



Silver Economy as an Opportunity for SME Growth

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Abstract: *The aging population presents challenges and opportunities for the modern economy. One such opportunity is the thriving “silver economy,” which caters to the needs of elderly individuals. This market is characterized by a sizable consumer group with relatively stable purchasing power, specific needs, and requirements. The EU predicts that 2025 the silver economy will be worth €5.7 trillion and represent 22% of the world’s population by 2050. The paper examines the smart senior business model as a new approach of SMEs toward elders and identifies the differences between the traditional and smart senior business models.*

The paper aims to explore the potential of the silver economy for creating new business models and identifying sectors that cater to the needs of older people. To succeed in this growing and emerging market, businesses must be aware of and deeply understand the characteristics and opportunities of the silver economy.

1. INTRODUCTION

Global aging represents one of the most important demographic trends of the contemporary economy. According to the UN projections (UN, 2022), the number of older persons will increase to 994 million by 2030 and over 1.6 billion by 2050, so by 2030, one in six people worldwide will be older persons. The demographic shift towards an older population brings a mix of hurdles and prospects for today’s economy. Among these prospects is the growing silver economy, which serves the elderly demographic. This sector is marked by a large group of consumers with stable buying power and distinct demands. The European Union forecasts that the silver economy will reach €5.7 trillion by 2025 and account for 22% of the global population by 2050 (McGuirk et al., 2022). By innovating and offering new products and services tailored to the elderly, small and medium-sized businesses have the potential to stimulate economic expansion. Nonetheless, developing products aimed at the senior market represents a considerable challenge for these businesses. Since the older generation is getting healthier and more active, they are emerging as a significant market segment and economic force.

To succeed in this growing and emerging market, businesses must be aware of and deeply understand the characteristics and opportunities of the silver economy. This paper aims to explore the potential of the silver economy as a unique market segment that deserves a unique approach. Thus, the paper identifies specific characteristics as proposed values that new business models must propose and meet to align with the needs of the elderly population.

The paper is structured into five sections. After the introductory remarks, section two offers some highlights for the aging population as a sizable consumer group with relatively stable purchasing

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power, specific needs and requirements. Section three examines the challenges posed by the aging population for business growth, followed by section four, which researches the concept of the senior business model and compares the traditional and smart senior business models as the primary research focus of the paper. The paper concludes with a summary and recommendations for further research.

2. INSIGHT THE PHENOMENA

The aging population presents significant economic potential. By implementing appropriate strategies, population aging can be transformed into an opportunity to create new market products and drive innovation towards the Silver Economy. The Silver Economy encompasses economic activities catering to individuals aged fifty and above, including their purchases of products and services and the additional economic activity these expenditures generate. [Varnai et al. \(2018\)](#) found that the Silver Economy is vital in supporting diverse sectors across the EU and creates business opportunities for EU and non-EU firms. Moreover, they revealed that the Silver Economy heavily impacts healthcare services and influences spending on recreation, culture, furnishing, and household items. This suggests that the Silver Economy holds increasing influence as a source of demand across the EU, with consumption expected to grow by approximately 5% annually up to 2025.

The potential of the Silver Economy underscores the importance of recognizing its economic value for enterprises. According to [McGuirk et al. \(2022\)](#), small enterprises can gain a competitive advantage by catering to the increasing demand for specific goods and services driven by an aging population, commonly known as the silver economy.

Recognizing the need for a new and innovative model tailored to the requirements of the aging population is acknowledged across various sectors of the economy. In their study, [Lange and Velamuri \(2014\)](#) explored business model innovation in the German retail landscape, explicitly focusing on adjustments made to the sales floor to meet the needs of the silver generation segment. Through a multiple case study, the analysis highlighted that the five firms under scrutiny prioritized three specific areas: 1) store layout and physical environment, 2) enhanced customer service, and 3) expansion of 'senior-friendly' product offerings. Enhancements in these areas help retail firms enhance their value proposition, strengthen customer relationships, and boost revenues. In summary, the research underscores how retailers can adapt their business models better to serve the needs of the growing silver generation segment. The findings of [Angell et al. \(2012\)](#) provide an essential contribution toward a better understanding of differences in shopping behavior among older consumers.

[Laperche et al. \(2019\)](#) have systematically analyzed the emergence and dissemination of innovations designed for older people. They have coined the term "Geront'innovations" to describe innovations targeted at older individuals, incorporating various forms of innovation and involving diverse social groups and networks. Furthermore, they propose that these innovations for older people are not solely driven by market demand but also by the supply side. The demographic shift requires a new approach to the silver population.

