



THE CHALLENGES AND OPPORTUNITIES OF JAPAN'S AGING SOCIETY

A STATISTA DOSSIERPLUS ON THE SOCIAL AND ECONOMIC IMPACTS OF JAPAN'S CHANGING AGE STRUCTURE

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The challenges and opportunities of Japan's super-aged society

Executive summary

Over 28 percent of Japan's population was aged 65 years and older in 2020, a share so high that many institutions and organizations classify the country as a super-aged society. The graying of Japan's population will continue, and one in three people is forecast to be aged 65 years and older by 2036.

Higher demand for long-term care has forced Japan to raise social security and medical expenditures over the last three decades. Additionally, a drop in the number of working-age citizens is further complicating procedures and impacting government budgets.

Japan is facing a gradual change from a society that prioritized the younger generation to one that is centered around seniors. To counter the consequences of the dwindling young population, Japan aims to employ seniors on a broad scale and focus progressively on seniors as active consumers.

Over the coming years, Japan is expected to experience the following:

- An increase in the number of households with at least one senior member, as well as a growing number of one-person senior households. More seniors will work until at least 70 years old to counterbalance the general labor shortage in the country.
- Higher demand for medical care, long-term care, and related services. The health and social welfare industry will continue to grow along with the job market for medical professionals.
- Emerging new businesses and services catering to the various needs and interests of senior consumers. Healthy and active seniors with a steady spending power can become the pillar of the Japanese consumer market.

This DossierPlus provides insights into the unique demographic development of Japan, analyzes the challenges caused by the changing age structure, and highlights the opportunities for not only health-related industries but also for businesses targeting new senior markets.



01 **Current demographics of Japan**

- Demographic development
- Reasons for the rapidly aging society
- Households with seniors
- Seniors in the labor market

Demographics of Japan: Current situation and forecasts

A rapidly developing super-aged society

Japan's total population exceeded 100 million for the first time in 1967 and peaked at just over 128 million in 2008. Following nine consecutive years of decline, it had dropped to 126 million by 2019. According to a projection made by the National Institute of Population and Social Security Research (IPSS) in 2017, the number of people living in Japan will shrink to fewer than 100 million by 2048.

The year-on-year decline is expected to continue due to the relatively low proportion of citizens aged 64 years and younger. At 28.4 percent in 2020, Japan ranked first among all nations in terms of the aging rate (share of the total population aged 65 years and older) – the figure was 12.1 percent in 1990. Based on the IPSS projection, this share will increase to over 33 percent by 2036.

Japan's government sees 2025 as a crucial year since all first baby boomers (born in 1947-49) will be in the latter stages of life, and the population share of people aged 75 years and older will surge. Furthermore, in 2040, all

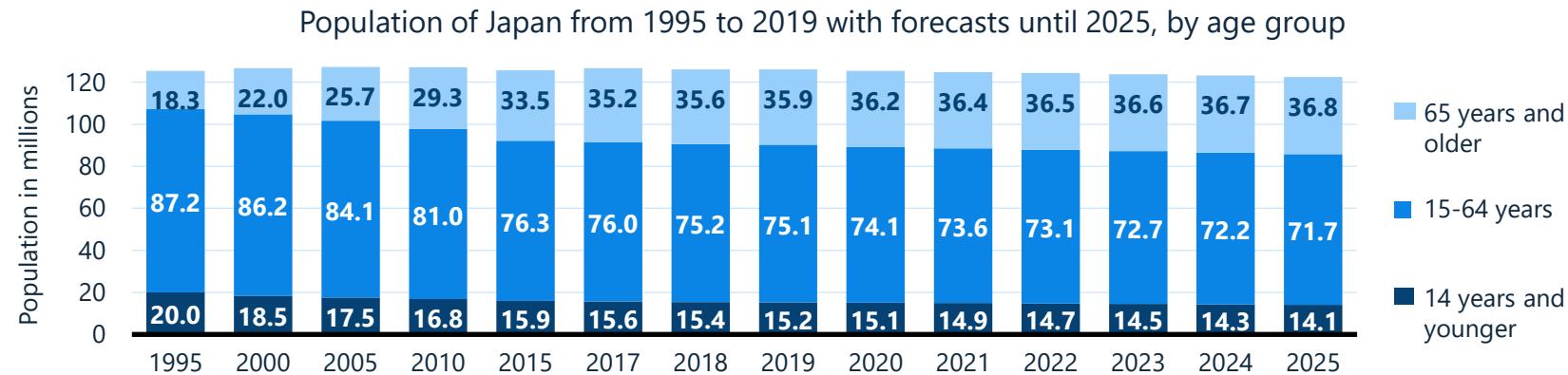
second baby boomers (born in 1971-74) will be 65 or older. Concurrently, the proportion of people aged 20 to 64 years will swiftly decline during the same period and is projected to keep contracting after 2040.

While most nations have had several decades to adjust to changing age structures, Japan's aging rate jumped from seven percent to 14 percent in just 24 years between 1970 and 1994. In contrast, other countries took much longer to record the same change, for example, France (126 years), Sweden (85 years), and the United States (72 years).

It is forecast that the speed of population aging will be similarly fast in Singapore, South Korea, and other countries in the years to come. Therefore, how Japan tackles the issue may serve as a blueprint for managing the social and economic impacts of an aging society.

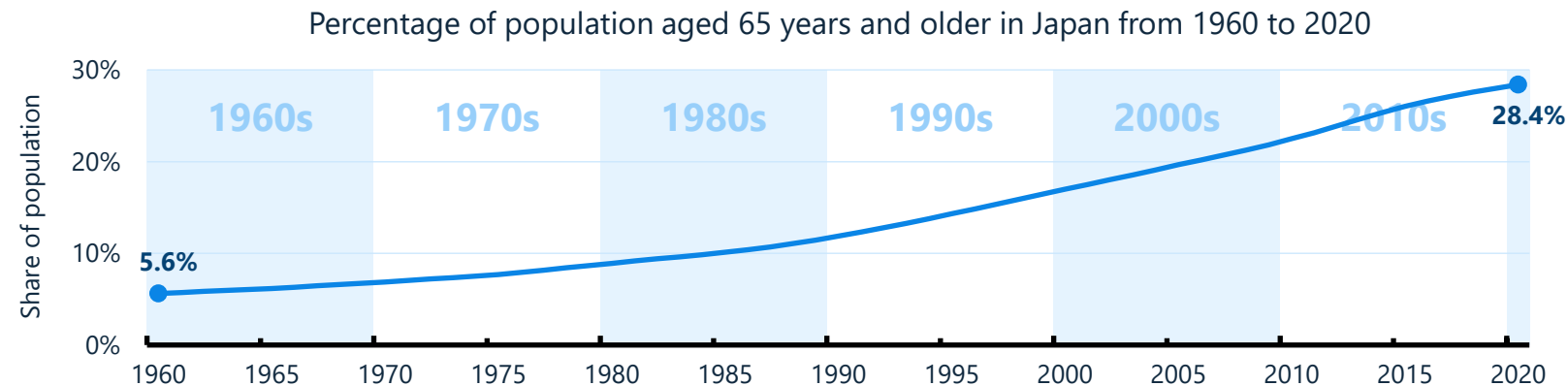
The share of seniors is growing among a shrinking population

The number of people aged 65 years and older has doubled since 1995



The number of citizens aged 65 years and older has grown over the last three decades – the only age group to record an increase – and this trend is projected to continue in the coming years.

In 2019, the number of people aged 65 years and older amounted to 35.9 million, about 30 percent of the country's total population.



These population trends in Japan have been mainly driven by a steady increase in life expectancy (see page 7) and a decrease in the number of live births (see page 8).

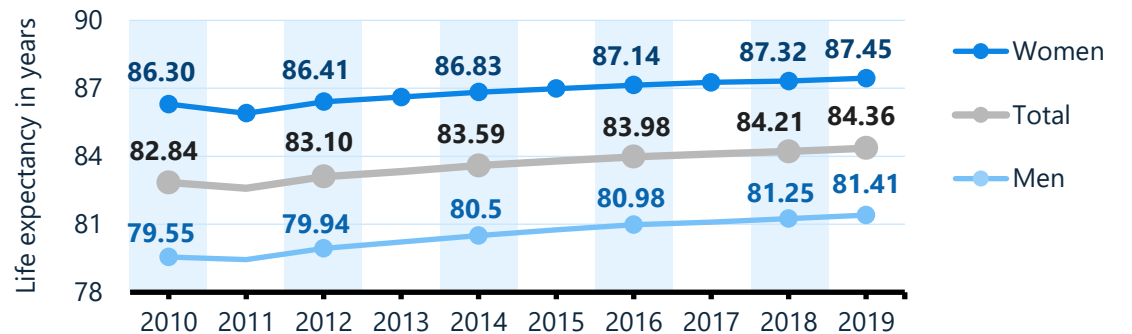
Japan is heading toward the 100-year life

A high life expectancy at birth and more than 86,000 centenarians

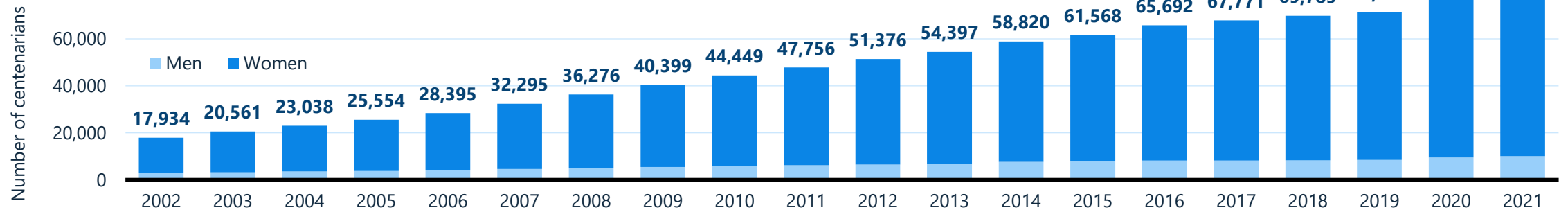
The average life expectancy has increased by more than five years in the three decades since 1990. In 2019, the average life expectancy at birth was about 87.5 years for women and just over 81 years for men.

In 2019, Japan's health ministry estimated that life expectancy will increase by about two years in the next 20 years. Among people aged 65 in 2019, it was also projected that around four percent of men and 16 percent of women will live to 100 years old. This percentage is expected to increase steadily in the coming decades and becoming a centenarian will be even more common.

Breakdown of life expectancy at birth in Japan from 2010 to 2019

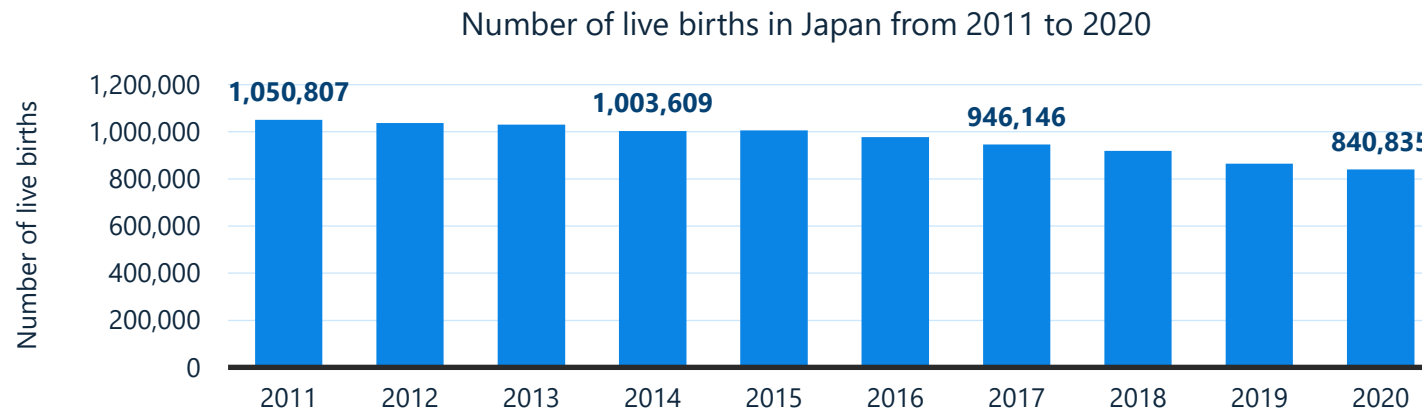
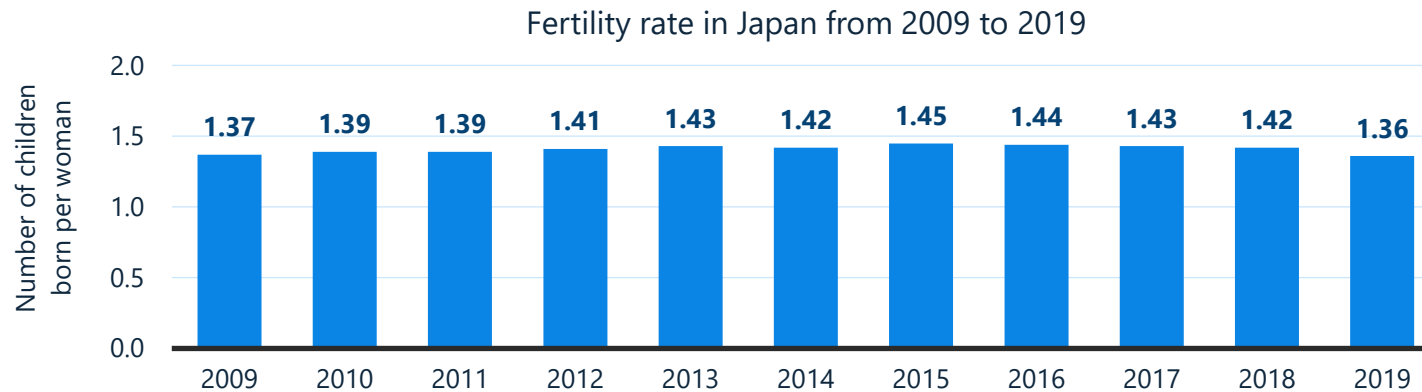


Number of people aged 100 years and older in Japan from 2002 to 2021, by gender



The fertility rate and number of live births continue to decline

Fertility rate and number of live births in the 2000s and 2010s

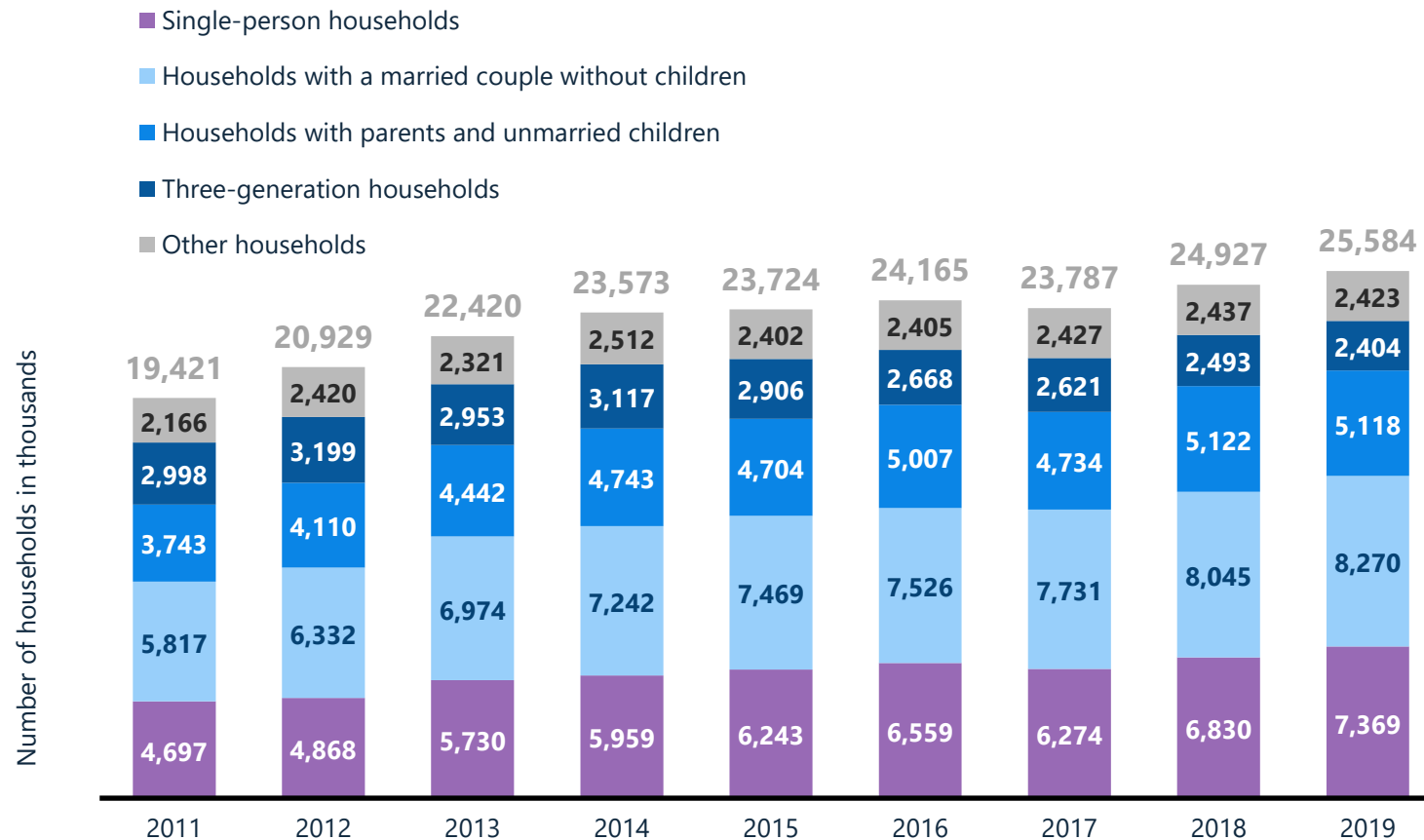


Following the record low of 1.26 in 2005, the fertility rate in Japan started to increase gradually. However, there has been a slight downward trend in recent years. The number of live births dropped to its lowest point in 2020, and this trend is expected to continue in the long term. The number of live births is estimated to be about 740,000 in 2040.

