

Research on the Problem of Elderly Consumption Under the Background of Population Aging

Chunxiao Zhu^{1,2*}

¹Linyi University, Linyi 276000, Shandong Province, China

²Philippine Christian University Center for International Education, Manila 1004, Philippines

*Corresponding author: Chunxiao Zhu, chunxiaozhu1213@gmail.com

Copyright: © 2024 Author(s). This is an open-access article distributed under the terms of the Creative Commons Attribution License (CC BY 4.0), permitting distribution and reproduction in any medium, provided the original work is cited.

Abstract: With the continuous progress of medical technology and the gradual improvement of the social security system, the life expectancy of the elderly in China has been significantly extended and the number of people has increased sharply. At the same time, with the transformation of the consumption capacity and consumption concept of the elderly population, the consumption of the elderly contains great potential for development and is expected to become an important part of the future consumer market. By sorting out and analyzing the existing literature, this paper points out the characteristics of China's elderly consumption market under the background of population aging, analyzes the spatial evolution trend of elderly consumption, and summarizes the existing problems of elderly consumption. Lastly, according to the above analysis, this paper puts forward corresponding suggestions from the government, enterprises, and non-profit organizations.

Keywords: Aging population; Elderly consumption; Silver economy

Online publication: February 27, 2024

1. Introduction

Aging, as an important trend in current population development, is a severe challenge that China will face for a long period of time in the future. According to the seventh national population census data in 2021, the number of people aged 60 and above in China reached 260 million, accounting for 18.7% of the total population, an increase of 5.44% compared to the sixth population census data. The seventh national population census report predicts that China will enter a stage of moderate aging during the 14th Five-Year Plan period. On November 2, 2023, the National Committee of the Chinese People's Political Consultative Conference held the ninth briefing on key concerns of the 14th session in Beijing, with the theme of "Chinese-Style Modernization and Active Response to Population Aging." At the same time, with the rapid transformation of population structure and the intensification of population aging, the issue of elderly consumption has become increasingly prominent. Therefore, it is particularly necessary to analyze and study the consumption characteristics, spatial evolution trends, and existing problems of the current elderly population in China.

2. Literature review

By reviewing and analyzing existing literature, this article summarizes the research on the aging economy, silver economy, and elderly consumption related to elderly consumption into the following three aspects.

The first aspect is to encourage the development of the elderly economy based on the current situation of China's aging population and market development. Li proposed a scientific and healthy aging concept by studying the development path of the "silver-haired economy" [1]. Yang empirically tested the changes in consumption scale and level by constructing a population aging coefficient, believing that population aging still has more drawbacks than benefits [2].

The second aspect is to interpret the current situation in China by combining the development of the aging economy in major cities around the world and China. Murata pointed out that when studying elderly consumption in China, it is necessary to understand that elderly consumption is not linked to assets, but to annual income [3]. Wang found through a survey conducted in the six districts of Beijing that the development prospects of elderly consumption in China in the short term are not optimistic due to issues such as low demand, low purchasing willingness, and insufficient supply of elderly products among the elderly [4].

The third aspect is to conduct research based on the current situation of individual fields in elderly consumption [5]. Li analyzed the current situation of elderly tourism services in Beijing from the perspective of positive aging, based on the physical and mental characteristics of the elderly and their tourism needs [6]. Zuo believes that currently, most elderly people are no longer satisfied with clothing, food, housing, and transportation, but have a higher level of spiritual consumption pursuit [7].

Overall, it can be seen that there are relatively few studies in the field of elderly consumption. In addition, most literature emphasizes the need to develop the elderly consumption market and only points out that the severe aging population forces China to vigorously develop the aging economy.

3. Characteristics of elderly consumption

This article combines some concepts of consumer behavior to summarize the characteristics of elderly consumption in China into four aspects: rapid expansion of consumption scale, maturity of consumption psychology, inertia of consumption behavior, and gradual improvement of consumption level.

