

NFDA

NATIONAL
FUNERAL
DIRECTORS
ASSOCIATION

The NFDA Cremation and Burial Report: Research, Statistics and Projections

September 2014

A brand-new state-of-cremation publication featuring statistical information and in-depth analysis of the state of cremation today and what it means for you.

The NFDA 2014 Cremation Report: Research, Statistics and Projections

NFDA is the leading and largest funeral director association in the world. We help our members achieve more by providing tools to manage a successful business.

State of the Funeral Service Industry

Based on analysis of the major external factors influencing the funeral service industry, industry conditions over the 2014-2019 five-year period are projected to slightly improve. The major external factors are: number of deaths (anticipated to increase as the population ages), number of adults 65 and older, the increasing number of cremations and U.S. per capita disposable income (IBISWorld Industry Report 81221, July 2014).

U.S. Death Rates (annual deaths per 1,000 population)

Year	Annual Deaths per 1,000 Population	
2000-2002	8.5	Final Data
2003	8.3	
2004	8.2	
2005	8.3	
2006	8.1	
2007	8.0	
2008	8.1	
2009-2010	7.9	Provisional Data
2011	8.1	
2012	8.3	Projected Data
2016-2020	8.4	
2025	8.6	
2030	8.9	
2035	9.3	
2040	9.6	
2045-2050	9.7	

Sources: U.S. National Center for Health Statistics-Vital Statistics of the United States; National Vital Statistics Reports; U.S. Census Bureau.

Influence of Rising Cremation Rates on Industry

In 2014, more than one-third of funeral homes in the United States own and operate crematories and 7% plan to build or open a crematory within the next five years. This means most funeral homes are in competition with stand-alone crematories in the area of direct cremation (disposition of human remains by cremation without formal viewing, visitation or ceremony with the body present). There is a growing trend to select direct cremation because it is, in general, more

cost-effective for consumers. It is often followed by some type of memorialization event with family and friends – but frequently without the services of a funeral home. This results in increased competition from the direct cremation (direct disposal) sector.

The rising popularity of cremation is attributable to a number of factors, including cost, decreased household discretionary income, rising funeral expenses that continue to outpace inflation (Batesville, 2013), environmental concerns, fewer religious prohibitions of the practice and changing consumer preferences, including a growing preference for simpler, less ritualized funeral practices.

Another significant factor in the rise of cremation popularity is the surge in the number of people who do not identify with any religion. The likelihood of choosing cremation for a loved one is directionally higher for those who do not subscribe to an organized religion (FAMIC, 2010). In just five years, from 2007-2012, the percentage of unaffiliated adults increased from 15% to almost 20% of the U.S. population (Pew, 2012). Cremation has become socially acceptable as more Americans are thinking and talking about death in new ways, and its popularity is expected to intensify.

As cremation becomes more popular, revenue gains for funeral homes are forecast to be moderate. Cremation services in general, offered by the vast majority of U.S. funeral homes, produce lower revenue for funeral homes, adversely affecting industry revenue. Typically, cremations cost less than one-third of funerals with burials (IBIS, July 2013; March 2014).

Industry revenue is anticipated to expand at an average annual rate of just 1.5% over the next five years, reaching \$17.2 billion in 2019. Direct cremation services make up just over 4% of industry revenue in 2014 (IBIS, 2014).

Cremation revenue is estimated at 42% of the revenue for a traditional funeral including a burial (*Closing the Profitability Gap With Cremation*, Batesville Services, 2013). Future growth prospects for the industry will be hampered by the lower revenue and profit per family that cremations generate, as well as by rising competition from crematories (IBIS, 2014, July).