The number of births outside of marriage is small in Japan. Therefore, increases in unmarried and late marriage rates are seen as factors that significantly impact the country's fertility rate. The unmarried rate for both men and women has risen across all age groups in recent decades. The age of first marriage also increased by 2.7 years for husbands and 3.8 years for wives between 1989 and 2019.

A growing number of seniors are living alone

Number of households with senior members from 2011 to 2019, by household type



The number of households with at least one elderly member aged 65 or older was about 8.5 million in 1980, and half of those households were three-generation households. In 2019, by comparison, the number of households with senior members had soared to around 25.5 million, representing a threefold increase in about 40 years.

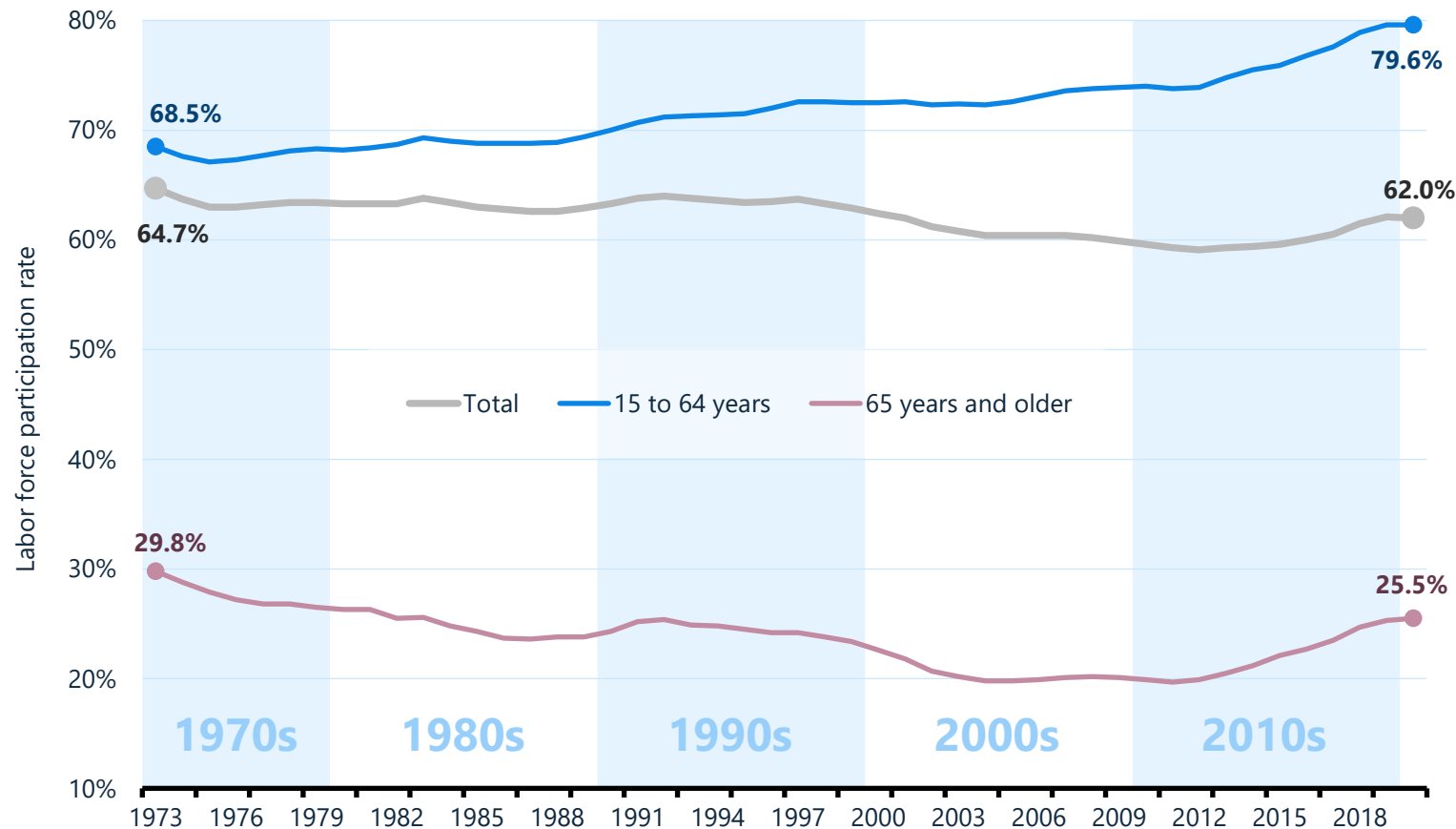
While the number of three-generation households has decreased since 1980, there has been a consistent rise in single-person households, making up more than a quarter of all households in 2019. This trend of seniors living alone without other family members has formed new social issues in Japan since the late 1990s, such as the isolation of seniors and subsequent solitary deaths (known as “Kodokushi”).

Note(s): Japan; 2011 to 2019; households with senior members aged 65 years and older

Source(s): Cabinet Office; MHLW; [ID 1257745](#)

Seniors are helping to fill the gaps in the workforce

Percentage of all people of working age in the labor force from 1973 to 2020, by age



To counter the ongoing labor shortage, Japan's government has aimed to facilitate the participation of senior citizens. After the 2013 amendment of the Act on Stabilization of Employment of Elderly Persons, every citizen employed at private establishments is entitled to extend their retirement age from 60 to 65 years. As a result, the labor participation rate of people aged 65 years and older increased in the 2010s and reached close to 26 percent in 2020.

The aforementioned act was amended again in April 2021, and Japan's employers are now obliged to make the best efforts to provide opportunities for employees to work up to 70 years old.



02 Impacts and challenges of the aging society

- Increase in the government budget for social welfare
- Increase in medical expenditure
- Rising demand for long-term care

The impacts and challenges of an aging population

Heavy pressure on Japan's social welfare and medical expenditure

In response to the country's rapidly changing demographics, Japan's social security system expanded to include various reforms during the Heisei era (1989-2019), such as the establishment of the long-term care insurance (LTCI) system and the disability welfare system.

Traditionally, long-term care was mainly the responsibility of the individual family. Following the increase in the number of nuclear family households and care recipients, the government implemented the LTCI system in 2000 for contact-based care services to provide financial support to families with seniors. During the Heisei period, social security benefits more than doubled, and social insurance premiums, as well as public expenditures, also steadily increased. Social security benefits are estimated to grow by a further 10 percent by 2040.

Compared with other nations, the benefit allocation in Japan's social welfare system is disproportionately concentrated on the elderly generation. The benefits distribution of family-related expenses for the younger generation, for example, is comparably low and below the average of member states of the Organization for Economic Co-operation and Development (OECD).

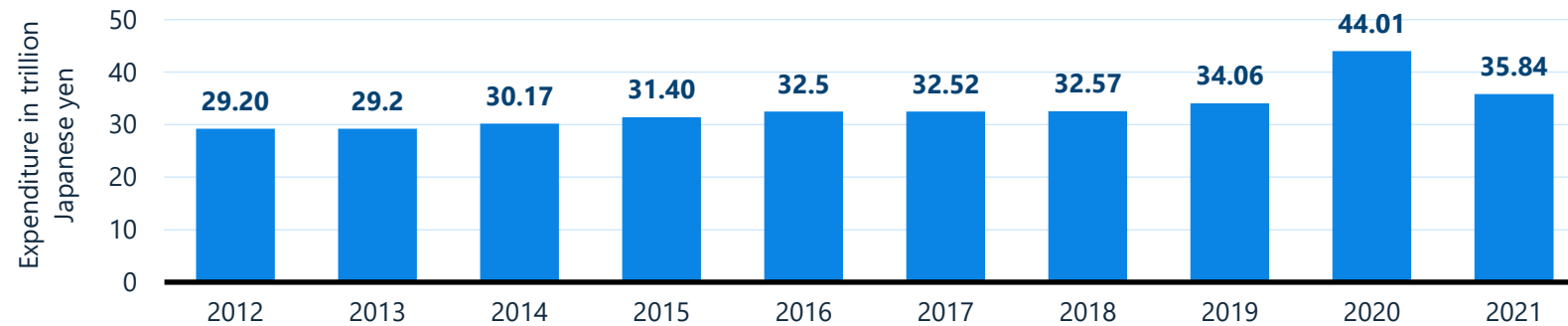
The fiscal resources of the social security system in Japan are largely based on the insurance premium and tax payments of people younger than 60 years old. The government compensates for the rest of the social security finance through the national debt and reserved funds. The declining proportion of young people and active taxpayers will continue to put a financial burden on government budgets and Japanese individuals.

With approximately eight million people from the first baby boom turning 75 years or older in 2025, it is projected that demand for medical care will sharply increase along with national medical spending. This is because there is a significant jump in medical expenditure between the age groups of 70 to 74 years and 75 to 79 years (see page 18). Additionally, with the healthy life expectancy rate (see page 36) remaining around 75 years, the demand for long-term care is expected to surge further from 2025 and onwards.

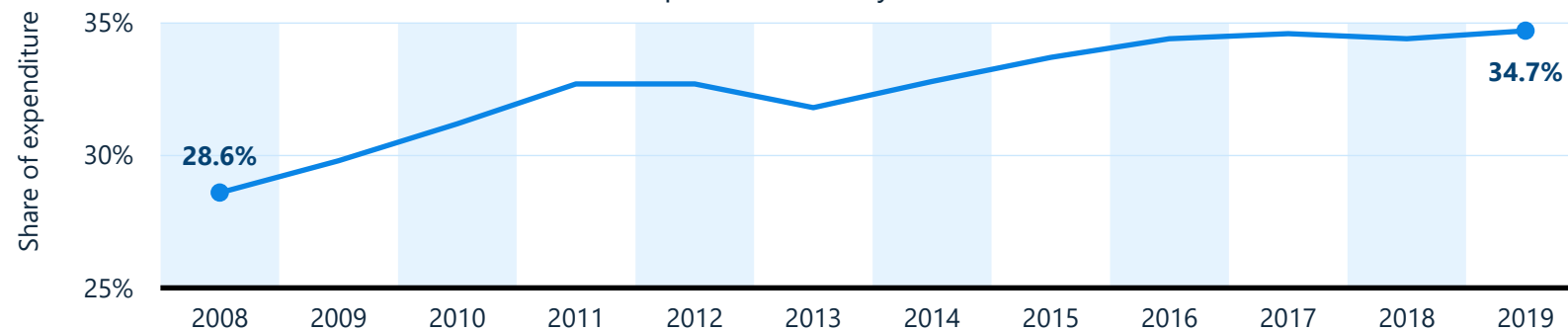
Rising social security expenditures

Government's spending on social security continues to increase

Social security expenditures of the government's general account budget in Japan from fiscal year 2012 to 2021



Ratio of social security expenses to total government expenditure in Japan from fiscal year 2008 to 2019



Almost 36 trillion Japanese yen of the initial general account budget of the government was designated for social security-related measures in the fiscal year 2021. Due to the impact of the coronavirus pandemic, the social security budget reached 44 trillion Japanese yen in the previous fiscal year.

Approximately 34.7 percent of total government expenditure was utilized for social security in the fiscal year 2019, the largest share among the budget categories.

(1) **Note(s):** Japan; fiscal years 2012 to 2021; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

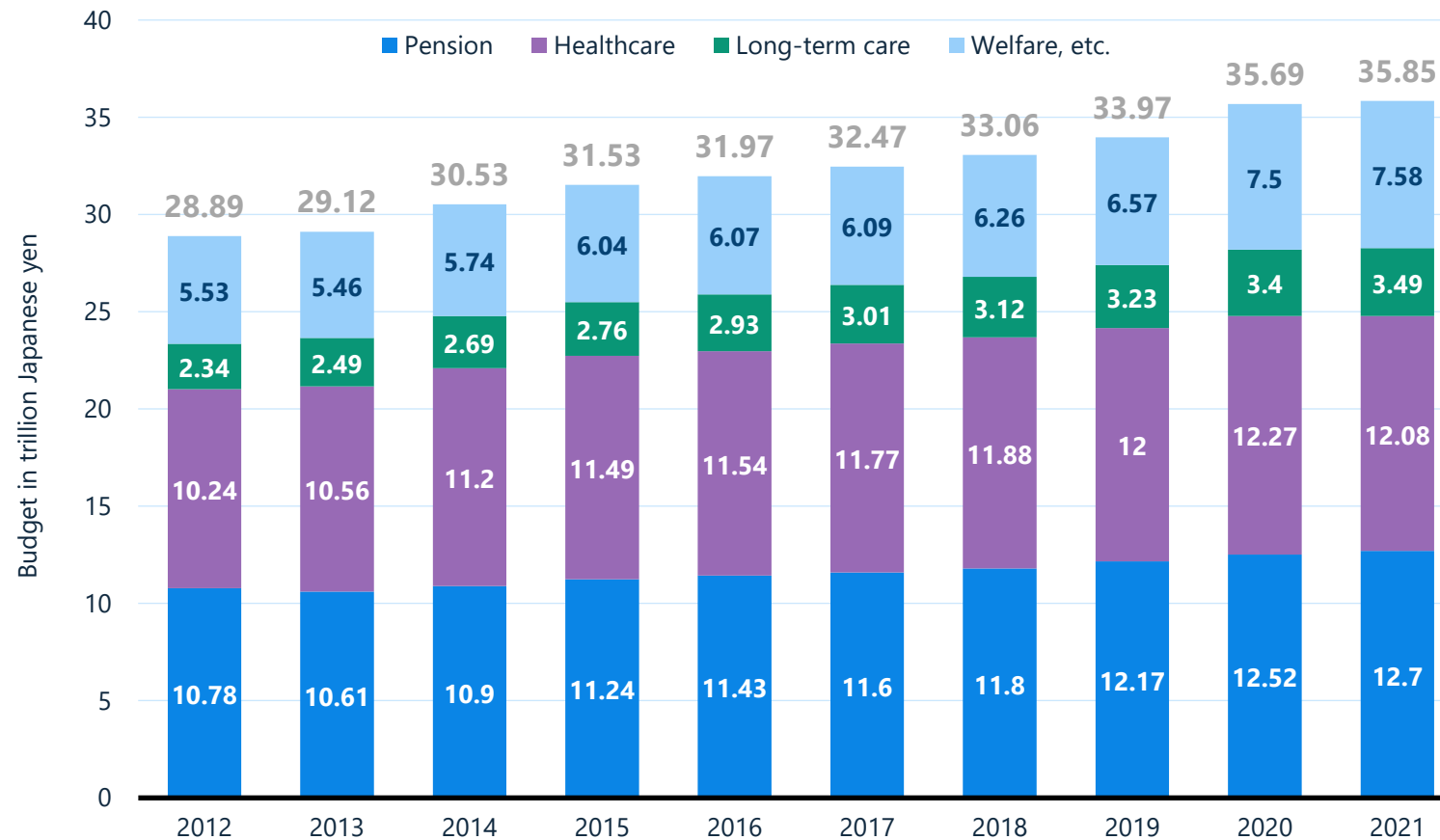
Source(s): Ministry of Finance; Statistics Bureau of Japan; [ID 630214](#)

(2) **Note(s):** Japan; fiscal years 2008 to 2019; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

Source(s): MIC; [ID 1048019](#)

Pension and healthcare account for the largest share of the budget

Government budget for social security in Japan from 2012 to 2021, by purpose



Of the government's initial budget for social security in 2021, the largest part was designated for pension-related measures. A further 12 trillion Japanese yen of the social security budget was set aside for healthcare.

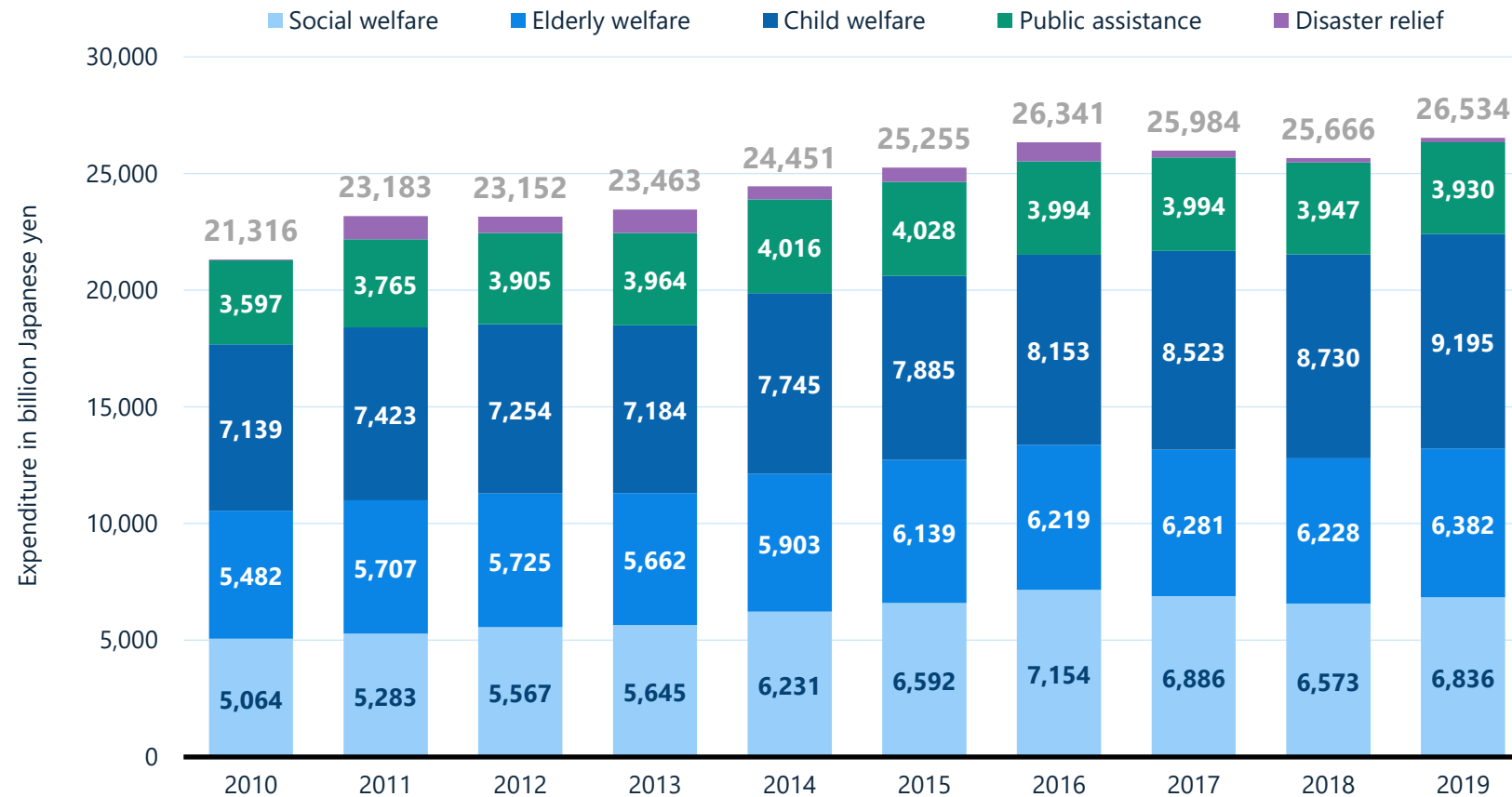
To compensate for the rising costs of social security, Japan's government has also raised the price of insurance premiums in the past years. The government adjusts, for example, the premium for LTCL every three years. The health ministry projects that the LTCL premium will cost approximately 8,200 yen per month on average by 2025, an increase of over 2,000 yen compared with the price in 2020.

