THE SILVER ECONOMY IN CHINA

June. 2019

*This report includes insights from HiNounou experts

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TO ACCESS MORE INFORMATION ON THE SILVER ECONOMY IN CHINA, PLEASE CONTACT DX@DAXUECONSULTING.COM
HiNounou Intelligent Robot Company is a Connected Wellness & Intelligent Data Platform company on a mission to empower the world's silver generation to live longer, healthier and happier, at home, while bringing peace of mind to their families. Its healthtech platform aims to mitigate chronic disease risks and reduce the cost of underwritings.

Following a combined 12 years of R&D spanning 4 countries, HiNounou has launched the first disruptive InsurTech solution dedicated to 200 million seniors in China.

HiNounou has been named the “Best Digital Healthcare Startup” by Bayer China, and has been recognized as the “Most Transformative Social-Economic Impact Worldwide” solution by both Digital Insurance Agenda (DIA) and InsurTech Munich.
OVERVIEW

I. KEY FINDINGS AND MARKET DRIVERS

II. WHAT IS THE SILVER ECONOMY

III. CONSUMER PREFERENCE

IV. ELDERLY CARE SERVICES

V. MARKET TREND ANALYSIS
“Globally, our aging population is growing faster than ever before. By 2050, the number of people aged 60 years and over is expected to more than double, according to the United Nations' report on world populations. HiNounou's connected health solution addresses this critical challenge, which is one of the most significant social transformations of the 21st century.”

Charles Bark, Chief Executive Officer, HiNounou
Key findings of the silver economy in China

- The silver economy is rapidly growing
- Senior citizens’ consumption is diversifying
- Tourism is one of the most popular leisure activities for senior citizens
- Opinions from family can easily influence senior citizens’ consumption behaviors
- Nursing homes have been accepted by more families
## Market drivers for international brands in China

1. An aging population
2. Seniors’ rising income levels
3. Increasing awareness of health, fashion and beauty
4. E-commerce platforms making imported goods easily accessible for elderly and caretakers
5. Room to develop in many segments
WHAT IS THE SILVER ECONOMY
Silver Economy Definition

“Silver Economy”

It is often referred to as the Seniors’ Market and covers all products and services intended for people aged over 60 years. As its name suggests, the Silver Economy is not only a “market” but also a cross “economy”.
Most of them have stable lives

Chinese senior citizens usually have stable lives and incomes. Around 90% own endowment insurance and most have their own houses/apartments. Thus, they have less stress in their daily lives. However, they grew up during a time with less security, living through events like the Cultural Revolution, which created more frugal consumption habits. Thus, they are willing to spend money on practical goods.

Often lonely

In urban areas, many of China's senior citizens have only one child. While in rural areas their children often move to cities for work. Seniors are emotionally dependent on their children, but young people have less time to spend with their aging parents.

Therefore, there is strong demand for social entertainment and accompanying services.

Source: The white paper of aged people's consumption
https://wenku.baidu.com/view/409b538842458b77335778a4529647d278349.html
“The silver generation in China are increasingly interested in taking control of their own health and well-being. They are savvy consumers who wish to remain active and independent. This is why it should be our collective mission to empower our seniors with the full potential of digital health technologies operating within a more holistic, human-centric health ecosystem.”

Charles Bark, Chief Executive Officer, HiNounou
Senior citizens’ consumption (1/2)

The consumption concept of China’s senior citizens is defined by: 1) Importance of health 2) Accepting family members’ opinions 3) **Practicality** and *frugality* 4) Prefer in-store experience.

**Health**
For senior citizens, health is the major criteria of purchasing decisions. Especially for daily-use products.

**Practicality & Price**
Senior citizens care about products’ practicality and price since they are more frugal than young generations.

**Family Opinions**
Senior citizens’ purchasing decisions are easily influenced by the opinions of their family, especially their sons and daughters.

