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The Key to Boosting Your Profits? Understanding Cremation Consumers

Funeral directors throughout the country are familiar with the trend: Baby boomers are questioning institutionalized approaches to death and replacing them with personalized models that fit into their own belief systems.

Usually, this means a decline in traditional burials and an increase in cremation. And more often than not, it also means a decrease in per-call revenue. But it doesn't have to be that way, according to Nectar L. Ramirez, general manager of Options by Batesville.

During an Aug. 9 presentation at the Cremation Association of North America's 90th annual convention in Montreal, Quebec, Canada, Ramirez shared some insights on cremation consumers that Batesville learned by hiring an independent firm to conduct a quantitative, online survey. "The most important thing in conveying value is information, information, information," she says.

The cremation study, which was conducted in February 2008, posted questions to 1,250 consumers age 25 and older. "Most surveys start at 40 years old, but we wanted to see younger attitudes," Ramirez explains. The survey separated respondents into those who are "inclined," meaning they would probably choose cremation for themselves, and those classified as "arrangers," or people who have actually gone through the funeral planning process.

Of the survey's findings, Ramirez says, "Cost perception continues to be key." She adds, "But it was an issue of value—not that they couldn't afford it."

According to the survey, the following percentage of respondents prefer cremation because of the reasons below:

- It's the most cost efficient (68 percent)
- It's environmentally friendly (45 percent)
- It's convenient and easy (42 percent)
- A dislike of burial (37 percent)
- It's less emotional (31 percent)

One of the overarching reasons people choose cremation over burial is because it allows a level of flexibility and creativity you don't get with burial, Ramirez says.

Ramirez also shared the following statements in the survey, and the percentage of respondents who agreed with each statement:

- “Making arrangements does not require the help of a funeral director.” (62 percent agreed as opposed to just 47 percent in 2000, an ominous development, according to Ramirez.)
- “Cremation is more cost effective.” (89 percent agreed)
- “It’s easier to make arrangements.” (70 percent agreed)
- “It’s the modern approach to death.” (65 percent agreed)
- “It’s easier emotionally.” (55 percent agreed)
- “You can have a memorial without the deceased.” (50 percent agreed)
- “It provides the maximum flexibility of service options. (50 percent agreed)

Among “arrangers”—those who have gone through the arrangement process—84 percent say they would contact a funeral home when making cremation arrangements, 6 percent say it would be a cremation society, 5 percent say a clergy member and 5 percent choose “other.” Among those “inclined” to choose cremation, 65 percent say they would contact a funeral home.

Education is Key

While all these results are useful in understanding cremation consumers, what is most surprising—and potentially most profitable—are the results that show that many consumers just do not know about the variety of cremation options and products

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that can help them remember their loved one. Even “arrangers” who have gone through the process and thought they knew all there was to know show a lack of knowledge when it came to cremation products.

For instance, while 80 percent of arrangers polled in the survey said they believe they had all the information necessary to make cremation arrangements, the following percentages said “no” when asked if they knew about the following products or cremation options:

- Cremation jewelry – 59 percent .
- The ability to divide remains – 48 percent.
- Keepsake urns – 46 percent.
- The ability to engrave urns – 34 percent.
- The ability to bury cremated remains in a cemetery – 22 percent.

The implication is clear. “They think they know, and they think they have all the information available, but the data tell us differently,” Ramirez says. Even worse, this inability to inform consumers about their options is having a very real effect on balance sheets. “Had they known about cremation jewelry, 77 percent of arrangers of the 59 percent who did not know about it would have been interested in that product,” Ramirez says. “And 69 percent would have been interested in dividing remains.” She asks, “How often do we miss this revenue opportunity?”

The survey also shows that consumers are not as educated as they think they are: 41 percent of arrangers could not say what type of container was used to memorialize their loved one, and 23 percent said no container was used, even though that could not be true by law. Ramirez asks a critical question: “Would they have purposely chosen a cardboard container for their loved one if they knew that’s what they were getting?” She adds, “How often do we package a cardboard container without having the family decide that’s the container they want for their loved one?”

To help address these lost opportunities, funeral directors should consider implementing an approach Ramirez calls G.R.A.S.P. Here is how it works:

- **G – Gain Trust.** During this step, you establish a rapport with your families. “Families won’t care how much you know until they know how much you care,” Ramirez says. For instance, it may be best not to take notes upon the first part of your meeting. “Friends listen,” she says. “Writing and note-taking comes later.”
- **R – Reflect on a life well lived.** Ask questions such as, “When you reflect on the life and accomplishments of your mom, what would you like the rest of the family and their friends to remember?”
- **A – Assume a service.** Gatherings are an important part of remembering a loved one, so don’t assume they don’t want one.
- **S – Select two containers.** One container should be for the loved one to rest in before cremation and the second is to hold the cremated remains that are given to the family. A cardboard box does not have to be an option. “We have a lot of funeral homes that don’t offer cardboard boxes anymore,” Ramirez says. “There is an element of dignity in life, and you don’t want to put anybody in a cardboard box.”
- **P – Personalization.** Make sure to personalize the service and offer keepsakes. This can include many options, among them allowing family and friends to create their own memorial and doing whatever is necessary to make the service and products reflect a life well lived.

