

Performance Tracker™ Analysis:
2020 Trends and Insights Article
(Volume 5)



*Johnson
Consulting
Group*

Prepared by:
Michelle Wilson and Rose Milto
Funeral Research & Insight
317.865.1413
www.funeralresearch.com

Key Findings: Trends & Insights (Volume 5)

At Johnson Consulting Group (JCG) we believe in sharing insight from the data collected through our Performance Tracker™ program.

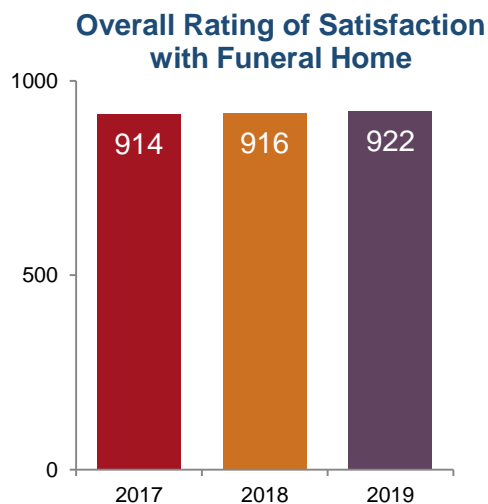
Performance Tracker™ Trends & Insights (Volume 5) incorporates 2019 data into the sales and family satisfaction survey analysis. The findings presented here reflect the compilation and analysis of over 700,000 sales records and 184,000 survey responses collected since 2011.

Historical Data	Sales Records Analyzed	Survey Responses Analyzed
2017	109,434	26,243
2018	128,459	28,452
2019	130,182	28,262
2017-2019	368,075	82,957
Total: 2011-2019	707,504	184,375

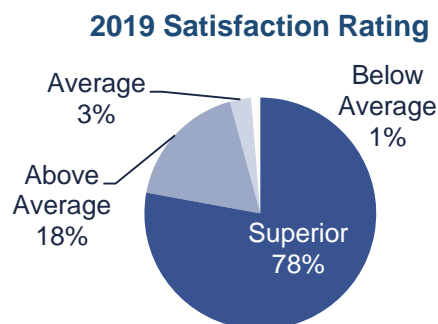
Understanding the trends will help you plan for the future! Year-to-year comparisons of sales records and survey responses help highlight what really matters to families and how their satisfaction relates to sales dollars. Statistical analysis identifies significant changes and trends within the profession and indicates where differences between market segments exist. Historical trends provide context and insight into where the profession is headed next. In addition, this year's results provide a particularly important baseline for identifying and evaluating the anticipated effects of Covid-19 on our industry in 2020 and beyond. In fact, as data becomes available we will publish updates on the Covid-19 impact to keep you best informed.

Key findings are summarized here; however, much more detailed information, including historical trending since 2011, is available in the full report. Contact us if you would like to find out more!

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.

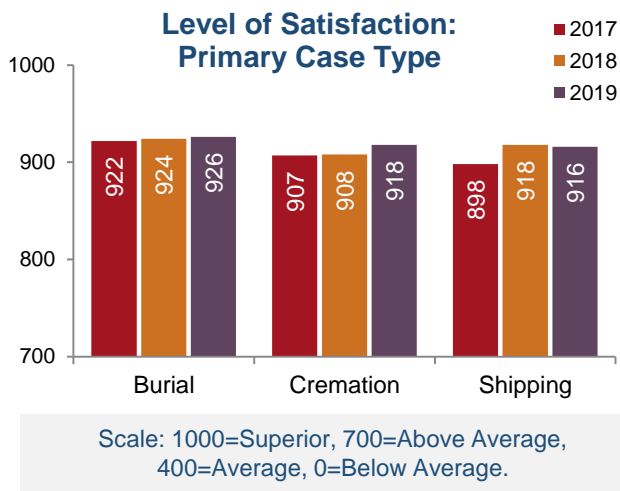


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Level of Satisfaction by Case Type

- Overall, families choosing burials report higher satisfaction than those choosing cremations, with traditional at-need services receiving somewhat higher ratings than other burial case types.
- The choice of cremation case types has a significant impact on the reported level of satisfaction. Satisfaction for those choosing cremation with memorial at-need services is on par with the more highly rated burial services, while families choosing direct at-need cremations and pre-need cremation report significantly lower satisfaction levels. Pre-need cremations received the lowest rating across all case types.

