Johnson Consulting Group

Performance Tracker™ Analysis: 2019 Trends and Insights Article

(Volume 4)

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Key Findings: Trends & Insights (Volume 4)

At Johnson Consulting Group (JCG) we believe in sharing insight from the data collected through our Performance Tracker™ program, since understanding the trends will help you plan for the future.

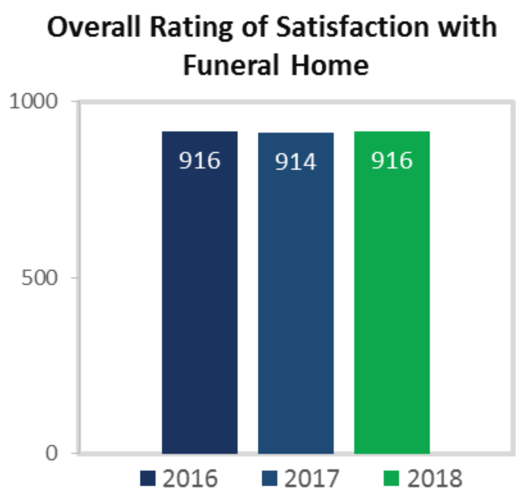
This update to Performance Tracker™ Trends & Insights incorporates 2018 data into the sales and family satisfaction survey analysis, representing findings from over 577,000 sales records and 156,000 survey responses since 2011.

Historical Data	Sales records Analyzed	Survey responses analyzed
2016	92,560	25,792
2017	109,434	26,243
2018	128,459	28,452
2016-2018	330,453	80,487
Total: 2011-2018	577,322	156,113

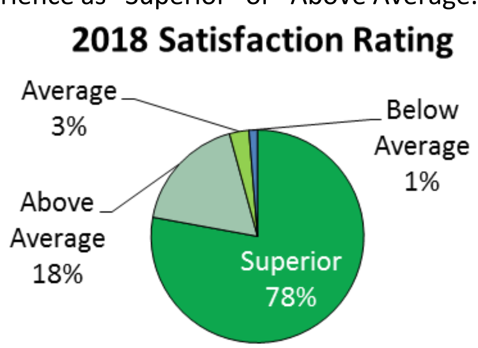
Year-to-year comparisons of sales records and survey responses highlight significant changes occurring within the industry, and new this year is an expanded analysis of differences between at-need and pre-need arrangements. Statistical analysis is used to understand how family satisfaction is related to sales and what really matters, and historical trends provide context and insight into where the industry is heading next. Key findings are summarized here; however, much more detailed information is available in the full report, including historical trending since 2011. Contact us if you would like to find out more!

Overall Satisfaction

Survey Results: Overall Satisfaction with Funeral Home



- Families continue to report being very satisfied with their funeral experiences. The overall level of satisfaction is nearly identical to that seen in recent years with 96% rating their experience as "Superior" or "Above Average."



Scale: 1000=Superior, 700=Above Average, 400=average, 0=Below Average.

Key Findings: Trends & Insights (Volume 4)

