

Verve Marketing

50 Perspectives on
the 65+ Population:
What They Want,
What They Need

by

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Abstract: 50 Views on the 65+ Market

Seventy seven million Baby Boomers stand in the shadow of their “retirement years” concerned about their financial future and their healthcare benefits. Verve Marketing, working from the premise that older consumers are underserved and know it, launched a study of products and services targeted at 65+ consumers. We sought a deeper understanding of the impact of the Medicare Prescription Drug Improvement and Modernization Act, how it will affect products with low reimbursement rates and how those products must innovate (perhaps out of Medicare) to survive. Are senior market-focused businesses, including healthcare and financial services, too preoccupied with day-to-day issues to plan for how changes in Medicare will rock the marketplace? Will they be too slow to respond or move too cautiously to be competitive?

We conducted 50 individual interviews with people who know and work with the senior market. Participants include: marketing experts, journalists, company presidents, physicians, demographers, financial advisors, program directors, occupational therapists, geriatric care managers, clergy, senior consumers and adult children of seniors, as well as nationally renowned experts in the field of aging.

Purpose of the Study

Our goal was to examine the effects of this change in Medicare on seniors as consumers, but especially on companies and agencies that provide products and services for seniors.

Our Hypotheses:

- 1. Businesses and non-profit providers will be taking a fresh look at products and services for seniors in light of the new Medicare regulations*
- 2. New Medicare regulations might create new business opportunities*
- 3. Profitable new opportunities won't be in pharmaceuticals or other established large industries, but rather in areas that have been overlooked until now*

Practical Solutions

The more interesting individual ideas from the survey were non-medical and practical in nature, including:

“Welcome to Your Next Lifestage” Information Service

Information service, with live phone service (not voice activated response), where Service Representatives look up basic information, such as generic drug equivalents. Payment is by-the-minute or by monthly subscription. The service includes printed kits, with a Web site and newsletters for updated information.

“Common Sense” Seal of Approval

Consumers Digest type evaluation service with a “senior friendly” seal of approval. Most seniors are acutely aware of businesses that prey on their vulnerabilities such as diminished sight and hearing, slower cognition times, and technophobia. From plumber to financial advisor, seniors seek professionals they can trust.

“Senior Smart” Diet and Exercise

Science-based senior diet and exercise program, with modules specifically designed for diabetes and osteoporosis, etc. It includes packaged foods, supplements, and gym equipment, promoted through books, websites, and newsletters. The regimen has realistic goals, written in easy-to-follow directions.

Drug Company Dilemma and Dichotomy

On the negative side, seniors and those who provide them with products and services indicated that they are still outraged by high prices and over promises from the pharmaceutical industry. The new law, the drug discount cards, and even AARP’s support for the new law have done little to stem this feeling. Despite this resentment, many of the respondents indicated they would invest their own money in pharmaceutical stocks.

Conclusion

Although they have their differences, seniors as a whole have some universal needs that are not being adequately met.

- American business has misunderstood the senior as consumer, despite numerous studies of consumer behavior over the past two decades
- Major industries, such as housing and food, are far from providing seniors what they really want and really need
- Information perceived as trustworthy will greatly affect seniors’ purchasing behavior
- Seniors will hold you accountable for product quality and for the way in which you interact with them

Since seniors control most of the country’s financial assets¹, and they will only increase in their influence as Baby Boomers age into retirement, it might be worthwhile for you to take note as you look towards your next generation of products and services.

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”50 on 65+” Survey Respondents

- A.B.---Administrative Law Judge dealing with Medicare and Medicaid claims
- A.F.---Meals on Wheels Driver
- A.N.---Housewife, 77 years old
- A.S.---Author, 71 years old
- B.B.---Journalist and Adult Child of elderly parents requiring full time care
- B.C.---Nationally renowned speaker and writer, specializing in healthcare and aging
- B.G.---Marketing Director for Health Management Company
- B.V.---Psychiatrist with large senior population
- B.M.---Retired Clergyman, 75 years old

C.J.---Occupational Therapist specializing in working with 65+ population
 C.M.---Actuary
 D.F.---Financial Advisor
 D.H.---Medicare/Medicaid HMO Sales Executive, manages corps of older retired business executives who sell individual plans to their peers
 D.R.---Former VP of Marketing, Bel-tone Hearing Aid Company, current V.P., Marketing, dental products company
 E.A.---Retired Businessman, 75 years old
 E.F.---Retired Sunset Magazine Hospitality Manager, 82 years old
 E.R.---Retired Businessman and part-time HMO Sales Executive, 76 years old
 E.V.---Senior Fitness Program Director
 J.G.---Marketing Executive, G.E. Capital Long Term Care Insurance
 J.D.---Financial Advisor
 J.H.---National columnist and author specializing in senior-related issues
 J.M.---CFP and Senior Financial Advisor
 J.S.---Psychotherapist, 66 years old
 K.C.---Executive Director of Alzheimer's Services Agency
 K.G.---Senior psychological therapist and coordinator for senior charity
 K.L.---Adult Child who arranged housing and services for disabled 66-year-old parent
 K.M.---Skilled Nursing Facility Director
 K.S.---Retired Chief Radiologist at University Hospital
 K.T.---Director of Marketing, General Motors Event Works
 L.O.---Senior Center/Senior Club Director
 L.O'R.---Director of Hospital Lab Services for a community hospital serving a largely rural area
 L.C.---Nutritionist and Small Business Owner
 L.S.---Publishing Consultant, former Marketing Director of AARP, former Editor-in-Chief of Age Wave Communications
 N.P.---Gerontologist, CEO and Founder of gerontology service provider company
 M.F.---Founder of several nationally known businesses that focus on senior computer access and senior media usage
 M.H.---Retired Teacher, 71 years old
 M.P.---Church Administrative Assistant, 65 years old. Her employer has a full range of services for seniors.
 M.D.---Joint Commission on Accreditation of Healthcare Organizations (JCAHO) Executive
 P.L.---Retired Businessman, 74 years old
 P.S.---Director of Development, Senior Corps, a Washington D.C. based organization that brings retired and older adults into urban classrooms as volunteer tutors
 R.C.---Former VP Research, Age Wave Communications and current Development Consultant for Non-Profit and Educational organizations
 R.M.---Nutritionist who focuses on senior nutrition
 R.R.---CEO and Founder of advertising agency, former executive of senior-oriented agency
 R.Ro.---Meals on Wheels Driver serving a diverse clientele that includes both elderly and chronically ill or disabled
 R.V.---Retired Professor
 S.L.---Geriatric Care Coordinator for regional hospital serving a largely suburban population
 S.M.---Director, University of California senior fitness program
 T.P.---Director, Meals on Wheels Program for a medium-size California city
 T.V.---Clinical Therapist with large senior client base
 W.D.---Gastroenterologist

