

FINAL YEAR PROJECT

GLOBALIZING THE ELDERLY

An alternative living For
the Golden Age

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Executive summary

The general purposes of this project are to analyze the welfare of the elderly and assess their willingness to change their retirement options. We want to investigate if it would be a profitable business opportunity to offer to the retirees the opportunity to move abroad where they would enjoy better living conditions at a lower price.

We structure the project by firstly providing some statistical evidence and by citing some literature in order to have a clearer picture of the retirement industry global situation. Afterwards, we focus on the Spanish situation to analyze if there exists a possible target interested in our services. We do so by initially giving external data and then complementing with our own research, based on our own survey, to give a more accurate picture of the possible customers and their preferences. To conclude, we define our target customer and carry out a brief market analysis to select a suitable country and finally design a simple business project.

After conducting the statistical study, we were able first to assess that there was actually a business opportunity for rendering a service offering Spanish elderly a program to retire abroad. And secondly we managed to infer the characteristics of our target group: people between 55 and 65 years old, who felt that their future income would not be enough to cover their expenses and without grandchildren. Given their preferences, the most suitable country to carry the business project would be Costa Rica. The development of the business project in detail could be an interesting topic for a future project.

Introduction

In this project, we aim at growing consciousness about the recent development of a new business opportunity in the service industry, which is the market for services related to the elder care. This “retirement industry” has been already studied in terms of demographics, economic causes and consequences and global trends and flows have been depicted worldwide.

Because of the social tensions that we live in Spain due to the harsh economic conditions, one of the most vulnerable collectives is the elderly. Their living conditions are threatened since pension schemes and other crucial services, such as healthcare, are at stake. While many solutions at the public level can be discussed, given our business degree orientation and abstaining from moral judgments, it is in our interest to seek market alternatives for the Spanish elderly.

Therefore, in our project we proceed as follows:

First, we give some statistical evidence and cite some literature that supports the existence of this new service industry in the global economy. Secondly, still supported by external data, we try to analyze the situation of the Spanish elderly in order to make a guess ex-ante about whether Spanish pensioners might be interested in becoming new customers for this recently created market. Right after that, we study the results of our own survey work, aiming at determining more or less accurately whether demand for moving overseas actually exists within Spanish retirees or not, and if so, according to which criteria. Finally, once we have

defined a target pensioner and have studied its preferences and criteria, we do a market analysis and choose a country that meets the target demands, and finally draw a business project that, in accordance to all our research, we think might be viable and actually profitable.

Regarding the difficulties, we have faced several limitations throughout the elaboration of the project. They have been mainly related to the lack of time and paper space. The fact of conducting most of the research ourselves has posed several difficulties in terms of time needed to conduct the surveys, the difficulty to find people within our target that was willing to answer the questions... and due to the constraint of pages we cannot present a complete business plan that analyzes thoroughly the profitability of our project. Finally, another difficulty posed was that it was hard to trust the external validity of our dataset, since some results were counterintuitive (this refers, for example, to the country selection and the weights given by the respondents of our survey).

General situation of the elderly

In this section we aim at introducing the reader to the newly created retirement industry.

Mobility of the elderly once they reach the retirement age is not a new phenomenon, and actually takes place in many developed countries. When people retire, with their lives already settled and stabilized and without a job that ties them to a particular place, a significant fraction of them decide that they would rather spend their retirement elsewhere. Their motivations are multiple and varied: better climate, more affordable cost of living, friendlier local people, safer environments...

This movement of the elderly can take place within the boundaries of their own country or overseas, and the number of potential migrants is booming, as Mika & Biao (2012, p.711-712) point out:

“The emergence of the transnational retirement industry is first and foremost a response to the rapid progress of population ageing. With the baby boomer generation reaching retirement age worldwide, the retiree population from the USA, Europe, Japan, South Korea, Taiwan and Mainland China are estimated to total 326.6 million in 2006, and is to increase to 425.6 million by 2015 (Healthcare Coalition Institute, Mollman, 2007). [...] A retirement tsunami from the wealthy countries is under way (Dept. of Foreign Affairs, Philippines, 2007).”

Within a country, we can also see examples: in the US, most retirees who considered moving chose Florida, so much that in the 80s, 26.3% of all U.S. citizens >60 who moved went there.¹

¹ Forsaking Florida, Newsweek 09/24/2009

At the transnational level, there are popularly known intra-European retiree flows, mainly of central and northern European citizens – especially Germans, Britons and Dutch – who choose to live in warmer, sunnier and cheaper countries, basically in the Mediterranean (King et al. 2000, p.92), such as Spain. In fact, about 22% of the total population in the Balearic Islands in 2008 was made up of foreign residents, out of which 13.6% were German citizens, and 9.1% were English.² Comunitat Valenciana is the 2nd region with more foreigners living permanently, especially English.

More recent trends have emerged, more interestingly, in Southeastern Asia, with countries such as The Philippines, Thailand and Malaysia becoming the greatest receivers of overseas retirees, more than 100.000.³ In contrast to the Mediterranean countries, where the retirement industry is decentralized and retirees decide to move on an individual, do-it-yourself basis, the Asian approach is different. The governments of these nations have recognized this new business sector as a strategic sector for the economic development of their countries. Therefore, it is on their best interest to promote private enterprise to develop in this market by providing incentives while they make things easy for foreign pensioners – e.g. simplifying visa procedures, decreasing financial requirements and enhancing control and quality standards to meet foreigners' needs. While difficult to quantify, the Philippines valued the market opportunity in their nation at US\$2.4 billion in 2011.⁴

² Fundación BBVA, Cuaderno 41, September 2009

³ Gorvett, 2010

⁴ Philippine Retirement Authority (PRA), 2012

The Japanese population is the clear target of these Asian countries, which account for most of the figure of overseas retirees. Despite the elderly in Japan being looked after traditionally by their families, Japanese elderly are deeply concerned about the sustainability of their pension scheme system and medical care provision. This concern is justified given the figures; Japan is the country with the highest degree of population ageing worldwide: in 2010, 23.1% of the Japanese were 65 years old or more, and that figure is to be increased up to a stunning 40.45% by 2055.

