

By Daniel M. Isard

Price Shoppers and Payment Issues

Dealing with shoppers is a matter of training, and the easiest way to make certain families have the assets at the time of death is to provide the assets for them with prefunding.

Dear Dan,

I run a 200-call, two-location business. I follow your column and read every article. However, I don't think you know my market. I don't know what happens in your market, but here in Lake Country, we get one price shopper per day. Our community has a large population of retirees and many people of limited means. Please tell me how to handle price shoppers.

Signed, Mistake on the Lake

Dear MOTL,

Today, there are so many societal changes that impact the operations of funeral providers. You do not have to be a funeral home owner/manager in a retirement community to deal with price shoppers or people with limited means of payment.

The middle class is being wiped out. In 1971, according to Pew Research Center, the middle class represented 80 million of our 131 million total adult population – 62.5% of all adults. In 2014, the last time this survey was conducted, there were about 241 million adult Americans, and the middle class represented about 121 million or 50%.

The question to ponder is whether the middle class is upwardly mobile and becoming the wealthy or migrating to the lower-income level? While some are moving on up to the big apartment in the sky, getting their piece of the pie, etc., more are joining the lower-income bracket. The same study shows the lower-income bracket went from 16% of all adults in 1971 to 20% in 2014. The fact that you have a higher number of people with limited resources is not surprising.

The number of adults in the lower-income group increased due to many factors. Surprisingly, one of the largest factors is our increasing life expectancy. Life expectancy in 2014 was almost 79 years old versus the average life expectancy in 1974 of 72 years old. The average person retires with a reliance on Social Security. Living an extra seven years means they are consuming their principal to a large degree.

The easiest way to make certain clients of limited means have the assets at the time of death is to provide the assets for them. It's called prefunding. There are multiple pages of ads in this magazine offering to help you put that in place. Prearranging and prefunding locks in the decision and provides the financing to make wishes occur. We as thinking human beings know we are going to die and know we have to pay for some form of disposition. Therefore, who can afford to prepay?

There are two groups that can afford to prepay. First are the people who know they have more assets than they will consume in their lifetime. The problem is this group doesn't value the benefit to prepay even if they decide to prearrange.

NFPA's recent Consumer Awareness and Preferences Survey showed that more than half of all respondents are not inclined to prearrange a funeral with a funeral home. The second group inclined to prearrange typically includes those going into a Medicaid spend-down.

Preneed is a way to modify the shopping behavior of the families you serve. Of all of the "shopper" phone calls you get, I'd bet that none of them comes from people with funded pre-need contracts. There is no reason to call if you have your arrangements locked in with a provider and the money is sitting in a trust or insurance contract tied to that promise to serve.

That same NFPA survey clearly demonstrated that almost 75% of consumer respondents did not call to shop funeral homes. Of those who did, about 80% only called one other firm. That means almost 90% of all consumers either didn't shop or only called one other funeral home for information.

My dear MOTL, I suspect that your shoppers are coming from a wider area than your immediate service area. You revealed two facts in your email: You perform about 200 calls a year and have about 250 shoppers a year. That means there are probably a bunch of calls you are not getting or consumers are calling outside of the predictable service area. If your market share is more than 50% of the market, it's clear to me these people are calling well outside your normal service area.

If that conclusion is correct, why are they calling you from far away? Today, it costs nothing to call a funeral home. If that firm is willing to come and pick up the body, what does the family care? Maybe it will take them longer to do the removal from the home or institution, but unless the family is of an Orthodox religion, time is immaterial. Are you advertising outside your service area? I know that many metropolitan service areas have media that bleed well beyond most business' customary markets. Can it be that you are wasting money on advertising that is working but inefficient?

As funeral arrangers, we are afraid of price shoppers. A Harris Poll commissioned by the website Funeralocity found that 88% of all consumers wished funeral homes were more transparent in their pricing. Over the past year, I have had funeral homes quote me prices over the phone that differ from the ones in the GPL I was holding in my hand as I called! No wonder the FTC can still find people to fine.

The solution to dealing with price shoppers is a matter of training. First, we have to train you and then you can train your staff. Here are my tips to get staff to maximize a phone interaction with a price shopper:

1. Only assign specially trained staff members to take the phone calls. Why do you think that anyone and everyone

on your staff can handle phone price shoppers? They can't. Even licensed funeral directors may not be good on the phone with price shoppers. Therefore, choose the best staff to get the training and to be the only price call respondents.

2. Train the aforementioned staff. There are many aspects of handling the price shopper call that must be observed, and this must be done properly every time:

a) Be warm and welcoming.

b) Help the caller by defining all of the issues before giving a price. I like to think this is "answering a question with a question." For example, the caller says, "How much is a cremation?" Your staff's response should be, "Is that for yourself or a loved one?" The question tree should then produce many other questions so you can give an accurate answer you can be proud of.

c) Record the phone number of the caller.

d) Offer to provide price information. The staff might ask, "Is price the only factor you are considering when choosing a funeral professional?" A yes answer will be the minority response. However, I recommend you compile the service fees of your competitors and offer these to the consumer. Families that are shopping will appreciate your transparency and may come in to pick up the list. When they do, take the opportunity to impress them with your staff and business.

e) Offer to give a tour. When cremation consumers shop, they don't know what you know. You know what your crematory looks like, your building's exterior and interior. Who else

are they calling? What do their facilities look like? Can competitors even offer a tour or are they too industrial looking?

3. Call the consumer back to see if they have any further questions. Introduce yourself clearly on the phone. Identify yourself as the concierge for the company and explain that you help people do remote planning. Offer to email them a brochure on "shopping for a funeral" and get their email address. Price shoppers are often on a mission and then lose interest. They will appreciate that you reached back out to them.

Dear Mistake on the Lake, repeat after me, "Price shoppers are my friends!" Be prepared for them. Keep track of how many of them you get as consumers! Make it a contest if you have multiple price shopper responders in your business.

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