

Banks retreat

Why global lenders have made way for local rivals — PAGE 17

Flirting for jobs

Lucy Kellaway says it's time for LinkedIn to move over — PAGE 12



Stagnation alert

Wolfgang Münchau warns on the eurozone's dark cloud — PAGE 11

Runners mask the impact of Beijing smog

Heavy pollution forced many of the tens of thousands of runners in the 34th Beijing International Marathon to don face masks and use wet sponges during the race in the Chinese capital.

Some participants in the race used gas masks as Beijing's environmental centre said that the air quality was "severely polluted" - the most serious rating in China's measure of air quality.

Such a level of pollution comes with a warning for children, the elderly and the ill to stay indoors - and for everyone to avoid outdoor activities.

Ethiopia's Girmay Birhanu Gebru won the men's race, Fatuma Sado the women's.



Fog on the mind: a runner wearing a mask monitors her mobile as she competes in yesterday's Beijing International Marathon — AP

Baby boomers' spending power drives \$15tn silver economy

Ford's car seat that detects heart attacks part of business focus on world's ageing population



HENRY FOY AND ANDREW WARD

Ford is one of many companies tapping into the world's growing market of wealthy over-60s by developing a driving seat that can detect a potential heart attack and bring the car safely to a stop.

The global spending power of the now-elderly "baby boomer" generation - who have more money, live longer and are more active than their parents - will reach \$15tn by 2020, Euromonitor has forecast. Consumption spending among

those aged 60 and over rose 50 per cent faster than those under 30 in the past two decades, according to Eurostat.

In a six-part series launched today, the Financial Times takes an in-depth look at the changes being forced on industries ranging from technology to entertainment as companies wake up to the opportunities provided by the world's rapidly ageing population. By 2050, the number of those aged over 65 will outnumber children aged five and under for the first time.

Pharma and biotech companies are among those increasing investment to meet rising demand from the elderly, with research and development spending in the global life science industry up 3.1 per cent from last year to \$201bn, according to research group Battelle.

Some 86 per cent of Americans over the age of 65 have at least one chronic medical condition such as heart disease, diabetes or cancer, and more than half have two or more.

Ford's driver-seat technology joins initiatives from others such as Toyota to take advantage of a growing market of car buyers over 65 that today generates roughly \$140bn in annual US sales.

According to a survey carried out by the Silversurfer website for the FT, almost 60 per cent of those aged over 50 said technology was still not being adapted to their needs.

"We observe mega trends, and we observe what customers want and what they will spend their money on," said Pim van der Jagt, managing director of the Ford Research Center. "100-year-

\$201bn
R&D spending in the global life science industry this year

\$140bn
Annual sales in the US this year to car buyers aged over 65

olds driving cars will not be abnormal in the future." Jody Holtzman of US-based AARP, a group for the over-50s, said: "We asked our members 'What is the one thing you don't want to give up?' and they said 'It's the car keys.' The fact is that the auto industry knows this."

Ford's seat monitors the driver's cardiovascular system for irregularities, and works with a camera to monitor head movement and sensors on the steering wheel to spot a possible heart attack, and engage steering and braking systems. The US carmaker is reluctant to say when it might build the technology into its production cars, but Mr van der Jagt said it would take less than five years to scale up to full production.

Big Read page 9
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Briefing

► **City watchdog in private warnings blitz**
The Financial Conduct Authority is on track to issue a record number of private warnings this year, in what legal experts warn could amount to "enforcement by the back door". — PAGE 15

► **M&A deal failure at highest since 2008**
The value of mergers and acquisitions that fail to complete has reached its highest level since 2008, coinciding with equity market volatility. — PAGE 15

► **MoD poised to sell maintenance division**
The Ministry of Defence is expected to sell its equipment maintenance arm as it presses ahead with handing work to the private sector. — PAGE 2

► **Modi ends India diesel subsidies**

Prime Minister Narendra Modi has embarked on one of his biggest reforms to modernise India's economy, ending government-controlled diesel subsidies. — PAGE 8;



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► **Ireland's two economies diverge**

As the Irish Republic declared a tentative end to six years of austerity, politicians in Belfast remain gripped by paralysis over a looming crisis. — PAGE 3

► **Weaker euro offers only mild respite**

The steps the European Central Bank has taken since June, including a programme of private-sector asset purchases, have caused a steep fall in the euro. — PAGE 6; WOLFGANG MÜNCHAU, PAGE 11

► **Bitcoin exchange targets new currencies**

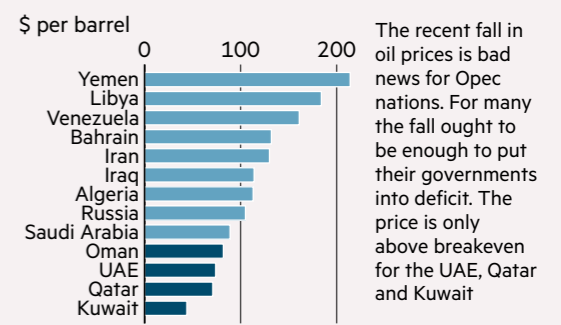
Coinfloor is planning to raise money from investors to expand operations to trade a wider range of currencies and launch a bitcoin fund. — PAGE 16

► **Brazil drought threatens campaign**

The worst drought in 80 years could weaken the business-friendly PSDB party ahead of next Sunday's presidential elections. — PAGE 8

Datawatch

Oil price fiscal breakeven



Source: Citi

Treasury's warning on tax revenues rules out big election-year giveaways

GEORGE PARKER AND CHRIS GILES

Cabinet ministers have been warned by the Treasury that it is likely they will have to rein in their spending in the run-up to the election because of a shortfall in tax revenues and against a backdrop of growing concern about the global economy.

Danny Alexander, the Treasury chief secretary, told the cabinet last week that tax revenues were not recovering as quickly as the economy and that he might have to impose new spending controls in the Autumn Statement.

The warning confirms that although Britain's economy is growing strongly, the fiscal position remains serious and George Osborne, the chancellor, has no room for significant pre-election giveaways.

"Danny warned the cabinet the Treas-

ury might have to rein in spending in departments this autumn," said one of those at the meeting. "It was a shot across the bows."

"Everyone wants to spend in election year but with the fiscal position not recovering as fast as the economy, he said that it may not be affordable."

The warning of a possible further squeeze on public spending before the election comes amid a general deterioration in the economic backdrop for the chancellor's Autumn Statement on December 3.

Few inside the Treasury are yet panicking - the Office for Budget Responsibility is almost certain to revise higher its 2.7 per cent forecast for 2014 growth in the light of more positive data since March - but the mood is more cautious.

Although 2014 has seen strong growth and prospects remain good in

2015, the concern in the Treasury is that the gradual slowdown in growth might be difficult to arrest.

Mr Osborne repeated many times at the annual meetings of the International Monetary Fund in Washington this month that it was "a critical moment for the British economy" because the eurozone is weak and "Britain cannot be immune from that".

Officials were most worried by signs that the German economy was stalling and its impact on British exports.

Excuses such as the timing of German school holidays and Russian sanctions did not explain all of the downturn, they said. The chancellor said: "Germany has been a very, very strong economy in the centre of Europe and, without the strength of the German economy, the European situation would have been a lot worse."



Barroso to alert Cameron to dangers of quitting EU

José Manuel Barroso is set to warn David Cameron that Britain will lose almost all relevance in the world if it leaves the EU. The outgoing president of the European Commission, pictured, is to make a speech in London today in which he plans to tell the prime minister and politicians that they have been failing to make a 'positive case' for the EU.

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World Markets

STOCK MARKETS				CURRENCIES				INTEREST RATES			
	Oct 17	Oct 10	%Week	Oct 17	Oct 10	Oct 17	Oct 10		price	yield	chg
S&P 500	1886.76	1906.13	-1.02	\$ per €	1.277 1.263	€ per \$	0.783 0.792	US Gov 10 yr	101.45	2.21	0.05
Nasdaq Composite	4258.44	4276.24	-0.42	\$ per £	1.610 1.603	£ per \$	0.621 0.624	UK Gov 10 yr	104.94	2.20	0.10
Dow Jones Ind	16380.41	16544.10	-0.99	€ per €	0.793 0.788	€ per £	1.261 1.270	Ger Gov 10 yr	101.33	0.86	0.04
FTSEurofirst 300	1280.17	1292.98	-0.99	¥ per \$	106.665 107.915	¥ per €	136.184 136.253	Jpn Gov 10 yr	100.28	0.48	-0.01
Euro Stoxx 50	2962.24	2991.50	-0.98	¥ per £	171.708 172.982	£ index	86.682 87.384	US Gov 30 yr	102.84	2.98	0.04
FTSE 100	6310.29	6339.97	-0.47	€ index	93.486 93.130	\$ index	91.003 91.610	Ger Gov 2 yr	100.50	-0.05	0.00
FTSE All-Share	3369.59	3380.02	-0.31	SFr per €	1.207 1.210	SFr per £	1.522 1.536		price	prev	chg
CAC 40	4033.18	4073.71	-0.99	COMMODITIES							
Xetra Dax	8850.27	8788.81	0.70			Oct 17	Oct 10	%Week			
Nikkei	14532.51	15478.93	-6.11	Oil WTI \$ Sep	83.04	85.52	-2.90	US 3m Bills	0.02	0.02	0.00
Hang Seng	23023.21	23534.53	-2.17	Oil Brent \$ Sep	86.25	89.82	-3.97	Euro Libor 3m	0.06	0.06	0.00
FTSE All World \$	261.60	263.92	-0.88	Gold \$	1237.75	1226.75	0.90	UK 3m	0.56	0.56	0.00

ALWAYS LEARNING

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FT BIG READ. THE SILVER ECONOMY

By 2050 those aged over 65 will outnumber children under five. The first part of a series on ageing populations looks at how that demographic shift is creating a new and powerful consumer class

By Norma Cohen



Generation gaps

Rise of the old

The age composition of advanced economies has changed radically since the 1950s. The over-60s now account for a fifth of the population in the US, a quarter in the EU and, astonishingly, a third in Japan. Globally, the number of over-60s is estimated to hit 2bn by 2050

When Del Webb built its first retirement community in Sun City, Arizona, in 1960, the typical occupants were a retired husband and his wife who had never worked outside the home. The development promised an "active new way of life", with a golf course, a weekly "chow night" at the recreation centre and the occasional minstrel show put on by residents.