3.1. Rapid expansion of consumption scale

From 2003 to 2020, the number of people aged 60 and above in China increased rapidly, from 153 million in 2003 to 297 million in 2023, an increase of 94.12%, especially after 2018. The proportion of the population aged 60 and above in China's total population has increased from 11.96% in 2003 to 21.10% in 2023, with a growth rate of 76.42%. From this, it can be seen that the number of elderly people in China and their proportion to the total population are rapidly increasing, and China is facing serious aging problems.

The increase in the number of elderly population provides enormous potential for the development of elderly consumption demand. According to the "Report on the Development of China's Aging Industry" released by the National Committee on Aging, the number of elderly people in China will reach 480 million by 2050, and the consumption potential will increase to 106 trillion yuan, accounting for 33% of GDP. From the international market perspective, China will become the country with the greatest potential in the global aging industry market.

3.2. Maturity of consumption psychology

The consumption of elderly people in our country generally belongs to rational and habitual consumption, and

elderly people tend to prefer products they used to purchase frequently. Elderly people do not experience a decline in cognitive function when they are in good health. Instead, they can improve their cognitive abilities through education and training. With the improvement of education level, the elderly population will have a generally higher cognitive function in the future. As people age, although their thinking speed and short-term memory may decrease, their general reasoning, language skills, and experience assessment ability do not show a significant decline. Therefore, the elderly population will reflect thinking patterns such as “comparing goods to three different companies” and “consumption budget” when consuming, exhibiting strategic and financial consumption behaviors. They will also weigh their consumption choices based on multiple factors such as surface characteristics, performance, non-surface characteristics, and value of goods.

3.3. Inertia of consumption behavior

The elderly population has a strong consumption inertia. In decades of consumption practice, the elderly in China have formed a relatively stable consumption pattern. They will consciously or unconsciously follow their consumption habits during the consumption process, and have a deep understanding of which products can meet their needs. Thus, once the relationship between elderly consumers and brands is formed, they will maintain a strong desire to consume the brand’s products due to this consumption inertia, and will not easily change brands or products. In addition, the consumption of the elderly population pursues safety and practicality. The consumption needs of elderly people determine their product requirements and purchasing motivations, which are mainly practical, convenient, and safe. They also hope to enjoy good reception services during the purchasing process.

4. Spatial evolution trends

In order to more accurately explore the regional differences in the consumption of the elderly population in China, this article uses ArcGIS software to draw a distribution map of the consumption of the elderly population in 31 provinces (cities, districts) in 2022, as shown in **Figure 1**. It can be found that the consumption of elderly people in the southeastern coastal areas is significantly lower than that in other regions of China, and there are significant regional differences in the consumption of elderly people among provinces (cities, districts). This indicates that although the economic development level of the southeastern coastal areas is among the top in the country and the living conditions of residents are superior, for the elderly population, their consumption level is not consistent with the average living conditions of residents, far lower than other regions in the country. Meanwhile, this means that the elderly consumer market in the southeastern coastal region has enormous potential, and the next step will provide tremendous impetus for regional economic development.

5. Elderly consumption issues

5.1. Prominent issues with online consumption

According to the 52nd Statistical Report on the Development of Internet in China released by the China Internet Network Information Center (CNNIC), by June 2023, the number of Internet users in China has reached 1.079 billion, of which 29.9% are Internet users aged 50 and above, and more than one in every four Internet users is aged 50 and above. In addition, the MOB Research Institute’s 2023 China Silver Hair Economic Insight Report shows that the network penetration rate of the silver hair population has reached 59.8%, which is the value depression of the Internet and an important growth source of online consumption.

