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BUSINESS MODEL DEVELOPMENT FOR THE SILVER
ECONOMY MARKET

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Title
Business Model Development for the Silver Economy Market

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Abstract

This thesis is a business model development and innovation thesis as a part of the Silver Economy Project at Karelia University of Applied Sciences.

The Silver Economy, which consists of people aged 50 or over, is projected to grow in the coming years. The aging population is often considered as a problem in society. The Silver Economy consumers simultaneously present new opportunities for businesses to develop their products and services to take advantage of the needs of this growing segment.

The goal of this thesis is to examine the theory behind business model development and how it can be applied to the Silver Economy market. The specific needs of the aging consumers are investigated through the example of the retail industry. Qualitative research in the form of interviews was conducted in order to understand the approach businesses have taken to develop their business models towards the Silver Economy.

According to previous research and this thesis, there are some factors shared among Silver Economy consumers in regards to business development. Needs arising from aging, the importance of listening to customer feedback, and consideration of their individual needs are of high priority.

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Nimeke
Liiketoimintamallien kehittäminen Silver Economy -kuluttajille

Toimeksiantaja
Silver Economy –projekti, Karelia Ammattikorkeakoulu

Tiivistelmä

Tämän opinnäytetyön aihe on liiketoimintamallien kehittäminen 50+ kuluttajille ja se on osa Silver Economy -projektia Karelia Ammattikorkeakoulussa.

Silver Economy on markkinasegmentti, joka koostuu yli 50-vuotiaista kuluttajista, joiden määrän odotetaan kasvavan tulevaisuudessa. Ikääntyvä väestö yleisesti nähdään ongelmana, mutta samanaikaisesti he myös tuovat esiin uusia mahdollisuuksia yritysten liiketoimintamallien, tuotteiden sekä palveluiden kehittämiseksi.

Tämän opinnäytetyön tavoitteena on tutkia liiketoimintamallien kehittämisen teoriaa, sekä miten sitä voidaan soveltaa Silver Economy -markkinoihin. Esimerkkejä kehityksestä tutkitaan vähittäistavarakauppojen ja palveluiden kautta. Kvalitatiivisia tutkimusmetodeja käyttäen suoritettiin haastatteluita yritysten ja asiantuntijoiden kanssa heidän kokemuksiansa selvittämisessä.

Tutkimuksen ja tämän opinnäytetyön mukaan, joitain yhtäläisyyksiä on havaittavissa Silver Economy -kuluttajien preferensseissä. Tarpeet, jotka ilmenevät ikääntymisen myötä, sekä kuluttajien individuaaliset mieltymykset korostavat asiakkaiden palautteen huomioon ottamista ja heidän tarpeidensa huomiointia.

Kieli
suomi

Sivuja 46
Liitteet 2
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Asiasanat
liiketoimintamallien kehittäminen, innovaatio, silver economy, 50+ ikäluokka

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Appendix 1 The age friendly business check-list

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1 INTRODUCTION

This thesis was commissioned by the Silver Economy project at Karelia University of Applied Sciences and is a part of mandatory studies in the Bachelor's degree programme of International Business. The main purpose of this thesis is to research the methods for business model development for the Silver Economy market, and to examine the opportunities that exist for companies in that market segment. In order to research the topic, a theoretical framework for business model development was combined with the implementation of empirical research.

The research methods used were first to analyze statistics and relevant information about the Silver Economy market demographic and trends of aging populations. Following that, literature and research about business model development and innovation were investigated and further focused on the development of business models especially for the Silver Economy market. This was continued with the implementation of empirical research in the form of interviews in order to research real world companies' approach to developing a business model for the Silver Economy market. The thesis is concluded with analyzing the results of the research and discussion on the general applicability of the findings.

The term "Silver Market" or "Silver Economy Market" has many definitions depending on by who or where it is used. For the purpose of this thesis, the term "Silver Market" is used to refer to people aged 50 or 55 and older following the definition also used by Kohlbacher and Herstatt (2008). Going by this definition, the proportion of the Silver Economy market has been increasing in developed countries for over 50 years and is projected to reach less developed countries within this century. On a global scale, the proportion of the elderly population surpassed the number of young children (under 5-years old) in 2018 for the first time in history. Generally, people achieve their highest gross income when they are over 50 years old, which makes this a lucrative market target for many companies (Euromonitor 2018; IRS 2016). Even with this being the case, it has been suggested that the development of products and services for the Silver Economy

market is underutilized, and the market potential continues to be widely unrecognized (Arensberg 2018).

The empirical research was implemented as email interviews with representatives located in Europe. The theoretical framework consisted mainly of resources and research from Europe and America. In addition, some cases from Asia were reviewed.

1.1 Research problem and goal of the thesis

The research problem this thesis focuses on the disconnect between the widely recognized trend of the aging population and the lack of innovation and development from companies to develop business models to accommodate the demographic change. This thesis focuses on analyzing and researching methods and solutions for developing successful business models for the Silver Economy market. The goal of the research is to identify common elements from a previously implemented business model development targeting the Silver Economy market, and to further suggest how companies can stand to benefit from it.

1.2 Structure and implementation

The theoretical framework of the thesis includes two main aspects: the first is an analysis of the Silver Economy market demographic structure and the markets' economical aspects. This is done in order to understand the reasons behind the necessities and benefits of companies focusing their development and innovation on the Silver Economy market. Secondly, the general theory of business model development and innovation is investigated. This is followed with a closer look into the development of business models specifically for the Silver Economy market using the retail industry as an example. The combination of these two factors is the main research goal and problem of the thesis. In research methods, arguments and justifications for the methodology used is presented. The empirical

research that was conducted follows with questions that arose from previous research and an analysis of relevant literature. The main goal of the research was to investigate and identify common aspects in businesses that have identified the Silver Market as their target consumer segment. Following the primary interview results, the gathered answers are analyzed, and a discussion about the results is presented. Finally, conclusions summarize the main findings of the thesis and suggest ideas for future research.

2 SILVER ECONOMY MARKET

In order to understand why it is necessary for businesses to focus their development and innovation on the Silver Economy market, an overview of the market segment and current demographic trends is necessary. As a demographic, 50-year and over consumers present new opportunities for businesses. With the growing size of the aging population and people's income increasing with age, there currently exists a market segment that is often overlooked by businesses.

2.1 Demographic overview

As a trend it is well known that with the rise of life expectancy and decreasing birth rates, the population structure is skewing older. In 2018 for the first time in history, the number of people over the age of 64-year old surpassed the number of those under the age of 5 globally. This is a development that has been observed in well developed countries for over 50 years (Ritchie and Roser 2019). This means that in the future the numbers of those in the elderly population will be even more pronounced than it is today. As Figure 1 shows, in Europe 2020 the elderly population makes up around 20% of the whole, and as a trend the portion will continue to grow. In the data the numbers of the young population will remain stable at around 15%, while the number of working age people is projected to decrease (UN 2017).

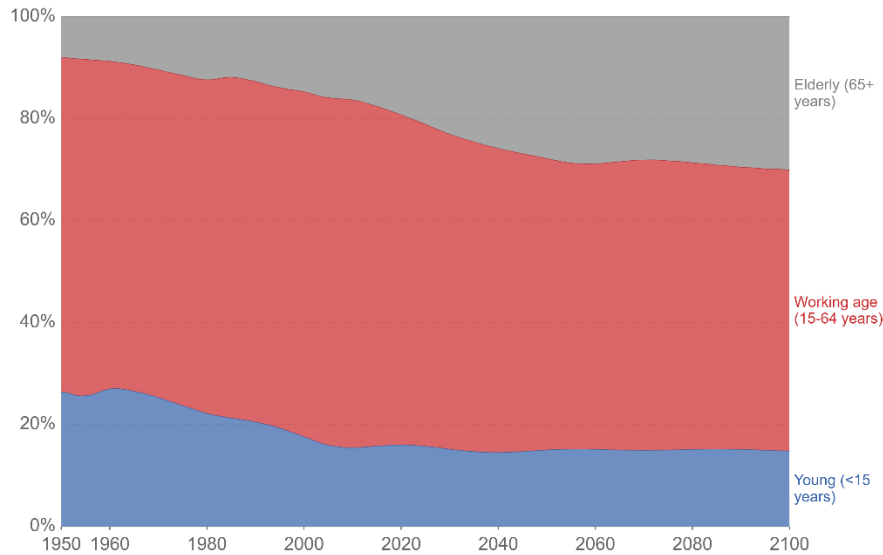


Figure 1. Size of young, working-age, and elderly populations, Europe 1950-2100 (projected), UN medium scenario (Source: UN World Population Prospects 2017).