This is why, despite being relatively wealthy (Japanese pensions are in average high), 65% of Japanese people considered moving elsewhere, including abroad, in their old age, in line with their anxiety about the future.⁵

All this data confirms that the retirement industry is a fact and has incredible prospects for growth. However, while Spain is a net receiver of pensioners, as previously stated, there is few relevant data regarding the willingness of our own retirees to move abroad in the search of better living conditions. This is what we aim to figure out in the following section.

⁵ Life Information Centre, 2006

The Spanish situation

As explained, we now aim at gaining knowledge about the situation of the elderly in Spain.

Spain is today a country with 46,163,116 inhabitants, out of which 17.56% (8,106,652 people) are elderly 65 years old or more, slightly below the EU-27 average, which stands for 17.8%. Significantly larger ratios can be found for Germany and Italy, who bear a 20.6% each. This might sound as a good situation for the demographic sustainability of Spain.⁶

As one of the latecomers in industrialization in Southern Europe, Spain experienced birth of the ageing population process later than most European nations. Therefore, its current situation is in a more primitive stage. Nonetheless, the process is to be happening unavoidably, and this is why Spain will face the same economic struggle that poses advanced nations the question of how to maintain a rising population of elderly while the workforce is reduced.

Given the forecasts for the Spanish population, it is expected that the number of inhabitants in Spain by 2043 will be significantly lower (approximately 42.6 million), while the amount of elderly will have grown relatively up to unsustainable figures (see Appendix 1 and 2). The threat to the welfare of the retired people is then obvious, and while Spain is a country that spends relatively good money on the care of the old people (0.45% of its GDP, compared to an EU-27 average of 0.41%, far above Germany with a 0.15% but far below Scandinavian

⁶ Data from INEBASE

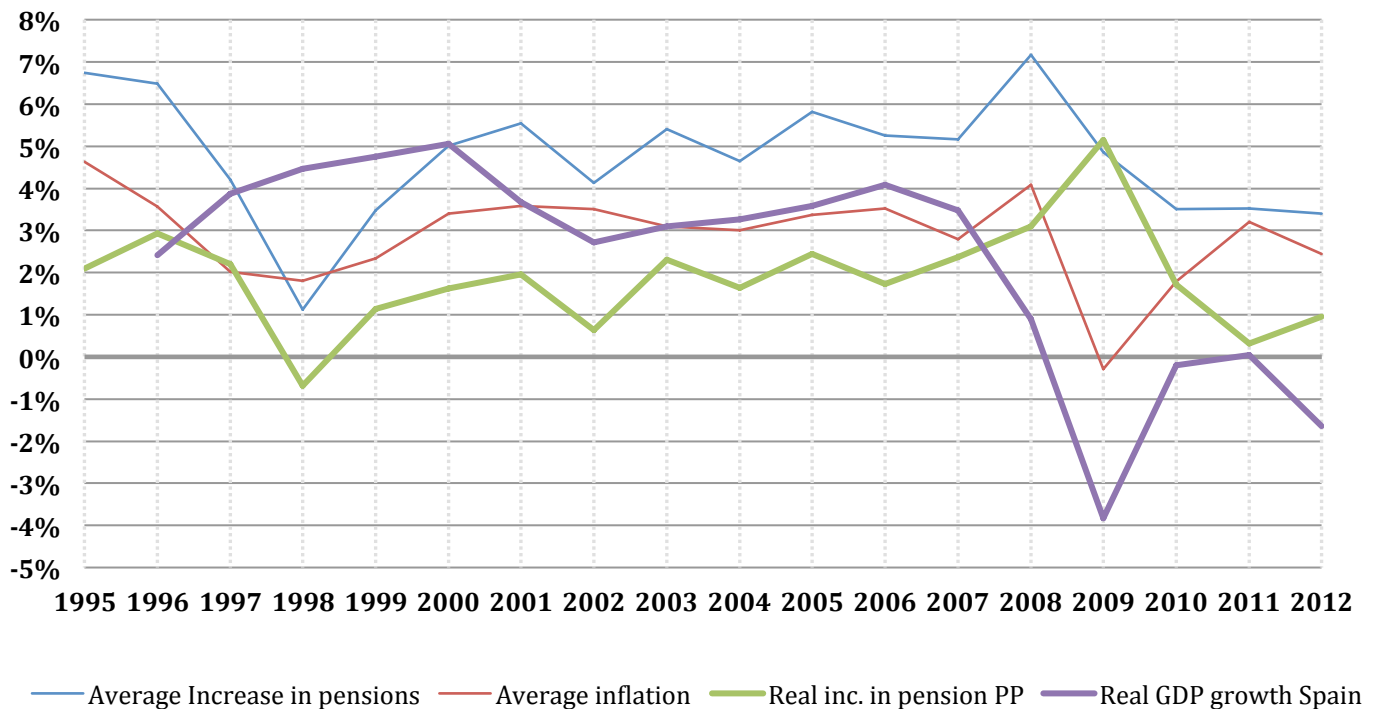
countries such as Sweden, which spends 2%), it is also a country where expenditure on pensions is below average (10.75% of its GDP, in contrast to an EU-27 average of 13%).⁷

The current economic crisis has worsened the situation even more, because most European nations, especially in the South, are undertaking strict austerity measures that hamper the improvement of retirement benefits, in some cases implying even a reduction of them in real terms.

As of 2012, there are in Spain more than 5.3 million people receiving a contributive retirement pension from the State. Most of them (3.46 million) fall into the general regime (most types of workers), and the second most common kind are the freelancers or *autónomos* (1.2 million). Finally, the 3rd most important group of pensioners are the beneficiaries of OODI (Obligatory Old Age and Disability Insurance), popularly known in Spanish as *SOVI*, a residual benefit for those elders who are not entitled to any other retirement pension (357,000 beneficiaries). These three categories have an average monthly pension of 1,112€, 655€ and 377€ respectively, or 15,560€, 9,170€ and 5,278€ per year (we assume 14 payments). By neglecting other, more specific types of retirement benefits, and computing a weighted average, we can say that the average retiree in Spain has a monthly pension of 948€, or about 13,270€/year.