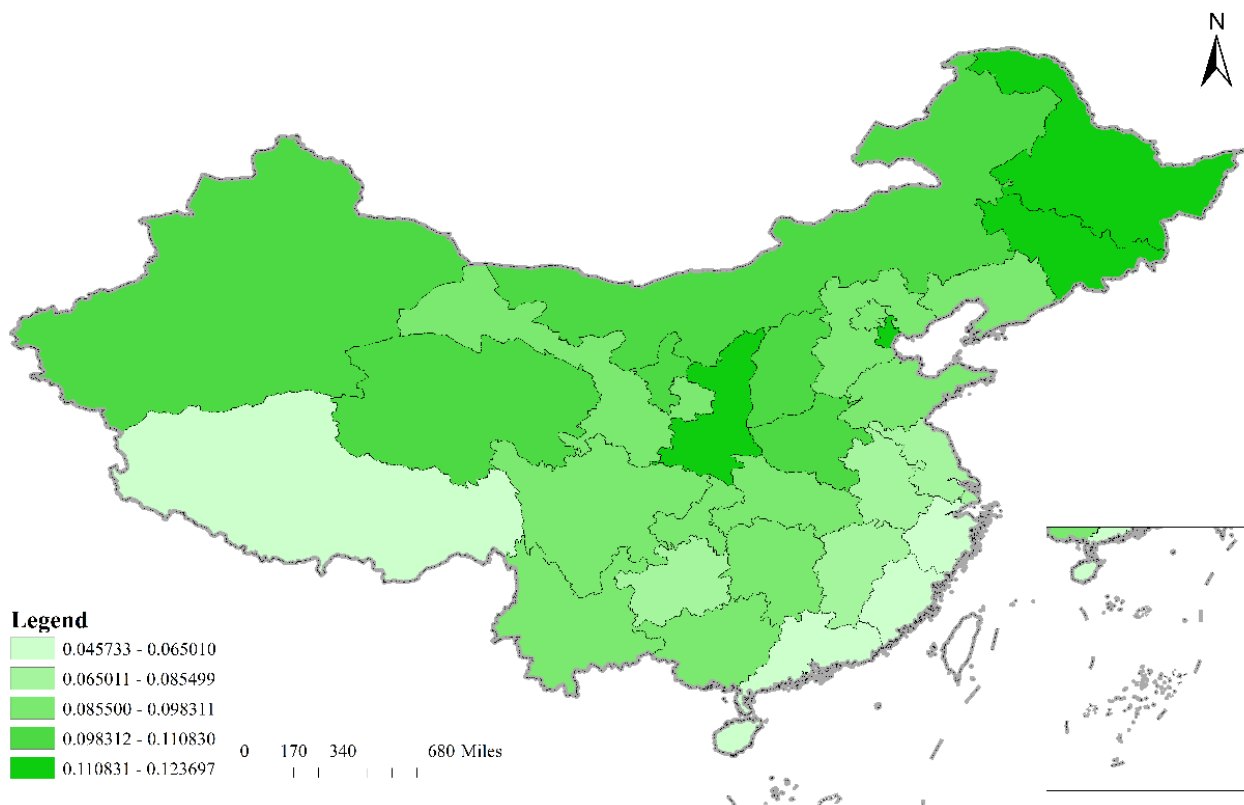


Figure 1. Consumption level of the elderly population in 31 provinces in 2022

5.2. High consumer demand and lagging development of the elderly industry

As of 2023, the scale of China's silver economy is around 7 trillion yuan, accounting for approximately 6% of GDP. A research report from the Institute of Aging at Fudan University predicts that by 2035, the size of the silver-haired economy will reach around 30 trillion yuan, accounting for about 10% of GDP. In terms of demand, as the income level of the elderly population continues to increase, consumer demand is also constantly increasing. Especially in economically developed regions such as Shanghai, Beijing, and the eastern developed regions, the social services, medical and health care, and care and companionship systems involved in elderly care security have gradually formed, including the gradual improvement of pension and retirement pension standards, which has led to a significant change in the consumption concept of the elderly and further increased demand for elderly products and services.

