

CEMETERY MYSTERY SHOP STUDY

STUDY CONDUCTED BY FGI

REPORT PREPARED BY AARP RESEARCH GROUP

AUGUST 1999

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AARP is the nation's leading organization for people age 50 and older. It serves their needs and interests through information and education, research, advocacy, and community services which are provided by a network of local chapters and experienced volunteers throughout the country. The organization also offers members a wide range of special benefits and services, including *Modern Maturity* magazine and the monthly *Bulletin*.

Acknowledgments

AARP Research Group staff, in collaboration with Adrienne Oleck and Lee Norrgard of AARP's Applied Gerontology Group, prepared this report on the 1997/98 Cemetery Mystery Shop Study. They include Gretchen Straw and Katharyn Marks. The report is based on the preliminary report and data tabulations provided by FGI, the firm that conducted the study on AARP's behalf. For more information about this report, contact Gretchen Straw at (202) 434-6334 or Adrienne Oleck at (202) 434-2227.

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CEMETERY MYSTERY SHOP: AN EXAMINATION OF PRENEED SALES AND MARKETING PRACTICES

EXECUTIVE SUMMARY

BACKGROUND

Since the publication of Jessica Mitford's classic, "*The American Way of Death*" in 1972, there have been countless studies, reports, investigations and public hearings about unfair and deceptive practices in the funeral industry. However, little is known about the other side of the death care industry, cemeteries.

This report examines the sales and marketing practices employed by public, for-profit cemetery salespersons and the types of preneed arrangements offered to consumers. Preneed is a term used to describe agreements entered into by consumers to plan and prepay their own funeral and/or burial.

The examination of preneed sales and marketing practices is important for a number of reasons. The sale of preneed contracts is one of the fastest growing parts of both the funeral and cemetery industries. In the past, the sale of funeral and burial products and services occurred upon a death, or at-need. Now, newspaper advertisements, direct mail, and telephone solicitations target consumers on a widespread basis across the country. The aging population, especially, is a prime market for preneed sellers. In 1998, 39 percent (almost 26 million) of all Americans over 50 had been contacted specifically about the advance purchase of burial goods and services (see Appendix E - *1998 AARP Preneed Telephone Survey*).

METHODOLOGY

To examine the sales and marketing practices of public, for-profit cemeteries to older consumers, AARP contracted with FGI in 1995 and again in 1997/98 to conduct a series of mystery shops. A mystery shop is a technique in which actual consumer experience is investigated. Older consumers in different cities were hired to telephone and then visit specified cemeteries, inquire about cemetery goods and services, and complete surveys detailing their experiences. Thus, the mystery shop provides a snapshot of the public cemetery marketplace as experienced by older consumers. It is not quantitative research that allows us to generalize to other public, for-profit cemeteries; rather, it is a series of case studies.

Three markets were investigated in the 1995 study: Little Rock, Arkansas; Philadelphia, Pennsylvania; and Pittsburgh, Pennsylvania. Fifty-four cemeteries were identified in those markets, 29 of which were shopped twice for a total of 83 shopping visits.

Five markets were studied in 1997/98: Birmingham, Alabama; Philadelphia, Pennsylvania; Pittsburgh, Pennsylvania; Jackson, Mississippi; and Milwaukee/Waukesha, Wisconsin. Of the 106 cemeteries identified in these markets, 64 were shopped twice for a total of 170 shopping visits.

The purpose of this report is to present the results of the 1997/98 mystery shops and to compare the 1995 and 1997/98 findings from Philadelphia and Pittsburgh, the only sites investigated in both time periods.

KEY FINDINGS

Many of the cemeteries visited engage in questionable business practices. Such practices include failure to provide written price information to the shoppers and failure to provide essential details about financing and paying for preneed cemetery purchases. Some cemeteries provided deceptive information about legal requirements for purchasing certain cemetery products.

The Pre-Visit Phone Call

Salespersons volunteered information on products and prices. Almost all salespersons initiated discussions concerning products (87%) and prices (81%).

Salespersons declined to mail pricing information. In contrast to their willingness to discuss prices during the initial telephone call, fewer than four in ten (37%) salespersons agreed to mail pricing information to shoppers.

One-quarter of callers were urged to visit the cemetery to take advantage of special offers. During the initial telephone call to set up an appointment with the cemetery, some shoppers were urged to visit the cemetery. One in four (25%) shoppers were told about time-limited “price specials” or promotions. One in ten (10%) shoppers were told they should “hurry” because of a special offer, such as a two-for-one plot sale.

The Cemetery Visit

Cemeteries provided a variety of products and services. The most common products and services described by the salespersons during the cemetery visits were grave plots (98%) and burial costs, including personnel costs (87%). Other offerings that were frequently mentioned included headstones (58%), grave liners or vaults (55%), and perpetual care (48%). In most cases (86%), the salesperson volunteered information on these products without being asked.

In 13% of visits, salespersons gave deceptive information on state law requirements for one of those products -- grave liners. More than one in ten (13%) shoppers were told that

the purchase of a grave liner or vault is required by state law, although that statement is not true in any of the states included in this report.

Cemeteries sold products and services individually - - few offered packages. Four out of five (81%) shoppers were told that the cemeteries sold their products and services separately, on an “a-la-carte” basis, rather than offered “packages” that might prove less expensive to the consumer.

Cemeteries failed to provide adequate, written price disclosures. Although most salespersons provided price information on grave plots (98%) and costs associated with burial (83%) and other products and services, they did not provide a *written* price list. Two-thirds (66%) of all shoppers in 1997/98 were *not* shown written prices for cemetery products or services. Only 8 percent of shoppers were given standardized, published price disclosures to take with them. Written price disclosures were provided more often at cemeteries owned by large companies (71%) than by independent, local, or family-owned cemeteries (42%).

Cemeteries failed to adequately explain the terms of preneed payments, financing arrangements and cancellation/refund policies. Although over eight in ten cemetery salespersons (81%) discussed payment options, far fewer provided details of payment plans and financing. About four in ten (42%) discussed the length of a payment plan. One-third of salespersons (32%) discussed the safety or guarantees on the investment. About two in ten disclosed the amount of payment plans (21%) or information on where funds are held (19%). Fewer disclosed the terms of financing plans (15%) or cancellation/refund policies (11%).

Shoppers had their questions answered. Cemetery salespersons often initiated discussions and volunteered information about specific cemetery products and services. In 1997/98 almost all shoppers (96%) left the cemetery visit with all of their questions answered.

INTRODUCTION

BACKGROUND

Since the publication of Jessica Mitford's classic, *"The American Way of Death"* in 1972, there have been countless studies, reports, investigations and public hearings about unfair and deceptive practices in the funeral industry. However, little is known about the other side of the death care industry, cemeteries.

This report discusses the sale of preneed products and services by public, for-profit cemeteries only, not funeral homes. "Preneed" is a term used to describe various types of agreements entered into by consumers to plan and prepay their own funeral and/or burial. Generally, the consumer's money is held in a trust or insurance plan for years until death occurs. The funds pay for the goods and services purchased to complete the funeral and/or burial. Sometimes the consumer pays the entire amount up front, but often the consumer enters into a financing arrangement of monthly payments with interest.

The examination of preneed sales and marketing practices is important for a number of reasons. The sale of preneed contracts is one of the fastest growing parts of both the funeral and cemetery industries. In the past, the sale of funeral and burial products and services occurred upon a death, or at-need. Now, newspaper advertisements, direct mail, and telephone solicitations target consumers on a widespread basis across the country. The aging population, especially, is a prime market for preneed sellers.

In 1998, AARP conducted a national telephone survey to determine the extent of preneed purchases by older Americans (see Appendix E - *1998 AARP Preneed Telephone Survey*). The survey revealed that 39 percent (almost 26 million) of all Americans over 50 had been contacted specifically about the advance purchase of burial goods or services. Generally, consumers do not seek out sellers of preneed arrangements. In most cases, preneed salespersons initiate contact with consumers by mail (17%), telephone (17%), or in person (14%).

The survey revealed that in 1998, 32 percent of Americans over the age of 50, or approximately 21 million people, had already purchased some form of preneed plan - whether funeral or burial. At least 18 million Americans - one-quarter (25%) of the total 50+ population have purchased a burial plot, mausoleum or niche. Twelve million (18%) have purchased other burial goods or services, such as a headstone, grave vault or liner, urn, or the opening and closing of the grave.