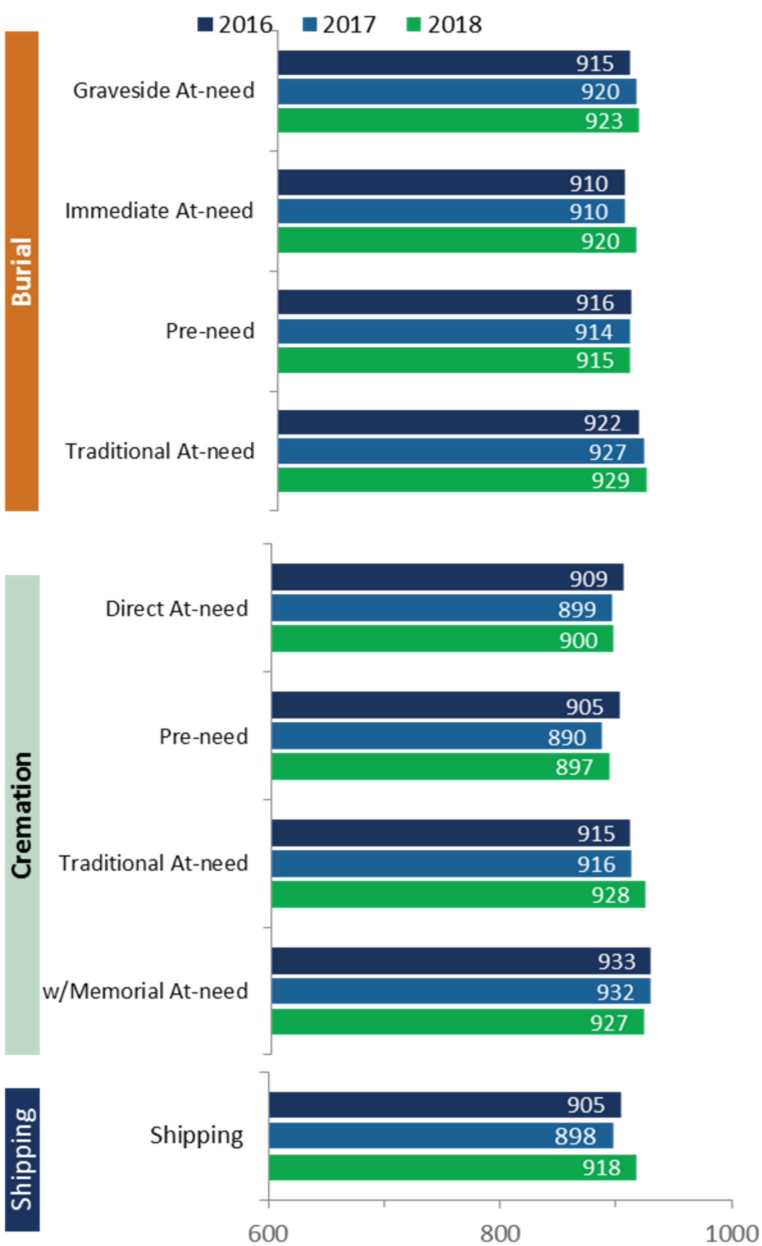
Case Types

- With only negligible distinction between them, the highest overall satisfaction ratings across all case types are from families choosing traditional at-need services, whether cremations or burials, or cremations with a memorial service.
- Families choosing direct at-need or pre-need cremations remain among the least satisfied in all three years.

Most Satisfied:
Traditional At-Need
Burials and Cremations

Least Satisfied:
Pre-need and Direct
At-Need Cremations

Satisfaction by Case Type



Scale: 1000=Superior, 700=Above Average, 400=Average, 0=Below Average.

Case Type Descriptions

Burial

Graveside At-Need: Main service is held at the graveside only . No church or chapel services. It may or may not include visitation. It has not been pre-funded.

Immediate At- Need: Direct burial with no formal services. It has not been pre-funded.

Pre-Need: Any casketed service (traditional, graveside or immediate) followed by burial that has been pre-funded.

Traditional At-Need: Traditional Full Service Funeral includes visitation, church or chapel service and graveside service. It has not been pre-funded.

Cremation

Direct At-Need: Direct cremation with no services. It will include private ID viewing or final goodbye. It has not been pre-funded.

Pre-Need: Any cremation service (traditional, memorial or direct) that has been pre-funded.

Traditional At-Need: The body is present at some point either at a public visitation, church or chapel service then followed by cremation. This does not include private family ID viewing. It has not been pre-funded.

With Memorial At-Need: Memorial service held without the body present with cremation. It has not been pre-funded.

Shipping

Ship-out/Ship-in: The body is forwarded to/received by another funeral home.

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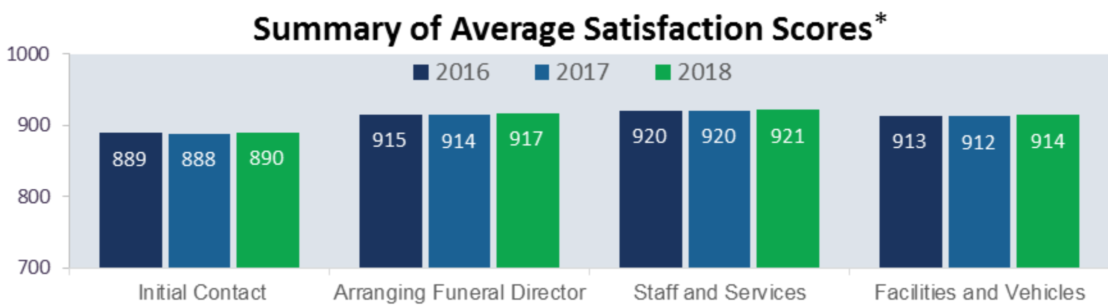
Satisfaction with Specific Aspects of the Funeral Experience