Note(s): Japan; fiscal years 2012 to 2021; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

Source(s): Ministry of Finance; [ID 1214041](#)

Spending on elderly welfare is putting pressure on local authorities

Welfare spending of prefectures and local governments from 2010 to 2019, by purpose



Prefectures and local governments are primarily responsible for the management of welfare in the corresponding areas and the allocation of welfare benefits, such as for long-term care.

Prefectures and municipalities spent a total of 26.5 trillion Japanese yen on welfare in the fiscal year 2019. Spending on elderly welfare increased from around 5.5 to 6.4 trillion Japanese yen between 2010 and 2019.

Note(s): Japan; fiscal years 2010 to 2019; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

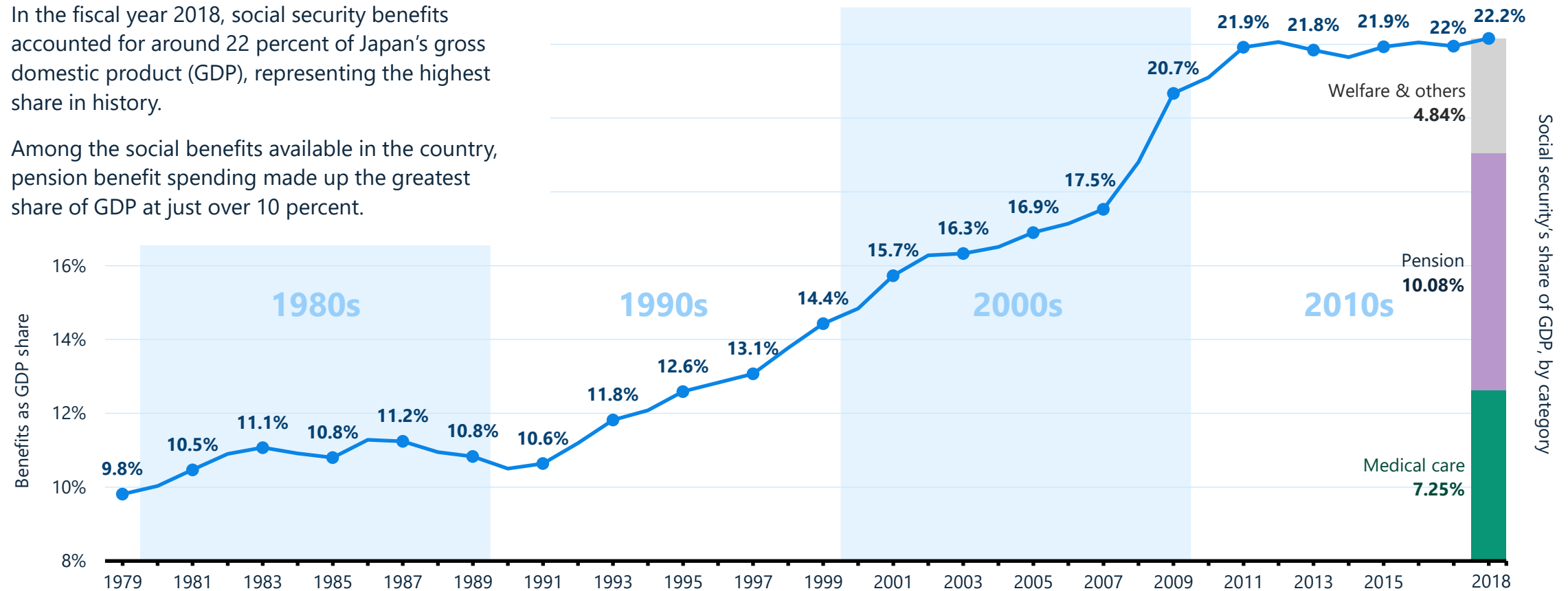
Source(s): MIC; [ID 1213832](#)

Social security's share of GDP has increased to over 20 percent

The relationship between social security benefits and GDP in Japan from 1979 to 2018

In the fiscal year 2018, social security benefits accounted for around 22 percent of Japan's gross domestic product (GDP), representing the highest share in history.

Among the social benefits available in the country, pension benefit spending made up the greatest share of GDP at just over 10 percent.



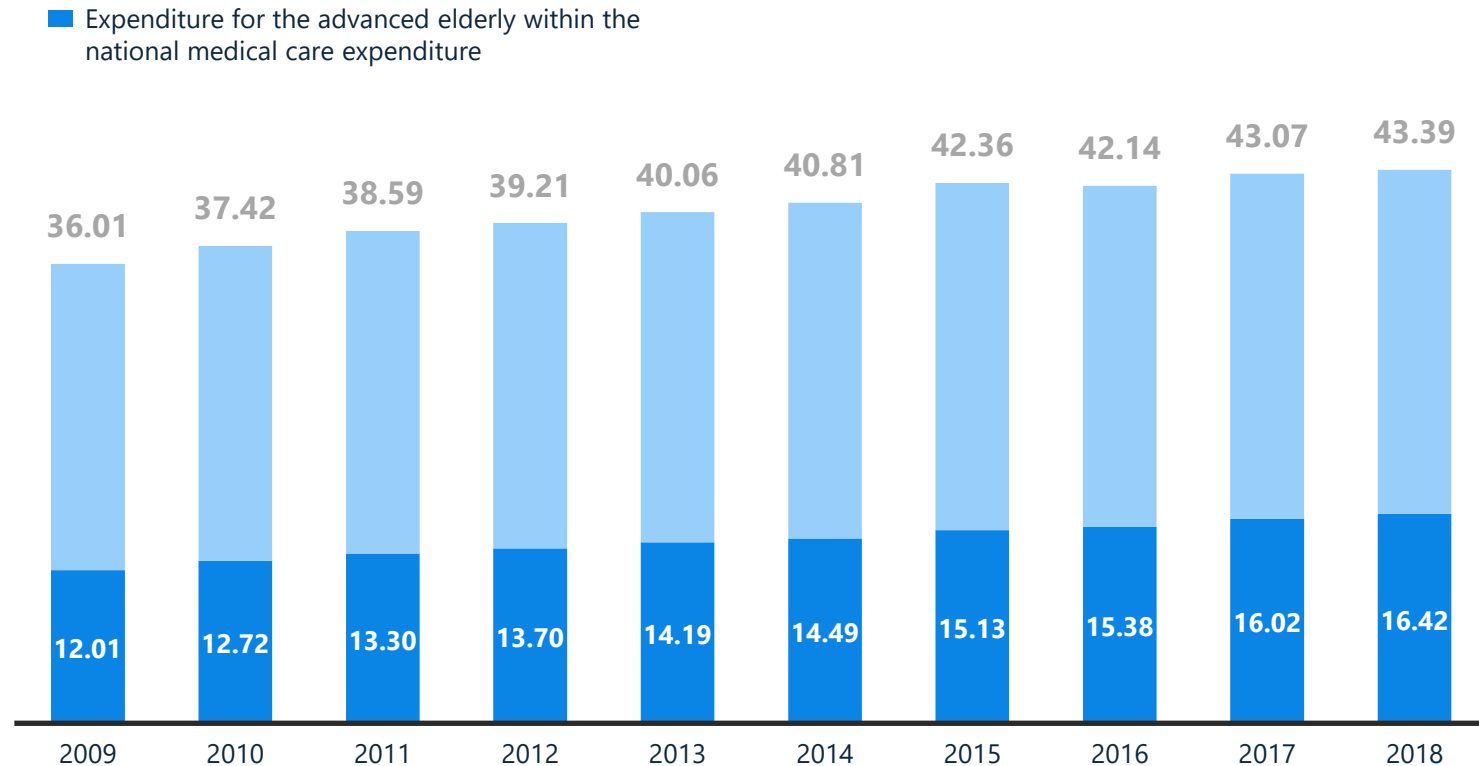
Note(s): Japan; fiscal years 1979 to 2018; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

Source(s): IPSS; [ID 1242579](#)

Medical care expenditure is on the rise

Spending on the advanced elderly medical service system reaches record high

Annual national medical care expenditure in Japan from fiscal year 2009 to 2018 (in trillion Japanese yen)



The national medical care expenses in Japan amounted to approximately 43.4 trillion Japanese yen in the fiscal year 2018, increasing from around 36 trillion Japanese yen in the fiscal year 2009. National medical care expenditure in Japan consists of the total public funding for healthcare, medical costs paid by patients in Japan, and payments covered by the Japanese health insurance system.

Every citizen older than 75 years old is detached from the general health insurance and entitled to join the health insurance for the advanced elderly operated by municipalities in Japan. In the fiscal year 2018, medical care for the advanced elderly accounted for around 38 percent of national medical care expenses – the highest share in history.

(1) **Note(s):** Japan; fiscal years 2009 to 2018; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

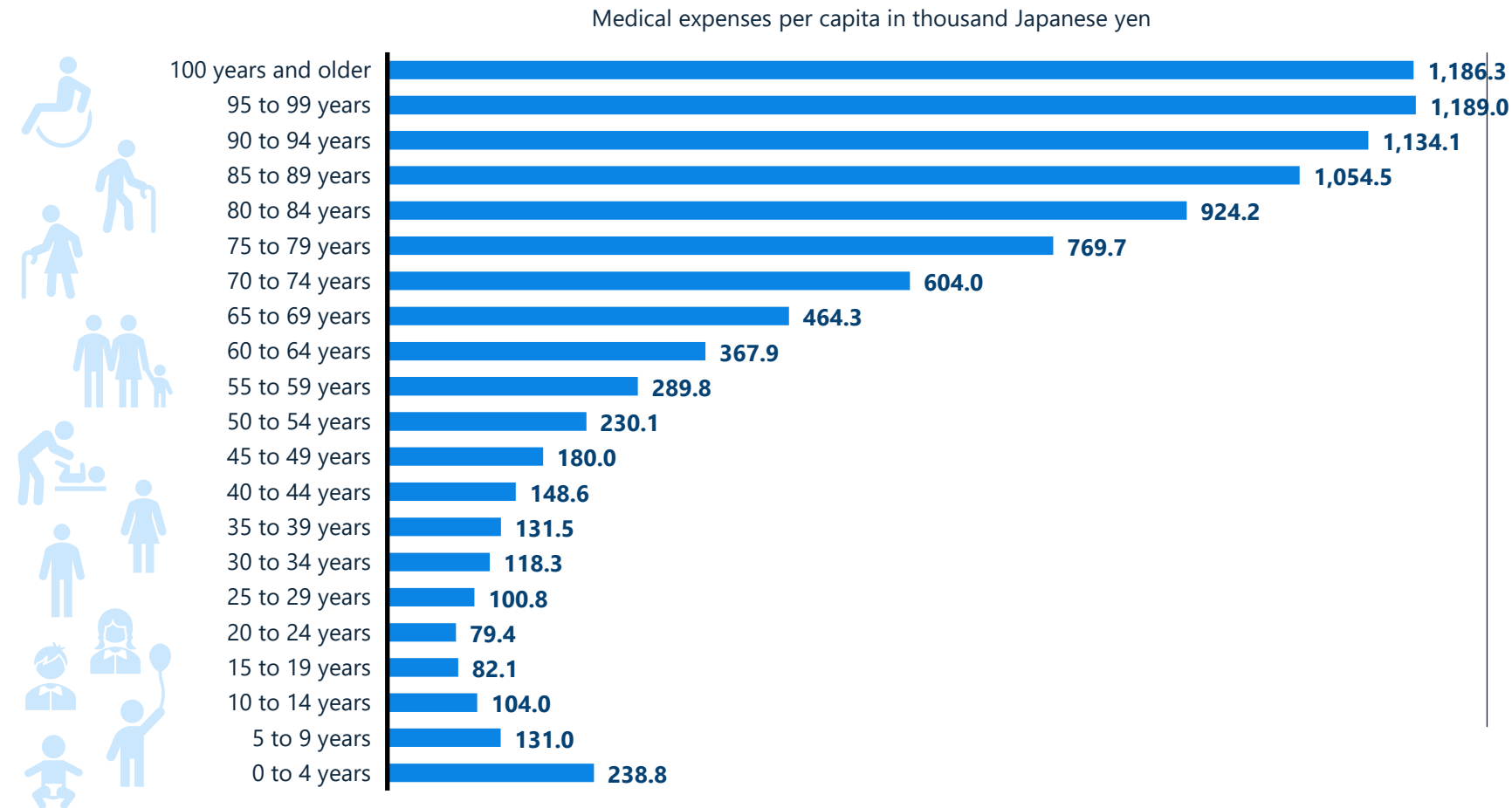
Source(s): MHLW; Statistics Bureau of Japan; [ID 936517](#)

(2) **Note(s):** Japan; fiscal years 2009 to 2018; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year

Source(s): MHLW; Statistics Bureau of Japan; [ID 1241935](#)

Medical care expenditure per person leaps after turning 75 years

Average medical care expenditure per capita in Japan in 2018, by age group



For people aged 95 years and older, medical care expenses under the health insurance system amounted to an average of approximately 1.2 million Japanese yen per person in the fiscal year 2018. The largest increase in costs was the jump of around 166,000 Japanese yen between the age groups of 70 to 74 years and 75 to 79 years.

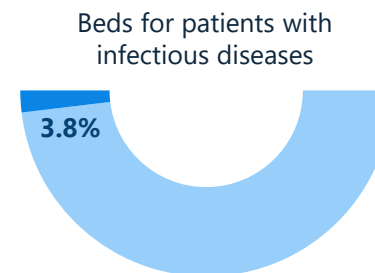
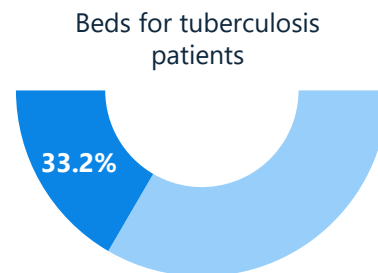
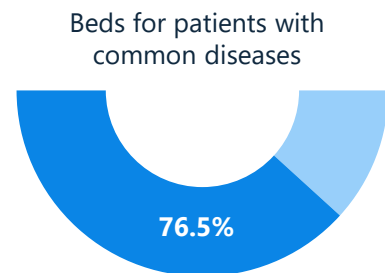
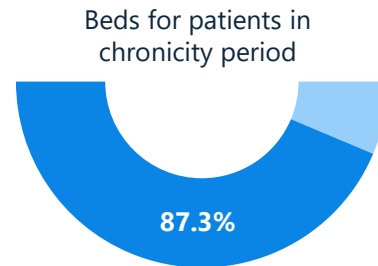
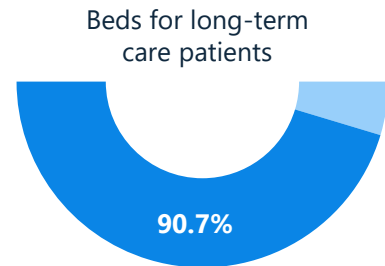
Together with expenditure, demand for medical care is forecast to surge in 2025 when the last of the estimated eight million people born during the first baby boom turns 75 years old.

