

# Business

By Patti Martin Bartsche

# What's Ahead in 2020?

**A**s the new year dawns, few industries are more dynamic and challenging than the death-care landscape. All around we see experimentation and change in a time when the future of funeral service is evolving.

As we begin 2020, we asked some of death care's top experts and innovators to share their predictions for the year ahead. They share their visions of the future of cremation, education, memorialization, technology and more.



**Chris Trainor**  
President, Batesville

2020 will be another year of change – inside Batesville and across the industry. Whether you are on the supply side or in the funeral home, crematory or cemetery, there are things you can do differently to serve your customers better and drive greater success for your business. Change is difficult, but to paraphrase Jim Rohn, a respected entrepreneur and motivator, things don't get better by chance. They get better by change.

With a 125-plus year history, we find ourselves tethered to tradition as much as anyone. But we also know we have a responsibility to drive innovation and change to enhance the value of funeral service and aid families in honoring and memorializing their loved ones.

As I look at the year ahead, there are tremendous opportunities to drive improvements in our business and help funeral professionals provide better experiences for families. Here are some of the things that really matter in 2020.

## 1. Simplification

I went on record last year as saying our business was too complex. We took that to heart and launched a companywide effort to get “back to basics” by removing the complexities that add time, costs or frustration – or negatively impact quality or service. This applies across the board to processes, tools and products. The redesign of our contract process is a great example. Using a lens of simplification, we were able to improve turnaround times and add new options that appeal to those looking for a simpler, more transactional business agreement. We re-engineered our online ordering system to be faster and more responsive and have dramatically improved the availability of our customer service team to take orders and provide support. Whether placing orders online or over the phone, the experience is better.

As consumer preferences change, it's important that we have the right products to serve the next generation. In the past, the tendency has been to simply add new models, or even worse, to present old products to new families. However, as burials decline, we need a more disciplined approach that includes reinvention (of products and ideas) as well as letting go. And while that has been hard for manufacturers and funeral directors, it is key to our future success.

We are all in this business to help families honor their loved ones. But does a cardboard box with no interior, no pillow and no dignity really accomplish that? Research consistently tells us that families want more, and yet nearly a million cardboard boxes are sold every year. Personally, I think that is something we should challenge ourselves to change in the coming year.

## 2. A Better Digital Experience

Technology was a common theme among those who contributed in 2019, including me. We expected to see a broader deployment of technology throughout all phases of the planning process, in arrangements and services, payments, and aftercare – and the progress was notable. Digital solutions are becoming more mainstream.

Overall, the industry has done a good job of using technology to automate and enhance processes, but there is an increasing number of funeral professionals and families whose stated preference is to do business digitally. To meet them on their terms, we need to develop the systems and capabilities that will give them the kind of experience that is already common in other industries. That is a heavy lift but something we are committed to because we believe it is vital to the future.

## 3. Investments in Funeral Service

There is a misperception that there are no investments being made in our industry – especially on the burial side. Nothing could be further from the truth. From a manufacturer's perspective, the most important thing we can do is produce and deliver high-quality products to our customers. That cannot happen without significant strategic investments to stay on the cutting edge.

At Batesville, we reinvest a portion of revenues each year in new systems and equipment that drive quality, safety and performance. Over the last year this has included new manufacturing equipment, paint and finish systems, additional warehouses in the field, a new delivery fleet, improvements in our technology infrastructure, as well as investments in our people and our products.

As the pace of change escalates, we must continue to invest to serve our customers and create the future we all desire.

## 4. Embracing Change in 2020

If I could suggest only one thing for 2020, it would be this: find the courage to embrace change. Listen to your customers; learn from your partners; gather the data to assess the risks and opportunities; and take a leap of faith. It may be uncomfortable at first, but things do not get better by chance. They get better by change.



**Wes Johnson**  
President and CEO,  
Continental Computers

As a funeral director and a vendor, I have a unique perspective of the death-care industry. Add to this my attendance at trade shows for nearly three decades and this allows me to observe and participate in obstacles facing the industry. I get the opportunity to hear concerns from funeral homes and vendors.

Anyone in the industry will quickly point out rising cremation rates, preneed sales and aftercare programs are big topics of discussion. With these issues being of such importance I want to “chime in” and comment on these issues for the upcoming year, and beyond.