AARP estimates that consumers have invested \$20 to \$40 billion in funeral and burial preneed plans nationwide. The cost of a funeral and burial is now one of the most expensive purchases a consumer will ever make. Only the expenses of a home, a car and education are more costly. According to the National Funeral Directors Association, the average 1997 price of a funeral including the casket and a burial vault was \$5,543.25. Burials, including

grave space; opening and closing of the grave, crypt or mausoleum; and a monument or marker, can add another \$2,400 to final expenses.¹ In many metropolitan areas, the costs can total over \$10,000.

While consumers making purchases from funeral homes are protected by federal and a variety of state laws,² consumers of cemetery products and services often find themselves without adequate legal protection from unscrupulous practices. At this time, there are no specific federal laws or national standards covering the sale of cemetery goods and services, whether preneed or at-need. This is of particular concern to consumers as the two entities, funeral homes and cemeteries, are increasingly competing to sell identical products, like caskets.

Thus, under the Federal Trade Commission's Funeral Rule, a funeral home selling a casket is required to provide a published price list to the consumer, while a cemetery selling identical casket is under no such obligation.

State laws covering cemetery sales, both at-need and preneed, are a patchwork of various responses to this situation. The adequacy of state consumer protections varies dramatically.³ For instance, in New York, Rhode Island, Vermont, and some other states, preneed arrangements can only be sold by a licensed funeral director who is held to various degrees of accountability. In other states, for example, Arizona, cemetery personnel can sell the identical preneed contract without any restrictions. In still other states, there are no restrictions on who can sell a preneed contract. Even insurance agents or telemarketers can sell preneed contracts in such states.

STUDY OBJECTIVES

The purpose of this study was to examine the sales and marketing practices of public, for-profit cemeteries. In particular, AARP wanted answers to the following questions:

- Is a price list made available to consumers showing the different options and prices?
- Are sales tied together in packages or is each item sold separately?
- Do salespersons push higher grade items (i.e., bronze grave vaults instead of steel or concrete)? What other items do they push, if any?
- Do salespersons make any false or misleading statements?
- Do salespersons apply pressure to conclude the sale?
- Do salespersons disclose costs, including financing charges, in writing?
- What, if anything, do salespersons say about cancellations and refunds?
- What do salespersons say about where the consumer's money is held?
- What do salespersons say about constructive delivery of their products?
- Do salespersons push credit life insurance?

¹ *AARP Product Report, Funerals and Burials: Goods and Services*. 1996.

² *Preneed Funeral Plans: The Case for Uniformity*, by Judith A. Frank, *4 Elder Law Journal 1*, Spring 1996.

³ *ABN-AMRO Inc., The Death Care Industry*, by Steven Saltzman, June 2, 1998.

METHODOLOGY

To examine the sales and marketing practices of public, for-profit cemeteries to older consumers, AARP contracted with FGI to conduct a series of mystery shops. A mystery shop is a technique in which actual consumer experience is investigated. Older consumers in different cities were hired to telephone and then visit specified cemeteries, inquire about cemetery goods and services, and complete surveys detailing their experiences. Thus, the mystery shop provides a snapshot of the public cemetery marketplace as experienced by older consumers. It is not quantitative research that allows us to generalize to other public, for-profit cemeteries; rather, it is a series of case studies.

Markets and Cemeteries

In a 1995 mystery shopping study conducted for AARP by FGI, three markets were investigated. In 1997/98, mystery shops of non-sectarian, public cemeteries were conducted in five markets. The markets shopped in each year are listed in Table 1.

Table 1
Markets in 1995 and 1997/98 Studies

1995	1997/98
Little Rock, Arkansas	Birmingham, Alabama
Philadelphia, Pennsylvania	Philadelphia, Pennsylvania
Pittsburgh, Pennsylvania	Pittsburgh, Pennsylvania
	Jackson, Mississippi
	Milwaukee/Waukesha, Wisconsin

Across the five markets in the 1997/98 study, 106 non-sectarian, public cemeteries were identified. Of the 106 cemeteries, the 64 in Philadelphia and Pittsburgh were shopped twice and the 42 in Birmingham, Jackson, and Milwaukee were shopped only once for a total of 170 shopping visits. Site visits took place between November 12, 1997, and January 17, 1998. In 1995, 54 separate cemeteries were identified, of which 29 were shopped twice for a total of 83 shopping visits.

Procedures

FGI contracted locally-based marketing companies within the five markets to conduct the mystery shop interviews. The procedures employed in 1997/98 paralleled those used in the 1995 study to enable comparisons to be made between the Pennsylvania markets. Specifically:

- The pre-visit phone call and the actual visitation questionnaire were the same.

- As in 1995, FGI worked with local marketing services firms to identify non-sectarian, public, for-profit cemeteries in each market via Yellow Pages and/or other appropriate sources.
- In both years, short mystery shop interviews were conducted by shoppers age 50 and older, and interviews were balanced by several different income/wealth and single/couple buyer profiles, to determine whether these factors impacted preneed sales practices.

Local marketing services firms received detailed instructions and training materials from FGI regarding the purpose of the study, as well as the scenarios to be enacted and the checklist items to anticipate listening to and/or asking for. In addition, FGI pre-tested the mystery shop process in its local market in Chapel Hill, N.C.

Specific steps in each mystery shop interview were as follows:

- Initial call by mystery shopper to make inquiry and set time to visit cemetery (3-5 minutes).
- Verification of appropriate scenario.
- Short on-site visit by mystery shopper.
- Off-site questionnaire completed by interviewer as soon as possible after leaving the cemetery premises.

The report was designed to incorporate not only the actual data collected in the visitation questionnaires, but also verbatim comments specifically related to questions of interest. Throughout the report, differences between 1995 and 1997/98 are highlighted for the Pennsylvania markets. Unless specified, all percents in the report are based on the 170 consumer/salesperson interactions – the shops. In a few cases, percents are based on the 106 cemeteries because the data are being used to characterize the cemeteries rather than the consumer experience; those cases are specifically noted.

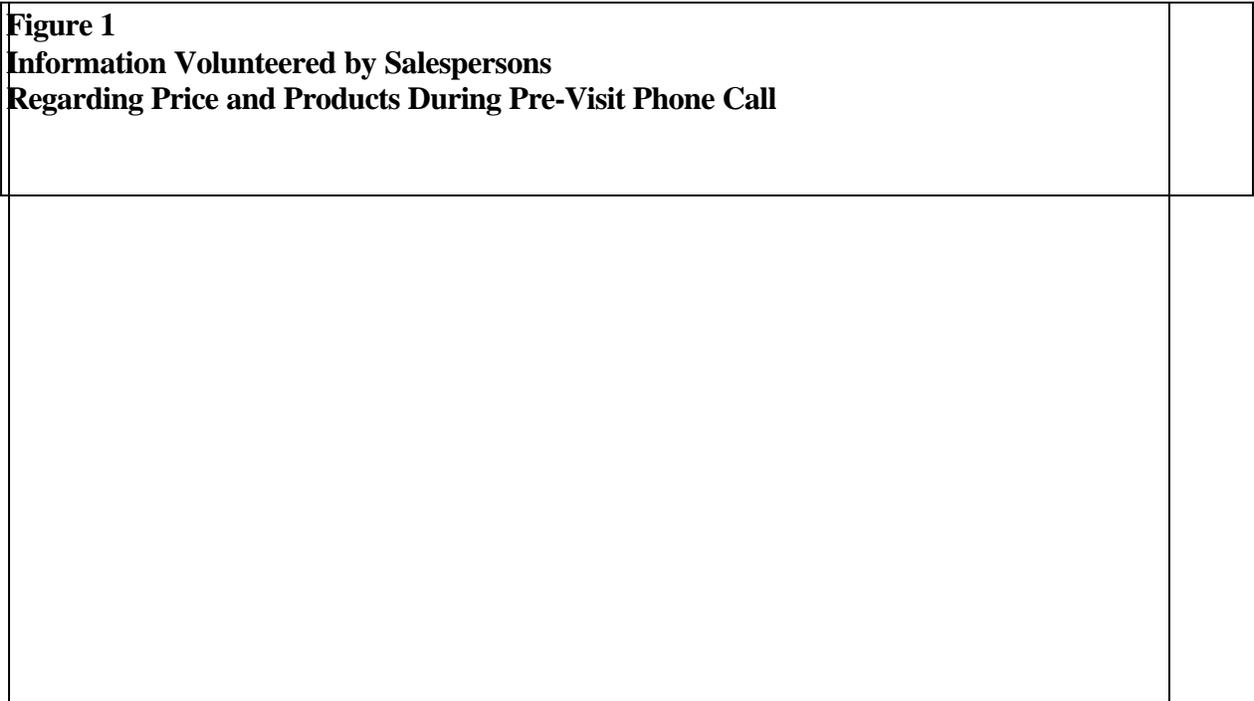
FINDINGS: THE PRE-VISIT PHONE CALL

One hundred seventy telephone contacts were made with cemetery personnel before actual site visits. In these calls, shoppers posed as possible customers seeking information on preneed burial products and services. At first, shoppers attempted to keep the conversation open-ended by not requesting any specific information. Only after the shoppers were satisfied that specific information would not be volunteered did they make actual inquiries.