By understanding the attitudes of cremation consumers, conveying your skills as an event planner and making sure that all options are placed on the table, you’ll be taking the first step in improving your balance sheet. In a world where cremation is increasing every year, a comprehensive strategy to boost your per-call revenue is required to ensure the success of your firm, your employees and the satisfaction of your customers.

To Blog or Not to Blog?

In Today's World, It's an Important Question

While most funeral homes have a Web site these days, not many people are including “blogging” in the job description when they hire new people. But that might be changing.

In July 2008, *American Funeral Director* magazine ran an article titled “Is it Time to Get a Blog,” which focused on bloggers Robin Heppell, owner of Heppell Funeral Solutions, Brian Hanner, vice president and managing director of Geib Funeral Home and Timothy Totten, the owner of Final Embrace, which markets products to the funeral industry.

The article created so much buzz that Heppell held a follow-up teleseminar titled “Funeral Blogging 101.” The *Insider* listened in on the podcast. One of the first questions the speakers addressed was why should funeral directors even think about having a blog, which according to Totten “is basically a Web site that lets me make entries in chronological order. It’s like a journal on the Internet in its simplest form.”

Why Blog?

Hanner, who writes a blog linked on his funeral home’s main Web site at www.geibfuneral.com, says that “Blogging is the perfect place for you to distinguish how you conduct your personal and professional care of a person, and what makes you different in the care you provide.”

Totten, who sells quilted cot covers to the funeral industry, regularly blogs through his Web site at www.finalembrace.com about how funeral homes can better market their products and services. He was impressed with Hanner’s blog, citing a case when the Ohio funeral director took time to respond to the AARP magazine article, “R.I.P. Off,” which blasted funeral professionals that sell preneed. “He did exactly what you ought to do in your community when someone volunteers information about what you do for a living and so many of us see that the information is wrong.”

When reading the AARP article, Hanner knew he had a big chance to educate the local public about how trust-based and insurance-based planning really works. And when someone in his community actually expressed concern about preneed funding, he knew he had to respond.

Heppell notes that a blog is also a great place to think through your ideas, and then you can recycle the content for other purposes. “The article will go on your blog, will go in some trade magazine, you can submit it to a local newspaper. So you are not really doing a lot more effort.”

Hanner, who sets up at least two days per month that he devotes to blogging, says it’s time well spent. “Any funeral director will tell you that you don’t have a great deal of time to take on additional tasks or responsibilities, but community education should come right up there with taking a death call,” he says.

What Format Should You Use?

Among bloggers, this can be a conundrum. Popular platforms include Blogger, TightPad, Live Journal and WordPress.

Each platform has its positives and negatives, the speakers say. “For a novice, just about any of them would be a really good place to start,” Hanner, who uses blogger.com, says. “With the push of a button, I can delete my blog, so if I make a mistake, I can delete it and forget I ever had one.”

Totten, who often blogs from multiple locations, says one of the reasons he chose the free version of WordPress.com is because he doesn’t have to have his own software and host his own site. “I didn’t have that ability because sometimes I’m on other people’s computers to install certain software.”

A drawback to not having the software and choosing a free hosting service however, is that Totten often has to back up his posts, as he’s afraid that his work could be lost. He notes, however that most sites have export features that enable you to keep

your blog even if you change services.

Funeral homes can actually build entire Web sites using a blogging platform, Heppell explains. This can actually work quite well when posting obituaries, one of the most important elements of any funeral home's Web site. An example of a site built on a WordPress format is McCall Bros. Funeral Directors at www.yourfuneralchapel.com. The Web site for Johnson Consulting Group at www.johnsonconsulting.com is also based on a WordPress format.

Blogging Tips

If you plan to explore blogging, take note of the following tips from the pros:

- **Keep in mind that you can postdate your blog posts.** Heppell and Hanner do this all the time. "I will have gone to a conference, conducted a bunch of interviews and uploaded them, get them ready but then I schedule them to be put out every week or so." This allows you to keep posting even when you are on vacation.

- **Use images, but use them wisely.** When Totten first started posting, he made some big mistakes. "I'm finding as I go back through posts in the past two years, a lot of pictures are not there anymore," he says. "I first started out by linking to pictures on other sites. But if you just click and copy the link for the photograph, at a later time, the photo could be gone or may substitute an inappropriate photograph that can show up on your blog."