**Prefer in-store experience**
Many prefer offline shops because they can see and try those products/services.
Senior citizens’ consumption (2/2)
Different tier cities, income levels and genders.

1. Different tier cities
Senior citizens living in tier-1 cities showed a strong willingness to spend money on social lives and leisure.
Senior citizens living in tier-2 and 3 cities are more interested in goods related to health.

2. Different income levels
High-income senior citizens consume more healthcare and entertainment products/services. Low-income senior citizens’ daily expenses focus on daily-use and medical products.

3. Senior women spend more money than men
Chinese women have stronger demands of consumption on entertainment, fashion, and beauty. Additionally, their spending on daily-use goods is also higher than men.
Products and services included in the silver economy

The silver economy generally covers daily use products, healthcare products, fashion, housekeeping services, nursing care services, leisure (including tourism), exercise, medicine, catering, insurance, etc. consumed by those aged 60 or older.
Senior citizens’ main consumption segments

- With a rising disposable income, China’s elderly’s consumption is shifting from traditional frugality to enjoyment.
- China’s elderly are willing to spend money in the following 4 areas:
  - Leisure and exercise
  - Fashion and beauty
  - Healthcare products
  - Care services/goods
“According to the World Health Organization, there is an urgent need to adapt China's healthcare system to improve the quality of life of its older citizens. Innovative technologies in healthcare can bring new solutions to the service of the elderly population in China, and beyond.”

Charles Bark, Chief Executive Officer, HiNounou
Elderly population in China

China’s population is aging rapidly.

By the end of 2018, China had nearly 250 million people aged 60 and above, accounting for 17.9% of the total population.

Every year, 8-10 million Chinese people turn 60. By the end of 2025, there will be around 300 million senior citizens in China, accounting for 1/5 of the total population.

Source: National Bureau of Statistics of China
Elderly population in China by provinces

Local economic development impacts the aging degree of the region.

The senior population is mainly concentrated in the eastern and southern parts of China, and these provinces usually have more developed economies and larger populations.

Shandong province had the largest senior population in 2017, mainly due to its high level of economic development and large population (Shandong province ranked the third in GDP and the second in population in 2017).

Geographical distribution of population aged 60 and above in China (2017)

- Hebei Province, 13.3 million above 60, Accounting for 17.7% of the total population of the province
- Henan Province, 15 million above 60, Accounting for 14.5% of the total population of the province
- Shandong Province, 21.37 million above 60, Accounting for 21.4% of the total population of the province
- Jiangsu Province, 17.56 million above 60, Accounting for 22.51% of the total population of the province
- Sichuan Province, 17.51 million above 60, Accounting for 21.09% of the total population of the province
- Guangdong Province, 13.87 million above 60, Accounting for 14.67% of the total population of the province

Source: China’s provincial and municipal statistics bureaus
Pension growth VS GDP growth in China

- Over the past decade, the average growth rate of pensions for Chinese senior citizens exceeded the GDP growth rate, and pensions for the elderly maintained rapid growth.

- From 2009 to 2018, there has been huge growth in the income of the elderly, especially for those who used to work in remote areas. Based on government policy, their pensions usually grow faster than the average.

Source: China’s provincial and municipal statistics bureaus, Ministry of Human Resources and Social Security of the China
Household income of the elderly

- In 2017, there were more than 110 million senior citizens with a monthly household income of more than 4,000 RMB, of whom 20 million had a monthly household income of more than 10,000 RMB.
- Middle and high-income accounts for 78% of the senior population. In contrast to young people, they often have less stress in their lives, which means they can spend more money on higher-level and hedonistic consumption such as leisure activities, tourism, and artwork.

Proportion of senior citizens by income levels in China (2017)

- High-income elderly (more than 10,000 RMB per month)
- Middle-income elderly (4,000-10,000 RMB per month)
- Low-income elderly (less than 4,000 RMB per month)

Source: https://www.iimedia.cn/c460/64579.html
“There is huge potential for the silver economy in China. Never before has there been more disposable income for people over the age of 60 and the data show a positive outlook for more growth to come.”