"We would never build one like that now," says Jacque Petroulakis of Del Webb. New developments hold fewer than 1,000 units and most have space for classrooms. Many have a motorbike clubhouse, and more than a quarter of buyers are single. "The whole idea of retirement is seen in a different light today," says Ms Petroulakis.

The concept of retirement - and old age itself - is being reshaped by a record number of baby boomers who are, or are approaching, 65. The effects of this demographic shift are being felt well beyond Sun City.

A recent Bank of America Merrill Lynch report cites UN estimates that the number of people worldwide aged 60 years and older will double to more than 2bn by mid-century. By 2050, the number of those aged over 65 will outnumber children aged five and under for the first time in human history.

That scenario has huge implications for government, and business, not least where to find future generations of tax-paying workers.

Sarah Harper, director of the Oxford Institute of Population Ageing, says "the vast majority of people in the world will make it to age 70", once considered extraordinary old age. The shape of the classic "population pyramid" showing

'It's only in Washington that addressing the needs of 100m people is called an unaffordable burden'

large numbers of young people at the bottom with a few elderly on top has changed.

Fertility rates in developed countries, and in many emerging economies such as South Korea, have fallen so far that they face a shortage of younger workers and consumers. It means that the number of those who once could be counted on to buy homes, cars, motorbikes, clothing and other consumer goods is also likely to shrink in the future.

"We've gone from a pyramid to a skyscraper," Professor Harper says. "It will change the 21st century in a way we never could have imagined."

The rise in longevity has upended policy on pensions and healthcare, with governments raising retirement ages and shifting responsibility for saving and investing on to individuals.

But there is another side of the coin to the ageing population: it offers many industries an opportunity to target a whole new market.

These new consumers are members of the fast-growing older demographic who are healthier and wealthier not only when compared with earlier generations of the same age. Crucially their spending power will be greater than that of the more frequently targeted 18 to 39-year olds.

BofA, which recently produced a report on what it calls The Silver Dollar, cites estimates that the over-50s account for almost 60 per cent of total US consumer spending and 50 per cent of that in the UK.

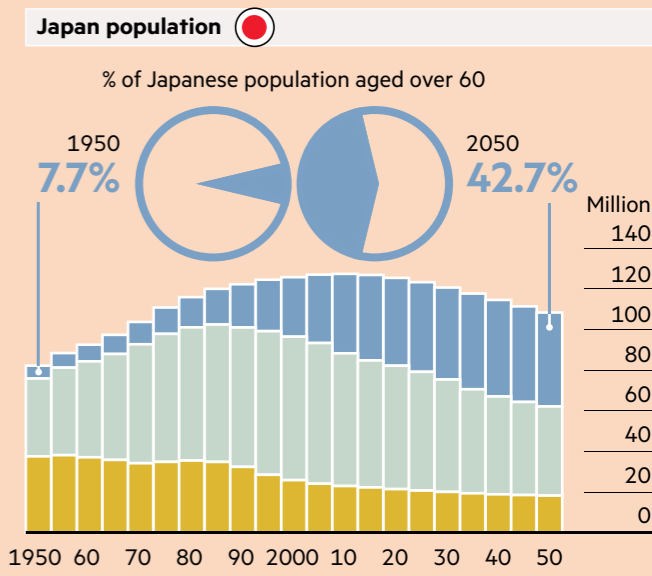
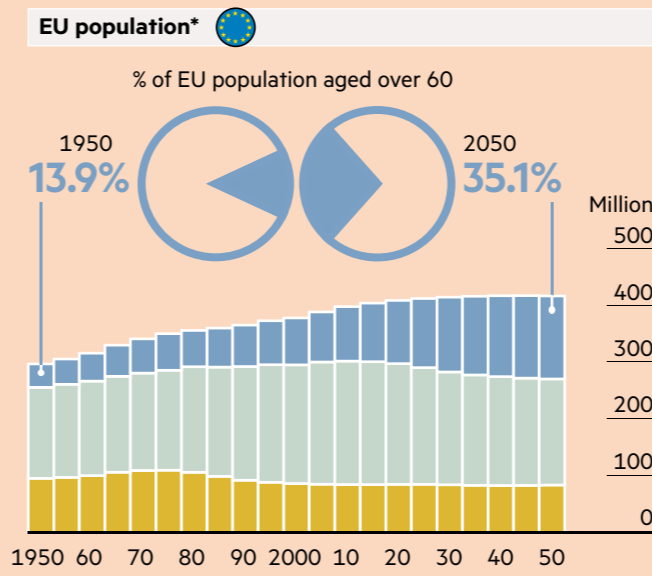
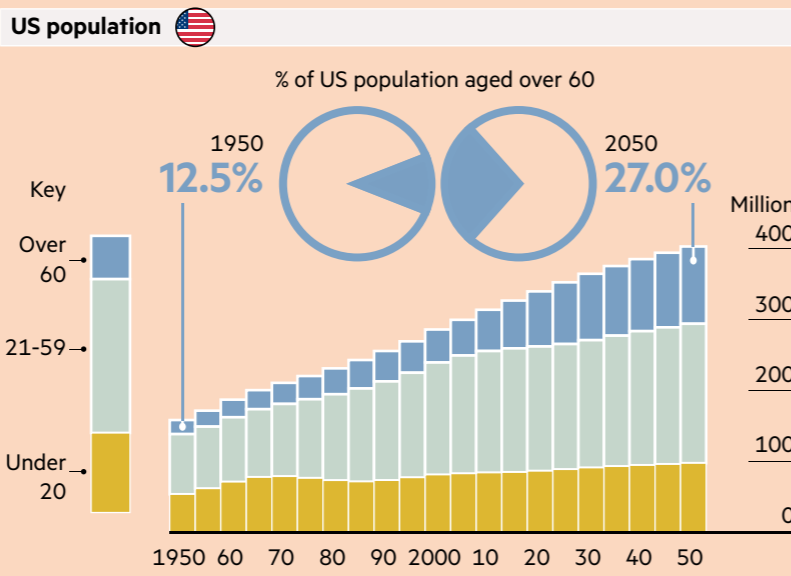
Jody Holtzman, of the American Association of Retired Persons, whose members are aged 50 plus, says that for many people longer lives will mean an extended middle age rather than a descent into frailty.

"It is only in Washington that addressing the needs of 100m people is called an unaffordable burden," Mr Holtzman says. "In the private sector, it's called 'an opportunity'."

And industries are adapting. Sanjeev Sanyal, global strategist at Deutsche Bank, says the market for high-priced consumer goods - cars, watches, sports equipment - is dominated by older adults.

"Look at those middle-aged men in Lycra," says Mr Sanyal. "They are riding bicycles that only a professional can afford. The way we think about ageing is changing."

