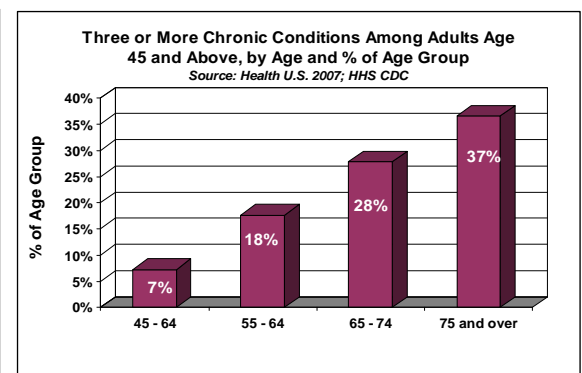
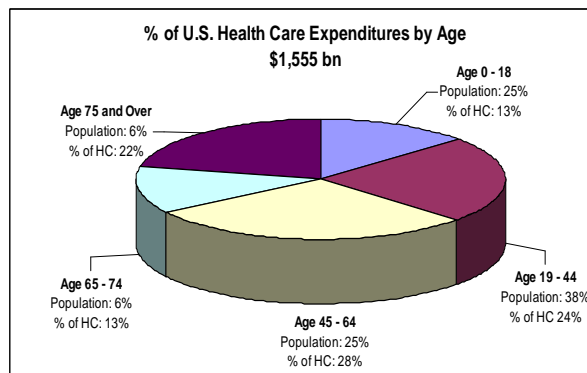


Aging Populations: A Business Opportunity... or Threat?

The Startling Facts

Healthcare is a \$4 trillion dollar global industry. *That's \$4 trillion dollars.* And \$1.5 trillion of that resides in the U.S. market. Driving this market are the aging baby boomers, which account for just 12% of the population, but are responsible for a full 35% of all healthcare expenditures. These statistics burst apart conventional consumer models and heralds a waking giant in the image of the 50+ age demographic.

As you prepare to design growth strategies and formulate new products, it is essential to take a long, close look at the phenomenon of aging populations, and its far-reaching implications for almost every business.



Conventional Models... Shattered

Age demographics are migrating upwards, where the number of people age 60 years or older is on the rise, and the number of people under age 15 on the wane. *By 2050, for the first time in recorded history, the older generation will outweigh the younger in numbers...an inverse balance that is seriously calling into question traditional thinking and practices around market segmentation, product development, and consumer packaging.*

This seminal change is already redefining who will, and who will not, emerge as product leaders in this new millennium.

Both within and outside of our national borders, there is an unprecedented universe of possibility yet explored for all companies engaged in consumer products and healthcare industries. Surprisingly, Med Tech and Pharmaceutical companies currently comprise only 20% of this enormous marketplace.

The only question that remains is, "what does this mean for your business?"

Insights The Ramifications of a Shifting Demographic

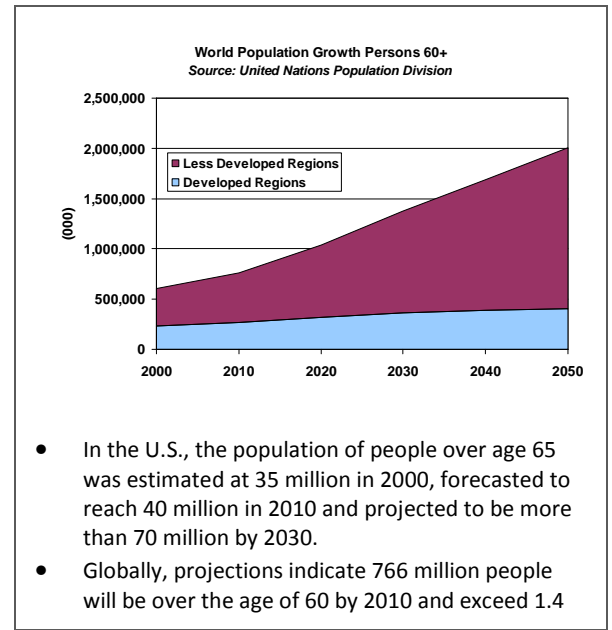
Is This Good or Bad News for Your Business?

Historically, older populations have been dismissed as a peripheral market segment. Aging “baby boomers”, on the other hand, yield tremendous purchasing clout and represent a pivotal cultural and market force.

Today, consumer packaged goods aimed at the aging population require a lot more than simply providing easy-to-open and large print packaging or easy-to-reach placement on well lit store shelves.

Product development must effectively incorporate one or more of the following factors to attract this burgeoning group of power buyers:

- Mobility
- Convenience
- Health
- Cognitive Function
- Dexterity
- Appearance
- Lifestyle
- Utility and Performance
- Environmental Friendliness



Baby Boomers ushered in revolutionary changes in the political, socio-economic, and artistic front. They are mavericks still, and seek to preserve the mental and physical capacity to extend their legacy into this century.

Baby Boomers are well heeled, well educated, and, true to their rebellious heritage, highly skeptical. They are knowledgeable about health conditions and treatment options, and are far more inclined to challenge their caregivers in ways their more compliant parents never would.

There is enormous opportunity here to expand your business when this generation recognizes that you understand what is important to them – and why – and design your products accordingly.