To see the evolution of the purchasing power of pensions, the following plot is interesting. It gives information about the real increase in purchasing power of pensions (adjusting nominal increases by inflation) and the real GDP growth, proxy for general wage increase.

⁷ See Eurostat – *Social protection - Expenditure on care for elderly and Expenditure on pensions*



We can observe that, on average, pensioners have experienced an increase in the real purchasing power of their retirement benefits throughout the last two decades, with the exception of 1998. This growth has been always more modest than the economic performance, meaning that while salaries in Spain were growing, pensions did so at just a fraction. In 2008, however, the situation gets reversed, and for the first time pensions have a real improvement, which is higher than the economic performance. This means that pensioners enjoy just slight improvements in stable periods but do not feel the harsh consequences of economic crisis completely.

The future of this trend for pensioners, however, seems to be reversed, or at least worsened. For this year 2013, the government allowed for an increase of pensions of just 1%, and the budgeted increase for 2014 is just 0.25%.^{8 9} Inflation is likely to be higher than the increase of

⁸ Law 17/2012, 27th December, of the General Public Budget for 2013 – see BOE.

pensions for both years, so pensioners will lose purchasing power and this situation is likely to persist at least until Spain manages to grow again and reduce its public deficit sensitively.

To see if the average pension is enough to sustain decent living conditions, we may have a look to the Household Budget Continuous Survey. If we have a look by town size, one of the main variables affecting cost of living, we see that the average total expenditure per person in Spain ranges from 10,086€ in towns of less than 10,000 inhabitants, to 11,835€ in cities of more than 100,000 people.

Therefore, the average pensioner seems to be able to enjoy a decent way of living, because with his budget he can afford an average consumption level. However, we must remember that we are using averages, and if we leave out the pensioners of the general regime, we have a pool of more than 1.5 million pensioners (freelancers and OODI beneficiaries) who, unless they have some sort of private retirement plan or some existing wealth, will have serious difficulties to subsist on their own. The situation may be softened in households where couples are both entitled to a pension (expenditure is more efficient when sharing costs), but still implies an austere lifestyle. Nevertheless, some pensioners that may not be facing difficulties might be also interested in moving to a country with lower prices to be able to afford an even higher standard of living.

The situation is more dramatic in the case of pensioners who are no longer independent because of health problems and thus need partial or even around the clock care. The cost of being in a retirement home, in case of needing continuous assistance, is on average

⁹ *“Las pensiones suben en 2014 un 0,25% y anticipan pérdida de poder adquisitivo”*, El País, 30/10/2013

1,021€/month for public centers and 1,359€/ month for the private ones, considering a double room (data from 2009, likely to have increased substantially).¹⁰

These are numbers that are far beyond the possibilities of most pensioners. So in the end, when facing a situation of dependence, the likely outcome is that elders will have to sell their personal wealth to pay for at least part of the costs, and their descendants will pay for the rest, or they will go to their children's place to live and they will be taken care by the family.

Notwithstanding the outrageously high fees of these retirement homes, 21% of them have lack of quality in basic issues, and the ones that are relatively better managed are the public ones, most of which have long waiting lists for getting a spot. These two reasons (price and lack of quality) might be one of the causes of the fact that 87.3% of the elderly state that they'd rather live at home, even if they are alone, than anywhere else.¹¹

All in all, we have a clear picture of the standard pensioner in Spain: somebody that has a medium-low income which allows him to subsist as long as they are healthy enough to be independent, but who cannot afford the cares of a retirement home and thus is reluctant to leave their home.

Given this imbalance between demand for care and offer at a price that exceeds the elders' willingness to pay, it is our goal to figure out whether offering an alternative, more affordable way of living, is a good business opportunity. This is why we constructed a survey, which we explain in the following section, to try to assess this hypothesis.

¹⁰ Informe Consumer Eroski sobre Residencias en España, April 2009

¹¹ Encuesta Mayores 2010, IMSERSO

As it has been exposed in the Executive Summary, one of the most relevant and interesting work we needed to carry out was the collection of our own data about the Spanish elder population.

Statistical model

When creating a statistic model, our objective was to find out which variables Spanish elders could take into account for leaving their homes in search of better living conditions, while at the same time finding the variables that could affect the predisposition of leaving. All in all, we aimed to gain a good insight of the profile we were looking for to establish the market scope of our service.

With such an idea on mind, it was necessary to look for different ways to get these data. While discussion groups and other qualitative approaches seemed rather interesting and deep in content, none other than the classic survey was sufficiently simple and organized in order to recompile all the answers afterwards and possess an objective, strong probabilistic analysis of the objective target.

Survey description

We designed a survey to be able to obtain data to analyze our explanatory variables. You might find the template of the survey we used in the Appendix 3. The survey consisted on 23 questions. The first 16 questions aimed at getting basic information and a general picture of the interviewee, so we asked about their sex, age, marital status, general health conditions, whether they needed medical assistance, whether they had children, grandchildren or pets,

the languages they spoke, their monthly income, whether they had ever lived outside their home country and finally, whether they considered they could cover their expenses with their current income. With all these questions we can have a good idea of the respondent's living standards.

Then, we asked about their willingness to move in two different scenarios: (1) if they would consider moving abroad if they were told that their living standards would improve, (2) if they would consider moving within Spain (their own country) if they were told that their living standards would improve as well. These two questions would basically be our first two dependent variables (CMA, CMS), and by combining them we would obtain the third dependent variable (CMG).

Lastly, we built 5 extra questions that would help us to get more intuition about the needs of the elders and the criteria they have when deciding on a new residence. First, we asked the interviewees about the relative importance of several characteristics of a country (language similarity, closeness to home country, low prices, good gastronomy, safety, richness, good weather, good healthcare system, political stability, low taxation). Next, we proposed several world regions and asked which ones they found more appealing; below we proposed several countries and asked the same. Finally, we asked them the reasons for not moving (in case they had answered negatively) and right after we suggested some Spanish autonomous communities and interviewees had to choose the ones they preferred.