[Gschwendtner \(2020\)](#), examining the silver economy strategies, suggests that technology and innovation provide viable solutions to the challenges arising from an aging population and that governments can effectively improve the research and development environment, thereby turning these challenges into economic and social opportunities.

In the study by [Zsarnoczky \(2016\)](#), the innovation challenges posed by the emerging silver economy are highlighted, focusing on the demand for tailored services for older people. Companies are advised to proactively prepare for these forthcoming changes, emphasizing capacity development, improved product accessibility, and enhanced social equality. The competitive advantage will go to those companies that can adapt to the evolving environment and enhance customer satisfaction through an anti-ageism approach.

[Colurcio et al. \(2022\)](#) propose that adapting products and services to meet the needs of older individuals, often referred to as ‘silverisation’, will heavily depend on gerontechnology. This field integrates technology with the study of human aging. Consequently, the increasing demographic of older individuals necessitates tailored solutions in housing, transportation, food, insurance, robotics, health and e-health, communication, internet access, sports, leisure, and travel services.

3. THE AGING POPULATION AS A CHALLENGE

Recent comprehensive studies on the silver economy have unveiled compelling insights into the financial behaviors of the older population. The findings suggest that this demographic tends to enjoy higher disposable incomes, more significant savings, and enhanced economic security, which ultimately translates into more substantial expenditures than other age groups ([Colurcio et al., 2022](#)). As a result, these revelations highlight the vast potential for businesses to cater to the needs and preferences of this lucrative market segment.

The economic potential of older people is gaining recognition as they play a more significant role in shaping economies worldwide and forming an expanding consumer base. Individuals aged 50 and older represent around 34% of the global GDP, totaling \$45 trillion ([Accius & Suh, 2019](#)). Projections suggest that this demographic’s contribution is expected to rise to 39% of the worldwide GDP, reaching \$118 trillion by 2050. Global consumer spending is projected to reach \$96 trillion by 2050, compared to the \$35 trillion recorded in 2020. Expenditure on goods and services related to those aged 50+ supported over 1 billion jobs globally in 2020, amounting to \$23 trillion in labor income, and is expected to support 1.5 billion jobs, generating a global labor income of \$53 trillion ([Accius & Suh, 2019](#)). Business opportunities have emerged as the aging markets have grown in various sectors, including medical and long-term care goods and services, leisure and lifestyle, and financial services ([Barković Bojanić et al., 2024](#)).

Aging implies changes in lifestyle and consumption patterns, which will have significant implications for the types of products and services in demand ([OECD, 2014](#)). New markets will emerge as part of a flourishing “silver economy”

The final report on the Silver Economy for the European Commission identified ten sectors offering potential solutions for older people ([Varnai et al., 2018](#)). These ten sectors are 1) connected health, 2) robotics and games, 3) silver tourism, 4) integrated care services and improved connectivity, 5) development of an age-friendly built environment, including smart home solutions, 6) knowledge for an active and healthy lifestyle, 7) age-friendly universities, 8) driverless cars, 9) “olderpreneur,” and 10) an interactive platform to fast-track product and service development.

Businesses are increasingly realizing the significant market opportunity presented by the aging population in the 21st century. This opportunity is relevant for both developed and developing countries, with core investment areas including ([WEF, 2016](#)):

- Investment in medical and long-term care goods and services, including pharmaceuticals, is expected to yield significant returns due to age-related diseases and functional impairments. Additionally, substantial growth is anticipated in markets for devices such as home-based dialysis technology, IT-based care, and smart homes.
- Business opportunities abound in providing leisure, lifestyle, and living support for consumers aged 60 and above. This includes services offered by assisted living communities, age-adapted products for stress relief, and technological innovations such as driverless vehicles and age-adjusted electronics.
- Due to the aging population, the food industry is set to see increased demand for dietary, allergy-friendly, enhanced flavor, and soft food products. This presents significant investment opportunities in underdeveloped age-specific markets.
- The financial services industry serves aging baby boomers by offering investment and insurance options like voluntary pensions. This presents substantial business opportunities due to the wealth of aging populations in advanced economies.
- The construction and transport industries are expected to experience increased demand for age-friendly environments in public and private spaces, such as workplaces, homes, theaters, cinemas, public buildings, streets, and pavements. Significant public and private investments will be required for these initiatives and should not be underestimated.

The aging population offers various business opportunities. While initially tapped by healthcare providers, many other businesses are now focusing on older consumers. Companies must grasp the impact of longevity and develop competitive strategies that cater to the emerging mindset across all age groups. By implementing strategies to stimulate the market for products and services designed to cater to the needs of elderly individuals, the silver economy can generate a substantial pull effect on existing and emerging markets, as highlighted by the [European Commission \(2015\)](#).