Proportionally the amount of population over the age of 64 will continue to increase; in 2025 the elderly population is projected to make up 10% of the global population, while the younger age groups will decrease in comparison, as Figure 2 shows (Martins, Yusuf & Swanson 2012, 170).

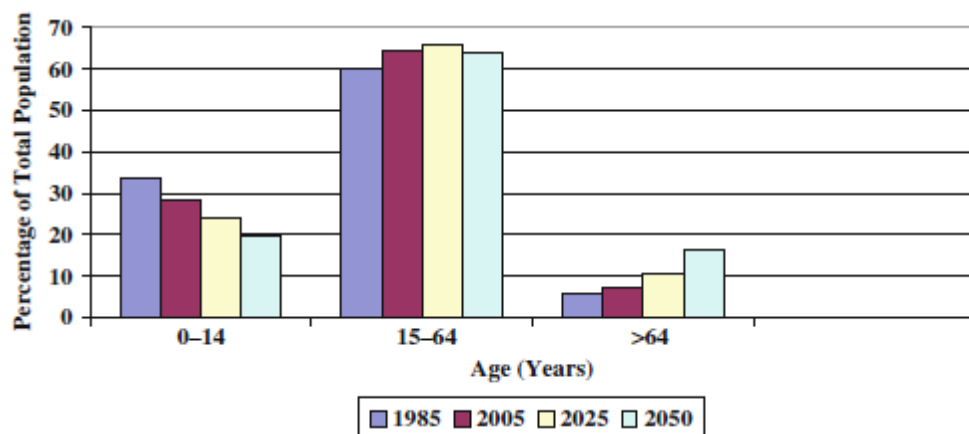


Figure 2. Age distributions of the world population - percentages 1985, 2005, 2025 and 2050 (Source: Martins, Yusuf & Swanson 2012).

Analyzing the data reveals that in 2025 the numbers of the working age population will increase, but in 2050 decrease in favor of growth in the elderly population. This can be explained by the decreasing birth rates in developed countries and increased life expectancy. The 65+ age group is the fastest growing age group with an expected 3.7% yearly growth, while the age group of 0-14 will grow only by 0.8% (Euromonitor 2018). The trend of the aging population is commonly seen as a problem, but also it presents an opportunity for companies that can develop their business models to meet the Silver Economy market's needs.

2.2 Economy of the Silver Market Economy

With the trend of increasing numbers of 50+ consumers, the spending power of the Silver Market Economy market segment can be expected to continue to grow in the future (Euromonitor 2018). In their 2018 consumer key insights, Euromonitor reports that the 55-59 age group will have the highest average gross income globally. The findings in Figure 3 (Internal Revenue Service 2016) regarding the United States are in line with Euromonitor's findings.

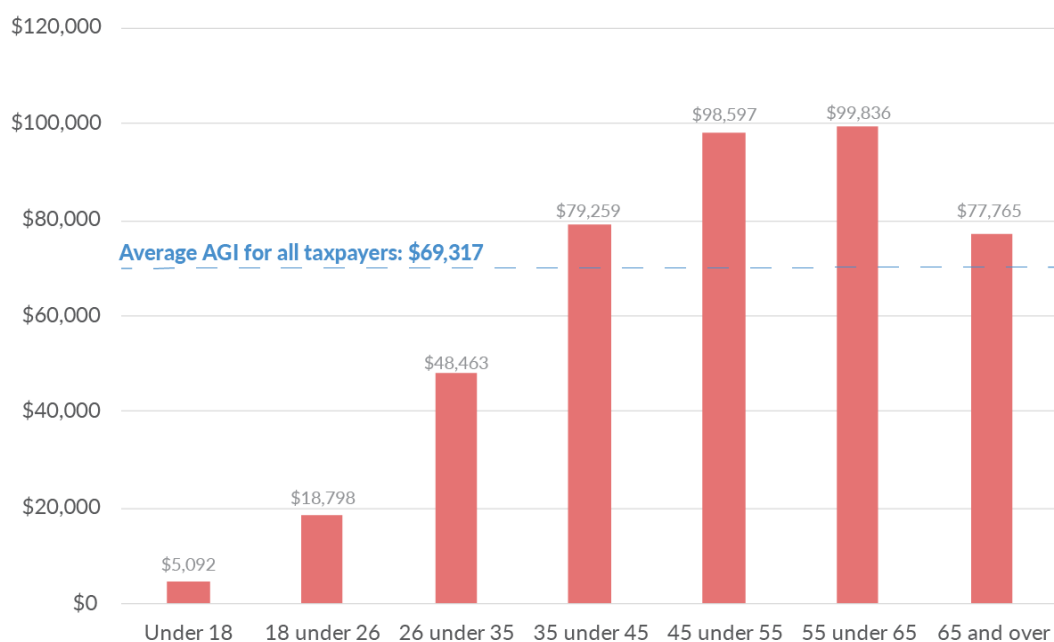


Figure 3. Average adjusted income by age (US) 2016. (Source: Internal Revenue Service 2016)

Inspecting the figure more closely, statistics gathered by the Internal Revenue Services (2016) in the United States show that income level increases with age. For people aged 26-36 the average adjusted income was 48,606€ (1USD = 0,9509€, 31.12.2016, inflation adjusted to 2020), in comparison the average for people aged 55-65 was 100,123€. On average the income increases over 100% during a person's working career. Explanations for this are increased experience gained through work, receiving promotions and people changing work places for higher salaries. Following this research, Epsilon reports that the baby-boomer generation (ages 55-75) will spend a total of 548.1 billion (USD) annually, compared to Generation-X's (ages 36-54) annual spending of 357 billion (USD) annually.

Taking into account both the relative growth of the Silver Economy demographic and the fact that people's income tends to increase with age, it appears that there exists a market that presents an opportunity for companies from all industries. The opportunity for businesses is to meet the needs of this growing market and to develop solutions that take into account the aspects related to aging. This is a relevant and current topic; its relevance will only increase in the future.

3 BUSINESS MODELS AND BUSINESS MODEL DEVELOPMENT

In order to develop a business model, first a definition of a business model is needed. In their book *Business Model Generation* Osterwalder & Pigneur (2010, 14) define business model as something that "describes the rationale of how an organization creates, delivers, and captures value." They also identify nine parts that together make a business model: customer segments, value proposition, channels, customers relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. These parts together make and define the business model of a company of any size and make the Business Model Canvas. These aspects are more closely analyzed in Chapter 3.1 and Figure 4. Another definition for a business model presented by Gassmann et. al (2014, 6-7)

is “A business model defines who your customers are, what are you selling, how you produce your offering, and why your business is profitable.”

3.1 Business model canvas

The business model canvas is a tool that is widely used by businesses and in universities for identifying aspects for constructing a business model and analyzing the business model itself. Before starting the business model development process, the definition of a business model should be clear. This framework presented by Osterwalder & Pigneur offers an extensive overview in helping a company to define its business model.