Introduction

In late 2004, Verve Marketing launched a market research study of products and services for the 65+ population. We fielded our survey in the shadow of the *Medicare Prescription Drug, Improvement and Modernization Act* of December 2003, which we think is having and will continue to have a profound affect on the marketplace, and not just for healthcare related products and services. We conducted 50 individual interviews with people who work with the senior market or who are seniors themselves. Their aggregated responses gave us a good snapshot of general concerns and unmet needs. The individual responses provided us with specific ideas and concepts that may help shape the discussion over some of the changes that are long overdue in the 65+ marketplace.

Purpose of the Study

Our goal was to examine the effects of the new Medicare law on seniors as consumers, and on the companies and agencies that provide products and services for seniors. We hypothesized that such a major change in one of the bedrock institutions of our federal government would push all interested parties to take a fresh look at how seniors are served by Medicare-related services and by the economy at-large. We further hypothesized that the uncertainty and chaos around the new law might create some new, perhaps unintended, opportunities that could nevertheless be beneficial to seniors and to businesses that serve them. Finally, we wanted to investigate the convergences of need and ability to meet that need profitably.

Hypotheses:

1. *Businesses and non-profit providers will be taking a fresh look at products and services for seniors in light of the new Medicare regulations*
2. *New Medicare regulations might create new business opportunities*
3. *Profitable new opportunities won't be in pharmaceuticals or other established large industries, but rather in areas that have been overlooked until now*

Setting the Stage

Events of the last twelve to eighteen months may have a greater impact on how seniors will spend the later decades of their lives than those of any other year since 1935 when President Roosevelt signed the original *Social Security Act*. At the very beginning of this span, in December 2003, President Bush signed into law the *Medicare Prescription Drug, Improvement, and Modernization Act* which, among other things, significantly adjusts Medicare reimbursement rates for a wide range of products and services beyond prescription drugs. These new rate bases, which take effect in 2006, will make many products and services that have been viable businesses for many years suddenly much less profitable or even unprofitable. In turn, this will likely stop the flow of some products and services, or significantly change their modes of delivery, to the seniors who depend on them.

Despite the promises of lower cost medicines, the average senior's expenditures on pharmaceuticals have actually risen instead of falling since the initial benefit went into effect.² The eventual cost of the new Medicare pharmacy benefit to taxpayers has ballooned from the administration's initial estimate of \$395 billion to a whopping \$540 billion.³ Clearly, there will be winners and losers with this massive overhaul of Medicare. Pharmaceutical companies and Medicare HMOs will certainly benefit. The new law explicitly forbids the federal government from using its buying clout to negotiate lower drug prices.⁴ It also offers subsidies to HMOs as part of an effort to begin privatizing Medicare.⁵ But what about other providers of products and services catering to the 65+ market?

Impact on Seniors

And what about the seniors themselves, how do they think they will make out with these changes? The original estimates of demand for the temporary drug benefit cards were that close to 100% of those eligible would quickly sign up for cards. Instead, cards have been met with skepticism. Even those seniors who are most in need and who would clearly benefit have not signed up in numbers anywhere close to the least optimistic forecasts.⁶ Further complicating the issue was AARP's support for the bill. Many seniors felt betrayed by an organization they felt, until now, had been a reliable advocate for their well being. Tens of thousands of members actually resigned from AARP in protest. As one respondent to our survey aptly stated: "AARP can't decide whether they are advocates or capitalists. We need both but not from the same organization."

Who We Talked To

To minimize bias and obtain more substantial feedback, we chose to speak with a very wide spectrum of seniors, business executives, non-profit executives, observers, and even regulators. We drew first upon contacts we had cultivated from our long experience in researching, marketing and advertising senior-oriented products and services for Age Wave, Third Age and other generational marketing agencies and consultancies. As well as people who work everyday providing products and services to seniors, we were able to field the survey to nationally renowned experts. Participants include: journalists, commentators, company presidents, county service administrators, demographers, Meals on Wheels drivers, financial advisors, physicians, fitness program directors, occupational therapists, geriatric care managers, clergy, non-profit program executives, marketing experts, healthcare service regulators, adult children of seniors, and senior consumers themselves, among others. This unique mix of individuals provided us with a rich pool of ideas that we have subsequently compiled and analyzed.

How We Framed Our Questions

Our first task was to develop questions that reveal both attitudes about the new Medicare law and new business ideas around the law. Since our ultimate goal was to uncover new business opportunities, we framed the questions in a way that would generate both opinions and some truly interesting, workable ideas of products or services for seniors that either were not being done yet or were being done poorly. During pre-testing it became clear that people were answering the questions in two different ways: some discussing products that would serve seniors the best; and others products that would be the most profitable for businesses. In order to ensure that all interviews would be consistent we

explicitly broke the question into both versions. We also added some questions about existing products:

- In which existing senior-oriented product or service would you invest \$5,000?
- With which existing company in the senior market would you invest the \$5,000?
- What has been the most disappointing product/service/company/organization over the past five years that caters to this market?

A Note about Terminology

One of our roles as a senior-oriented advertising and market research agency is to help businesses in senior markets communicate appropriately with their customers. In that role we have often struggled with how to refer to these older Americans who have widely divergent ideas about their self identities. We use the term “senior” in this paper both because it is probably the most familiar to our readers and because in business “senior” has positive connotations: “senior vice president,” for example.