"Within a generation we will have to get rid of this idea of retiring. A 70-year-

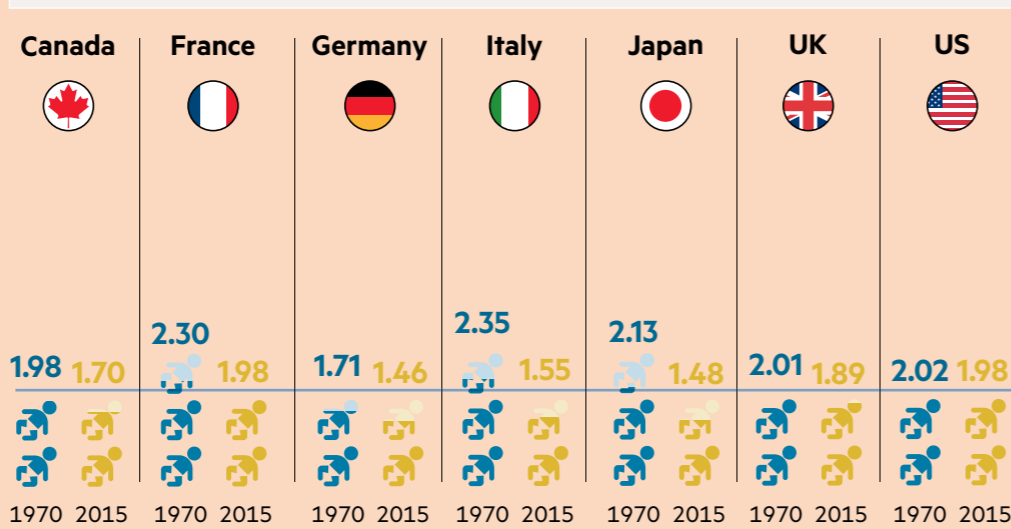


Fertility rates

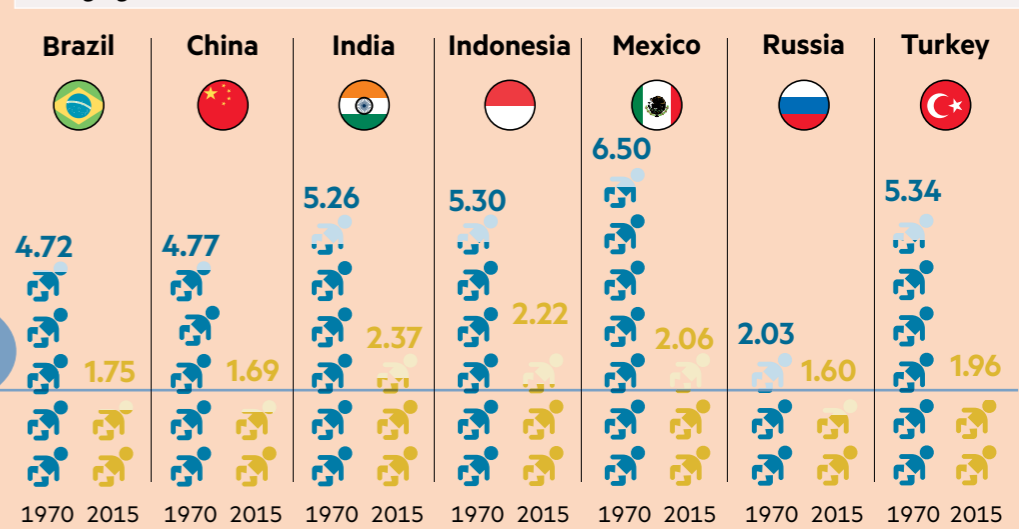
Lower fertility rates in the developed world are now also apparent in the larger emerging economies with growing middle classes. Of the Brics economies only India has an adequate replacement rate - fertility above the level needed to maintain the population. Nations face a shortage of younger workers and consumers

Total fertility (children per woman)

G7 countries

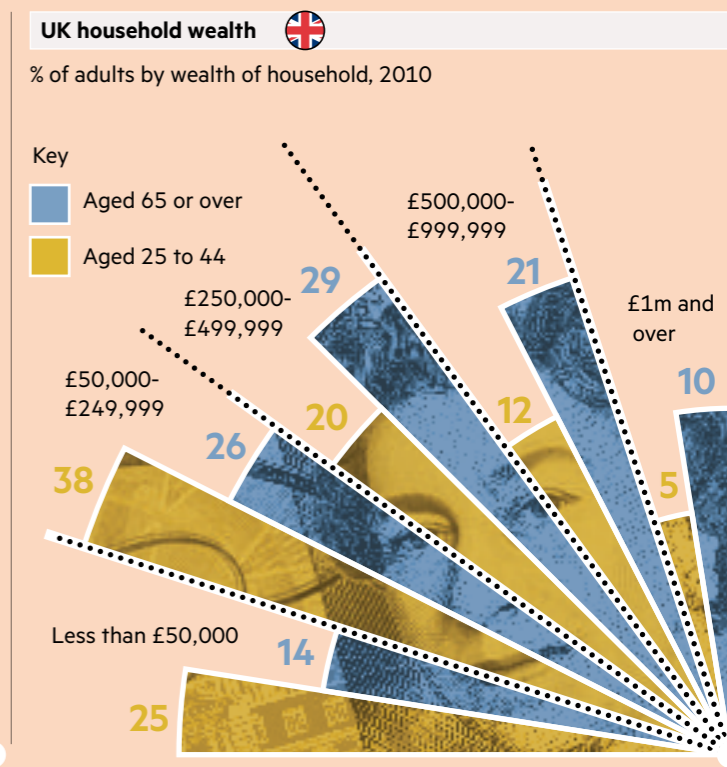
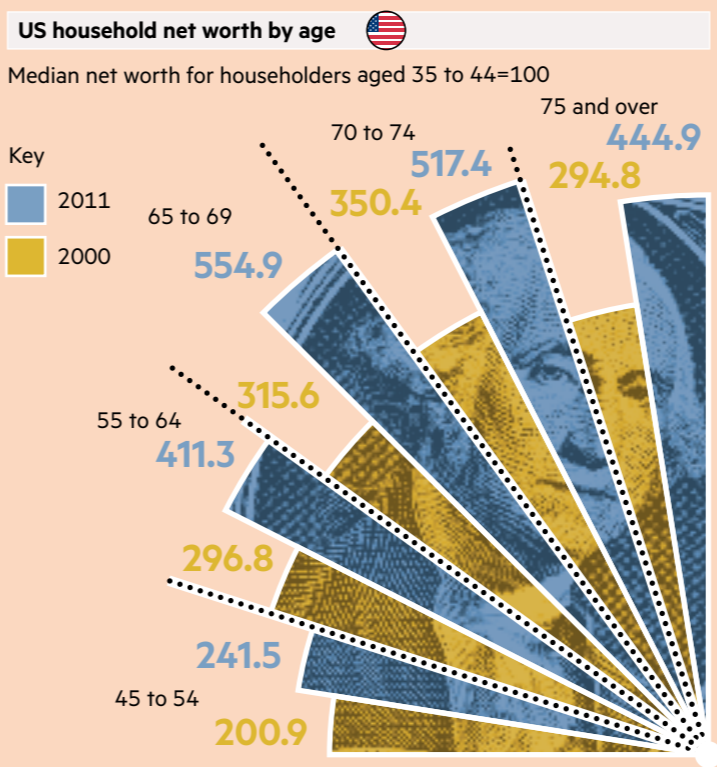
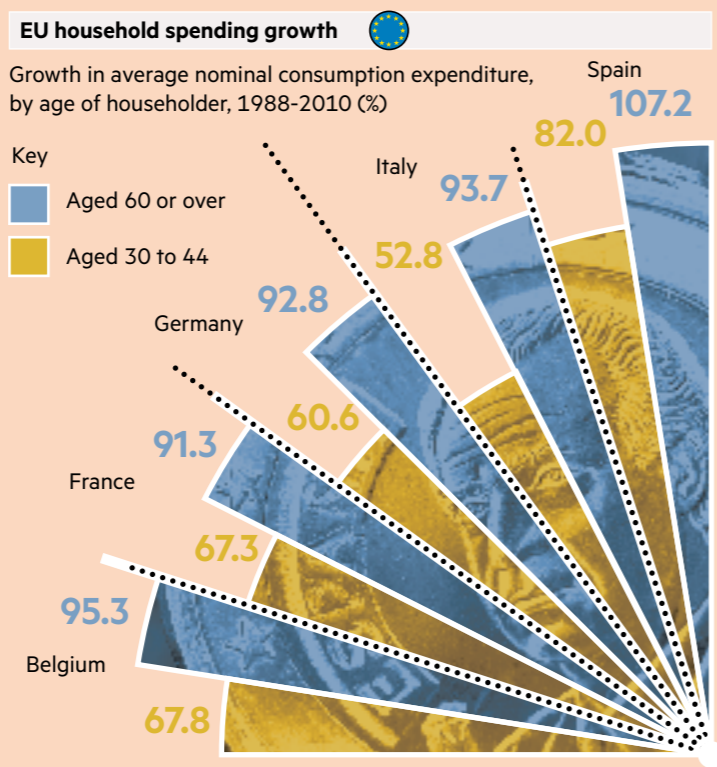


Emerging countries



Consumption and wealth

Demographic changes have had a noticeable effect in wealth and consumption patterns across the generations. US data indicate that the gap in household wealth between older people and those of working age is growing. Consumption growth is also higher in the older age groups



Healthier, wealthier - the changing face of growing old

old should be somebody who goes to the office every day."

The way goods and services are marketed to older adults with deeper pockets is also changing. "Demographic drivers, including increasing life expectancy, raised retirement ages, longer working lives as well as inheritance, will further boost the incomes and spending power of older consumers," according to the BofA report.

Companies are preparing for the new wave of older consumers. Property developers, carmakers, technology companies, financial services firms and the pharmaceutical industry are all tailoring their offerings accordingly.

"We have a saying about things that were traditionally designed for older people," says Stephen Johnston, co-founder of Ageing 2.0, a technology design network whose members develop niche products to improve quality of life for those with infirmities. "We call them Big, Beige and Boring." Increasingly, he says, marketers are moving away from that format. "The biggest trend we see is a move towards ageless design."