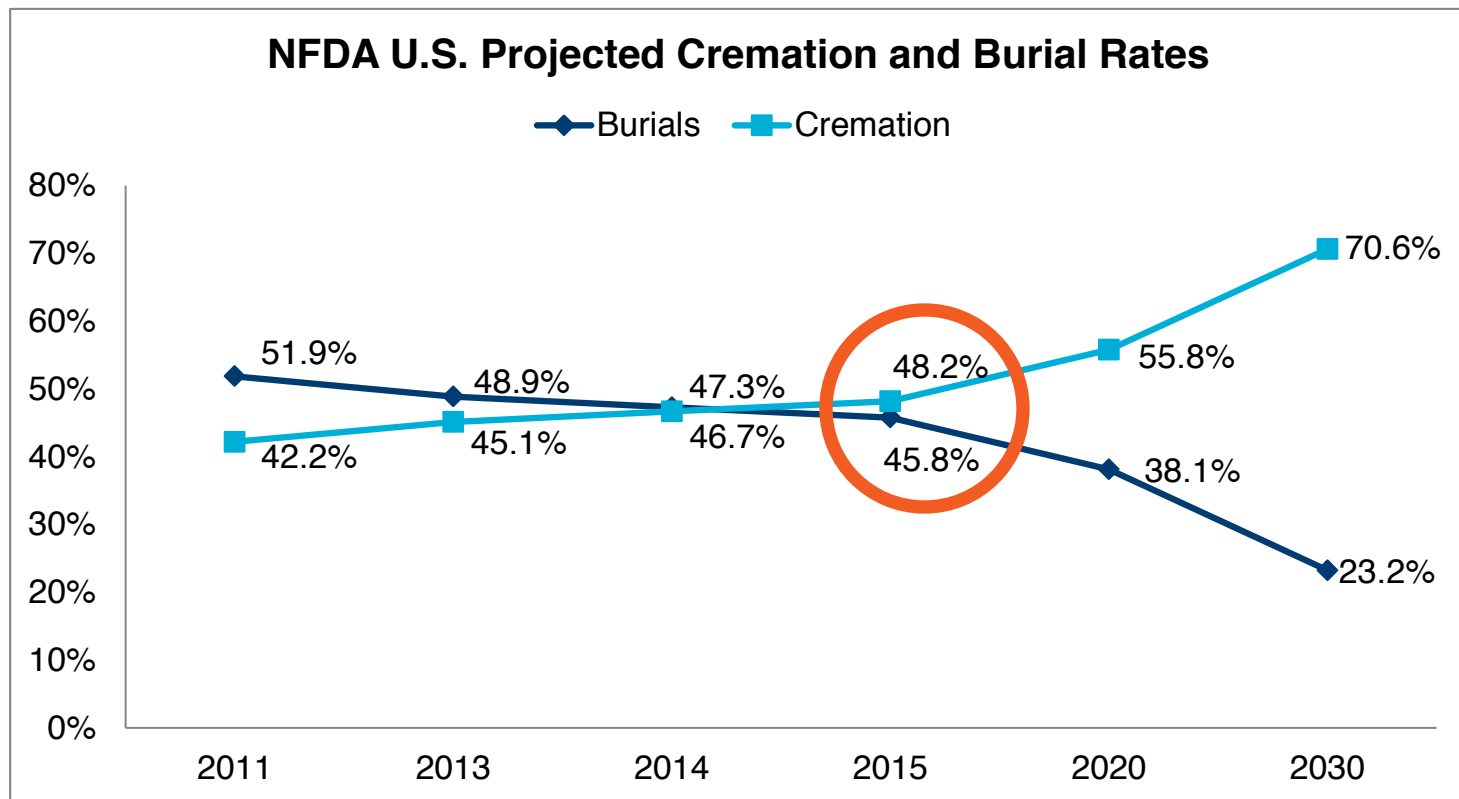
To combat these revenue challenges created by the rise in cremation and decrease in preference for a traditional funeral, successful funeral homes will likely offer more specialized products and services associated with cremations, such as customized urns and service packages. It is predicted that funeral homes will continue to expand the array of extra services offered to families and that operators will increasingly focus on niche markets, such as groups with diverse cultural and religious preferences, to differentiate themselves and draw attention to their value-added services (IBIS, 2014).

By 2030, NFDA estimates that 70.6% of all consumers will choose cremation over burial, compared with the current rate of 45.1%. The percentage of cremations is projected to exceed the percentage of burials for the first time in 2015.