The majority of hospital beds are in use

Hospital bed occupancy rate in Japan in 2019, by type of patient



Bed occupancy rate

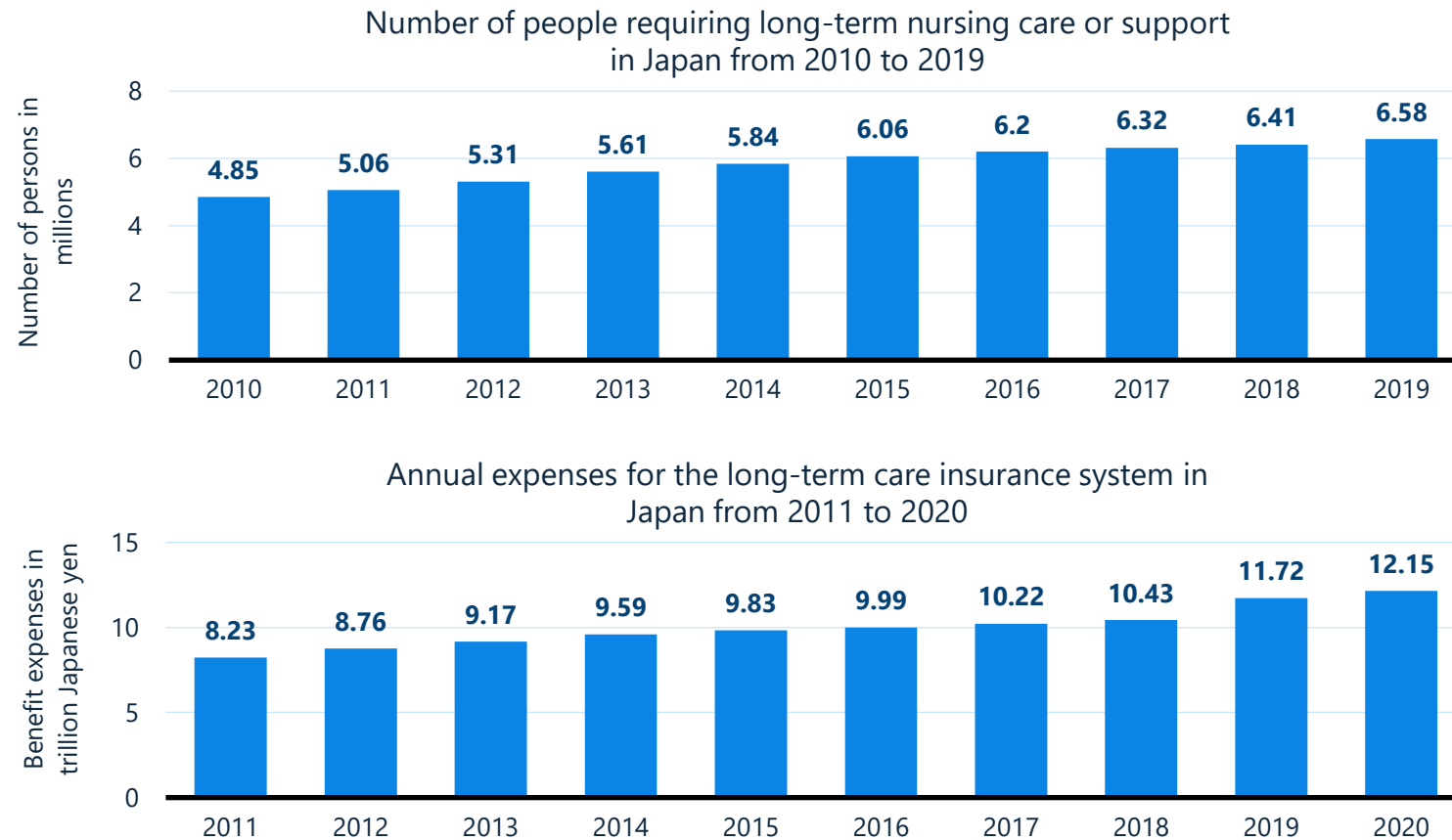


An average of just over 90 percent of hospital beds for long-term care patients in Japan were occupied during 2019. Around 80.5 percent of all hospital beds across the country were utilized during the year.

The average length of stay in a hospital is particularly long in Japan, especially for patients requiring long-term support, and this is one reason why the country records such high bed occupancy rates. In the years to come, Japan will require more medical facilities to provide care for the growing number of long-term patients.

More care recipients under the LTCI system

Annual expenses for the long-term care insurance system escalate with the growing number of care recipients



The number of people requiring long-term care or support continues on an upward trajectory, reaching close to 6.6 million as of March 2019. Of those people, around nine percent were classified as care level 5 (bedridden and requires care for daily life), which is the most severe level of required care.

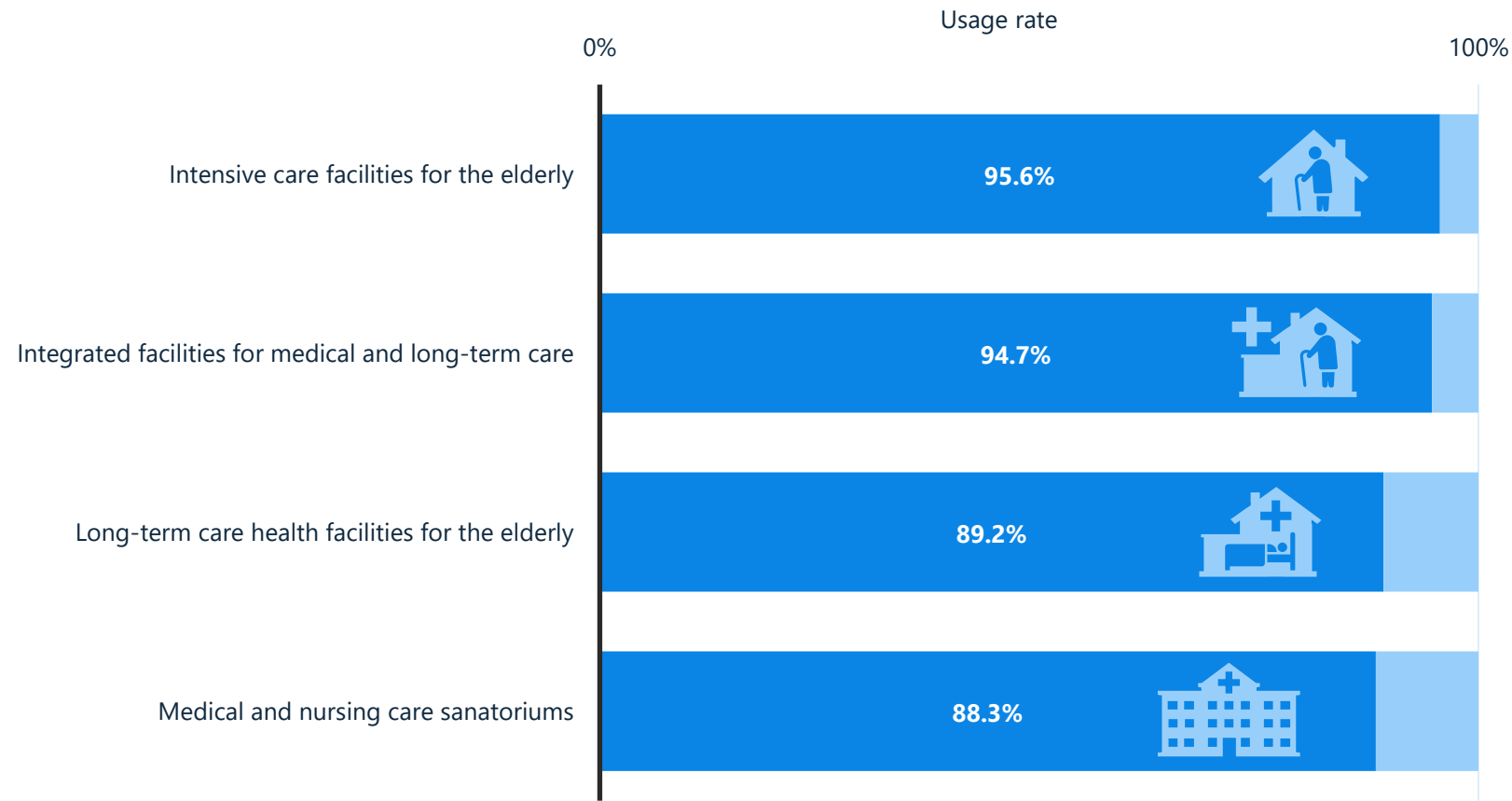
The LTCI system was established in Japan in 2000. Following the escalating number of care recipients, annual expenses for the LTCI system surpassed 12 trillion Japanese yen in the fiscal year 2020, an increase of nearly four trillion Japanese yen compared with a decade earlier.

(1) **Note(s):** Japan; 2010 to 2019; as of the end of March each year
Source(s): MHLW; [ID 745061](#)

(2) **Note(s):** Japan; fiscal years 2011 to 2020; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year
Source(s): MHLW; [ID 745119](#)

Nursing homes have been filled almost to capacity

Occupancy rate of nursing homes in Japan in 2019, by institution type

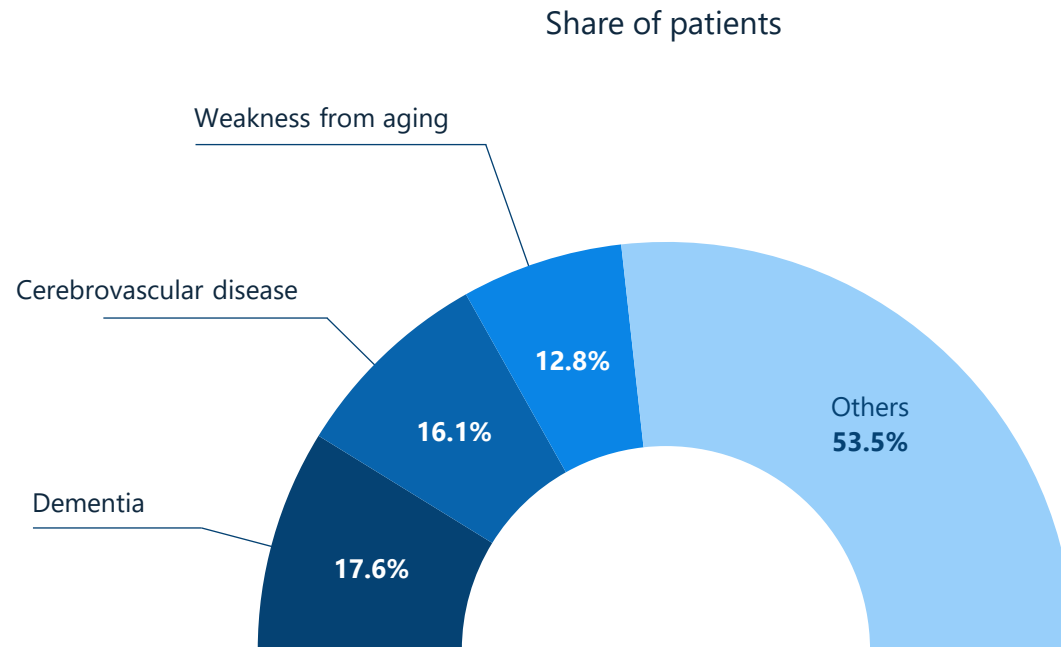


Intensive care facilities for the elderly reached 96 percent capacity in 2019, while the occupancy level in integrated facilities for medical and long-term care was around 95 percent.

The number of nursing home facilities in Japan amounted to about 11,400 in 2018, an increase of close to 2,500 compared with 2009. This upward trend is projected to continue in the coming decades.

Dementia patients are the primary recipients of care

Leading reasons for people needing long-term care or support in Japan as of 2019



Dementia was the leading reason for receiving long-term care in Japan as of June 2019. Additionally, just over 16 percent of long-term care patients were receiving support due to cerebrovascular disease, a term that covers many conditions including a stroke.

The number of dementia patients is expected to rise further in the following years. According to a study by Kyushu University in 2014, about 20 percent of people aged over 65 years are forecast to be diagnosed with dementia by 2025.



03 Opportunities: Growth in health-related markets

- Expanding health and pharmaceutical industries
- Future of healthcare assisted by technology

An expansion of health and pharmaceutical-related industries

Business opportunities available as Japan approaches the crucial year of 2025

The cohort of senior citizens will account for a larger share of Japan's population in the coming decades. Many businesses will consequently execute a major shift in the targeted age of consumers. The most apparent market opportunities lie in the health and pharmaceutical-related industries as a result of the increased demand for healthcare – all of Japan's first baby boomers will have turned 75 years by 2025.

The health ministry estimates that demand for employees in health and welfare will reach approximately 10.7 million by 2040, which is up to 20 percent of all employees across Japan. However, without increased immigration, it has also been projected that only around 9.7 million employees will be engaged in the industry by 2040 due to the drop in the working-age population.

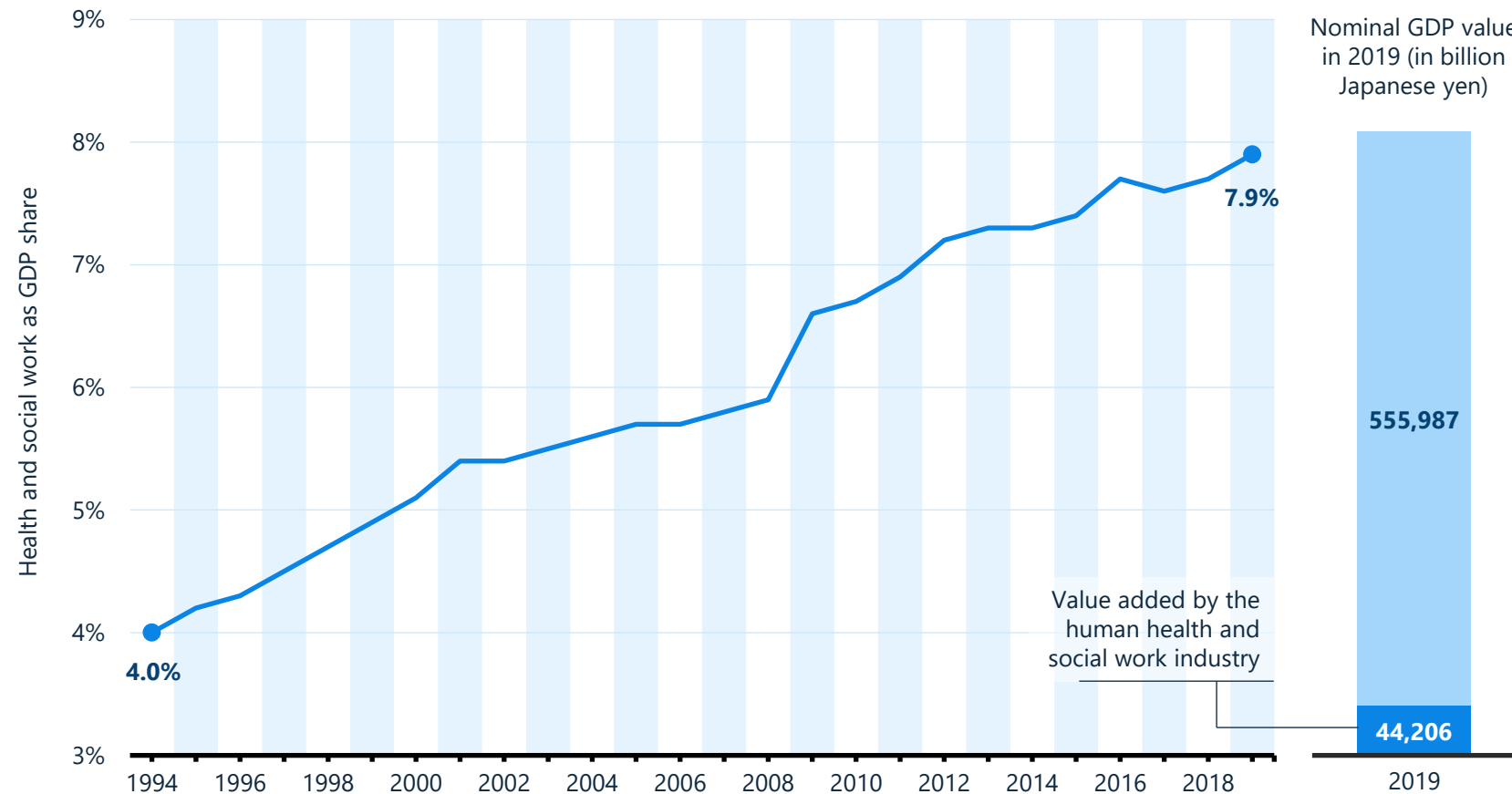
To offset the expected staffing shortages, the government currently promotes healthcare innovation using artificial intelligence, robotics, big data, and information and communications technology (ICT). The health ministry established the Data Health Reform Promotion Headquarters in 2017 to advance health management and consultation services using ICT.

The general aim was to build a network that simplified the sharing of information among the country's medical institutions. The government agreed to implement a personal health record system by 2022, digitally providing individual medical and prescription information. The market for ICT health technology is, thereby, expected to experience a sharp increase in the coming years.

To ease the pressure on local healthcare systems and prepare for the expected surge in demand in 2025, the government also emphasizes the importance of the community-based comprehensive care system. The system sees local areas provide integrated services that include medical care, long-term care, long-term frailty prevention, and daily life support to the elderly. The system's main aim is to provide seniors with a comfortable environment where they can spend the rest of their lives, such as their own home or another preferred community setting. The crossover collaboration and communication network connecting various medical and social services will be increasingly common to accommodate the escalating number of seniors in local areas.