Jin Wang, Chief Commercial Officer, HiNounou
Income level of China’s seniors

- From 2012 to 2018, the monthly pension of retirees over the age of 60 nearly doubled, and the disposable income of aging people increased.
- The average monthly pension for retired workers exceeded 3,000 RMB in 2018.

Pension levels in China

The better the local economy in the region, the higher the level of pension.

Average pensions for retirees by province in China
(RMB/month, 2017)

- Tibet Autonomous Region, The average pension for retirees is 4,143/month
- Qinghai Province, The average pension for retirees is 3,436/month
- Beijing City, The average pension for retirees is 3,770/month
- Shanghai City, The average pension for retirees is 3,799/month
- Zhejiang Province, The average pension for retirees is 3,190/month
- Retirees in China’s eastern coastal provinces have a high pension income. These provinces tend to have a higher level of economic development due to the early reform and opening up, as well as the advantageous regional geographical location. However, these regions have much more senior citizens than other provinces.

In addition, western provinces where ethnic minorities live in compact communities also have relatively high pension levels. Tibet has the highest pension in the country. State subsidies and fewer retirees are the main reasons for higher pension levels.

Source: http://blog.sina.com.cn/s/blog_5b22dc00e0102xkme.html
The market size of the silver economy has been rising for several years Along with the development of the elder service industry, China’s silver economy will sustain rapid for growth a few years
Baidu index analysis- Interest trends (1/2)

Baidu index of products for elderly

- The number of searches of products for elderly remained high from May to November, with the biggest day being Double 11 in 2018, China’s most popular online shopping carnival.

- When people search products for elderly on Baidu, they usually browse different types of products and e-commerce sites for senior citizens.

Data from 2018.6 – 2019.6

Baidu index of Pension services

- The number of searches of pension services peaked on April 17, 2019, when the government released the news about pushing forward the construction of pension service infrastructure.

- When people search for pension services on Baidu, they usually browse the latest pension policies and websites providing pension services.

Data from 2018.6 – 2019.6

Double 11, China’s most popular online shopping carnival

The government rolled out a package of specific measures to support aged services on April 17, 2019
Baidu index analysis - Interest trends (2/2)

Baidu index of nursing homes

- The number of searches of **nursing homes** fluctuated around the average index, and the search number reached the highest point at the beginning of the Chinese New Year.
- When people search **nursing homes** on Baidu, they usually browse the rates for nursing homes and how to run a nursing home.

Data from 2018.6 – 2019.6

Baidu index of elderly insurance

- The number of searches of **elderly insurance** fluctuated greatly, reaching its peak in December 2018, because December is the deadline for the payment of pension insurance for urban and rural residents.
- When people search **elderly insurance** on Baidu, they usually browse insurance products and the websites of insurance companies.

Data from 2018.6 – 2019.6
The most related keywords to “Products for senior citizens” are “Health care products for the elderly”, “Specialized shops for senior citizens” and “Health and fitness.”

Search index: low ● ● High
Search trends: ○ rising trend ▼ declining trend
Baidu Index – Semantic analysis (2/3)

The most related keywords to "Nursing home" are "Price", "Is it profitable to run a private nursing home" and "How much is the nursing home per month".

Search index: low ● ● ● High
Search trends: • rising trend  ❌ declining trend
The most related keywords to “Pension” are “Increasing”, “Pension calculation method” and “Latest news on pension increases”.

- **Search index**: low • • High
- **Search trends**: • rising trend ☢ declining trend
CONSUMER PREFERENCE
Senior citizens' favorite goods/services in major cities

- Shanghai's aging population likes buying clothes
- Beijing's aging population likes buying cosmetics
- Shenzhen's aging population likes buying cameras
- Hangzhou's aging population likes medical cosmetology
- Chengdu's aging population likes buying sports equipment
- Suzhou's aging population likes buying digital products

Source: silver group consumption upgrade report
http://www.100ec.cn/detail-647936.html
Leisure expenditure of China’s seniors (1/2)

- Tourism is one of the most popular leisure activities, seniors make up more than 20% of China’s tourists every year.
- In the next few years, senior citizens’ consumption on travel will keep rising along with the consumption upgrade.