Even with an expected 27% increase from 2.5 million deaths in 2011 to 3.2 million in 2030, the shifting preference for cremation will result in the number of burials declining from 1.31 million in 2011 to 1.20 million in 2015, then to 1.06 million in 2020 and down to 745,000 in 2030.

The number of cremations is expected to rise from 1.07 (2011) to 1.26 million (2015), then to 1.54 million (2020) and 2.27 million (2030).

In 2011, 17 states had cremation rates above 50%; by 2020, 39 states are projected to have more cremations than burials; by 2030, 47 states are predicted to have more than 50% of deaths as cremations.



NFDA Projected Deaths by Method of Disposition, by State, 2011 - 2030, Percent of Total

State	Burials						Cremations					
	2011	2013	2014	2015	2020	2030	2011	2013	2014	2015	2020	2030
Alabama	80.1%	77.4%	75.9%	74.5%	67.2%	53.2%	18.8%	21.5%	23.1%	24.5%	31.7%	45.7%
Alaska	29.0%	27.2%	26.5%	25.9%	23.2%	16.4%	63.5%	65.4%	66.3%	67.1%	69.7%	76.1%
Arizona	28.8%	26.7%	25.4%	24.5%	18.7%	7.8%	63.4%	65.1%	66.1%	66.9%	71.9%	82.8%
Arkansas	67.9%	64.8%	63.3%	61.7%	53.9%	38.6%	28.4%	31.3%	32.7%	34.2%	41.2%	56.5%
California	35.2%	32.7%	31.5%	30.2%	24.0%	11.9%	59.7%	62.2%	63.4%	64.8%	70.9%	83.0%
Colorado	27.3%	24.3%	23.0%	21.4%	14.1%	5.4%	64.1%	67.3%	68.6%	70.3%	77.8%	86.7%
Connecticut	51.9%	48.6%	46.9%	44.8%	36.8%	19.1%	45.4%	48.6%	50.3%	52.2%	60.3%	78.0%
Delaware	54.0%	50.3%	48.1%	46.0%	35.8%	16.6%	41.6%	44.6%	46.2%	47.8%	55.5%	74.1%
District of Columbia	59.5%	56.3%	54.7%	53.1%	45.5%	30.2%	35.7%	38.5%	40.0%	41.7%	49.5%	63.8%
Florida	29.5%	27.4%	26.4%	25.5%	20.6%	11.5%	59.3%	61.4%	62.4%	63.4%	68.2%	77.3%
Georgia	62.8%	59.4%	57.7%	56.0%	47.4%	30.0%	32.1%	35.5%	37.1%	38.8%	47.4%	64.6%
Hawaii	23.8%	22.0%	21.1%	20.5%	16.2%	7.4%	69.9%	71.8%	72.7%	73.3%	77.7%	86.4%
Idaho	34.6%	31.8%	30.5%	29.1%	22.4%	8.4%	52.6%	55.4%	56.8%	58.2%	64.9%	79.0%
Illinois**	59.0%	54.9%	52.6%	50.7%	40.2%	19.6%	37.0%	40.8%	42.8%	44.6%	54.4%	74.9%
Indiana	62.2%	58.8%	57.4%	55.9%	48.2%	34.0%	31.8%	35.1%	36.6%	38.1%	45.8%	59.9%
Iowa	59.5%	55.5%	53.6%	51.3%	41.9%	22.0%	36.6%	40.5%	42.2%	44.3%	53.4%	72.4%
Kansas	56.5%	52.6%	50.6%	49.0%	39.2%	20.0%	38.7%	42.7%	44.6%	46.1%	56.0%	75.1%
Kentucky	75.3%	72.9%	71.3%	70.1%	63.5%	49.8%	20.6%	23.0%	24.5%	25.7%	32.3%	46.1%
Louisiana	74.8%	72.8%	71.2%	70.2%	64.7%	53.7%	22.6%	24.6%	26.3%	27.3%	32.9%	44.1%
Maine**	29.9%	27.0%	25.5%	23.8%	15.6%	5.5%	65.1%	68.4%	70.0%	71.7%	79.9%	89.6%
Maryland	57.4%	54.8%	53.4%	52.5%	46.1%	33.6%	36.5%	39.2%	40.6%	41.5%	48.2%	60.9%