Significant trending indicator - not only are Traditional and Memorial Cremation "on par" with Traditional Burial - Memorial has exceeded burial 2 out of 3 years



Case Type Definitions

Burial Case Types

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

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.

Cremation Case Types

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

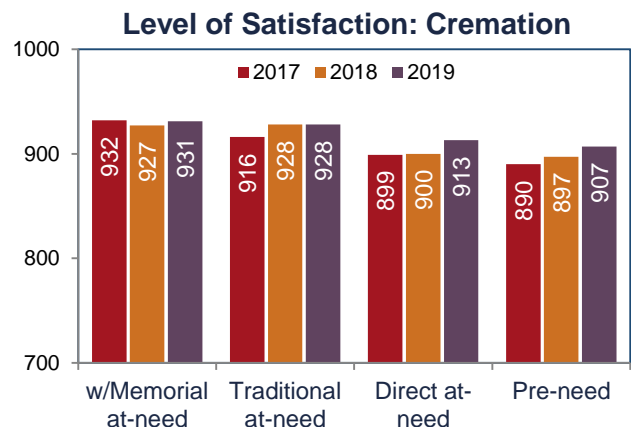
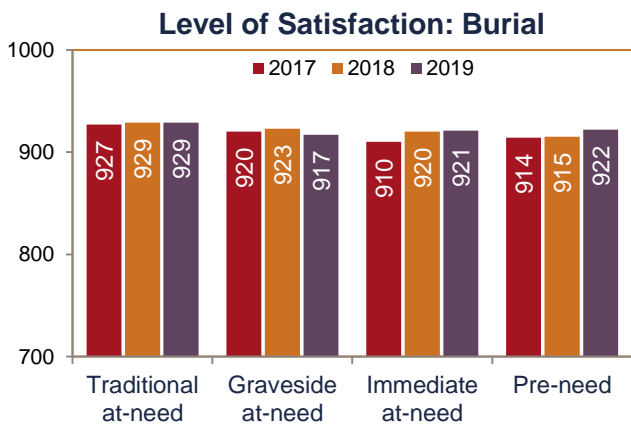
Traditional At-Need: The body is present at some point either at a public visitation, church or chapel service then followed by cremation. This does not include private family ID viewing. It has not been pre-funded.

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.

Shipping

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



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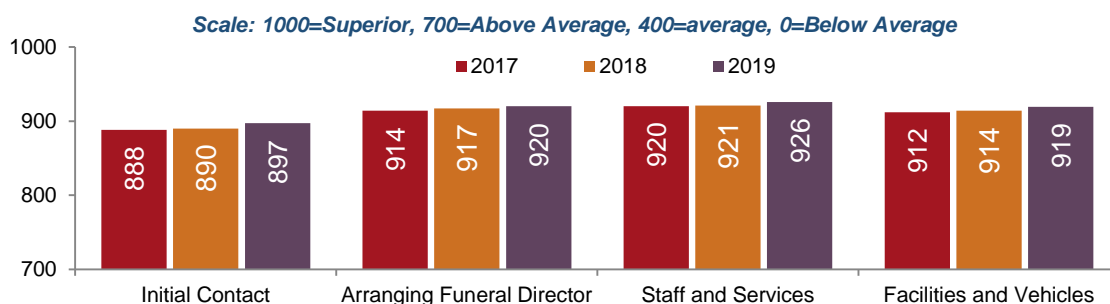
Level of Satisfaction by Attribute

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.

- With a 922 overall rating, 2019 ratings reflect small but consistent increases across all areas.
- As in previous years, the staff and arranging funeral director make the difference! Their caring professionalism, their compassion and attention to every detail are key to a positive experience.
- Failures or delays in returning calls, miscommunications, unexpected costs or additional fees, incorrect or missing details, delays in any part of the process, or a loved one who “didn’t look like themselves” were frequently cited when an average or below average satisfaction rating was given.