With good reason. Today, the wealthiest fifth of those aged 50 to 64 spend more each week on food and alcohol, recreation, restaurants, hotels and

Speed read

Worker shortage Fertility rates in developed and emerging economies have fallen so far that they face a shortage of workers and consumers

Money talks Consumer spending by the over-50s accounts for about 60 per cent of the US total and 50 per cent of that in the UK

Marketing move Companies are moving away from the traditional 'big, beige and boring' design model for products targeted at older people

transport than those of the more-coveted 30 to 49-year-old age group. And Britain is no exception.

In wealthy countries, the effects of this spending power can already be seen. For example, the percentage of new cars bought by Americans aged over 65 is about a fifth of the total so far in 2014, up from 11 per cent in 2004, before the recession hit, according to IHS Automotive. The share bought by the core 18-to-34-year-old age group fell from 17 per cent to 11 per cent in the same period.

That is forcing manufacturers to

design cars that are easier for older drivers to sit in and manoeuvre. Sven Hartelt, an IHS Automotive analyst, says manufacturers are adding features to help older drivers whose attention spans and reflexes are slowing.

But because people are entering retirement in good health - and with far greater wealth than earlier generations - they are spending time and money in different ways to their parents.

Stephen Bond, co-director of the Demographic Users' Group of large UK retailers, is a former executive at Marks and Spencer. He says older adults are no longer willing to adopt traditional "old people's" attire and are keen to dress fashionably.

He recalls a market research exercise with a panel of older, female shoppers, one of whom attended the first Glastonbury rock festival. "She was waxing eloquent about it," Mr Bond says. "In her mind, she is still that same person. When you see yourself through your own eyes, you see the same person you always did."

FT Interactive
Comprehensive data analysis on populations, life expectancy and fertility rates
ft.com/silver-economy

Tomorrow How the over-50s are embracing the digital age

SILVER ECONOMY

Silicon Valley joins quest to unlock the secrets of ageing

Google's Calico has lent credibility to field once associated with cranks and dreamers

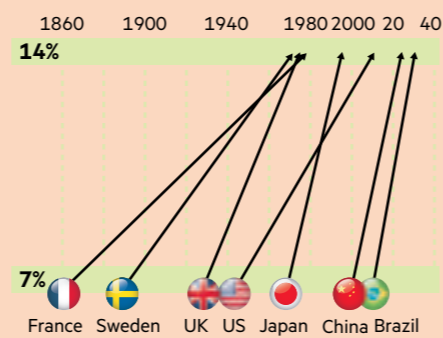
The costs of becoming older



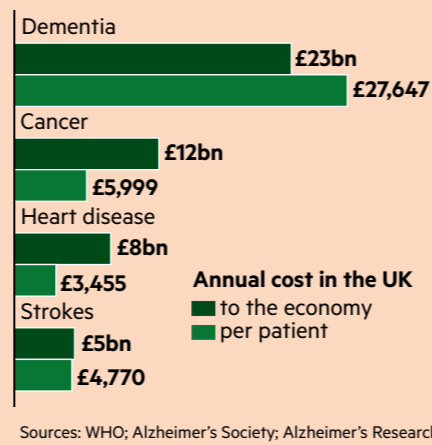
Photo: Dreamstime

As populations age more rapidly dementia is becoming a pressing medical challenge

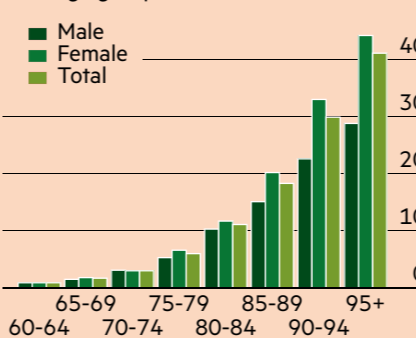
Time needed for share of population aged over 65 to rise from 7% to 14%



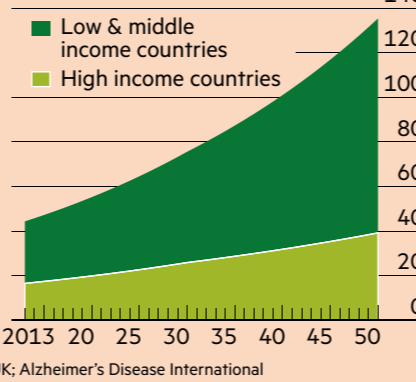
Economic costs and global prevalence put a premium on developing an effective treatment



UK population prevalence of dementia (% of age group)



Forecast global increase in dementia sufferers (millions)



Sources: WHO; Alzheimer's Society; Alzheimer's Research UK; Alzheimer's Disease International



Silver Economy

PART 3: HEALTHCARE

ANDREW WARD
PHARMACEUTICALS CORRESPONDENT

From earliest recorded history, a procession of emperors, alchemists and charlatans have searched in vain for the mythical elixir of life.

So perhaps it should be no surprise that the hunt for a cure for ageing is the latest investment fad among the gods of our time: US technology entrepreneurs. Larry Ellison, founder of Oracle, and Peter Thiel, co-founder of PayPal and an early Facebook backer, are among those to have poured personal wealth into the quest. They were joined last year by Google, whose secretive biotech start-up, Calico, is receiving hundreds of millions of dollars from the internet group to support its bid to unlock the secrets of ageing.

Some have mocked such ventures as Silicon Valley hubris. But others believe these West Coast visionaries have accurately anticipated the next big break-

through in medical science: a significant extension in healthy human lifespan.

Finding ways for people to live even longer might sound like the last thing needed in a world whose ageing population increasingly looks like a social and economic time-bomb. But what if life could be extended in such a way that allowed people to remain active and economically productive for longer?

This was the vision set out by Jay Olshansky, professor of public health at the University of Illinois, when he presented a paper to an audience including Sergey Brin, co-founder of Google, two years ago.

"He was asking some interesting questions about what our health priorities should be," recalls Prof Olshansky. "I told him a cure for cancer would create more problems than it solved because if you save people from one disease you are just exposing them to an increased risk of dying from something else. The aim should be to look at the underlying risk factors behind age-related diseases."

Prof Olshansky cannot be sure that he influenced Google's decision to create Calico - short for the California Life Company - but he says its initiative has brought credibility to a field once associated with cranks and dreamers.

Google's potential to use its powers of data analysis to advance medical science has made big pharma take notice.

In September, AbbVie, the US drug-maker, agreed an alliance with Calico that will see the pair jointly invest up to \$1.5bn to develop treatments for age-related conditions.

Arguably the most pressing medical challenge posed by an ageing population - and one of the biggest commercial opportunities - is Alzheimer's disease. Worldwide incidence is projected to triple to 135m cases by 2050 but so far no drug has been found to slow the memory-erasing condition, let alone cure it.

Companies have lost hundreds of

US drugmaker AbbVie and Calico will jointly invest up to \$1.5bn in treatments for age-related illness



millions of dollars in failed trials, leading some such as Pfizer and Sanofi to drop out of the race. Others have doubled-down. Eli Lilly, for example, last year embarked on its third late-stage trial after two failures. Trafford Clarke, managing director of Eli Lilly's neuroscience research centre, says: "We'll find out in two years whether that was the smartest decision we've made or whether we'll be thinking 'what possessed us to do that?'"

While an Alzheimer's drug would be a big prize, a treatment for ageing itself

would be even bigger. Calico is one of several start-ups exploring this frontier. Another is Human Longevity, founded by Craig Venter, the celebrated US geneticist, with the goal of "expanding a healthier, high performing, more productive lifespan".

Some of the most promising science is in the field of regenerative medicine, which involves repairing or replacing malfunctioning cells and tissues.

Prof Olshansky believes that, rather than trying to cheat death, the priority should be to "close the gap between when you die and when you get frail". This could produce huge social and economic benefits in reduced healthcare costs and increased productivity and consumption.

Others are more explicit about their desire to extend life itself. "There is nothing built into our biological system that says we can only live for a certain number of years," says Michael Kope, chief of the Sens research foundation, an anti-ageing research charity.

The oldest human on record was Jeanne Calment, a French woman who died in 1997 aged 122. What would be the social implications if such a lifespan became commonplace in future? Mr Kope says the world would adapt. "When we give vaccines to children we don't say 'what are we going to do with all those extra people?' We do it because saving lives is the right thing to do."

Software

Apps at the heart of new medical age

SALLY DAVIES

Omri Shore's business started with a close call. Two and a half years ago, his 59-year-old diabetic father overdosed on insulin, after misinterpreting a question about whether he had injected that day.

The result was a frantic rush to a doctor in downtown Tel Aviv - and the creation of MediSafe, a mobile app that tells people when to take their medication and can inform family members and doctors if they are sticking to the regimen.

"We call it the platforming of medicine - it's about creating connectivity between the patient and physician," says Mr Shore.

He says the app, which has been downloaded on to nearly 1m smartphones, helps patients stick to their medicines about 86 per cent of the time, compared with the 50 per cent cited by the World Health Organisation.

One of the great medical triumphs of the last century was the use of vaccination and sanitation to reduce deaths from infectious diseases. But one of the big challenges of the next 100 years, experts say, will be how technology can help care for a greying global population with multiple age-related problems, particularly non-communicable diseases like diabetes, heart disease, cancer and dementia.

These conditions are expected to cost the global economy \$47tn in lost output between 2011 and 2030, according to the World Economic Forum - equivalent to more than 60 per cent of the world's entire GDP last year.