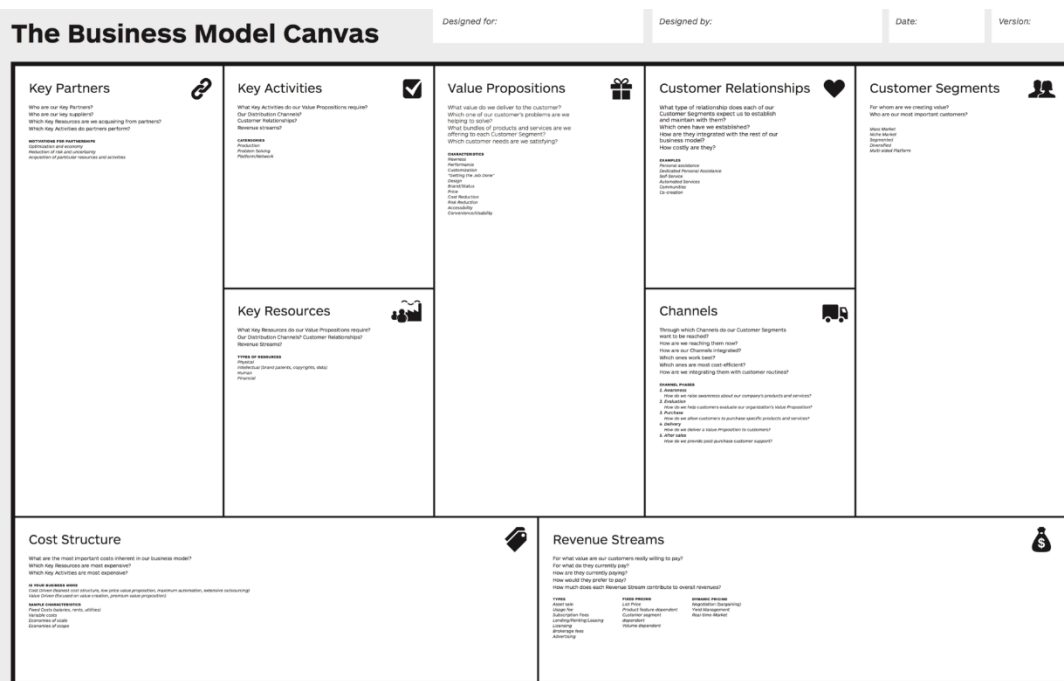


Figure 4. The Business Model Canvas. (Source: Osterwalder & Pigneur 2010)

The nine key segments that make the business model canvas (Osterwalder & Pigneur 2010, 20-41) are as follows:

- 1. Customer segments** – Who is the value created for? Who are the most important customers? In order for a business to define its business model, it first needs to evaluate and decide who are its main customers or what

customers it wants to serve with its offerings. As with the saying “you cannot satisfy all of the people all the time” the same goes for a business considering their customer segments, it needs to decide which groups the business model serves and which of their needs it attempts to fulfill. Different customer segments have their specific needs, so trying to fulfill them all only will lead to eventual disappointment.

2. **Value proposition** – What is the value the business creates for the customer? The value proposition can exist in the forms of product or service differentiation. For example, it defines the aspects of the company’s offerings that create additional value for its customers compared to the competition, and why the target customer should choose any business over other options in the market.
3. **Channels** – How does the business reach and communicate with the customer? This describes the methods through which the company interacts with its customers and how the company delivers its offering to the final consumer. These are the contact points that the customer has with the company. They can be in the forms of the company’s communication in social media, its sales force in the field interacting with the consumer, or how an online retailer distributes and packs its products. The channels are the key touching points that are the most visible interactions between the consumer and the company.
4. **Customer relationships** – What kind of relationship do the different customer segments want to have with the business? How is this taken into account in the business? In order for a business to decide what type of relationships it wants to have with its customers, it needs to define and find out the needs and types of relationships in which the targeted customer segment wishes to engage. Different customer groups have their different needs, so the definition of a customer segment is crucial, as some customer segments prefer interactions with employees in-person, while others prefer a completely automated process with no interactions with service personnel.
5. **Revenue streams** – How does the business generate its revenue? This defines the ways a business generates its income. The most common rev-

enue streams are: direct sales in the case of most retail businesses, continuing subscriptions in the case of gym memberships or magazines, rentals for cars or construction equipment, or through usage fees depending on the customers' consumption of the company's services such as mobile services charging the customer by the minute or cloud computing service charging based on the resources the customer uses. One company can employ different pricing models and revenue generation structures based on the different customer segments and products/service offerings.

6. **Key resources** – What resources are needed to achieve the businesses value proposition? Key resources are the foundation that allows for a business to bring its value proposition into fruition. These resources can be either physical for example machinery or facilities the company owns, financial, such as existing capital or the ability to get loans, intellectual such as patents or brand value, and human resources such as highly skilled and educated employees.
7. **Key activities** – What are the activities the business needs to engage in order to make its business model work? The key activities a company engages in depends on the business model. Some of the activities include the production of products, solving problems in the forms of offering services, a platform in the case of the company's offering being a website such as social media platforms, networks the company maintains in order to keep the business running, or promotion that is common for all companies.
8. **Key partnerships** – Who are the key partners and what do they do? This describes the suppliers and partners the business has in order to operate in the market. For example, key partnerships include manufacturers of components or products, suppliers such as importers or wholesale businesses, and strategic alliances a company might engage with in order to operate in new markets.
9. **Cost structure** – What are the costs associated in the business model? Which are the most important for the operation of the business? Depending on the market a business operates in and the business model it has, the cost structure of a company is different. The costs include fixed costs, such as renting of property or salaries, or variable costs that rise or fall

following the number of products or services the company produces. The business models also differ in their principles towards cost structures. Some companies choose to be cost-driven, so their goal is to reduce the operating costs to a minimum. Some companies have more value-driven mindsets; they are not concerned about the costs involved in the particular business model, but focus more on creating value for customers, e.g. premium value products or personalized services.

As can be derived from the business model canvas, the definition of a particular business model is not quite as simple as it first might seem, but it is absolutely necessary for any business in order to identify the strengths and aspects they need to develop. In summary Osterwalder & Pigneur suggest that the key benefits for using the business model canvas are as follows: an ability to be modified to comply with the current situation of the business, it is well-developed and has been applied by large real-world companies, and it can be utilized by companies of all sizes. The business model canvas is simpler and easier to understand than a traditional business plan, as it gathers all of the relevant information in a clarified form in one place.

Alternative business model canvases exist, such as the Lean Business Model Canvas (Maurya A. 2012) or the Experience Canvas (Atlassian 2019), which are adapted to meet more specific needs and aspects than the original (Huval 2019). For the purpose of this thesis, that covers a wider and more general approach to business model development, the original business model canvas is used as an example because it is the most well-known of the presented alternatives and is the most often used. If the business model being developed is taking the approach from the perspective of the customer for example, then usage of another canvas might suit the needs better than the original canvas, and alternative canvases should be considered.

3.2 Development and innovation

After having defined the business model and areas the business wants to focus on, the process of business model development can begin. Business model development is similar in its principles to product or marketing development, but for some reason it is less developed and less researched than the former fields (Gassmann et al. 2014, 16, 21). For example, marketing development is a process consisting of analysis, planning, implementation, and control (Kotler & Armstrong 2016, 79-80). The first step in the development process is to analyze the market and customers. Secondly comes the planning of the strategy and conceptualizing the ideas to develop. Third comes the implementation of the plans and concepts developed in the second stage. Lastly, and most importantly, measuring, analyzing, and evaluating the results. After analyzing and evaluating the results and the success of the attempt, the process continues with taking the findings into account and making adaptations to the previous steps in order to improve and develop the strategy further. This concept is generally known as the marketing or product development cycle. In its relations to business model development similar process or cycle can be identified in the concepts analyzed below.

In order to understand the development cycle's relation and applicability to business model development, two well-known frame-works are presented in this thesis. These two models have been used by real-world companies and are acknowledged as viable resources for the long-term development of business models (Osterwalder & Pigneur 2010; Gassmann et al. 2014).

Firstly, Osterwalder & Pigneur (2010, 248-259) suggest a five-step process for business model development as follows:

1. **Mobilization** – Preparation for developing a business model. As with any project, the process of starting the business model development is to set objectives the company wants to accomplish with it, gather a team to work on it, and begin planning and preliminary testing of the ideas generated through the project. Osterwalder & Pigneur suggest the use of the Business Model Canvas or a similar frame-work in this phase, as it is important

that all the people involved in the project have the same basic understanding of the business model and areas of development. Assembling a team with different backgrounds and experiences to work on the project is seen as beneficial, as this brings more varied ideas and new perspectives to consider.