Massachusetts	53.8%	51.2%	49.7%	48.1%	41.0%	26.8%	38.9%	41.7%	43.4%	45.0%	52.1%	66.3%
Michigan	48.8%	45.2%	43.3%	41.5%	32.4%	14.0%	49.2%	52.9%	54.9%	56.7%	65.8%	84.2%
Minnesota	46.1%	42.0%	39.8%	37.7%	26.9%	5.7%	50.8%	55.0%	57.2%	59.3%	70.1%	91.3%
Mississippi	82.6%	80.8%	80.0%	79.2%	74.7%	65.8%	15.7%	17.5%	18.2%	19.1%	23.7%	32.5%
Missouri	60.4%	56.8%	55.1%	53.3%	44.2%	26.0%	34.4%	38.0%	39.7%	41.5%	50.6%	68.8%
Montana	28.3%	25.3%	23.9%	22.2%	14.8%	5.7%	68.3%	71.4%	72.8%	74.6%	81.6%	89.5%
Nebraska	58.8%	55.0%	53.1%	50.9%	41.3%	21.3%	38.2%	41.9%	43.8%	46.0%	55.5%	75.6%
Nevada*	22.7%	20.8%	20.0%	19.1%	14.4%	5.7%	74.2%	76.0%	76.9%	77.8%	82.5%	91.0%
New Hampshire	29.9%	27.1%	25.1%	23.8%	15.9%	5.4%	65.1%	68.2%	70.3%	71.7%	79.7%	89.7%
New Jersey	52.1%	49.1%	47.5%	46.2%	39.1%	23.6%	36.6%	39.0%	40.6%	41.8%	48.9%	64.4%
New Mexico	37.7%	35.0%	33.9%	32.4%	25.9%	12.4%	54.4%	57.7%	58.9%	60.5%	68.2%	81.9%
New York	57.1%	54.1%	52.7%	51.0%	43.9%	29.4%	35.5%	38.3%	39.6%	41.0%	48.0%	62.6%
North Carolina	62.8%	59.2%	57.5%	55.6%	46.7%	28.5%	34.6%	38.0%	39.8%	41.6%	50.6%	68.8%
North Dakota	65.8%	64.0%	62.5%	61.3%	56.3%	47.3%	31.1%	33.8%	35.3%	36.5%	41.7%	50.3%
Ohio	56.4%	53.4%	52.0%	50.4%	42.6%	27.6%	37.2%	40.6%	42.3%	43.9%	51.7%	66.7%
Oklahoma	63.4%	59.6%	57.5%	55.4%	45.7%	26.4%	33.2%	37.0%	39.0%	41.2%	50.9%	70.2%
Oregon	21.3%	19.1%	17.9%	16.8%	11.2%	5.4%	70.7%	72.9%	74.1%	75.2%	80.8%	86.6%
Pennsylvania	55.7%	52.5%	50.8%	49.1%	40.9%	24.6%	38.2%	41.4%	43.1%	44.9%	53.0%	69.3%
Rhode Island**	53.0%	49.7%	48.2%	46.7%	39.0%	23.3%	41.7%	45.1%	46.6%	47.7%	55.6%	71.2%
South Carolina	62.6%	58.9%	56.7%	54.9%	45.0%	24.0%	31.6%	35.3%	37.4%	39.3%	49.2%	70.2%
South Dakota	62.4%	58.5%	56.5%	54.7%	45.2%	23.6%	30.4%	33.3%	35.4%	37.2%	46.5%	68.5%
Tennessee**	72.3%	69.6%	68.2%	66.8%	59.9%	46.0%	24.0%	26.6%	28.1%	29.5%	36.4%	50.3%
Texas	57.3%	53.7%	52.0%	50.1%	41.0%	22.9%	34.1%	37.6%	39.3%	41.2%	50.3%	68.4%
Utah	63.6%	61.1%	59.5%	58.2%	51.5%	36.1%	27.6%	29.5%	31.2%	32.4%	39.1%	54.5%
Vermont*	26.1%	22.9%	20.9%	19.6%	11.5%	5.3%	61.8%	65.1%	67.3%	68.8%	77.0%	84.0%
Virginia**	64.5%	61.3%	60.1%	58.4%	50.9%	35.8%	31.8%	34.9%	36.1%	37.8%	45.3%	60.5%
Washington	23.7%	20.8%	19.5%	18.1%	11.3%	5.6%	71.6%	74.3%	75.5%	76.8%	83.3%	89.5%
West Virginia**	65.7%	62.8%	61.5%	59.8%	52.6%	38.3%	23.1%	26.0%	27.3%	28.9%	36.1%	50.5%
Wisconsin	45.8%	42.2%	40.1%	38.4%	29.1%	11.5%	46.9%	50.5%	52.5%	54.2%	63.5%	81.2%
Wyoming	33.0%	29.6%	27.8%	26.4%	18.8%	8.0%	62.0%	65.4%	66.7%	68.1%	76.0%	86.7%
TOTAL	51.9%	48.9%	47.3%	45.8%	38.1%	23.2%	42.2%	45.1%	46.7%	48.2%	55.8%	70.6%