Correlation between appearance of loved one and the satisfaction increase of memorial services with no body present?

Summary of Average Satisfaction Scores*



*Composite scores: Score represents an average of all attribute ratings in each respective area.

- The staff’s professionalism, being friendly and accommodating to friends and family, the funeral service or ceremony, visitation or viewing, and the funeral director’s attentiveness to your questions and needs received the highest ratings in 2019. The first phone call and the welcome received upon first arrival were most often rated significantly lower than all other attributes.

Level of Satisfaction by Attribute (2019)

Staff and Services		Arranging Funeral Director		Facilities and Vehicles	
Friendly and accommodating to your family and friends	936	Effectiveness in listening and answering your questions	928	Appearance, cleanliness and condition of vehicles	927
Funeral service / ceremony	931	Attentiveness to your needs	926	Appearance and cleanliness of the facilities	917
Visitation / Viewing	931	Explanation of all service options	918	Convenience and comfort of the facilities	913
Professionalism of staff	927	Clear, professional explanation of payment policy	917	Initial Contact	
Timely, dignified transfer of your loved one to the funeral home	924	Attention to detail	915	The genuine care and concern expressed to you	917
Appearance of staff	916	Services and products delivered in a timely manner	914	The welcome you received upon your first arrival	902
Appearance of your loved one	915			Your first phone conversation	872

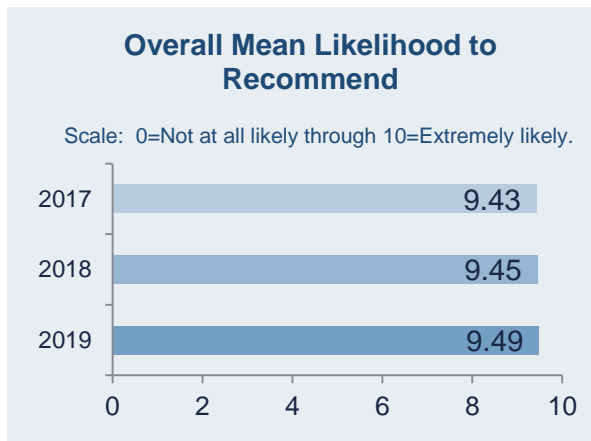
Impact on Shopper retention



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Likelihood to Recommend

- According to survey ratings, most respondents are still very likely to recommend their funeral home and, in fact, report in 2019 they are even more likely than in previous years.
- 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.

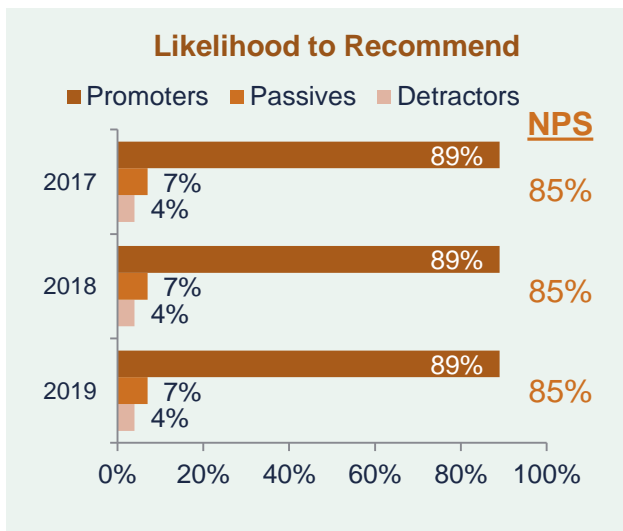


Net Promoter Score

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?

- The NPS score is determined based on overall likelihood to recommend survey ratings (above) which is scored on a 0-10 point rating scale.
- The NPS is calculated by subtracting the percentage of Detractors (ratings 0-6) from the percentage of Promoters (ratings 9-10).
- At 85%, the overall NPS score of JCG clients in 2019 is unchanged from previous years.
- Differences in the NPS are evident when case type is taken into account with the highest NPS among at-need burials as shown in the table below.