4. SENIOR BUSINESS MODEL

The Silver Economy is mainly interested in an economic concept of consumption that focuses on buying, developing new marketable products and fostering the industries that would provide such products ([Lipp & Peine, 2022](#)). This significant inquiry pertains to the current economic model's ability to address emerging needs adequately. It raises the question of whether amendments to the existing model would suffice or if a comprehensive overhaul to introduce an entirely new economic framework is warranted. The research issues of this paper are focused on examining the "smart" senior business model as a new approach of SMEs toward older people and identifying the differences between the traditional and smart senior business models.

Traditional business models for older people have primarily focused on basic needs and conventional products, often relying on a one-size-fits-all approach. These models typically view older adults as a homogenous group with limited adaptability to new technologies, offering standardized services like healthcare products, retirement housing, or low-tech assistive devices. Traditional business models serving older people are frequently inadequate, inefficient and unsustainable. The primary focus has been on safety, affordability, and ease of use, with minimal emphasis on personalized experiences or integrating digital solutions. Innovation in catering to the needs of older people often progresses slowly and incrementally, hindered by regulatory barriers, cultural resistance, and market inefficiencies ([Faster Capital, 2024](#)). Goods and services designed for older people are typically implemented top-down and standardized, overlooking elders' specific

needs, preferences, and aspirations. Consequently, older individuals frequently experience low satisfaction, poor quality, and limited value in their interactions with such offerings.

In contrast, new smart business models for the silver generation embrace a more dynamic and diverse view of aging. These models recognize the growing tech-savviness, varied interests, and active lifestyles of today's elderly population. By leveraging digital technologies, smart business models offer personalized, data-driven solutions tailored to individual preferences and health conditions. They include innovations like smart homes, AI-driven health monitoring, wearable devices, and digitally enhanced services focused on convenience, social engagement, and well-being (Damoska Sekuloska et al., 2021).

The preferences of older people should be respected, and they should be allowed to make independent decisions (Singh & Kiran, 2014). Additionally, seniors should not be treated as a homogeneous group, as diversity and individual characteristics do not diminish after reaching a certain age. People continue to differ in many ways (Guido et al., 2018), leading to a diversification of their leisure behavior.

The shift toward smart business models also emphasizes creating ecosystems where products and services are interconnected, offering holistic solutions that combine health, lifestyle, and financial security. These models recognize older people as valuable consumers with significant purchasing power, integrating their needs with broader technological advancements while promoting social inclusion and enhancing their quality of life.

A substantial shift in elderly serving is imperative, demanding the development of fresh and inventive business models that can effectively address the unmet and evolving needs of older adults while yielding value for society and the economy. A business model involves decisions and strategies that dictate how an organization generates, delivers, and captures value. In the realm of elderly purpose, a new business senior model approach shifts the level of serving the silver market. It is focused on:

Recognizing the needs and preferences of older people is of utmost importance. Companies need to conduct comprehensive research and user testing to identify the desires of their senior customer base (Faster Capital, 2024). The utilization of technology can facilitate the provision of more personalized and easily accessible products and services, leading to enhanced efficiency and effectiveness. Faster Capital (2024) has spotlighted the case of Birdie, a UK-based startup that employs AI and Data Analytics to offer a digital platform for home care. This platform delivers insights and recommendations for care delivery, integrating with various devices and sensors to monitor the health and well-being of older people and promptly alert caregivers and families in case of any irregularities or emergencies.

Companies catering to older people should strive to develop unique and compelling value propositions that meet the unaddressed or underserved needs of older people and their caregivers to excel and stand out. They should also explore new and unconventional methods for delivering and monetizing their products and services while remaining adaptable to their customer base's evolving needs and expectations. CarePredict, recognized by Faster Capital (2024), exemplifies this approach by offering a wearable device and app for elderly care that monitors the daily activities and behaviors of older people, enabling the prediction of their health risks and requirements. Older people care businesses aim to provide solutions that improve older people's physical, mental,

emotional, and social well-being. To promote active aging, [Guido et al. \(2022\)](#) emphasize the importance of leveraging the latest scientific and technological advancements and reassessing business strategies. This approach will help gain a deeper understanding of older people's changing roles and behaviors within modern society.

It is crucial to adopt a Silver Economy Strategy at every level, from national to individual companies. By addressing the challenge comprehensively, we can develop an all-encompassing approach with mutually supportive individual measures and policies. This will also facilitate the mobilization of all decision-makers and stakeholders involved ([Cizelj, 2023](#)).

A senior inclusive and integrated business model refers to business strategies and systems designed to meet the aging population's needs, focusing on inclusivity, personalization, and integration across various sectors. These models aim to improve the quality of life for older adults by offering user-centric, technology-driven solutions coordinated across services ([OECD, 2020](#)).