* Percentages for 2011 are estimated.

** States with fewer than five years' data in base period 2002-2011, indicating greater uncertainty in the projections.

Methodology

The above statistical projections were prepared in September 2014 for NFDA by the University of Wisconsin-Madison Applied Population Laboratory Department of Community and Environmental Sociology. State-level deaths by method of disposition data were collected from state vital statistics departments or similar state regulatory agencies for the years 2002-2012. Simple linear regression was used as the projection method for calculating the percentages of burials and cremations. The small percentage (6.0%) of "other" methods of disposition (such as donations, entombment, removal from state, etc.) are not included in this report.

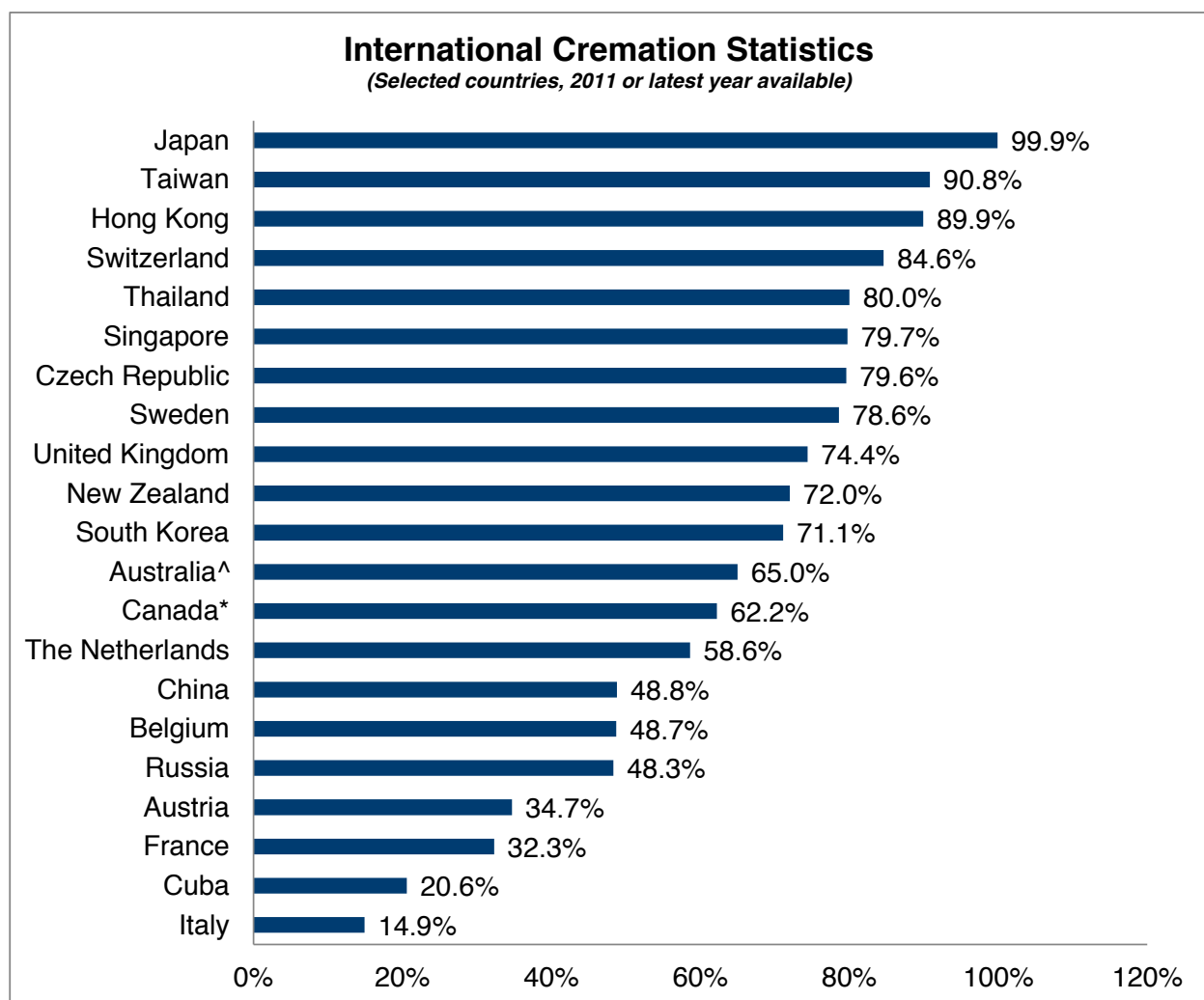
To determine disposition rates for states without data and complete the base series for states with partial or missing data available, choropleth maps were prepared for several years and reviewed. Analysis indicates that spatial associations were fairly strong among neighboring states. Four states required the construction of complete base sets (Maine, Rhode Island, Tennessee, Virginia) and another three required partial imputation of some missing values (Illinois, Nevada, West Virginia).