The consumption of senior citizens' tourism
(billion RMB, 2016-2020)

Source: iimedia Research, PWC
https://www.iimedia.cn/c400/64579.html
Leisure expenditure of China’s seniors (2/2)

- Most seniors like vacation packages and short-distance tours, the most popular domestic destinations are Beijing, Guilin, Xiamen, Guiyang, and Urumqi.
- The most popular overseas destinations are Thailand, Japan and Malaysia.
- Senior citizens demand beautiful landscape, high-quality local goods and safety when traveling.

The main travel methods of seniors
(2018)

- 82% Package tours
- 18% Independent traveling

Different kinds of tours preferred by seniors
(2018)

- 47% Domestic short-distance tours
- 22% Domestic long-distance tours
- 11% Outbound short-distance tours
- 10% Islands tours
- 9% Outbound long-distance tours

Medical tourism of China’s seniors

- China's growing elderly population provides huge potential for the developing medical tourism market.
- From 2014 to 2018, there was a rapid increase in China's outbound medical tourism. The market size reaching 118.6 billion RMB in 2018, with more than 30.5% GAGR.

### China's medical tourism market size

**(billion RMB, 2014-2018)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (billion RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>40.8</td>
</tr>
<tr>
<td>2015</td>
<td>56.5</td>
</tr>
<tr>
<td>2016</td>
<td>73.2</td>
</tr>
<tr>
<td>2017</td>
<td>94.7</td>
</tr>
<tr>
<td>2018</td>
<td>118.6</td>
</tr>
</tbody>
</table>

Source: [http://free.chinabaogao.com/gonggongfuwu/201903/032540L4R019.html](http://free.chinabaogao.com/gonggongfuwu/201903/032540L4R019.html)
Participants in medical tourism

- There are three main types of companies in China’s medical tourism market, including online medical companies, overseas medical institutions and online travel agencies. Internet is an important way for medical tourists to obtain services and information.

- There is a complementary relationship among the 3 types of participants, and they work together to provide services for medical tourists.

**Online Medical Companies**
- Providing consumers with medical consultation, doctor appointment, disease management, medical knowledge and other services.

**Overseas medical institutions**
- Helping medical tourists to select the most suitable hospitals and experts worldwide, and providing full-service at home and abroad except medical treatment.

**China’s Medical Tourism**

**Online travel agencies**
- Providing tourists with comprehensive tourism services, including hotel reservation, flight booking and travel routes.

Source: http://www.sohu.com/a/292039973_152615
The most popular medical tourism destinations for Chinese

- East and South Asia are the top destinations for Chinese medical tourism, the United States and Western Europe are also pretty popular destinations.
- Distance and medical technology become important factors for Chinese medical tourists to choose destinations.

Top 10 overseas medical tourism destinations for Chinese tourists

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Flag</th>
<th>Rank</th>
<th>Country</th>
<th>Flag</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Japan</td>
<td><img src="flag" alt="Japan" /></td>
<td>6</td>
<td>Singapore</td>
<td><img src="flag" alt="Singapore" /></td>
</tr>
<tr>
<td>2</td>
<td>South Korea</td>
<td><img src="flag" alt="South Korea" /></td>
<td>7</td>
<td>Malaysia</td>
<td><img src="flag" alt="Malaysia" /></td>
</tr>
<tr>
<td>3</td>
<td>United States</td>
<td><img src="flag" alt="United States" /></td>
<td>8</td>
<td>Switzerland</td>
<td><img src="flag" alt="Switzerland" /></td>
</tr>
<tr>
<td>4</td>
<td>Taiwan</td>
<td><img src="flag" alt="Taiwan" /></td>
<td>9</td>
<td>Thailand</td>
<td><img src="flag" alt="Thailand" /></td>
</tr>
<tr>
<td>5</td>
<td>Germany</td>
<td><img src="flag" alt="Germany" /></td>
<td>10</td>
<td>India</td>
<td><img src="flag" alt="India" /></td>
</tr>
</tbody>
</table>

