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Impact Factor: 4.428

## The Changing Landscape of Funeral Service: Macroenvironmental Factors and Marketing Strategies

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### Abstract:

*Deathcare in the United States is an important industry that is affected by several macroenvironmental factors which present funeral service providers with opportunities and threats. While total market demand of annual deaths is trending up, consumers are increasingly substituting cremation in place of burial as a means of final disposition. Socially, higher migration is contributing to a shift in the cultural norm toward cremation. Economically, overall funeral costs and inflation encourage consumers to preplan while environmental concerns influence consumer interest in alternatives to traditional burial and cremation. At a federal level, the FTC's Funeral Rule regulates all providers of both funeral services and products. The Funeral Rule encourages non-funeral home competition but does not address the impact of the internet and related technology in providing information and pricing to consumers. As a result of these factors, funeral service providers are implementing marketing strategies to capitalize on opportunities and mitigate threats in meeting the wants and needs of the consumer.*

**Keywords:** deathcare, funeral, macroenvironmental, service, strategy

### INTRODUCTION

Deathcare is an important industry that affects every person at some point in purchasing and/or consuming funeral goods and services (Kopp & Kemp, 2007). Demand trends and several macroenvironmental factors present funeral service providers with opportunities and threats. Factors examined in this article include social, economic, environmental, political and legal, competition, and technology that affect the deathcare industry. As a result of these factors, funeral service providers are implementing marketing strategies to capitalize on opportunities and mitigate threats in meeting the wants and needs of the consumer.

### TARGET MARKET AND DEMAND

The target market in deathcare has been traditionally serving the family of the deceased in making and fulfilling funeral arrangements, primarily consisting of body removal, transfer and preparation, a casket, a viewing, and a funeral service with burial (National Funeral Directors Association, 2023b). While this target market continues to be a primary focus for traditional funeral service providers, macroenvironmental trends have affected this industry in several ways.

Deaths in the United States were approximately 3.1 million in 2023 (CDC WONDER, 2024) and are projected to increase through 2050 at a compounded annual growth rate of 1.2% to nearly 4 million (U.S. Census Bureau, 2023) as baby boomers continue to age. Although this trend for annual deaths has been increasing for overall demand in deathcare, consumers have been adopting and substituting cremation in place of burial as a means of final disposition as indicated in Figure 1 (Appendix). The U.S. cremation rate is estimated at 60.6% in 2023 and projected to reach 75% by 2038 and 80% in 2043 if the cremation rate follows Canada's trend with a 15-year lag (Cremation Association of North America, 2024a). This consumer shift

negatively affects the demand for burial products and services which has historically generated higher revenue and profitability for traditional funeral service providers.

## MACROENVIRONMENTAL FACTORS

### Social

A major social factor affecting the demand for cremation is an increasing transient population with greater geographical mobility, loosening their roots, and experiencing new traditions (Cremation Association of North America, 2024a). With cremation representing the majority of final dispositions, cremation has become a norm for several subcultures in the United States, replacing burial as the customary disposition method. Another social factor that has become a norm is personalization of funeral products and services. Funeral service entails a “high level of symbolism and personalization” (Korai & Souiden, 2017), and baby boomers have been increasingly involved in making final arrangements for parents and spouses.

### Economic

Economic factors affecting the deathcare industry include the total cost of funerals as well as inflation. Funerals can be expensive (Bern-Klug, Ekerdt & Wilkinson, 1999) and “the vast majority of households are faced with ‘sticker shock’ when the final tally arrives from the funeral director’s office” (Banks, 1998, p. 270). The median cost in 2023 of an adult funeral with a viewing and burial was \$8,300 and the median cost of an adult funeral with a viewing and cremation was \$6,280 (National Funeral Directors Association, 2023b). Within the funeral purchase, the average cost of a metal casket was \$2,500 in 2023 (National Funeral Directors Association, 2023b) and “often is the single most expensive item you’ll buy if you plan a ‘traditional’ full-service funeral” (Federal Trade Commission, 2012a, Caskets section). In addition, the median price of burials increased 5.8% from 2021 to 2023 and cremations increased 11.3% during the same period (National Funeral Directors Association, 2023b).

To mitigate financial concerns, consumers often share their wishes with family and friends or preplan with a funeral service provider prior to need. These arrangements may consist of prepaying for funeral arrangements prior to the time of need to remove a financial burden and associated stress from the survivors (Funeral and Memorial Information Council, 2015). A preneed funeral plan consists of a contractual agreement between a business and a consumer regarding some or all of the funeral arrangements and paid for prior to one’s death (General Accounting Office, 2003). A preneed contract includes “an insurance plan or a trust purchased before death specifically to pay toward the cost of final arrangements” (Bern-Klug, DeViney & Ekerdt, 2000, p. 27).