Once the base percentages were completed, the annualized rates of change for each state's share of burials and cremations were calculated and carried forward to the desired projection dates of 2013, 2014, 2015, 2020 and 2030. An upper bound for cremations and lower bound for burials was established for 2030, using the mean and standard deviation for all states. To establish projected state deaths, and hence, the future number of burials and cremations, age-sex-specific death rates (ASDRs) were calculated using the Census Bureau's national projections and mortality data from the U.S. Centers for Disease Control. As with any statistical projections, there may be variation – increases or decreases – in deaths from year to year in an individual state or even at the national level. For complete methodology and references summaries, contact NFDA at 800-228-6332.

Global Cremation Rates

In other parts of the world, cremation has long been more readily accepted than in the United States. It is the prevailing practice where the custom is ancient, as in India. In Japan, the practice is nearly universal, with the current rate at 99.9%. Rates are approaching 50% in China and Russia, 80% in Singapore and 90% in Hong Kong. The UK rate is more than 74%, with Canadian and Australian rates over 60% and the

Netherlands over 58%, according to the Cremation Society of Great Britain's *International Cremation Statistics* 2012 report. The Cremation Society's 2011 report noted that in many Scandinavian cities, as in other concentrated urban areas around the globe, the cremation rate is well over 70%, reflective of population density and decreasing burial space.



Source: The Cremation Society of Great Britain, 2012 Report. * Excludes Quebec. ^ Estimate.

Consumer Attitudes

The most recent consumer survey conducted by the Funeral and Memorial Information Council (FAMIC, 2012) found that the likelihood of choosing cremation for a loved one has increased steadily over time since the first survey, conducted in 1990. In 2010, 28% of respondents indicated they would definitely choose cremation for a loved one.

Among geographic regions, 43% of respondents in the Midwest would have a ceremony with the body present prior to cremation – a significantly higher number than in the West (17%). Accordingly, more respondents in the West would have a ceremony without the body present (49%) than in the Midwest (29%).

