Trends and Insights

Just what happens to all the data collected by Johnson Consulting Group (JCG)? We use it to help the profession! We took all of the sales and survey data collected through our Performance Tracker™ program in the past two years, combined it and crunched it to understand trends, then used statistics to determine how family satisfaction is related to sales.

There were three parts to our analyses:

1. Comparison of sales data from 2014 and 2015
2. Comparison of family satisfaction survey data from 2014 and 2015
3. Correlation analysis to determine the relationship between sales and survey ratings

So you have an idea of the amount of data we analyzed, below shows the number of at-need sales records and the number of survey responses we analyzed for each year:

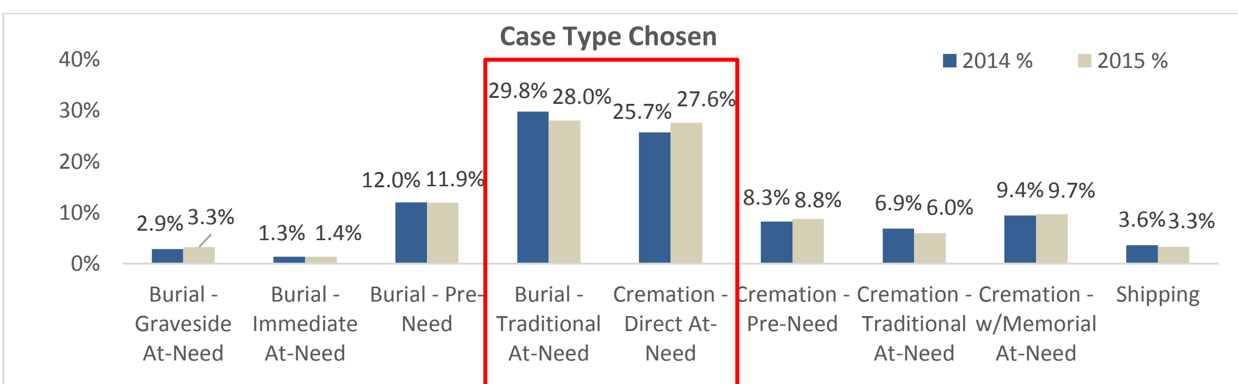
Year	At-need sales records analyzed:	Survey responses analyzed:
2014	64,916	20,438
2015	80,780	25,720
Total:	**145,696**	**46,158**

We have a lot of information, and have included the key findings in this article. Read on to understand the trends we are seeing and gain insight into how family satisfaction affects your sales.

Key Findings

Dispositions and Case Types

- From 2014-2015 cremations rose 1.8%, and in 2015, about the same amount of consumers chose traditional burial as those who chose direct cremation. The percentage of families selecting direct cremations rose about the same amount that traditional burials declined.