Instead, it's best to save the pictures directly onto your computer or the blogging site and not rely on links.

Likewise, be careful of copyright laws when using pictures. Anyone with a membership to Flickr.com can search for photos with a common creative license that can be used on any Web site. Newspapers usually won't make a fuss if you take a photo from their site and provide a link back to their story or home page, but depending on the publication, this could still get you in trouble. The best bet is to get permission to use a photo if you're not sure it can be used.

- **Filter comments.** Especially in this business, you don't want comments to show up on your blog automatically. "I have a filter on them so they have to be approved by me before they can be posted," Hanner says. "I really want to maintain a focus that this blog is for my community, and this blog is for people in our area that have questions about funeral service. I don't mind educating the rest of the world, but I want to stay focused on helping and educating consumers in our part of Ohio."

- **Make sure it works first.** Before marketing your site – or perhaps even before you make it active – make sure you are happy with it first. "If I were a funeral director writing a blog for a funeral home, what I would say is start out and go about it quietly," Totten says. After all, it doesn't make that much sense to heavily market a blog that has just three posts or so because no one will have a large enough sample to determine if they like your blog enough to subscribe to it through RSS (really simple syndication) or visit another time.

- **Be conversational.** Heppell suggests writing in the first person to establish a connection with readers. "That's relationship marketing," he says. "That's what marketing gurus say; build a one-on-one relationship, speak in the first person and stay away from corporate speech. Frame your articles as if you are talking to one person instead of just saying, 'Hey, you out there.'"

- **Get started as soon as possible.** The earlier you get started, the sooner you'll collect a library of posts.

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FSI Newswire

Batesville Boosting Prices More than Usual

The *Insider* has learned that Batesville Casket Co. is boosting its prices effective Oct. 1, and so far, funeral directors in the field are reporting that the increases are higher than usual.

One funeral director in the Midwest says that he's been informed that prices are increasing 10 percent. Another funeral director from a South Atlantic state reports that prices for metal caskets are increasing 8 percent and prices for wooden caskets are increasing 10 percent. In recent years, Batesville has boosted prices by about 4 or 5 percent, according to industry professionals.

In an Aug. 12 letter to a funeral home from Michael L. DiBease, vice president of marketing for Batesville, he writes that "no industry has been immune to the unprecedented cost increases over the past year." He further details the reasons that Batesville is increasing prices. He writes:

- "Prices for raw materials, including carbon steel, stainless steel and petroleum-based plastics and textiles, are projected to increase by as much as 40% beyond an already significant increase last year.

- Diesel fuel has risen from \$2.85/gallon in October 2007 to as high as \$4.50/gallon in recent weeks, with no significant reductions expected.

- Across the board, nearly all of our suppliers have added surcharges in addition to their regular prices, including materials and energy for our plants."

DiBease adds that Batesville works hard to limit its price increases and only adjusts prices once per year. He adds that all price increases will go into effect on orders placed after 5 p.m. (your local time), on Tuesday, Sept. 30. "In the coming weeks, your Batesville sales representative will be providing you an updated CSC price list and can assist you with an analysis of your current merchandise plan," he writes.

David Nixon with Nixon Consulting, based in Chatham, Ill., says that the price increases reported so far are higher than usual. "There have been some years where the increase has been as much as 6 to 7 percent," he says. "Remember also that the casket companies boosted prices three times in two years as the typical

date for the annual increase went from December to October."

Nixon also notes that the price pressures Batesville cites in its letter are very real, and that casket sales have generally been declining.

When contacted for further comment on the price increases, Troy Brake, marketing group director for Batesville, noted that the company only discusses pricing directly with funeral home customers. "I can tell you that like many other manufacturers, Batesville is experiencing unprecedented price increases in raw materials, fuel and energy," he adds.

The move, however, poses some serious questions, according to Nixon. For instance:

- **Will the increase be passed on to consumers?** "On a \$1,000 casket wholesale price, the 8 to 10 percent increase means adding as much as \$80 to \$100 to their service charge just to keep up with the increase in casket prices," he says.

- **What will be the reaction of York and Aurora?** "They may opt to go slightly below Batesville as a means to gain market share by offering caskets at a lower price," Nixon says. "Astute funeral home owners will closely examine their existing casket contracts and shop around, realizing that every dollar they save on caskets goes into their own pocket, (or becomes) company profit, which increases their equity."

- **How will this affect discount/rebate programs?** Nixon is one of many who thinks the profession would be better off eliminating escalating discounts and going back to a real price for each casket. "I am dreaming of course, since the discount programs offer incentives and also help mask the real cost of caskets," he says.

One thing is clear, however: For most funeral homes, wholesale costs are increasing at a faster rate than the prices they charge their families. This could lead to problems down the road if funeral homes do not start charging more for their services.

Sincerely,



Thomas A. Parmalee, Executive Editor