



Consumer Federation of America

A Needle in a Haystack—Finding funeral prices online in 26 State Capitals
Funeral Consumers Alliance and Consumer Federation of America

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A Pew Research Center study in 2016 found that more than 80 percent of Americans use the Internet to compare products and services on a first-time purchase. Yet, when it comes to one of the more expensive services that people are required to buy – funerals averaging more than \$7,000 in cost – the Internet is of little use because only a minority of funeral homes list any prices on their websites. And only a very small percentage include the price information required by the Federal Trade Commission’s Funeral Rule.

The Funeral Rule requires funeral homes, among other things, to hand consumers printed price lists at the beginning of any in-person conversation about funeral planning, to give price quotes by telephone, and to allow consumers to buy items and services individually. Funeral homes must alert consumers that they have the right to decline to buy packaged goods and services, and that they may choose item by item.

The Rule was issued because there was strong agreement that consumers needed more information about funeral costs, and not just because of the relative high cost of funerals. It was widely recognized that someone arranging a funeral for a loved one is often focused on their loss, not on making sense of various undisclosed pricing schemes by funeral homes. It was also recognized that for a very high percentage of funeral home services, it is their first purchase, so they have no relevant buying experience.

That strong agreement is reflected in public sentiment. A February, 2017 telephone poll of 1,000 adult Americans found that 79 percent of survey respondents agreed that funeral homes should be required to post their prices on their websites, just as they are currently required to hand them out on paper. The survey was undertaken by ORC International, which interviewed a representative sample of 1,000 adult Americans by cell phone or landline.

But since the Rule was issued in 1984, it did not contemplate the Internet. This regulatory loophole has left consumers without a practical means to compare prices on what may be the third most expensive purchase most families ever make. Most funeral homes will not voluntarily post their prices online, even though they have already created a “General Price List”, which they hand to consumers on paper, in order to comply with the Funeral Rule. It is time for the FTC to bring the regulations into the digital age.

Our most recent survey researched the websites of all funeral homes, found by Google search, in and within a 10-mile radius of 26 capital cities. We chose 25 small to mid-sized capital cities to study. In addition, we included Sacramento, California as a comparison. California is the only

state that requires funeral homes to post their General Price Lists online, or, if they choose not to, to list 16 categories of funeral-related services on offer and a note that a price list is available on request. The results from Sacramento underscore the effectiveness of this law, enacted in 2013. The contrast between Sacramento and the other 25 capital cities is striking.

Summary of Results

We surveyed 211 funeral homes in 25 cities and found that 193 of these homes have websites. If a funeral home's website was down, we counted the funeral home as not having a site.

- Just 53 (27%) of the 193 funeral homes with websites posted any prices online.
- But only 30 (16%) of the 193 homes posted their complete General Price List on their website.

In Sacramento, the 26th city, we surveyed 32 funeral homes. Seven homes did not have websites. However, of the 25 funeral homes with websites, 18 (72%) posted their General Price List.

Two Sacramento funeral homes were in direct violation of California law by neither posting a price list, nor listing services and noting that prices are available on request.

Four funeral businesses complied with the state law by declining to list prices, but instead listing the services and offering a price list by request. All four of these businesses are owned or controlled by Service Corporation International. SCI, also known as "Dignity Memorial," is the largest publicly traded funeral company in the world, and takes in 16 percent of the annual revenue generated in the American funeral trade. The company is widely known for having the highest prices in most markets in which they operate.

A graph containing the results from all 26 cities appears at the end of this report.

The California experience shows that regulation works to bring consumers vital information they need to make an informed decision about a funeral they can afford. Requiring the digital publication of funeral prices imposes no monetary or other costs on funeral homes, nor does it require more effort than a few mouse clicks or swipes. But the loophole in the original law should be closed, as there is no public good served by allowing funeral homes to conceal prices from consumers online. We note that the wording on the websites of the funeral homes exercising this loophole indicates the funeral home expects consumers to call or visit the business in person, not to expect the funeral home to email its price list. This is likely a conscious choice to persuade consumers to meet with a salesperson in a business environment where it is easier to sell expensive services to buyers with no prior information at their disposal.

