

MEMENTO MORI

THE OFFICIAL PUBLICATION OF THE ICCFA

JULY 2022

Should You Be the Amazon of Deathcare?

Building a Robust E-Commerce Portal



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Should You Be the Amazon of Deathcare?

E-commerce Is What Families Are Expecting

by Gabriel Ngo

SERVE FUTURE CUSTOMERS. Is that not what all businesses set out to do? Substitute “customers” with “families” and replace “stores” with “funeral homes” and the quote below from the CEO of Walmart could have easily come from Tom Ryan (SCI), Mel Payne (Carriage), Brad Green (Park Lawn), or any other CEO for companies in the funeral, cemetery, and cremation profession.

Or replace “customers” with “patients” and “stores” with “hospitals” and this quote can easily apply to hospitals/healthcare as well (and make no mistake about it folks, hospitals are businesses, with the majority of them being for profit).

However, the part of the quote that I would like to focus on is “e-commerce” (before tying it all back to the rest of the quote and what it all means to you).

So, what is e-commerce? The simple definition for the term’s meaning is that “e-commerce” is “commercial transactions conducted electronically on the internet.” E-commerce has been the sole vehicle that has allowed Amazon (\$469.8 billion in 2021) and eBay (\$10.4 billion in 2021) to become behemoth retailers.

Keep in mind that as a whole, the deathcare services industry (as Wall Street likes to call it) is roughly north of \$20.5 billion in total combined revenues—this is collectively all revenues from consolidators and independents.

What this means is that you have two companies utilizing e-commerce strictly as their means for sales, comparing very favorably to an entire deathcare services industry—Amazon’s annual revenue is about 23 times that of the entire deathcare industry while eBay records revenue that is roughly half the entire deathcare industry.

But we are not here to discuss Amazon or eBay, nor are we here to talk about the industry as a whole. This is about e-commerce, and how in the worst case scenario over the next few years, your funeral, cemetery, and/or cremation business will continue to decline or diminish if you have not or do not start thinking about e-commerce.

E-commerce can absolutely help your business grow and “strengthen what [you’re] doing in [funeral/cemetery/cremation businesses]” as the quote suggests.

Accelerated by the pandemic and lockdowns, consumers have learned new ways of doing and experiencing things, and this definitely has had an impact on their expectations of convenience—something that the internet readily affords them.

“Our goal is to be able to serve our future customers. To do that, we need to build a strong and capable e-commerce business; but also to strengthen what we’re doing in stores.”

—Doug McMillon, CEO of Walmart

And if funeral, crematory, and cemetery businesses cannot adapt to the consumers' evolving needs and wants for convenience online, there is a very high risk of extinction.

Get with the Program

Depending on which study or survey, the generally accepted but still staggering statistic is that somewhere between 90% to 94% of all purchases these days begin with an online search.

Many of you already have an e-commerce component to your websites in the form of flower and sympathy gift sales. My educated guess is that if you review your flower and sympathy gift sales revenue, this number has grown steadily since 2012 (if you've had this capability since then).

Aside from the natural evolution of technology proliferating into practically all aspects of our lives, the increase in flower and sympathy gift sales makes sense because it is easy and convenient for the consumer—a funeral attendee looking up obituary information can purchase flowers in tribute from the same website.

Think about your experience ordering from Amazon and the reason why it has become so successful; a behemoth of an online retailer has something integral to do with the convenience and ease of use for its customers.

Truth in Numbers

Here are some statistics from the U.S. Department of Commerce that will further drive the point home regarding the convenience of e-commerce:

- Consumers spent \$870.78 billion online in 2021, up 14.2% (or \$108.1 billion) from 2020's online sales of \$762.68 billion.
- Online sales skyrocketed in 2020 with a record-breaking 31.8% increase (or \$184.02 billion) from 2019 online sales of \$578.66 billion.
- Through 2019, online sales had been growing an average of 14.2% year-over-year for the past five years.

