

Impact of Reagan services under scrutiny

Funeral industry sees slow growth

By Jim Hopkins
USA TODAY

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.

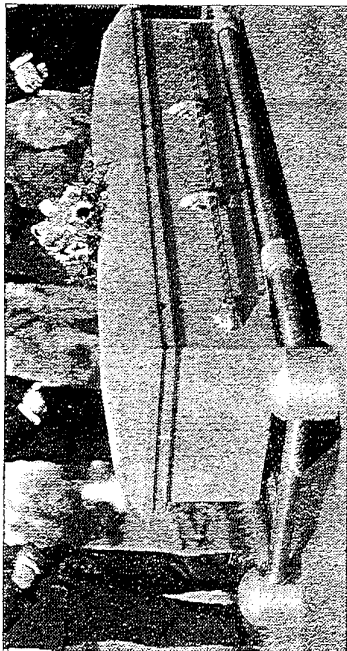
Musgrove attended the Texas Funeral Directors Association's annual meeting last week. Reagan's funeral, the talk of the meeting, is the industry's biggest event since Princess Diana's in 1997, Musgrove says.

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.

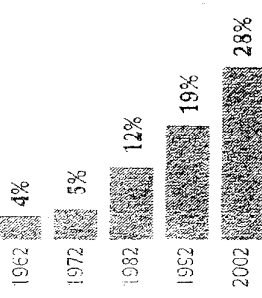


By Rashawn Rucker, AP

Casket or cremation? The cremation rate in the USA is expected to rise to 44% by 2025 as it becomes more acceptable.

Funerals shift

U.S. cremation rates have jumped:



1 = Share of all funerals
Source: Cremation Association of North America

By Aileen Lewis, USA TODAY

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.

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.

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.

Cremation rates vary by state

Alabama	5%	Montana	53%
Alaska	57%	Nebaska	21%
Arizona	55%	Nevada	63%
Arkansas	15%	New Hampshire	47%
California	46%	New Jersey	24%
Colorado	50%	New Mexico	39%
Connecticut	30%	New York	20%
Delaware	27%	North Carolina	18%
D.C.	23%	North Dakota	12%
Florida	47%	Ohio	20%
Georgia	17%	Oklahoma	15%
Hawaii	62%	Oregon	58%
Idaho	30%	Pennsylvania	22%
Illinois	20%	Rhode Island	24%
Indiana	14%	South Carolina	15%
Iowa	16%	South Dakota	16%
Kansas	19%	Tennessee	5%
Kentucky	8%	Texas	17%
Louisiana	11%	Utah	19%
Maine	46%	Vermont	43%
Maryland	24%	Virginia	20%
Massachusetts	24%	Washington	59%
Michigan	31%	West Virginia	6%
Minnesota	32%	Wisconsin	28%
Mississippi	6%	Wyoming	32%
Missouri	18%		

Source: Cremation Association of North America

"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.

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