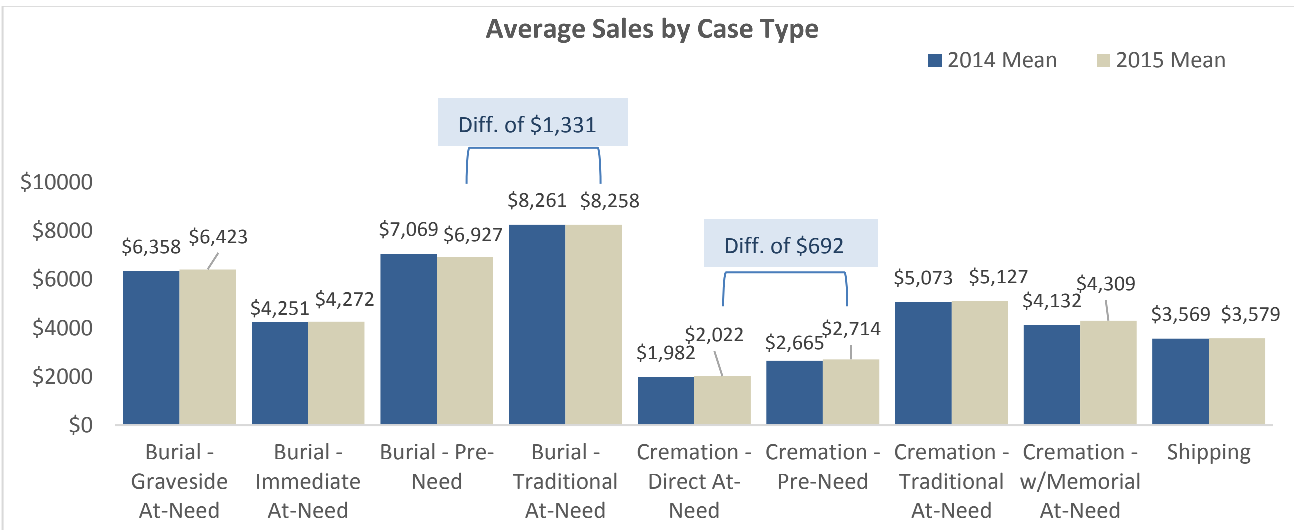


2014-15 Change: %	+0.4%	+0.1%	-0.1%	-1.8%	+1.9%	+0.5%	-0.9%	+0.3%	-0.3%

- Average per case dollar sales for pre-need burials declined 2.0%, which seems to be replaced by the nearly 2% increase in per case pre-need cremation sales.

- Pre-need burial sales generated $1,331 less per case than at-need burials in 2015, and average pre-need cremation sales per case were $692 higher than direct cremations. To bridge the pre-need burial sales gap, ensure families know all options for services that increase family satisfaction (and sales).

- At-need cremations with memorials are showing significant growth in one year's time.

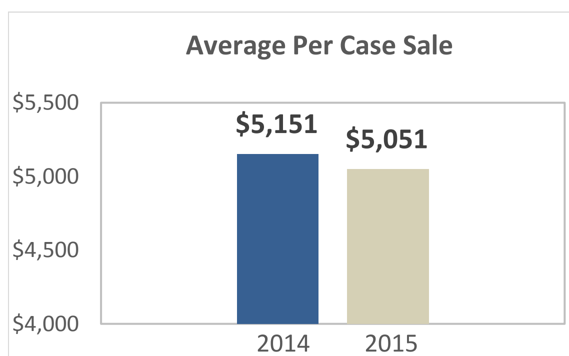


2014-15 $	+$65	+$21	-$142	-$3	+$40	+$49	+$54	+$177	+$10
Change: %	+1.0%	+0.5%	-2.0%	0%	+2.0%	+1.8%	+1.1%	+4.3%	+0.3%

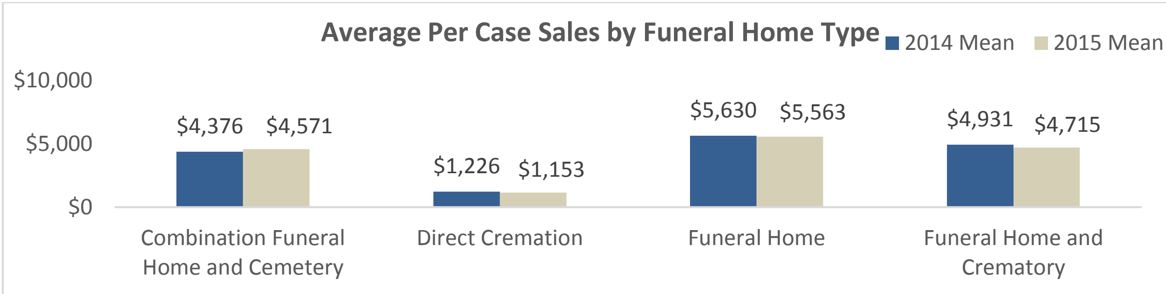
Overall Sales

- Looking at all case types combined, the average sale per case is $5,051 – a decrease of $100, which is about 2%, in just one year (2014 to 2015).

- This is likely a result of the increase in families who chose less costly cremations rather than burials.



- Combination funeral home and cemetery firms show significant average per case sales growth, whereas combination funeral home and crematory and direct cremation firms show decline from 2014. Standalone funeral homes had the highest average per case sales both years of all funeral home types.