Source: [http://www.sohu.com/a/292039973_152615](http://www.sohu.com/a/292039973_152615)
Senior citizens exercise (1/2)

- The main exercise of China’s elderly people are walking/jogging, Tai Chi and dance. Among them, square dance is the most popular sports for elderly.
- More than half of aging people do exercise at least five times per week, basically in the morning and the night.

Weekly exercise frequency of China’s seniors (2017)

- 60.5% do exercises 5 times and more
- 22.8% do exercises 3-4 times
- 16.7% do exercises 1-2 times

Walking and jogging:
- Walking and jogging are both common exercise among seniors for its low intensity.

Tai Chi:
- Tai Chi is traditional Chinese martial art, it generally needs professional training.

Dance:
- Dancing in public squares and parks is very popular among China’s seniors.

Source: http://www.sohu.com/a/281327196_157078
Senior citizens exercise (2/2)

- As the most popular physical activity for the Chinese elderly (especially women), dancing already showed a large market potential in recent years. **In the evenings and mornings, seniors gather in parks and squares to dance.**
- In 2017, there were 100 million participants in China and they averagely spent 300-500 RMB/month on dance clothes and shoes.
- On Taobao/Tmall, the highest sales of dance apparel was in June and July. After that, the sales continually declined before March 2019. Which means summer is the most popular time period for dance.
The fashion and beauty of seniors

 On Taobao/Tmall, around 60% of the Chinese senior women buy cosmetics six times per year.

 In 2018, the average Chinese senior spent 1,500 RMB on new clothes.

 China's senior spending on medical cosmetics increased 4.4 times from 2017 to 2018.

The market size of elderly people’s fashion and beauty in China (2018)

- Cosmetics and skincare products: 200-300 billion RMB
- Clothes and shoes: 300-400 billion RMB
- Fashion: 100-200 billion RMB

Source: silver group consumption upgrade report
http://www.xinhuanet.com/video/sjxw/2018-11/05/c_129986072.htm?from=timeline

Source: https://36kr.com/p/5172640
“A promising market trend we are watching closely at HiNounou is the growing consumption of healthcare products by China's older generation.”

Hélène Zhu, Sales & Marketing Developer, HiNounou
Health care products for elderly (1/2)

The health care products market in China is steadily growing, almost half of the market share comes from seniors. Which means aging people are the most important consumers of China’s health care market.
Health care products for elderly (2/2)

- Despite more than half of seniors spent less than 1,000 RMB on health care goods in 2018, almost 20% of them were willing to pay for expensive products (higher than 5,000 RMB).
- Offline shops are still the main purchasing channels for elderly people, many of them lack of trust in the healthcare products from the Internet.

Senior citizens’ annual spending on healthcare (RMB, 2018)

<table>
<thead>
<tr>
<th>Annual Spending</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower than 1,000</td>
<td>55%</td>
</tr>
<tr>
<td>1,000-1,500</td>
<td>9%</td>
</tr>
<tr>
<td>5,000-10,000</td>
<td>8%</td>
</tr>
<tr>
<td>Higher than 10,000</td>
<td>28%</td>
</tr>
</tbody>
</table>

The main purchasing channels of health care goods for seniors (2017)

- Specialized health care shops: 38%
- Large pharmacies: 35%
- Cold calling: 7%
- Online shopping: 4%
- Teleshopping: 3%
- Others: 13%
Consumption of elderly care products

Reading glasses are the most popular goods since they are essentials in senior citizens’ daily lives. However, many of them are cheap and lack high-quality brands.