11% susceptible to competitors and discounters

NPS by Case Type	Burial		Cremation		Not adding up to 100%
	At Need	Pre Need	At Need	Pre Need	
Promoters	90%	88%	90%	88%	
Passives	7%	7%	7%	7%	
Detractors	3%	5%	4%	4%	
NPS:	+87%	+83%	+86%	+84%	

Passives remain consistent- change goes from Promoters to Detractors - indication that PreNeeds can have a negative impact if not properly serviced or explained



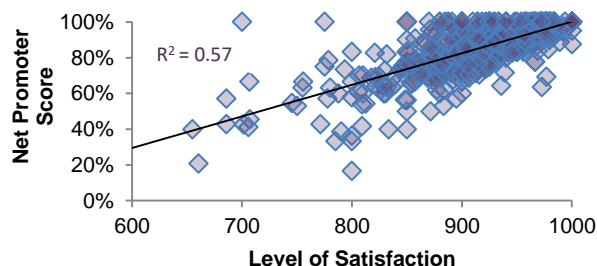
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Correlation Analysis

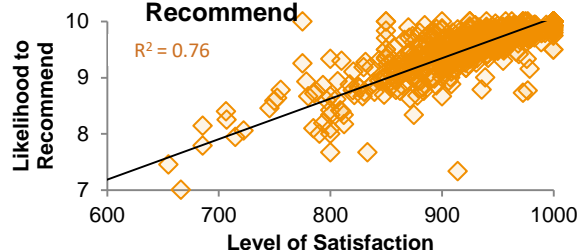
Correlation analysis was used to determine whether associations exist between: likelihood to recommend, average family satisfaction, average sales, and the Net Promoter Score (NPS).

- There is a strong correlation between the average level of satisfaction of a facility and its Net Promoter Score (NPS).
- Families that are satisfied with their experience are very likely to share their positive experiences while those with negative experiences will pass those on as well. In fact, the level of satisfaction is responsible for nearly 60% of the variation in NPS scores.
- Not at all surprisingly, better satisfied clients are more likely to recommend the services of a firm to others. There is a very strong correlation between a family's reported level of satisfaction and their likelihood to recommend a firm's services, with more satisfied families more likely to make the recommendation to their friends and family.
- There is essentially no significant relationship between the average amount a family spends on services and how likely they are to recommend the firm that provided those services, their reported level of satisfaction with their funeral home, or even on the NPS. Factors other than cost are far more relevant to their opinions.

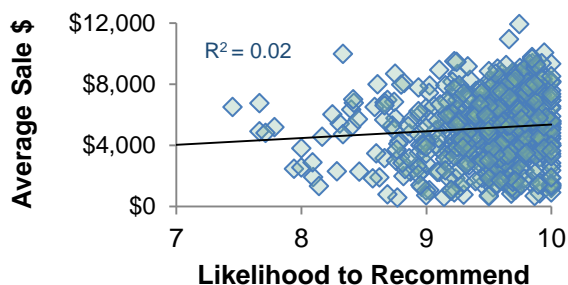
Satisfaction and Net Promoter Score



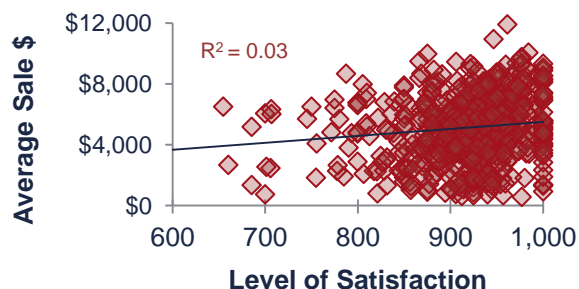
Satisfaction and Likelihood to Recommend



Likelihood to Recommend and Average Sale (\$)



Level of Satisfaction and Average Sale (\$)



More about Correlation

A correlation indicates whether there is a systematic relationship between two variables (e.g., whether firms with higher satisfaction ratings tend to have higher sales), but does not determine whether having higher satisfaction ratings causes sales to be high as there could be an entirely separate factor impacting both and influencing the relationship between two variables.