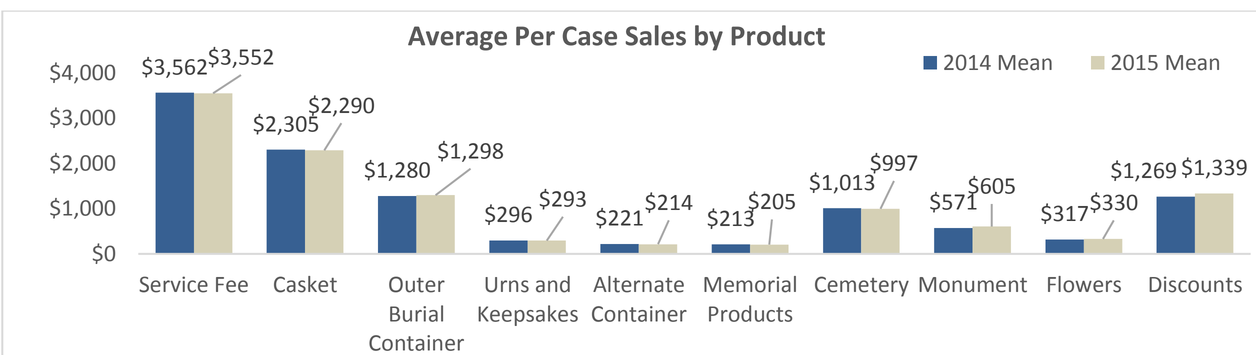
2014-15 $	+$195	-$73	-$67	-$216
Change: %	+4.5%	-6.0%	-1.2%	-4.4%

- As call volume increased, per case sales decreased, especially among the largest firms which suggests that low prices may be driving volume.

- On average, firms in smaller markets (population <50K) have higher per case sales than larger markets – possibly a result of less competition. They also earn higher overall satisfaction ratings than larger firms, which might be a function of the personal relationship the owner/staff enjoys with families in the small market, resulting in better service provided.

Product Sales

- Service fees generated the highest per case sales both years with an average of $3,552 in 2015, followed by caskets (averaging $2,290) and both remained relatively unchanged from 2014-2015. Sales per case increased an average of $34 for monuments, $13 for flowers and $18 for outer burial containers. All other per case product sales decreased.



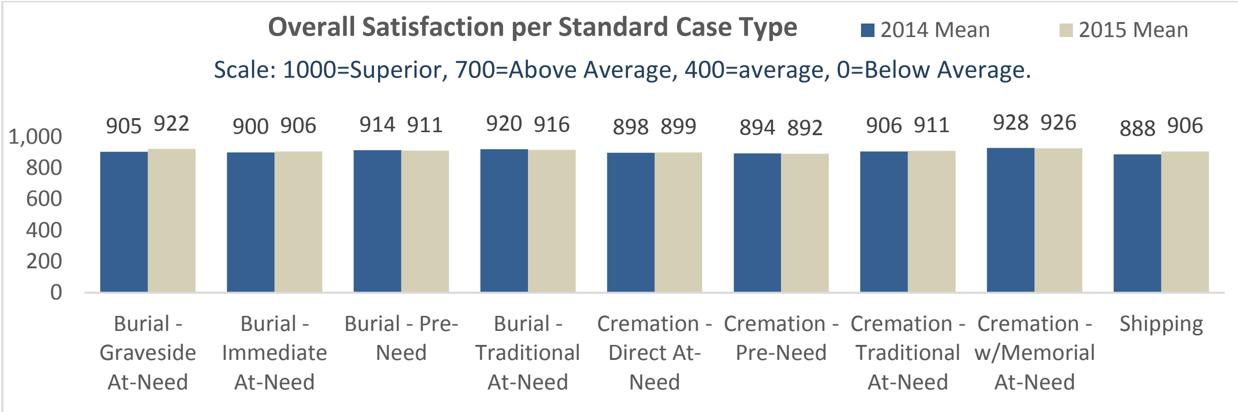
2014-15 $	-$11	-$15	+$18	-$3	-$7	-$8	-$15	+$34	+$13	+$70
Change: %	-0.3%	-0.7%	+1.4%	-1.0%	-3.2%	-3.8%	-1.6%	+6.0%	+4.1%	+5.5%

Overall Satisfaction

- Overall, families are very satisfied with their funeral experience but also see room for improvement. In 2015 satisfaction was highest among families choosing:

  1. At-need cremation with memorial
  2. At-need graveside burial
  3. Traditional burial

- Despite the rise in families opting for cremation, pre-need cremations were rated lowest in satisfaction and at-need direct cremations were next lowest. This illustrates the importance for funeral directors to understand each family's reasons for choosing cremation and meet those needs to increase satisfaction.