The sample in this project is composed of 95 people around the ages of 55 to 99 years old, because they are the ones that are either enjoying retirement or are about to do so. The geographic scope was mainly Catalonia, being the majority of our subjects from the province of Barcelona because of proximity. Lastly, the places where the survey was passed were

basically: retirement houses, daily care centers, parks and gardens, local neighborhood centers, and also by internet thanks to our online version of the survey, which allowed us to reach a sample of broader geographic scope (Spain). Although the data may be biased, we think that it is quite representative of the Spanish situation and therefore it would not be a problem for our analysis. The variables we have defined above have been codified in the following way:

Dependent variables:

- CMA = consider to move abroad -> Binary (0,1)
- CMS = consider moving within Spain -> Binary (0,1)
- CMG = consider moving in general -> Binary (0,1)

Explanatory variables:

- X1 = Male – Binary (0,1).
- X2 = Age – Qualitative ordinal (1: < 65, 2: 65-80, 3: >80).
- X3 = Couple – Binary (0,1)
- X4 = Health – (1: very bad, 2: bad, 3: acceptable, 4: good, 5: very good)
- X5 = Urban – Binary (0,1)
- X6 = Live alone – Binary (0,1)
- X7 = Need assistance – Binary (0,1)
- X8 = Children – Binary (0,1)

- X9 = Grandchildren –Binary (0,1)
- X10 = Pets –Binary (0,1)
- X11 = Number of languages known
- X12 = Income (pension) (1:<500 €/month, 2: 500-900 €/month, 3: >900€/month NA: Unwilling to answer or non-pensioners)
- X13 = Cover expenses (1: Not able to cover them, 2: Able with some difficulties, 3: Able with no hardships)
- X14 = Lived abroad – Binary (0,1)

The formal statistical analysis took into account these variables. Once conclusions were drawn, we focused on the rest of answers (criteria, country preference...) given by our target group to decide the location of our project.

Statistical analysis

	CMA	CMS	CMG
Male	-0,107	-0,107	-0,071
Age	-0,250	-0,284	-0,286
Couple	-0,014	0,279	0,227
Health	0,007	-0,033	-0,015
Urban	-0,067	0,161	0,120
Live.alone	0,125	-0,309	-0,237
Need.assistance	0,082	-0,079	-0,094
Children	-0,393	-0,036	-0,172
Grandchildren	-0,288	-0,136	-0,187
Pets	-0,156	0,319	0,299
Languages	-0,124	-0,190	-0,184
Pension	-0,088	-0,021	-0,125
Cover.expenses	-0,443	-0,093	-0,202
Lived.abroad	0,058	-0,125	-0,141
CMA	1,000	0,242	0,361
CMS	0,242	1,000	0,960
CMG	0,361	0,960	1,000

We have processed our data using the software RStudio. To have a first insight, we can have a look at the correlation table between explanatory and dependent variables. We considered that it was relevant to conduct regressions just for those explanatory variables whose correlation with the dependent variables was above 0.25 in absolute terms

(which corresponds to the yellow cells in the table). The rest of correlations (green and red cells) were less significant.

Therefore, we conducted logistic regressions for our 3 dependent variables, against *Age*, *Couple*, *Live.alone*, *Children*, *Grandchildren* and *Pets*, in order to assess their influence and effect on the probability of being willing to move.

$$CMG \sim Age + Couple + Live.alone + Children + Grandchildren + Cover.expenses + Pets$$

Min	1Q	Median	3Q	Max
-1,7926	-0,9207	0,327	0,7159	2,4065

	Estimate	Std. Error	z value	Pr(> z)
(Intercept)	4,2055	1,7014	2,472	0,0134*
Age	-1,2146	0,4718	-2,574	0,0100*
Couple	1,2998	0,9342	1,391	0,1641
Live.alone	0,296	1,1131	0,266	0,7903
Children	-1,5826	1,2812	-1,235	0,2167
Grandchildren	-0,3403	0,5809	-0,586	0,558
Cover.expenses	-0,4925	0,4878	-1,01	0,3127
Pets	2,0113	0,9028	2,228	0,0259*

$$CMA \sim Age + Couple + Live.alone + Children + Grandchildren + Cover.expenses + Pets$$

Min	1Q	Median	3Q	Max
-1,7683	-0,43771	-0,10629	-0,02215	2,07698

	Estimate	Std. Error	z value	Pr(> z)
(Intercept)	7,63905	2,40571	3,175	0,00150**
Age	-3,1396	0,99282	-3,162	0,00157**
Couple	-0,0084	1,05184	-0,008	0,99361
Live.alone	0,79761	1,48592	0,537	0,59142
Children	-0,63999	1,0722	-0,597	0,55058
Grandchildren	-2,00855	0,80617	-2,491	0,01272*
Cover.expenses	-1,29217	0,5718	-2,26	0,02383*
Pets	-0,57829	0,082266	-0,703	0,48209

CMS ~ Age + Couple + Live.alone + Children + Grandchildren + Cover.expenses + Pets

Min	1Q	Median	3Q	Max
-2,1622	-1,0724	0,4033	0,9162	2,2731

	Estimate	Std. Error	z value	Pr(> z)
(Intercept)	1,5127	1,3615	1,111	0,2665
Age	-0,7940	0,4227	-1,878	0,0603
Couple	1,4588	0,7947	1,836	0,0664
Live.alone	0,5183	0,9638	0,538	0,5907
Children	-0,5026	0,9145	-0,55	0,5826
Grandchildren	-0,1091	0,5281	-0,207	0,8364
Cover.expenses	-0,3413	0,4082	-0,836	0,4031
Pets	1,5849	0,7039	2,252	0,0243*

Analysis of results

Given the correlations and the coefficients of the regressions, we can draw the following conclusions:

- **Age** is a significant factor: the younger people are, the more willing they are to move, both abroad and within Spain. This makes sense intuitively because older people tend to be more conservative, especially due to health reasons.
- **Perception of income** is significant as well: people who consider that their income is not enough to cover their expenses are more willing to move abroad. This was not significant for moving within Spain. This is reasonable since people in this situation do not enjoy a good standard of living and thus are more willing to change their life.