Health and social work industry contributes to Japan's economy

Share of human health and social work industry to Japan's GDP from 1994 to 2019

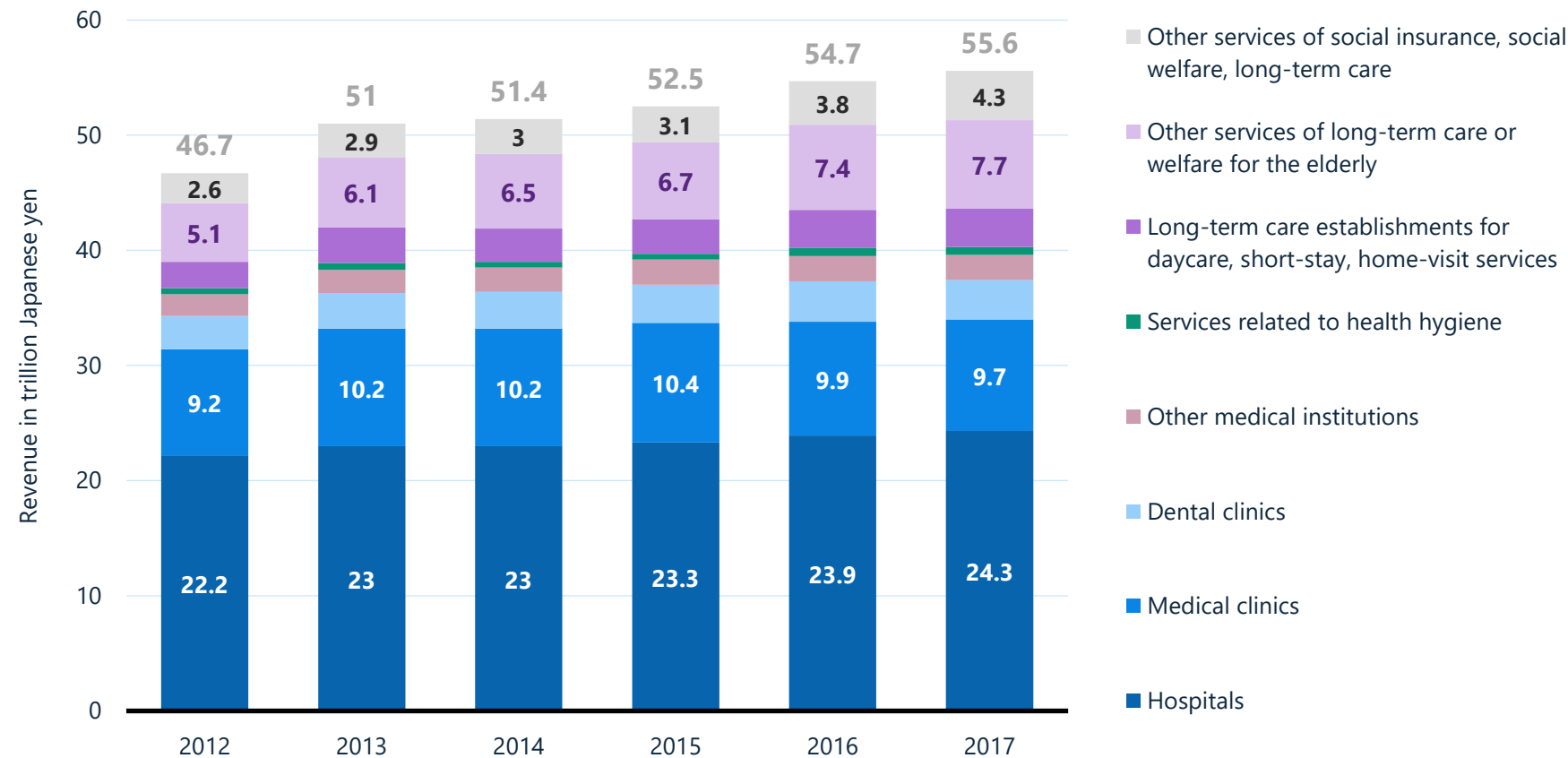


Health and social work's share of nominal GDP was around eight percent in 2019. The contribution grew by close to four percentage points compared with 1994, increasing more than any other industry over the period.

The health and social work industry includes nursery centers for children, children's self-reliance support facilities, medical and hygiene businesses, social insurance and welfare, and long-term care services.

The growing sales revenue of the health and welfare industry

Annual revenue of health and welfare industry from 2012 to 2017, by segment



The annual sales revenue of the health and welfare industry grew to 55.6 trillion Japanese yen in 2017, an increase of close to nine trillion yen from 2012.

Hospitals generated the most revenue between 2012 and 2017. However, services related to the elderly and long-term care showed the strongest revenue growth over the period.

Note(s): Japan; 2012 to 2017; based on survey results

Source(s): Ministry of Internal Affairs and Communications (Japan); Statistics Dashboard; [ID 1233088](#)

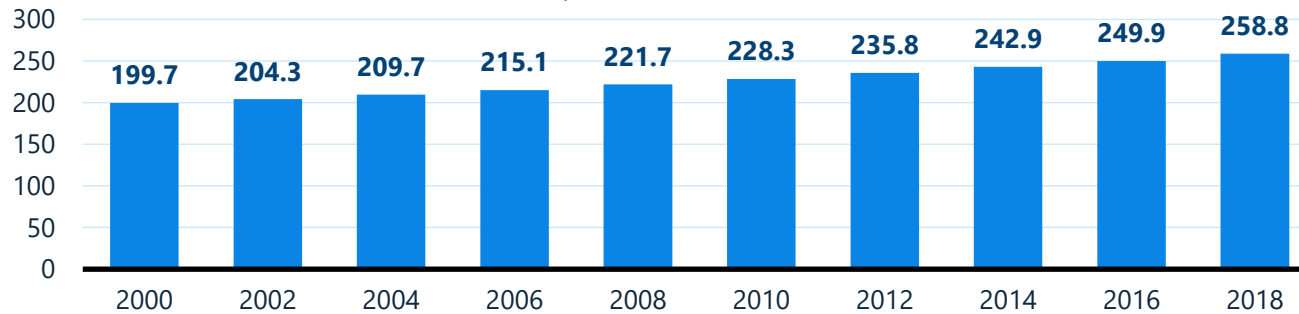
Job opportunities for medical professionals

Increasing number of physicians and nurses



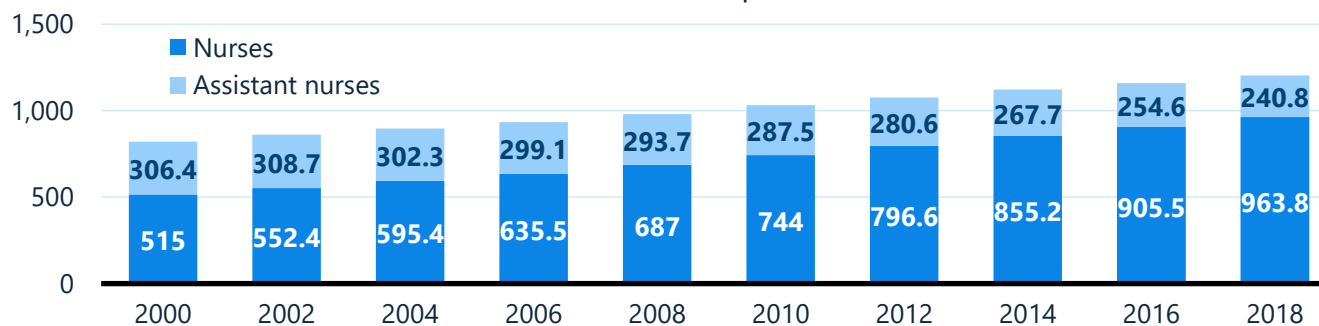
Number of physicians
per 100,000
inhabitants

Number of physicians engaged in medical care per 100,000 inhabitants in Japan from 2000 to 2018



Number of nurses
per 100,000
inhabitants

Number of nurses and assistant nurses engaged in medical care per 100,000 inhabitants in Japan from 2000 to 2018

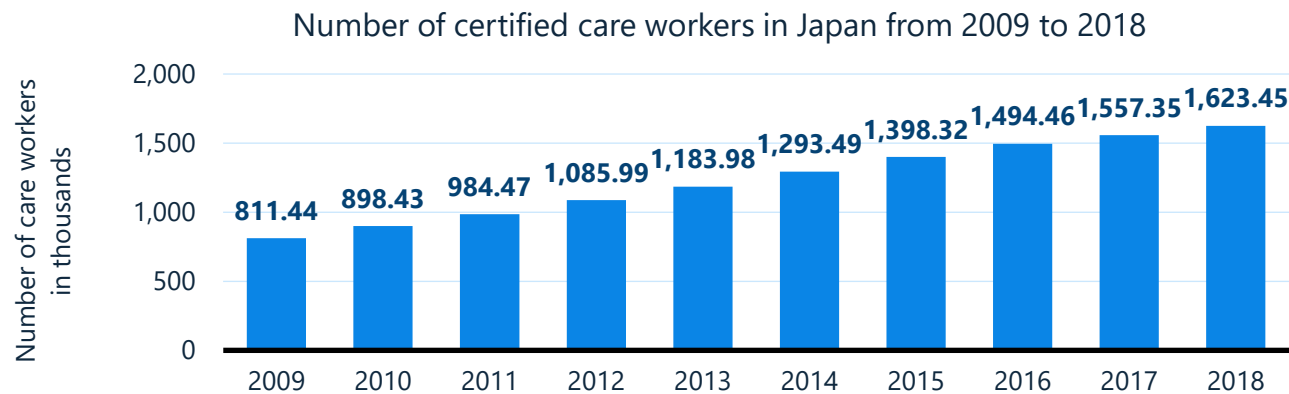


As of 2018, there were around 259 practicing physicians per 100,000 inhabitants in Japan, up from approximately 250 in 2016. Additionally, more than 1,200 nurses per 100,000 inhabitants were working in medical care in 2018, a number that has continued to grow since 2000.

Despite having the highest number and density of hospitals worldwide, Japan is not among the world's leaders in terms of count and density of physicians and other medical staff. Japan's medical industry will, therefore, continue to provide significant job opportunities for citizens and qualified immigrants.

Japan's aging society is increasing the demand for support workers

Increasing number of certified social workers and care workers

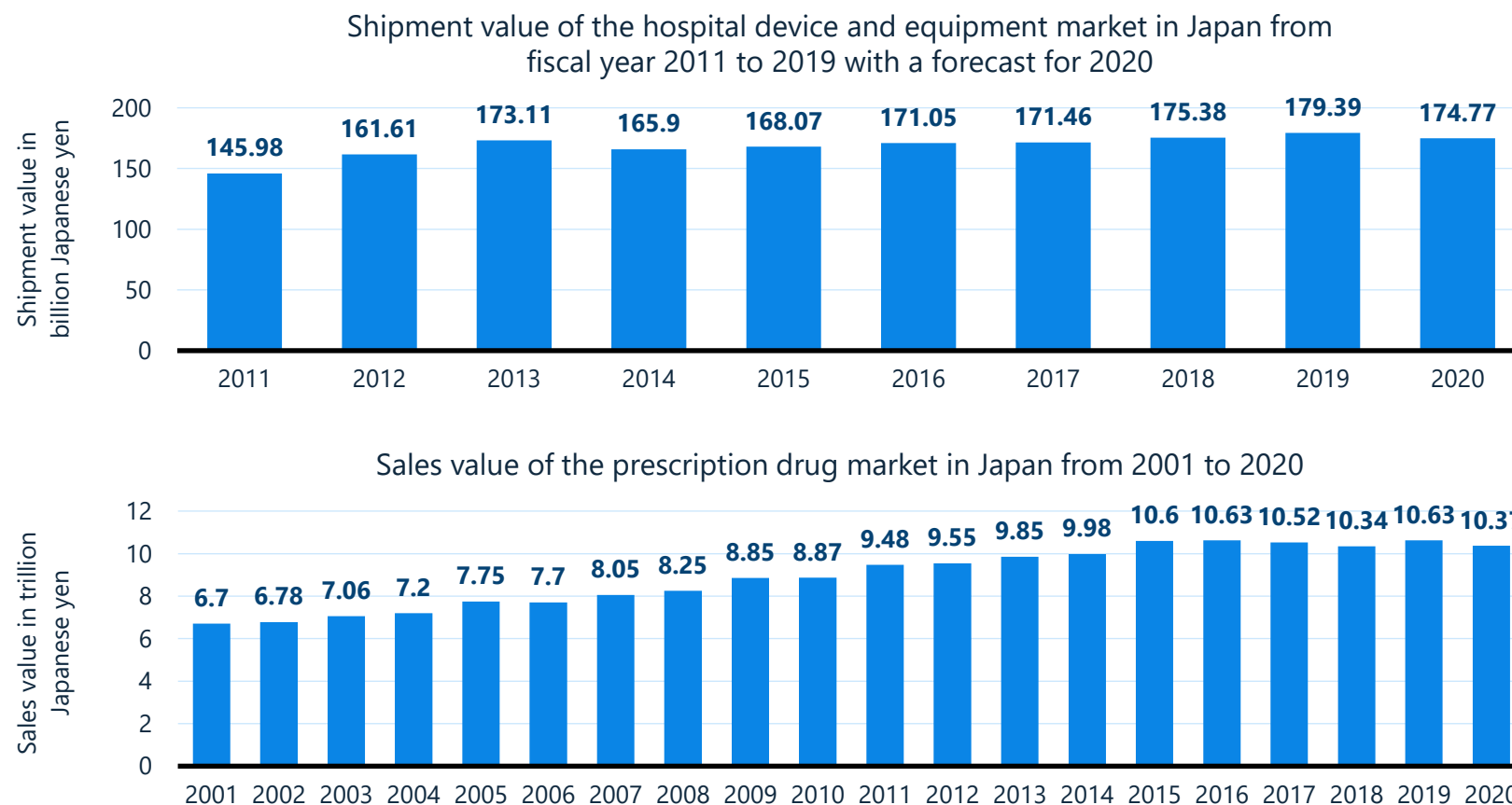


Due to the growing number of long-term care patients, demand for social workers and care workers has soared. In 2018, around 226,300 licensed social workers and about 1.62 million licensed care workers were registered in Japan – both figures have continuously increased during the last decade.

Certified social workers in Japan provide consultations and guidance to long-term care and disabled patients, acting as mediators between medical institutions and patients. Certified care workers offer nursing care at long-term care sites. According to the Japan National Council of Social Welfare, the ratio of job openings to applicants has been around 4.5 jobs per candidate in recent years, indicating extensive employment chances for workers in the field.

Health equipment and pharmaceutical products are in need

Expanding market of hospital equipment and prescription drugs



As of the fiscal year 2019, Japan's hospital device and equipment market was valued at 179.4 billion Japanese yen, an increase of around 33 billion Japanese yen compared with 2011.

The prescription drug market was valued at approximately 10.4 trillion Japanese yen in 2020. The size of the market has grown by more than 3.5 trillion Japanese yen since 2001.

(1) Note(s): Japan; fiscal years 2011 to 2019; forecast for 2020; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year; market size is based on the shipment value at distributors

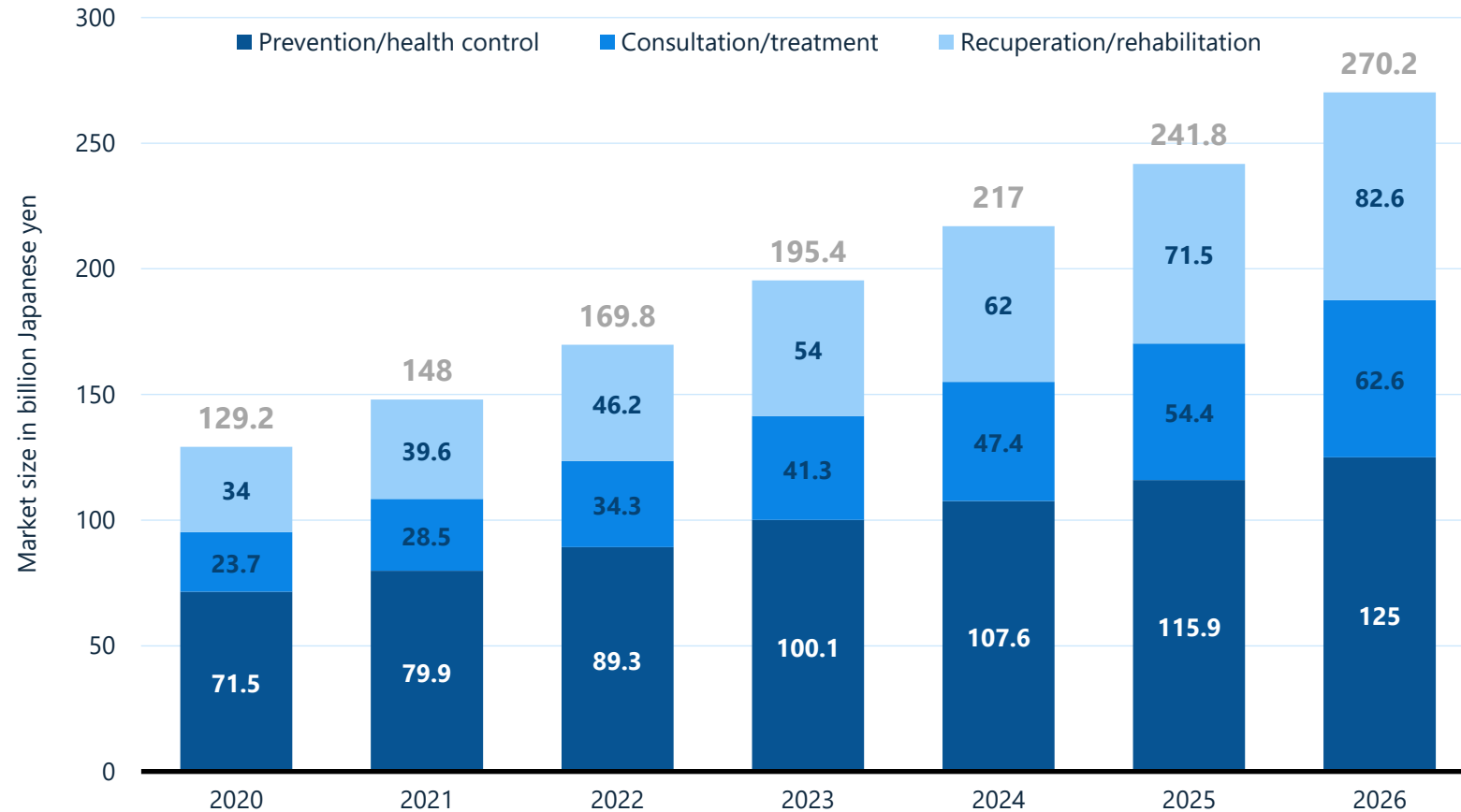
Source(s): Yano Research; [ID 1052430](#)

(2) Note(s): Japan; 2001 to 2020

Source(s): IQVIA; [ID 665315](#)