### Environmental

Environmental factors have influenced consumer interest as research and development (R&D) alternatives to traditional burial and cremation have been explored, developed, and promoted. Consumer interest in green burials (Vatomsky, 2018) and green funeral options has increased due to “potential environmental benefits [and] cost savings” (National Funeral Directors Association, 2023a). For cremation, alkaline hydrolysis has been introduced as an alternative method and, in 2010, the Cremation Association of North America (2024b) added the process of alkaline hydrolysis as part of its definition of cremation.

### Political and Legal

The FTC’s Funeral Rule, implemented in 1984 and revised in 1994, is the primary political and legal factor at the federal level that regulates all U.S. providers of both funeral services and products to protect consumers in the purchase transaction of this unique and unsought product category (Kopp & Kemp, 2007). The Funeral Rule requires funeral providers to offer goods and services on an itemized basis, to provide timely disclosure of product and pricing details, and to comply with other legal requirements. Funeral providers may also offer packages in addition to itemized pricing (Federal Trade Commission, 2019).

### **Competition**

Non-funeral home businesses, including third-party sellers of funeral goods (e.g., caskets) or services (e.g., preneed contracts), are not regulated under the Funeral Rule or in most states unless they sell both funeral goods and services (Federal Trade Commission, 2019; General Accounting Office, 2011; Kopp & Kemp, 2007). Consistent with the FTC’s objective of removing barriers to price competition, it amended the Funeral Rule in 1994 to prevent funeral homes from charging handling fees to consumers for caskets purchased from third-party sellers (Federal Trade Commission 2012b; General Accounting Office, 2011). While the FTC encourages non-funeral home competition, “funeral homes and funeral directors remain the top source of information for both making arrangements (65 percent) and selecting merchandise (66 percent) for adults over the age of 40” (Funeral and Memorial Information Council, 2015).

### **Technology**

While the Funeral Rule has contributed to new competitive entrants it has not addressed the impact of the internet and related technology in providing information and pricing to consumers. Funeral homes are required to provide pricing information over the telephone if requested as well as provide a General Price List (GPL) and a casket price list if separate from the GPL prior to making funeral arrangements (Federal Trade Commission, 2012b). However, since the Funeral Rule was written and implemented prior to the internet, prices are not required to be available electronically. Potential issues from online sales of funeral products, such as caskets, include businesses not listing prices on their websites and providing only brief product descriptions which make comparison shopping difficult (AARP, 2023). Additionally, the majority (51%) of younger adults (age 20-39) compared to less than one-quarter (23%) of older adults (age 40+) obtain funeral-related information online through social networking (Funeral and Memorial Information Council, 2015).

## **FUNERAL SERVICE PROVIDERS AND MARKETING STRATEGIES**

There are approximately 15,500 funeral home establishments in the United States (U.S. Census Bureau, 2021) with revenue of approximately \$22 billion in 2023 as calculated in Table 1 (Appendix) and employment of 24,200 (U.S. Bureau of Labor Statistics, 2024). The National Funeral Directors Association estimates “89.2% of funeral homes in the United States are privately owned by families or individuals” (2023a). These private funeral service providers can range from one to a few funeral homes in a local market to multiple locations in several states such as Newcomer Funeral Service Group (n.d.). Non-private funeral service providers include publicly-traded companies such as Service Corporation International (2024) and Carriage Services (2024b).

### **Mergers, acquisitions, and/or expansion**

Service Corporation International (n.d.) began in 1962, growing and expanding from one funeral home located in Houston, Texas, to being the largest company in the deathcare industry (Service Corporation International, 2024). In addition to publicly-traded funeral service companies, privately-owned funeral service providers have also undertaken multi-state expansion. For example, Newcomer Funeral Service Group (n.d.) has grown its business by expanding its operations from Kansas to 10 states with more than 40 locations.

### **Individual and/or family branding**

Funeral homes that are acquired or merged with another funeral service provider often retain their individual funeral home name due to the brand equity associated with the established name in serving families in the local community. For instance, Carriage Services (2024a) maintains the legacy names of its locations. Service Corporation International also maintains the legacy names while adding Service Corporation International’s family branding of Dignity® Memorial (2024; Weiker, 2021). On the other hand, Newcomer Funeral Service

Group has established its new locations using a family branding strategy of New Comer Cremations & Funerals (2024) as well as Newcomer Cremations, Funerals, & Receptions (2024).