"Our culture today, because we're such a youth culture, is blind to the economic realities of what's in front of us," says Eric Dishman, the general manager of the health and life sciences group at Intel, the global chip company.

At college, Mr Dishman was given two to three years to live after being diagnosed with a rare kidney disease that normally affects people in their 70s and 80s. A chance encounter with a genomics expert, which allowed doctors to develop a tailored treatment by comparing Mr Dishman's genome against a database of known mutations, saved his life. He says sensor and smartphone data need to be combined with biometric information to improve elderly healthcare in three ways: personalising medicine, improving how patients and their carers communicate, and treating people outside the costly and infectious



"We call it the platforming of medicine... creating connectivity between the patient and physician"

Omri Shore, above, with his father

environment of hospitals. The idea is to let people stay independent for longer, which they tend to prefer and which costs less than admitting them to care homes and hospitals.

"The pursuit of quality is going to be the solution to the cost problem," says Sean Hogan, IBM's global vice-president of healthcare. Intel and IBM are working with cities in China to design urban environments that are more "age-friendly", from bus stops that send push notifications to people's smartphones to "telehealth" programmes that let patients speak to doctors far away.

Another part of the solution is likely to be "intelligent" software that can respond swiftly or predict health problems before they occur, to allow for earlier - and cheaper - intervention.

But there are barriers to a fully digital approach to aged care. Mr Dishman notes that if you are relying on WiFi to send vital medical information to your doctors, you do not want your internet speed affected because one of your neighbours is streaming Netflix.

But the internet building block of "net neutrality" - the principle that all data on the internet should be treated the same - would make it difficult for medical data to be prioritised.

"Net neutrality hasn't thought through to a future where the same networks are being used for different purposes," Mr Dishman said.

"It's not that it's not a solved problem technically, but we're going to need to enable standards and policy to enable mobile health."

Additional reporting by Gill Plimmer

Technology hardware

Japan embraces future of robot carers

JONATHAN SOBLE - TOKYO

If you are planning to grow old in Japan, it might help to have spent your childhood enjoying robot-filled anime and manga fantasies. Because in the Japan of the future, ageing humans will spend a lot more time interacting with machines.

According to strategists in Japan's government and big technology companies, the hospitals, nursing homes and other environments inhabited by the country's fast-growing ranks of very old people are to become increasingly filled with robots and automated devices.

Such devices will transform not only the way the elderly are cared for - allowing them to stay more independent, supporters say - but also the economy. The government estimates the value of Japanese robot production will grow more than sixfold over the next two decades, to ¥9.7tn, not far off the ¥11tn of televisions, appliances and other electronics the country produced last year.

Much of the growth is expected to come not from the factory-based industrial robots that have been mainstays of the sector until now, but from personal devices for homes and institutions.

"I'm convinced that the use of robots will bring big changes to people's lives and to industry," Shinzo Abe, prime minister, said recently during a tour of a Tokyo nursing home that has already introduced new technology to reduce the physical strain on caregivers.

Some of its staff wear a device that looks like a backpack with a pair of tentacles that wrap round the front of their

Software

Brain-training industry fired up by hard evidence

CLIVE COOKSON - SCIENCE EDITOR

Not so long ago, people kept ageing brains active through reading and writing, talking with friends and family, and perhaps doing puzzles. Now a rapidly growing number are taking a high-tech approach to cognitive maintenance, through computer programs designed to stimulate the brain.

The brain training and cognitive assessment sector is one of the fastest growing parts of the tech market. Sales are increasing at a compound rate of 20 to 25 per cent a year, passing \$1.3bn worldwide in 2013 and forecast to exceed \$6bn by 2020, according to Alvaro Fernandez, chief executive of the specialist market research company SharpBrains.

More than half of revenues come from people aged 50 or more. "The field is moving very fast, both in the science and in the delivery mechanisms for brain training," Mr Fernandez said.

Two factors lie behind this rapid growth. One is the improving hardware and software, that make brain-training programs appealing to elderly users who are not comfortable with using computers or smartphones.

60m
People who have played games from Lumosity's Human Cognition Project



The first wave of programs was downloaded on to home computers, the second was played online and a third, now emerging, is tailored to mobile devices. Some companies are also selling biosensors that monitor the user's brainwaves through EEG (electroencephalogram) technology as they train.

The other factor expanding the sector is accumulating evidence about the brain's "plasticity", the fact that neurons can grow or adapt to new tasks at any age, given the right stimulus.

While it is obvious that practising a particular skill makes you better at it, some neuroscientists have questioned whether specific brain training programs lead to a broader cognitive improvement.

Such doubts are disappearing now that longer term studies are publishing positive results. A powerful example is the Advanced Cognitive Training for Independent and Vital Elderly trial, funded by the US National Institutes of Health and involving 2,800 volunteers in their 70s and 80s. It reported earlier this year that training to improve reasoning and speed of mental processing left significant benefits a decade later.

Richard Hodes, director of the National Institute on Aging, said the results "suggest that we should continue to pursue cognitive training as an intervention that might help maintain the mental abilities of older people so that they may remain independent and in the community".

A former doubter, Professor Clive Ballard of King's College London, who was

until recently research director of the Alzheimer's Society, said data from a large UK trial - not yet published - showed well-targeted brain training increased the reasoning ability of elderly volunteers.

"Playing ordinary computer games probably won't help but some studies are showing benefits from challenging memory games, where you have to hold several iterations in your memory while completing certain tasks," he added.

Not everyone is convinced, however. Last week 69 neuroscientists and psychologists from around the world said in an open letter: "We object to the claim that brain games offer consumers a scientifically grounded avenue to reduce or reverse cognitive decline when there is no compelling scientific evidence to date that they do."

"The promise of a magic bullet detracts from the best evidence to date, which is that cognitive health in old age reflects the long-term effects of healthy, engaged lifestyles."

Some brain-training companies are making their own contributions to research. Lumosity, based in California, the heartland of the industry, has built a research platform, the grandly named Human Cognition Project. This provides data from 60m people, who have played its games a total of 2bn times, for analysis by scientists.

Most brain-training companies do not publish financial figures, but the biggest name in the online consumer and mobile sector appears to be Lumosity, which has received \$65m in venture capital funding since 2007. Other leading brain training and assessment businesses include Brain Resource, CogState, Cogmed, NeuroSky, Cogniciti, Emotiv Insights and Brain+.

One of the few top-quality, scientifically validated brain tests available free on the internet comes from Cogniciti, a spinout from the University of Toronto's Baycrest Health Sciences centre. Its 20-minute test, designed for people aged 50 to 79, assesses functions such as memory and attention and tells people how they compare to others of their age.

Brain centres, where people go for neural exercise and training outside the home, have been less successful, according to Mr Fernandez. "They make much logical sense but issues over costs and privacy have held them back," he said. "Many early pioneers are struggling, some have closed."

FT Read more at ft.com/silver-economy

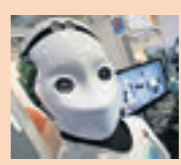
When did you start getting old?
Find out with our interactive graphic of the major trends

- Not just silver surfers
Meet the new Facebook generation - the over-fifties who are now a fast-growing part of the digital revolution
- Tomorrow
The fourth in our series looks at the financial services industry

legs; the extensions provide a mechanical boost when the staff lift patients. "It's difficult work and many nursing care workers don't stick it out for very long, so this sort of thing will become more necessary," says Kiyokuni Goshima of the Association for Technical Aids, which promotes the use of robots in old-age care and medicine.

Relatively few devices have been approved for real-world use so far, but many are in development or having clinical trials. Panasonic is working on a bed that transforms into a wheelchair:

The Japanese government says the value of robot production will reach ¥9.7tn in the next two decades



the bed splits in half lengthwise and one half folds into the shape of a chair, obviating the need to lift firm people out of one into the other. Toyota is building gyroscopic balance boards to train stroke victims to regain control over their limbs and remote-controlled "partner robots" that can scoot around and pick up objects. The automaker has been refining its devices in studies at a university hospital in suburban Nagoya since 2007, and this autumn plans to start leasing the balance board and a motorised leg brace used in walking exercises to 20 more hospitals.

The main force behind the push is demographics. Japan's population is ageing and shrinking, meaning that every year there are more elderly people

SILVER ECONOMY

Carmakers fine tune range for older drivers

Industry is focusing on functionality over flashiness as demographics, spending power and wealth shift up the age curve



The Silver Economy
PART 5: INDUSTRY AND SERVICES

HENRY FOY

Big, chunky, and with a rear like a hearse, Chrysler's Town & Country minivan will not win awards for beauty.

But it is the undisputed winner in a far more lucrative competition: appealing to the wallets of America's elderly.

According to the AAA, America's motoring organisation, the humble Town & Country scores highest in meeting the demands of older drivers, top of the pile in a battleground where technology counts for more than torque, and functionality trumps flashiness.

The baby boomer generation, now entering retirement, is living longer, more active lives - and have far more to spend than their parents did.

Dubbed the 'Silver Generation' by

marketers and retailers, carmakers are joined by other industrial companies, technology groups and property developers in tailoring their product ranges and working practices to cater to this market, as demographics, spending power and wealth shift up the age curve.