2. **Understanding** – Researching and analyzing relevant information. In order to set a direction for the business model, it's necessary to gain a deep understanding of the market and competition. This involves immersion in the relevant research, consulting industry experts, market research, and understanding the target consumer. Investigating previous research and competitor business models will make one aware of the previously attempted business models, and in what they succeeded or failed. Opinion from industry experts can assist in understanding specific market characteristics if the business model wishes to venture into a new market for example. Lastly, and maybe most importantly, is understanding the target consumer. As stated previously, there is no business without consumers, so market research, interviews, and benchmarking the developed business models with the targeted segment are required in order to gain understanding of what aspects of the model have good reception.
3. **Designing** – This involves transforming the ideas from previous steps into the prototype business models. After starting the project and gaining an understanding of the market, the project can move to designing complete business models. Following the design and prototyping, testing the business models with key partners and industry experts is necessary in order to receive feedback and differing opinions. Multiple different business model ideas should be considered. Different opinions from people outside the project can assist in identifying areas of development that were not considered with the team working on the project inside the business. Taking the feedback into account, the business model can be developed further, and new perspectives can be incorporated into the finalized business models. The team then selects the business model with most potential among the ideas, and the project can move on to the next step.
4. **Implementation** – The team selects a business model idea to develop. Now the idea of the business model has arrived to the stage where its

ready to go to the market. Designing the implementation strategy and gathering necessary resources from within the company is necessary, as is communicating the process and the cost/benefit of the project across the company. All parties involved or affected by the suggested changes should follow the same idea and be on board with the project. Cooperation from different sections of the business and management is key to ensuring successful implementation. In this phase structures should be put into place that allow for quick responses to market feedback and on-the-fly adaptation of the business model in order to meet the market demands, as to not miss the opportunities that might lead to loss of customers.

5. **Management** – Make structures to monitor, evaluate, and adapt the business model. Rarely does the designed business model stay the same after entering the market, so structures of monitoring the success of the business model and actively making necessary changes is required. The project does not end at the stage of implementation but is a continuous process during the whole lifespan of the business model. Active benchmarking and idea generation should be done after monitoring market behavior and customer response to the business model in the field, as not to stagnate and lose the advantage gained with implementing a new business model. Competitors are quick to catch up, so remaining active and flexible is a key part in ensuring the future success of the project and maintaining a competitive advantage.

This process is used by global companies like IBM as a part of their strategy to develop and innovate their business model (Osterwalder & Pigneur 2010, 15). It stands to show the importance that the constant development of business models has in today's market. This sentiment is in line with Gassmann et al. (2014, 3) who state, "a company's long-term success is based on its capability to develop their business model and remain innovative."

Secondly, an alternative to the framework previously mentioned is the four-part description of the aspects of a business model suggested by Gassmann et al. (2014, 6-7). These four parts are (Figure 5.):



Figure 5. Business model innovation (Source: Gassmann et al. 2014, 7).

1. **Customers** – Who are the customers and what is the target market? The first step in starting the business model development process is to identify and decide who are the business's main customers, and who are the customers to reach with the business model? Customers are always the starting point to any business model development, regardless of industry.
2. **Value proposition** – What is the value a business offers its customers? The value proposition requires defining the products or services that serve the needs of a target market and clarifying what is the additional value that the business offers compared to the competition.
3. **Value chain** – How does the business bring this value to the customer customers? The value chain encompasses the processes and activities of the business that create the operation that reaches the end consumer. Primary value chain activities are inbound logistics, operations, outbound logistics, marketing and sales, and service (Porter 1985).
4. **Profit mechanism** – How does the business generate profit? What is the revenue-generating mechanism? The profit mechanism defines what

makes the business financially viable and profitable. It encompasses aspects such as the businesses cost structure and clarifies how value is generated for the stakeholders.

In order to modify a business model, at least two of the four aspects need be modified, as only focusing on a single part would not be considered business model development but rather product or service development (Gassmann et al. 2014, 8). The approach to business model development encompasses the innovation of large parts of the operation of a business. While the process of business model development is similar in its conception with marketing and product development, it encompasses a wider area of development in a business's operation than those examples. Development of a product can be a part of a business's strategy to develop its business model, but it cannot be the only action. The product development needs to be combined with other areas of development within the organization in harmony and having the same goal.

4 BUSINESS MODEL DEVELOPMENT FOR THE SILVER ECONOMY

Many of the accounts regarding the issue of aging population focus on the threats associated with that trend and often disregard the opportunities for innovation it presents for companies (Kohlbacher & Herstatt 2008, xi). The change in demographic presents a completely new market which has different needs and wants than those that existed before, so it is curious why the Silver Economy segment is often overlooked. Demographic data of the age structure and trends of aging population is well known, but many commercial businesses have not recognized the development of business models and solutions for the Silver Economy market. There exist gaps between the offering available from companies and the needs of the Silver Economy consumers (Arensberg 2018). The Silver Market segment is not a uniform group with same needs across the board. While there exist a few common characteristics between them in shopping experience, brand marketing, and food, nutrition, and health, business model innovation and further

recognition from companies is required in order to capitalize on this segment's market potential (Arensberg 2018).

As is the case for the general business model development, there is no one-size-fits-all solution for developing a successful business model for the Silver Economy market. Keeping that in mind, resources and examples that can assist in the beginning stages of recognizing the need for development and areas of improvement exist. These offer key areas that a business planning on developing its business model should focus on. These aspects differ on the business model and the industry the business operates in. In this thesis, cases from physical retail stores and their services are examined more closely.

4.1 Physical stores and services

One of the industries that has recognized the Silver Economy market as an important customer segment is the retail industry. In this thesis research and cases are inspected in order to gain insight into the retail industry's approach to business model development for the Silver Economy consumers. Retailers rarely differ in the products they sell. For a retail business to develop a competitive advantage over the competition it needs to innovate its business model, which is harder for a competitor to imitate (Lange and Velamuri 2014, 312). For the retail industry this presents many different approaches to business model development, including differentiation through service or products design, aspects of which are inspected below. The first step into development comes from recognizing target customers and identifying their needs. The aging population have different needs than the younger generations, with preferences of more personal service, layout of the store, ease of accessibility, and packaging of products (Arnold & Krancioch 2008; Pettigrew 2008).

Who are the customers and the target market the business wants to serve with its business model? As Arensberg (2018) stated, even within the Silver Economy market different customer segments exist: a 50-year old will have different needs and wants than someone who is 75-years old (Gassmann & Reepmeyer 2008,

137). This can be observed in Figure 6., where spending between age groups within the retail market is seen to differ (Epsilon 2019). In order for a business to develop its business model for the Silver Economy market, it needs to decide what segment within a given market it wishes to serve with its offering. For example, is it baby-boomers (55-75) or silent (76 and older)?

Average annual retail spend

	Gen Z	Millennials	Gen X	Boomers	Silents
Apparel	\$1,267	\$1,051	\$1,103	\$934	\$722
Department stores	\$1,237	\$1,061	\$1,149	\$1,106	\$876
Discount stores	\$206	\$189	\$200	\$198	\$181
Electronics	\$1,032	\$884	\$967	\$845	\$697
Home improvement	\$1,996	\$1,849	\$1,853	\$1,841	\$1,334
Mass merchandiser	\$1,883	\$1,787	\$1,762	\$1,557	\$1,316
Plus size	\$349	\$339	\$359	\$331	\$299
Warehouse clubs	\$2,133	\$1,895	\$2,145	\$2,039	\$1,804

Figure 6. A Guide to cross-generational marketing, annual retail spending by generation (Source: Epsilon 2019).

Across the board the baby-boomers spend more money on retail services than the silent generation. Annual spending for the baby-boomer generation in the retail industry was 1622 USD more than the silent generation, which accounts to 22.4% greater spending (Epsilon 2019). Another difference between the age groups is that 50-59 age group enjoys shopping in department stores, specialty stores, online, and mail-order businesses more than the 70-79 age group, which prefers more local stores that offer closer locations and personalized service and relationships (Arnold & Krancioch 2008, 174).

