

Chapter 3

Study 5: Market for products and services targeting older people in Thailand

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Chapter 3

Study 5: Market for Products and Services Targeting Older People in Thailand

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1. Introduction

This study explores products and services available to older people. The study's methodology consists of desk research and market surveys at supermarkets, convenience stores, and online stores such as Lazada and Shopee. Examples of keywords used are 'elderly', 'old people', 'golden age', '60+', 'retiree', the term 'products and services' in general, and specific names for products and services such as skincare, toothpaste, medical equipment, nursing home, health insurance, amongst others. The objective of the study is to (1) recommend ways that Thai entrepreneurs can capture great benefits from high-potential elderly markets in Thailand and abroad, and (2) improve the quality of life of older people with products and services.

The proportion of people aged 60 years or older will be more than 20% in 2025 and more than 30% in 2031. The population is ageing rapidly, but not many products and services target older people. Entrepreneurs ignore this market because it is considered small. Most entrepreneurs lack understanding of the behaviours of this group of consumers, who, although highly educated, health conscious, and internet savvy, are mostly 'silent consumers' online (Positioning, 2016 [2559 BE]). As a result, entrepreneurs are unaware of this group of consumers' unmet needs. The Kasikorn Research Center (2018 [2561 BE]) study on the market for elderly-targeted products and services found different behaviours amongst older people of different age groups:

1. 'Young-old' (60–69 years old) tend to be health conscious and open to new things, have modern lifestyles, increasingly use new technologies, and shop online.
2. 'Middle-old' (70-79 years old) tend to stay in and prefer to share activities with family members. Some may have underlying conditions that require care or precautions, may have declining physical capabilities, or face loneliness.
3. 'Oldest-old' (80 years and older) also tend to stay in and prefer to share activities with family members. They are more likely to have underlying conditions and become increasingly dependent. Some may become fully dependent and need care.

Products and services that target older people are categorised into nine groups, described in the following section.

2. Products and Services for the Elderly

2.1. Health Food and Beverages

The players in this category are large multinational firms such as Charoen Pokphand Foods, Fonterra (Thailand), Cerebos (Thailand), Abbott Laboratories (Thailand), and AB Food and Beverages (Thailand), and small and medium-sized firms such as Dairy Home and Kin Yoo Dee (บริษัท กิโนอยู่ดี จำกัด). Products include basic health food such low-fat food with no cholesterol, low- or no-sugar food, vegetarian food, health supplements, bird's nest soup, and chicken-extract soup, and more advanced functional food such as smart soups, smart drinks, and egg albumin (Positioning, 2019 [2562 BE]).

The Expert Centre of Innovative Health Food of the Thailand Institute of Scientific and Technological Research has invented many innovative foods and beverages targeting older people and health-conscious consumers and is willing to share its knowledge with entrepreneurs. Examples of products are ready meals for those with heart disease and arteriosclerosis, diabetes, gouty arthritis, and osteoporosis; probiotic fruit; and functional beverages from natural sources, amongst others.

2.2. Lifestyle Products

The products include toothpaste, mouthwash, personal care, undergarments, shoes, and skin care and anti-ageing natural cosmetics. Major players are familiar companies such as P&G, Lion (Thailand), GlaxoSmithKline, and ICC International, amongst others. Thai entrepreneurs find adult disposable diapers the most attractive product because they are in high demand and there are a few brands in the market. Well-known brands are Lively from Unicharm, a Japanese personal care group; Certainty from DSG International (Thailand), which was recently acquired by Unicharm (*Asian Nikkei Review*, 2018); Harmony from Elynn Laboratory; and Secure, which is imported and distributed by the Marketing Intelligence Group (Prachachat, 2018 [2561 BE]). Thai entrepreneurs that can serve this market with more environmentally friendly products will be hugely profitable.