The Purpose and Necessity of the Funeral Rule

It is reasonable to ask, "Why does the Federal Trade Commission need a rule specific to funeral homes to instruct them on how they disclose their prices?" Quite simply, ordinary market pressures we find in almost every other retail transaction are absent in the funeral purchase. Surveys and staff experience at Funeral Consumers Alliance consistently show that most

Americans know very little accurate information about funerals. Most of us are under the misimpression, for example, that embalming is required by law or health code in order to view a body. Most of us are not even aware that federal regulations require funeral homes to allow the buyer to itemize, instead of being forced to buy an all-inclusive package.

With the median cost of a full-service funeral at \$7,360, final arrangements can be costly.¹ Because speaking candidly about the cost of death is considered socially taboo or “morbid,” most consumers do not actively plan for the eventuality. They also refrain from shopping around, unaware that the costs for exactly the same funeral or cremation, in the same city, varies by thousands of dollars depending on the choice of funeral home. Faced with grief, American families often emerge from the arrangements office in sticker shock.

The Federal Trade Commission documented this reality in a 526-page report published in 1978. *Funeral Industry Practices* described the experiences of thousands of consumers, clergy, and consumer groups who attempted to get accurate information about funeral prices and to decline to purchase goods they did not want or could not afford. “Secret shoppers” made hundreds of trips to funeral homes around the country, posing as grieving families to see how they were received.

The FTC found, as consumer groups have long known, that the funeral consumer is *uniquely vulnerable*. Not only is the buyer in a state of grief, but the funeral itself is a purchase infused with emotion, and, often, with religious or spiritual significance. It is easy to see how notions of loyalty and love for the dead can be used to sell costly services to the bereaved. When the act of grieving is intertwined with the financial outlay for professional services, many grieving people are loathe to question the price tag, though they may regret it later.

From *Funeral Industry Practices*:

As detailed throughout this report, the recommended rule stems from several underlying conditions that permeate the funeral transaction. From the standpoint of consumer protection, perhaps the most significant is the extreme vulnerability of funeral purchasers—a condition nurtured by their widespread ignorance of relevant information and by the disabling effects of grief and bereavement. Grief-stricken survivors enter the immediate post-death period in a dependent, disoriented state accompanied by a profound sense of loss, and, frequently, by guilt. Bracketed by severe time constraints, funeral arrangements must be made by persons with little prior knowledge of death-related legal requirements, funeral prices, or available options. The result, as expressed in the Presiding Officer’s Report, is “to place the consumer in a disadvantaged bargaining position relative to the funeral director and leave the consumer especially vulnerable to unfair and deceptive practices.”

¹ This figure is taken from the National Funeral Directors Association for the year 2016, the latest year for which full data is available. The price does *not* include the cost of a cemetery plot, digging the grave, or the concrete vault required by most cemeteries. These costs can easily add \$3,000 to the final bill.

The fundamental nature of the funeral transaction and how grieving people encounter it has not changed since the report was published. Grieving people still grieve, and emotionally exhausted families still find themselves making weighty and costly decisions at the last minute about a service they must buy, but are not buying happily, and about which they usually know very little.

The Rule attempted to remedy this by imposing requirements on funeral homes. The most important:

- Funeral homes must hand consumers a printed, itemized price list at the very beginning of any funeral arrangements discussion, *even if the customer does not specifically ask about prices.*
- The price list must disclose that consumers have the right to decline any unwanted services or goods, and that they may shop a la carte instead of purchasing a packaged service.
- The price list must tell consumers that embalming is not usually required by law, and that simple, basic arrangements such as direct cremation or direct burial are available

While the Rule has allowed savvy consumers the ability, with forethought and research, to compare prices and services ahead of time, the technology of the era in which it was written limits its practical usefulness. How can consumers who know little about funerals know which specific questions to ask when calling for price quotes? Consumer families who contact FCA, for example, usually begin with “how much does a funeral cost?” If the party on the line is a funeral director, he or she will likely give a price for a full-service funeral with a viewing. Funeral directors are not likely to voluntarily bring up the existence of low-cost options such as simple cremation or burial.