In the Performance Tracker™ survey, families are asked to rate specific touchpoints of their funeral experience: initial contact with the funeral home, the arranging funeral director, facilities and vehicles, and staff and services.

Overall

- With a 916 overall rating, 2018 ratings were very comparable to those of 2017 for all functional areas.
- The staff and arranging funeral director make the difference! Listening, treating the family and the deceased with compassion and respect, keeping open lines of communication and following through to make sure that every detail is thoughtfully and carefully attended to are keys to satisfactory experiences.
- A focus on cost, missing details, or delays or timing issues with returning calls, following up on information, coordinating service details, receiving or delivering the deceased or even delivery of the death certificate were often cited in the case of an average or below average satisfactory experience.



** Composite scores: Represents an average of all attribute ratings in each area.*

Initial Contact

- In all three years, the lowest satisfaction ratings continue to be associated with the family member's initial experience with the funeral home, primarily in response to either unsatisfactory initial phone calls or an impersonal or unprofessional first interaction.

Arranging Funeral Director

- Effectively listening to the needs of the family, and then working to meet those expectations, led to high satisfaction marks for the arranging funeral director. The lowest rated attribute in this category was the funeral director's focus on the details. Many respondents commented about the attention to details for both positive and negative experiences, emphasizing its significant contribution to the overall experience.

Staff and Services

- In all three years, families were most satisfied with the staff's friendly and accommodating manner followed by the actual service or ceremony, and least satisfied with the appearance of the staff and the appearance of their loved one, when "Mom just didn't look like Mom."

Facilities and Vehicles

- Satisfaction with vehicles' appearance, cleanliness, and condition was rated highest, while the convenience and comfort of the facilities received the lowest scores all three years. In 2018, the size or layout of the facility in terms of appropriateness for their gathering, and unsatisfactory air conditioning were cited as elements that could be improved upon.

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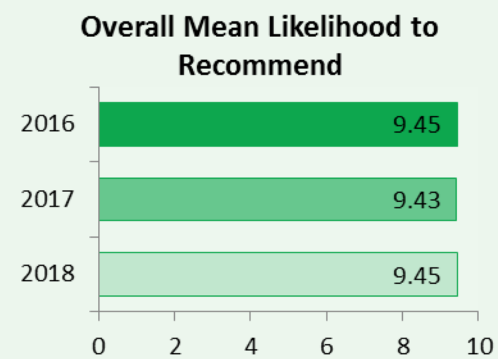
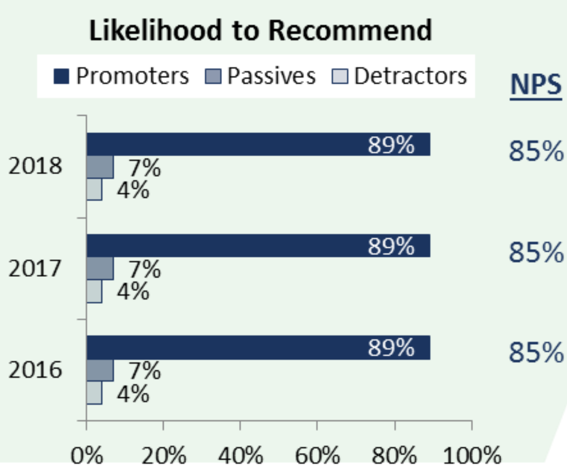
Likelihood to Recommend

- According to survey ratings, most respondents are still very likely to recommend their funeral home.
- Professionalism, compassion, and attention to detail seem to result in positive responses.
- A lack of professionalism, including rudeness, errors, and disorganization, as well as unexpected costs and confusion regarding timing and execution led to negative responses.