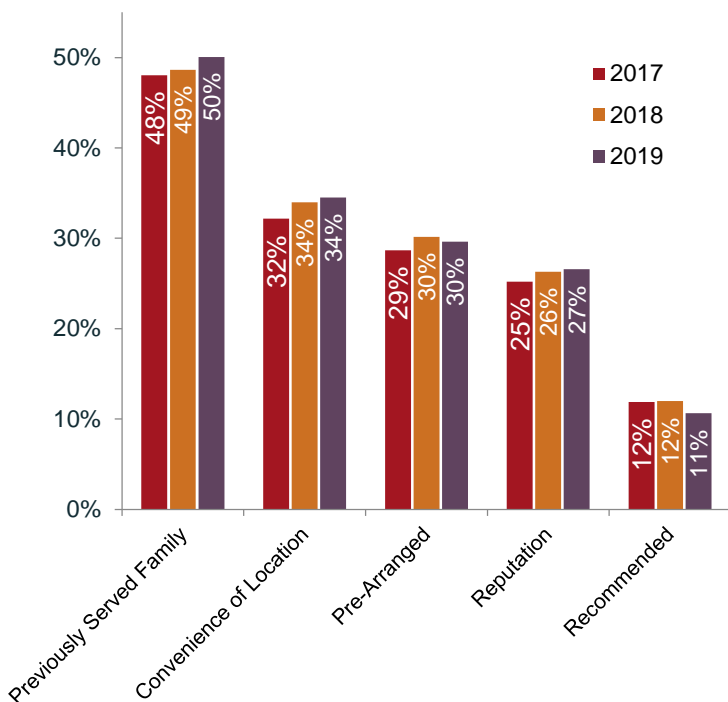


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Reasons Funeral Home was Chosen

Primary Reasons For Choosing a Funeral Home

(Survey respondents could select multiple factors)



- Having a family member with prior experience with a Funeral Home continues to lead funeral home selection with 50% of all respondents identifying this as a key factor in their decision.
- A convenient location, a solid reputation and the recommendations of friends and family continue to impact the selection for many families.
- 30% of respondents cited having pre-arrangements in place as a reason.
- All 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 these were much bigger factors when a decision is made regarding a facility for cremation (see below).

Key Differences by Case Type

- Having previously served family is the most important factor for approximately 60% of those choosing burials but only about 40% of families choosing cremations.
- Recommendations from friends, family, churches or other organizations are more important in at-need rather than pre-need situations, and a significantly larger factor for at-need cremations. “Other” factors hold similar influence for at-need cremations also.
- Price is cited as more important when choosing a facility for cremation.
- Advertising factors into the choice for more cremations than burials, with “advertising” driving more pre-need selections and “website advertising” more of the at-need.

Reasons for Choosing A Funeral Home	Burial		Cremation		Overall 2019
	At-need	Pre-need	At-need	Pre-need	
Previously Served Family	62%	57%	41%	38%	50%
Recommended	8%	1%	54%	7%	11%
Other	8%	2%	36%	7%	9%
Church/Organization	6%	1%	17%	3%	5%
Advertising	2%	2%	3%	5%	3%

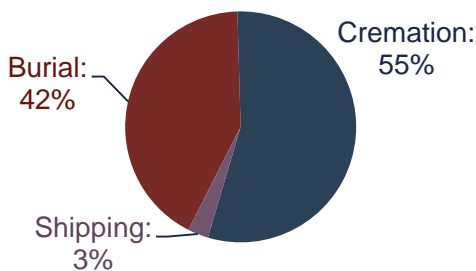


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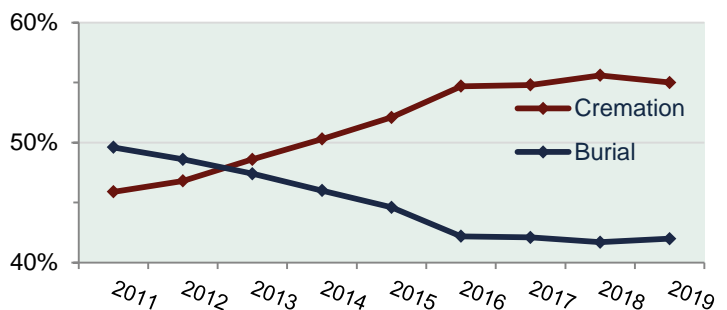
Average Sale