- ***Having a couple*** is another significant factor for moving within Spain, with positive influence. The intuition behind it is that the fact of moving with together reduces their fear and uncertainty to change their lifestyle.
- ***Grandchildren*** is also a significant variable, affecting negatively the willingness to move abroad. This may be due to the responsibility of looking after them, which is traditional in the Spanish culture.
- Strikingly, ***having a pet*** turns out to be significant to move in general and within Spain, with a positive effect. This might mean that there's some variable correlated to having pet that explains the effect on willingness to move and that we didn't ask (e.g. having a pet might reflect an active lifestyle).

With these results, we have assessed that moving abroad for the Spanish elderly is a real possibility, despite not being a widespread willingness. This is why we now proceed at creating a business project that takes our discoveries into account to ensure its viability.

In the following section we will not consider the situation of Spaniards moving within Spain, because despite being a quite large potential market that would be interesting, they would not have serious difficulties in arranging the move by themselves. Therefore, we will focus from now on the more international approach, as it is the kind of market service that would be more demanded by the elders, due to the associated problems.

Business project

Given the prior statistical research and our own survey, we see strong evidence that a business dealing with retiring abroad is economically viable. That said, we proceed by first identifying our target group, then we draw their criteria and preferences from our own survey so that we can choose a proper country, and finally we give some basic guidelines on the project.

Target group

From our statistic results, we found out that the group of people more likely to leave, and thus our target group, is people who are 55-65 years old (i.e. early retirees or people about to retire) and who feel that their future income will not be enough to cover their expenses. Ideally they would not have grandchildren. From the logistic regressions, we can have predictions of the willingness to move abroad and within Spain. The best case is the target reported, the intermediate case is of people 65-80 who consider that they can cover expenses with difficulties, and the worst case of people older than 80, with grandchildren, and who can afford their living without much struggle (for the three cases, we keep fixed that they have children, have couple and pets and don't live alone, since coefficients were not significant).

		LOGIT predictor	Probability of moving
CMA	Worst case	-8,08548	0,0%
	Intermediate case	-2,45117	7,9%
	Best case	0,68843	66,6%
CMS	Worst case	-0,4017	40,1%
	Intermediate case	1,7832	85,6%
	Best case	2,5772	92,9%

Real predictors were obtained by converting LOGIT predictors (computed with the regression) through the LOGIT function $y = \frac{1}{1+e^{-x}}$

Therefore, we see that for our target group, a priori 67% of them would agree or at least consider our offer of an alternative living abroad. If we had decided to move within Spain, almost all of the elders (93%) would consider our proposal. For the worst case, moving abroad is not feasible, so we must forget about this share of the elderly population. Moving within Spain would still be an alternative even for the worst case (40.1%). However, we must say that results vary a lot among the scenarios, but as we can draw a very clear picture of the “best client” we just have to focus on them.

Apart from the figures we can infer that, while young and healthy enough to travel, these people are interested in planning for their retirement, so they would be open to hear about our project.

Country selection

In order to decide which country is the most appropriate to develop our project, we think it is revealing to have a look at the criteria our target group defined. This corresponds to questions 18 and 19 of our survey.

“Imagine you decide to go to another country... Which of the following would be more important for you to decide where to go? Give each a mark from 1 to 10 being 1 “Not important” and 10 “the most important).”

Same	Not	Cheap	Good	Safe	Rich	Good	Good	Stable	Low
7,49	6,83	6,88	7,77	7,58	6,49	8,08	8,29	7,17	6,91

“Which of the following world regions do you think might be a good place to live?”

Europe	North America	Latin America	Asia	Africa	Oceania
80%	36%	21%	16%	2%	15%

From the first table, we will extract the weights with which we will conduct a country analysis. From the second one, we restrain the list of countries to the preferred ones. However, since the main concern of our target group is the lack of income, we can discard North America and most Western Europe. Therefore, we will analyze a sample of countries in Southern-Eastern Europe and Latin America.

- EUROPE: Portugal, Turkey, Poland, Croatia, Czech Republic, Hungary, Slovakia, Slovenia.
- AMERICA: Mexico, Dominican Republic, Chile, Argentina, Brazil, Costa Rica.

All the criteria are rescaled to base 100 for the Spanish figure of each indicator, so that a comparison and aggregation is possible. The tables used are attached in Appendix 4.

- **Cheap prices**: We use the comparative price levels of each country with respect to the EUR in Spain, 2012 data from the OECD.
- **Good healthcare**: We use the % of public health expenditure out of the total expenditure in health services, 2011 data from the World Bank.
- **Low taxes**: We use the maximum marginal tax rate on income, 2012 data from KPMG's Individual Income Tax and Social Security Rate Survey.
- **Good weather**: Measured by yearly hours of sun, data from Wikipedia.
- **Language**: We used the scale of Ethnologue ratings, being 0 that the language is not present at all in the country and 5, that Spanish is the native language in the country.
- **Not far**: Distance in km from Barcelona to the country's capital.
- **Good food**: Similarity to Spanish food. With Wikipedia we classify as: 1 if some similarities, 2 if quite similar (Mediterranean influence), 3 if very similar (direct Spanish influence).
- **Safe country**: Homicide cases per 100.000 inhabitants in the country.

- **Rich country:** Population living below national poverty line (%) from CIA's database.
- **Stable politics:** we use the "Political instability index" (level of threat posed to governments by social protest) from *The economist intelligence unit*.