The future of health is assisted by digital technology

Forecast size of the digital health market from 2020 to 2026

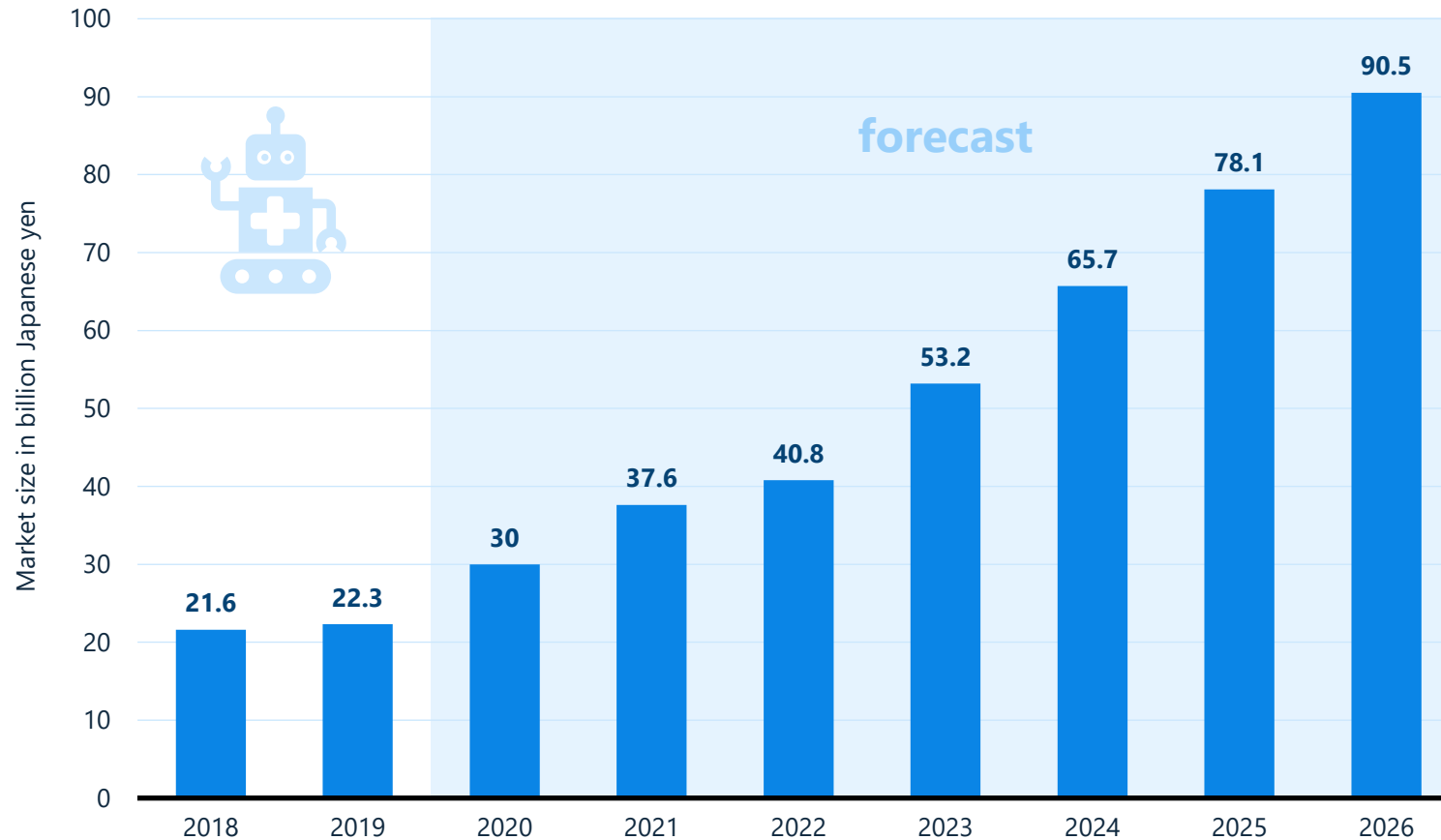


The value of the health technology market was forecast to reach close to 130 billion Japanese yen in the fiscal year 2020, increasing to 270 billion Japanese yen by 2026. The segment related to prevention and health control will continue to generate the largest share.

The digital healthcare market encompasses hardware, software, and services used for health, medical, and nursing care. It excludes robots, former medical ICT platforms like electronic patient records, and medical equipment such as computed tomography (CT) scans and magnetic resonance imaging (MRI).

Medical and nursing care robots to offset labor shortage

Size of the medical and nursing robot market between 2018 and 2019 with forecasts until 2026

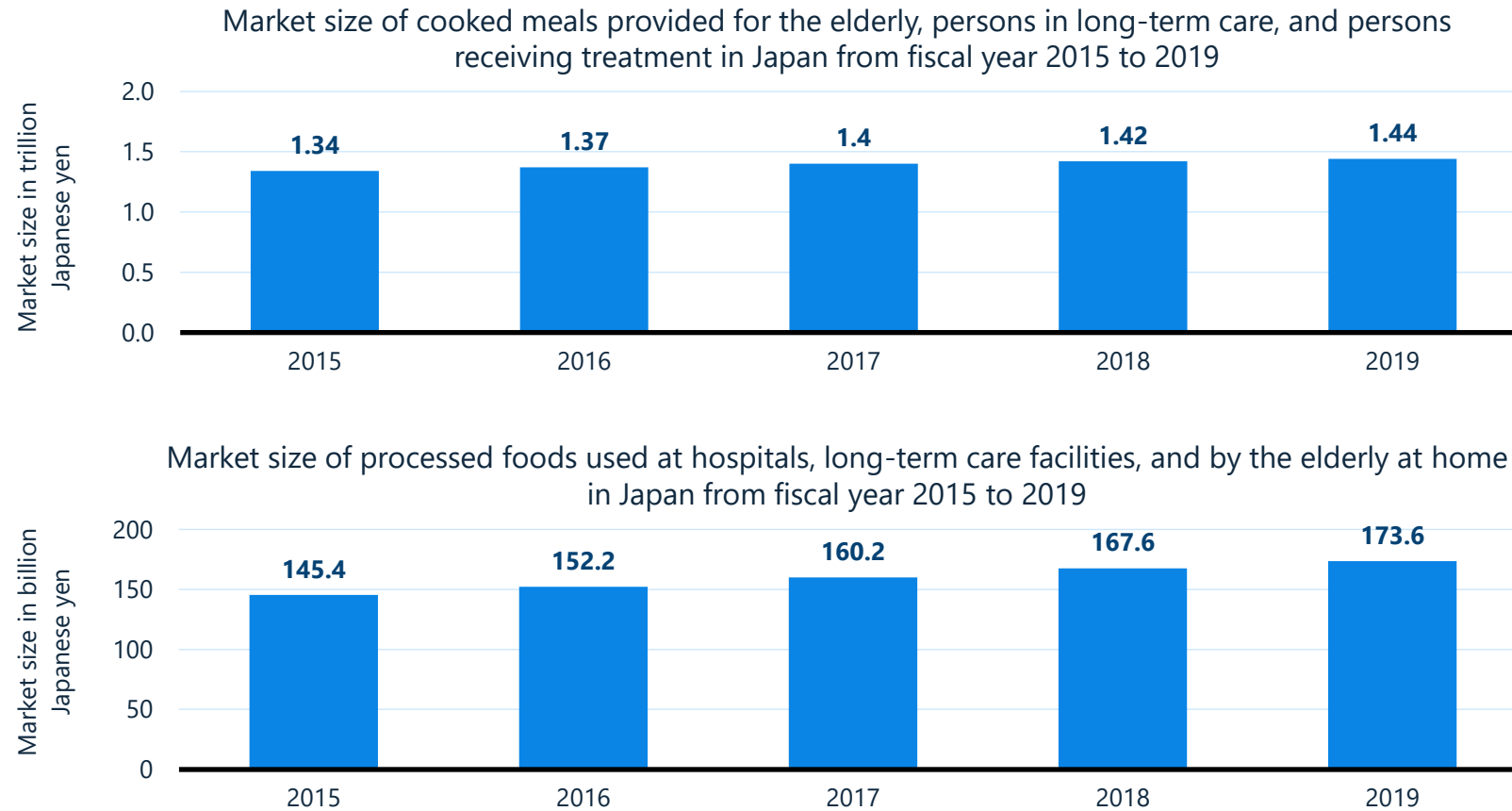


In the fiscal year 2019, the medical and nursing care robot market in Japan was valued at an estimated 22.3 billion Japanese yen. The size of the market was projected to increase fourfold over the coming years, surpassing 90 billion Japanese yen by the fiscal year 2026.

To combat the labor shortage in healthcare settings, Japan's government has been promoting the use of robots in nursing facilities. According to the health ministry, examples of care robots currently in use include wearable transfer support apparatus, walking assistance carts, automatic excretion processing devices, and remotely controlled observation systems.

The food market for long-term care patients and the elderly

Market size of cooked meals and processed foods for long-term care and support from 2015 to 2019



As a result of Japan's aging society, the markets for cooked meals and processed foods are also growing steadily, reaching 1.44 trillion Japanese yen and 173.6 billion Japanese yen, respectively, in 2019.

The rise in single-person households and greater demand for long-term care means that individuals and institutions are searching for food products that are convenient, nutritious, and safe to serve. For instance, some older adults may have a functional disability that affects their ability to chew or swallow.

(1) Note(s): Japan; fiscal years 2015 to 2019; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year; based on sales at businesses

Source(s): Yano Research; [ID 1218639](#)

(2) Note(s): Japan; fiscal years 2015 to 2019; Japan's fiscal year starts on April 1 of the stated year and ends on March 31 of the following year; based on shipment value at manufacturers

Source(s): Yano Research; [ID 1218457](#)



04 Outlook for the senior market

- Healthy senior consumers
- Financial situation and needs of senior consumers

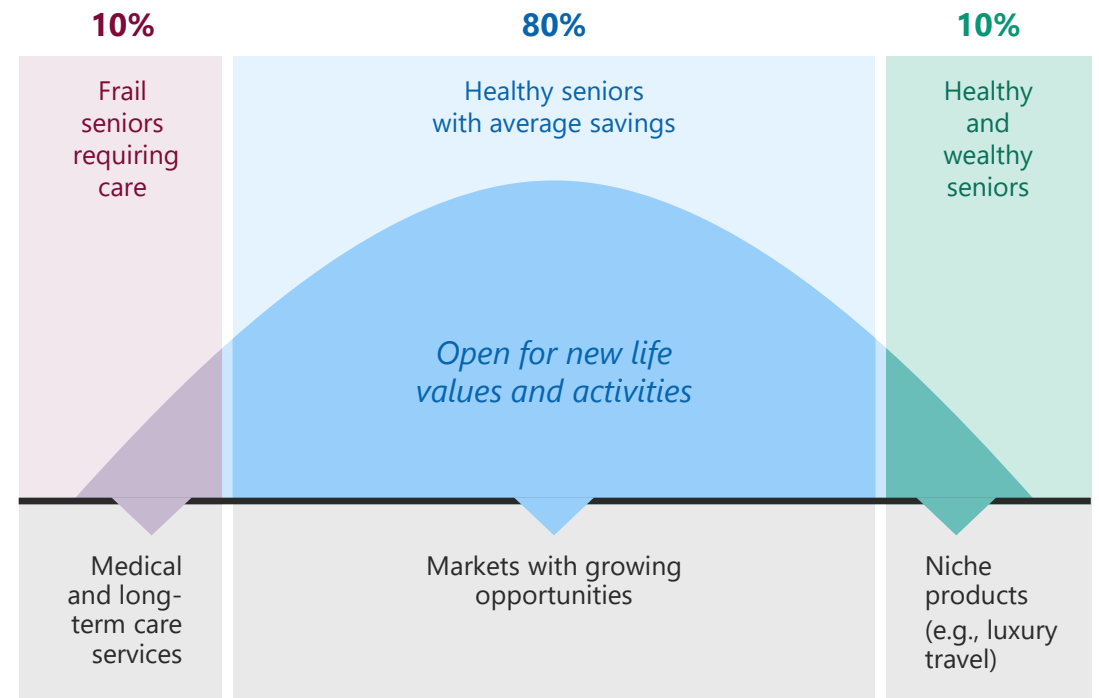
The distribution of senior consumers

New business opportunities in consumer markets for healthy seniors

The senior market caters to a diverse group of people, ranging from adults who have just turned 65 to those aged 90 or older. Equally diverse is the range of mental and physical abilities as well as needs and preferences.

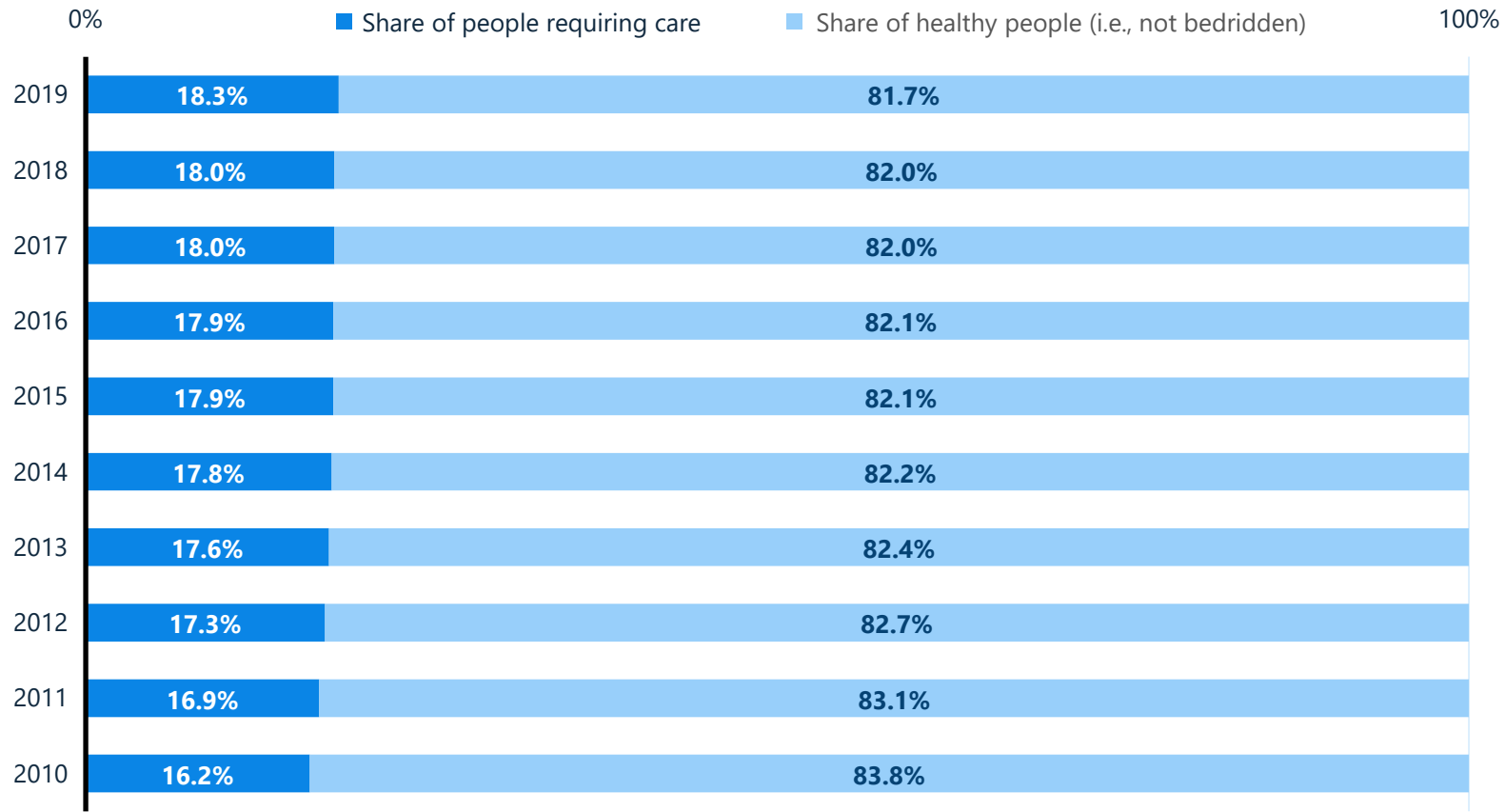
According to the analysis reported by NLI Research Institute in 2019, seniors can be categorized into three groups: frail and requiring long-term care, healthy with average savings, and healthy with a high amount of savings. The vast majority of seniors (80 percent) are healthy and have an average amount of savings and income. The remaining 20 percent is split equally between frail seniors in need of care and those who are healthy and wealthy. Seniors in the latter group are willing to spend money and, therefore, are the target of luxury industries, such as travel and tourism.

The largest proportion of seniors, those who are healthy with average savings, will increase in importance for Japan's economy. Products and services tailored to this group include frailty prevention, lifelong education, and lifelong employment. It is forecast that women in single-person households will make up the largest share of consumers in this category since both life expectancy at birth (see page 7) and healthy life expectancy (see page 36) are higher for women than men.