2.3. Real Estate

Some stand-alone houses or condominiums have universal design and care facilities for older people. Some real estate companies provide additional services such as life insurance, testaments and wills, and inheritance management. Some companies offer a contract to repurchase the property at a predetermined price when the buyer passes away. Well-known projects are Sawangkanives, Bussayanives, Wellness City, and Villa Meesuk. Sawangkanives, owned by the Red Cross, asks for a one-time donation of THB650,000 to THB1.8 million and a fee of THB2,500 per month. Bussayanives, under the Foundation of His Holiness the Supreme Patriarch of Thailand, asks for a donation of THB200,000–THB250,000 and a fee of THB1,500–THB2,500 per month. Wellness City and Villa Meesuk sell stand-alone houses and condominiums for THB2.7 million–THB4.4 million

(Prachachat, 2017 [2560 BE]). Jin Well Being County, a retirement living complex under the Thonburi Healthcare Group, is a new project in Rangsit, which aims to meet all active-living and assisted-living needs of senior citizens and their families, including physical health, mental well-being, and financial stability..

Some real estate projects target high-income foreign elderly, such as Kamala Senior Living in Phuket, Sunplay Bangsaray and Scandinavian Village in Chonburi, Sansara in Hua Hin, and Prachuap Khiri Khan and Hospica Villa in Chiangmai. A unit costs THB5 million–THB30 million.

Overall, demand is much greater than supply and most projects target middle- and high-income buyers. In January 2017, the Treasury Department, Ministry of Finance received cabinet approval to invest in a project to establish Ramathibodi Hospital of Mahidol University, Thailand's first state-owned senior complex in Bang Phli, Samut Prakan province. Residents will pay a lump-sum fee of THB1 million for a 30-year stay and a monthly rent of not less than THB10,000 a month for services. However, the figures will depend on the designs submitted by winning contractors. The department is planning similar projects in Chiang Rai, Chiang Mai, Nakhon Nayok, and Chon Buri, with plans to offer a total of 400,000 residential units.

2.4. Public and Home Renovation with Senior-friendly Equipment or Facilities

As Thailand becomes an aged society, there will be increasing demand to renovate public and residential facilities to accommodate the needs and safety of older people. Major players such as Siam Cement Group, Boonthavorn, HomePro, and Hafele (Thailand) are already active in this market. Products are railings, electric beds, corner staircases, door bars, stair lifts, anti-slip sheets, motion-sensor lights, and impact absorption floors, amongst others. Siam Cement Group has introduced Eldercare Solution whilst HomePro has introduced Elder Living to offer products and consulting services for their customers.

2.5. Medical and Therapeutic Equipment

Firms such as Unity Meditec, Matsunaga (Thailand) offer medical and therapeutic equipment for hospitals, clinics, and residents. Their products are parallel bars, electric adult tilt tables, balance beams, hydrocollators, wheelchairs, and electric beds, amongst others.

2.6. Mobility Products and Services

This category includes elderly-friendly vehicles such as specially designed cars and vans with ramps and space for wheelchairs, and electric scooters. Eton Group is the leader in this market, importing cars for older people from Japan for more than 25 years. It offers multipurpose cars such as Alphard and Vellfire, costing THB3.5 million–THB4.0 million. In the past, the sales were not high because the cars are expensive. However, as Thailand

ages, Eton Group plans to launch more marketing campaigns to promote their products to Thai customers (*PostToday*, 2018 [2561 BE]). The category includes taxi service for older people who need transport to hospitals, department stores, and temples, amongst others. Senior Taxi Thailand, which has just changed its name to Go Mamma, is the first taxi company that targets older people. The company not only arranges transportation but also provides care helpers to accompany older people on their errands, if needed (*Thai Post*, 2018 [2561 BE]).

2.7. Investment, Life Insurance, and Health Insurance

Many commercial banks and insurance companies have introduced products especially for older people, including savings, healthcare, accident, and life insurance for people aged 50, 55, and 60 years and older. Data from the Thai Health Promotion Foundation showed that more than 30% of Thais are not financially prepared for retirement. Only 15 million of working people save for retirement and their average savings might not be enough to support a good living standard (*Manager Online*, 2018 [2561 BE]). Thais need financial and insurance products to help them better prepare for post-retirement life.