Additional value for the customer can be created through following the previously identified aspects that have been demonstrated to be of higher importance to the Silver Economy consumer: accessibility of the location, convenience of the isle design, packaging of products designed to meet the characteristic needs of the Silver Economy consumers, personalized and engaged customer service, and

additional services that bring value to the customers (Arnold & Krancioch 2008, 174).

A Study into the development of German retail businesses in the retail industry by Lange & Velamuri (2014, 319-325) presents three key areas of development that retail businesses have taken into account when developing their business models for the Silver Economy consumer. These three areas are: store layout and physical environment, customer service, and increased number of senior-friendly products. These findings are in line with previous findings (Sorescu et al. 2011; Grewal et al. 2009; Pettigrew 2008; Arnold & Krancioch 2008; Lippman 2003). While still limited in the scope of their research, the preliminary results suggest that there seems to exist common characteristics in the methods that businesses have implemented in their development of business models to accommodate the needs of the Silver Economy market. Most of the research consulted also identifies similar aspects for retail stores onto which Silver Economy consumers generally place importance.

As stated previously, the products the retail stores sell rarely differ greatly from the competition's offerings, but there exist ways that a retailer can differentiate its offerings from the competition, such as packaging of the products. Arnold & Krancioch (2008, 177-180) suggest that one of the most important aspects for older people's buying decisions comes from the packaging of the product, and that current offerings are commonly lacking in this aspect. Working with the producers of the products and listening to the needs of the customers' ideal modifications to the packaging of products should be considered. This includes offering smaller package sizes for older consumers, ready-prepared meals for single-person households, having the relevant product information clearly visible on the packaging, and easy-to-open packaging.

A second important aspect identified within the Silver Economy consumers is the importance they place on customer service. They prefer to have more personal relationships with the store and the staff in the store they frequent and to shop in stores that take into consideration their individual needs (Pettigrew 2008, 261-262). For a retail store this means setting the goal to focus on the needs of the

aging consumers, and training their staff specially to consider their different preferences. The aspects the service staff should be trained in are: appropriately addressing older people, consider physical and verbal communication styles, offering physical assistance when appropriate, and avoiding long queue times at check-out or service areas (Pettigrew 2008 259-261). As the aging customers prefer to build long and personal relationships with the staff in the store, employee retention is also important in this aspect. In addition, having older employees that relate to the needs of the customers can also be beneficial for a retail store. With the importance to more personalized relationships means if the store wants to develop this area, investment into hiring and training of employees is required which can be expensive. But as with the increasing amount of the Silver Economy consumers, and taking into account the different preferences they have, it's possible that a store that develops its services around this segment can mitigate the cost of human resources with higher prices (Pettigrew 2008, 266).

Another aspect mentioned before is the importance of location and the physical environment of the retail store. As Arnold & Krancioch (2008, 174) stated the age group over the age of 70 have a preference to shop close to their home rather than travelling further away for their shopping. Even aspects such as cheaper prices or offers do not seem to have large effect in this regard, but the main deciding factor for them is the convenient location, age-friendly store design, and service offered by the store (Pettigrew 2008, 267, Lange & Velamuri 2014, 326-327). When it comes to the physical environment of the store, aspects that have been identified to have impact on the shopping experience of the aging customer are; easy access to the store with no stairs, having wider aisles in the store, prices being indicated clearly, large and easy to read fonts in the shelves, regular places of products, and physical aspects such as easy to handle carts, having rest areas, standing supports, products are easy to pick up from the shelves without reaching or bending down, and staff offering packing and help with carrying heavy items (Arnold & Krancioch 2008, 174).

Additional or special services the retail stores can offer also present an opportunity to serve the needs of the Silver Economy consumer. The deteriorating physical condition of older consumers requires different considerations on the

part of the store to offer services that take that fact into account in their service design. The additional services that the business can offer include individual service and attention to the consumer, collection of products ready for pick-up at the store, home delivery, and making orders through channels that are easier for the aging consumer to navigate such as telephone orders.

One resource that follows the previously identified findings is the “Age friendly business check-list” (Age Friendly London Network 2016) that presents an easy to understand frame-work for physical retail stores to recognize areas of improvement and development for meeting the needs of the Silver Market consumer (Appendix 1). Inspecting the check-list, the key-points of focus are accessibility, communication and customer service, and store layout. While these factors are aspects of a business that increase satisfaction with the Silver Economy consumer, it is important to realize that implementation of age friendly features doesn’t necessarily detract from interest from other customer segments and might even increase their interest (Arnold & Krancioch 2008, 174). The “Age friendly business check-list” identifies similar areas of focus for physical retail stores that Lange and Velamuri (2014) and others found in their research. While the check-list offers preliminary list of aspects the store should consider, deeper understanding of the needs of the consumer and research into solutions is required in order for a business to understand and benefit from its usage.

4.2 Applications of Silver Economy business models

In this chapter cases of business model development are investigated. These cases show the recognition of the Silver Economy market as their main target of development, and exemplify the wholistic approach to designing the business model the specifically take into account the needs of the aging population. In the case of retail stores, the case of Koei department store from Shinjuku, Japan, is investigated as an example of taking differing approach from competitors and making changes to their business model to serve the Silver Economy consumer.

Secondly, the development of the Seven Meal Service is inspected as an example of a strategic alliance between two companies that provides a service that either of them could not have provided individually.

4.2.1 Case: Koei department store

The following example is based on the article “Changing Consumer Values and Behavior in Japan: Adaptation of Keio Department Store Shinjuku, Japan” by Enomoto N, published in the book “The Silver Market Phenomenon: Marketing and Innovation in the Aging Society (Kohlbacher & Herstatt 2008, 175-194).

Japan along with the Western countries, has experienced the effects of the demographic change of decreasing birth rates and an aging population. In response, examples of businesses development focusing on the Silver Economy market have emerged. One such business is the Koei Department Store, which presents an example of a traditional retail business that focused its business model development to serve the Silver Economy consumers instead of focusing on external development.

Located at the Shinjuku Station, which is the busiest station in Japan, the Koei Department Store exists in the midst of fierce competition. The average age of their customers is higher than other department stores, with people over the age of 50 accounting for almost 70% of the sales (Enomoto 2008, 232). One approach the Koei’s store took in to their development was the usage of customer data gathered through their membership program. The company began to divide its customers into segments based on age brackets such as under-40, 40-54, 55-64, and over 65. Enomoto states that the older generation has different approach to consumption such as preferring savings and requiring a need for consumption, with the baby-boomers generation being closer to the younger demographics in their habits (2008, 233). Using women’s clothing as an example, the division of the age groups was considered in the department store renovations, with different floors focusing on the different groups’ needs in layout, prices, and brand placement. This development lead to increased sales within the affected target groups

(Enomoto 2008, 234). Keio also noted from their research and analysis that trends and marketing have little effect on the older customers, with word of mouth being the most important aspect for its targeted consumers. Acknowledging this, the approach of focusing on the development of its customer service was taken, and complete training for service staff was implemented.

While the competitors of Keio chose to expand through partnerships, mergers, and changing the products they sell, Keio chose to focus on its existing customer base and to develop its business model to serve their needs better. This differentiates the company from the competition. The strategy was implemented through an analysis of collected customer data and listening to customers' needs (Enomoto 2008, 239). Keio chose to strategically target the different age groups that were found in its existing customers and modify its business model according to that.

In order for this strategy to be successful, a few key areas are identified as being the reasons for it. Firstly, an analysis of customer data was made in order to identify the existing customers and their differing needs. In this aspect the differentiation within the Silver Economy market of separate groups with clearly different needs and preferences is notable. The clarification and holistic approach the company took to renovate the entire store, to change the layout, to distinguish the age groups to different floors, and to group products by category rather than brand are all also noteworthy (Enomoto 2008, 233-234).

This approach is a good example of modifying the physical environment within the retail store to focus on the needs of the Silver Economy consumers, with making several changes to accommodate the specific needs of the aging customers. Within the development of the Keio Department Store, two aspects of the business model were changed to develop it towards the Silver Economy consumers: customers and value proposition. These differentiated Keio from the competition. The case of Keio department store is a good example of how having clear goals through the development process can bring added value to customers and how a retail business can differentiate itself in the retail industry by targeting the Silver Economy customers.

