

BUSINESS

Your longevity is good for business

By Dan Kadlec

GLOBAL BUSINESSES WOULDN'T THINK OF IGNORING China. Nearly all of the *Fortune* 500 companies have a presence there. Flooding into new markets makes sense, especially one with 1.4 billion people. So why aren't more businesses targeting people age 50-plus? This is a global market nearly the size of China, and it is entirely new in the sense that people this age have never before had so much spending power, staying power and ambition. "The problem is a total absence of imagination," says Joseph Coughlin, director of the MIT AgeLab, which studies longevity. "Marketers still present these years as filled with golf, cruises and a rocking chair."

That model of later life may be dated, but it's a struggle to fully understand what is replacing it. Here's the way experts on aging describe it: People past 50 control 70% of the nation's disposable income. If they aren't working, they may be volunteering, starting a small business or nonprofit, or taking enrichment classes. Many remain socially active and want to look and feel great—and will spend to get that experience. "The next generation of retirees expects to go out in fashion and with style," says Coughlin.

Businesses that understand how to deliver this experience will mint profits over the next few decades. Those that see the opportunities of longevity purely in terms of medicine and travel "miss the true panorama of what is coming," says Ken Dychtwald, CEO of Age Wave, a consultancy that studies boomers. "Big marketing opportunities are hiding in plain sight."

Dychtwald sees a retirement-age population that moves or remodels their homes a couple more times, flocks to designer labels that flatter their reshaped bodies, frequents restaurants with menus that feature anchovies and blue cheese and other strong flavors that break through faltering taste buds, and eats nutritionally sound bedtime snacks engineered to help them sleep better. They make hits of movies that tell a moving story rather than pile on special effects.

Some companies are already seizing the moment. Paul Hogan and his wife founded Home Instead Senior Care two decades ago, and he now runs the \$1.5 billion enterprise with 1,000 locations in 17 countries. Home Instead offers seniors companionship, meal preparation, light housework, medicine reminders and other personal services. "The senior population is a great market," Hogan says. "Just find out what they need."

Bank of America Merrill Lynch a few years ago reoriented its wealth-management business around the evolving priorities of retirees with a long runway. The bank hired a financial gerontologist and last year put the first wave of financial advisers through a 12-hour online program directed by the University of Southern California Leonard Davis School of Gerontology. "We want them to understand the physical, cognitive and emotional challenges people are going through," says Andrew Sieg, head of global wealth and retirement solutions at Bank of America Merrill Lynch. While the effort is new, Sieg says it helped

push the bank's trust and retirement businesses to record results last year.

Nestlé is pioneering a marketing strategy around skin care, banking on millions of longer-living customers' wanting products like its Cetaphil lotion to reduce redness and itching. Such products had a relatively small market only a few years ago but now have "unlimited potential," says Peter Nicholson, vice president of business development at Nestlé Skin Health. Internal studies show that elders with healthy skin are more confident, he says, adding that he sees an opportunity to market Cetaphil to young people too as they understand that they may live to 100 and can take measures to have better skin later on.

"We are barely scratching the surface of the business opportunities out there," says Michael Hodin, CEO of the Global Coalition on Aging, which seeks market solutions for problems flowing from an aging population. In a report last year, McKinsey called longevity one of four megatrends reshaping the world. "Everything has to be put through the lens of longevity," says Hodin. But the number of companies screening their business plan this way is "infinitesimal."

The longevity screen is about not just what you can sell to seniors but also how you can attract them to your workforce. About 60% of the world's population is in countries with fertility rates below the replacement rate, McKinsey notes, pointing up the likelihood of a shrinking labor force. We're already running low on farmers, nurses, engineers, air-traffic controllers, skilled laborers in areas like mechanics and welding, and even doctors.

Companies with flexible job schedules and a supportive culture will have a leg up. Hodin's group promotes a set of age-friendly business principles: age-neutral hiring and promoting, lifelong learning opportunities, health and pension contributions, financial-wellness programs, promoting active lifestyles and honoring employee caregiver responsibilities. "Addressing these is how you win in today's market," he says.

That assumes you are creating products and services for people past 80. "Longevity," says AgeLab's Coughlin, "will be one of the greatest drivers of innovation the next 100 years." □

GROWTH MARKETS



Clothes New brands may focus on catering to elders' changing figures



Food Restaurants with bolder flavors and snacks with health benefits



Movies Films for the aged will focus on story over blockbuster special effects



Cosmetics Skin care, for one, is expected to grow as people try to cope with age



Housework In-home services from cleaning to meal prep