



European SeniorWatch Observatory and Inventory -
*A market study about the specific IST needs of older and disabled people
to guide industry, RTD and policy*

www.seniorwatch.de

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SENIO

*A franchise chain for senior products, a German
initiative.*

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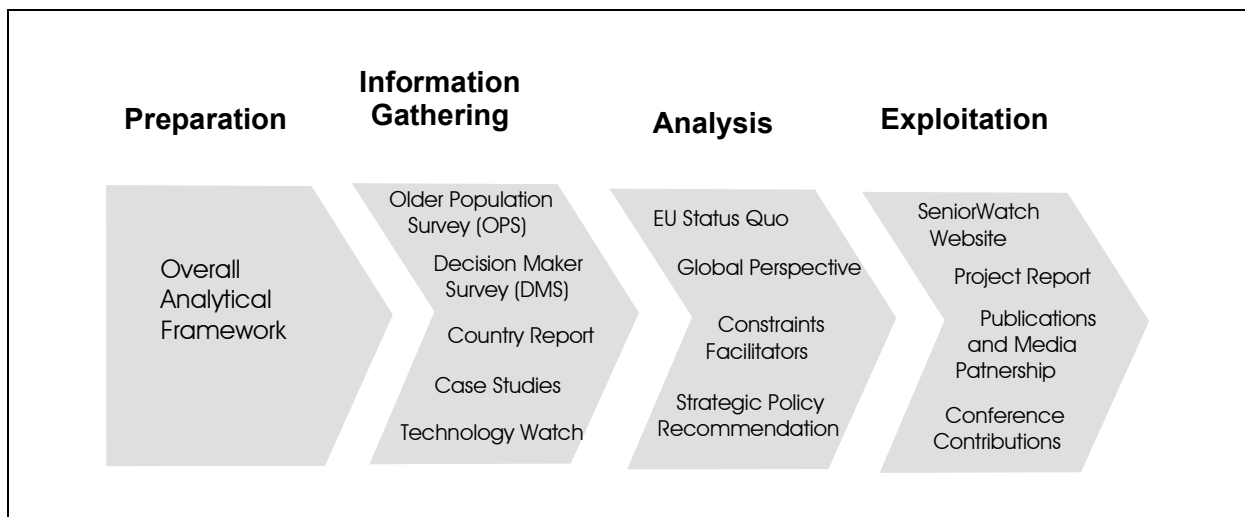
1 Introduction

The SeniorWatch project addresses the need to understand better and to monitor the market dynamics of Information Society Technologies (IST) applications and services targeted at older (and older disabled) citizens. Currently, there is insufficient empirical data about the needs of older citizens which could be met by IST-based applications and services, and a lack of awareness on the part of industry, users and politicians that hampers the rapid exploitation of new market opportunities arising from IST developments. In order to redress this state of affairs SeniorWatch will provide a European single source of empirical information on the market potential of IST-based products and services targeted at older people. The main objectives can be summarised as follows:

- to help and encourage European industry to address the market opportunities, and particularly challenge current competitive advantages of the US industries,
- to enable policy to really influence the current situation and to benchmark achievements between different European regions and countries and to make comparisons with competing world economies (Japan, US) most relevant to the field,
- to inform citizens about what is now possible with the support of IST and, thus, encourage them to demand IST products and services which meet their requirements.

As illustrated by Figure 1-1, these objectives require a comprehensive methodological approach to be applied. On the basis of an overall analytical framework, it integrates a set of complementary research methods such as European-wide surveys of older people and of decision makers in care services, best practice case studies, technology watch work shops and country reports. Synthesising the various types of empirical information gathered with help of these methods will finally enable the project to arrive at an holistic overview, to establish a technology and market observatory, and to derive policy recommendations to accelerate market development. Research results will be exploited by means of different measures.

Figure 1-1: The Project Phases of SeniorWatch



Source: © SeniorWatch, 2001

As part of the project's overall methodological approach the SeniorWatch case studies aim at providing a useful source of information on how the IST-related needs of the target groups in question can adequately be served. They are also intended to help to understand - in a qualitative manner - more deeply specific aspects of the market situation related to IST

products and services relevant for older citizens. To allow a comparative analysis of real-life examples, a common approach for selecting and describing suitable cases was developed. The main selection criteria applied in this context include:

- suitability of the case to provide input to the overall understanding and analysis of the market for IST among older people;
- suitability of the case to serve as an example of a success story (or failure) that can guide and motivate others to take actions that will support the diffusion and take-up of IST by or for older people.