During the initial screening call, most salespersons initiated discussions concerning products (87%) and prices (81%). When pressed, 21 percent of the salespersons who had not volunteered price information did provide the information.

The percentage of salespersons volunteering information about products and price over the telephone increased substantially in the two Pennsylvania markets between 1995 and 1997/98. The most dramatic change occurred in the Pittsburgh market, in which no salespersons had volunteered this information in 1995 and over four in five salespersons volunteered information in 1997/98.

Figure 1
Information Volunteered by Salespersons
Regarding Price and Products During Pre-Visit Phone Call



Bases: Philadelphia 1995 n=36 & 1997/98 n=58; Pittsburgh 1995 n=25 & 1997/98 n=71.

Almost all salespersons, when asked, volunteered information during the telephone call on the types of plots, their cost, and location. Over one-half discussed grave opening and closing times and costs, and slightly less than one-half discussed vaults or liners. Also discussed, but to a much lesser degree, were grave markers, monuments, mausoleums, and provisions for perpetual care.

Almost all discussions of plots included a verbal price quote, which ranged from \$100 in Jackson to \$2,400 in Philadelphia. Most plots fell into the \$400 to \$700 range. Variations in cost were largely due to “extras” included in the plot price such as perpetual care, vaults or liners, and markers. Prices also differed based on location.

One-quarter of the salespersons mentioned “price specials” or promotions during the call, stating they were good for a limited time only. One in ten of the shoppers were told that they should hurry because a special offer (such as two-for-one plots, holiday specials, or Veterans specials) was about to expire or prices were expected to increase.

Examples of Actual Special Offers:

- *Free burial space during the month of December. New gardens, buy one, get one free.*
- *Two-for-the-price-of-one for the month of December.*
- *Cost would be \$1,695 with an increase after January 1.*
- *Until January 4 they would match your down payment as a discount.*
- *\$300 and \$200 off until January 2, 1998.*

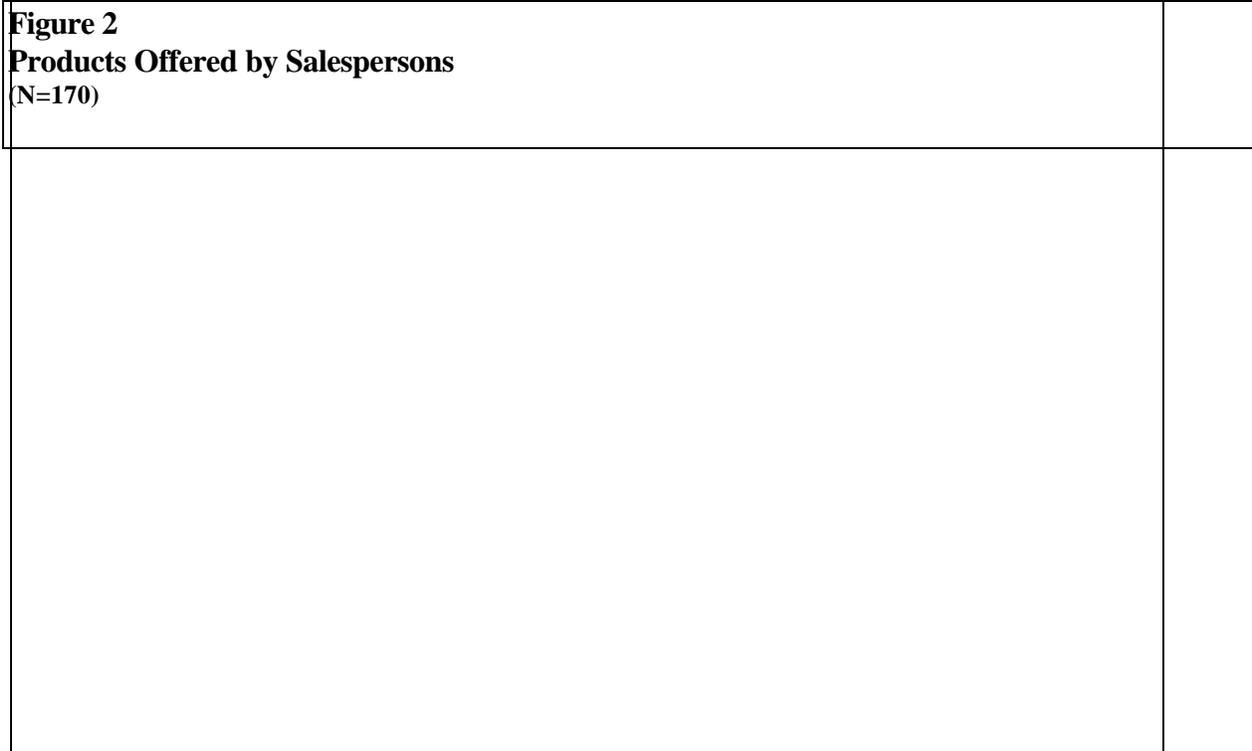
In order to test the ability of consumers to comparison shop by telephone, shoppers also mentioned they might need pricing information mailed to them and asked if the salesperson would be willing to do so. Only 37 percent of the 106 cemeteries agreed to mail pricing information. In Philadelphia (62%) and Pittsburgh (69%), most cemeteries did not agree to mail price information. In contrast, 67% of cemeteries in Birmingham were willing to mail price information. The shoppers never followed through to actually request a mailing because of difficulty of giving an address.

Most phone calls ended with an invitation or request that the interviewer visit the cemetery. One-third of shoppers commented on the salesperson’s friendliness, professionalism, or politeness.

FINDINGS: CEMETERY VISITS

PRODUCTS OFFERED

Most salespersons offered grave plots; personnel costs associated with burial, memorials or headstones; grave liners; and perpetual care (see Figure 2).



Products and services varied greatly from market to market. For example, perpetual care services were discussed in all eight visits to cemeteries in Milwaukee, four out of five visits