The push toward an increase of preneed sales is a good thing. This can provide the opportunity to sell traditional funeral products and services – thus reducing the cremation rate. However, I believe no one will produce enough preneed sales to offset their rise in cremations. The generations becoming responsible for the care of their deceased family members are different than the generations before. Many will pose the question: Why pay for an expense today, when it is easier to use a credit card at the time of need?

No longer is the term “disposition” as relevant as the word “disposal.” As distasteful as it sounds, cremations, like paper plates, allow for a quick, inexpensive solution of disposal. The current cultural acceptance and trends have moved away from traditional religious practices. One must realize the selection of cremation as a means of disposal is not always a financial decision. Often the cremated remains are never picked up and sit on shelves in funeral homes for years.

The daily reading of the obituary column where statements like “private services will be held at a later date” suggest a cremation service. I agree the intention of aftercare is good and provides preneed sales leads. However, if the participants can’t find the need for any type of service, one must question the usefulness of aftercare. Here again we see the cultural changes reducing the need for aftercare.

Talk among the industry typically includes comments about “how slow the death-care industry is to change.” Slow or not, the change is happening. Buggy whips became cruise control and the Pony Express became email. The challenge of the death-care provider is to recognize the changing trends and adapt to the change. Businesses not accepting and adopting change will experience failure.

The intent of this writing is not meant to be a negative assessment of the industry. It is meant to simply share my thoughts based on my per-

sonal conversations and experiences in the industry. If after reading this one feels uncomfortable, then I feel I have provided some good insight into the future of the industry. I would hope death-care professionals can take my thoughts and use them to evaluate their own internal operations, recognize where change is needed and implement plans to help secure their future.

In conclusion, where do I see the industry next year? Cultural trends will continue to mandate change in the death-care industry. Professionals not changing in a sufficient manner to meet the demands of the client will suffer the consequences. I do not expect to see significant changes as history indicates transitions in the industry just do not happen quickly. Just as families have a choice, so do death-care professionals: accept and adapt to change or not, both have consequences. I hope the industry is successful with navigating the changing society in which we live. My success depends on it as well.



## Terry Whitlock

Senior VP-Licensee Products & Services, Wilbert Funeral Services Inc.

additional volume from their competitors. The key component to earning higher margins is educating the consumer.

Today’s consumer has instant access to information at their fingertips and is accustomed to using the internet to comparison shop or learn more about a product. Given this fact, doesn’t it make sense that consumers would be eager to receive information on funeral products they know very little about? It is critical that funeral providers and suppliers utilize websites, social media and other online platforms to distribute information that consumers so desperately need and want.

One example is the burial vault, one of the least understood products offered to consumers. In a 2013 independent research study conducted by Product Acceptance & Research,

78% of burial families did not know the difference between a burial vault and a grave box. However, after viewing a two-minute video explaining the basic construction, protective properties and personalization options of a burial vault, only 17% said they would choose a grave box – and yet industry averages are closer to 50%. The need for information, and the positive result of comprehensive education, couldn’t be clearer.

It is the funeral industry’s responsibility to provide consumers with information to make informed decisions about the products and services they are buying. Be consistent in the information you provide and do not filter it based upon what you perceive the consumer can afford or desires to buy. Explain the product choices, and you just might be surprised what your customer selects.

We are beyond the point of thinking that cremation will somehow slow down or in-ground burial will magically reverse its downward trend. A byproduct of cremation growth will be further consolidation of funeral providers and funeral suppliers. The funeral providers and suppliers who are successful at earning a higher margin on their traditional business will survive and be in position to acquire

## Steve Shaffer

Chairman, President & CEO, Homesteaders Life Company

Our profession is focused on people, and we are only as good as the people on our team. Finding good people to work in our profession will continue to be the biggest challenge in the coming year.

As younger workers enter the field with different expectations for compensation, work-life balance and flexibility, it is likely that we are going to continue to have to think and act differently with our teams. Funeral homes that have the right culture and are able to demonstrate clearly the value they place on their staff will have a competitive edge in attracting the best of the best from the limited talent available.

In addition to staffing challenges, funeral professionals are likely to face continued pressure to offer new and different services that align with shifting consumer preferences, especially in the digital space. Baby boomers are more digitally connected than ever before, and they're starting to make up an increasingly significant portion of the decision makers for the families we serve. Finding ways to meet their personalization needs online will become a key differentiator for successful, consumer-centric funeral operators.