- Sales records have been evaluated to identify evolving industry trends.
- In 2019, cremations represent 55% of reported cases with an average sale of \$2,957 per case while burials represent 42% of cases at an average of \$7,773 per case. Shipping cases at an average of \$3,328 comprise the remaining 3% and is unchanged as a percent of all cases. The average per case sale overall in 2019 was \$4,881 when all case types are considered.
- The pattern seen in recent years of more and more families choosing cremations over burials seems to have stabilized, remaining near the current proportions (at 55%, 42%, 3%) since 2016.

2019 Disposition by Case Type



Disposition Trend (% of Total Cases)

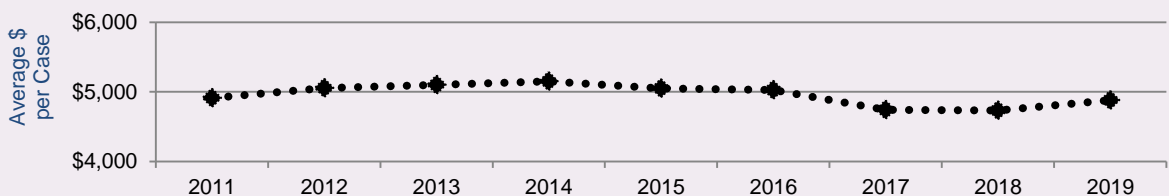


2019 Average Sale (\$) Per Case

Burial:	\$7,773
Cremation:	\$2,957
Shipping:	\$3,328
Overall:	\$4,881

- At \$4,881, the average per case is higher than it has been the last two years, however it remains below the peak of \$5,151 seen in 2014, primarily as a result of the longer term transition towards lower priced cremations.

Average Sale (\$) Per Case – Overall Trend

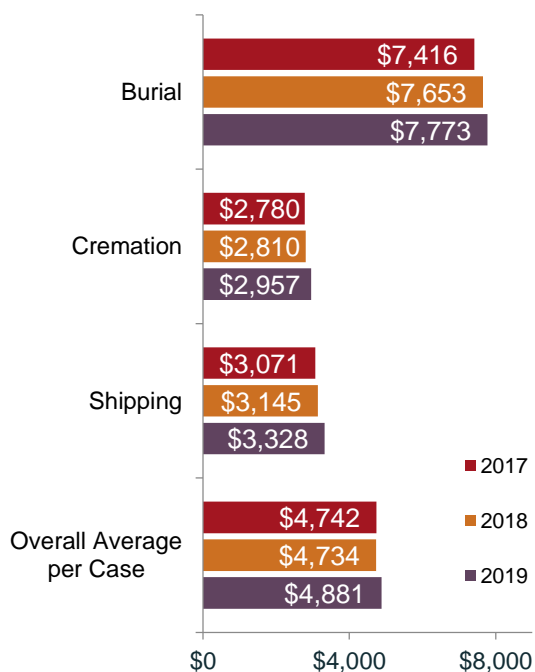


- Detailed analyses of sales by case type, product type, facility type and market segments for at-need cases, including pre-need cases that became at-need, as well as 3 year comparisons of sales \$ per case and case distributions along with historical trends since 2011 for specific demographics and market characteristics are provided in the full report.



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Average Sale (\$) By Case Type



- The average sale for each case type has increased incrementally over each of the last two years for a two-year total increase of 5-8% per case type.
- The average sale per case overall is up by \$139 (3%) since 2017.
- Pre-need burials are \$1,340 (17%) lower than their at-need counterparts, while pre-need cremations are \$200 (7%) below the at-need cremation average.