4.2.2 Case: Seven Meal Service

The case of Seven Meal Service inspected below is based on the article “Service Innovation: New Business Models for Aging Societies” by Reinmoeller P., published in the book “Silver Market Phenomenon: Marketing and Innovation in the Aging Society” (Kohlbacher & Herstatt 2008, 133-148).

Formed from the partnership of the convenience store chain Seven-Eleven and the delivery service company Yamato Transport Takkyubin, the Seven Meal Service launched in Japan demonstrates the value of strategic partnerships between companies to develop new services to serve the needs of customers. Seven-Eleven is one of the largest convenience store chains in Japan and it has an extensive network of stores around the country that constantly develops its services to strengthen its business model. Yamato Transportation Takkyubin, a transportation company in Japan focusing on service innovation, changed its business model from long-distance hauling to focus on small-scale cargo. It started to develop its delivery network to offer next-day deliveries to many places in Japan.

The Seven Meal Service is a home delivery service for pre-ordered meals offering freshly prepared meals and snacks to its customers. The expertise of Seven-Eleven gained from selling ready-meals and food in its stores and its network of stores, catalogues, and websites allowed them to determine what items and what prices customers demand (Reinmoeller 2008, 166). This knowledge, combined with the high quality and affordable transportation offered by Yamato Transport, allowed the two partners to innovate the Seven Meal Service launched in 2000, well before the home delivery food services popularized recently by companies such as Uber Eats or Wolt.

In 2007 the Seven Meal service attained coverage of all of Japan. Through the development of gathering feedback from customers, it overcame difficulties in scaling the business model, cooperation, and affordability of the service throughout the country. (Reinmoeller 2008, 266-267.) One of the key difficulties in the development of a home delivery meal service is the need for the variety of meals

the company provides, which in-turn increases the cost of operating the business. Being one of the largest convenience stores allowed Seven-Eleven to overcome the issue of cost with expanding its network and economies of scale (Reinmoeller 2008, 266-267). Another issue with offering freshly made meals is guaranteeing the delivery within the timeframe that the meal is still at the right temperature. Yamato Transport's experience and existing delivery infrastructure in quickly delivering products to their customers became a critical part in the success of the business models development (Reinmoeller 2008, 266-267).

In 2008 the service had 170,000 users, of which over half were over 60-years old (Reinmoeller 2008, 266-267). The service also provides pick-up at the Seven-Eleven store nearby specific customers, which also has the benefit of allowing more flexible pick-up times, additional sales in stores, and interaction with store employees, all of which are seen as important aspects for some of the older consumers.

The partnership between these two companies existed previously in offering different services such as parcel collection from Seven-Eleven stores, but in seeing the opportunity for development, the companies established a new alliance to take advantage of both of their business models. The combination of the expertise of the two companies traditionally operating in different industries allowed for the development of this new business model that previously did not exist on a similar scale or at such a cheap price. As the offering of fresh meals for home deliveries needs to be affordable and of high quality, the service could not have been provided by either of the companies individually. Taking advantage of the pre-existing networks and experiences of both companies, affordability and high quality of service could be offered in order to bring out the innovation of ready-meal delivery.

The development of this alliance illustrates the modification of the value chain and value proposition. The additional value for the customer is developed to allow for a different delivery method of products traditionally sold at convenience stores and presents the opportunity for a company to offer different types of products

through the new service. In terms of the value proposition, customers are presented with new products and options for how they wish to receive the meals, along with the benefits from the partnership offering delivery prices that are much cheaper than traditionally offered delivery services.

5 RESEARCH METHODS

The research for the thesis was conducted first as an empirical research, which uses real data collected through direct observation, in this case interviews with companies that have identified the Silver Economy as their main customer segment. For this thesis the research method is qualitative, as the research problem focuses on the opinions and experiences of the business representative towards their development of business models and the opportunities existing within the Silver Economy market.

A qualitative research method was chosen as the most appropriate in regards to the research problem. Qualitative methods are most suitable in situations where the research problem deals with experiences, meaning, and perspectives from the point-of-view of the interviewee (Hammarberg et al. 2016). Qualitative data is collected directly from the persons involved and takes the form of discussion. Therefore, during the interview and data collection, the possibility to find new aspects in the research that were not previously considered exist (Adams 2015). As the research problem presented in this thesis is the approach and experience of businesses, the goal of qualitative research was based on holding the interviews in order to find views on a focused topic with key people, and to gain background information through that (Hammarberg et al. 2016).

The methodology chosen for the interviews was the use of semi-structured interview. The questions that served as the structure for the interviews are presented in Appendix 1. The semi-structured interview includes the combination of closed- and open-ended questions, which allows the interviewer and the interviewee more freedom to bring out the additional questions and opinions on the research

topic that might arise during the interview (Adams 2015, 492-493). The semi-structured interview takes a more conversational approach to the collection of research data, and is conducted with a single person at time to eliminate the outside influence of holding the interview in a larger group. Semi-structured interviews are best suited for situations where the research problem requires the use of open-ended questions and the possible need to ask additional clarifying questions (Adams 2015, 492).

In order to allow for the participants to remain the most open about expressing their opinion and to protect business secrets, it was decided that the interview results should be presented anonymously without giving away identifying information about the participant or the business. For transparency and reliability of the interview data, direct quotations from the interviews are presented within the research results. In addition, transcriptions and recordings of the collected primary data are available to be confirmed as truthful by the commissioner and the supervisor of this thesis.

6 RESEARCH RESULTS

The interviews were conducted during April 2020 through email and telephone interviews. In total four representatives were interviewed: one business development expert, one company representative, a business owner, and an entrepreneur. The interviews with the company representative and the business owner were conducted through email, and the interviews with the business development expert and the entrepreneur were phone interviews.

List and naming of the interviewees:

- Business development expert (Anonymous interviewee 1), phone interview, occupation: Regional business development for a public organization in Finland
- Company representative (Anonymous interviewee 2), email interview, occupation: Chairman of an international marketing company in Europe

- Business owner (Anonymous interviewee 3), email interview, occupation: Business owner of a clothing company in Europe
- Entrepreneur (Anonymous interviewee 4), phone interview, occupation: Previous owner of a domestic health-industry company in Finland

The purpose of the interview was to gather information from real-world representatives that have identified the silver market economy as their main target market and main customer base. Through the application of empirical research to gather primary data from companies through interviews, the interviews goal was to re-search the methods, approaches, and challenges businesses have faced in their development of targeting the Silver Economy consumers.

6.1 Identification of the need and starting the business

In this line of questioning the main goal was to find out how the businesses identified the need to start focusing on the Silver Economy consumers. Where did they get the initial idea for the development, and how was the business idea conceived?

A Business representative from a marketing/advertising company that operates in multiple European countries in the tourism industry stated that the company began developing its network of partners and associations because it saw the Silver Economy consumers as “for us the Silver Economy is an attractive market that we expect to continue to grow in the future (Anonymous interviewee 2, 2020)”. In this case the analysis and perception of the Silver Economy market being a lucrative customer segment with potential for growth was the main reason in the founding of the business.

A business owner operating in the clothing industry mentioned that they identified the need for the business from personal experience, and that the type of product was not offered by other companies. As personally being part of the Silver Economy demographic, the owner could relate to the needs of the target market, and identify the opportunity not currently offered in the market.

The entrepreneur interviewed stated that the idea for their business arose during their studies, coming from a professor's suggestion and work experience gained in the healthcare industry. She stated, "working in the healthcare industry made me realize the positive effect that getting exercise has for the well-being of the aging people (Anonymous interviewee 4, 2020)" and added that the type of service specifically taking care and focusing on the needs of the aging consumers did not exist before in the specific area.

Taking a more general approach in the interview, the business development expert said that many different types of businesses have expressed interest in developing their business or services to target the Silver Economy consumers, and that they recognize the Silver Economy market is a potential segment to pursue. She also stated, "From my perspective developing the business for the Silver Economy market is a big opportunity for many companies. As services used by this segment can be such that are not popular with younger generations, and that the older consumers generally can spend more money (Anonymous interviewee 1, 2020)". She also recommended taking into account the Silver Economy consumers when businesses start to think about the development of their offerings.

