

*By Daniel M. Isard*

## Turn Price Shoppers Into Clients

If people think all funeral homes are the same, then price might be the deciding factor. Be ready to provide the rest of the information most price shoppers don't even know they need.

*Dear Dan,*

*Come on, man, be honest with us! You've said price shoppers are not a big segment of the market, yet every day or so I get a call asking, "How much is a cremation?" How is it that I am getting these calls and you keep saying, "It's no big deal?"*

*Signed, Be Honest*

Dear Be Honest,

You are sitting in the front row of the Shamu splash zone and I'm in the arena telling you that only 10 percent of the attendees are getting wet. Which of us is right? Allow me to address this analytically, historically and with an eye to the present and future.

In order to do your question justice, let us establish that there are three levels of price consumers:

1. Price sensitive. Price sensitive means someone is aware of price and uses it as one factor in making a decision. Many people choosing an airline flight might use price as a factor, along with time of travel and time of arrival or departure.

2. Price driven. Here, price is the only factor. They consider all other matters to be equal, so price is the determining factor in the decision. These are people who eat at Discount Sushi and then go to the All-night Infirmery. If you look at what's happening at large appliance stores now, people go onsite to shop and see the differences and then compare the price to the online seller.

3. Price insensitive. These folks are not focused on price. There's the story of a person choking at a restaurant. A doctor sitting nearby sees the trauma taking place, walks over and applies the Heimlich maneuver. When the diner catches his breath, he asks the doctor, "How can I repay you?" The doctor replies, smiling, "Just give me half of what you would have been willing to give anyone a minute ago!"

While there are some cheapskates in this world, in reality, most of us fall within each of these categories on different types of purchases. I might be willing to pay for fresh sushi, but I am willing to save some money when flying. If accused of murder, I want the best attorney representing me, even if it means mortgaging my home. We all have decisions we make, and price is one of them. Ask yourself this: "Why is someone willing to try to save money on a funeral?"

We did not see the same quantity of price shoppers when burial was the norm. People knew which funeral home they were going to use. Now, with more cremation and partial services, we see more price shoppers.

NFDA's 2016 Consumer Awareness and Preferences Survey showed that just three years ago, 87 percent of respondents stated they called just one funeral home. Last year, that was down to about 81 percent. Therefore, about 8 out of 10 people surveyed did not shop funeral homes for any reason. Of the 20 percent who did shop, about half shopped only one other firm. To me, that is not price shopping. It is inquiring. Price is one factor, but it's not the only factor. Only about 10 percent shopped more than one funeral home. We find the same results in the family follow-up surveys we send out for funeral homes throughout the country.

I have quoted one survey by MKJ Marketing that states, "Sixty-five percent of all consumers felt all funeral homes were the same." If funeral homes are the same in the eyes of the consumer, then price could be the only difference. Thus, it is incumbent upon the product or service provider to demonstrate why or how its product or service is better than alternative providers' offerings. Sadly, we do a terrible job of demonstrating how we are different from competitors.

NFDA's Consumer Awareness and Preferences Survey also tells us the factors on which consumers rely to make a decision as to which funeral home to choose. The first factor is previous service. If a funeral home served a consumer previously and the consumer was satisfied, he or she is not going around price shopping.

The second response given is "knew the funeral director." Most people who have a relationship with a funeral director are not going to shop. Those who already trust a director will go back to the professional who served them previously.

If you assume everyone knows you and that you're doing a great job – and be honest – then why are you getting the high number of price shoppers? Either they're coming from outside your market and therefore don't know what a great job you do or most people within your market don't know what a great job you do. And if you are not surveying the families you serve, then you don't know the answer.

However, we have a new disruptor in the marketplace, and that is cremation versus burial. I know cremation has been an option for more than 5,000 years, but now it is a sensible alternative in the eyes of many. In fact, by my estimate, about 210,000 families a year are choosing cremation for the first

*Of course people call your funeral home with price questions. The question is: How are you equipped to deal with them?*



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time! These 210,000 families are trying to get educated on cremation, and price is one of these education points.

Recently, I was in the market for a honking-big television set. I went to a big-box store where a kid in a well-worn and not well-washed logo T-shirt tried to explain to me the differences in these televisions. They all looked good. They were all big and they all had remotes. Of course, there were major price differences between the one that displayed Nemo so clearly I had to hold my breath and the one where I felt I had a snorkel mask on my face.

Before buying from this store, I whipped out my smartphone and went online to see what other big-box stores would charge for this TV. The difference was almost \$500, so the 15 minutes of bonding with this 18-year-old did not represent enough customer loyalty to buy from him. When it's the same product and there is no difference in service or merchandise, price can be a factor.

