Elderly Are Hot New Sector in China

**By Weilun Soon**

Companies are setting their sights on a hot new growth market in China: the elderly.

The country is aging much more quickly than other developing nations and has the world’s largest elderly population, with more than 280 million people above the age of 60. China’s birthrate has fallen steeply, causing its population to shrink last year to 1.412 billion.

The swelling ranks of the elderly are leading multinational and local companies to reconsider their longer-term growth opportunities in China, and they are changing products and marketing strategies to win them over.

Businesses that used to focus on babies are now targeting Chinese seniors. Technology companies have created less cluttered mobile apps for elderly users and online retailers are featuring more seniors in their advertisements. Catering to older tourists is becoming a big money maker now that China has lifted its strict pandemic controls. Dance music videos for seniors have also drawn big audiences.

“Consumption patterns will change,” said Colin Liang, head of China research at Redwheel, a global asset manager. “This trend can’t be reversed.”

Senior citizens now make up close to 20% of China’s population, a proportion that is set to rise to 28% by 2040, predicts the World Health Organization. The country’s fertility rate was 1.09 last year, just slightly over one birth per woman and significantly below Japan’s 1.26.

Some multinational companies are already feeling the pain from the demographic shift. Kao, a Japanese personal-care giant, stopped producing disposable diapers in China this past summer. Swiss food and beverage giant Nestle said in October that it will close an infant-milk formula factory in Ireland that made products for export to Asi. “Clearly, birthrates around thee world are in decline, [and] birthrates in China are very low,” said Ulf Mark Schneider, Nestle’s chief executive, when asked about the plant’s closure on a call with analysts. “Today’s global demand isn’t what it used to be.” He also said Nestle is making progress regaining market share in China’s childhood-nutrition market.

Abbott Laboratories, which owns Similac, Ensure and other nutrition brands, said recently that it was discontinuing its baby-food business in China and would instead sell adult-nutrition products in the country.

French food company Danone, which makes Aptamil baby formula, last month launched in China its Fortimel brand of adult medical-nutrition products. The new bottled drinks are meant for patients discharged from hospital who are recovering from surgery, cancer, or strokes.

Danone pointed to the country’s aging population and the rising incidence of chronic diseases and said it had done in-depth research on Chinese patients’ eating habits and taste preferences. That helped the company decide on flavors such as “red date & goji berry” for its Fortimel product sold in China, which is manufactured domestically.

One challenge, companies could face, is that retirees generally have less spending power than working adults who have steady incomes. Many are living off their pension payouts and much of their wealth is tied up in properties –while housing prices are failing. That would likely make them more selective on what to purchase.

“They don’t buy iPhones or electric cars. Their consumption may move away from more manufactured goods to more services,” said Haoxin Mu, an economist at Natixis.

Yum China, which operates thousands of KFC, Pizza Hut and Taco Bell outlets in China, is adjusting its menu to appeal to older customers. “As long as we pick the right food with the right…marketing, our senior customer group will also contribute to further growth,” Warton Wang, the general manager for KRF in the country, told investors recently KFC which sells congee in its restaurants, also has packaged meals that can be bought online and in supermarkets. They include boxes of egg-custard tarts and packets of marinated “New Orleans-style chicken wings.”

KFC last year rolled out a “minimalist version” of its mobile app which was designed for users aged 50 and above. It has less advertising, bigger fonts and makes recommendations, based on users’ eating habits and past orders. It also has a one-click ordering function.

WeChat, the ubiquitous messaging app owned by internet giant Tencent, and Alibaba’s online-shopping platform Taobao, also have versions of their apps with enlarged font sizes and bigger tappable buttons. WeChat users can choose to have messages read aloud to them.

ByteDance’s Douyin, the Chinese version of TikTok, has an “elderly mode” for seniors that features larger fonts, clearer buttons and stronger color contrast. It also set up a customer-service hotline to teach seniors how to use their mobile phones, protect themselves against scams and answer other queries twy have about surfing the internet.

Seniors in China tend to wake up as early as 5 am and turn to short-video platforms to entertain themselves, said Ashley Dudarenok, a China marketing analyst in Hong Kong. “A lot of them are killing time with videos,” she said, adding: “Loneliness is a part of the problem.”

After running some morning errands, Dudarenok, said seniors tend to switch to self-learning platforms such as Tangdou, a Tencent-backed app packed with video tutorials on square dances, Chinese dance, aerobics and other types of workouts. The app, whose name means jellybean in English, says on its website that it is dedicated to serving middle-aged and elderly people.