2019 By Case Type	Average (\$)	% of Cases
At-need Burial	\$8,061	33%
Pre-need Burial	\$6,721	9%
At-need Cremation	\$2,978	49%
Pre-need Cremation	\$2,778	6%
Shipping	\$3,328	3%
Overall	\$4,881	100%

Cases per Arranger* by Facility and Company Size

Licensed Owners, Managers and Embalmers are skewing this average Call/Arranger

- Arrangers handle on average 50 cases per year; however, there is a significant difference in the average numbers of cases handled by arrangers at smaller companies (34) compared to larger ones (48-54), and an even more significant difference based on the call volume of individual facilities, with arrangers at smaller facilities handling considerably fewer cases.
- Average sales (\$) per case also vary considerably by call volume of both the company overall and the individual facility; higher average sales per case are reported from smaller companies and facilities while larger companies and facilities report lower sales on average.

Smaller firms have a higher recovery cost per call for overhead expenses

Average Number of Cases and Average Sale Per Arranger* (2019)

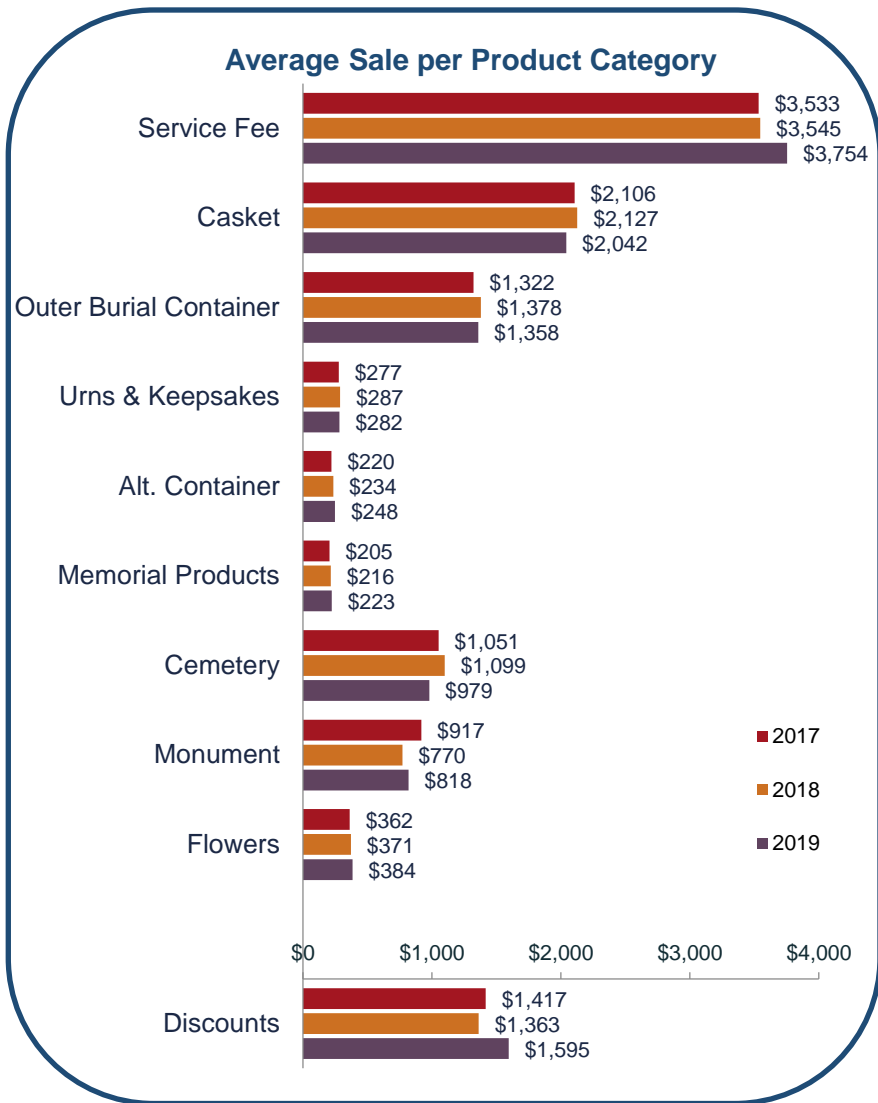
2019 Call Volume	by Company Total Cases		by Facility # of Cases	
	Average # of Cases	Average Sale (\$ per Case)	Average # of Cases	Average Sale (\$ per Case)
0-150 Cases	34	5,858	34	\$5,280
151-300 Cases	48	5,363	54	\$5,295
301-1000 Cases	54	5,436	73	\$4,934
Over 1000 Cases	49	4,649	62	\$4,630
Overall	50	4,888	50	\$4,930