Net Promoter Score

The Net Promoter Score (NPS) is a loyalty metric based on customers' likelihood to recommend a product or service.

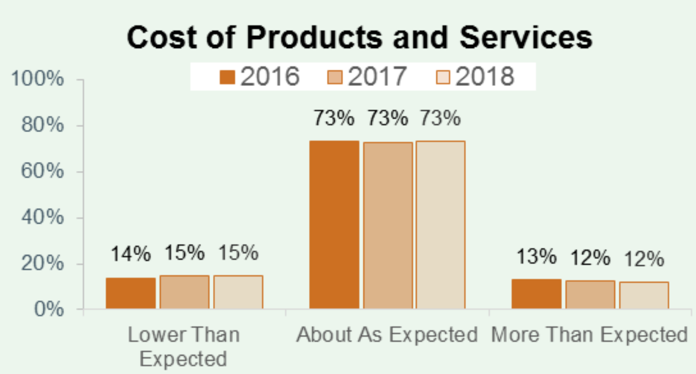


How likely are you to recommend our firm to a friend or relative?

- At 85%, the overall NPS score of JCG clients in 2018 is unchanged from previous years.
- The NPS score was calculated from overall likelihood to recommend survey ratings (above).
- Customers respond on a 0-10 point rating scale and the NPS is calculated by subtracting the percentage of Detractors (ratings 0-6) from the percentage of Promoters (ratings 9-10).

Cost of Services and Products

- In 2018, little difference was noted with respect to cost expectations: about three-fourths of all families continued to report that costs were what they expected.



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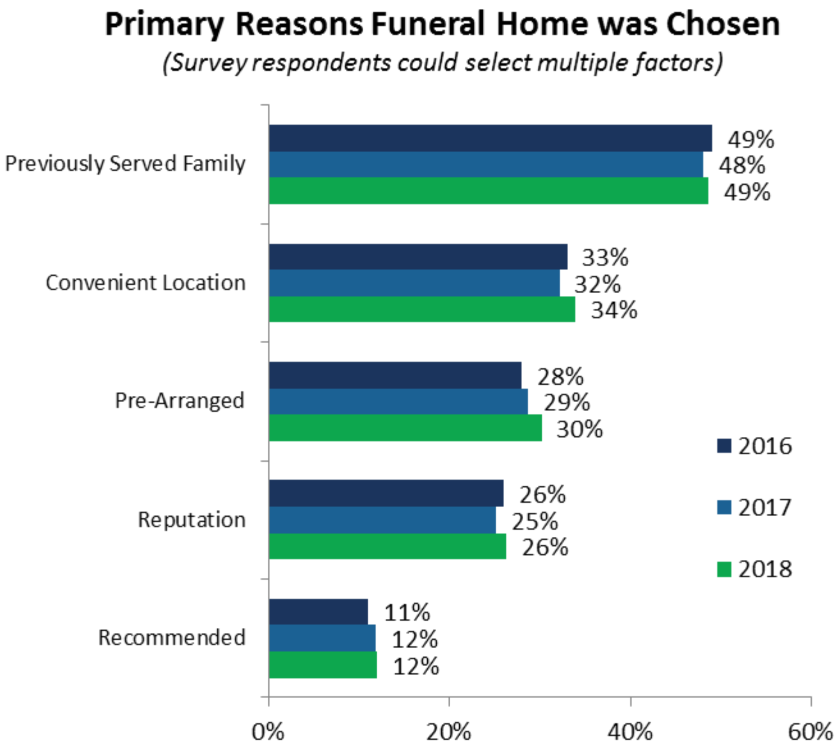

Reasons FH Was Chosen

- Prior experience with a firm continues to lead funeral home selection with nearly 50% of all respondents identifying this as an important factor in their decision.
- Convenient location, pre-arrangement, and reputation were also consistently reported as significant factors in the selection.
- Other reasons for selecting a particular funeral home, including price, and recommendations by hospitals or churches were identified by fewer than 10% of respondents overall, however were much bigger factors when a decision is made regarding a facility for cremation (see below).

Reasons Funeral Home Was Chosen: Key Differences by Case Type

- Having previously served family is the most important factor for nearly 2/3 of those choosing burials but only 1/3 of cremations.
- Recommendations are more important in at-need rather than pre-need situations, especially for cremations.
- Price is a more important determining factor for families choosing cremations.