From what can be gathered from the responses above, the idea for the business model development can arise from many different places. Two of the responses cited personal experience with the target market, while one had a more analytical approach and identified the potential of the market on a more general level that follows the trends of their industry.

6.2 Market characteristics and needs

The interviewees were asked to explain perceptions of what the Silver Economy markets needs are, and how the companies have taken these into account in their business model. They were also asked if they identified any special market characteristics or aspects, they considered important when it comes to the development of their business models.

The marketing representative mentioned their target group's interests to be "quality of life, self-development and enjoyment for body, mind and soul." The company's target market was the "best-agers" (50-65) and the baby-boomer generation. Taking into account those needs and the preferences they have identified, the business has included more partners over time. This can be seen as a sign of more businesses in the tourism industry also recognizing the importance of the Silver Economy market as having potential, and that cooperation with the marketing agency can assist in the businesses growth. The representative also stated that, "over time our consumer base has grown and become more heterogeneous (Anonymous interviewee 2, 2020)," which means the need to offer more varied types of services and continue listening to the consumer's needs.

Two of the interviewees cited the needs for their business model had arisen from health-related issues that are common with the aging demographics. One interviewee stated, "my product aims to address the issues commonly encountered with women around the age of 50 (Anonymous interviewee 3, 2020)." The entrepreneur said, "our customers commonly had an existing health issue, which made them to seek out our services." In both of these cases the specific needs in the Silver Economy market were health-related issues, and the business models aimed to meet them. The decreasing health and physical condition of aging people presents needs that are commonly encountered within the Silver Economy market demographic, so innovative business models that serve those needs have potential to offer services that benefit the health of their customers and increase their quality of life. As the proportion of older age groups is projected to increase even further, it appears that this might cause issues for the healthcare industry. The development of private businesses that also serve and take into account these health-related issues is therefore an industry with possible potential.

The entrepreneur mentions that their business model was clearly intended for older consumers, and that they offered very individualized service. The customers got personalized guidance, the staff had training in the health needs of older consumers, and offered more relaxed atmosphere and silent lessons. They said that the concept for the business was clear from the beginning and that it did not

change much over time. This case illustrates the importance of having knowledge of the market segment that the product or service is intended for, so there was no need to change the business model or offerings drastically after the beginning. The business development expert mentioned something similar, stating, “approaching the development of the business model or service with a well-constructed plan and using service design to find out the needs of the consumers is important in my opinion (Anonymous interviewee 1, 2020).”

As mentioned in the theory portion, the Silver Economy market includes people with varied interests and needs. There is not one specific need or preference that is shared between all the consumers. The needs are more individualistic and based on the person. While two of the interviewees had recognized the relevance that health-related issues have within the Silver Economy market and development of their business models, even then they mention some difficulties in reaching their targeted consumers. If the need being served is too specific, it limits the number of potential customers.

6.3 Challenges

In this section of the interview interviewees were asked if they had encountered any difficulties in their development, and what they saw as the most challenging aspects in their experiences. Additionally, they were asked if they had previously known of other business models or examples from other companies that had developed their business model towards the Silver Economy, or if they had to innovate and develop the business themselves.

Two of the correspondents stated that they had no previous information or knowledge of business models that had tried to target the Silver Economy market, while one mentioned knowledge of a similar example of a concept from another country. The business development expert mentioned the difficulty of finding examples of business models and the lack of research on the Silver Economy demographic being some of the issues encountered while working with companies. She says that “I think there should be more research done in order to find out

what services the Silver Economy market require, what are their needs, and how to reach them (Anonymous interviewee 1, 2020)” Additionally, she states that the companies they have worked with would benefit from more information about other companies that have tried to target that market, what were their methods, and the experiences they had regarding it.

The entrepreneur mentioned that marketing had little or no effect on increasing customers, and that offering “try-outs” or free lessons usually was not effective. This person mentioned that the customers approached usually after they had been diagnosed with a health problem, so they were looking for a solution based on a need, rather than being reached by marketing methods. In their specific cases the service being offered was such that traditional marketing was not seen as effective, and new customers were acquired when they reached out to the company of their own volition. She also mentioned that “aging people usually have certain routines, so they see (the usage of our service) as needless (Anonymous interviewee 4, 2020)” and “in my experience (the Silver Economy) consumers are one of the most difficult groups to get to use exercise services if they don’t have previous sports experience (Anonymous interviewee 4, 2020).”

The business development expert mentioned that one of the challenges for businesses looking to develop their service to the Silver Economy market is that the business has many target groups, and the Silver Economy is just one of them. This in her view means that the specific needs of this segment are not met, and not enough effort is put to reaching them specifically in that case. They suggest that businesses looking to develop their business toward this segment find out their customer’s needs, and clearly and structurally plan to target the intended segment.

The following aspects were mentioned during the interviews as challenges in targeting the Silver Economy market:

- Usage of words associated with health-related issues
- Older consumers less willing to spend money on some services
- Finding out the values of the target market and how to communicate them

- Difficulty in reaching the target consumers, not knowing which marketing channels are effective
- Lack of previous research
- Small number of case companies to use as example or guidance

Based on the interviews many challenges were identified by the interviewees. While their cases are anecdotal, there were some aspects that were shared between them. Also, not much research exists in this field, as the interviews state that they had to develop their business models by themselves without much guidance. This presents difficulties for companies interested in and looking to enter the Silver Economy market.

6.4 Effective measures

As a part of the interview, questions were asked about the effective or working measures used in order to better cater to the Silver Economy consumers. What did the interviewees see as most important aspects to take into account when developing their own business?

The business development expert suggested that businesses looking to target the Silver Economy market take advantage of service design and follow a constructed plan in their development. She said, “in order to reach the target market, focus on that market is required and structured approach to development is important (Anonymous interviewee 1, 2020).” Having too many target groups is not necessarily effective, and as the needs of the Silver Economy consumers differ from those of the younger generations, it can lead to unsatisfactory results. She also mentions that a company looking to develop its business model towards this segment needs to determine if this customer segment is such that it offers potential for growth and would be beneficial to invest in.

The business owner mentioned marketing through the partners of the target consumers was the most beneficial. Using a radio advertisement during a program

that is popular with the Silver Economy target group produced a substantial increase in their sales. She also added that following what competitors are doing is important; for example, following their newsletter's insights into their strategy can be obtained. For them the feedback from the customers is also seen as greatly important. Knowing the customers and their needs clearly through focus groups and discussions brings benefits to the development of the business.

The entrepreneur mentioned that marketing was not effective in their business. Her approach was such that the customers approached them first with a need. For them the contact with the customer when they first come to the business was important, as that was when the customer needs were determined, and their health taken into account when designing the service for them. At that point the customers are already invested in the process and are likely to continue using the service. In the center of their concept was the health of their customers, so having knowledgeable and well-trained staff was important. This meant that customers had individual guidance and attention and that they had an environment where the needs of the Silver Economy consumers were taken into account. They mentioned the customer segment would require these types of special services and attention, and that a more general approach would not work for this segment.

In conclusion the effective measures that were identified through the interviews follow the concept of accounting for the individual needs of the Silver Economy consumers, their condition with health, and finding the right channels to reach them effectively. As could be seen among the interviewees, the two examples from marketing were quite different. One mentioned it as one of the most important aspects in increasing sales, while the other saw no effect from marketing measures. The measures that are effective for one company might not work for a company operating in a different industry, so the importance of knowledge of the business model and industry are apparent. Proper planning and design of the business model should be done in order for a business to be effective in reaching its intended target market, and as this depends on the industry and business model, proper knowledge of the target market and following the development process for the business model is important.

7 DISCUSSION

The trend and the issues with the growth of the aging population is widely recognized. The segment considered as the Silver Economy generation presents completely new opportunities for companies in the development of business models and services. While generalized as the “Silver Economy” for simplicity, the segment consists of consumers with highly different needs and experiences. This is one of the key aspects that became apparent through the investigation of the theory in the business model development and empirical research. In order to effectively reach the intended target group, further segmentation within the segment is required.