More than 80 percent of seniors are healthy

Share of seniors requiring long-term nursing care or support in Japan from 2010 to 2019

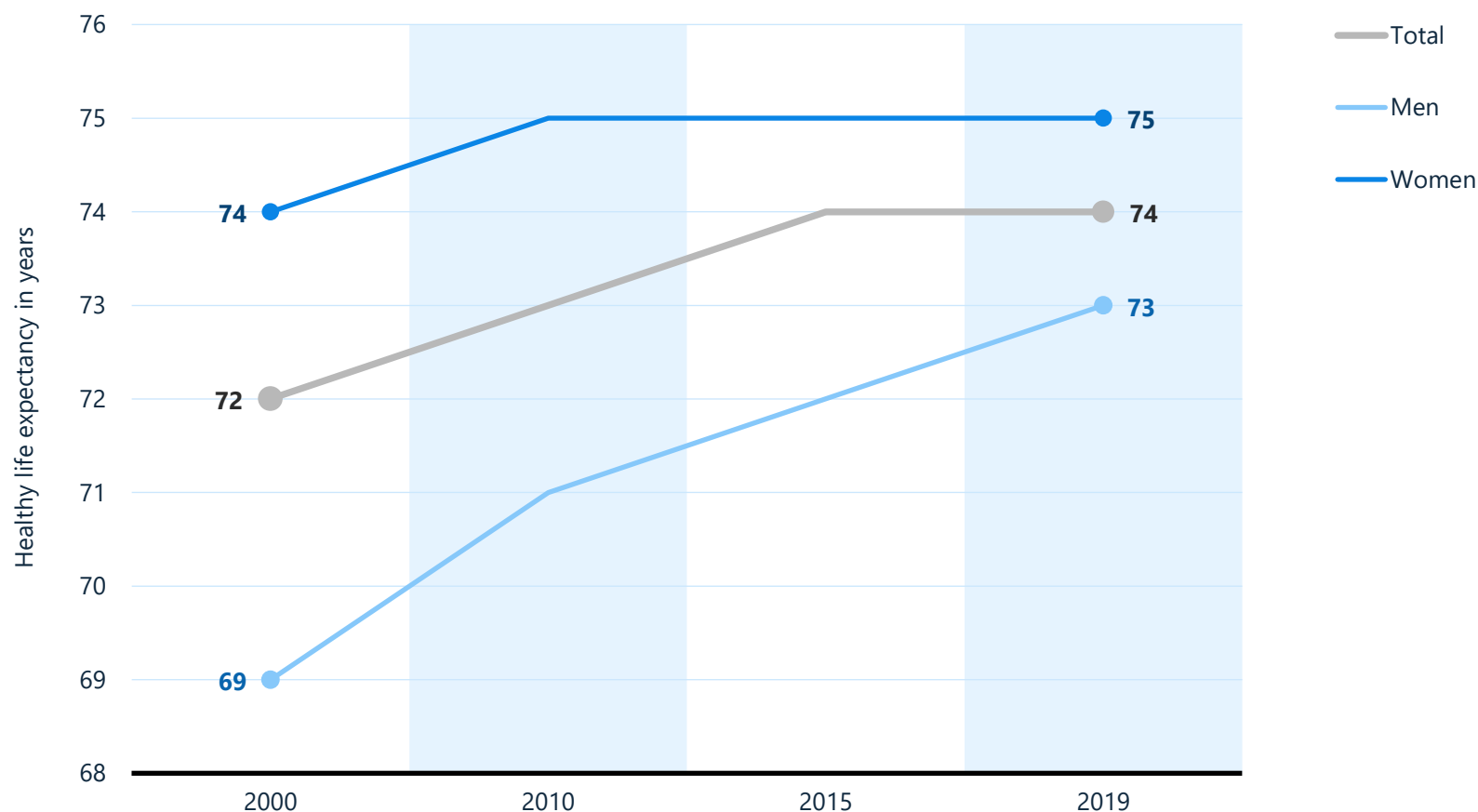


As of March 2019, around 18.3 percent of primary insured people in the long-term care insurance system required nursing care or support for daily activities.

In Japan, it is mandatory for citizens aged 40 years and older to join the LTCI system. Primary insured persons are those aged 65 years and older, and the chart indicates that close to 82 percent of seniors within this group are healthy and not bedridden.

Healthy aging continues for around 10 more years after turning 65

Number of healthy life years at birth in Japan from 2000 to 2019, by gender



In Japan, healthy life expectancy – the average number of years a person can expect to live in good health – remained at 75 years for women and increased to 73 years for men in 2019.

The data suggests that seniors have approximately 10 more years of healthy life after turning 65 years. The Japanese government aims to extend the healthy life expectancy by two years for both men and women by 2040.

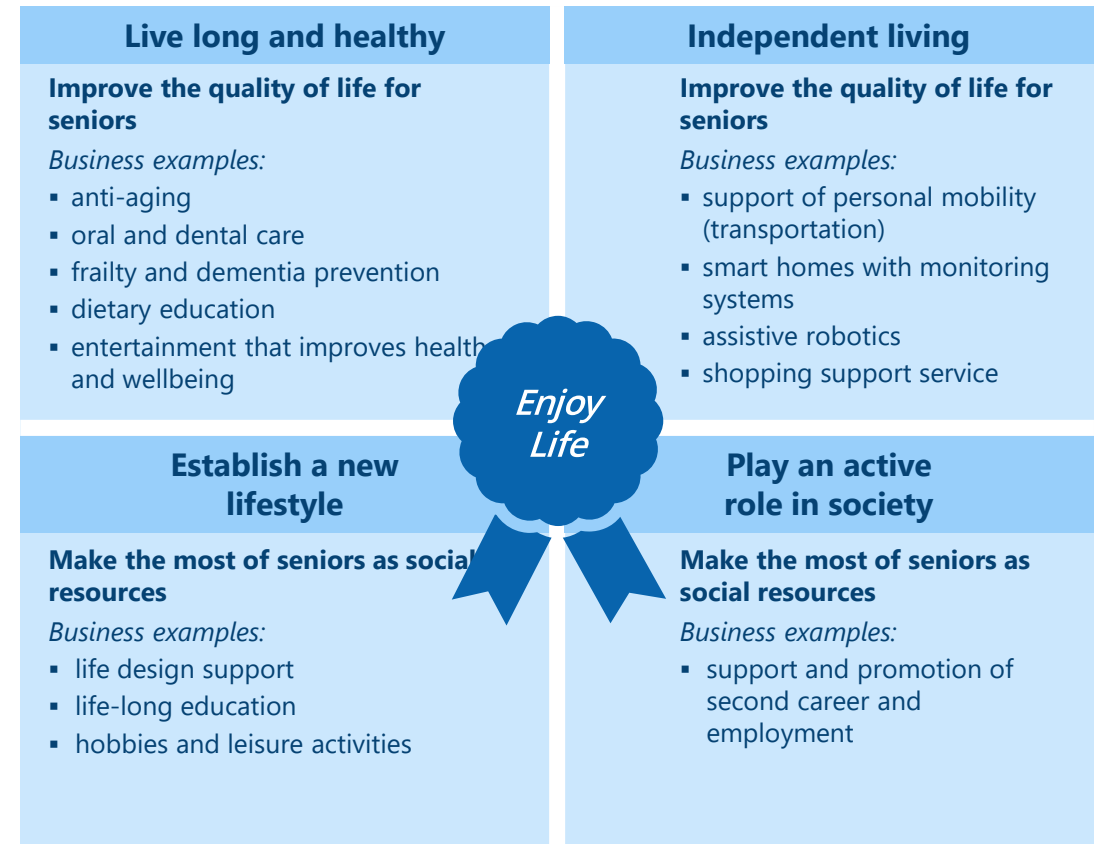
The needs and desires of healthy senior consumers

Active senior consumers want to enjoy life

According to the 2019 report from the NLI Research Institute, healthy and active seniors have five major desires before they become frail: enjoy life, live long and healthy, live independently, establish a new lifestyle, and play an active role in society.

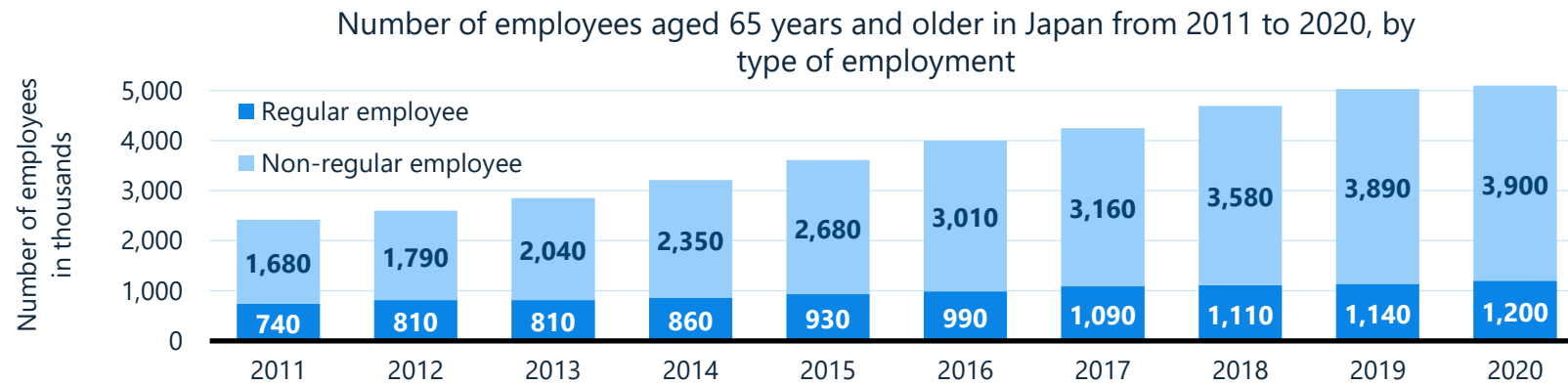
Substantial growth opportunities are there for businesses that fulfill these needs, helping to improve the quality of life for seniors and making the most of seniors as social resources. Businesses targeting these consumers can market products and services such as anti-aging, therapy, and dementia prevention. Additionally, other services can help seniors live more independently, for example, by assisting with their shopping.

When their health status is in good shape, active seniors want to participate in society and establish new lifestyles. Businesses can gain a competitive advantage by tailoring to the desires of seniors who wish to enrich their lives. Particular areas of business focus include education, employment, hobbies, and leisure. The following pages provide a closer look at the potential of seniors as valuable social and economic resources.

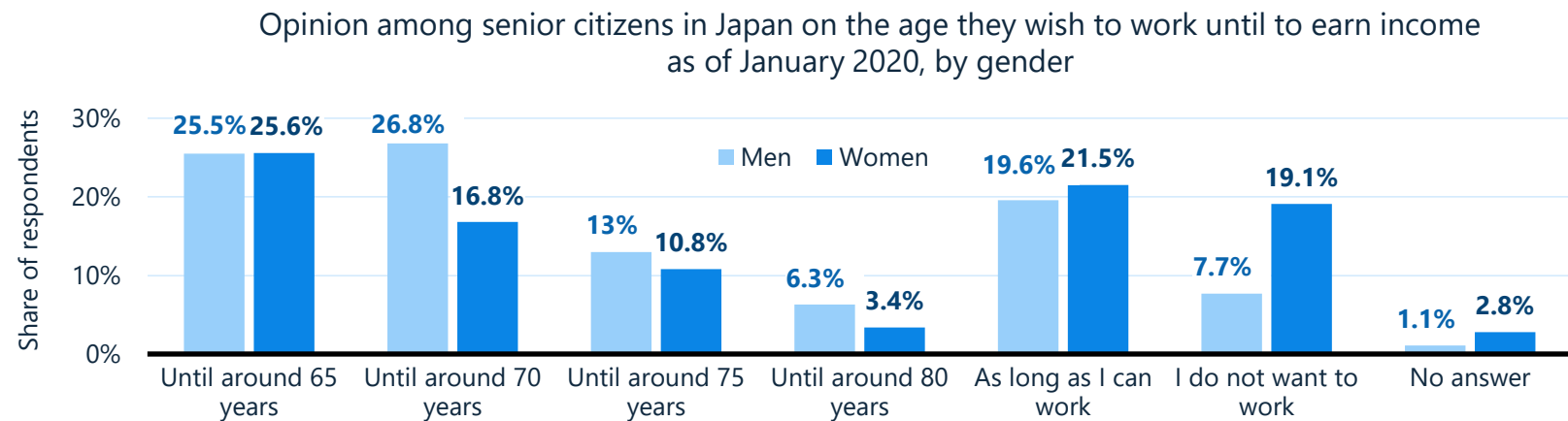


Seniors are willing to work after the set retirement age

Three-quarters of senior workers are in non-regular positions (fixed-term contracts or part-time employment)



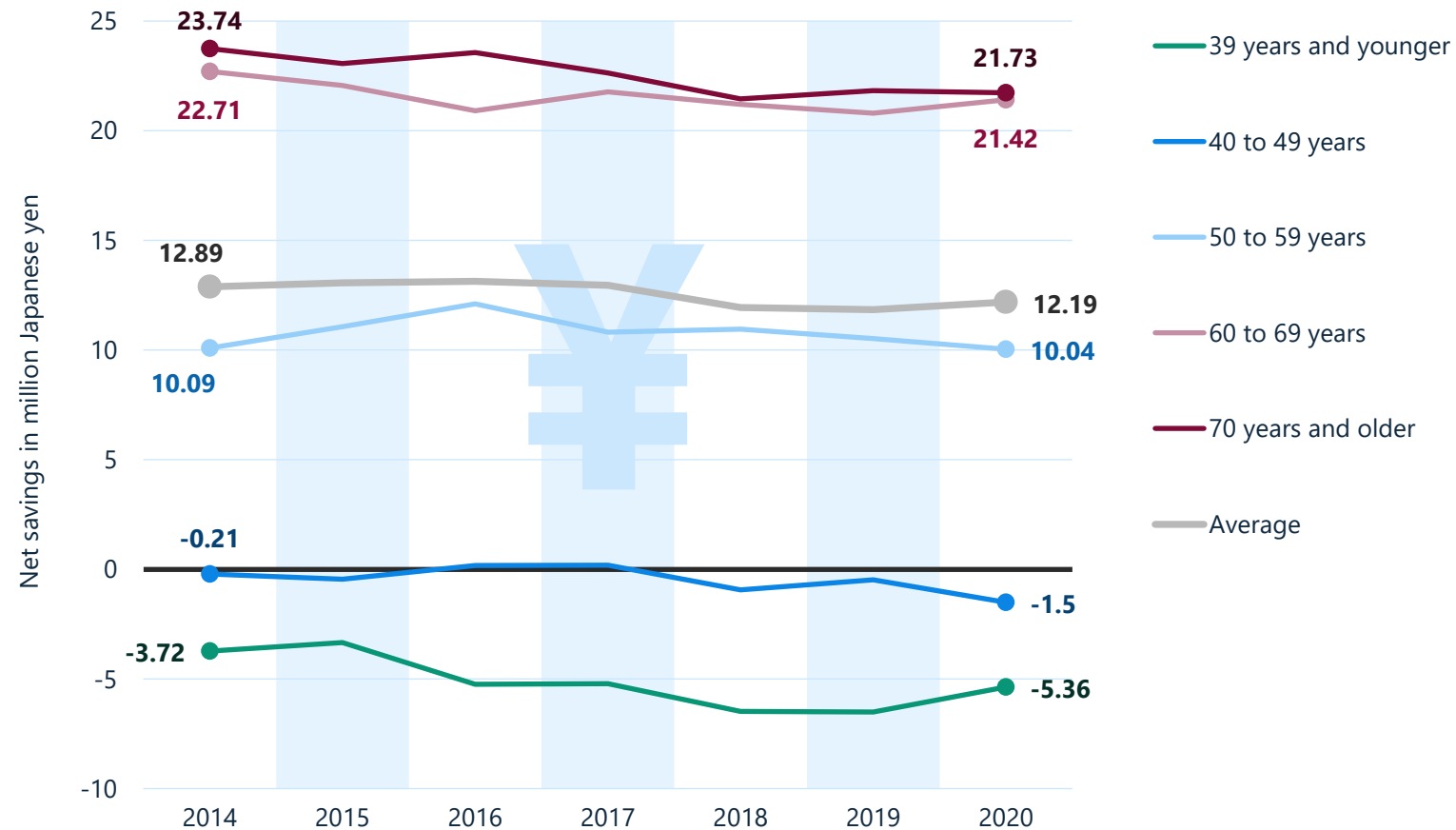
The number of regular and non-regular employees aged 65 years and older reached new highs in 2020, amounting to 1.2 million and 3.9 million, respectively. These numbers are expected to increase steadily.



According to a survey conducted by Japan's Cabinet Office in 2020, a high share of both male and female respondents aged 60 years and older wished to work until around 70 years or even older, highlighting their "never retire" attitude to life.

Households with senior heads are debt-free with more savings

Average net savings held by multi-person households from 2014 to 2020, by age of household head



When looking at households with two or more people, there is a clear correlation between age and net savings: The older the household head, the more the savings.

In 2020, the net savings of households with heads aged 70 years and older amounted to an average of 21.7 million Japanese yen. Households with heads aged 49 years and younger recorded negative savings, meaning their debt was greater than their savings.

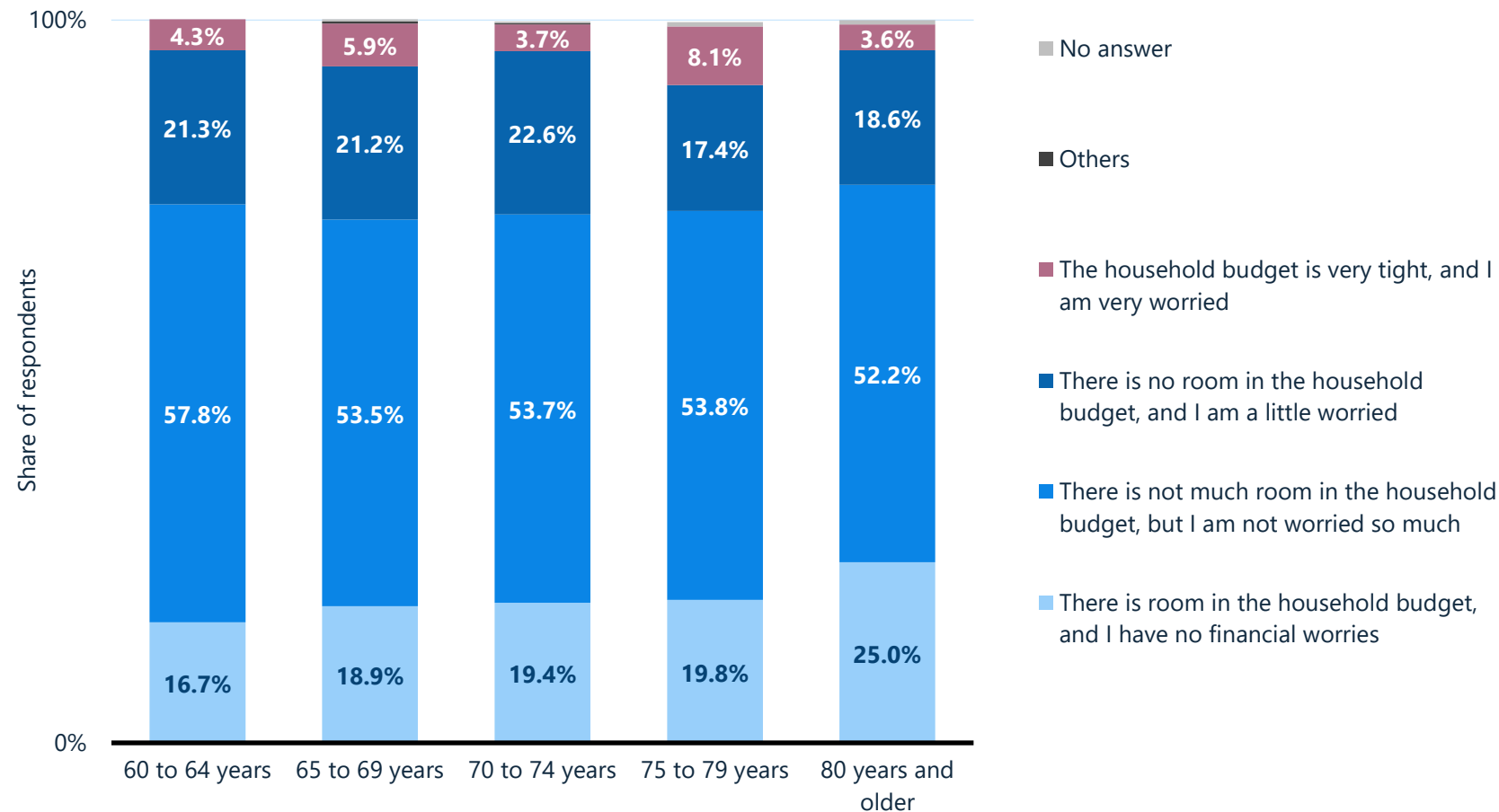
Additionally, the homeownership rate was also much higher among households with older heads. Ninety percent of households with heads aged 70 years and older owned dwellings in 2020.