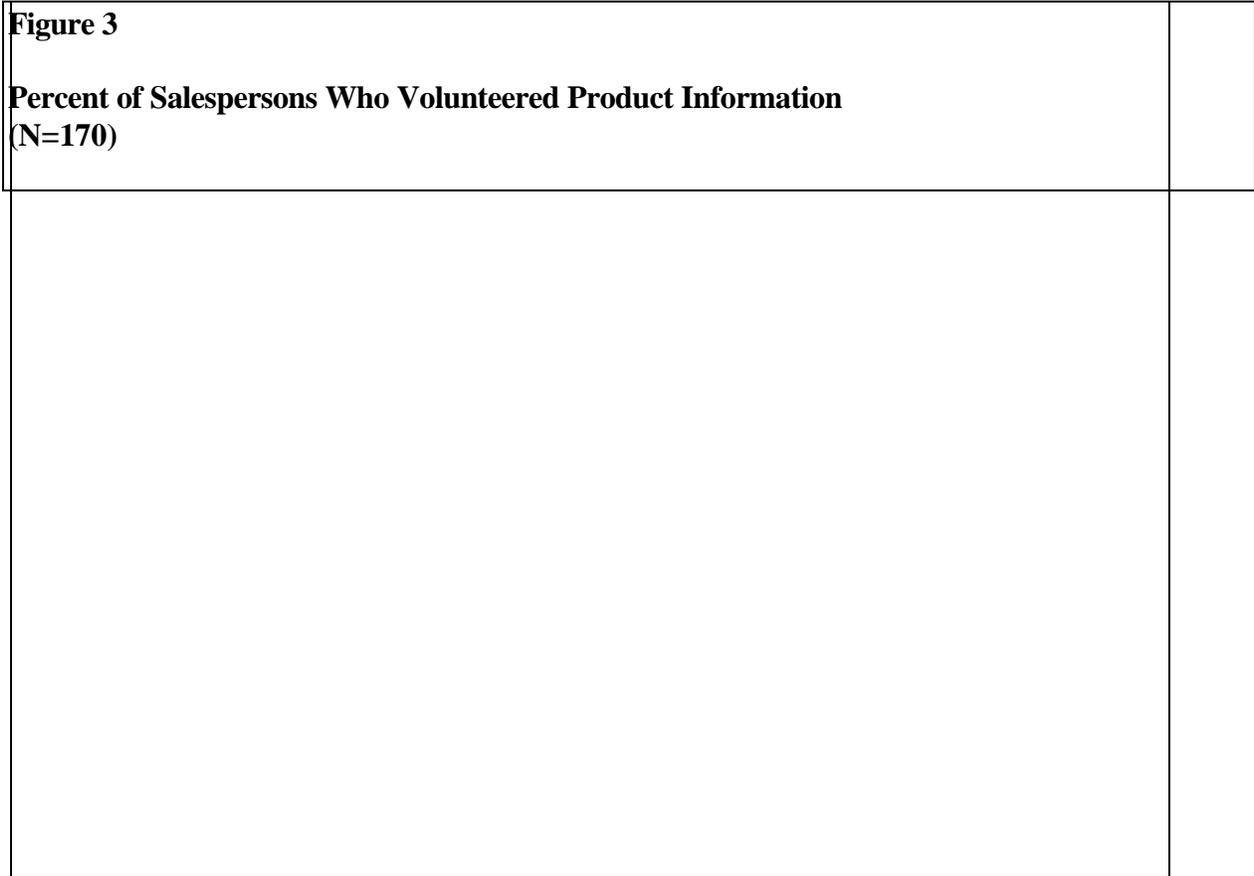
Table 2
Products Offered By Salespersons In Each Market

	Philadelphia (58)	Pittsburgh (71)	Birmingham (18)	Jackson (15)	Milwaukee (8)
Grave Plots	98%	97%	100%	100%	100%
Personnel Costs of Burial	91%	93%	83%	40%	100%
Headstones	60%	44%	100%	47%	88%
Grave Liner/Vault	53%	51%	89%	40%	50%
Perpetual Care	81%	9%	78%	47%	100%

Mausoleums/Crypts	38%	32%	39%	27%	50%
Caskets	17%	28%	28%	27%	25%
Cremation	24%	7%	11%	27%	0%
Funeral Services	9%	6%	44%	27%	25%

to cemeteries in Philadelphia and Birmingham, but only in one-half of the visits to cemeteries in Jackson and less than one in 10 in Pittsburgh. Memorials/headstones were less likely to be discussed in Jackson and Pittsburgh than in Milwaukee, Birmingham , and Philadelphia.

During the site visit, 86 percent of the cemetery salespersons volunteered product information on most of the products. At 16 of the 64 cemeteries that were shopped twice, the two shoppers had different experiences: one shopper reported that information was mostly volunteered while the other had to ask for some or most of the product information.



The 22 shoppers who had to ask about at least some products most often needed to ask about grave liners or vaults (59%), headstones (55%), perpetual care (46%), and the personnel costs associated with burial (32%).

There were dramatic changes from 1995 to 1997/98 in the extent to which complete product information was volunteered by salespersons in the Pennsylvania markets (see Figure 4). In Philadelphia, the proportion of salespersons volunteering product information jumped from one in ten to seven in ten during that time period.

Figure 4
Percent of Salespersons Who Volunteered Product Information
in the Pennsylvania Market



Bases: Philadelphia 1995 n=36 & 1997/98 n=58; Pittsburgh 1995 n=25 & 1997/98 n=71.

Sixteen percent of shoppers were offered package deals (a combination of cemetery services for one price), while eight in ten (81%) were only offered products sold separately. As with volunteering information about products, there seemed to be variations from salesperson to salesperson at some cemeteries. At 14 of the 64 cemeteries shopped twice, one shopper was offered a package while the other was only informed of a la carte pricing.

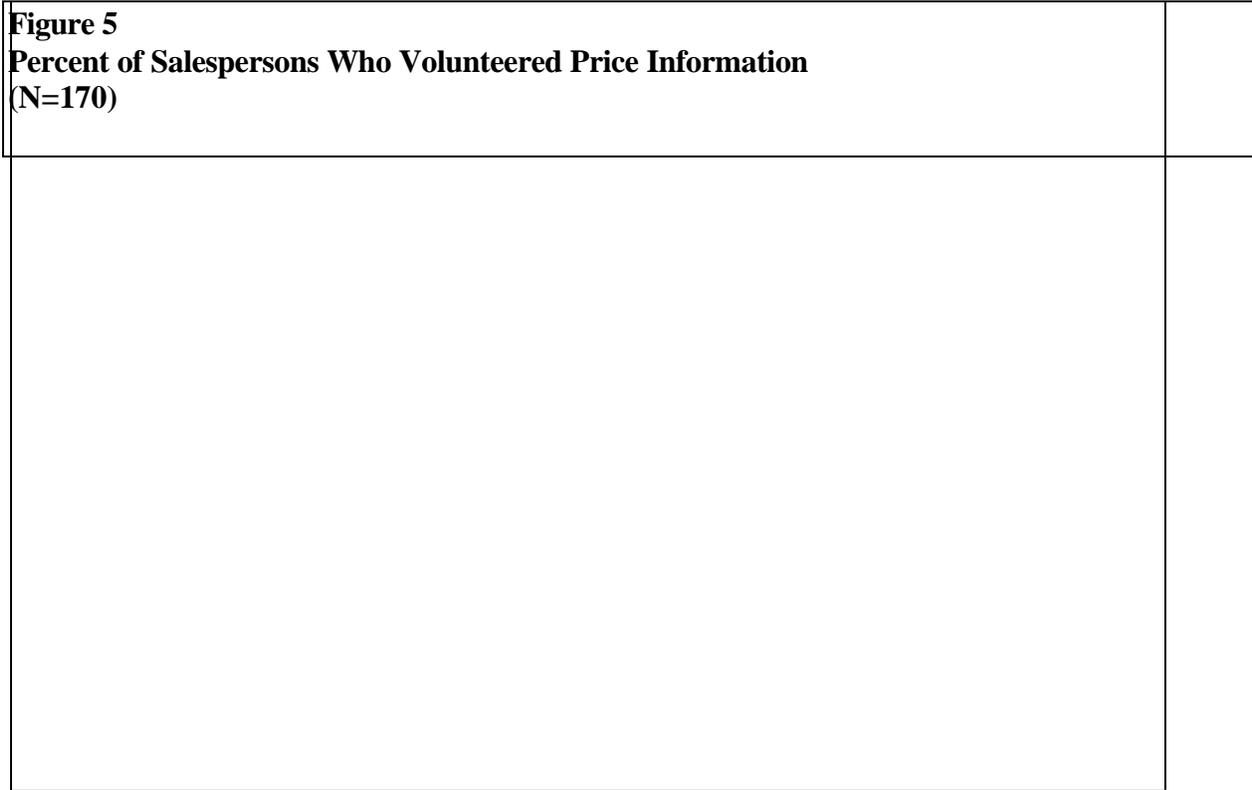
Among the 27 shoppers who were told that packages were available, about two thirds (63%) reported that there was a package of basic services such as a plot, a vault if needed, headstone, personnel costs of burial, and perpetual care. Most (82%) of these basic packages were a better deal financially than purchasing each item on its own.

PRICING

Shoppers noted which items the salesperson volunteered price information for. At almost all of the cemeteries visited, some form of price information on plots was offered, generally verbal information. If no pricing information was volunteered, shoppers were instructed to ask

about the following five products and services: grave plots, personnel costs associated with burial, grave liner or vault, headstones/memorials and perpetual care.

Most salespersons volunteered information on the prices of plots, personnel costs of burial and grave liners (see Figure 5).