Within the segments analyzed, some similarities in the needs and preferences could be identified. Most important were the requirement for taking the Silver Economy consumers inherent needs into account when designing the business model, and the development being customer focused. The research investigated regarding the development of retail services for the Silver Economy market appeared to be one of the most previously researched, and the aspects identified there were mostly in-line with each other. Taking the principles learned from the retail industry and applying them into other industries can offer preliminary solutions regarding what aspects the businesses in other industries should also consider when targeting the Silver Economy market with their business model. With the aspects of preference for personal service, the physical needs of the aging consumers, and the product design being accessible for all audiences being taken into account, a business can have a starting point where to begin their development.

As suggested by the theory into business model development, the customer is the starting point for development. Listening and researching their needs and wants becomes a key-point in developing a successful business model also for the Silver Economy market. As their needs also differ from each other, the method for development begins from deciding the segment inside the Silver Economy market that the company wishes to target. Additionally, as also noted

in the empirical research, the approach a business takes to its business model development is based on the industry in which the company operates. While some wide principles can be carried over to other industries, there exists a danger with generalizing specific aspects too much.

As stated previously, the development of a business model is usually be an individual case, and previous research should be taken only as a basic idea to develop further. Ready solutions do not necessarily exist when it comes to the topic of a business model development, although information and ideas for future development can be found through previous research and inspecting case companies and their approaches to business model development.

Additionally, the issue with the lack of easily available information on specifically the Silver Economy market was brought up through the interviews. For these companies, innovation and taking risks were necessary in the attempt to reach the targeted market. As the size of the aging population keeps growing, it could be expected that more research and innovation regarding the topic of business model development for the Silver Economy market is done, and more companies may attempt to capture the value existing within this segment.

8 CONCLUSION

The goal of this thesis was to research the methods and applications of business model development targeting the Silver Economy market, and to identify the special needs this market has.

The trend of the aging population is one of the most well-known issues in developed countries, and the problems regarding it is widely discussed. This thesis took the approach of researching that topic from the perspective of what opportunities does the trend present for the development of business models. Research into the theory and definition of what is a business model was investigated in Chapter 3. The business model canvas served as the basis of the research.

Connecting the theory of business model development to the Silver Economy market was inspected through the example of retail industry's developments and applications in Chapter 4.

Empirical research in the form of qualitative semi-structured interviews were conducted with four representatives that have experience in the development of a business for the Silver Economy market. The findings of the research include the concept of the business, the interviewees experiences with the target consumer's needs, the challenges faced, and aspects the interviewees considered to be important in the development of their business models. The goal was to find common elements through the interviews. In some cases, they were found, but in others the experiences were very different. As could be expected the development and identification of the need for the business was highly dependent on the industry in which the company operates. In the case of market characteristics, the findings reflected previous research in the terms of the Silver Economy market: consumers have individualistic needs, and a company needs to take these aspects specifically into account in their development. The challenges the companies faced were various, but as the sample size of interviews ended up being quite small, no further conclusions could be drawn other than the mention of the experiences of the interviewees. The successful factors the interviewees mentioned had some similarities, as the knowledge of the customers and taking their specific needs into account was seen as important. This is in-line with the theory of business model development.

The development of business models and services in general, and specifically for the Silver Economy market, is still a relatively new development, and many unknown factors and challenges are present in the process. Innovation from companies and further research into the development of business models and the consumer behavior of the Silver Economy market is needed in order to find effective solutions and to spread knowledge on the market's potential. However, through the research some areas could be identified as important within the Silver Economy consumers: the need for in-depth case studies about companies that have developed their business models towards this market became apparent.

Also, as the research suggested, the needs among the Silver Economy consumers are seen differ from each other, so there exists an additional need for market research on this segment. As the interviewees stated, information about this topic is difficult to find, so the lack of easily available information can dissuade future companies from developing their business models for this customer segment with such great potential.

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APPENDICES

Appendix 1 (1) Age Friendly business check-list (Age Friendly London Network, June 2016)



Age Friendly Business Checklist

An Age Friendly Business is a business that considers the needs of older adults and creates a barrier-free environment so that persons of all ages and abilities can visit, shop and participate fully.

This checklist is a resource tool for your business, to assist in enhancing your service.

Use this tool periodically and keep it for your records to reflect your changes and improvements.

Walkways & Entrances

Y	N	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Entrances are accessible to wheelchairs and walkers
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Entrances can be navigated independently, including:
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sturdy railings
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Non-slip surfaces
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Easy-to-Open Doors
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Free of ice, snow, and obstruction

Parking

Y	N	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Parking and public transit is close to the entrance
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	There are clearly identified drop-off / pick-up areas and parking spaces

Communication

Y	N	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Signage is prominently posted in large, easy-to-read format
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Information is available in easy-to-navigate formats, in a variety of mediums (e.g. community publications, bulletin boards, online)

Customer Service

Y	N	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Phone service is easy to navigate with a live person option available
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Staff are mindful and sensitive to seniors' needs (e.g. hearing, vision, mobility, reaching, seating)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Staff are prepared to deal with medical incidents and emergencies
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Personalized service (in store, home delivery etc.) is made available
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Customer complaints/concerns are addressed promptly and courteously

Business Layout and Amenities

Y	N	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Service counters, aisles, change rooms, and washrooms are accessible
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Layout of business space is conducive to navigating with a mobility device, and includes amenities such as cane holders, seating with arms, non-slip floors, wide aisles, and handrails
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Products are displayed at a visible and reachable height
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Environment includes adequate lighting and minimizes excessively loud music and noise
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Multiple floors or storeys are accessible by elevator, escalator or ramp

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Interview questionnaire structure

1. Name of company and location
2. Industry/field of business
3. How would you describe your business model?
4. What is your target market and/or customer segment?
5. How has your business model developed over time? Is it different now compared to the beginning?
6. How did you identify the silver market generation as the main segment for your business?
7. Has there been noticeable increase in interest/customers from silver market segment after developing business model to focus on them?
8. Have you had difficulties in reaching or developing your business model for the silver market consumers? If so, what were the challenges you faced?
9. Has there been any example business model or research you used to guide your development, or did you have to figure it out yourself?
10. What were the measures that you noticed to be the most effective in generating interest from the silver economy market? For example, marketing, product development, changes in business model.
11. Any comment you would like to add or give advice for other companies trying to reach the interest of the silver market economy.

Interview questionnaire structure in Finnish

1. Mikä on yrityksenne toimiala ja toimipaikka?
2. Mikä on teidän liiketoimintamalli?
3. Ketkä ovat teidän asiakaskohderyhmät? (esim. Ikäluokat ym.)
4. Miten yrityksenne liiketoimintamalli on kehittynyt? Onko se muuttunut ajan myötä?
5. Kuinka tunnistitte 50+ kuluttajat teidän kohderyhmäksi? Tapahtuiko se jo perustusvaiheessa vai myöhemmin?
6. Kun olette kehittäneet liiketoimintamallianne keskittymään 50+ kuluttajiin, oletteko huomanneet lisääntyntä kiinnostusta tältä kohderyhmältä?

7. Esim. jos on markkinoitu eri kanavien kautta, tai jos olette kehittäneet jostain palveluanne, onko sen jälkeen ollut huomattavaa kehitystä asiakkaiden kiinnostuksessa?
8. Mitkä ovat olleet suurimpia haasteita liiketoimintamallinne kehittämisessä 50+ kuluttajille?
9. Oletteko käyttäneet esimerkkinä aikaisempaa liiketoimintamallia tai tutkimusta omanne kehittämiseen, vai oletteko kehittäneet sitä itse ns. ”sokkona”?
10. Mitkä ovat olleet teidän mielestänne kaikkein toimivimpia tai menestyksikkäitä ideoita palvelunne tai tuotteenne kehittämisessä, joita olette tehneet tai käyttäneet 50+ kuluttajiin suuntautuvan liiketoimintamallin kehityksessä?
11. Lopuksi voitte vapaasti lisätä kommentteja tai ideoita liittyen liiketoimintamallien kehitykseen, tai antaa neuvoja yrityksille, jotka pyrkivät kehittämään palvelujaan/tuotteitaan 50+ kuluttajille.