An Older Population, a New World

Aging populations represent an entirely new paradigm.

Baby Boomers do not share the deferential dispositions of their graying predecessors. They are vibrant, active, strong in numbers, and remain trendsetters even as they enter retirement. They are often not the grandparents but the *parents* of teenagers as many of them delayed having families until later in life; therefore, they are also the principal decision makers behind an endless list of consumer packaged goods, not just healthcare.

Insights The Ramifications of a Shifting Demographic

Aging consumers demand performance and style in products that include simple pain relievers, sensitive toothpastes, and nutritional solutions. Their exacting expectations extend to more complex product, like those with dual or multiple uses such as LG's cell phone that also measures blood glucose.

Just as they have more rigid criteria for products, baby boomers have equally tough service requirements. This new generation of older consumers has even less patience for automatic attendants than most. They want a relationship with the company, and that means speaking with an actual person. If forced to navigate an interminable maze of phone menu options, they are more likely to hang up and seek out another provider.

Fidelity Investments' interactive website is a model example of how thoughtful consideration of an older population's need can forge meaningful and lasting relationships with this important customer base. Fidelity's website features large fonts, easy navigation, quality not "gimmicky" content, and something unprecedented these days: When you call Customer Service, a *live* person actually answers!

Aging Populations are an International Phenomenon...and Present Global Opportunities as Well

In other parts of the world, multiple generations of families live together, and reverse population growth carries significant socio-economic consequences. For example, China's policy of limiting one child per family to curb its once soaring population has effectively reduced the number of youths to care for and older family members to support. This calls into question the viability of extended family alone to promote the health and safety of all its members, the elderly is particular.

The Healthcare Reality: If you conduct business as usual, you might not conduct business at all

The aging population is apt to have multiple chronic conditions, and this translates into unprecedented opportunities for all companies participating in healthcare industries.

However – be warned - it will not be business as usual, and here's why:

- Regulatory approval for drugs and devices used to be the critical milestone preceding market launch. Now it's regulatory approval and *payer approval*. Unless Medicare and Health Insurers are in the loop, it makes no business sense to invest in a new product development initiative.
- Clinical care providers continue to focus on cost while at the same time expanding facilities to attract highly profitable treatment services. Aging consumers are savvy shoppers and have more choices. A new level of competition is emerging.
- When it comes to treatments, implants, devices, and drugs, the aging population, well-read and extremely educated, is keenly aware of the materials and chemistries used, and the clinician will need to justify the choice of a treatment modality to the satisfaction of patients before moving forward.

Insights
The Ramifications of a Shifting Demographic

- Intolerant of the red tape and layered bureaucracy characteristic of the healthcare experience, this older age group will challenge the physician and the office receptionist equally, scrutinize the bill for services for absolute accuracy, and demand immediate redress for prohibitive charging.

In order to thrive (and in some cases, to survive) progressive health care providers and associated companies must recognize the importance of engaging the aging consumer by installing a responsive customer service infrastructure.

A New World: A New Way to Identify the Most Promising Opportunities for Your Business

Health care is a \$4 trillion global industry and Med Tech and Pharmaceutical companies comprise only about 20% of this marketplace. There is a universe of possibility yet explored for all companies engaged in consumer packaged goods and healthcare industries.

Through our work, Business Innovation Consulting, LLC applies a proven methodology to frame product offerings and address and measure opportunities along the *Continuum of Care*.

The next major growth event will result from identifying and evaluating a portfolio of opportunities in the global market along the continuum of *care for aging populations*.

Health Promotion and Well Being are the most overlooked and misunderstood areas that, oddly enough, are arguably the most promising for companies in the consumer packaged goods space.

To help steer your product development initiative in the right direction, ask yourself the following questions:

- Can you determine the role your product offerings will play along the continuum of care? Are you missing an opportunity?
- Can you provide the aging consumer with evidence that the product works?
- Are you really engaged with this large segment and truly cognizant of their needs, preferences, and desires?

The Continuum of Care

Health Promotion and Well Being

Early Detection and Intervention

Diagnosis and Treatment

Support and Rehabilitation

Palliative Care

People over the age of 50 spend roughly \$1.7 trillion on goods and services. Opportunity abounds at every corner. Progressive companies recognize they don't know what they don't know. Period. So they invoke every resource available and apply every instrument and innovative strategy to pioneer novel products that get noticed, used, and acclaimed – just like LG's cell phone with glucose biosensors.

This millennium hallmarks the onset of the "geriatric youth." Whether you leverage or you lose this opportunity – in the end – depends on whether you see them as "elderly" or recognize them for the mighty titans that they have become.

Insights The Ramifications of a Shifting Demographic

About Business Innovation Consulting, LLC

Business Innovation Consulting, LLC (BIC) works extensively in Consumer Products and Health Care industries. BIC helps clients create new products & services to improve their market position and extend into adjacent businesses / categories.

BIC identifies portfolios of technology-based opportunities to form the basis of new business for leading companies, and we formulate breakthrough products & services as the basis of new business.

Trusted *We assist only one firm in a market sector.*

An extension to your team *Our proven process and technology network captures external technologies from non-traditional sources that are outside the natural footprint of our clients.*

Track record *We generate profitable new product and process concepts that are additive to our clients' internal pipelines and strategic business development interests.*

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