Salespersons tended to volunteer pricing information at about the same rate that they volunteered product information (see Table 3). For example, virtually everyone volunteered information on graves and on their prices.

Table 3
Product and Price Information Volunteered by Salespersons
(N=170)

	Volunteered Product Information	Volunteered Price Information
Graves	98%	98%
Personnel Costs of Burial	87%	83%
Headstones or Markers	58%	47%
Grave Liners or Vaults	55%	51%

Perpetual Care	48%	43%
Mausoleums or Crypts	35%	28%
Caskets	24%	17%
Cremation	15%	7%
Funeral Services	14%	6%

Of the four services that shoppers were instructed to ask about if information was not volunteered, 12 percent of shoppers needed to ask about headstones, 11 percent asked about grave liners or vaults, seven percent asked about perpetual care, and six percent asked about personnel costs associated with burial.

There were regional variations in the price information volunteered by salespersons (see Table 4). For example, salespersons in Pittsburgh rarely discussed pricing for perpetual care and salespersons in Jackson did not often volunteer information on the costs of burial. In many cases, these products may not have been commonly offered within the market (see Table 2 for information on which products were described by salespersons by market).

Table 4
Prices Volunteered by Salespersons in Each Market

	Philadelphia (58)	Pittsburgh (71)	Birmingham (18)	Jackson (15)	Milwaukee (8)
Grave Plots	100%	96%	100%	100%	100%
Personnel Costs of Burial	86%	93%	72%	27%	100%
Headstones	43%	39%	78%	40%	88%
Grave Liner/Vault	50%	49%	78%	40%	38%
Perpetual Care	72%	4%	83%	33%	100%
Mausoleums/Crypts	22%	34%	28%	20%	38%
Caskets	7%	25%	11%	27%	13%
Cremation	7%	1%	6%	27%	13%
Funeral Services	0%	1%	22%	27%	13%

Written Price Information

Written price information was not readily available. Only 34 percent of the mystery shoppers were shown some form of written price list. At 19 of the 64 cemeteries shopped twice, one shopper was provided with a written price list, but the other shopper was not.

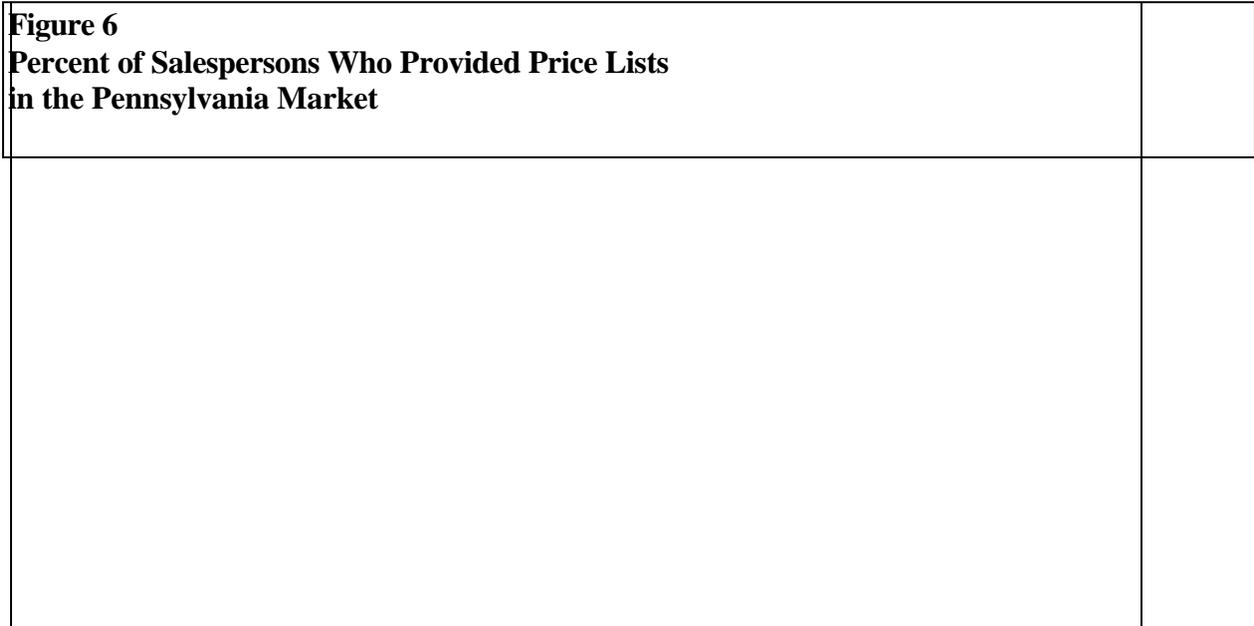
Shoppers were required to collect all written price lists and other papers given to them by cemeteries. Although 34 percent of the shoppers said they were shown some form of written price disclosure, only 16 percent of shoppers collected and returned written price disclosures. Half of these (8%) were formal, published price lists. The other half (8%) were handwritten lists, ranging from jotted notes to fill-in-the-blanks to adding machine slips. Examples of written price disclosures actually given to shoppers in 1997/98 are attached in Appendix C.

In short, no two were alike. In these mystery shops, there was no evidence of a standard industry format.

More than half of the shoppers who stated they were shown a written price list (18% of all shoppers) failed to collect and return the price lists. It is not clear whether many of them were not permitted to keep the written price disclosure after it was shown to them, or whether such a significant number of the trained shoppers disregarded their instructions.

Some regional variations appeared. A much higher percentage of the shoppers visiting Milwaukee (100%) and Birmingham (89%) cemeteries were shown a price list, compared to shoppers visiting Jackson (33%) cemeteries and the Pennsylvania cemeteries (Philadelphia 21% and Pittsburgh 24%). However, in most cases, shoppers in Milwaukee and Birmingham were not given a written price list to take home. For instance, in Milwaukee, where 100% of shoppers were shown a written price list, none of the shoppers left the cemetery with it.

There has been a decline in the frequency with which salespersons in the Pennsylvania markets provided price lists compared to 1995. In Pittsburgh the percent of salespersons providing some form of written price information dropped from 40 percent in 1995 to only 24 percent in 1997/98. In Philadelphia, the change was more modest, but also represented a downward trend.



Bases: Philadelphia 1995 n=36 & 1997/98 n=58; Pittsburgh 1995 n=25 & 1997/98 n=71.

Written price disclosure varied by type of cemetery ownership. Seventy-one percent of those cemeteries that were owned/bought by larger company/conglomerate/public companies provided some form of a written price list to shoppers, compared to only 42 percent of those cemeteries that were independently/locally/family-owned.

GRAVE **L**INERS **A**ND **V**AULTS

While grave liners and vaults both are common outer-burial containers, they are different in function and in price range. It is important to note that at present there are no state laws requiring either product, but many cemeteries do require them to keep the closed grave from sinking as the earth settles. Grave liners are not sealed, are made from reinforced concrete, and cost between \$400 and \$600. In contrast, grave vaults can be concrete, metal, or fiberglass, and are designed to protect the casket as well as to support the surrounding earth. Vaults generally cost from \$800 to \$2,000, although they can cost much more.

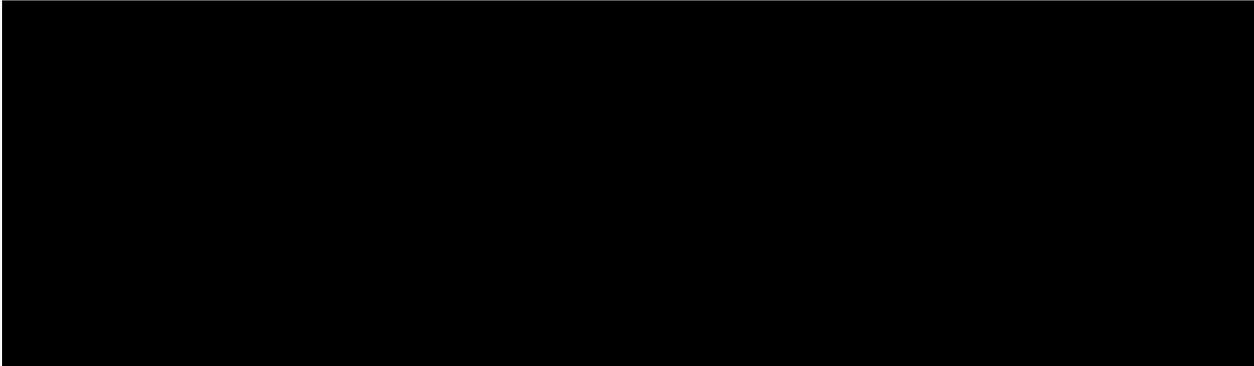
In 1997/98, 33 percent of salespersons implied or directly told shoppers that a grave liner or vault was necessary for burial. Shoppers were given conflicting information at 12 percent of the cemeteries, with some being told that a grave liner or vault was required and some not. Shoppers in Birmingham (56%) and Milwaukee (75%) were most likely to be told that a grave liner or vault was necessary.