Demographically, 51% of African Americans are not at all likely to choose cremation; Hispanic Americans are significantly more likely than the general population age 20-39 to indicate that they do not believe in cremation and are significantly more likely than African Americans to indicate that their religion does not allow it. Catholics are directionally less likely to choose cremation. However, overall, a decreasing number of respondents indicate that they would not choose cremation because they do not believe in it (21%). The second most common reason for not choosing cremation is personal preference (18%).

Of those who chose cremation in the past, according to the FAMIC study, the majority (67%) indicate that there was a permanent memorial of some type.

Recent NFDA studies show that 54% of U.S. adults 40 and over would prefer cremation when planning their own funerals, with only 22 percent preferring burial (2012).

2014 NFDA Consumer Study Findings

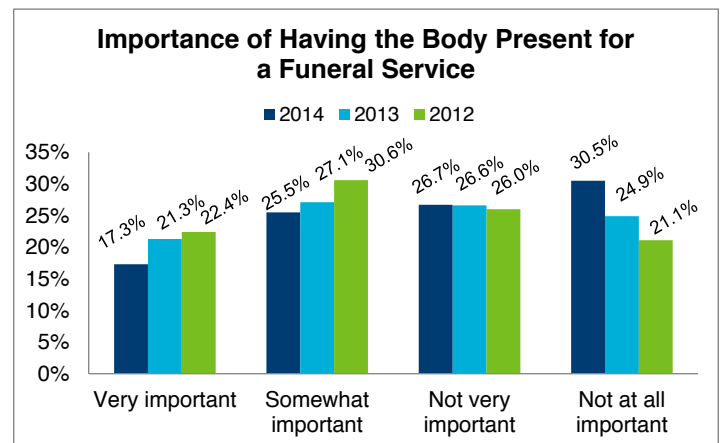
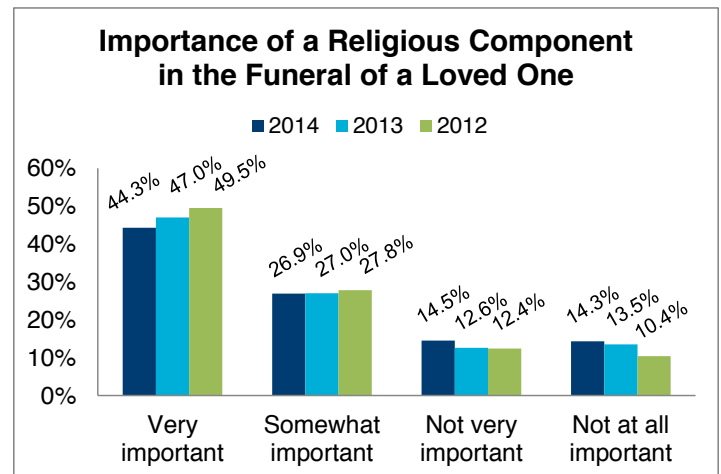
In this annual study, more than half of adult respondents said they would encourage their loved ones to plan a memorial ceremony, while 14% said they would discourage it. The top reasons for discouraging a memorial ceremony were simply not desiring one or it being considered unnecessary or too expensive. Some respondents stated their preference for some sort of service; for example, one that would be “short and simple” or a “party/celebration.”

Most consumers (87%) do not shop around for a funeral home. Of those who do visit more than one funeral home, the main reasons for doing so are to compare prices and check available service options.

What Consumers Want

- Consumers want a funeral home where they already know the funeral director, one that is familiar (previously served family/friends), close to home and has a good reputation.

- When choosing a funeral director, consumers look for honesty and trustworthiness in a professional who is caring, compassionate and sensitive to the family's budget.
- Details of most importance to consumers for their own funeral or the funeral of a loved one: a gathering of family and friends, honoring the wishes or prearrangements of a loved one and having a life celebration with an uplifting atmosphere. They also want personalized music and a ceremony or tribute to the deceased.
- While a religious funeral service remains important to most, 29% of consumers feel it is not important, a rate that has continued to increase over the past three years.



