

Hottest start-up market? Baby boomers

With an estimated 74.9 million baby boomers the biggest market opportunity for start-ups is older Americans, writes **CONSTANCE GUSTKE**

Boris Mordkovich, 30, a serial entrepreneur, never considered developing products for the aging baby boomer market. One day, however, he saw that his parents had started using an electric bike that his brother Yevgeniy had modified for his wife and himself.

“Electric bikes are an equaliser,” said Mordkovich, who has also owned a software company and a small-business magazine. “They let the rider decide how much or how little they will pedal.”

This year, he said, Evelo, the electric bike company that he founded with his brother, will double its revenue to \$4 million, and it is profitable. “There’s no shortage of potential customers,” he added.

The company is just one of many that are plugging into a wealthy slice of the over-50 demographic called the longevity market, whose annual economic activity currently amounts to \$7.6 trillion, according to AARP.

With an estimated 74.9 million baby boomers, according to Pew Research Center, the biggest market opportunity for start-ups is older Americans rather than hip millennials. As members of the generation that defined rock ‘n’ roll grow older, they are adding a wide range of goods and services to their lifestyles.

The staggering size of the total longevity economy – bigger even than Japan’s – has been attracting more entrepreneurs, deep-pocketed financiers and places to pitch new ideas in the past few years.

“Every dissonance of age is a market-

ing opportunity,” said Mary Furlong, a marketing and strategy consultant for the 50-plus market and author of *Turning Silver Into Gold*.

New business ideas that cater to boomers are nearly endless, she said, and include chefs, online dating sites and yoga instructors for people with health issues.

“There’s more talent coming into the market,” she said.

The Mordkovich brothers initially financed Evelo with \$100,000 that came from selling their previous businesses. Now they are planning to raise \$1.5 million from investors through Fundable, a crowdfunding site. Their objectives are to add more electric bikes, including one that folds; expand internationally; and offer more bike features, like theft protection.

One of their biggest challenges was finding good manufacturing plants in Asia. “We had come from e-commerce and virtual goods,” Mr. Mordkovich said. With the help of referrals from the Light Electric Vehicle Association, they found factories in Taiwan and southern China.

Much-needed tools for the elderly, like the gunmetal gray walkers that date to the 1950s, badly need a makeover, experts added. But simply applying high-technology solutions to existing products does not always work, they cautioned. For instance, wearable devices have been popular with millennials for monitoring and tracking health, but they are not necessarily going to be a hit with older users.

“People lose interest in wearables very



ROCK’N’ROLL: As members of the generation that defined rock ‘n’ roll grow older, they are adding a wide range of goods and services to their lifestyles

quickly,” said Jody Holtzman, senior vice president for market innovation at AARP. “They can see the potential, but design is problematic.” According to AARP studies, he added, users had difficulty with syncing wearable products with their computers or even finding directions that explain how to use them.

“There are no clear market leaders,” said Lori Bitter, who heads The Business of Aging, a consulting firm based in Napa, Calif. “And how do we get the technology into people’s homes?”

Certain services, though, are finding their target audience. They include com-

panies that offer home downsizing, gyms for the 55-and-older set and meal kits for people with diabetes or heart conditions.

“There’s quite a lot of funding available, too,” Holtzman said. “A few years ago, when we showed up at a VC event, people wondered what we were doing there.” That doesn’t happen anymore, he added. Now, AARP holds yearly pitch events and even has its own incubator, The Hatchery. Entrepreneurs are also showing up at other events like the Silicon Valley Boomer Venture Summit, which Ms Furlong produces, and those held by Aging 2.0, a San Francisco innovation

accelerator. At AARP’s first health innovations pitch event in 2012, 80 companies applied, Mr. Holtzman said. This year’s event in April, which focused on caregiving, had 200 applicants. This segment has already attracted many well-funded start-ups, like Honor, HomeHero and CareLinX.

According to a 2014 survey done for AARP, 34.2 million Americans served as unpaid caregivers to a loved one 50 years old or older in the previous 12 months. In a mobile society, though, fewer family members are available as caregivers.

“People are looking at how to finance longevity,” Ms. Furlong said. “And their first concern is the cost of health care.”

An online “family concierge” service called Envoy is among those that have found backers to serve this area. The company, now four years old, has pulled in \$4.2 million from notable early-stage investors like SoftTech VC, which financed Fitbit and Mint.com, and Lowercase Capital, which has backed start-ups like Uber, Instagram and Kickstarter.

Envoy sets itself apart by hiring stay-at-home mothers with flexible schedules. They do light chores, like walking a dog, washing dishes or grocery shopping. The service is now in 22 metropolitan areas with significant aging populations like Phoenix, Miami and Las Vegas. Justin Lin, who founded Envoy, eventually wants to expand to 100 areas.