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



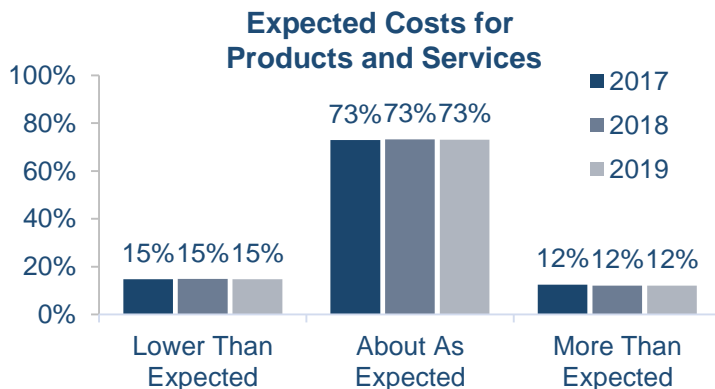
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Cost of Products and Services



- A large portion of the increase in the average overall sale can be attributed to an increase in the service fee, which at \$3,754 is up \$209 over 2018 and \$221 over 2017.
- Cemetery sales are at an average of \$979, roughly 10% below 2017 and 2018 values. Casket sales are also lower by approximately 4%.
- At an average of \$818, monument sales are higher in 2019 than 2018, although nearly \$100 below the average sale in 2017.
- Other products are comparable to the sales amounts in recent years.
- The average discount, when applied, is \$232 more than the average in 2018 and \$178 more than in 2017.

- In 2019, cost expectations were identical to that seen in recent years: about three-fourths of all families continue to report overall costs were what they expected.



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Conclusions

- Families continue to recognize very high levels of satisfaction with their chosen facility, with more than 96% rating their experience as “Superior” or “Above Average,” in particular, recognizing the impact of caring, compassionate and professional staff.
- Families report the **highest levels of satisfaction with traditional at-need burials and at-need cremations with a memorial service.** The lowest rated are pre-need and direct at-need cremations. **List these in order: Memorial Cremation, Traditional Burial, Traditional Cremation**
- Families are more likely than ever to recommend their funeral home to others; there is a significant relationship between the satisfaction of families, the NPS and their likelihood to recommend. The importance of this cannot be understated as the previous experience of other family members is cited as a key factor by 50% of families when it is time to make choices for their loved ones.
- There is not a significant relationship between the average sale and either the family’s reported level of satisfaction or how likely they are to recommend the facility. Case types, market factors, facility attributes and demographic differences make a difference. (Details are presented in the full report.) Understanding how the price is related to matching of families’ needs is an important extension: in some cases, the higher cost is related to a better experience, and in others a lower cost is a more important factor.
- The rapid transition from burials to cremations seems to have stabilized. With individual case sales increasing for all case types, the average sale is just slightly below a trending average of around \$5,000, as lower priced cremations make up a larger portion of the sales than a few years earlier.
- **Changing economics and ways of doing business are affecting how facilities operate, with significant differences evident in the number of cases and average sales per case by arrangers based on the size of both the facility and the company in which that facility operates.** **This appears to be a flawed assumption depending on what the “size of facility ” means**
- While service fees are increasing, discounts are as well, and product sales and services remain in line with customer expectations.
- The many effects of Covid-19 on the profession will become clearer as 2020 progresses. The baselines represented here will be critical to understanding and interpreting the changes and the impact this situation will unquestionably have on our profession.

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 6!

Analysis and article
prepared by:

Michelle Wilson and Rose Milto
Funeral Research & Insight
(317) 865-1413
www.funeralresearch.com