Clearly, “senior” is not the term older Americans prefer. It probably falls somewhere in front of “geezer” and “elderly,” but probably behind compound words with “silver” or “gray” or “golden,” and far behind the favorites: “older adult” and “elder.” There is less agreement about the fairly popular term “mature.”

One of our mentors, Dr. Ken Dychtwald, a leading voice for thinkers about the senior market and demographic changes that will result from aging Boomers, often tells a funny story about terminology: “senior” means someone who is about to graduate from high school; “elders” are your parents and all of those people you should look up to; “older” is applied to your brother or sister (or to you if you have younger siblings); “mature” is what your parents were always asking you to try harder to be. It seems that the most popular terms to label this enormous and diverse group are ones that were familiar to us as adolescents.

While it would be so much easier if we could develop one way of speaking to all 34 million people 65 years and older, we freely acknowledge that these 34 million Americans cannot and should not be viewed as a homogeneous group. Despite this ongoing terminology dilemma, we’re more interested in the concrete benefits of engaging with this group, as a whole or segmented into interest groups. Outside of the pharmaceutical and health insurance industries, why aren’t businesses trying to better understand seniors and making greater efforts to develop appropriate products and services for them?

Methods

We interviewed people face-to-face, over the phone, through the mail, and via email. We recruited through all four methods as well, trying to get a broad cross-section of industries, service agencies and types of work.

When participants needed us to narrow down the age the questions addressed, we told them that 70 was the middle of the range.

We challenged respondents when they proposed business ideas that weren't obviously feasible as money making and self-sustaining. We asked them to elaborate on how the business could make money and/or how it would be made attractive to investors.

Otherwise our interviewing style was relaxed: we allowed participants to provide more than one answer to questions, we did not push if participants answered one of the first two questions (usually the one about what product or service would be good for seniors) but not the other, nor in fact did we invalidate a response with only two questions answered so long as the respondent answered one of the first two questions. We were looking for new ideas rather than validation of existing opinions and views. When a respondent put forth a new business idea, we gave them plenty of time to develop it and talk it through.

Before analyzing the results, we hypothesized that there might be a difference between the answers of different groups defined by how far removed from seniors they were. So, at one end we would have (1) seniors themselves, then (2) those who work directly with seniors like nurses, doctors, social workers, then (3) those who oversee the work of the second group, either directly such as a senior center director, or indirectly such as an HMO or medical device company executive, (4) those who run the companies or agencies, and finally (5) those who observe senior behaviors and senior-oriented businesses as writers, speakers, journalists, and consultants. This is not to suggest that those groups further removed have less insight, just that we suspect that answers may generally differ by the degree of removal from seniors. Indeed this did turn out to be the case.

A Closer Look at the Numbers

About 70 of the 95 product/service ideas fell neatly into five categories: Transportation, Personal Assistance, Information Delivery, Health Products and Services, and Reformed Healthcare. The rest were pretty equally divided between miscellaneous products and services.

Before conducting the analysis we theorized that there would be systematic differences in responses depending on how closely the participant worked with seniors. We created five categories:

1. Seniors themselves (11)
2. People who work directly with seniors (17)
3. People who are one step removed from working with seniors [In other words, people who supervise those who work directly with seniors] (4)
4. People who are two steps removed. [These might be people running senior service companies or vendors who work with senior service companies.] (7)
5. People whose work is about seniors but who have no direct or indirect contact with seniors through their work [consultants, advertisers, journalists, etc.] (4)

While these are small numbers, and groups 3 and 5 are certainly too small to make any numerical inferences about, we will still endeavor to find some patterns between participant and product idea once we've applied these categories. In the table below, the percentage is calculated by dividing the number of product ideas in a product category by the number of people in the participant group:

Category	Group				
	1	2	3	4	5
Transportation	18.2%	35.3%	25.0%	14.3%	50.0%
Assistance	18.2%	23.5%	0.0%	71.4%	25.0%
Information	72.7%	17.6%	50.0%	28.6%	50.0%
Health	18.2%	47.1%	25.0%	0.0%	0.0%
Healthcare Reform	45.5%	47.1%	50.0%	42.9%	0.0%
Miscellaneous Services	0.0%	41.2%	0.0%	0.0%	125%*
Miscellaneous Products	27.3%	41.2%	0.0%	14.3%	50.0%

*Please note that we are counting every distinct idea mentioned by each participant, so the percentage is not a true percentage – as it can exceed 100% -- but should give a feel for the popularity in each category.

There are a few remarkable patterns that we find when we analyze the data using these categories. Those who work directly with seniors were most likely to suggest transportation- oriented solutions. Those who work furthest from seniors (of the groups with reliable numbers) were by far the most likely to recommend a personal assistant, however, seniors themselves were by far the most likely to want information-based services. Clearly there is some effect of relationship to seniors on the type of answer participants gave.

Results

I. Pre-Analysis Commentary

The respondent pool is weighted with people who live on the West Coast, although the Midwest and East Coast are amply represented. They tend to be more entrepreneurial than average, and work in healthcare, senior services, social services or marketing of products and services to seniors.

Some who participated were wary, at first, of divulging their great ideas (of these, a number said they had been meaning to make their ideas into businesses). Others seemed initially stymied by questions regarding their thoughts on the business and industry of serving the senior population. They often expressed self doubt regarding their “expertise” as business analysts. More than one respondent needed some extra time to be able to express well-formed realistic business ideas. Fortunately, once they warmed up to the subject matter, most respondents had numerous ideas and concepts to share.

II. Analysis Results

Antipathy Towards Drug Companies

The system...allows Prilosec and other drugs to be patented and promoted to sell for billions when generics are available and do just as well.---Retired Older Adult

The meds are out there to help but more and more I work with seniors who were working, productive people in society who can no longer afford all their medications. This is wrong!---Hospital Geriatric Care Coordinator

Many of the respondents took the survey as an opportunity to vent their frustration, and even rage, with what they viewed as pharmaceutical price gouging. This feeling was almost universal among our respondents, many of whom see their clients making trade-offs between vital drug purchases and other basic necessities. While we were looking for self-sustaining business ideas rather than just the identification of a problem, it is easy to see how participants might believe that managing the cost of pharmaceuticals is an example of a business that is not “being done well enough” (see appendix for survey questions).