6. Suggestions for countermeasures

The development of elderly consumption not only affects the stable development of China's economy but also has an impact on China's political stability. Therefore, it is necessary to solve the current problems faced by elderly consumption as soon as possible and determine its future development direction, in order to seize the commercial opportunities brought by elderly consumption in advance.

6.1. Government level

Firstly, the government should strengthen publicity and enhance the social group's attention to the "aging economy." As a new economic growth point, the aging industry can seize the critical period of development, not only providing more convenient conditions for the elderly and their caregivers but also bringing new economic growth and employment opportunities. Secondly, the government should improve the top-level design and increase support efforts. The government should increase its assistance to enterprises, issue more policies to support and meet the development, sales, and service quality improvement of elderly consumer products, encourage private enterprises to join the elderly industry, and create a better market environment where development and competition coexist, promoting the elderly consumer market to enter a new stage of high-quality development. Once again, it is necessary to strengthen regulatory guidance to safeguard the rights and interests of the elderly population. In response to the phenomenon of bullying and deceiving the elderly in the market, we should accelerate the promotion and improvement of legal construction, strengthen supervision and guidance work, and protect the legitimate rights and interests of the elderly population.

6.2. Enterprise level

On the one hand, enterprises need to improve the supply of precision products and services. At the same time, they should provide diversified and personalized products based on the preferences and consumption scenarios of different groups, thereby increasing effective supply and enhancing the revenue of merchants themselves. On the other hand, we will increase the training of service talents in the elderly industry. In response to the current situation, various organizations should increase the training of service personnel in the elderly industry in multiple ways, ensuring a diversified supply of service talents. Training institutions and universities can collaborate with enterprises and communities to cultivate and meet the flexible needs of the elderly population while increasing employment and promoting sustainable socio-economic development.

6.3. Non-profit organization level

Elderly services are still in a disadvantaged position in the entire non-profit organization service system, especially with little attention paid to the issue of elderly consumption. Non-profit organizations should proactively address the series of problems brought about by China's aging population, incorporate elderly consumption into their volunteer service content, and improve their elderly service system. At the same time, the service content should focus on solving a series of problems in the consumption of the elderly, such as the low Internet penetration rate, fraud, imbalance between supply and demand, strengthening the contact with enterprises and the government, actively providing feedback to the needs of the elderly and the consumption problems they face, and serving as a link.

Disclosure statement

The author declares no conflict of interest.

References

- [1] Li J, 2021, Research on the Development Path of "Silver Hair Economy" During the 14th Five Year Plan Period. *Northern Economy*, 2021: 32–34.
- [2] Yang G, 2020, The Mystery of Mutual Exclusion Between Population Aging and Silver Hair Economy: A Regional Perspective Based on Heterogeneous Consumption. *Journal of Inner Mongolia University of Finance and Economics*,

2020(18): 107–110.

- [3] Murata H, 2019, How to Seize the Business Opportunities of “Silver Hair Market.” *The Merry Generation*, 2019: 2.
- [4] Wang S, 2019, Research on the Development Prospects of “Silver Hair Economy” - Taking the Six Districts of Beijing as an Example. *Accounting Learning*, 2019: 142–143 + 147.
- [5] Li D, 2014, Research on Elderly Tourism Services from the Perspective of Positive Aging, Master’s thesis, Guangxi University, 60.
- [6] Zuo Y, 2019, The Silver Economy: A Hard to Find Elderly University. *New Industrial Economy*, 2019: 59–61.
- [7] Xu Q, Li X, Chen W, 2013, A Survey and Study on the Development Potential of the Silver Hair Market in Zhejiang Province - Taking the Elderly Clothing Industry as an Example. *Modern Economic Information*, 2013: 391–392.
- [8] Wang W, Liu Y, Peng D, 2015, A Study on the Industrial Structure Upgrading Effect of Population Aging. *China Industrial Economics*, 2015: 47–61.

Publisher’s note

Bio-Byword Scientific Publishing remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.