- The importance of having a body present for a funeral service has been decreasing over the past three years.
- Most consumers (58.2%) associate a cremation with a memorial service.
- Only 15.1% associate a cremation with preceding a traditional funeral (a 3.3% decrease since 2013).
- Just over one-third (38%) are aware that they can view a body that is prepared but not embalmed prior to a cremation service.
- Most (76.4%) do not feel it is important for a funeral home to have the word “cremation” in its name.

2014 NFDA Cremation Business Practices Study

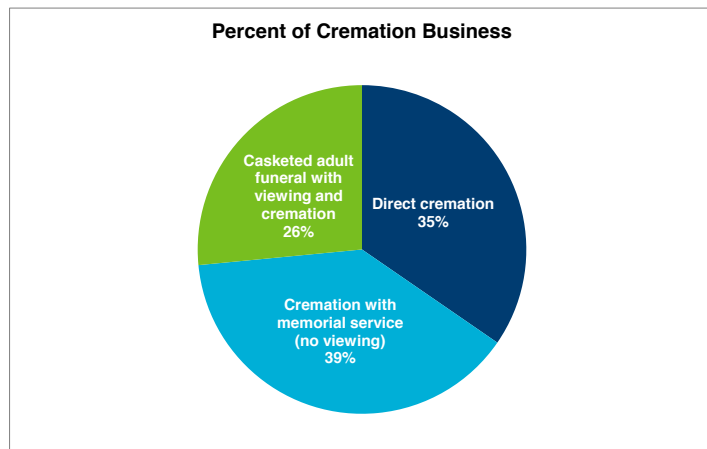
The top four challenges to their cremation businesses identified by funeral directors are: 1. the decrease in families requesting traditional funeral ceremonies; 2. decreasing profit margins; 3. a decrease in families requesting memorialization; 4. competition from other funeral homes. It is the opinion of funeral directors that families choose direct cremation due to price, their personal preference and because more families feel that a funeral is not important.

In the 45 states that allow funeral homes to own their own crematories, 37% of firms own a crematory; an additional 7% plan to build one in the next five years. In the five states (Maine, Massachusetts, Michigan, New Jersey, New York) that currently do not allow funeral homes to own crematories, the establishments are governed under cemetery rules and regulations. In contrast, in four states (Alabama, Florida, Georgia, Utah), crematories must be operated by a funeral home or a licensed funeral director (in Florida, a direct disposer) must supervise or be in charge (NFDA 2013 Report Card on State Cremation Laws).

- Nearly all funeral homes have an urn selection area; almost one-third report that cremation families purchase keepsake items such as jewelry and keepsake urns.
- Of the firms that own a cemetery, 70% have a columbarium (indoor or outdoor structure with niches for urns) and 22% have a cremated remains scattering garden; only 4% of funeral homes that own a cemetery have a casting area for cremated remains.
- Pet cremation services are offered by only 17% of firms, while another 17% indicate that they plan to offer pet cremation services within the next few years. Two-thirds of funeral homes have no plans to offer pet cremation.

Direct Cremations

Direct cremations account for 35% of the average funeral home's cremation business, cremations with a memorial service account for one-third of its cremation business and casketed funerals with viewing and cremation account for just over one-quarter of its cremation business.



Funeral homes are charging approximately \$2,260 for a direct cremation, \$3,250 for a cremation with memorial service and \$5,410 for a casketed funeral with viewing and cremation. The median cost of an urn is \$275 and \$995 for a cremation casket.

In 2013, what was your average charge for ...	2013 Median Charge
Nondeclinable Basic Services Fee	\$ 2,045
Direct cremation (no services) including crematory fee and alternative container	\$ 2,260
Cremation with memorial service (no viewing)	\$ 3,250
Casketed adult funeral with viewing and cremation	\$ 5,410
*Other cremation charges ...	
Urn*	\$ 275
Cremation casket*	\$ 995

**Source: 2013 NFDA GPL Study (based on 2012 charges).*

Half of funeral homes report having three or more direct cremation providers in their market and four or more full-service providers in their market.

NFDA-member funeral homes report charging \$2,260 for a direct cremation. This is a significantly higher amount than the median charge for a direct cremation provided by a direct cremation provider (\$1,348) and \$90 more than what they report full-service competitors are charging.

