



Impact of Reagan services under scrutiny

Funeral industry sees slow growth

[FINAL Edition]

USA TODAY - McLean, Va.

Author: Jim Hopkins
Date: Jun 14, 2004
Start Page: B.09
Section: MONEY
Document Types: News
Text Word Count: 502

Document Text

Copyright USA Today Information Network Jun 14, 2004

SAN FRANCISCO -- U.S. presidents set consumer trends in life, and in death.

That's why few people watched Ronald Reagan's funeral more closely than the USA's 20,000 funeral directors.

Reagan's choice of a traditional funeral runs counter to the consumer shift to cremation, a less expensive option pinching funeral industry revenue. Had Reagan opted for cremation -- the choice of 28% of Americans -- more consumers would likely follow.

"People try to emulate people they respect," says Mark Musgrove, president of the National Funeral Directors Association.

Musgrove attended the Texas Funeral Directors Association's annual meeting last week. Reagan's funeral, the talk of the meeting, is the industry's biggest event since Princess Diana's in 1997, Musgrove says.

Reagan's funeral came as the mortuary industry's growth has slowed. U.S. funerals, excluding cemetery expenses, now cost an average \$5,507. That's up 24% from 1994, but well below the 81% growth from 1984 to 1994. Pinching prices:

* Cremation. The cremation rate is expected to rise to 44% by 2025 because it's more acceptable among baby boomers.

State rates vary. In California, Reagan's home state, the rate is already 46%.

Also, religious qualms are easing, says the Cremation Association of North America.

The Kennedy family's decision to cremate John Kennedy Jr.'s remains in 1999 prompted more interest in cremation among Catholics, says Jack Springer, the association's executive director.

With cremation, consumers can skip caskets that cost an average \$2,330 -- often the most expensive part of a funeral.

The industry has responded by offering less expensive caskets meant for cremation. Funeral homes also are stepping up sales of pricey urns to store remains.

And they're marketing more. Mortuaries from Texas to Florida boosted customer traffic last week by offering Reagan memorial books for visitors to sign.

* Competition. More online funeral retailers are springing up, and the industry is consolidating.

TributeDirect started three months ago by combining the assets of an online merchant and a specialty casket maker. It sells caskets and other merchandise to consumers for use at funeral homes.

It discounts caskets as much as 70% for families wanting nice funerals at budget prices, CEO Michael Rybarski says. "We're trying to give people that balance," he says.

The company follows computer giant Dell's direct-to-consumer model. It takes orders as late as 7:30 p.m. Houston time, then ships to mortuaries by 10 a.m.

Service Corporation International, the global mortuary giant that handled details of the Reagan funeral, has been one of the top consolidators.

The publicly traded company has more than \$2.2 billion in annual revenue and owns more than 3,000 mortuaries and cemeteries.

Still, that's down from 4,500 at its peak. The company overexpanded in the 1990s and has trimmed back.

[Illustration]

GRAPHIC, B/W, Adrienne Lewis, USA TODAY, Source: Cremation Association of North America (BAR GRAPH); GRAPHIC, B/W, Source: Cremation Association of North America (CHART); PHOTO, B/W, Rashaun Rucker, AP; Caption: Casket or cremation? The cremation rate in the USA is expected to rise to 44% by 2025 as it becomes more acceptable.

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.

Abstract (Document Summary)

[Ronald Reagan]'s choice of a traditional funeral runs counter to the consumer shift to cremation, a less expensive option pinching funeral industry revenue. Had Reagan opted for cremation -- the choice of 28% of Americans -- more consumers would likely follow.

[Mark Musgrove] attended the Texas Funeral Directors Association's annual meeting last week. Reagan's funeral, the talk of the meeting, is the industry's biggest event since Princess Diana's in 1997, Musgrove says.

GRAPHIC, B/W, Adrienne Lewis, USA TODAY, Source: Cremation Association of North America (BAR GRAPH); GRAPHIC, B/W, Source: Cremation Association of North America (CHART); Casket or cremation? The cremation rate in the USA is expected to rise to 44% by 2025 as it becomes more acceptable.

Reproduced with permission of the copyright owner. Further reproduction or distribution is prohibited without permission.