In the following the SeniorWatch case study no.8 is described.

2 "SENIO" A franchise chain for senior products, a German initiative

2.1 Description

Fachhandel für Senioren GmbH

"Senio Fachhandel für Senioren GmbH" is a chain of retail shops exclusively targeting senior citizens. The company is specialised in products of everyday use for older customers. According to its corporate philosophy SENIO aims at demonstrating social and private commitment in any area that is important for senior citizens. Business objectives include:

- Collecting and passing on information of interest to senior citizens.
- Purchase of a range of goods by specialised shops and mail-order catalogues, especially produced for senior citizens.
- Recommending and performing services for and by senior citizens.
- Communication centres, advisory centres, promotion of leisure activities.
- Social objectives: maintaining the independence of senior citizens and their integration as active members of society, improvement of their life quality, encouraging to take exercise, care of intellectual and cultural interest, further education and creative activities, supporting the acceptance of seniors in society

By the end of the year 2002 SENIO plans to open 8 further shops throughout the country. In this context, Information Society Technology (IST) plays a vital role. IST-related objectives include:

- expanding the current range of IST-related products
- further developing the existing on-line shop
- expanding of the emergency call system for senior citizens
- further developing of own product test procedures

Since SENIO was founded as a franchise company in 1993 different sales concepts have been implemented including retail shops, shop-in-shop-systems, sales representatives, mail-order catalogues and an online shop (www.senio.de). Although the latter was implemented at an early stage, the traditional SENIO shops still play a central role. In the mail order catalogue products are displayed in large pictures, and product descriptions are written in easy to read letters.

SENIO encourages its business partners to consider location, personal interests and desires of their clients and , thus, enables each branch to develop its individual character. The single steps of a common commitment between SENIO and a potential co-operation partner can basically be formed in an individual way. Various forms of co-operation are possible ranging from only ordering of goods to the management of a dependent branch or franchise business. Generally, a co-operation contract is offered which does not contain strict regulations (for example examination of the books) and the obligation of a pure franchise contract.

The most important services and obligations laid down in the co-operation contract can be summarised as follows:

- Image and advantage of the trademark (right to use the know how and image of the "first specialised business for senior citizens", right to use the business and trade name "Senio", right to use experience, business and trade secrets, etc.)
- Ordering goods and services (supply of goods at cost price, transfer of delivery advantages, supply of a permanently optimised range of goods, provision of exhibition stands, possibility of a quick delivery of goods, additional quality control of goods, etc.)
- Setting up and management of a business (analysis of the location, initial strategies, pattern of action, concrete measures, provision of business and organisation instructions, consultation on lease and rent negotiations, consultation on the business structure, etc.)
- Contributions and obligations of the business partner (invested capital, provision of an operative shop including an appropriate infrastructure, management of the shop under the care of a good businessperson, stocks of a partial standardised range of goods, etc.)

IST-related products already play an important role. Apart from this, they are regarded as an important means of further developing future markets. Utility and quality of products are seen as being of crucial importance for successfully marketing new products. Therefore customer feed-back is systematically collected in order to improve existing products and , moreover, to identify opportunities for developing new products and services. Today, SENIO offers electronic devices for visual and hearing impaired people as well as special telephones, access devices and alarm systems.

SENIO aims at establishing strong a customer relationship. Extensive customer services is seen as a "must", especially in the elderly market. Therefore, a range of services is offered aiming at supporting customers in coping with their individual life circumstances e.g. through provision of information and social support for older people and their relatives as well as mediation of services provided by third parties.

Policy context

The business concept developed by the two founders of SENIO is based on the perception that an increasing proportion of older population wants to live independently, individually and if possible actively in their traditional surrounding. From the beginning on, SENIO has been running as a commercial business without receiving any public funding.

Results

The economic success of SENIO illuminates the market potential of products and services explicitly targeting older people. The overall concept to offer a wide range of products from one hand which relate to a full spectrum of life circumstances and needs (e.g. seeing, hearing, security, everyday life, furniture, mobility, fitness, health, entertainment, literature, advisory brochures, gifts, clothes, medicine available without prescription) proved successful.