### Annual demand of reading glasses in China

<table>
<thead>
<tr>
<th>Product</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reading glasses</td>
<td>40 million glasses</td>
</tr>
<tr>
<td>Crutches</td>
<td>7 million glasses</td>
</tr>
<tr>
<td>Blood glucose meter</td>
<td>600 million RMB</td>
</tr>
<tr>
<td>Market size of the reading glasses in China</td>
<td>600 million RMB</td>
</tr>
</tbody>
</table>

The average price of reading glasses is less than 20 RMB

### The consumption of elderly care goods in China (2018)

- **Reading glasses**: 48.0%
- **Denture**: 27.0%
- **Sphygmomanometer**: 14.2%
- **Blood glucose meter**: 9.3%
- **Massage apparatus**: 9.3%
- **Wheel chair**: 3.9%
- **Crutches**: 3.3%
- **Deaf-aid**: 1.9%
- **Adult Diapers**: 1.0%

**Annual demands of reading glasses**

- **40 million glasses**
  - **Adult Diapers**: 4.2%
  - **Wheel chair**: 4.1%
  - **Denture**: 4.0%

**Annual demands of customized reading glasses**

- **33 million glasses**
  - **Denture**: 9.7%
  - **Blood glucose meter**: 5.5%
  - **Sphygmomanometer**: 5.0%
  - **Massage apparatus**: 4.3%
  - **Wheel chair**: 3.9%

**Market size of the reading glasses in China**

- **600 million RMB**
  - **Reading glasses**: 60%
  - **Denture**: 27%
  - **Sphygmomanometer**: 14%
  - **Blood glucose meter**: 9.3%
  - **Massage apparatus**: 3.3%
  - **Wheel chair**: 1.9%
  - **Deaf-aid**: 1.6%
  - **Adult Diapers**: 1.0%

**Annual demand of reading glasses in China**

- **33 million glasses**
  - **Denture**: 9.7%
  - **Blood glucose meter**: 5.5%
  - **Sphygmomanometer**: 5.0%
  - **Massage apparatus**: 4.3%
  - **Wheel chair**: 3.9%
  - **Deaf-aid**: 1.6%

**Market size of the reading glasses in China**

- **600 million RMB**
  - **Reading glasses**: 60%
  - **Denture**: 27%
  - **Sphygmomanometer**: 14%
  - **Blood glucose meter**: 9.3%
  - **Massage apparatus**: 3.3%
  - **Wheel chair**: 1.9%
  - **Deaf-aid**: 1.6%
  - **Adult Diapers**: 1.0%
Senior citizens’ online shopping

- China has had more than 30 million middle-aged and elderly people (above 50 years old) who shop online, 7.44 million people of them were older than 60 years old. Senior citizens showed a huge market potential as online consumers.

- More and more senior citizens start to use mobile apps for their online shopping.

The channels of seniors’ online shopping on JD (2015-2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile</th>
<th>Computer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>31.69%</td>
<td>68.31%</td>
</tr>
<tr>
<td>2016</td>
<td>53.32%</td>
<td>46.68%</td>
</tr>
<tr>
<td>2017</td>
<td>63.72%</td>
<td>36.28%</td>
</tr>
</tbody>
</table>

Source: father and mother's mobile Internet report
http://wemedia.ifeng.com/35683451/wemedia.shtml
Source: 2017 old people online shopping trends report
Senior online consumption is becoming increasingly diversified

- By June 2018, China had more than 50 million Internet users over the age of 60, which means one of five senior citizens are netizens.

- In 2018, the registered users on Tmall.com (a very popular China’s e-commerce platform) among senior citizens exceeded 7.5 million.

Source: https://www.imedia.cn/c460/64579.html
http://m.sohu.com/a/253776152_162281
More senior citizens accept mobile payment

Most aging people are willing to use mobile payment methods, personal info disclosure is the main issue for them.