Key Differences in Reasons for Choosing	Burial		Cremation	
	At-need	Pre-need	At-need	Pre-need
Previously Served Family	63%	57%	38%	37%
Recommended	9%	4%	17%	7%
Price	5%	5%	10%	9%

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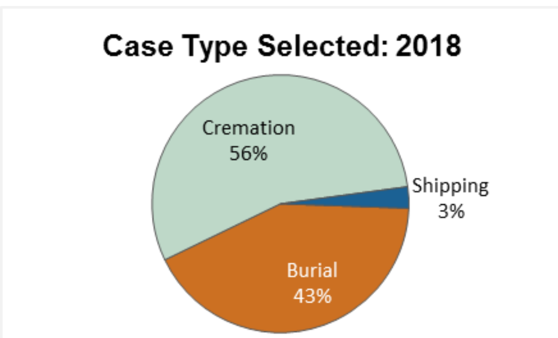
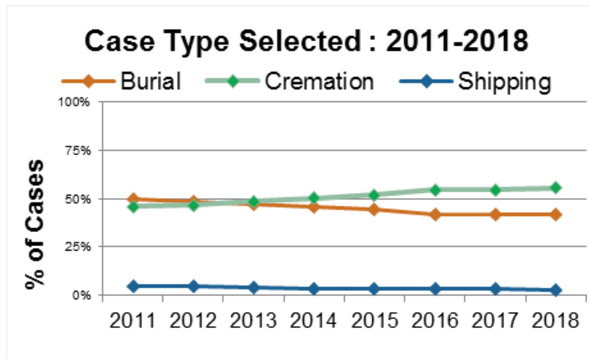
Dispositions by Case Type

Total Dispositions

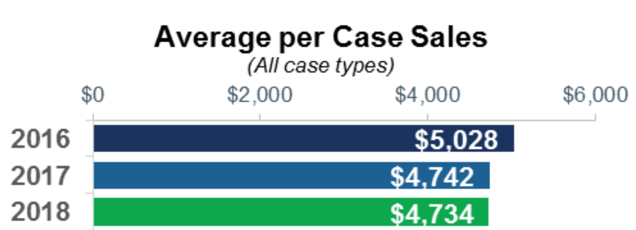
- In 2018, cremations accounted for nearly 56% of reported dispositions. Approximately 43% of cases were burials , with shipping cases making up the remaining 3% of cases analyzed.
- The percentage of families choosing cremation over burial continues to trend upward, and now represents well over half of all cases. Although cremations continue to increase as a portion of the market, the rapid growth of cremation sales seen from 2011 to 2016 has slowed to nearly level.

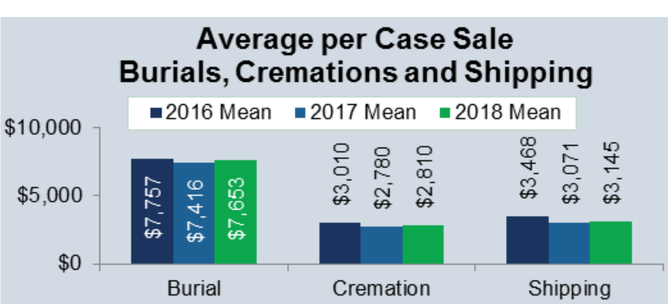




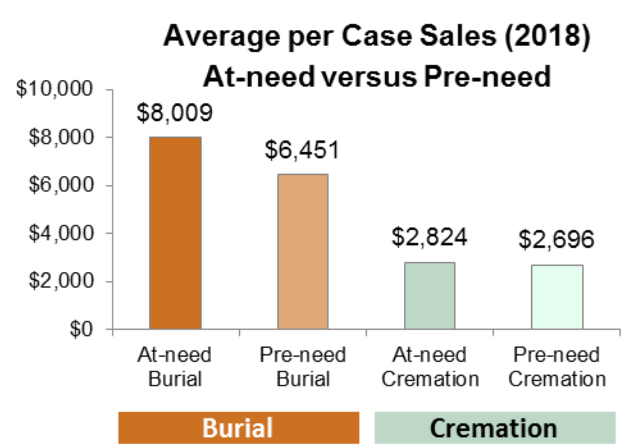
Average Sale

- The overall average per case sale was $4,734 in 2018, down $294 (6%) from the 2016 average.
- While cremation is continuing to increase as a proportion of all cases, the average cremation sale is $200 or 5% less on average than in 2016.