When challenged about how they would pitch this “business idea” participants gave a range of possible money-making approaches including: the argument that a higher volume, lower price structure could be more profitable; offering the same basic drug at a number of different quality levels or using brand associations to increase the perceived value of the higher-end version could pull down the prices of the lower end versions of a drug; identifying waste in the process as a large money-saver for HMOs or the government; and moving more quickly to generic alternatives to brand name drugs. There was some discussion of the marketing practices employed by pharmaceutical companies to promote their products, and even one response that suggested strengthening the role of the FDA in ensuring that drug companies keep their marketing costs in check.

A Closer Look at the Numbers

At closer examination of the Healthcare Reform category, we find that seniors themselves did not ask for any reform in managed care, but instead about half (all of the responders in this category) wanted lower pharmaceutical costs. Also, seniors seemed to be quite confident of what they wanted: Over half of their ideas fell into the two categories of information retrieval and healthcare reform (pharmaceutical costs) and, with the exception of one lone would-be entrepreneur, they gave no additional ideas outside of the five major categories.

Dichotomy of Attitudes vs. Actions

“Pharmaceutical companies...have all the money and seniors desperately need their products.”—Adult Child of Senior

Ironically, many of the respondents who expressed unhappiness with the pharmaceutical industry nevertheless chose drug companies as likely places to invest in, when asked where they would place a gift of \$5,000. There seemed to be a tacit acknowledgment that pharmaceuticals have played an important part in the longevity revolution, and that the pharmaceutical industry would remain very profitable for the foreseeable future.

Services Rather Than Products

Apart from lower cost pharmaceuticals, which is more of a wish than a business concept, the business ideas most frequently mentioned were heavily skewed towards services rather than products. This is somewhat contrary to the philosophy of the new Medicare Act which actually de-incentivizes non-pharmaceutical companies to offer better service with their products by slashing their reimbursement rates. Fortunately, most of the new products and services suggested by our respondents fall outside the purview of Medicare. Still, this emphasis on services rather than products is consistent with current research on seniors who tend to value experiences over things as they grow older. In a 2003 study conducted by Harris Interactive on behalf of Northwestern Mutual Financial Network, most of the 12,000 respondents chose their experiential investments over their material possessions.⁷

Practical Solutions

The most popular business ideas were very practical and of a non-medical nature. They tended to resemble services more than products. For research purposes, we have compiled the most popular ideas which are listed below. Immediately after this list, we will also discuss what we consider the most interesting ideas, and ones which have the most profit potential. The most frequently mentioned ideas were:

1. Concierge/Personal Assistant Service
2. Car Service
3. Better Designed Senior Housing

Concierge/Personal Assistant Service

A client (senior or adult child) would call the concierge line and express a need, like driving her (or a parent) to the doctor's, picking up medication, moving heavy furniture or boxes, fixing a minor problem in the house, setting up a new DVD/VCR player or handling simple computer-related tasks such as getting online, checking email or resolving minor problems that may pop up from time to time. These are tasks for which a senior might otherwise call an adult child, but might really only need someone who is trusted and has good everyday skills rather than specific expertise.

Workers, most likely college students or other young adults who need part-time work, would have their skills assessed when they sign up for the program; their backgrounds would be checked, especially with regard to reliability; they would be interviewed for attitude and demeanor; they would be trained for a short period in how to communicate effectively with seniors, how to best write down instructions for a client by observing the client as she accomplishes the task in her own way.

The main target for this service would be busy professionals for whom two or three hours spent with a parent might cost hundreds of dollars. Secondary targets are seniors who don't live close to family or adult children who live away from their parents. The main efficiency would be quickly identifying the right worker for a task through a database and quickly locating him through a call to a cell phone. Clients might pay a small monthly membership fee and then pay by the hour; high-use clients would be given an incremental discount.

This service could be local, regional or national in scope. A toll free number and a website address would be opportunities to brand the service. The main purpose of the number and website would be to direct seniors to the appropriate contacts in their local area.

Car Service

This is a cross between limousine, taxi, and Paratransit service. It is sensitive to the needs of seniors, including disabled seniors (with some vehicles having storage in the trunk for a collapsible wheelchair and for walkers), and low cost, but high touch, with a focus on bringing seniors together and allowing them to be more involved in social activities.

Like the concierge service it is probably staffed by people who need to make some extra money, but would rather do so through a relaxed atmosphere where they get around and interact in a natural way with appreciative clients rather than waiting tables or working retail. In this case, the drivers might be young or older. And, like the concierge service, the feasibility of the concept is based on high efficiency: anticipating staffing needs, being able to add to staffing at a minute's notice, and being able to plan routes and pickups effectively.

The main target again would be adult children with parents who really shouldn't be driving, especially at night. A secondary target would be seniors who live in locations separate from their friends, but who all get together to socialize on a regular basis. Pricing would probably be based on travel distance for one person, with additional people going to the same destination offering some discount, and additional people going to and from the same

destination paying only a small incremental amount. A reduced rate would be given for people who have regular weekly or daily travels.

Affinity Based Senior Housing

“Real estate is supposedly American's best investment but there is virtually no thought going into ‘human housing’ for older people. Architects should be incentivized to design new concepts in housing...”—L.S., magazine editor

Affinity based urban housing with attractive but ergonomically sound design for older people is the concept. Food preparation is offered in multiple modes including private kitchens, a co-housing model with shared meals, a cafeteria model with regularly prepared meals, and a food court model with various food options. Housing also includes transportation, both regular routes at regular times and individually arranged trips. Like minded seniors have a built in social group within which to interact.

Affinities to build around:

- Intellectual affinity: university alumni returning to town where they attended college, for example
- Avocational affinity: sailing enthusiasts with housing built around water and with easily accessed docks with extra railings and hand holds, for example
- Vocational affinity: retired teachers or retired police and fire fighters, for example

Housing developments would be small, specifically in order to remain part of the larger communities and stay connected to multi-generational contemporary life. Volunteer activities would be an integral part of the housing experience. Affinity based housing enriches their living environment without isolating them geographically.