The primary attributes of the smart senior-inclusive and integrated business model that the SMEs are innovating to serve the silver-growing market involve:

1. Personalization and customization: Tailoring services to individual preferences, health needs, and lifestyles of seniors using AI and data analytics to offer customized health plans, products, and care services.
2. Holistic and integrated approach: Focusing on coordinating integrated services involving healthcare, social services, housing, and financial institutions, with the support and enabling role of local and central government and communities to deliver seamless services.
3. Technology-enabled solutions: Utilizing smart home devices, wearables, telemedicine, and AI-driven platforms to support independent living and monitor health conditions, as well as digital platforms that connect seniors with services, support networks, and entertainment options.
4. Affordable solutions and partnerships: Providing affordable solutions without compromising quality and ensuring accessibility to all income levels, emphasizing partnering with the government and non-profit organizations to subsidize services for low-income seniors.
5. Social inclusion and community engagement: Developing business models that promote social inclusion and community engagement to combat loneliness and isolation.

The shift from traditional to smart senior business models reflects a growing recognition of the aging population as a diverse and dynamic consumer group. These models address aging challenges and unlock new opportunities for growth by creating value through innovation, personalization, and integration. Table 1 suggests the differences between the traditional and smart senior business models, referring to the main dimensions: the value proposition, value creation, delivering value to the seniors, and capturing the value and role of the supportive environment and stakeholders.

The transition from traditional to smart senior business models signifies a profound shift in how businesses cater to the aging population's needs. While conventional models primarily focus on standardized, reactive solutions, smart models embrace personalization, technology integration, and a holistic approach to seniors. Prioritizing user-centric designs, proactive health management, and interconnected services, smart business models not only enhance the quality of life for seniors but also unlock new market opportunities. This transformation underscores the increasing recognition of seniors as active and diverse consumers, driving innovation and economic growth in an aging world.

Table 1. Differences between the traditional and “smart” senior business models

	Traditional senior model	Smart senior model
Value proposition	Lack of personalization and customization. Standardized offering	Customized products and services aligned with the needs and preferences of the seniors
Value creation	Cost is expensive, inefficient, and has limited value for seniors.	Optimized, smart and technology-based efficient production activities
Delivering value	Standardized and inflexible manner of delivery	Convenient, personalized and customized delivery to meet the needs of seniors
Capturing the value	Failure to create a broader positive effect on society and the economy	Creating a positive impact on society and the economy while ensuring a fair and sustainable return on investment.
Environment and stakeholders	Lack of government and society support. Non-existence of policy and institutional support for silver-oriented businesses	Supportive policies toward the creation of silver products and services

Source: Own research

5. CONCLUSION

The ongoing demographic shift, marked by an aging population, offers significant growth opportunities for SMEs across various industries. Transferring businesses from traditional to smart senior business models is necessary for today’s rapidly aging society. Adaptability to the dynamic nature of the silver society is vital for capitalizing on these prospects. As the needs and preferences of older adults evolve, businesses have the potential to innovate and tap into this expanding market. However, seizing these opportunities requires shifting from traditional approaches to more inclusive, supportive, and age-friendly business models. This shift is critical for businesses to stay competitive in an increasingly digital and customer-centric market. Adopting smart senior business models allows companies to meet the expectations of a growing and lucrative demographic and creates new opportunities for innovation, revenue growth, and societal impact. Embracing this transformation is essential for businesses looking to thrive in the future and play a meaningful role in shaping age-friendly economies. Transferring businesses from traditional to smart senior business models is necessary for today’s rapidly aging society. Smart business models address these demands by leveraging digital technologies, data analytics, and integrated service platforms that provide tailored solutions. These models focus on enhancing independence, promoting well-being, and improving seniors’ overall quality of life through innovations like smart homes, telehealth, and personalized care plans.

Additionally, smart models encourage a more holistic and preventive approach to aging, offering services that are not just reactive but proactive, anticipating the needs of seniors before they arise. Traditional models, which often rely on standardized, one-size-fits-all solutions, are no longer sufficient to meet the diverse and evolving needs of the modern senior population. Today’s seniors are more active and tech-savvy and expect personalized experiences that cater to their unique preferences and health conditions. By adopting integrated and customized strategies, SMEs can drive growth and contribute to a more equitable society that values the contributions and well-being of seniors. This transformation emphasizes viewing the aging population as a challenge and a powerful driver for economic success, social progress, and sustainable development.

Future research will be focused on identifying best practices and policies for designing and implementing senior business models that address the needs of an aging society that are both economically sustainable and socially beneficial.

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