

# MIAMI TODAY

## *The Potential Fortune in the Silver Economy*

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20 years ago the late management professor C.K. Prahalad authored *The Fortune at the Bottom of the Pyramid*, a widely-praised and impactful book arguing that there are commercial opportunities in the poor nations of the world for private companies, and that firms can utilize this knowledge to make profits and at the same time fight poverty.

Fast forward to today where another neglected demographic group—seniors-- offers monumental opportunities for companies of all sizes in both industrialized and emerging economies. Often referred to as “Baby Boomers,” this cohort comprises what is often referred to as “The Silver Economy”—a system of production, distribution and consumption of goods and services aimed at the purchasing potential of older individuals.

According to the United Nations, the number of people aged 65 years or older worldwide is projected to more than double, rising from 761 million in 2021 to 1.6 billion in 2050. The number of people aged 80 years or older is growing even faster. (Population aging is an irreversible global trend due to longer lives and smaller families.)

The aging process is occurring fastest in countries that have seen the most rapid fertility declines. The Western Hemisphere provides a vivid illustration. Between 2000 and 2050, the percentage of the population age 65 or older will rise from 10 percent to nearly 27 percent in Cuba, for example, and from 5 percent to 18 percent in Brazil. Even in the United States where Hispanics form the largest minority group, the median age of this demographic exceeds 31 years.

In an assessment by the Inter-American Development Bank, the projected growth of the elderly population in the Americas raises challenges related to pensions, health and long-term care. However, at the same time this development opens up numerous business opportunities in a host of sectors that could generate millions of new jobs in the “silver economy”.

In terms of economic impact, seniors are an increasingly powerful consumer group, influencing sectors such as healthcare, real estate, travel and leisure. Spending on health and wellness, financial security and convenience is rapidly growing. In countries like Brazil and Mexico, seniors contribute significantly to household incomes, often through pensions or as economic

anchors in multigenerational families. Aging populations are also driving a surge in demand for healthcare services and pharmaceuticals. In fact, the healthcare sector in Latin America is projected to grow at a compound rate of 6-7%, partially fueled by senior-related needs. Labor market impacts are also significant. Seniors are staying in the labor force longer, out of choice or necessity, and contributing to industries such as agriculture, small business and the informal sector. Countries such as Argentina, Chile and Uruguay promote “active aging”, seeking to integrate older individuals into the economy.

Recognizing the growing underserved population of the elderly in the Americas, the International Finance Corporation (IFC), a member of the World Bank Group, announced in August 2024 the Silver Economy Initiative, a pioneering effort aimed at creating and developing a market for innovative financial products and services tailored to the 50+ population in Latin America. One month before, Consubanco in Mexico announced the issuance of \$129 million in bonds, with the IFC as anchor investor, to boost the silver economy in Mexico.

As for the private sector response, silver economy participants are the fastest growing consumer group in the world. With increasingly higher spending power and rising share of overall income, they will continue to have a huge influence on corporations given the fact their capacity to consume is fueled by a total net worth of approximately \$70 trillion.

Companies have adjusted their products accordingly. In the consumer sector, names such as Estée Lauder and Unilever have introduced various product lines relevant to “aging gracefully”.

At the same time, Swiss food Group Nestlé has redesigned instant coffee jars and chocolate boxes by making them easier to hold and open, keeping products accessible to older age groups. In other examples, Philips is marketing medical devices and smart home technology, and Danone is rolling out nutritional products tailored for older adults.

While the Americas region may be illustrative of the growth and dynamics of the silver economy, it is truly a global phenomenon—one that will accelerate at a faster rate than previously. A recent Santander Bank report contends that there are three pillars of the silver economy: (1) technology, boosting senior citizens’ quality of life in the future due to things like telemedicine and the Internet of Things (IoT); (2) entertainment, as people over 50 tend to have more free time than before for leisure, travel and cultural activities; and (3) training and jobs for those over-50s who want to keep up in an increasingly digital environment via Internet courses, online banking and upskilling and reskilling.

The sheer number, growth rate and increasing political power of seniors and organizations that champion their interests are overwhelming. Clearly there is a potential fortune to be made in the silver economy—a new Eldorado. Companies would be wise to take heed.

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