

# Research on the Driving Factors of China's Silver Hair Economy Scale Growth

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**Abstract:** Against the backdrop of accelerating population aging in China, the silver economy has become a new strong driving force for the development of the national economy. The silver economy refers to the economic consumption ability of people aged 60 and above. This study uses theoretical analysis methods to investigate and study the “silver hair industry” (elderly consumption industry) in China, exploring the internal mechanisms of the development of China's silver hair industry from the perspectives of population, policies, demand, and supply. Research has found that the number of elderly people (≥60 years old) is a favorable consumer base for industry development. Government policy orientation is a systematic guarantee for the development of industries. Market demand is to enhance and drive industry development, and provide strong support for industry development. The combined effect of four factors can increase the market size of the silver hair industry from less than 2 trillion yuan to over 7 trillion yuan. This conclusion will provide a necessary basis for the high-quality development of China's “silver economy.”

**Keywords:** Silver economy; Driving factors; Population aging; Market demand; Industrial supply

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## 1. Introduction

In recent years, China's aging population has shown the characteristics of “large scale and fast growth rate”: from 2013 to 2024, the population aged 60 and above will increase from 200 million to 300 million, while the scale of the “silver hair” industry will increase from 2 trillion to 7 trillion, accounting for about 6% of the gross domestic product. At present, the “silver economy” is shifting from a “market-oriented and diversified demand orientation,” with new growth points emerging in segmented industries such as aging-friendly tourism and smart elderly care. Clarifying its development momentum is of great practical significance for grasping the laws of industrial development and guiding enterprise layout <sup>[1]</sup>.

## **2. Population structure transformation**

Population aging is the “source driving force” for its occurrence and development. The expansion of its quantity and structural changes will directly affect the market capacity and consumption potential of the industry, and it is also the cornerstone of scale growth.

### **2.1. Expansion of the total elderly population, laying the foundation for market capacity**

From 2013 to 2024, the population aged 60 and above will increase by a net 100 million, and the huge elderly population will generate a dual consumption demand of “rigidity + elasticity.” In terms of rigid demand, the continuous expansion of basic elderly care services has driven the number of beds in elderly care institutions to increase from 5 million to 8 million, with a growth rate of 60% over the past decade. In terms of elastic demand, the proportion of “energetic elderly” continues to rise, promoting the rapid release of non-basic consumption such as tourism and clothing. For example, only 62.4% of the registered residence population in Shanghai is under 60 years old, and nearly 40% of the elderly are the direct promoters of industries such as local aging renovation and community health care, which are the main pillars of the “silver hair” economic growth in the region <sup>[2]</sup>.

### **2.2. Changes in the elderly population structure and expansion of consumer demand boundaries**

At present, the elderly in China have freed themselves from the image of “dependency,” and their consumption concepts of “autonomy” and “quality” have significantly increased. Their consumption boundaries are also constantly expanding. The data in the “Insight Nine” document shows that 53.94% of elderly people pay attention to clothing and appearance, and 44.45% of elderly people pay attention to personal care, reflecting the increasing demand for “image management.” This demand will directly promote the rise of segmented markets such as clothing and smart care products, thereby bringing new vitality to the “silver hair” economy.

## **3. Policy guidance and guidance**

The transformation of policies from “basic pension security” to “cultivation of silver-haired economic system” provides clear institutional support for achieving industry-scale development, guiding social capital to gather towards it.

### **3.1. Policy focus shift from basic security to industrial cultivation**

The initial policy focus was on “filling the gaps in elderly care”: around 2013, the emphasis was placed on the construction of a basic elderly care service system, promoting the supply of beds and infrastructure in elderly care institutions through subsidies and planning, laying the foundation for the development of the industry. With the continuous deepening of China’s aging population, the “silver economy” has gradually risen to an important strategic level and has been vigorously supported in areas such as elderly care and tourism to attract more capital. Under policy promotion, the variety of elderly care products has increased from less than 2000 in 2013 to over 8000 by 2024, expanding from basic services to cultural entertainment and smart health, and the market size continues to expand <sup>[3]</sup>.