### **Expansion into new revenue streams**

Funeral service providers have also responded to the macroenvironmental trends by providing additional products and services to address new wants and needs of their local communities. With the increase in cremation, casket manufacturers, such as Batesville and Matthews International, have expanded their cremation product lines for funeral service providers to serve their families with personalization and memorialization offerings (Batesville Services, LLC, 2024), and to facilitate cremations with crematories (Matthews International Corporation, 2024). New entrants to the deathcare industry, such as Bio-Response Solutions (2024), offer equipment for alkaline hydrolysis. Technology has also presented funeral service providers with new opportunities for planning and memorializing a loved one through digital media (Nansen, Kohn, Arnold, van Ryn, & Gibbs, 2017; van Ryn et al., 2019).

### **Leverage technology**

While not required under the Funeral Rule, funeral service providers may leverage technology by including price ranges and/or pricing detail on their websites. For instance, New Comer Cremations & Funerals (2024) and Newcomer Cremations, Funerals, & Receptions (2024) provide pricing transparency on their websites that supports their value proposition along with researching and publishing comparative pricing of local competition.

Some funeral service providers serve as intermediaries between the companies that offer digital products and services for funerals and the families they serve (van Ryn et al., 2019). Leveraging digital marketing resources and social media can help families personalize and memorialize their loved ones in a space and manner they value. Examples “include online planning tools, services to enable remote funeral attendance, and digital memorialization products” (Nansen, Kohn, Arnold, van Ryn, & Gibbs, 2017, p. 87).

### **QUESTIONS FOR DISCUSSION**

1. Based on the macroenvironmental factors identified in this article, do you think the growth trend of cremation will continue on its current path toward reaching 80% of U.S. deaths in 2043? Explain why or why not.
2. The FTC is considering “whether and how funeral providers should be required to display or distribute their price information online or through electronic means” (Fair, 2023). Do you think the FTC should revise the Funeral Rule? Explain your position.
3. Consider the benefits of individual versus family branding for funeral service providers. What are the trade-offs?
4. Which marketing strategy that funeral service providers have implemented do you think is most effective? Explain.

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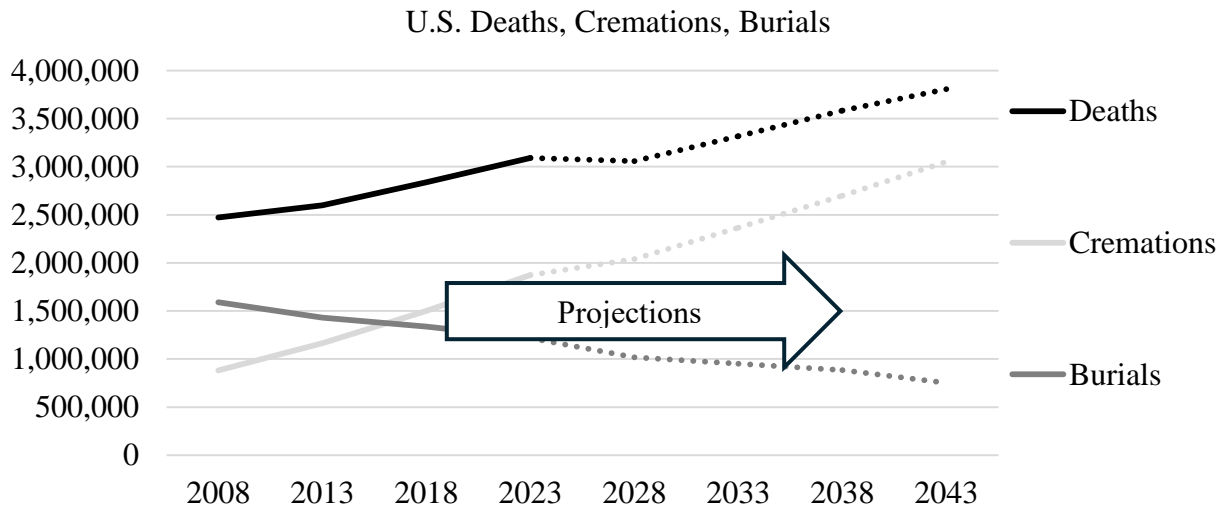
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**APPENDIX**

**Figure 1.**



Sources: CDC WONDER (2024); Cremation Association of North America (2024a); Miniño, Murphy, Xu & Kochanek (2011); Murphy, Xu, Kochanek, Arias & Tejada-Vera (2020); U.S. Census Bureau (2023); Xu, Murphy, Kochanek & Bastian (2016).

**Table 1.**

Year	2023	Median Cost (2023)	Total Revenue (2023)
Deaths	3,090,967	\$7,076	\$21,871,311,576
Cremation Rate	60.6%		
Cremations	1,873,126	\$6,280	\$11,763,231,293
Burials	1,217,841	\$8,300	\$10,108,080,283

Sources: CDC WONDER (2024); Cremation Association of North America (2024a); National Funeral Directors Association (2023b).