The developer and a core group of founding residents would share financing and design of this new paradigm for senior housing. Marketing of each project would be done by founding residents, talking up the concept with their friends and friends of friends, as well as using newsletters and websites that they already peruse as part of their shared interest.

Other frequently mentioned ideas:

- Information services
- Senior fitness programs
- Better senior housing options
- More accessible care management
- Reliable financial products that will keep seniors solvent to the end of their lives
- Seniors offering services to other seniors
- Fashions, health and beauty aids appropriate to senior needs and desires

A Closer Look at the Numbers

Most participants provided business ideas from their fields of work. That many focused on their own industries implies that there is room for improvement in very many areas when it comes to products and services for seniors. Perhaps these are areas in which

existing companies have little interest or where competition is lacking. We suspect that this is due largely to a continuing misunderstanding of what seniors want and what they, and their adult children, are willing to pay for. This was a major reason for conducting this study.

Ideas from the Margins

Some of the most interesting ideas with true business potential were surprising to us in that they answer needs which, on the surface, are already being met to some degree by existing products and services in the marketplace. The fact that these ideas are still being offered indicates to us that there are problems with existing products, both in design and in delivery. The first idea below is a good example. While it would seem that there are many outlets of information for seniors, some through paid subscriptions and others offered free of charge, seniors and those who provide services for them feel that existing information products are not packaged in a way that is convenient or meaningful for them.

“Seniors need services more than products. My own experience is that informational services are incredibly important.”—K.R., adult child of senior

Suggested solution:

Welcome to Your Next Lifestage Information Service

An information service, including live phone service (senior respondents indicated that they hate voice activated response systems) where Customer Service Representatives would look up basic information from databases (like generic drug equivalents or technology answers). More complex questions would be answered using advice services with a hierarchy of non-experts and experts. The most popular of these informational services is also the least expensive to develop: a very well organized printed packet containing all of the information, tips, advice, what to be wary of, and resources that one might need when entering retirement, planning on healthcare coverage options for seniors, planning on living choices for the future, and for both caregivers and seniors who need reasonably priced legal services for wills and other basic legal documents.

There would be some evaluation of resources and approaches, but no specific ranking, only comments, a la Zagat Guides, by users and commenters. The kits would be developed by professionals, and vetted and improved by regular people who have been through each lifestage. The kits would be produced yearly, would have a Web site for updated information, and a phone line for questions.

The top targets are probably self evident, but the pricing structure would be less obvious. Kits could be sold at a cost per kit with phone service paid by-the-minute and a log-in to reach the additional Web site info, or perhaps an entire lifestage would be sponsored by a third party in order to give kits to its members or customers. The Web site would encourage feedback and discussion, which would be unmediated, but used when developing the next year's kit. Much of the cost of starting the business would go into developing the brand for trust and quality.

Information services available exclusively over the web are still out of reach for most seniors. Seniors who do not surf the web, still a majority, feel isolated and misunderstood by website-only sources of information, however good and thorough they may be. The demise of DrKoop.com is a great example of a very good website that never realized its potential due to seniors' lack of access and unfamiliarity with navigating the web.

Phone Is Preferred Mode of Interaction

Seniors really enjoy talking on the phone, live. They find voice activated phone systems confusing and off-putting. Several of the respondents of the survey indicated that they would love to have phone customer service be live and by someone who speaks relatively good English.

*"Of all place, even our church no longer has a live person answering the phone...Every product you buy tells you where you can call to get help and service. You call and get 6-8 options to press, if you get the right one, it gives you 5 more options to press, and if you get the right one, you get a recorded voice. About the second series I give up."
-B.M., retired clergyman*

If a phone-oriented service provides a good experience for the senior, she will come back often. Multiple modes of interaction are critical to the success of any information access service for the senior population.

A Matter of Trust

The next interesting idea really revolves around the issue of trust. Most seniors are acutely aware of products and services that prey on the gullibility of seniors. The types of businesses that are suspect run the gamut from plumber to "final expenses" insurance to financial advisors and lawyers. Seniors are more likely to have financial assets and a need for advice and legal services than the average person. They also are more likely to have diminished sight and/or hearing, and generally a slower cognition time. They look for professionals they can trust and whom they know will spend the time to answer their questions at a pace that is comfortable for them. How do they find them? Here is one answer:

"Common Sense" Seal of Approval

A Consumers Digest type evaluation service combined with a "senior business verification" service seal of approval. "Common Sense" might be the right way to brand this, using a well-understood and shared value to name the service rather than "senior" or similar descriptors that have baggage.

This service could address the overwhelming concerns seniors have about healthcare options, pharmaceutical prices and safety, care management, hearing aids efficacy, and related health issues that come with aging. It would also assist them in making safer choices about who to trust with their financial assets. This service would be a positive, ethical and profitable way for businesses to establish their bonafides with a large, lucrative market segment who is also loyal to those who have earned their trust.

Still Dieting After All These Years

Obesity and its companion problems have reached epidemic proportions. For seniors, successful dieting is no longer just about weight management but also about balancing weight loss goals with the nutritional needs of various chronic health conditions. Proper diet and exercise are major components to a long and healthy life. As seniors live longer and healthier lives, they are much more likely to invest in diet and exercise programs.

“Is The Atkins Diet Okay For Me If I’m Diabetic or Hypertensive?”

Nationally advertised programs such as the Atkins Diet, Jenny Craig, and 24-Hour Fitness are not suitable for an older person who may have health conditions and daily medications that complicate fitness and nutritional needs. Ironically, typical gym equipment is designed for the already physically fit. The weight intervals are too large for an older person to use. The adjustment mechanisms often require hand and arm strength beyond that of a typical older female. One respondent who directs a senior fitness program spoke of a fitness machine that *“...cannot be used by anyone who is not already strong and very capable... Someone with arthritis simply cannot handle it.”*

The answer:

Senior Smart Diet and Exercise

Diet and exercise program custom made for an older population. The program is flexible with customized elements for people with conditions such as diabetes and osteoporosis. This science-based program of packaged foods, supplements and home gym equipment would be distributed through websites, books, and newsletters. Both the dietary program and the fitness regimen are designed with realistic goals and written with directions that are easy to understand and follow. Could also include personal training, coaching and monitoring.