In 1995 in Philadelphia, 39 percent of the salespersons told shoppers a grave liner or vault was required; in 1997/98, this number increased to 52 percent. Conversely, in Pittsburgh, 64 percent of salespersons told shoppers a grave liner or vault was required in 1995, while only nine percent made this claim in 1997/98.

Figure 7
Percent of Salespersons Who Indicated
That a Grave Liner Was Required
(N=170)

Salespersons gave several reasons for requiring a vault or liner. The three main reasons were that it prevented the ground from caving in (62%), that it was required (33%), and that it protected the casket (29%). Although there are no state laws mandating either liners or vaults, 13 percent of shoppers were told that a state law required the purchase of a liner or vault.

In 17 percent of the visits, salespersons presented comparisons of different vaults and/or liners. Three-quarters of the shoppers were given straight price or feature comparisons. In nine percent of the shopping visits, shoppers reported that salespersons “pushed” vaults to them instead of liners. While shoppers may not have realized it, selling a vault instead of a liner is an upgrade, entailing extra cost.



A small number of shoppers were provided brochures about the benefits of purchasing a vault.
Copies of vault brochures given to shoppers are included in Appendix D.1.

UPSELLING AND PRESSURE TO MAKE A DECISION

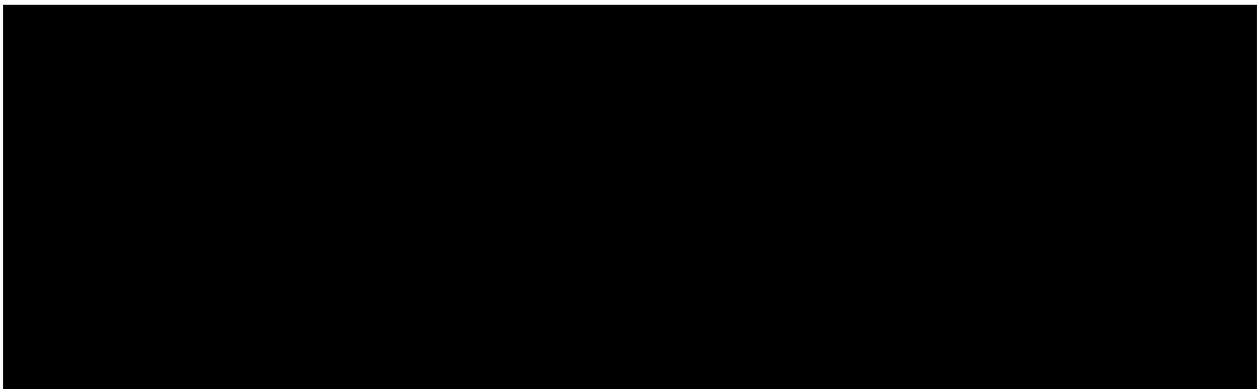
Nine percent of shoppers felt “pushed” to consider higher quality products. Of the salespersons who pushed for higher quality products, seven in ten mentioned vaults or lawn crypts, and one in four pushed mausoleums as a more inviting alternative to plots.

Some shoppers were provided written information about more expensive mausoleum entombments as an upgrade to ground burials. Copies of actual brochures are included in Appendix D. 2.

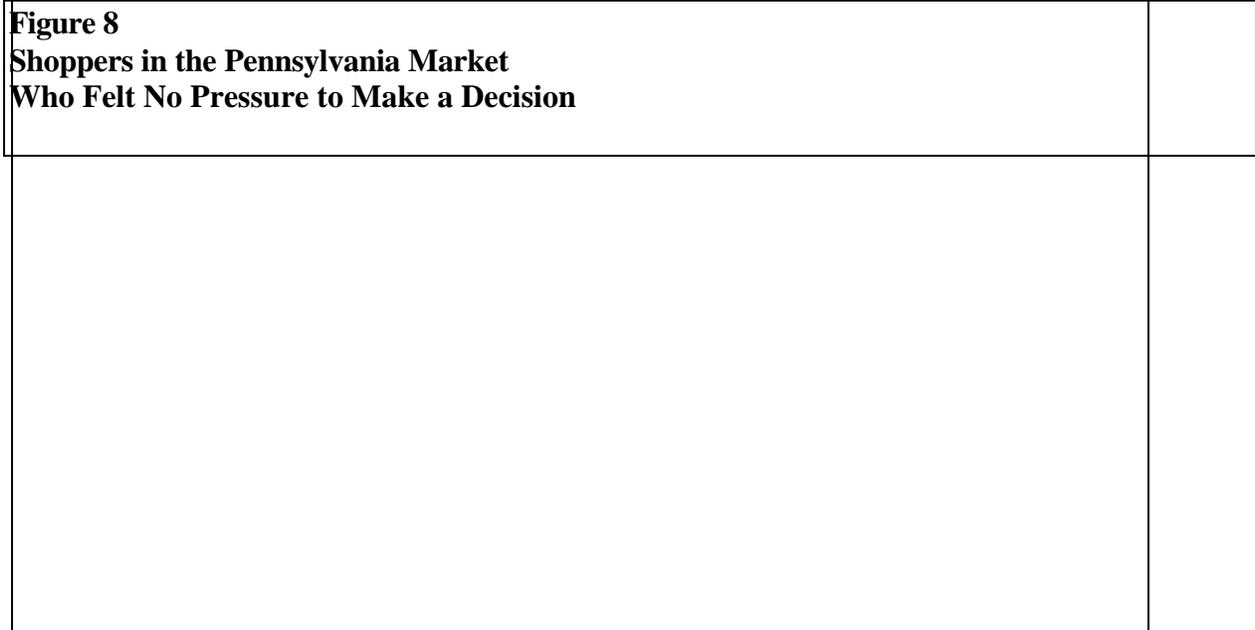
Within the Pennsylvania cemeteries, the pushing of higher quality items appears to have tapered off since the 1995 study. In Philadelphia, the percent of visits where shoppers reported salespersons pushed higher quality items fell from 28 percent in 1995 to seven percent in 1997/98. Pittsburgh also saw a decrease from 32 percent in 1995 to 13 percent in 1997/98.

Most shoppers (87%) did not feel any pressure to make a decision during their visit. Five percent reported that there was not much pressure, five percent experienced some pressure, and one percent indicated that there was a great deal of pressure to make a decision.

When pressure was applied to shoppers, it came in the form of special offers or discounts good for a short time only, mentions of holiday specials, and rushing through paperwork so the shopper could “sign on the dotted line.”



In both Pennsylvania markets, the number of shoppers who experienced *no pressure* increased between 1995 and 1997/98 (see Figure 8).



Bases: Philadelphia 1995 n=36 & 1997/98 n=58; Pittsburgh 1995 n=25 & 1997/98 n=71.

INFORMATION ON PAYMENT AND FINANCING OPTIONS

Most of the salespersons presented information about a variety of payment and financing options available to the shoppers. In 1997/98, four in five salespersons (81%) discussed payment options in general. However, far fewer volunteered specifics on financing such as the length or amount of payments (see Figure 9).