In 1990, my firm commissioned a survey for a client who wanted to build a chain of nationwide "value-oriented" funeral homes. In 1990, we learned that just 5 percent of people age 65 or older were price focused. At the same time, we found that 20 percent of consumers age 45 to 64 years old were price focused. Well, the 1990 45-year-old consumer is now 72 years old and still price focused.

We must be better prepared to demonstrate the differences between our firm and others in the market. Let me outline some ways that have proved effective.

• **Third-party testimonials** You get these all the time. You get thank-you notes. Call the author of the note that refers to how well their loved one looked and use that to explain embalming. Or someone may write to tell you how smart it was for their parent to prearrange. Simply call that person and ask if you can publish his or her note on your website or in a periodical. We have made these calls for clients and usually find that about 75 percent of those called give their approval. Show the author's name.

• **Prearrangement** Our studies have shown that 97 percent of all consumers who prearrange use the company that wrote the prearrangement. If a service is prearranged, there is no shopping at time of need. The money and wishes are memorialized.

• **Aftercare** The third greatest reason someone chooses a funeral home is he or she knows a member of the staff or the owner. This has been a long-standing way to market your business. By conducting outreach programs, you invite the public to interact with your staff, which creates a relationship, and this relationship stifles the price-shopping mentality.

Of course people are calling your funeral home with questions, and price is one of those questions. How are you equipped to deal with them? The first thing you *don't* do is allow just anyone who answers the phone to deal with price inquiries. Train your staff to handle price shoppers and allow only trained employees to field those calls. If you think training for your staff is expensive, you should compute how much money you are losing due to an untrained staff!

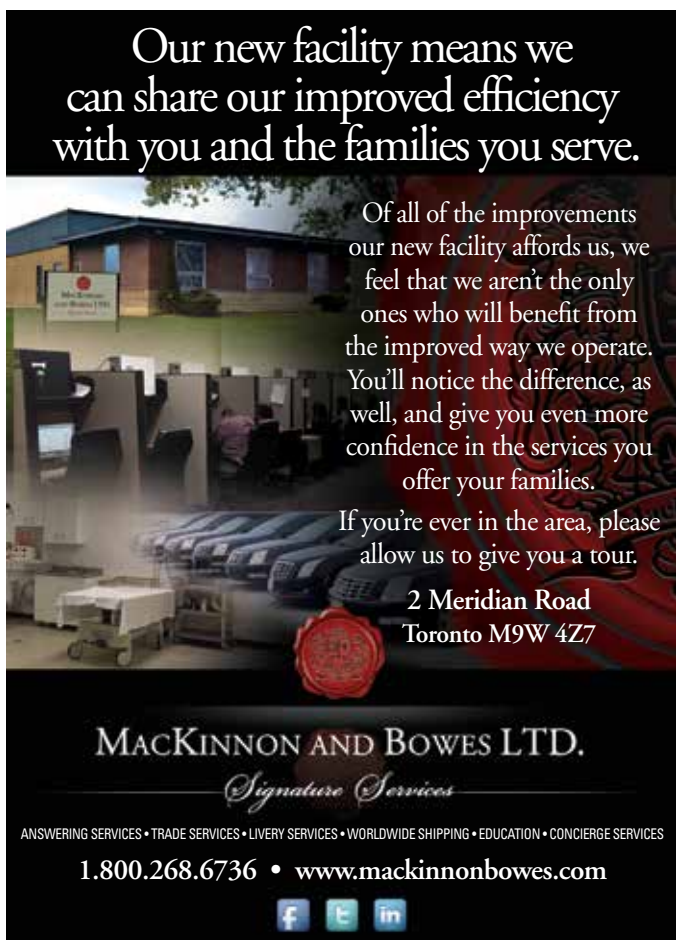
Yes, Be Honest, price shopping is more commonplace. So how will you deal with it? Will you hide as you've done for the past 30 years since the FTC's Funeral Rule was issued or will you meet it head-on with pride, explaining your pricing confidently?

Give people the chance to make arrangements online. Just as you can order a laptop online, give consumers an easy means to make funeral arrangements via your website. Hold seminars to deal with elder planning and the price of funerals. Be prepared to answer questions about the costs and overhead of providing services in the 21st century. Explain why your competitor thinks its price for a direct cremation is pennies on the dollar of their burial service.

Be Honest, this is a turning point. Be prepared or sell the business and work for someone else.

*Dan Isard, MSFS, is president of The Foresight Companies, a Phoenix-based business and management consulting firm specializing in mergers and acquisitions, valuations, accounting, financing and consumer surveys. Isard can be reached at 800-426-0165 or danisard@f4sight.com. For copies of this article and other educational information, visit f4sight.com.*

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