Some elements of this concept have already sprung up such as the “Curves” fitness salons that cater to women, and the many health newsletters from HMOs and local hospitals that offer recipes and dietary assistance for people with special needs. However, no one is offering a comprehensive program that ties diet, nutrition, health conditions and daily medications into a daily regimen that can be personalized. Both diet and fitness have proven to be very profitable industries. A senior focus would be something that could easily become a national franchising opportunity.

Conclusion

With this study, we set out to ferret out ideas people already had percolating for how to better serve seniors in a rapidly changing economy. Due to the timing of the study, we also became recipients to their thoughts and opinions about the substantial changes currently underway for Medicare and Social Security. Out of this potent mix of business and politics came some interesting business ideas and an articulation of ways in which both businesses and seniors could benefit by changing the way they interact with each other.

Getting seniors involved in product development is an idea that intrigues us. While its value seems rather obvious, it is rarely employed beyond some focus groups and fairly superficial surveys, with results that become news articles that then become old news and forgotten. If this study actually motivates some genuinely new product development around real senior needs and wants, we will be deeply satisfied.

We did not seek to quantify these results. We will leave that for another day. The good ideas that have yet to be fully explored are just waiting for the right sponsors. We'd certainly love to see American businesses pick up the challenge.

Discussion

What's Next?

1. Our goal was to explore fresh ideas for senior-oriented businesses, hoping to identify the best ideas and then possibly encouraging the development of those ideas into businesses. Some of the ideas brought up in the study have already found their way into the marketplace. One such idea is the "Seal of Approval." A version of this is already in works in a joint venture between AARP and Home Depot. AARP will test and designate Home Depot products that are safer and more user friendly to senior consumers. Since this is a fairly narrow expression of the seal of approval idea, we think that there is still a great opportunity for other businesses to adopt similar programs.
2. Other ideas that had significant appeal, a new approach to senior housing, for example, need to be further fleshed out and costed out in order to test their economic viability. We challenge both existing senior home developers, such as Del Webb and Sunrise Senior Living, and general homebuilders to take a closer look at the real need and aspirations of seniors for living arrangements that maximize their quality of life. A first step would be to survey seniors and their adult children in an open and frank manner, then develop a working team that includes seniors in the planning of these new housing paradigms. We think inclusion of seniors in the planning is an important area where housing developers have been missing the boat.
3. Many of the best ideas for senior products were also the best ideas for profitable enterprises. The area of diet and exercise is already a large and highly profitable sector of the economy. The success of "Curves" and other senior related health and fitness ventures give ample evidence of the huge potential for further development of this category. In the diet category, both large and niche food companies have an opportunity to create new products and new brands that serve this large and still growing need. How these new products and services are actually developed remains a challenge. No one wants to go the "diabetes gym" or pick up the "hypertension special" at the local deli. And consumers often say one thing and do another when it comes to healthy food. Wouldn't it be interesting to see an innovative company take a more holistic approach that includes a book of dietary information coupled with numerous delicious recipes, along with a complete line of prepared foods? Objective, science-based food information is a critical element to the success of healthy eating programs for people who are living with existing health conditions. Distribution of the product is a formidable challenge, however, there are several successful models already out there with Jenny Craig and Weight Watchers. These highly successful enterprises provide regular emotional support along with meals that can be purchased at the same time.

Transportation services for seniors have lots of solutions that could reap profits for those who are willing to knit together transportation with senior social interactions. Ironically, churches and casinos are among the leaders here. By offering low-cost or no-cost bus transportation to their destinations, they offer seniors a chance to sit

and visit with their peers as they travel. A more independent service, without affiliation to a specific destination, would require some logistical analysis to make certain that the local area is served well, and that habitual trips are built into the business model. In several U.S. cities, there are rideshare businesses where drivers who subscribe to the service get access to shared vehicles. This allows them to have the benefit of car ownership without the headaches and costs of insurance, a garage, etc. Perhaps a similar service, that includes a driver or chauffeur, could be developed for seniors. Profitability would require a base of subscribers with the means to pay a monthly subscription fee, and a relatively inexpensive pool of drivers and vehicles. The need has been vehemently expressed by seniors and their children, the solution has so far been government sponsored ride programs that ebb and flow with the availability of funds. We are waiting for the private sector to seize this opportunity and figure out how to make it work.

4. Many of the best ideas from this study are globalization-proof. Information services, in plainspoken English, are not easily outsourced. Local transportation services, health and fitness products and services, senior housing: these are all products that require heavily localized development. With so many traditionally American-made products being pushed over seas, these products are resistant to the pressures of globalization which make them that much more attractive to study, develop and nurture.
5. Adult children of seniors have both real needs and discretionary money. They are often the consumers when seniors begin to lose mobility and/or cognition abilities. Adult children are motivated by real concern and by guilt if they live far away from their aging parents. They don't necessarily know what a parent needs until faced with an event, such as a broken hip or parent who gets lost coming home. Then the need for information and services becomes acute. While this need is starting to be recognized and attempts are being made to meet the need, much more work is required. There are no standards, yet, no generally accepted norms. Perhaps the time has come for a nationwide support group for adult children of seniors. Such a group would have very wide appeal and immediately become a magnet for suppliers of senior-related products and services.
6. Both seniors and their children will need to get used to the fact that many services, which until now have been free or low cost, will now have at least a modest price tag. State Medicaid programs are being severely curtailed and can no longer be dependable safety net providers of health services and long-term care. County senior programs are feeling the pinch, as well. As money gets tighter, non-profit service agencies, such as those that provide Alzheimer's care and other senior-related services, are starting to charge hourly fees for geriatric care management. Further research to quantify who needs care management and who will pay for it is urgently needed.
7. The need for services and care-providers is also linked to the issue of senior housing. If seniors can find and afford housing that keeps them active and involved in the larger community, they will be able to postpone the need for more expensive services until a time when they are truly frail. This should be a public policy concern as well as an economic issue. Healthier, happier seniors will become less of a burden on families and on government funded assistance programs.