Oxford Economics, the global forecasting group, says industrial companies are discovering unexpected benefits in catering to these consumers. In its longevity report, it cites the example of Oxo, the kitchen tools company, whose products were originally designed for the arthritic hands of older consumers but have proved a hit with all ages.

The car industry too is adapting its model for a generation that tends to spend more on its motors. "It is fascinating to see the car industry, like others, come round to seeing the huge potential market in the over-65s," said Alison Sander, director of the Center for Sensing & Mining the Future at The Boston Consulting Group.

People aged 65 and over are expected to account for a more than a quarter of the US car market by 2020, according to Euromonitor, up about 50 per cent from 2010. One of the most infamous car advertising campaigns was "This Is Not

Your Father's Oldsmobile" by General Motors' Oldsmobile brand in the 1980s. The slogan alienated senior buyers and failed to convince the youth.

Today's car brands are actively reversing the premise of that slogan - selling trendy, youthful-looking vehicles to older drivers that choose not to acknowledge their advanced age.

The advert for Hyundai's i20 model in the UK highlights the car's advanced safety features, its frugal running efficiency and its longevity - three aspects that seniors rate highly, according to AAA studies. But it features a woman in her mid-thirties while the average age of an i20 buyer in the UK is 58 years old.

Cars are being built with lower floor

levels, to allow easier access. Powered seats make adjustment simple for those with less dexterity. Doors that open and close automatically ease the strain on weaker limbs.

"Some are moving faster . . . than others, but all across the industry companies are tuning in to their needs," says Ms Sander. "The key is making

the new technology work for them."

But technology is also making cars more relevant for older people, as more advanced safety features and the race towards self-driving automobiles broaden the appeal of mainstream vehicles to the elderly.

"The elderly . . . are fitter than ever and living longer, but still are made to give up their licence," says Andy Palmer, executive vice-president at Nissan. "[Self-driving cars] can extend the time when they can be free and mobile."

Nissan's autonomous cars will be out of the laboratory and being driven around by the end of next year.

But even before self-driving cars become mainstream, carmakers are applying innovative ideas to help older drivers. Opel, General Motors' European arm, says features such as blind spot detection, parking assist systems and an in-car emergency button that allows emergency services to talk to the driver in the event of an accident are all selling points for the elderly market.

"Older people have gained higher shares and the trend will accelerate in the future," said the carmaker. "We will include the needs of this group in our future planning."

Trike and treat Harley-Davidson rides high with three-wheeler

What started eight years ago with the impromptu purchase of a used police motorcycle, has blossomed into a full-on infatuation for Verbon Martin.

Now, with over 100,000 riding miles under his belt, the retired school teacher, 64, spends much of his time thinking Harley-Davidson, talking Harley-Davidson or riding one of the three Harleys that sit in his garage.

For the Wisconsin motorcycle manufacturer, this love affair represents a complicated dilemma. While having boasted strong 2014



Video
Harley-Davidson hopes that the baby boomers take to the road in one of their motorcycles
www.ft.com/silverriders

first-quarter sales to "outreach customers" - young adults, women, Latin and African Americans - it is the 35-plus white male that constitutes the majority of the bike maker's sales.

In 2009 they released the three-wheeled tri-glide ultra classic, a bike that requires far less physical exertion than its two-wheeled rival. It has proved to be unexpectedly popular.

Mark-Hans Richer, the company's chief marketing officer, says: "The response keeps growing year to year. It's now our fourth bestselling Harley-Davidson."

"It's up 30 per cent this year and we just introduced a brand new three-wheeler, called the Freewheeler." *Christopher Booker*

Real estate. Family dwellings

Downsizers are transforming US housing landscape

Shift to three-generation family homes and 'ageing but active' complexes spreads worldwide

KATE ALLEN

Phoenix, Arizona, is at the cutting edge of the USA's demographic time-bomb.

Three years ago the third-largest US housebuilder, Lennar Corporation, chose Phoenix to launch its new line of multigenerational housing - a product that aims to exploit the shift from nuclear families to a form of shared living that was more the norm 100 years ago.

Lennar's Next Gen home comes with a built-in apartment, designed to allow members of the wider family to live alongside semi-independently. By far the biggest buyers of the 2,000 Next Gen homes sold so far have been families with grandparents who are still active but want to be closer together, according to Lennar regional president Jeff Roos.

Next Gen is being chosen by about 40 per cent of buyers on the sites where it is an option, Mr Roos says.

"It really makes sense for people who are either doubling up their households [with their children] or haven't yet retired," he adds. "The grandparents can downsize and have a much closer relationship with their grandchildren."

Next Gen is the latest innovation from US housebuilders that have already built up a substantial customer base of older people through what they dub "active adult" communities - traditionally designed houses with lower age limits on who can buy them, and near to leisure facilities such as golf clubs and restaurants.

US groups such as Lennar and Pulte-Group have pioneered these lifestyle-oriented developments aimed at an ageing but fit and active demographic.

This is the part of the housing market that has bounced back most strongly since the financial crisis, according to Sharon Dworkin Bell, a senior vice-president at the US National Association of Home Builders. "Since the start of the year it has really taken off," she says. "Builders working in this section of the market have never been so busy."

The message is beginning to percolate through to large-scale housebuilders in

other parts of the world which are changing their focus in response, shifting away from young home buyers and towards the older market.

In Britain, Barratt Homes and McCarthy & Stone are developing new products to target downsizing baby boomers, while New Zealand's Ryman Healthcare is expanding its active retirement villages concept into Australia.

"The 'younger older' age group of people in their 60s are looking for more freedom to enjoy their leisure years," says Gary Day, land and planning director at McCarthy & Stone. "It's a great business opportunity to capture a market that we know is there waiting for us."

Established builders also face competition from leisure providers expanding into the lifestyle and health end of the older people's housing market.

For example Japan's biggest holiday club group, Resorttrust, is adding senior living areas to its developments. It has launched 500 rooms so far and aims to expand to 2,500 units with a "high-end, hotel-like living environment" for healthy people, and "back-up provided

309m

20-40 year olds by 2050. This is the prime house-buying group now

417m

The number of people worldwide over the age of 60 by 2050

by the group's healthcare network" for nursing care.

Like other developers Resorttrust is following the market. Between 2000 and 2050 the number of people in the prime house-buying age group of 20-40 years old is set to fall across developed nations 8 per cent to 309m, according to OECD forecasts. The number of people aged 60 and over is set to more than double, topping 417m.

They will be healthier than any senior cohort before them: more than three-quarters of US citizens aged 65 and over rate their health as good or excellent, according to the Department of Health & Human Services. At 85 and over, two-thirds say they are still in good health.

Today's retirees can expect - with average luck - two decades of life ahead of them. For those that are fit, well and quite possibly still working, the thought of a traditional retirement community may not appeal. But neither does the thought of having to move house each time your health deteriorates, or your support needs increase.

As technology evolves and building design becomes more sophisticated, senior living developers are finding the answer lies in adaptable homes. Specialist housebuilders are creating buildings that a fit, healthy 60-something can stay in for the rest of their lives.

One of the world's largest senior living providers is Brookdale Senior Living, in the US. Brookdale offers a flexible menu of support and nursing care, helping people to stay either in their own home or in the same community as they age.

Earlier this year Brookdale announced it was to merge with rival company Emeritus. The reason? It cited opportunities in this "age in place" market as a key rationale.

Industrial engineering



Bill Burns returns every week to Weir Group to provide apprentices with foundry and pattern making training despite having retired 12 years ago

Engineers lure costly retirees back to fix 'skills crunch'

TANYA POWLEY AND JANE WILD

Bill Burns may have officially retired 12 years ago from his foundry job in West Yorkshire but his expertise is considered so crucial that the 78-year-old returns every week to Scottish engineering company Weir Group to teach its apprentices.

For five hours from 6.30am, he provides training in foundry and pattern making - skills that Weir has struggled to get from any of its local colleges.

"When I retired it was just six months before companies were ringing me up and saying we need foundry and pattern-making training," says Mr Burns.

He is one of a growing number of older professionals being coaxed out of retirement by engineering companies trying to find ways round a skills crunch, frequently cited as one of the biggest challenges facing industry.

But their efforts come with a cost. Toby Peyton-Jones, HR director for Siemens UK, says his company has "a demographic cliff in some of our job families, particularly in manufacturing and engineering".

Siemens is offering flexible hours, retraining and mentoring relationships to keep those with the skills. But Mr Peyton-Jones admits the downside is older workforces are costly for businesses.

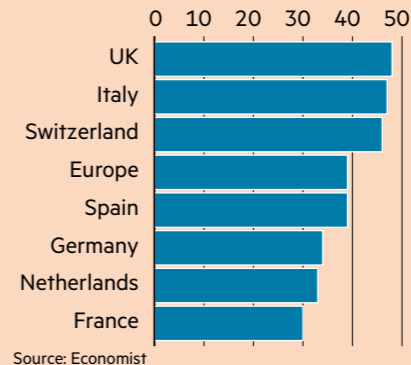
"They are at their most expensive so paying a proper pension that allows people a realistic prospect to retire is an important long-term strategy," he says. "You pay now so you don't pay later when people can't retire."