Cancellations and Refunds

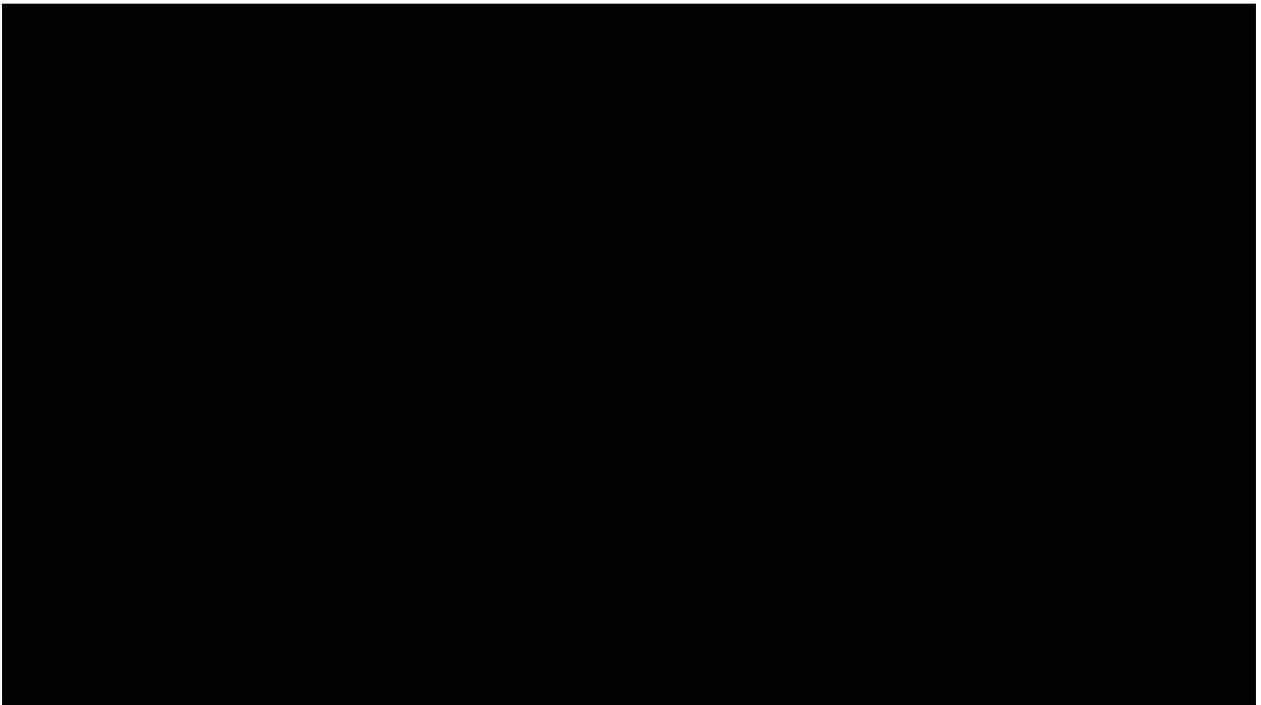
Only one in ten salespersons (11%) provided information on cancellations or refunds. In most situations, the cemetery did not offer a refund policy and would not buy back the graves/plots. Some of the cemeteries allowed the buyer to resell the plot if it was no longer wanted and some cemeteries said they could transfer the plots to another location. At most cemeteries, the money would be lost should the buyer default on payments or want to cancel.

Financing Plans

Most of the cemeteries at which payment options or terms of financing plans were volunteered offered flexible payment plans. The terms and conditions of those plans varied. Cemeteries typically required the cost to be paid off within one to five years. Down payments ranged

from five percent to as high as 50 percent, although 10 to 25 percent seemed to be the norm, with over one-half falling in that range. Many cemeteries (65%) offered interest-free financing, but this was frequently available only if the buyer paid the entire cost within a certain time period, usually one to two years. Only two salespeople indicated that buyers must prepay, while others mentioned that the price must be paid in full before the grave can be opened. Many cemeteries offered discounts if the entire amount was paid at the time of purchase. Only a few offered to take credit cards.

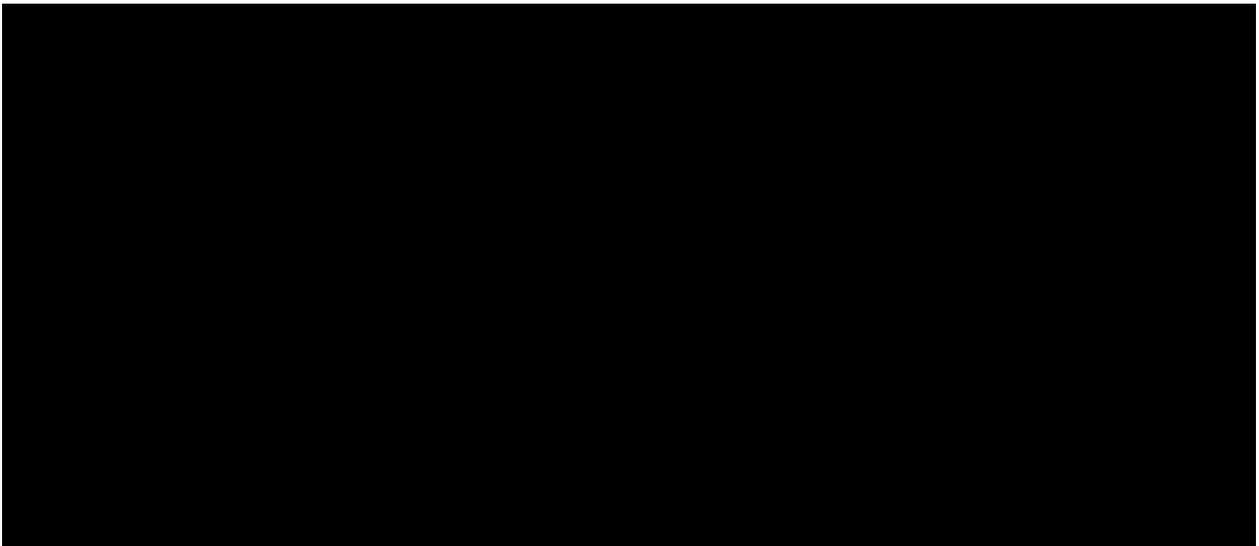
Figure 9 Percent of Salespersons Who Provided Information on Various Aspects of Financing (N=170)	



Fund Security

An important consumer issue in preneed cemetery purchases is the security of prepaid funds, so that they will be available when needed for cemetery services. Generally the consumer's money is held in a trust, often state regulated, or an insurance plan.

Two in ten salespersons (19%) volunteered information on *where* prepaid funds are held. Of the salespersons who did volunteer information on where funds are held, 82% indicated that the funds would be held in a trust, but almost six in ten (58%) did not indicate who oversaw or guaranteed the money placed in trust. Some were able to give the name of the financial entity.



Guarantees

In one-third of cemetery visits (32%), salespersons volunteered information about guarantees of price and availability of products and services purchased. A deed, contract, or title certificate was the guarantee offered by most cemeteries. Salespersons claimed that these documents ensured the prices were firm and the items and plot locations purchased would be available. In addition, broad verbal guarantees were given, such as “It’s in the contract.”