2.8. Care Services for Older People

According to the Department of Business Development, Ministry of Commerce, there are 800 registered care services in Thailand. The department has classified care service into six types of business; nursing homes have the highest market share at 62% whilst home care ranks as second with a 20% market share. Other types of business include day care, long stay, social welfare development centres such as Ban Bang Khae, and health promotion centres. A study by the Thailand Development Research Institute showed that there were about 12 home care providers in 2016 with a total revenue of THB74 million. The top-three market leaders are Junior & Senior Home Health Care, Kronus (Thailand), and Thai Riei. JS Home Health Care, a subsidiary of Kluaynamthai Hospital, had 42.44% market share. Kronus (Thailand), a joint venture of Thailand, Singapore, and Malaysia, had 33.89% market share, followed by Thai Riei, with 8.34% (Thailand Development Research Institute, 2019 [2562 BE]). With only three firms controlling more than 80% of the total market, sellers have more market power than buyers (oligopoly market structure). Firms compete mainly on quality and standard of service, not on price. The home care business is different from the nursing home business, which has more rules and regulations; therefore, we see international players in the home care business. Under this category, we include home helpers, caregivers, and training for these professionals.

2.9. Media and Entertainment

Radio and TV have become less popular amongst younger people, and some channels cater mainly to older people, entertaining them and giving them health information. Since older people tend to stay home watching TV or listening to radio, Thai entrepreneurs can use these channels to sell their products. Tour companies that want to expand their

business to older people should focus on health or culture, with light activities, spend ample time at each destination, and install facilities for older people in tour buses.

3. Key Success Factors for Elderly-targeted Products and Services

Based on the findings of the market survey and the author's teaching experience at Thammasat Business School, the following factors are key to succeed in businesses targeting older people:

1. attention to quality and standards;
2. elderly-friendly and safe designs;
3. reasonable pricing; and
4. attention to the preferences of older people's children or caretakers, who make buying decisions and are the main income sources.

4. Recommendations for Entrepreneurs Focusing on Older People

- 1) Entrepreneurs should identify target market segments, according to age, characteristics, and socioeconomic status or income level, and propose products and services that meet the segments' needs.

For example, the high-income 'young-old' (60-69 years) want healthy and organic food or lifestyle and fashion products because they want to take good care of themselves, are still young at heart, and want to look young. However, products and services for the 'oldest old' (80 years and older) might be functional food, home helpers, or nursing home service.

- 2) The high-income 'young-old' should be targeted first. The segment is more financially independent than older segments and will need products and services for a longer time. Profits from the higher-income segment can subsidise lower-income segments.

A good example of the cross-subsidisation model is Siriraj Hospital of Mahidol University, the largest public hospital in Thailand. In April 2012, Siriraj Hospital opened Siriraj Piyamaharajkarun Hospital, positioned and operating as a private hospital, to serve high-income patients. An objective of Siriraj Piyamaharajkarun Hospital is to use its revenue and profit to subsidise the operation of Siriraj Hospital.

- 3) Products and services should target not only Thai older people. The world is ageing and foreign older people might have more purchasing power. Entrepreneurs should design their products for the global not just the Thai market.

Thailand has a competitive advantage and good reputation in two industries: food and hospitality. The government's goal is for Thailand to be a 'kitchen of the world' and a medical hub of Asia. Thai entrepreneurs should focus on healthy and organic

food and aim to serve the global market. Thai entrepreneurs should consider the home helper and nursing home businesses. Thais are known for their friendliness, generosity, and great service. As the 'oldest-old' segment increases, these two businesses will be in high demand. After saturating the domestic market, Thai entrepreneurs might consider sending professional caregivers abroad.

- 4) In some industries that lack expertise or state-of-the-art technology, Thai entrepreneurs might consider having foreign partners help them be more competitive.

An article (Quartz.com, 2018) ranked Norway, Sweden, the United States, the Netherlands, and Japan as the top-five best countries for older people to live in, because they are well supported in terms of (1) productivity and engagement, (2) well-being, (3) equality, (4) cohesion, and (5) security. Firms in these countries have more experience in providing advanced products and services for older people. By partnering with these foreign firms, Thai firms can learn a lot.

This study shows that the market for older people or the 'silver' market has high potential for growth; Thai entrepreneurs must not ignore this opportunity.

The study is preliminary and was conducted from November 2018 to June 2019. Further research on market size, competition, and major players is recommended for entrepreneurs interested in the market.

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