RANKING	COUNTRY	GRADE
1	Czech Republic	301
2	Costa Rica	307
3	Slovenia	350
4	Poland	351
5	Hungary	370
6	Portugal	371
7	Dominican Republic	441
8	Chile	442
9	Croatia	455
10	Turkey	456
11	Brazil	477
12	Slovakia	481
13	Mexico	513
14	Argentina	514

Once the analysis was conducted, we obtained the following ranking: The best two countries to move given the preferences of our target customers are the Czech Republic (Europe) and Costa Rica (Latin America), both with a very similar grade. While settling the business in the Czech Republic could be easier because it belongs to the EU, Costa Rica positions better than Czech Republic because of its similarities with Spain (language, weather, and food). This striking outcome may be due to the lack of deep valuation by

the elderly when trying to assess the relative importance of each factor. Furthermore, Costa Rica has special legislation aiming at attracting foreign retirees, which facilitates the choice.¹²

Business concept

With target customer and country selected, we can define our business concept. We would be a service firm, acting as an intermediary who would arrange accommodation with local real estate companies, take care of migratory procedures, partner with health and maid providers, provide entertainment... always ensuring European quality standards and a Spanish-like environment. This structure would not entail high startup costs given the lack of infrastructure.

¹² Certifying a monthly pension of at least \$1,000 and commitment to live there at least 4 months per year, pensioners obtain quasi-permanent residency status (see Dirección General de Migración y Extranjería Costa Rica)

Conclusions

Our initial aim was to convey to readers the business opportunities arisen from the elderly, given the opportunities of globalization, the decreasing standards of living in Spain and the unavoidable phenomenon of population ageing.

Throughout this paper we managed to find evidence that proves the existence of an interesting market in which we can take part. After some analysis, we precisely selected a target group of population willing to move abroad seeking better life conditions. Using their preferences, we concluded that Costa Rica would fully satisfy their needs.

Consequently, we expect to contribute to the business world with an innovative concept of enterprise that is both lucrative and social. On top of that, since uncovered, we can consider this market a blue ocean, where much profit can be reaped without facing large competition.

To be sure, the project is not complete. Having focused on finding evidence of the market feasibility, target market and location, we had to limit our scope. This meant refraining from designing the business plan thoroughly. In order to be a complete project it should contain also a cost-benefit analysis, the consideration of risks and driving forces, the design of the marketing mix, etc. The project could be extended by analyzing how to market the service starting in Barcelona and expanding to the rest of Spain, how to decide which adaptations should be made and describe more concretely the specificities of the planning abroad.

Ultimately, we may say that we have proved with solid arguments, using official data, statistical analysis and surveying methods that this project is worth considering.