With the increase in consumers' focus in the digital space, it is likely that we will see more digitally-oriented players come into the market – consistent with what we have seen over the last several years. It is very important that operators look carefully at the business models of their partners to make sure they are aligned with their priorities and interests. Having trusted partners, who are looking out for your interest as much as they look out for their own, will be critically important for the profession. Given the challenges faced by the profession and the pace of change, we believe and hope that more organizations – like Homesteaders and other major players in the profession – will band together with funeral partners to find real, practical solutions in the digital space.

Expanding market share through digital services will become even more important for providers in the coming year, especially in light of early predictions of another economic recession. A recession is likely to have some impact on the target market for preneed, as low interest rates can be difficult for seniors living off fixed incomes or savings. While consumers are still likely to see the value



in fully-funded, advance funeral plans, providers may find that families are more interested in funding their funerals with a payment plan, allowing more time for them to fully fund their service.

In the event of a recession, funeral professionals may see lower consumer spending overall as confidence in the market declines. The good news is that, as the boomers age, the volume of consumers who need the services of a funeral professional will significantly increase, which may help offset the effects of another recession. Right now, the consumer side of the economy seems pretty strong, which is good for our profession as it indicates we may see less pressure when the economy goes through its next down cycle.



## Daniel M. Isard

Managing Partner, The Foresight Companies

Funeral service has two hurdles to overcome that will dictate its future and the fulfillment of the famous William Gladstone quote.

*Show me the manner in which a nation or a community cares for its dead and I will measure with mathematical exactness the tender sympathies of its people, their respect for the laws of the land and their loyalty to high ideals.*

First, funeral service must spell out what its mission is and how to charge the community to provide that mission. I remember touring Bali a few years ago. During one tour, my driver stops and says this will take a while. A number of people were parading through the streets with a body being carried upon an ornate multi-level carriage. He informed me this was a funeral procession. I



asked him if we could stop by a local funeral home sometime. He didn't know what this was. I said, "Who cares for the dead when the need exists?" He replied, "We all do. It is an honor." My first reaction was this is a developing country. However, when I think about our needs in the U.S., I wondered if Bali was ahead of us or behind us in the eyes of Gladstone?

Over the 40 years of my involvement in this profession, we have seen the number of cremations rise. Funeral directors never understood that the desire of cremating a body is not a rejection of their donation to our community. Rather, this is a choice. Just as Ruth Ann Udstad Fertil (the businesswoman that popular-

ized Ruth's Chris Steak House) figured out her market for beef eaters and didn't treat the fish eaters as lesser consumers, we need to respect the needs of all. The service that this profession offers applies to all. Whether all use all of your services is a secondary issue. How you charge for your services is contingent upon your overhead, not the competitor's mindset.

Funeral service must figure this out or be doomed to offer the extremes: a high-end experience at only some funeral homes and a value-focused utilitarian approach at others.

The second thing funeral service must do is be proactive in being able to modify the needs for licensure and

supervision to the market of possible employees. The 23 states that require you to be licensed as an embalmer in order to be able to make arrangements (either at need or preneed) is anachronistic. Just as the cremation rate has increased, the embalming rate has declined, almost one to one.

We must look at state laws to make sure that funeral homes that want to have their own crematory can have that. Now, all are required to have preparation facilities, but in some states they cannot have a crematory. Again, this is anachronistic.

Therefore, we must redevelop this profession, not to embrace the modeling of the past but rebuild it for the future.

## Luke Frieberg

President, eFuneral

Right now, baby boomers are spending one quarter of their waking hours online. Ninety-two percent of them are shopping online for goods and services. And last month, more than a million consumers asked Google for information about planning a funeral. Client families are spending their time online, and they're hungry for meaningful connections with funeral providers in that space.

We know that baby boomers are going to almost double the size of our potential market in the next five years, and we know that they are going to continue to demand access and engagement in the digital space. The goal for funeral professionals should be to learn and evolve to meet the shifting demand.

With that comes an increased focus on meeting customers where they are most comfortable, not necessarily where funeral professionals have historically been comfortable. It means offering new and different

ways to interact with the funeral home, and it means providing a level of transparency about price and process that can set consumers at ease throughout an otherwise unfamiliar experience.

In the last few years, I've worked with funeral homes all over the country to help them leverage their digital presence to capture and close online funeral sales. I believe very strongly that offering families a way to plan – and pay – for their funerals online is the next frontier of customer service, shifting our operations to meet families' needs on their terms, not ours.