Note(s): Japan; 2014 to 2020; based on the family income and expenditure survey

Source(s): MIC; Statistics Bureau of Japan; [ID 1235709](#)

Senior households are content with their financial situation

Financial worries among senior citizens in Japan in 2020, by age



According to a 2020 survey conducted by Japan's Cabinet Office among people aged 60 years and older, the majority of senior citizens were not worried about their current financial situation.

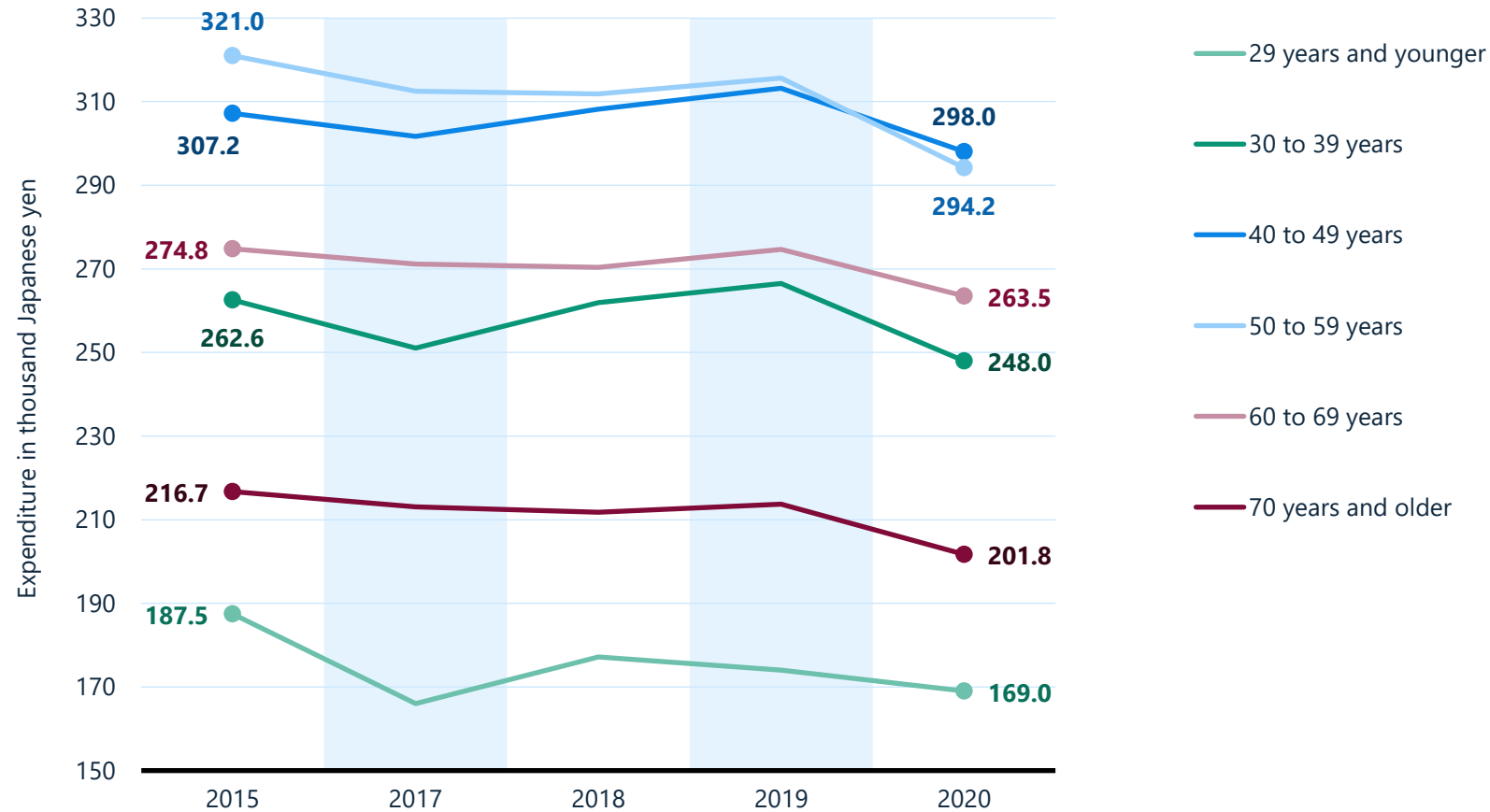
With a larger amount of net savings and a higher rate of homeownership, senior citizens in Japan are mostly able to maintain a reasonable standard of living compared with other younger generations.

Note(s): Japan; January 9 to 26, 2020; 1,755 respondents; aged 60 years and older; only one answer possible

Source(s): Cabinet Office; Central Research Services; [ID 1243572](#)

The consumption expenditure of households with seniors

Average monthly consumer spending per household from 2015 to 2020, by age of household head



In 2020, households in Japan with a head aged between 60 and 69 years spent a monthly average of about 263,500 Japanese yen on consumption expenditures. In the same year, the monthly consumer spending of households with heads aged 70 years and older was noticeably lower at around 201,800 Japanese yen.

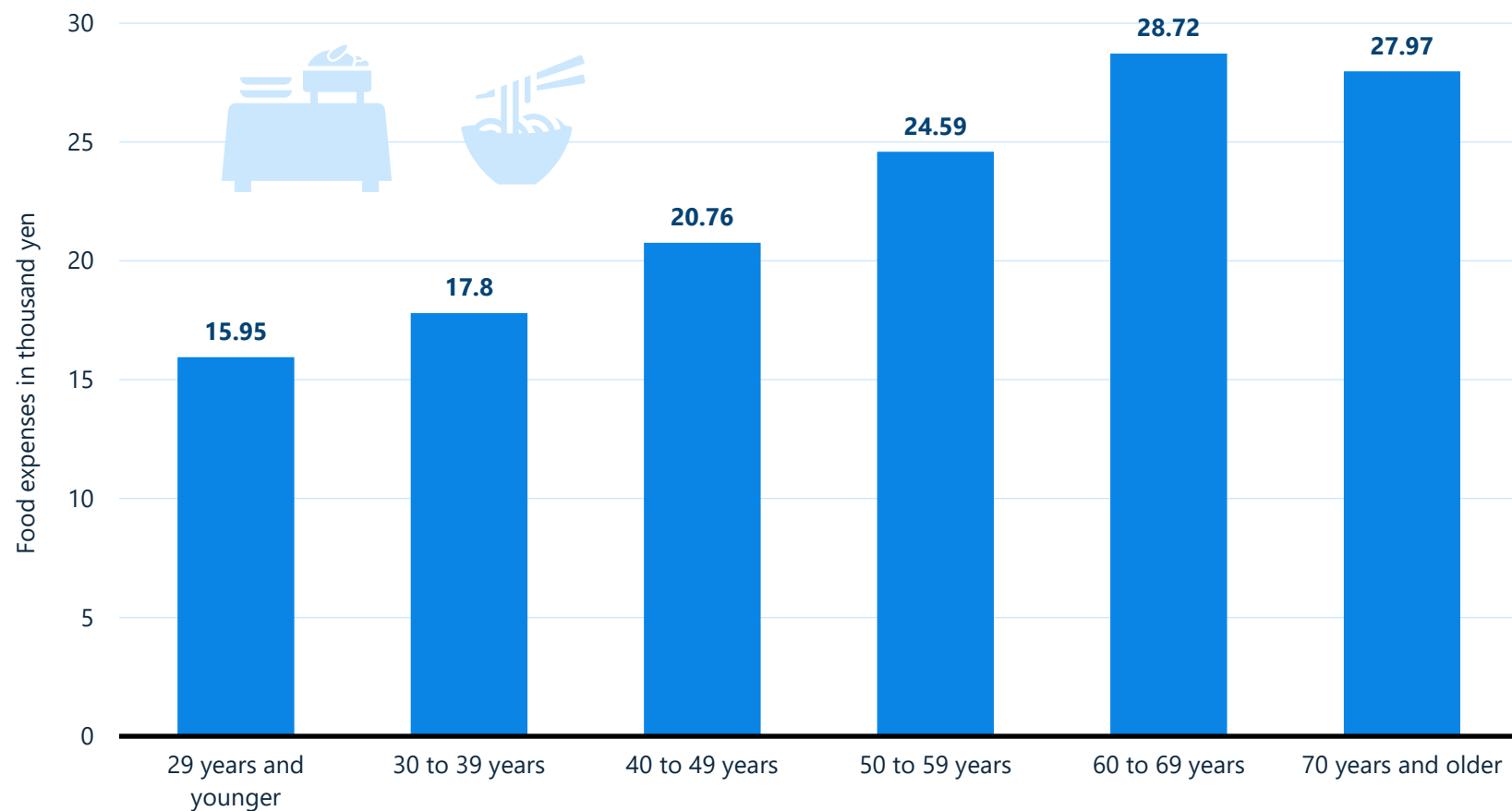
Households with heads aged 40 to 59 years have spent the most money on consumption expenditure in recent years. It remains to be seen how developments in targeting seniors can increase the spending levels of the oldest generation.

Note(s): Japan; 2015 to 2020; yearly average of monthly consumption expenditures

Source(s): e-Stat; MIC; [ID 1254395](#)

Seniors spend more money on food per person

Average monthly per capita food expenses in Japan in 2019, by age

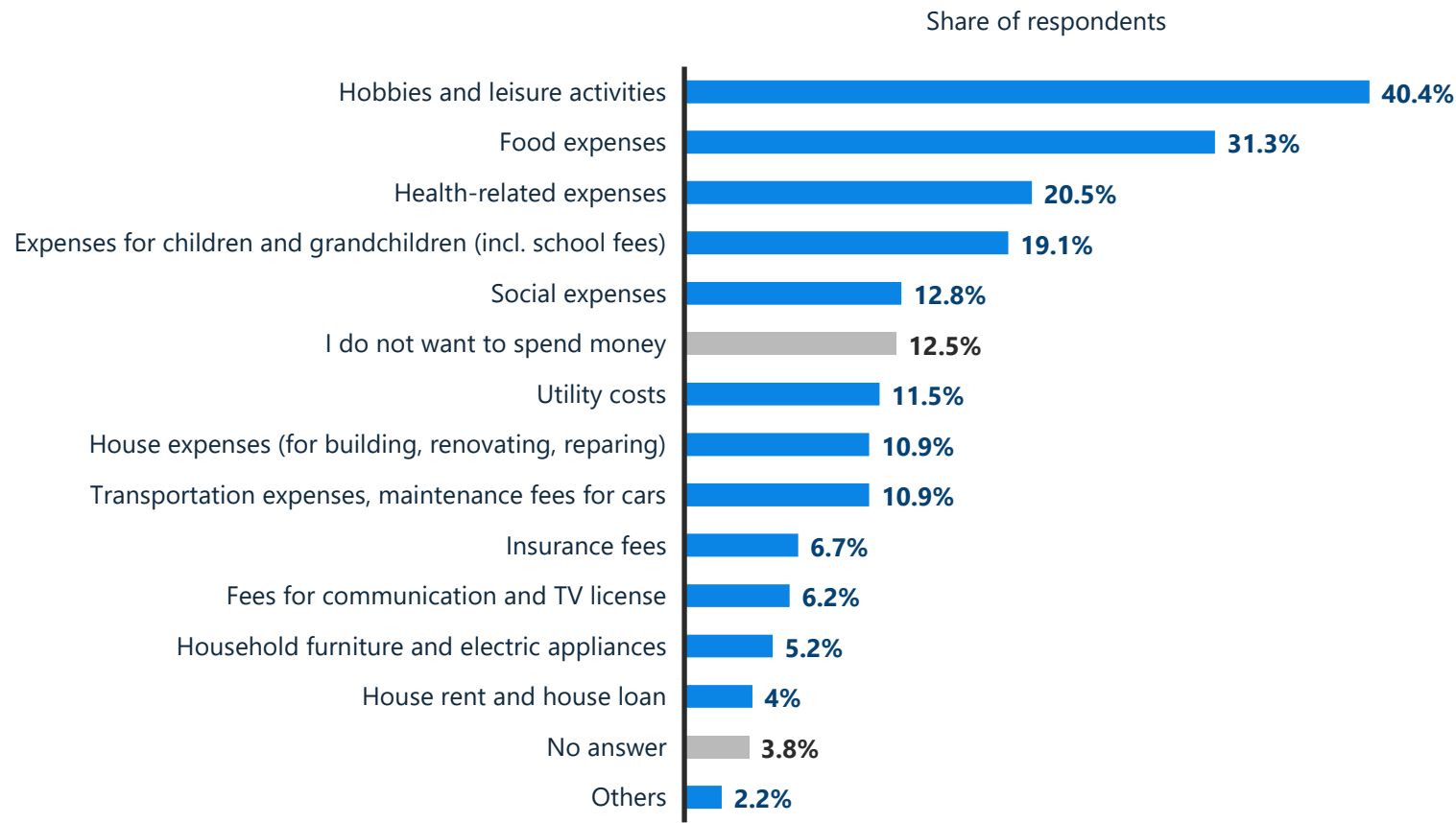


In 2019, the average amount of money spent each month on food ranged from 15,950 Japanese yen to 28,720 Japanese yen per person, depending on age group.

The data highlights the spending power of senior consumers in Japan as the two oldest age cohorts spent the most each month per capita.

Seniors want to spend most money on leisure and hobbies

Things the elderly prefer to spend money on in Japan as of 2020



A survey conducted by Japan's Cabinet Office in January 2020 found that 40 percent of senior respondents aged 60 years and older wished to prioritize spending money on hobbies and leisure activities. Interestingly, this market is still primarily tailored to younger generations. Therefore, there appears to be room for strong spending growth in this area from seniors if businesses adapt their marketing strategies.

The second most preferred way to spend money was on food. As seen on the previous page, senior consumers already spend more on food than other age cohorts.

An aging country but one full of potential

Conclusion and outlook

Japan's population is aging more rapidly than anywhere else in the world. Aside from the substantial pressure on healthcare and social expenditures, the outstanding growth potential of Japan's senior consumer market is a unique aspect that will capture the attention of other countries with super-aged societies.

Japan's market is currently adjusting its products and services to cater to the demands and interests of senior consumers. Considering that all second baby boomers will be 65 years or older by 2040, the next two decades will be decisive for Japan. But while there will be a significant impact on the country's social security system, there are great investment opportunities for businesses in key industries.

In general, senior citizens in Japan are financially independent, have more free time than younger generations, and intend to continue living healthy lives. Therefore, companies that serve the aging population stand a strong chance of experiencing growth. Businesses combining hobbies and leisure with health improvement factors, for example, can attract many senior

consumers. Following the expected increase of seniors in single-person households, services that appeal to those living alone rather than couples or families will also become more common in the future.

Regions of Japan with low population densities offer particularly high growth potential. A large proportion of businesses operate in Japan's large cities, but rural communities are experiencing even greater shifts in average age. As the government aims to implement a comprehensive package of care in local areas, community-based services will have increasing importance in the senior market.

The number of working-age people in Japan is expected to fall in the coming years. This means the country's economy will not only have to rely on the purchasing power of seniors but also the support of the elderly to fill gaps in the workforce. As a country with a high share of seniors in employment, Japan is likely to become a case study for nations worldwide.

Glossary

Act on Stabilization of Employment of Elderly Persons

The act was enacted in 1971 to promote the stabilization of employment of the elderly and facilitate their contribution to the development of Japan's society and economy. It designates policies concerning the employment of senior citizens, such as mandatory retirement age and obligations of employers to provide re-employment opportunities for the elderly.

Health insurance system for advanced elderly

The health insurance system for the advanced elderly is an independent medical system established in 2008 for people aged 75 years and older. Every citizen is automatically transferred to the system from the national health insurance system once they turn 75 years.

Job-openings-to-applicants ratio

The ratio of job openings to applicants indicates how many jobs per applicant are open in a certain period. It is calculated based on the monthly number of effective job openings divided by the monthly number of effective job seekers.

Long-term care insurance (LTCI) system in Japan

Established in 2000, the long-term care system provides benefits and services for people who require long-term care. Half of the system's budget is funded publicly, while the other half is financed by the insurance premium. All people in Japan aged 40 and older are obliged to join the insurance to contribute to the premium.

National health insurance system

The national health insurance system in Japan offers universal healthcare for every citizen in the country. Each citizen is eligible to join public health insurance provided by the government or employer and can freely choose from any treatments offered by any medical institutions across the country.

Sources

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e-Stat: Official Statistics of Japan

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Ministry of Finance (MOF)

Ministry of Health, Labour and Welfare (MHLW)

Ministry of Internal Affairs and Communications (MIC)

National Institute of Population and Social Security Research (IPSS)

NLI Research Institute

Nomura Research Institute

Organisation for Economic Co-operation and Development (OECD)

Statistics Bureau of Japan

Statistics Dashboard

United Nations (UN)

World Bank

World Health Organization (WHO)

Yano Research

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