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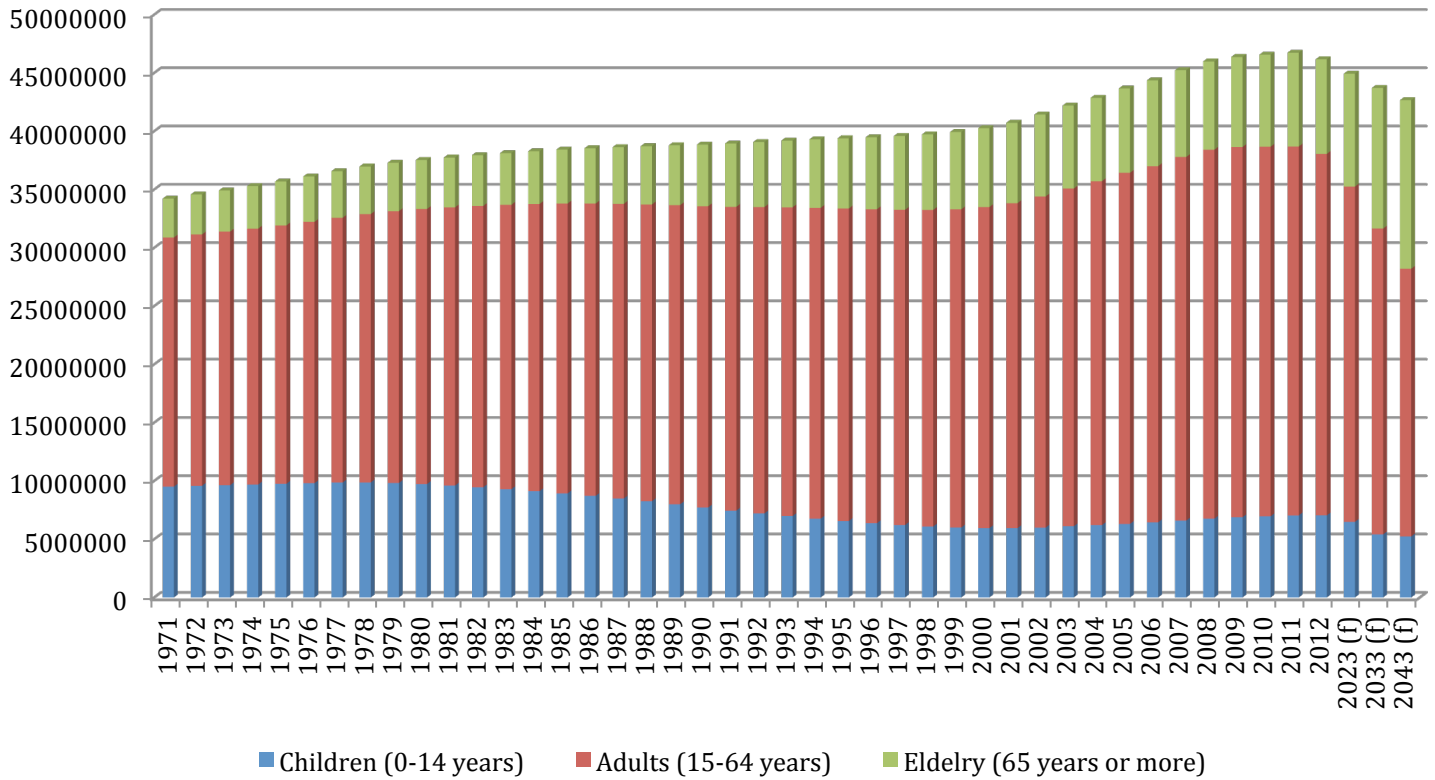
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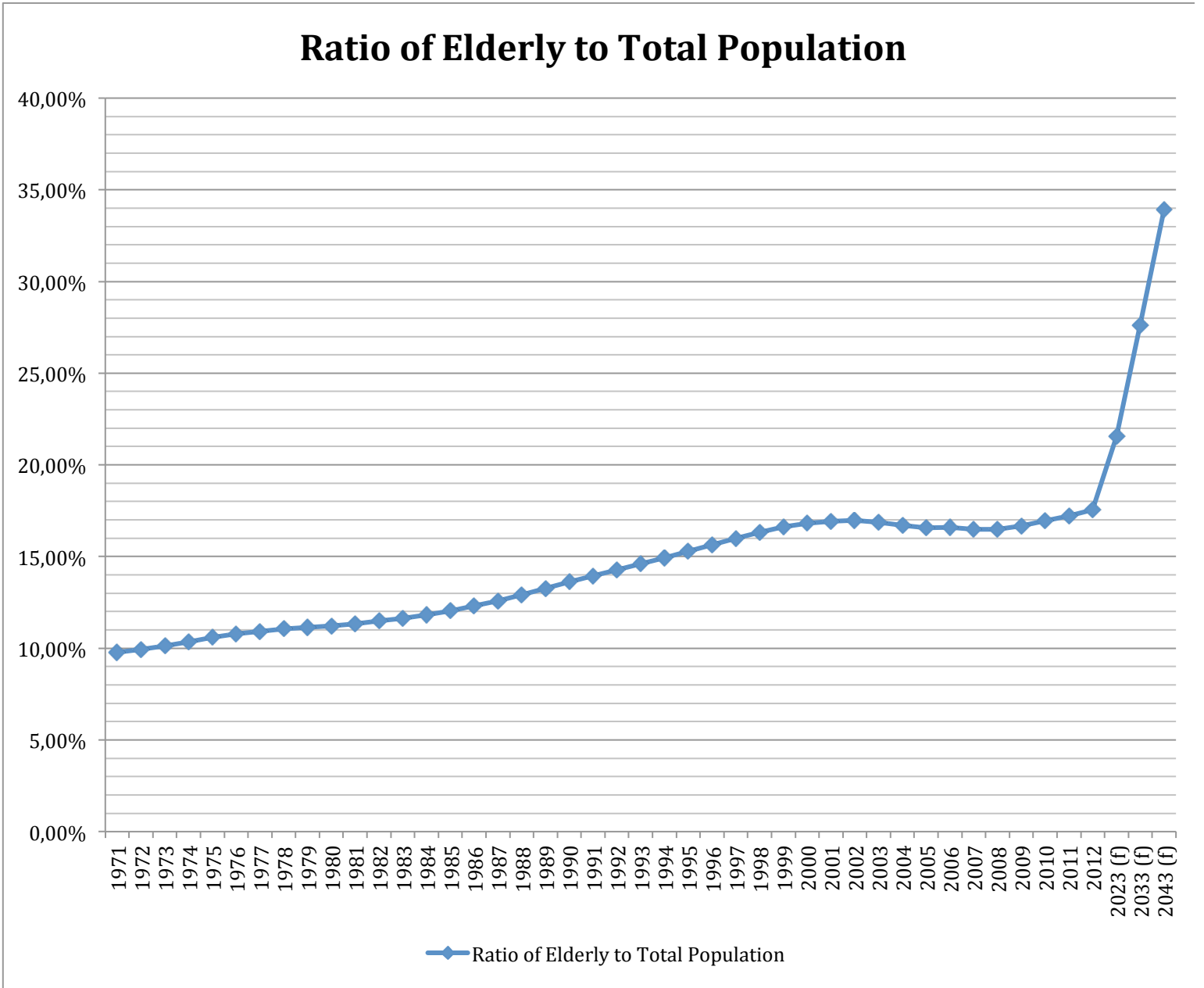
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APPENDIX

Appendix 1: Evolution of the Spanish population between 1970 and 2043 (INE Data)



Appendix 2: Ratio of Elderly to Total Population, Spain, 1970-2043 (INE data)



Appendix 3: Survey

Globalizing the elderly: An alternative living for the old age

1. Sex

Male

Female

2. Age

50-60 years old

75-80 years old

60-65 years old

80-85 years old

65-70 years old

85-90 years old

70-75 years old

More than 90 years old

3. Marital Status

Single

Married

Widow

4. How do you consider your health status?

Very good

Bad

Good

Very bad

Acceptable

5. How do you consider your spouse health status (in case you have it)?

Very good

Bad

Good

Very bad

Acceptable

English

German

French

Other:

11. How much is your pension?

Less than 400€/month

700-800€/month

400-500€/month

800-900€/month

500-600€/month

More than 900€/month

600-700€/month

I prefer not to tell

12. How much is your' spouse pension (in case you have it)?

Less than 400€/month

700-800€/month

400-500€/month

800-900€/month

500-600€/month

More than 900€/month

600-700€/month

I prefer not to tell

13. Do you receive any other subsidies?

I prefer not to tell

400-500€/month

Less than 100€/month

500-600€/month

100-200€/month

More than 600€/month

200-300€/month

No, I don't receive any other subsidy

300-400€/month

14. Do you receive any help from friends or family members?

- | | |
|--|--|
| <input type="radio"/> 100-200€/month | <input type="radio"/> 300-400€/month |
| <input type="radio"/> 500-600€/month | <input type="radio"/> 400-500€/month |
| <input type="radio"/> More than 600€/month | <input type="radio"/> No, I don't receive any help from my |
| <input type="radio"/> Less than 100€/month | friends or family members |
| <input type="radio"/> 200-300€/month | <input type="radio"/> I prefer not to tell |

15. Are you capable of paying all your expenses with your pension?

- Yes, without struggling
- Yes, with some difficulties
- No, my family helps me (pays less than 50% of the cost)
- No, this is why I leave in my son's place

16. Have you ever lived abroad from your home country?

- Yes No

17. If you were told that for the price of your living here you could live "better" in another country, would you consider moving? ("better" means with more benefits)

- Yes No

18. Imagine you decide to go to another country...

Which of the following would be more important for you to decide where to go. Give each a mark from 1 to 10 being 1 "Not important" and 10 "the most important).