Compared to 2017

The number of senior citizens who used mobile payment doubled in 2018

Senior citizens who used scan face and fingerprints payment increased 20% in 2018

Senior citizens who used QR code payment increased 2.5 fold in 2018

Senior citizens’ experience and feedback on mobile payment (2018)

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is using mobile payment easy?</td>
<td>Easy</td>
<td>87.0%</td>
</tr>
<tr>
<td></td>
<td>Uneasy</td>
<td>13.0%</td>
</tr>
<tr>
<td>Have you ever been deceived when using mobile payments?</td>
<td>Had experience of being deceived</td>
<td>13.5%</td>
</tr>
<tr>
<td></td>
<td>Never been deceived</td>
<td>86.5%</td>
</tr>
<tr>
<td>Are you worried about disclosing personal info?</td>
<td>Worried about it</td>
<td>50.0%</td>
</tr>
<tr>
<td></td>
<td>Not worried about it</td>
<td>50.0%</td>
</tr>
</tbody>
</table>

Source: silver people consumption upgrade data
http://www.xinhuanet.com/video/sjxw/2018-11/05/c_129986072.htm?from=timeline

Source: iimedia Research
https://www.iimedia.cn/c400/64579.html
ELDERLY CARE SERVICES
“Significant socio-economic shifts in China are impacting the way we care for our aging population. This means that we must also make adjustments at the national, community and individual level to ensure our citizens receive the best healthcare possible.”

Lily You, Chief Wellness Officer, HiNounou
The market size of the elderly care services

- The market of the elderly care services is booming due to the dramatically aging population in China.
- In 2018, more than 20 million senior citizens live alone and some of them are disable. Many of them are in need of professional care.

What kind of services do senior citizens need

- The most important services for the urban elderly are housekeeping and nursing care.
- The market of housekeeping services for senior citizens has been rising for several years, since the increasing number of empty nesters in China.

### Market size of housekeeping service for senior citizens (billion RMB–2014-2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>44.7</td>
</tr>
<tr>
<td>2015</td>
<td>48.1</td>
</tr>
<tr>
<td>2016</td>
<td>57.0</td>
</tr>
<tr>
<td>2017</td>
<td>75.9</td>
</tr>
</tbody>
</table>

### The demands of different services for the urban elderly in China (2018)

- **Housekeeping service**: 42.49%
- **Nursing service**: 30.39%
- **Accompanying & Chat**: 23.33%
- **Law service**: 3.79%

Source:
- Housekeeping service: [Forward-The Economist](https://www.qianzhan.com/analyst/detail/220/190403-0e778b8b.html)
- Nursing service: [Trade In Services](http://tradeinservices.mofcom.gov.cn/article/yanjiu/hangyezk/201812/74501.html)
- Accompanying & Chat: [Trade In Services](http://tradeinservices.mofcom.gov.cn/article/yanjiu/hangyezk/201812/74501.html)
- Law service: [Trade In Services](http://tradeinservices.mofcom.gov.cn/article/yanjiu/hangyezk/201812/74501.html)
The main models of elderly nursing services in China

- In China, there are three different methods of the elderly care services: 1) In-home care 2) Community care 3) Nursing homes

- Nursing homes are becoming more important since it offers more knowledgeable and professional nurses and medical care.
Consumers’ questions on Zhihu

Q: Why Chinese people are unwilling to send their parents to a nursing home?

A: In addition to the high expenditure in a private nursing home, the root reason that stops elders going there is the basic concept of most Chinese people. Actually, most senior citizens would go to the nursing home only when they have no choice. Some services provided by the nursing home make them hard to be trusted. Also, some negative news influenced the people who want to send their parents to a nursing home.

The most common questions and posts about nursing homes:
- Why are Chinese people unwilling to send their parents to a nursing home?
- Is there any premium nursing homes that offer high-quality services?
- What the elderly should know when choosing a nursing home?