A report from the Economist Intelligence Unit, commissioned by Towers Watson, this year highlights this fear that an ageing workforce will increase costs. The survey of 480 companies across Europe found 40 per cent believe

that by 2020 their current benefits package is unlikely to be fit for purpose, with 59 per cent expecting the cost as a percentage of salary to rise. Nearly half

Will your company's benefits package be fit for purpose by 2020?

% of respondents who answered unlikely



expect employee demand for healthcare and retirement provision to grow.

Rodolphe Delacroix, director at Towers Watson, says companies need to adjust working conditions and compensation structures for their ageing workforces. "If we don't reassess the deal between employees and employers I think it would be a loss of opportunity and a very sad development of working conditions," he says.

But for many companies the need for a skilled workforce outweighs the disadvantages of keeping older professionals.

Tony Locke, of Weir's European Minerals division, says it has been important for the company to hold on to people with experience. "Some of the skills in the business are not easily found. This has been a successful way to continue to support our young people and really give us a stop gap to be able to catch up and rebuild our skills pool," he says.

Travel & leisure

Talking bollards and smartphones point way to safer travel

JANE WILD

"There is a steep slope to the pavement ahead, it would be easier to cross here," said the bollard.

Talking bollards that can detect your presence by sensing a signal from your phone are being developed to help older people get around.

By scanning a database it can determine what help it should offer that individual, such as turning up the street lights for those who would like brighter surroundings.

"Responsive street furniture has the potential to make moving around easier for people with many different impairments, by allowing the street to respond to their particular needs," said Ross Atkin, who designed the bollards, produced by Marshalls and on show at a

Transport for London event in October.

As with the bollards, much of the work done by the transport industry to serve the growing number of older people aims to help them get around comfortably. Bus passengers are offered a variety of cards that can be shown to a driver when boarding, keeping their request private. "Please speak slowly - I am hard of hearing," one reads. Users can write in their destination so drivers can alert them to their stop.

The scheme was brought in by First-Group in a partnership with the charity

First Group's scheme to assist older people has been adopted across the transport industry



Age UK but proved so popular it was introduced across the industry.

Bus and train manufacturers are also adapting. "We look at access issues in a very serious way, and it's what has helped us triple the size of our business," said Bill Simpson, group corporate affairs director at Alexander Dennis. The company, one of Britain's biggest bus and coach manufacturers, designs the low floors on its buses with the elderly in mind. Two doors allow faster entry, while for those who are unsteady on their feet it has fixed extra handles to seats. Hooks on seat backs are designed for carrier bags full of shopping.

Hitachi, the Japanese engineering and electronics company that builds trains, has increased the pitch of its seats to offer more knee room for passengers with reduced mobility.

Yet not every company specialising in moving people is treating its older customers differently.

Some 12 per cent of easyJet's passengers are over the age of 60. They are often affluent and spend more than a younger traveller. A large proportion are travelling to a second home.

Nevertheless, the low-cost carrier is wary of targeting this audience. "We are very careful not to patronise a specific community," said Peter Duffy, easyJet's commercial director.

Jonathan Bray, director of the Passenger Transport Executive, which represents transport authorities around the UK, says this is an issue for the whole transport industry.

"Often [older people] want to be seen just like everybody else and just want a decent service."

Read the rest of the series on ft.com



Next Saturday Sex, shops and rock and roll: how beauty companies are seeking the silver dollar; the ageing of music festivals and later-life dating for the boomer generation

More on ft.com Visit the FT's sector by sector analysis of how business is responding to the silver economy

THE SILVER ECONOMY

Boomers power new age of spending

Consumer industry only just waking up to power of a wealthier generation entering retirement



Silver Economy

PART 6: CONSUMERS

SCHEHERAZADE DANESHKHU
- CONSUMER INDUSTRIES EDITOR

When I'm 64, "we shall scrimp and save" in the words of The Beatles - a song that suggested that hitting the age of 64 meant becoming unlovable and quite probably poor.

Today many 64-year-olds - at least in developed economies - are living on average a decade longer than when Paul McCartney sang those lyrics in the '60s, and have huge power as consumers.

"Baby-boomers . . . consider ageing well as a lifestyle," says Sophie Schmitt, co-founder of Seniosphère, a Paris consultancy specialising in the senior market. "That is different from when people regarded ageing as a fate."

Healthy longevity has resulted in a

generation that is willing to spend. Euromonitor forecasts that the global spending power of those aged 60 and above will reach \$15tn by 2020.

This is good news for consumer companies. As Jean-Paul Agon, chief executive of L'Oréal, says: "It's the first time since the beginning of mankind that there will be a large number of people aged 65-plus. The consumption time span of these consumers is getting longer so they are effectively a new . . . category of population."

Yet the fast-moving consumer goods industry has been slow to respond to the demands of the older consumer, believes Alison Sander, director of the Boston Consulting Group's Centre for Sensing and Mining the Future.

Many products for older people have been developed under the broad rubric of disability and poor health - dentures, adult diapers, colour for greying hair. There has been relatively little to appeal to those who are fit and healthy.

"We are still waiting for fundamentally new products to meet the desires of this older group," says Ms Sander.

She contrasts this with the auto industry which has been working on develop-

ing cars that drive themselves. "They realised it's not enough to change the age of the people in the ads; they need to change the car," said Ms Sander.

Consumer good companies face two big difficulties in targeting the older customer. The first is that this is a vast demographic with myriad different tastes and interests, so hitting on universal big ideas is difficult.

But one obvious area is packaging. When he donned an ageing-suit that mimicked an older body, Pierre-André Térissse, finance director at Danone, found out how difficult it was to pick up bottles of the group's Evian water or to distinguish between a raspberry or cherry Actimel yoghurt.

"The general lesson is that we need to test for this whenever we make changes to our products, otherwise there is a risk that older people will be put off from buying," said the 48-year-old.

Swiss food group Nestlé had arthritic hands in mind when it redesigned the Nescafé Gold coffee jar in Australia, giving it a "waist" to make it easier to hold and an easy peel foil cover. In the UK, the group reworked its Black Magic chocolate box by increasing the font size

on the cover, reorganising the chocolates so they align with the pictures on the lid and widening the finger scoops.

Food companies have also expanded into medical nutrition. Danone has Souvenaid - aimed at early Alzheimer's sufferers - while Nestlé last year launched its Yiyang milk in China for baby boomers worried over cardiovascular health.

Asahi Group, the Tokyo food and drinks conglomerate, has developed single-serve soft stews for Japan's rapidly ageing population.

"Their teeth are much weaker; they don't have the biting strength," said

Naoki Izumiya, chief executive. "So we adapted the baby food technology for the elderly."

The second challenge for consumer companies is how to market to the older customer. Baby boomers do not regard themselves as old. They see themselves as 10-15 years younger than their actual age, says Ms Sander. Moreover, products overtly marketed to older people risk putting younger ones off.

Masahiko Uotani, chief executive of Shiseido, the Japanese cosmetics company, uses himself as an example: "I am 60 years old but I don't like it if a product aimed at me is advertised as being for senior people. But if the message is that the product is for someone experienced and discerning who has the capability to judge when something is good - then I am more likely to buy it," he laughs.

Ms Schmitt says there are subtle ways to market to older people using references - such as music or an icon from their childhood - that resonates but is not explicit. "A young person won't really notice the reference . . . but the older person will pick up on it. This way you can target an audience without saying this is specifically for you."



FT Video
Why three-generation cruises are taking off in China

ft.com/silver-economy

Personal goods. Celebrity marketing

Cosmetics and fashion eye new sales front

Brands turn to more mature models to tailor their appeal for older customers

ANDREA FELSTED, SCHEHERAZADE DANESHKHU AND NORMA COHEN

When cosmetics company Nars featured Charlotte Rampling, 68, in its advertising campaign earlier this year, it propelled the older woman to the forefront of fashion.

François Nars, the former make-up artist who created the brand, says: "I don't put an age limit on beauty. I don't care if they are 20 or 68."

But increasingly companies do care - and not in the way you might think. Cosmetics and fashion brands are turning to older models to appeal to wealthy older customers and to give their brands a more authentic feel.

Marc Jacobs' beauty line chose Jessica Lange, 65, as its first celebrity face, while L'Oréal has turned to actress Helen Mirren, and J Crew features 70-year-old Lauren Hutton.

Dick Stroud, founder of 20plus30, a consultancy specialising in marketing to older consumers, says the imagery is "just about catching up" with the overall age of the population and the buying power of older consumers.

Conlumino, the retail research group, estimates that in the UK alone, over 65s will spend about £6.9bn on clothing and footwear this year, 15 per cent of the total market. By 2019 this will go up to £8.7bn.

In the US, Hana Ben-Shabat, a partner at consultants, AT Kearney, says over 55s accounted for 30 per cent of US clothing sales in 2013. However, they accounted for 40 per cent of spending on personal care products and services, which includes everything from shampoo to spa days.

With the overall US clothing market worth \$200bn and the personal care products and services market worth \$76bn, Ms Ben-Shabat says the over 55s' share of spending is significant: "If you



Faces of fashion: from left, Charlotte Rampling chosen by

Francois Nars; Jessica Lange, who models for Marc Jacobs; Twiggy, who has a long association with M&S in the UK; and Lauren Hutton, chosen to model J Crew

Getty Images; WireImage; FilmMagic

are a retailer or a consumer goods company, you can't ignore these customers."