- Funeral homes serving primarily Whites and Hispanics earned the highest overall satisfaction scores, and those serving primarily Asians were rated lowest, indicating this is an underserved ethnic group.

- Among funeral home types, standalone funeral homes earn the highest average overall satisfaction for both years, and combination funeral home and cemeteries the lowest.

Likelihood to Recommend

- While most respondents are very likely to recommend the funeral home, they are less likely to do so in 2015 compared to 2014, mostly due to lack of, or miscommunication regarding costs, unwanted sales attempts, and performance issues.

- Likelihood to recommend was down from its 2014 averages for every case type and across all market segments. Because of the widespread decline and reasons consumers cited for their rating, funeral homes may be trying to make up for the decreased revenues with increased costs without notice, unappreciated sales attempts, and/or lower quality service levels provided.

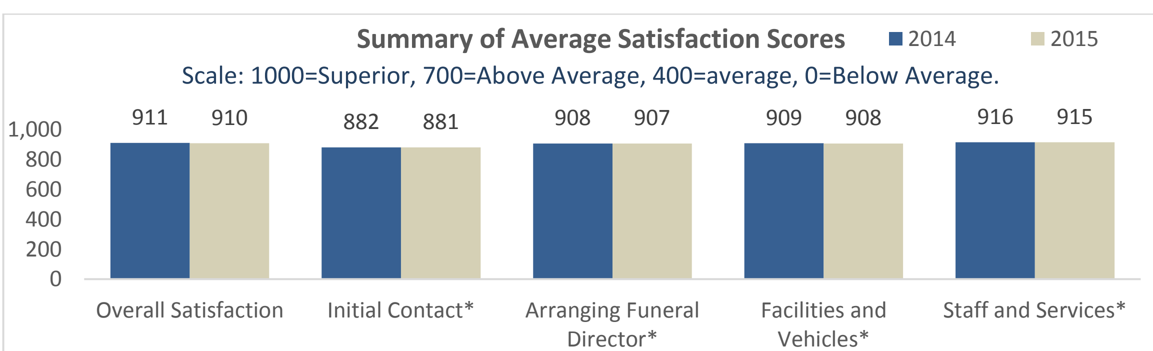
Satisfaction with Specific Aspects of Funeral Experience

The survey included several specific questions about respondents' initial contact with the funeral home, the arranging funeral director, facilities and vehicles, and staff and services.

<u>Overall</u>

The following chart summarizes the various areas of the funeral experience ratings.

- Overall, funeral homes earned high ratings in all areas, with consistent satisfaction levels from 2014 to 2015. Staff and Services earned the highest satisfaction ratings, and Initial Contact the lowest.



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

Initial Contact

- Consumers were most satisfied with the genuine care and concern expressed but least satisfied with their initial phone conversations and welcome received. Some commented their first contact with the funeral home was an important reason they chose the firm, so this is a critical area to improve.

Funeral Director

- For both 2014 and 2015, consumers rated their funeral director highly across all attributes measured, but they earned the highest ratings on effectiveness in listening and answering questions and being attentive to your needs.

Facilities and Vehicles

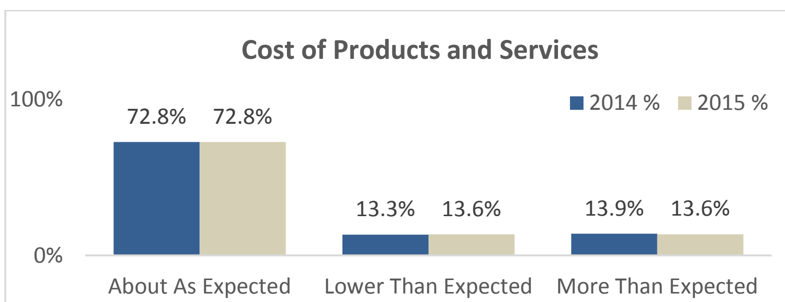
- Satisfaction with vehicles appearance, cleanliness and condition was rated highest, and the convenience and comfort of the facilities received the lowest scores, primarily due to outdated or poorly maintained appearance, or musty smell of the funeral home.