I've found that, while many consumers prefer to start the funeral planning process online, they still crave personalized, face-to-face care from their funeral provider when the time comes to bury a loved one. The challenge for funeral professionals, then, is to balance efficiency and access with the thoughtful, personal care they're known for providing.



In 2020, you're going to see the most successful funeral homes finding that balance – investing more in digital solutions that can help them reach more families and streamline their business processes. Savvy providers will become even more adept at leveraging smart technology to maximize efficiency so they can spend more time doing what they do best – serving grieving families.



## Nick Padlo

VP – Funeral Home and Cemetery Lending, Live Oak Bank

As we look ahead to the funeral service profession in 2020, there are several enduring themes and emerging trends worth noting. Most people know that funeral service is rapidly changing, especially when it comes to issues like ownership transitions through succession, rising cremation rates and educating consumers that funerals can be a “celebration of life” instead of simply an event that focuses just on mourning a loved one.

With that being said, one of the main things we see on the horizon is the rise of funeral homes expanding their operations by adding an event center. An event center can be a great addition to a funeral home’s

product mix. It allows the business to capture revenue that may otherwise be lost if a family chooses to host a memorial service outside of the funeral home, if an event space is not offered.

There’s been an ongoing conversation in the profession about the increased popularity of cremation, and the numbers suggest that cremation rates will only continue to increase over the next few decades. The NFDA’s 2019 Cremation and Burial Report described a projected cremation rate of 78.7% and burial rate of 15.7% in the year 2040. That’s only 20 years away, folks.

For context, some of the main drivers of a higher cremation rate include a perceived lower cost, perceived environmental impacts, an increasingly transient population, growing acceptance among various religions and changing consumer preferences. Cremation is performed at a much lower cost than a casketed burial, and the 2019 NFDA report shows that only 10.4% of industry revenue is related to cremation while 29.8% of industry revenue is attributed to funeral service planning. With these numbers in mind, having an event

center allows a funeral home (especially a high cremation rate funeral home) to retain revenue that would have been lost by a family looking for a direct cremation.

Creating an onsite event center allows the funeral home to provide a “celebration of life” for the family. Additionally, this celebration of life gives attendees the opportunity to witness the funeral home’s event planning capabilities, which could lead to future business from the attending families. An event center doesn’t have to just be limited to funeral-oriented events. We have seen many funeral home event centers evolve into multi-use event centers, including wedding receptions, business event meetings, birthday parties etc. By expanding your product mix, you will potentially see a bump in revenue from having the additional event space.

With national and global cremation rates climbing (and showing no sign of slowing down), it’s wise to consider additional sources for revenue. As you strategize for 2020 and beyond, assess your business goals and consider diversifying your services and products.

## Barbara Kemmis

Executive Director, Cremation Association of North America

In 2019, the Cremation Association of North America and Homesteaders Life Company set out to discover what consumers really think about cremation by conducting qualitative, focus group research. Our goals were to engage participants in explaining cremation as they understood it, have them articulate their motivations for choosing it, and enable them to reflect on their choices.

What did we hear? Some hard truths, which CANA will share with members through articles in The

Cremationist and programming throughout 2020.

One theme that recurred over and over again is that the participants chose cremation to honor a life lived, rather than to focus on the body. The values the deceased person demonstrated throughout life were reflected in the memorial service or family gathering, but that occasion was almost never facilitated by a funeral director. It was essential to these consumers that the memories of their husband,



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child, or parent lived on through other friends and family members – but the funeral director’s primary function in all of that was simply to dispose of the body. This insight is a prime example of the growing disconnect between consumers and funeral service providers.

The CANA/Homesteaders research has raised some fundamental questions of identity. Are cremation providers merely body disposers, in the way the focus group participants perceived them? Some CANA members have built successful businesses on

the direct cremation model, but most have a hybrid business serving their communities at some variable point along the continuum of burial and cremation. We must grapple with these consumer perceptions and use the research insights to gain a better understanding of where cremation is heading in 2020 and beyond. Our business survival and our ability to best serve our communities depend on it.

Ignoring cremation did not slow consumer demand or prevent cremation from becoming the preferred form of disposition. Now

that you have embraced cremation services in your community, how are you demonstrating that expertise? A continued focus on body-centric products and services (embalming, caskets, etc.) does not appeal to baby boomer cremation consumers. Does your selection room align with your expertise in cremation? What about your marketing materials?

Stay tuned for more insights from this CANA/Homesteaders Cremation Motivations research in 2020. •

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