Q: What are the best nursing homes in Beijing?

A: I had field research on a few premium nursing homes in Beijing for my parents. They all have their own distinguishing features. For example, Hexi nursing home is professional and can offer high-quality services. Gongheyuan has the best location with nice service. Taikangyanyuan provides good facilities but the price is a little bit high.
Consumers’ positive perceptions

Positive perceptions on Weibo & Wechat:

• Professional medical services in the nursing home.
• The nursing home has companionship and nursing care for the elderly.
• Nursing homes usually have a clean and healthy environment.

One reply written under one article about nursing home

I think it could be good for senior citizens to live in the nursing home! My mother is 88 years old and she is living in a nursing home at present. At the beginning, she was unwilling to go there, but now, she was so happy to live there because there are many people in her age can accompany her. Every time when we visit her, she is always sharing her happiness.
Consumers’ negative perceptions

Negative perceptions on Weibo & Wechat:
• Some violent incidents in nursing homes reduced people’s trust.
• The lifeless ambiance in some nursing homes.
• Some staff lack professional training about taking care senior citizens.

Post from people.cn: In a nursing home located in Jilin, one staff used shoes to hit old people.
Reply from on netizen: I’ll never let my parents live in nursing home in the future. We know nothing about the staff working there, maybe they never had access to education and don’t know how to treat old people. So, if you have the ability to take care of your parents, please don’t send them to a nursing home.
The fast-growth of nursing home institutions

- The nursing home market is growing very fast in China with the increasing demand for eldercare.
- The Chinese government is leading the development of nursing homes, however the government encourages more private enterprises and investors to enter the market.

**The nature of nursing home in China (2018)**

- State-owned institutions: 2.69%
- Private enterprises: 19.17%
- Others: 78.14%

**The number of nursing homes in China (thousands – 2014-2018)**

- 2014: 94 thousand
- 2015: 116 thousand
- 2016: 140 thousand
- 2017: 155 thousand
- 2018: 170 thousand

Source: Forward-The Economist
https://www.qianzhan.com/analyst/detail/220/190130-56f185e1.html
The demand for nursing homes exceeds the supply

China has a huge demand for nursing homes.

249 million people

In 2018, the aged population exceeded 249 million in China. Many of them need nursing services.

About 10%

Among those senior citizens, about 10% of them are willing to live in the nursing home, making the demand about 25 million.

9 million

But, the total number of nursing home’s beds can’t meet the demand. There is more than 9 million supply gap (number of beds).

Source: Forward-The Economist
https://www.qianzhan.com/analyst/detail/220/190111-3258e495.html
Drivers and obstacles for the nursing home in China

**Obstacles**

**Traditional culture**
It is against to Chinese tradition. It is difficult for both elderly and family members to accept elderly living in the nursing home, as their children believe it is their responsibility to take care of their parents.

**Negative image**
Some family members generally have a negative image (such as the smell of medicine, no privacy, etc.) regarding the hospital and nursing home, and believe care at home is better than institutions.

**Drivers**

**Safety and service guarantee**
It is affirming for family members to know that nursing home has a safety system, which includes the facilities and staff. Also, the nursing home can offer professional care that family cannot.

**Lack of ability and time**
Younger generations are moving away from their hometowns for opportunities, therefore they have less time to take care of their elderly parents. In-home care staff often lack skills due to the limited knowledge and experience. Thus, the nursing home is a good option.
MARKET TRENDS ANALYSIS
Trends

I. Consumption upgrade

Except for cheap daily-use products, middle and high-income senior citizens start to consume more on leisure and fashion & beauty, such as tourism and cosmetics.

II. The channels of consumption are diversifying

Senior citizens are slowly embracing mobile payment, they will learn to use more mobile apps along with the recommendation from their children.

III. Elderly nursing and health care is developing fast

Due to the aging population, nursing care services/goods are rapidly growing and they will be accepted by more families.
END.