8. Much of the data used to discuss seniors, especially concerning their habits and preferences, is rapidly becoming outdated. Much of the information that is quoted by “experts” in the field is 10 years old or more. It is definitely time for a large-scale study that delves deeper into what seniors want and what they can afford. We have all heard about how much of the country’s wealth is controlled by the 65+ population, but what are they doing with it? How do they want to spend it? What needs are not currently being met? Who do they trust for advice? How does their decision-making process affect the purchases they make? What kinds of predictions can we make about where American business should be focusing its efforts to meet seniors’ needs?
9. Businesses who serve seniors need to be more ambitious and more demanding in their research of consumer needs. They also need to be open to a more participatory product development process if they want to remain leaders in their industries. If businesses are too short-sighted to this on their own, maybe it’s time for one of our leading universities to set up a “Senior Marketing and Product Development Lab.”
10. The political implications of perceived price gouging of seniors and/or ignoring their needs are significant. The senior lobby has been a powerful one for the last 20 years and will only get bigger and more powerful in the coming years. Pharmaceutical companies, in particular, would benefit from less profit taking and more dialogue with senior consumers. The risk is to suffer a tidal wave of consumer-driven government regulations, first of pricing and then of clinical trials where big pharma companies have also been less than candid with the American public. Although it has been successful with Washington politicians, the pharmaceutical lobby should think twice about locking horns with the senior lobby. If the pharmaceutical industry continues to lose the trust of the senior population, it will not survive in its present form.

Appendix: Responses

Transportation (11)

- Car service once one can no longer drive (6: JGH, BG, LS, KL, NP, MF)
Especially for women and at night; also small electric vehicle with its own lane on the road.
- Better regional/public/generic private transportation (5: PL, BM, EVM, SL, S1, SM)
For cities, parts of cities without it.

Personal Assistance (12)

- Personal Advocate (2: KTG, TV)
Support advice, help persuading, etc. for health care, surgery
- Concierge Service / Occasional Personal Assistant (7: DH, MP, DJF, NP, BG, DR, KC)
Including help moving heavy things, running errands, general handyman, paying bills, getting to doctor, etc. (or combination of this service and driver). Includes "day services that allow seniors to continue to live in their own homes."
- Geriatric Care Manager (3: NP, KC, RER)
Full-service that an adult child can purchase for parents.

Information Services (18)

- Internship Software/Database (2: PS, ER)
Collect seniors' information to match them with internship so they can continue to contribute and feel useful.
- Open-ended Informational Warehouse Service (2: KL, RV, PL)
provides a search through various databases including perhaps local/government/free resources, technology, generic drug equivalents, etc.
- Constrained Information/Advice Package (5: JG, BC, BC, RER, RER)
On things like retirement planning, healthcare and living options; legal kit for caregiving.
- Information and Advice from Unbiased Experts (4: BJV, ER, PS, CM)
From a phone line for triage mental/physical health but also resources to experts who work with you, provide unbiased info/advice on finances, etc.; Life Options Counselor for counseling on transitions.
- Expert Evaluator (4: MH, ER, S2, BG)
Watchdog, Ombudsman, Independent Medical Reviewer, Approved Seal like Good Housekeeping, etc. Also, call for prescription advisories without mention of whom.
- Travel Agency/Tour Group (1: RV)
Meeting special needs / looking out for safety.

Proactive and Rehab Health/Nutrition Products (12)

- Advanced Personal Monitor (2: SL, CJ)
This could be to alert in-house caregiver, provide detailed health info on complex conditions, alert appropriate people in case of emergencies, etc.
- More Appropriate/Tailored Fitness Products (4: S1, S3, EVM, SM)
Smaller weight increments, fitness machines for wheelchair bound, better for changing settings, fitness center devoted to seniors (not just in senior housing), classes for stretching/balance, physical alternatives to pills like massage.

- Products and Services that Focus on Senior Nutrition (3: AF, LCC, LCC)
Nutritious food delivery; Ensure-like food that is updated to better meet needs; something that integrated medication and nutrition.
- Equipment for Rehab and Services (2: CJ; LCC)
Adaptive equipment for stroke, injury, low cost, well-designed; physical therapy aimed at lowering ongoing costs.
- Therapeutic Chairs (1: CJ)
High enough to avoid having to struggle to get out.

Reformed Health Care Process, Costs, Delivery (19)

- Lower Cost Pharmaceuticals (9: EA, MH, PL, S1, S2, DJF, EVM, KL, DR)
Also mention of generics presumably as way to lower cost; mention of standardized or capped prices; includes “medications.”
- Flu Shots (1: RR)
- Reformed Health Care / Health Insurance (7: BM, JGH, SL, WD, AB, TP, MD)
Especially lower cost and higher quality; better access also to prescription drugs; also more easily understandable; more patient friendly delivery of health care from a compassionate healing perspective; universal health care to address problems with low income and Medi-Cal; affordable assisted living insurance.
- Affordable Assisted Living Insurance (1: MD)
- More Focus on Cures (1: JG)
Including Alzheimer’s

Miscellaneous Services (13)

- Help HMOs prepare for Medicare Changes (1: BC)
- Affordable Urban Housing (2: LS, LS)
Futuristic designs for seniors with functionality for them...more human housing; planned two family houses in smaller cities with public transportation for seniors to invest in and get income from.
- Tailored Financial Products to Seniors Lives (2: JD; JM)
Combine protection of investment with good payout. Also advice on distribution planning.
- Deals on Eldercare for Adult Children (1: MF)
- Service to Age-Proof a House (1: RER)
- Communication Across Disciplines that Involve Seniors (1: KTG)
Avoid social services/therapy catch-22.
- Live (and English) customer service (1: BM)
- Senior Market Network of Services Like Barry Diller’s (1: MF)
- Lower retirement age (1: RR)
- Better Airline Shoe Security (1: BM)
So seniors don’t have to remove shoes.
- Energy/Utility Alternatives (1: BM)
To lower costs of utilities for seniors.