While it would appear that 2021's online sales growth percentage from 2020 of 14.2% has returned to the same average growth rate as it was prior to 2020 for those past five years, the flip side of this significance is that 2021 online sales have increased 50.5% (or \$292.33 billion) since 2019.

I am not here to advocate that your funeral home, crematory, or cemetery business needs to model itself after Amazon, eBay, or even Walmart Online. From the Foresight Companies 2021 Funeral and Cemetery Consumer Behavioral Study (FCCBS), I am merely pointing out that 74% of consumers are expecting greater transparency with respect to pricing online of funeral, crematory, and cemetery services and merchandise, and 65% are expecting to be able to fully view these services and merchandise offerings online.

It's All About Convenience

Nearly half, at 47%, of consumers will only do business with companies that provide greater convenience. The 2021 FCCBS has a 95% confidence level with a +/-2% margin of error due to there being 4,147 respondents in the study. When combined with the aforementioned e-commerce statistics, this points directly toward the consumer expectation that your full offerings for services and merchandise be made available for purchase online as well.



The harsh reality is that the consumer believes that funeral and cemetery professionals are not listening to them and therefore not meeting their needs ... And again, the key points that drove this statistic were the lack of technology adoption and the lack of transparency.

Insiders within the automotive industry initially feared and thought that pricing online and internet sales would be the death of the auto dealership. And just as my opening quote suggests, the internet did not eliminate car dealerships (or stores). This is just the next evolutionary step in deathcare services that is being driven by the consumer as they did to the automotive industry prior:

- Greater transparency with online pricing? Check.
- Leveraging technology to learn about and understand features, options, and offerings? Check.
- Less pressure to select what it is that they want exactly on their own time? Check.
- The ability to conveniently purchase what they want from the comfort of their own home? Check.

The parallels are all there and on-point.

So, does all of this need to be implemented tomorrow? Of course not. You have some time (but not too much time depending on where your business is located). The harsh reality is that the consumer believes that funeral and cemetery professionals are not listening to them and therefore not meeting their needs—with 63% of FCCBS respondents reporting that their needs were met overall from the profession (down 3% from 2020).

And again, the key points that drove this statistic were the lack of technology adoption and the lack of transparency.

Don't Shy Away from Technology

Last year for *Memento Mori*, I wrote about how important it is to view your website as your virtual front door (June 2021). Those of you who have updated your websites reflecting the attractive, inviting, and well-maintained visage that your physical facility has are ahead of the curve.

Those of you who also blend informational texts and videos on your website to educate your website's visitors about who you are and what you do that is of value are even further along the curve.

And those of you who currently have online electronic forms for website visitors to complete should they be interested in learning more about pre-planning, pat yourselves on the back because you are leading the pack when it comes to e-commerce.

What would you sell online besides flowers and sympathy gifts? The answer is anything you want, really. However, the best place to possibly start is pre-need. Three-quarters (roughly 75%) of consumers are more open and apt to pre-plan than ever before. And because pre-need does not immediately have a cash flow impact as at-need cases do, your foray into expanding your e-commerce into pre-need sales might be the perfect proof of concept into its viability.

Of course, you would need for your website to be completely up-to-date—visually, substantively, and functionally—being able to educate and inform transparently, be secure with the online information that is being exchanged, as well as be capable of taking online payments securely.

If transacting pre-need sales via e-commerce might

be too big a step for you, I would encourage you to at least attempt employing online electronic forms that website visitors can complete so that a pre-need sales counselor can contact them when they are interested in learning more about pre-planning.

Consumers waving the flags of technology, transparency, and convenience are coming for our profession, just as they've already done for other industries and professions. And while you may still have a little bit of time, their footsteps are close enough for you and all of us to hear.

As frightening as it may be to think about, the prospect of not thinking about this is much more frightening a scenario, in my opinion.

So, ask yourself: If not now, then when? And if not you, then who?

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