Maureen Hinton, Conlumino's group research director, the retail consultant, says this is a generation that has always been influential. "The baby boom generation has been driving fashion, retail and consumerism in many ways since the 1960s," she says.

This is not a generation that is ready to look old. "Nowadays, 60-year-olds and 40-year-olds are dressing very similarly," says Simon Wolfson, chief executive of UK retailer Next. "A lot of people don't consider their age to be a barrier to adopting new trends."

Yet retailers still have to make adjustments - for mature women in particular. As the body ages, its shape changes, especially around the waist. Many women prefer to cover upper arms that have lost their firmness.

To achieve the right fit, N Brown uses in-house models aged from 40 to their

late 60s. M&S, meanwhile, is presenting autumn ranges where 90 per cent of dresses will have sleeves.

In Japan, where the demographic shift is greatest, retailers are altering the shopping environment for what is known as the "grand generation". Aeon, Asia's biggest retailer, is developing malls with wide aisles, plenty of seating and a more upmarket feel. The malls focus on selling products geared at the needs and popular interests for silver-haired shoppers, from wigs to pet-care and smaller portions of food.

The shift is also affecting behaviour in the global cosmetics industry, which has always played on the fears of ageing women. Now, older populations and longer life expectancy have opened up an opportunity to celebrate a whole new category of consumers, according to L'Oréal, the world's biggest cosmetics group by sales.

The choice of 69-year-old Ms Mirren

"helps us speak directly to a group of women who are often ignored by the fashion and beauty industry," said Elen Macaskill, head of L'Oréal UK.

Jean-Paul Agon, chief executive, in June described this generation as a "completely new segment of consumers [that] represent a new and gigantic opportunity for our company".

Shiseido, which also owns Nars, will next year launch a range specially designed for senior people.

The bonus for cosmetics groups and retailers is that older consumers have a greater concentration of wealth, and are prepared to pay higher prices, according to Stephen Bond, director of the Demographic Users Group, a collection of retailers who rely on population data to help them make business decisions. Catering to their needs makes sense.

"I'm 'Prepared To Pay'. If there was a coat of arms for the 55-plus shopper, that would be it," says Mr Bond.

'A lot of people don't consider their age to be a barrier to adopting new trends'

Simon Wolfson, Next chief

Travel & leisure

Rock festivals grow old gracefully with craft beer crowd

LUDOVIC HUNTER-TILNEY

Rock festivals are at the frontline of a shrinking youth market. When Glastonbury began in 1970 the UK's median age was 34. It is now nearly 40. The traditional diversions of the rock festival - loud music, intoxicants, primitive sanitation, heat stroke or trench foot - still find willing takers (Glastonbury sells out in hours). But there is a dwindling pool of young people to attract.

"I think the general rock-type festival has peaked," says Harvey Goldsmith, one of the UK's leading concert promoters, the man behind Live Aid and Led Zeppelin's 2007 reunion.

His latest venture is OnBlackheath Festival, a weekend event launched in London last month featuring music from Massive Attack and Grace Jones, alongside cookery demonstrations from Michelin-starred chefs, a farmer's mar-

ket and craft beer bars. The sponsor was middle England's favourite retailer, John Lewis. Here was one rock festival where you were more likely to score wild mushrooms than the magic variety.

"There's a more discerning audience," Mr Goldsmith says. "You have to give value-plus."

VIP areas and viewing zones that you pay extra to access have become commonplace. Festivals offer caravans or luxury yurts for those unwilling to take their chances in a cheap pop-up tent. According to an annual festival industry survey, almost 40 per cent of UK festival goers in 2013 were aged over 30.

A wide fan base has helped to make the Rolling Stones one of the highest-grossing touring bands



Live music increasingly depends on older fans. Heritage acts such as Bon Jovi and the Eagles have mounted among the highest-earning tours of recent years, each band grossing over \$250m in ticket sales. Meanwhile veteran hard rockers Kiss are headlining a festival on a Caribbean cruise ship this month.

A widening demographic reach, from young to old, should mean good times ahead for record labels. But in the short term they must persuade older consumers to move from CDs to digital music.

"It's like a demographic time-bomb ticking," music analyst Mark Mulligan forecasts. He cites the disappearance of CD players from new cars, computers and high street music shops.

"There's going to be possibly a five- or 10-year gap of older music buyers who are still a crucially important part of revenue but they will have fallen out of the habit of buying CDs. There's going to

Read the rest of the series on ft.com

● Visit the FT's sector-by-sector analysis of how business is responding to the silver economy

● Baby boomers spend \$120bn a year on travel and leisure, and now they are even taking to theme parks, reports Roger Blitz

● Watch the videos, from Harley trike riding in the US to negotiating the streets in a suit designed to make you feel older (right)



be this gaping hole." There is also the issue of whether labels, in an era of shrinking sales, can create the kind of bands required to fill the heritage circuit in 20 years' time.

"There's a very vibrant live market for older music fans right now but there are real concerns about whether the music industry is creating the sort of band to sustain it," Mr Mulligan says. "When sales are much smaller how many bands will be like the Rolling Stones, still going in their 60s or 70s? Is it possible now to create a big enough fan base to be a successful live artist in 20 years' time?"

"One of the dangers we have in the industry is that we're not developing enough new global rock bands. The industry itself needs to put some effort into that," Mr Goldsmith says. While the rest of the world is getting older, the chance of a band enjoying a long life is diminishing.

Leisure goods

Latest buzz puts 'slippers and cocoa' image to bed

DUNCAN ROBINSON

Jo Thorne is a 71-year-old great-grandmother from Taunton, in southwest England. She has five grandchildren, one great-grandchild and sells sex toys for a living.

Ms Thorne has worked as a "party planner" - selling everything from sexy lingerie to "Rampant Rabbit" vibrators - at Ann Summers for more than 30 years. "When I started in 1981, people had never even heard of Ann Summers," says Ms Thorne. "People had never seen a vibrator, never mind held one."

Now Ms Thorne is part of a growing demographic: the sexually active seventy-something. In the UK, 37 per cent of male 65- to 74-year-olds have had sex in the past four weeks.

This is not far behind the 52 per cent figure in among 16- to 24-year-olds, according to the National Survey of Sexual Attitudes and Lifestyles, which looked at the sexual proclivities of pensioners for the first time in 2013.

As people's lives lengthen, so too do their sex lives - and businesses are having to adapt. This has provided problems and opportunities for businesses ranging from dating websites to sex toy stores.

LoveHoney, the online adult toy shop and Ann Summers rival, has brought out a range of sex products aimed at older consumers called Swoon. The collection, which is stocked in Boots, includes "massage oil, lubricants - and three of the world's least frightening vibrators", according to Neal Slateford, co-owner of LoveHoney.

Selling to older customers requires different marketing language. "We talk about 'pleasure products', rather than a vibrator," says Mr Slateford, whose business now has revenues of £25m and employs 120 people. "It's very non-threatening, like a beauty product."

Older consumers have different needs to younger ones. They tend, for example, to get confused by the website, rather than the products on offer. "They prefer to order over the phone and need a bit more hand-holding," says Mr Slateford. "One of the big questions [we] get asked is: what is a browser?"

More senior customers make up a chunky minority of LoveHoney's customer base. Some 7 per cent of the sex shop's customers are over 65, while 9

37%
Males in UK aged 65 to 74 who have had sex in the past four weeks

50%
Rise since 2009 in genital herpes cases in men of pensionable age

per cent are aged between 55 and 64, according to the company's most recent survey. It is a similar story across the sex product industry.

"Older people have always been good consumers of our products," says Mark Pearson, regional brand director at Durex, owned by Reckitt Benckiser. "It's actually a myth that only young people have lots of sex and many partners."

Unfortunately, not all people in the "older" category have been as keen on Durex's main product: condoms. The number of sexually transmitted infections among the over-65s has rocketed over the past five years.

Cases of genital herpes among men of a pensionable age has risen 50 per cent since 2009 - a faster rate than any other age group, according to Public Health England. Among women, the number doubled over the same period, although from a low base. It is a similar story with other sexually transmitted infections, ranging from gonorrhoea to chlamydia.

This rise of STIs among senior citizens suggests a naïveté among older people when it comes to sex, says Mr Pearson of Durex. "People re-entering the dating game at an older age are more likely to assume that people of their age group are safe," he adds.

"The assumption is that people of this age group until very recently have only been having sex with one person for many years," adds Mr Pearson. The proportion of older customers on dating websites suggests that this is not right. At dating website Match.com, one of the largest such websites in the UK, about one in 10 clients are aged over 50.

Match.com does not do anything radically different for older lovers. "The basic premise of searching for a date, companion or soulmate is the same no matter what your age is," says Karl Gregory, managing director in the UK and Ireland. But the older consumer can be more demanding. "Their experience means they know what they want from a relationship and don't want to compromise," says Mr Gregory.

One thing is clear, adds the managing director: "The stereotypical image of someone aged over 65 in their slippers on the sofa sipping a cup of hot cocoa just isn't the case."