Moreover, a strong customer orientation and the diversity of retail channels available enable SENIO to flexibly react on individual customer requirements. For instance, products can easily be selected and ordered from home, e.g. with help of a printed catalogue or even online. In case a potential customer is unsure about the utility or quality of a particular product extensive customer advisory service is offered in the SENIO shops. Particularly with regard to IST-related products customers prefer to buy in the retail-shops. According to the managing directors of SENIO, older customers want to try out the products before they decide about purchasing a particular device or system. Moreover, they are often unsure whether the functionality provided by a particular product meets their individual requirements. Extensive advice and training is therefore offered in the SENIO shops.

According to the managing director, relatives of senior citizens comprise very important customer group. About 50% of the all customers are relatives of older users. This has a direct impact on the marketing strategy pursued by the SENIO. From the beginning on, not only senior citizens but also their relatives were targeted when presenting products and services. In its communication strategy the company emphasises that a range of age-related needs are converted into the products offered:

- maintaining the independence of senior citizens,
- their integration as active members in society,
- improvement of their quality of life by means of practical products,
- encouragement to exercise,
- care of intellectual and cultural interests,
- further education,
- creative activities.

2.2 Analysis

Impact

As already mentioned, the business concept developed by SENIO proved very successful. However, as stressed out by the managing director producers and industry do not seem to be really interested in optimising their products according to the particular requirements of older users. Customer feed back provided by SENIO has mostly been ignored. Thus, a range of consumer wishes identified by SENIO through its close customer relationship can hardly be satisfied, even in cases were no sumptuous product optimisation would be required. This is seen as a major hindrance to successfully realise further business opportunities.

SENIO staff systematically collects and documents demands and requirement mentioned by their customers. Moreover, workshops with older people, experts and technicians are regularly carried through in order to elaborate recommendations on how individual products could be optimised. Participation of older users is seen as being of utmost importance in this context. According to a SENIO representative, they tend to be very “straightforward” and usually articulate clear requirements on a product's functionality. Overall, older customers tend to be less dependent on short-term fashions and trends. Rather, product utility and comfort plays a crucial role for them. This aspect seems to be particularly important with regard to IST systems and devices. SENIO customers prefer IST products which are easy to understand, easy to handle and posses high functionality. In this context, non-ambiguity of functionality turned out as a major requirement. For instance, SENIO customers tend to reject all-in-one solutions, i.e. they are usually not in favour of integrating several features into a single device (e.g., a remote control).

Based on the results of its user work shops, SENIO made various efforts to provide producers and industry with feed back on their products. Due to lacking interest at the side of industry, SENIO ultimately began to develop own products. Today, some items out of the company's product range are offered exclusively by SENIO or are distributed by other merchants under the SENIO trademark. For instance, a wireless telephone with big buttons was designed by the SENIO expert group since no adequate device was available on the market at that time.

Also, the on-line shop did not prove as successful as initially expected. Despite the fact that the shop attracts a lot of interest measured in terms of hits, the number of business transactions continuos to be rather low. Obviously, SENIO's customers want to see and handle products before making their final purchasing decision. Currently, about one percent

of the overall turnover is generated through the on-line shop. It remains to be seen whether on-line shopping will become a desirable alternative for SENIO's target group. Internal market analyses revealed that most customers currently do not possess the PC equipment and the Internet connection required for accessing the on-line shop. However, the on-line shop is clearly expected to gain in importance for SENIO's overall business during the coming years.

Lessons to learn

The case illuminates an economically viable approach to develop a market niche for products targeted at older consumers. Establishing a strong customer relationship seems to be vital for the success of this approach. Also, the strong user involvement in optimising existing products can be regarded as a major success factor. The lacking interest of producers and industry in receiving qualified user feed back suggests that there is a lack of interest in optimising existing products according to the requirements of older users.

Perspectives

SENIO plans to further expand its business activities. On a franchise basis, new co-operation partners are continuously acquired. It is aimed to expand the SENIO chain to all larger cities in Germany. Also, it is planned to further extend the development of own products.

2.3 Acknowledgements and links

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WWW links

www.senio.de