Miscellaneous Products (14)

- Senior Product Design Company (2: TV, MF)
Make things like walkers, stability bars esthetically appealing and help seniors retain dignity; Herman Miller Aeron-like Wheelchair;

- Fashion/Clothing (2: KTG, MF)
Fashionable clothing for seniors and clothing that better meets needs.
- Easier Packaging (2: KS, KS)
Especially an alternative to the rigid shrink-wrapped clear plastic used over CDs, medicines, etc.
- Starbucks for seniors (1: BG)
- Night-vision glasses (1: RM)
- Voice Controlled Remote Controls (1: RM)
- Locatable Micro-Chips that Attach to Valuables (1: RM)
- Tools to Replace Mobility Loss (1: S3)
Reach, grab, help continue to be self-sufficient.
- Products to Exercise Your Mind (2: KTG, KL)
Also memory aids (pharma and manual)
- Anti-aging Aids (1: KL)

Survey Respondents

A.B.---Administrative Law Judge dealing with Medicare and Medicaid claims
A.F.---Meals on Wheels Driver
A.N.---Housewife, 77 years old
A.S.---Author, 71 years old
B.B.---Journalist and Adult Child of elderly parents requiring full time care
B.C.---Nationally renowned speaker and writer, specializing in healthcare and aging
B.G.---Marketing Director for Health Management Company
B.V.---Psychiatrist with large senior population
B.M.---Retired Clergyman, 75 years old
C.J.---Occupational Therapist specializing in working with 65+ population
C.M.---Actuary
D.F.---Financial Advisor
D.H.---Medicare/Medicaid HMO Sales Executive, manages corps of older retired business executives who sell individual plans to their peers
D.R.---Former VP of Marketing, Bel-tone Hearing Aid Company, current V.P., Marketing, dental products company
E.A.---Retired Businessman, 75 years old
E.F.---Retired Sunset Magazine Hospitality Manager, 82 years old
E.R.---Retired Businessman and part-time HMO Sales Executive, 76 years old
E.V.---Senior Fitness Program Director
J.G.---Marketing Executive, G.E. Capital Long Term Care Insurance
J.D.---Financial Advisor
J.H.---National columnist and author specializing in senior-related issues
J.M.---CFP and Senior Financial Advisor
J.S.---Psychotherapist, 66 years old
K.C.---Executive Director of Alzheimer's Services Agency
K.G.---Senior psychological therapist and coordinator for senior charity
K.L.---Adult Child who arranged housing and services for disabled 66-year-old parent
K.M.---Skilled Nursing Facility Director
K.S.---Retired Chief Radiologist at University Hospital
K.T.---Director of Marketing, General Motors Event Works
L.O.---Senior Center/Senior Club Director
L.O'R.---Director of Hospital Lab Services for a community hospital serving a largely rural area
L.C.---Nutritionist and Small Business Owner
L.S.---Publishing Consultant, former Marketing Director of AARP, former Editor-in-Chief of Age Wave Communications
N.P.---Gerontologist, CEO and Founder of Gerontology service provider company
M.F.---Founder of several nationally known businesses that focus on senior computer access and senior media usage
M.H.---Retired Teacher, 71 years old
M.P.---Church Administrative Assistant, 65 years old. Her employer has a full range of services for seniors.
M.D.---Joint Commission on Accreditation of Healthcare Organizations (JCAHO) Executive
P.L.---Retired Businessman, 74 years old
P.S.---Director of Development, Senior Corps, a Washington D.C. based organization that brings retired and older adults into urban classrooms as volunteer tutors
R.C.---Former VP Research, Age Wave Communications and current Development Consultant for Non-Profit and Educational organizations
R.M.---Nutritionist who focuses on senior nutrition
R.R.---CEO and Founder of advertising agency, former executive of senior-oriented agency

R.Ro.---Meals on Wheels Driver serving a diverse clientele that includes both elderly and chronically ill or disabled
R.V.---Retired Professor
S.L.---Geriatric Care Coordinator for Regional Hospital serving a largely suburban population
S.M.---Director, University of California Senior Fitness Program
T.P.---Director, Meals on Wheels Program for a medium-size California city
T.V.---Clinical Therapist with large senior client base
W.D.---Gastroenterologist

Appendix: Survey Tool

- Q1. What is the senior-related product or service that if it existed or were being done well enough would benefit seniors the most?**
- Q2. What is the senior-related product or service that if it existed or were being done well enough would benefit the manufacturer, provider, or seller the most?**
- Q3. If someone gave you \$5,000 to invest in an existing senior-oriented product or service which one would you invest it in?**
- Q4. Which company or industry, serving seniors or related to seniors, would you invest it in?**
- Q5. What has been the most disappointing product, service, or company over the past five or ten years that deals with senior issues?**

Footnotes

1. AARP and New York Times, 2004
2. Robert Pear & Edmund L. Andrews, *White House Says Congressional Estimate of New Medicare Costs Was Too Low*, N.Y. Times, Feb. 2, 2004, at A14; Robert Pear, *Inquiry Confirms Top Medicare Official Threatened Actuary Over Cost of Drug Benefits*, N.Y. Times, July 7, 2004.
3. *White House Raising Estimated Cost of Medicare Overhaul*, CNN.com, Jan. 29, 2004
4. *The Skinny On The Medicare Bill*, CBSNews.com, Nov. 25, 2003
5. Milt Freudenheim, *Using Medicare Billions, H.M.O's Again Court Elderly*, N.Y. Times.com
6. Robert Pear & Milt Freudenheim, *Drug Discounts Beginning Tuesday, but Sign-Ups Lag*, N.Y. Times, June 1, 2004
7. Leaf Van Bowen, University of Colorado, *Harris Interactive Survey for Northwestern Mutual Financial Network*, 2003; Professor Thomas Gilovich of Cornell University, *Journal of Personality and Social Psychology*, December 2003 issue