- At-need burial sales were on average $8,009 per case in 2018 while pre-need burials were nearly 20% lower with an average sale amount of $6,451.
- At $2,824 on average, at-need cremation cases averaged $5,185 less than at-need burials.
- Pre-need cremation sales averaged $128 or nearly 5% lower on average than their at-need counterparts.



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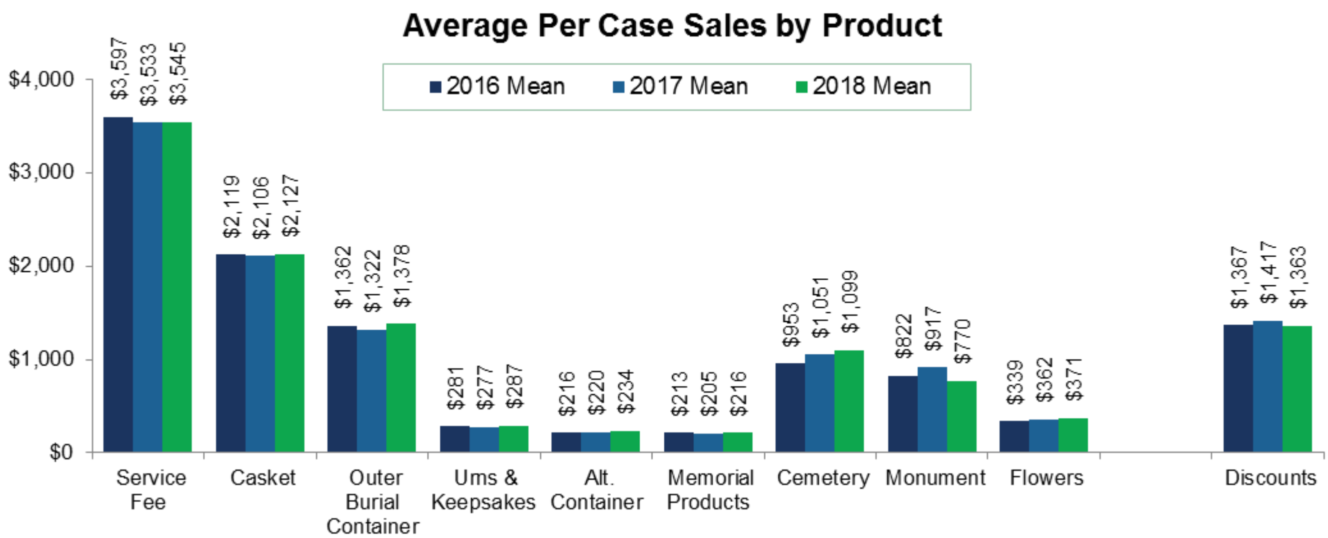
Product Sales

Products

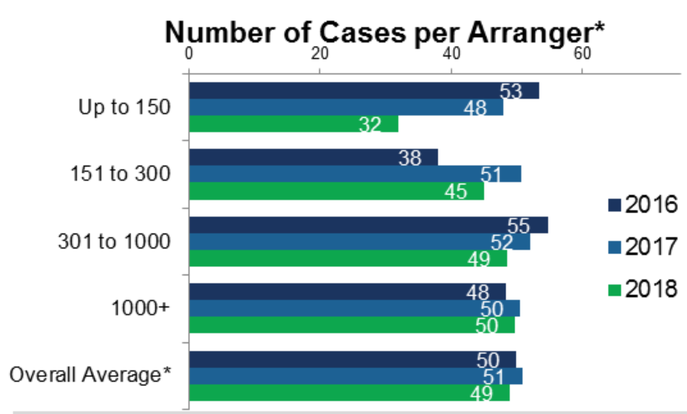
- Although cemetery fees have increased since 2016 by an average of 15% ($146) and flower sales by 9% ($39), product sales in all categories are comparable to those of 2017.
- Service fees, burial containers and monument sales are virtually unchanged from 2016 sales.



