

Silver Economy Study: How to stimulate the economy by hundreds of millions of Euros per year

If ranked among sovereign nations, the European Silver Economy (the economy of the population over 50) would currently be the third largest economy in the world, behind only the USA and China. And it will only continue to grow. A new European Commission study conducted by Technopolis and Oxford Economics reminds us of this opportunity, explores its concrete economic potential and lays out steps how to capture it fully.

The Silver Economy has caught the attention of policy makers and economic operators alike: the ageing population promises more economic growth and jobs.

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Next to being profitable for businesses, the Silver Economy should be connected to a positive and socially inclusive identity for older adults in Europe. According to the study, a supportive policy environment, with the right incentives and support measures will be key to facilitate this transition.

Intended to aid the Commission in its development of a European strategy, this study is also relevant to other policy makers in European member states and regions as well as industry decision makers.

€3.7 trillion and growing

The study estimates a baseline value of €3.7 trillion (2015) for Europe's Silver Economy, primarily comprising private expenditure by older people (50 plus) on various goods and services, from housing to recreation.

Official population projections suggest the Silver Economy will expand steadily over the next 10 years, across the EU. Based on the study's assumptions, it has the potential to expand by approximately 5% per year up to 2025, to €5.7 trillion.

The study experts forecast the contribution of the European Silver Economy to GDP to reach €6.4 trillion and 88 million jobs by 2025. This would be equivalent to 32% of EU GDP and 38% of the Union's employment.

Sticking points

Looking at the potential of Europe's Silver Economy through to 2025, several sectors are projected to grow strongly. "However," write the study experts, "there are sticking points, which act as a brake on market-led developments, and which warrant a coordinated policy response."

One of them is information failure whereby industrial actors and service providers have been slow to

recognise the impact of changing demographics and shifting consumer needs on their markets.

And: "Many innovative solutions introduced in the market are not progressing further from niche products as a result of market uncertainties, pricing issues and established business models."

In many cases markets are only just developing (e.g. domestic robotics) or otherwise do not work efficiently enough (e.g. assisted living), the authors write.

Overcoming barriers with policy stimulation and macroeconomic rationale

The study finds that sticking points can be overcome: "With macroeconomic rationale and policy stimulation, the Silver Economy will grow through a broad range of novel concepts and areas of interest, from connected health to smart transport."

Generally, the European Silver Economy will rewrite the rules about market drivers in existing sectors as well as create wholly new industries, at the intersection of demographic and technological change, with major export potential.

Many of these areas will however need new standards and cross-policy action to facilitate their growth and earlier realisation of benefits for older people.

Case study on connected health: rapid expansion

The study comprises case studies with particular potential for growth of the market sector. Among them is one about connected health: Europe's national health services are expected to invest heavily in connected health systems over the next 10 years, from patient records to online prescriptions.

The roll out of these all-encompassing digital systems is also expected to drive the market for new health-related software applications, mHealth devices and mHealth services.

Market research companies are forecasting dramatic growth over the next 10 years, largely driven by the public sector in search of efficiency savings, however private consumption is also expected to become more prominent.

Europe's software and tech firms should benefit from this rapid expansion, however competition from Japan and the US to name but two will be fierce.

Recommendations for future policy directions

The study proposes a new multi-policy approach structured around five recommendations. Each of them has the potential to boost Europe's Silver Economy – consumption and economic output – by hundreds of millions of Euros each year, within 5-10 years.

Read the full study:

- Silver Economy final report
- Silver Economy Executive Summary
- Résumé (FR)
- Annexes
- Silver Economy infographic

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