**

Simon outlined Newcastle Science City's role as being threefold:

1. Supporting the promotion of Newcastle as a city of science excellence
2. Supporting the creation of innovative businesses and assisting existing businesses to innovate and grow
3. To ensure that the local population, especially young people, can become part of our continued scientific achievement

Simon's presentation covered:

- What new business opportunities are out there?
- How can I assess the value of opportunities?
- How can Science City help?

What new business opportunities are out there?

*An ageing society means....* many different things to different people but in terms of business opportunities Simon highlighted some key facts and trends, which could potentially lead to business opportunities.

These are highlighted within the table overleaf.

Fact	Business Opportunity
The number of over 50's using social networks increased by 88% last year	Can you help link up family and friends? Can you provide services of value?
Telehealth is the removal of time and distance barriers for the delivery of health care services or related health care activities	The technology is there – can you make it work? Can you improve people's quality of life?
Expenditure by people over 65 exceeded £100 billion in 2010	What can you offer to secure a part of that spend?
An ageing population means...financial security past retirement age becomes even more important	Can you develop new financial models?
Just 65% of 25-34 year olds will look to rely upon the state pension to fund their retirement – compared with 92% of 55-64 year olds.	How will they fund their retirement? Can you use government initiatives to your advantage?
Social Impact Bonds are a way of raising money now to tackle the causes of future problems.	Can you help guide and advise people through complex systems?
More than 25% of pensioners don't claim the benefits they are entitled to. That's over £3 billion pa	Can you advise and help these people to get the benefits they are entitled to?
An ageing society means... ...Your customers become even more diverse	Can you tailor services to different individuals?
Over 50s buy 80% of all top of the range cars, 50% of skincare products and 80% of leisure cruises.	Can you offer or tailor your services to meet the demands of this market?
In the US, 72% of over 80s considered themselves to have a disability	Can you make your offering more accessible for these people
Searching for travel insurance over 65 gives 22 million hits to google.	How can you be found by your customers?

Some key thoughts to be taken from these examples might relate to the tailoring of current products and services and to better addressing the potential ageing market within your current business offering, rather than seeking to create new products or services specifically for older people. A simple example of this comes from the musings of Futurist Dr Patrick Dixon.

*“In many European cities one of the main groups eating in restaurants are those over 50, yet very few 50-year olds are able to read a menu by candlelight without their reading glasses. That is because the menus are usually designed by young people in print shops not for senior citizens. What a crazy situation: the people who the restaurants want to market to cannot read any of their sales literature”<sup>5</sup>*

Further examples, from a small Help the Aged study on consumers<sup>6</sup>, include a housebound man who relies on male order, cannot return goods because the post office is too far away, and has limited choice in men's clothes and a

<sup>5</sup> Patrick Dixon, 2008 'Marketing to Older Consumers', interview with Marketeer, October (accessed 29, July 2011)

<sup>6</sup> Older People's Programme (unpublished) Investigate! Older People Investigating Goods and Services, research undertaken on behalf of Help the Aged, 2006

blind woman who would like to choose stylish clothes but has no one to describe how clothes look in the department store.

There are simple solutions to these problems and a potential advantage to be had for the companies that pick up on and react to the identified problems.

In terms of real companies making changes one need only look at big brands like Coca-Cola for example, who entered the coffee, tea, wine and orange juice markets during the 1980s partly to attract older consumers who were less interested in their Coke brands<sup>7</sup>.

Simon Green from Science City went on to highlight the types of ideas that Science City believe to be more likely to succeed. These are:

- Based on identified market insights
- Have a quantifiable value proposition
- Able to get to market quickly (easy to test)
- Scalable

The things that Newcastle Science City can do to help businesses include:

- Identify market opportunities
- Define route to market
- Develop rough and ready models
- Support test marketing
- Build a coherent business plan
- Help raise funding

Support offered by Newcastle Science City includes:

- Direct advice and mentoring on business development
- Access to experts in specialist areas
- Expert training and workshops
- Access to networks

<sup>7</sup> B. Gunter (1998), Understanding the Older Consumer: The Grey Market, London Routledge, p24

## **Summary**

The older market is forecast to grow by 81% from 2005-2030 but the 18-59 year old market only by 7%<sup>8</sup>. According to analysis by the Personal Finance Research Centre at Bristol University, the 65 plus age group currently accounts for 20% of the UK consumer population and this will rise to 25% by 2030.

The workshop highlighted some of the opportunities that exist for companies willing to adapt or improve their business offering for this ageing consumer market, including some estimations about the size of the market and the older consumer's spending power.

It also brought to the fore some of the main considerations for targeting older people i.e. they are not a homogenous group and companies really need to tailor their offer for the individual.

Companies need not necessarily go out and reinvent themselves with new products and services in order to gain from the opportunities of longevity. They may want to look closely at their current offering and how that can be improved or adapted to attract this growing market segment.

For businesses that want to look seriously into the potential opportunities for them in this rapidly growing marketplace, assistance is available from all three organizations above: Newcastle Science City, The Health Innovation and Education Cluster North East or Newcastle University and the contact details are at the bottom of this page.

## **Contact Details**

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### **Further Reading**

Economist Intelligence Unit Limited, A Silver Opportunity? Rising Longevity and its implications for Business, 2011. Sponsored by AXA

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