Staff and Services

- Families were most satisfied with the funeral home staff's friendly and accommodating manner followed by the actual service or ceremony.

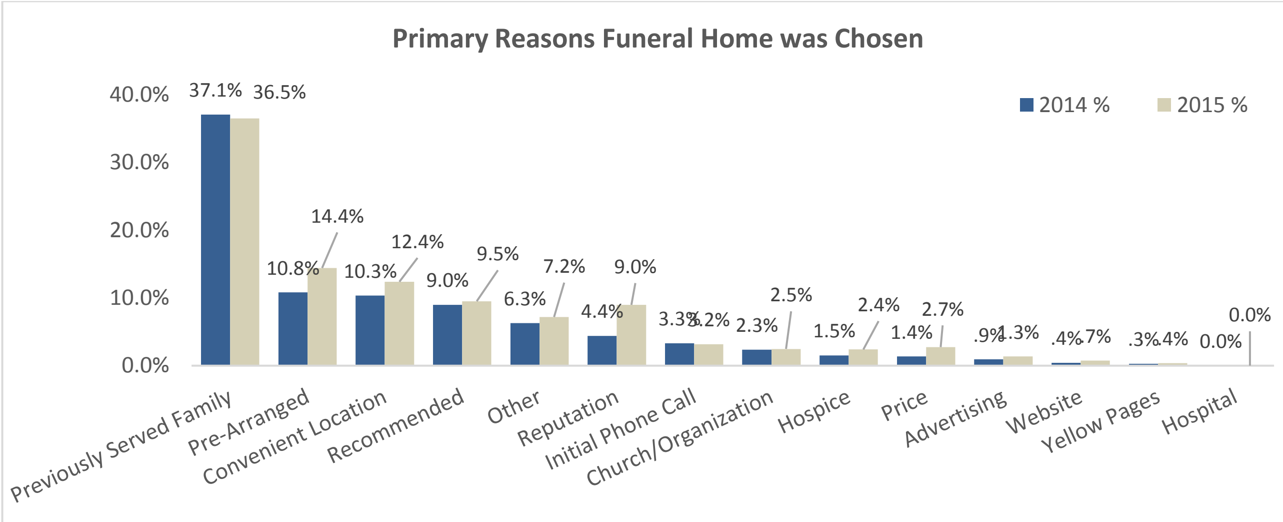
Cost of Services and Products

- Most respondents say the cost is what they expect, and most cost expectations are unchanged from 2014. Of note are direct cremation firms are trending to lower than expected costs and firms in the North Central region are trending to higher cost perceptions.



Reasons Funeral Home was Chosen

- Survey respondents most commonly chose a funeral home because it previously served their family, although other reasons are starting to trend up, especially pre-arrangement and convenient location.



Relationship between Sales and Client Satisfaction

Correlation analysis was performed to determine whether relationships existed between the overall satisfaction measures in our survey and total sales for the year.

- Overall, firms with higher satisfaction had higher sales, and vice versa. So, as family satisfaction increased, sales also increased. The relationship between sales and satisfaction is moderately strong; however, more research is needed to understand what funeral aspects most impact sales.

Conclusions

- We know statistically that higher satisfaction translates into higher sales, so improving satisfaction is a win-win for families and your firm.

- While cremations are rising, it is unclear if families are aware of all their cremation service options. Cremations with memorials and traditional cremations have higher satisfaction (and sales) than direct cremations, yet direct cremations are the most common cremation disposition chosen – and are trending up.

- It is important to be transparent with costs using clear and consistent language in communications – oral, written, and advertising, so families understand what they are receiving for the cost and your firm builds upon its positive reputation.

- When a consumer makes their initial contact with the funeral home, that is the only chance you will have to make a positive first impression – make sure it is indeed positive.

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