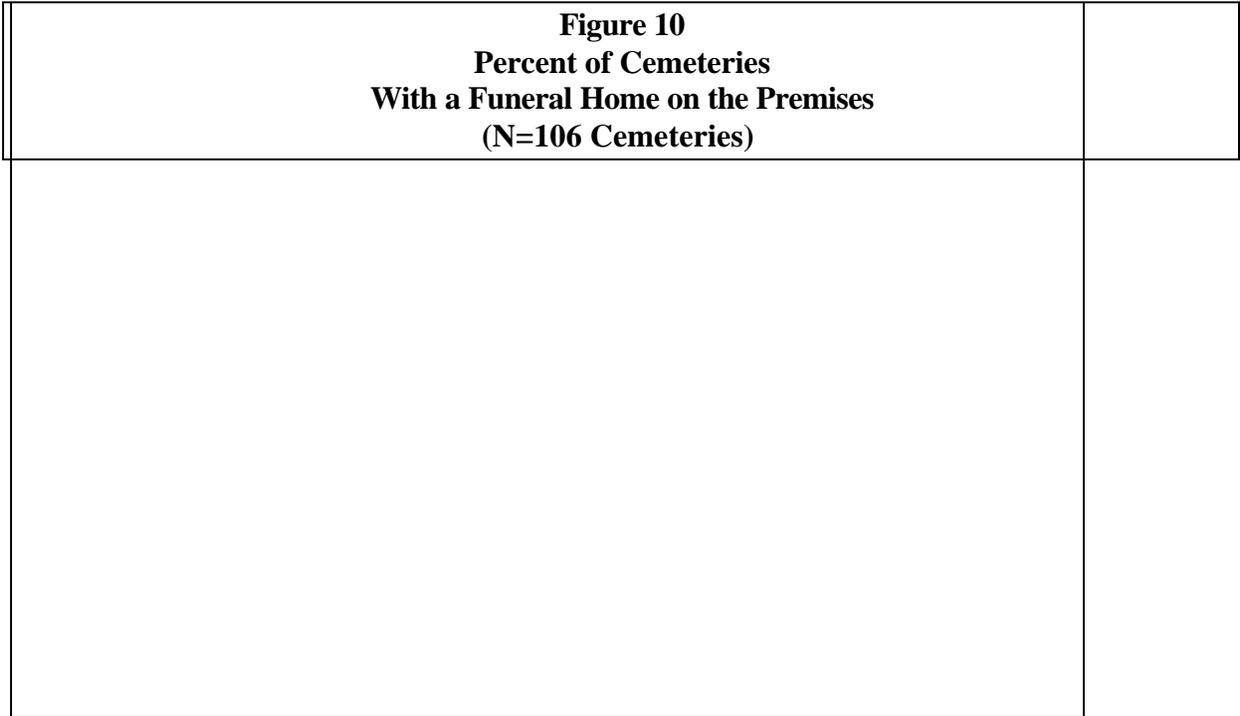
Constructive Delivery

Constructive delivery occurs when the consumer takes immediate ownership of burial-related items upon payment in full, and the cemetery agrees to store the items, typically for some fee. In the 1997/98 mystery shops, none of the salespersons indicated that their cemetery practiced constructive delivery.

FUNERAL HOMES AND CEMETERY OWNERSHIP

Nearly one in five of the cemeteries operated a funeral home on the cemetery premises.

Notably, in the Birmingham market, 12 of the 18 cemeteries operated a funeral home on the premises, the highest proportion of all the markets.



Fifty-seven percent of the cemeteries shopped were independently, locally, or family-owned.

One-third (32%) of the cemeteries were owned by a larger corporation, conglomerate, or public company. Relatively few (7%) were owned by the city.

	Total (N=106)	Philadelphia (N=29)	Pittsburgh (N=36)	Birmingham (N=18)	Jackson (N=15)	Milwaukee (N=8)
Independently/ locally/family owned	57%	72%	64%	22%	40%	75%
Owned/bought by larger corporation/ conglomerate/ public company	32%	17%	31%	78%	13%	25%
Owned by city	7%	0%	0%	0%	47%	0%
Do not know/	5%	10%	6%	0%	0%	0%

No answer						
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QUESTIONS ANSWERED

Virtually all of the shoppers (96%) in the 1997/98 study left the visit with all of their questions answered by the cemetery salesperson. The few questions that remained were generally related to perpetual care or to where or how the prepaid burial funds were held or guaranteed.

There was a substantial increase in the percent of shoppers who had all of their questions answered in the Pittsburgh market from 1995 (44%) to 1997/98 (99%). In both years, most Philadelphia shoppers had their questions answered (92% in 1995 vs. 97% in 1997/98).

OVERALL EXPERIENCES

Overall, shoppers considered their visits a positive experience. They offered comments about the salesperson being pleasant, informative, and willing to show them the various options. Other comments related to the size and cleanliness of the grounds. A small number of shoppers saw the visit in a more negative light; for some the salesperson was pushy.

FINDINGS: CEMETERY DOCUMENTS

In 28 percent of the visits, cemetery salespersons presented shoppers with various written documents other than price information. These documents included brochures, booklets, certificates and other marketing materials. This section describes examples of the major types of documents provided. Copies of such documents can be found in Appendix D.

CERTIFICATES (Appendix D.3.)

Certificate of Entitlement to Interment Right

The Certificate of Entitlement to Interment Right (essentially a right to be buried) is printed on legal-size, parchment paper with a green border, giving it the appearance of a serious legal document. However, a number of conditions must be met by the consumer to validate it.

- Both the husband and wife must attend the sales presentation where this certificate is presented. Although the potential purchasers are a married couple, only one free grave is provided.
- The location of the free gravesite is assigned at the time of need by the cemetery, thereby denying the couple any guarantee that they can be buried near each other. To guarantee specific sites, the couple must purchase two plots.
- To receive the free grave, the certificate must be validated and signed by a "duly authorized counselor" of the cemetery within 15 days of issuance and then validated every two years thereafter. If a couple decides to take the free grave but make no additional purchases at that time, they are nevertheless required to return to the cemetery every two years.

Special Protection Plan

This certificate guarantees that the cemetery will cancel any remaining balance due on cemetery purchases if the purchaser dies before paying off the full amount owed. Again, a number of conditions may limit the number of consumers who could actually benefit from this certificate. The purchaser must have paid at least five percent of the total due and be up to date in payments. The guarantee does not protect an individual whose death is attributable to a pre-existing condition.

Protection Plan Certificate

This certificate offers two options for the purchaser to be protected from unpaid balances if the purchaser dies prior to paying off the full costs of the cemetery purchases. The more enticing option requires the purchaser to make a 15% down payment.

Child Protection Certificates

A number of cemeteries provided Child Protection Certificates which guarantee that a child dying prior to age 21 would be provided a free mausoleum crypt if the parent purchases a mausoleum crypt for themselves, a more expensive option than in-ground burial.

LAST WILL AND TESTAMENTS (Appendix D.4.)

A blank Last Will and Testament was provided by the cemetery salesperson at one visit. While it is extremely important to have a Last Will and Testament, this particular format may not be appropriate for the individual shopper. In addition, it actually provides some special benefits to the funeral home and possibly the cemetery if signed.

One cemetery provided a certificate for membership in a legal services plan for one year and a certificate entitling them to free preparation of a basic will.

TRAVEL PROTECTION PLANS (Appendix D.5.)

A number of shoppers received printed information about the option of purchasing, for an additional amount (one plan cost \$295), a plan that would pay expenses for transporting the body if death occurs more than 100 miles away from home.

DETAILED INVENTORY AND PLANNING GUIDES (Appendix D.6.)

Many cemeteries provided shoppers with various types of inventory lists and instructions on how to organize necessary paperwork before death. Some are called estate planning kits. Many of the shoppers also received a list of the many things one must do "on the most difficult day of your life."

PRENEED AND ADVANCE PLANNING BROCHURES (Appendix D.7.)

While often combined with detailed inventory and planning guides, many cemeteries provided shoppers with brochures explaining the benefits of preneed and advance planning. The value of preneed was described in both emotional and practical terms.

Brochure Arguments for Preplanning:

- *Planning ahead is a gift of love... Ensure your family's peace of mind.*
- *We would rather see you both now, than have death force one of you to see us alone on the worst day of your life!*
- *It is my wish that all of you be spared the unnecessary anxiety, inconvenience and large expenses at the time of my death. I have put this plan in writing and have done as much as I could to relieve some burdens from you (form letter).*

- *Locked-in prices protect you against INFLATION.*

CONCLUSIONS

The marketing and sale of preneed burial arrangements is big business. An astounding 39 percent of all Americans over 50 have been contacted about the advance purchase of burial goods or services. At least one quarter of Americans over fifty (18 million) are the owners of a burial plot, mausoleum or niche, and 18 percent (12 million) have purchased other burial goods or services, such as a headstone, grave vault or liner, urn, or the opening and closing of the grave. (See Appendix E - *1998 AARP Preneed Telephone Survey*).

This mystery shopping study, a case study of the experiences of 170 shoppers at 106 cemeteries, identifies a number of practices that can put the consumer at a serious disadvantage. On one hand, most shoppers felt that salespersons had answered their questions and the shoppers left with a positive impression of the cemeteries. On the other hand, most shoppers were not shown or given any written price lists. Specific information on financing and the safety of their investment was not provided to most shoppers. Only about one in ten received information on policies with respect to cancellation and refunds. In a few cases (13%), salespersons led the shoppers to believe that vaults or grave liners were required by state law.

Consumers purchasing preneed burial goods and services should be assured basic consumer protections. Minimally, they should be provided with truthful information on legal requirements, should receive published price disclosures, and truthful and detailed information about the terms of any payments and financing options for their preneed purchase, and should have the right to cancellation and refund.

Appendix A: Visitation Questionnaire

Appendix B: Telephone Questionnaire

Appendix C: Sample Price Disclosures

Appendix D: Miscellaneous Documents

Appendix E: Results From A National Telephone Survey