What grieving family has the time and wherewithal to physically visit two, three, even five funeral homes at the time of death? Under the current Funeral Rule, this is what they *must* do if they wish to have a copy of the complete price list *which carries important disclosures about consumer rights.* This is not feasible for all but the most determined and unusually prepared consumers.

The Internet has the capacity to change the funeral shopping transaction in a way that may turn out to be more empowering to consumers than the entire Funeral Rule has been to date. Just as we turn to Internet search for specifications, prices, and reviews of new phones, automobiles, major appliances, and professional services, consumers could do the same for end-of-life services.

It is also likely that as Internet users become used to seeing funeral, burial, and cremation prices listed as openly online as any product on Amazon, consumers will be prompted to remember that price comparison for funerals is as reasonable and important as for any similarly priced purchase. The Internet could do more to break the taboo of discussing funerals and their prices than any previous regulatory efforts.

Many Benefits, No Burdensome Costs

Updating the Funeral Rule to mandate online disclosure of funeral prices is a logical and natural extension of the Rule's underlying philosophy and purpose. The FTC recognized the difficulty of obtaining accurate prices and information, and established that grieving consumers are uniquely vulnerable in a way they are not in any other retail transaction. Because citizens in 2018 primarily use the Internet to research purchases, and increasingly, to buy them outright, the FTC has an ethical responsibility to update its rules to reflect the consumer experience of today, not that of 1984.

Such a new requirement poses zero costs to funeral homes. Only those who choose to have a website would be subjected to the posting requirement. And unlike the actual, if negligible, cost of printing multiple copies of price lists, posting online costs the business nothing but the time it takes to click "upload" for a document the funeral home has already created and maintained since the Rule first became effective.

Full Results of Survey

Table 1 (25 cities, excluding Sacramento, California)

City	# Of funeral homes in 10-mile radius	# With an active website	# With GPL online	# With some prices online (of those that do not have a GPL online)	
Augusta, ME	4	4	1	2	
Baton Rouge, LA	16	14	0	2	
Bismarck, ND	7	7	0	2	
Boise, ID	9	9	2	2	
Charleston, WV	16	16	3	0	
Cheyenne, WY	2	2	0	0	
Concord, NH	8	5	2	1	
Des Moines, IA	8	8	4	0	
Dover, DE	8	7	0	1	
Frankfort, KY	4	4	1	0	
Harrisburg, PA	17	17	0	0	
Helena, MT	3	3	0	0	
Jackson, MS	9	7	0	0	
Jefferson City, MO	8	6	0	1	
Lansing, MI	7	7	0	1	
Montpelier, VT	1	1	1	0	
Olympia, WA	5	5	3	0	
Pierre, SD	2	2	0	0	
St. Paul, MN	19	19	4	1	
Salem, OR	7	7	2	1	
Salt Lake City, UT	16	15	2	5	
Santa Fe, NM	6	5	0	1	
Springfield, IL	10	7	4	2	
Tallahassee, FL	9	6	1	0	
Topeka, KS	10	10	0	1	
Totals	211	193	30	23	# With GPL or some prices online
Expressed as a percentage		91%	16%	9%	27%

Table 2 (Sacramento, California, 32 funeral homes)

City	# Of funeral homes in 10-mile radius	# With an active website	# With GPL online	# With some prices online (of those that do not have a GPL online)
Totals	32	25	18	0
Expressed as a percentage		78%	72%	0%