- | | |
|--|---|
| <input type="checkbox"/> They speak the same language | <input type="checkbox"/> The country has a nice weather |
| <input type="checkbox"/> It is not very far from my home country | <input type="checkbox"/> The country has a good health system |
| <input type="checkbox"/> Consumer price index is lower | <input type="checkbox"/> The country is politically stable |
| <input type="checkbox"/> They have a nice gastronomy | <input type="checkbox"/> Taxes are low |
| <input type="checkbox"/> The environment is safe | <input type="checkbox"/> Other: <input type="text"/> |
| <input type="checkbox"/> The country is wealthy (GDP/capita) | |

19. Which of the following world regions you think might be a good place to live?

- | | |
|---|----------------------------------|
| <input type="checkbox"/> Europe | <input type="checkbox"/> Asia |
| <input type="checkbox"/> North America | <input type="checkbox"/> Africa |
| <input type="checkbox"/> Center and South America | <input type="checkbox"/> Oceania |

20. Which of the following countries you think might be a good place to live?

- | | | |
|---|--------------------------------------|----------------------------------|
| <input type="checkbox"/> Mexico | <input type="checkbox"/> Brazil | <input type="checkbox"/> Morocco |
| <input type="checkbox"/> Cuba | <input type="checkbox"/> India | <input type="checkbox"/> Tunisia |
| <input type="checkbox"/> Dominican Republic | <input type="checkbox"/> Philippines | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Argentina | <input type="checkbox"/> Indonesia | <input type="text"/> |
| <input type="checkbox"/> Costa Rica | <input type="checkbox"/> Thailand | |
| <input type="checkbox"/> Chile | <input type="checkbox"/> Vietnam | |

21. If you would not move, it is because... (You can mark more than one)*

- Family reasons
- I think I couldn't live better anywhere (my country is the best)
- I am afraid of moving
- I have health problems
- I am already installed here and it is OK
- Other:

22. Even if you wouldn't move to another country, would you move to another region of your own country? *

- Yes
- No

23. If yes, where? (you can mark as many as you want)

- | | | |
|------------------------------------|---|---|
| <input type="checkbox"/> Andalucía | <input type="checkbox"/> Castilla la Mancha | <input type="checkbox"/> Navarra |
| <input type="checkbox"/> Catalunya | <input type="checkbox"/> Castilla y León | <input type="checkbox"/> Islas Baleares |
| <input type="checkbox"/> Valencia | <input type="checkbox"/> País Vasco | <input type="checkbox"/> Islas Canarias |
| <input type="checkbox"/> Murcia | <input type="checkbox"/> Asturias | |
| <input type="checkbox"/> Madrid | <input type="checkbox"/> Cantabria | |
| <input type="checkbox"/> Aragón | <input type="checkbox"/> Galicia | |
| <input type="checkbox"/> La Rioja | <input type="checkbox"/> Extremadura | |

Appendix 4: Country analysis and ranking

		EUROPE								REFERENCE
	Weight	Portugal	Turkey	Poland	Croatia	Czech Republic	Hungary	Slovakia	Slovenia	Spain
Good food	7,77	3	2	1	2	1	1	1	1	-
Good weather	8,08	109	86	61	74	65	75	84	70	100
Stable Politics	7,17	87	124	82	111	67	111	100	69	100
Cheap prices	6,88	89	65	60	75	75	64	75	89	100
Healthcare	8,29	87	102	97	115	113	88	86	98	100
Low taxes	6,91	89	67	62	77	29	31	37	35	100
Rich country	6,49	85	80	50	100	43	66	100	64	100
Not far	6,83	1008	2236	1865	1215	1354	1499	1396	1118	0
Same language	7,49	0	0	0	0	0	0	0	0	-
Safe country	7,58	133,3	408,9	146,5	139,3	98,5	178,1	219,3	98,3	100

		LATIN AMERICA						REFERENCE
	Weight	Mexico	Dominican Republic	Chile	Argentina	Brazil	Costa Rica	Spain
Good food	7,77	2	3	3	3	2	3	-
Good weather	8,08	101	108	96	99	92	95	100
Stable Politics	7,17	111	138	93	129	98	64	100
Cheap prices	6,88	65	61	72	67	71	58	100
Healthcare	8,29	67	67	64	82	62	95	100
Low taxes	6,91	58	48	77	67	53	29	100
Rich country	6,49	243	163	72	142	101	117	100
Not far	6,83	9441	7199	11171	10477	8315	8979	0
Same language	7,49	5	5	5	5	0	5	-
Safe country	7,58	2961,7	3123,7	460,3	960,3	2719,5	1253,6	100

	Weight	Portugal	Turkey	Poland	Croatia	Czech Republic	Hungary	Slovakia	Slovenia
Good food	3	1	7	14	7	14	14	14	14
Good weather	2	1	8	14	11	13	10	9	12
Stable Politics	6	5	12	4	9	2	10	8	3
Cheap prices	8	13	5	2	10	11	4	12	14
Healthcare	1	8	3	5	1	2	7	9	4
Low taxes	7	14	10	9	12	1	3	5	4
Rich country	10	7	6	2	8	1	4	9	3
Not far	9	1	8	7	3	4	6,00	5	2
Same language	5	7	14	14	14	14	14	14	14
Safe country	4	3	8	5	4	2	6	7	1

	Weight	Mexico	Dominican Republic	Chile	Argentina	Brazil	Costa Rica
Good food	3	7	1	1	1	7	1
Good weather	2	3	2	5	4	7	6
Stable Politics	6	11	14	6	13	7	1
Cheap prices	8	6	3	9	7	8	1
Healthcare	1	11	12	13	10	14	6
Low taxes	7	8	6	13	11	7	2
Rich country	10	14	13	5	12	10	11
Not far	9	12	9	14	13	10	11
Same language	5	1	1	1	1	7	1
Safe country	4	13	14	9	10	12	11