Cases per Arranger

Cases per Arranger by Firm Size

- The average number of cases handled per arranger and the average sale per case by arranger both have decreased, overall, with smaller firms (up to 300 cases) experiencing the greatest declines.



Note: While many factors can impact the averages shown, this analysis highlights some important ongoing changes in the profession. We will be further investigating those potentially influencing factors.

Average Per Case Sale by Arranger* and Call Volume			2 year change 2016-18	
	2016	**2018**	**$**	**%**
Up to 150 cases	$8,210	$7,260	($950)	-12%
151 to 300 cases	$6,858	$5,736	($1,122)	-16%
301 - 1000 cases	$5,616	$5,412	($204)	-4%
More than 1000	$5,110	$4,897	($213)	-4%
Overall Average:	$5,351	$5,108	($243)	-5%

**Arrangers handling fewer than 12 cases are excluded from this analysis.*

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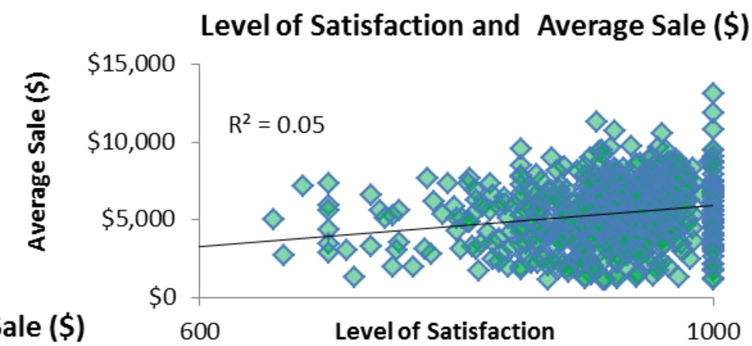
Relationship between Sales and Client Satisfaction

Relationship between Sales and Client Satisfaction

- Not at all surprisingly, better satisfied clients are more likely to recommend the services of a firm to others.

- In terms of satisfaction, the amount spent is a small factor, although some differences can be seen based on market factors, most notably among facilities handling a smaller number of cases and pre-need cremations, especially in smaller markets where higher satisfaction goes hand in hand with higher sales.



- When families were prepared with a realistic expectation of costs, or when costs were lower than expected, there was a moderately strong correlation between higher sales and higher satisfaction levels. When costs were higher than expected, factors other than cost were more significant.

Satisfaction and Average Sale ($) by Call Volume

- There was no significant difference noted in the relationship between level of satisfaction and sales based on the number of cases a firm arranges: R^2 = 0.00 to R^2 = 0.06 for all call volumes.

Call volume:	R^2
Up to 150	0.06
151 to 300	0.00
301 to 1000	0.04
1000+ cases	0.03

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Conclusions

- Families continue to recognize a very high level of satisfaction with their chosen facility, in particular due to the responsiveness, attentiveness and empathy of the arranging funeral director as well as the compassion, attention to detail and professionalism of the staff.
- The total amount spent on funeral arrangements reportedly has little impact on a family's overall level of satisfaction. However, those choosing cremations, in particular pre-need cremations, report lower satisfaction than those choosing burials.
    - Understanding the reasons for lower pre-need satisfaction may be an opportunity to address any unmet family needs.
- Representing well over half of all cases, the percentage of families choosing cremation over burial continues to trend upward. Although cremations continue to increase as a portion of the market, the rapid growth of cremation sales seen from 2011 to 2016 has slowed.
- There is a much stronger relationship between overall satisfaction and average sales when costs are as expected. Higher sales correspond to higher levels of satisfaction, likely because families are able to have the experiences they desire at a cost they expect.
- The average sales of pre-need services are significantly lower than at-need services, likely reflective of larger firms handling a higher volume of lower dollar sales and more cases per arranger. Smaller firms are facing new pressures as the profession sees the continued effects of the shift toward a higher volume of lower dollar cremations and the impact of their higher overhead requirements than larger firms.

We hope this year's Trends & Insights provides helpful insight as you plan for the future with a better understanding of the emerging and established trends. Watch for updates in Volume 5!

Analysis and article prepared by:

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