### **3.2. Policy standardization construction, regulating the order of industrial development**

In order to reduce market transaction costs and improve consumer trust, this policy has further strengthened

“standardization”: developing technical standards for aging adaptation and elderly assistive devices, refining product and service specifications, encouraging social capital to enter elderly care facilities through bed subsidies and tax incentives, and increasing its proportion in elderly care facilities from 30% to 60%. Through market competition, promote the development of the “silver economy” and facilitate the growth of the “silver economy.”

## **4. Market demand upgrade**

Due to the changing purchasing power and mindset of the elderly, their needs have shifted from “basic security oriented” to “quality-oriented and personalized,” which is the main driving force behind the growth of the industry.

### **4.1. Quality-oriented requirements, upgrading basic services towards higher quality**

Basic health and life security “is still a core requirement, but its focus has shifted from existence to quality.” At present, “accompanying services” have become an important supplement to the basic elderly care model. In 2013, the proportion of “customized meals” in elderly canteens increased from 10% to 40%, shifting from “treating diseases” to “traditional Chinese medicine health preservation” and “rehabilitation,” directly driving the scale of China’s health and elderly care market to exceed 2 trillion yuan <sup>[3]</sup>.

### **4.2. Personalized demand, concentrated outbreak of demand in segmented fields**

In the segmented market, the personalized needs of the elderly continue to emerge, forming a growth pole for the industry. In the field of tourism, 63.99% of elderly people are willing to choose private travel or customized travel, which has driven the scale of China’s aging friendly industry to exceed 5 trillion yuan, 10 times that of 2013; In the home environment, about 30% of elderly people need intelligent systems (mainly distributed in the bathroom, bedroom, and living room), which has driven the market size of industries including smart toilets and first aid to exceed 300 billion yuan.

## **5. Innovation in industrial supply**

The upgrading of demand has driven the transformation of the supply side, achieving a virtuous cycle of “demand driving supply, supply driving demand” through product innovation, service innovation, and technological innovation, providing support for the growth of market size.

### **5.1. Product innovation, from universal to age-appropriate exclusive**

Early elderly products were mostly simplified versions of adult products, lacking targeted design. In recent years, the company has developed special needs for the elderly based on their physiological characteristics, such as intelligent wheelchairs with navigation and obstacle avoidance functions, large font elderly tablets, low sugar and easy to chew elderly food, etc. The innovation of products not only increases the willingness of the elderly to consume but also drives the increase in the variety of goods for the elderly, expanding their market scope.

### **5.2. Service innovation, from fragmentation to scenarios**

The elderly care service has evolved from fragmented and singular (such as home care) to a scenario-based overall solution: providing a one-stop service of “aging-friendly” “smart devices + regular care” at home, promoting the “medical elderly integration” model in the community’s “day care + elderly canteen + cultural activity room”

complex, and in institutional settings. The “scenario-based” service model has improved the service efficiency and average customer value for the elderly, promoting the development of China’s “silver economy.”

### **5.3. Technological innovation, empowering industrial transformation with digital technology**

Digital technology has implanted a “technology gene” into the “silver economy”: first, from 2013 to 2024, the number of Internet users over 50 years old in China will grow from 30 million to 330 million, laying a solid user base for the “silver economy.” On the other hand, with the development of technologies such as artificial intelligence and the Internet of Things, remote healthcare for medical and healthcare will not only improve industry efficiency, but also provide new consumption scenarios and support for enterprises.

## **6. Conclusion**

In summary, the reason why China’s “silver economy” has achieved such great development is inseparable from the transformation of population structure, policy guidance, the improvement of market demand, and innovation in industrial supply. These four elements form a complete logical chain of “basic guarantee power support,” transforming China’s industry from “basic guarantee” to “market-oriented diversified development.” In the future, more precise matching of supply and demand is needed to guide companies to focus on segmented industries such as aging-friendly tourism and smart assistive devices, innovate around the needs of the elderly, and help the silver-haired economy develop better, making greater contributions to the development of the national economy.

## **Disclosure statement**

The authors declare no conflict of interest.

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