RETAIL & HOSPITALITY

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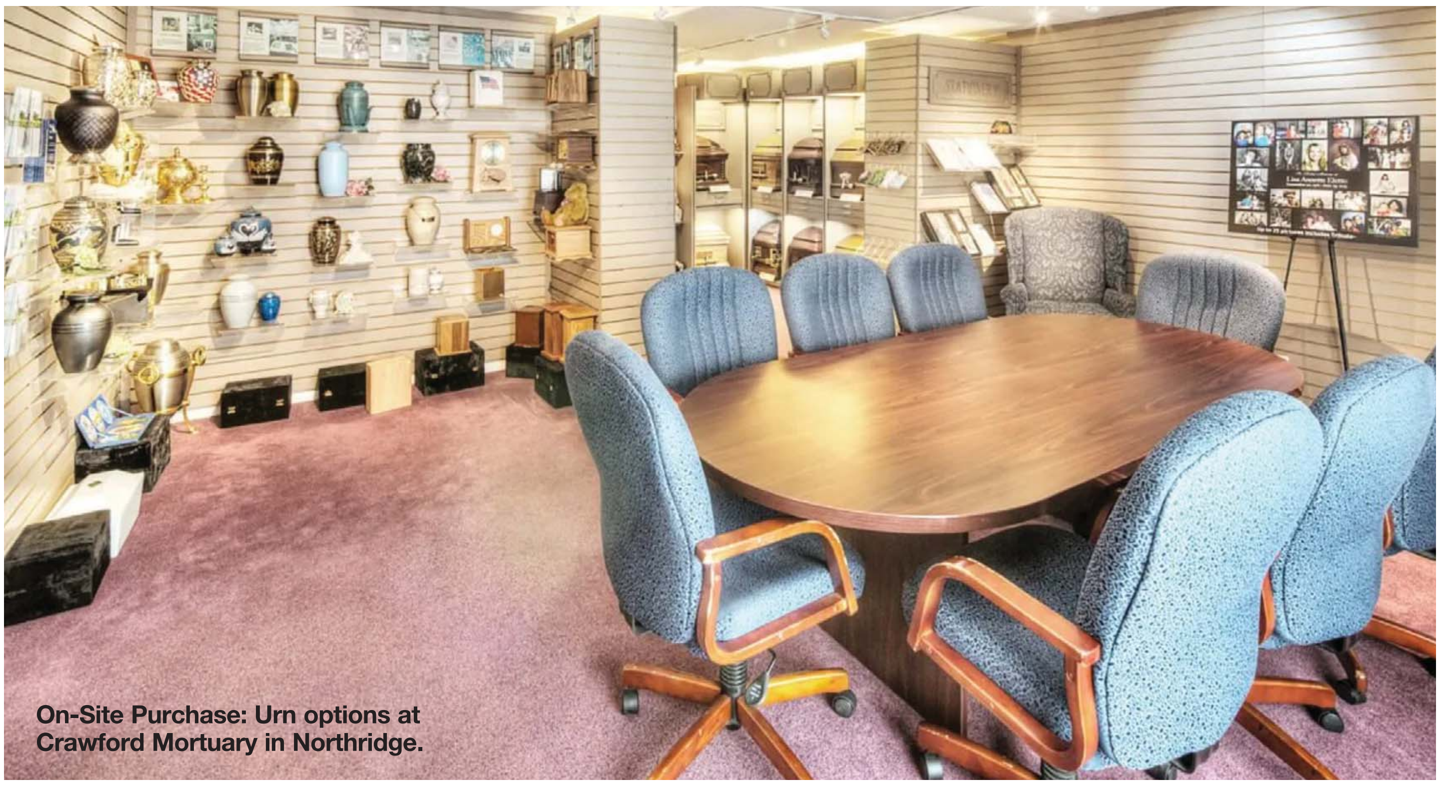
Quick Loans Help Funeral Industry Cope With Price-Shopping Trend



On-Site Purchase: Urn options at Crawford Mortuary in Northridge.

Sherman Oaks business offers end-of-life lending.

By ANDREW FOERCH *Staff Reporter*

Consumers are spending less money than ever on funerals and death processions, industry professionals in the Valley tell the Business Journal.

Angeleno Mortuaries Chief Executive **William Hawkins** said his mortuaries are collecting fewer dollars per customer every year, causing a tighter squeeze on profitability. The company has 10 funeral homes throughout the San Fernando Valley, Antelope Valley and San Bernardino, including **Angeleno Valley Mortuary** in North Hollywood, **Angeleno Mortuary** in Van Nuys, **Lorenzen Angeleno** Mortuary in Reseda, **Crawford Mortuary** in Northridge, **Chapel of the Valley Mortuary** in Palmdale, **Reardon Simi Valley Funeral Home** in Simi Valley and **Halley-Olsen-Murphy Funerals & Cremations** and **Antelope Valley Cremation Service** in Lancaster.

"Fifty-seven years ago, when I was a young teenager working in funeral service, price shopping was virtually unheard of. There is an increasing tendency on that … at least in the last 23 years," Hawkins said.

He pointed to several contributing factors behind consumers' trend towards minimalism, including their increased access to competitively priced choices. Also, he said extended family members today tend to live further away from one another than they used to, driving down procession attendance numbers.

For many, money presents the biggest hurdle.

Hawkins said standard death care services at his mortuaries – including transfer, embalming, preparation, visitation, a funeral, casket, utility car, service director and all the paperwork – cost $6,000 on average, but that the industry average trends higher.

Increasingly, he said, customers are instead opting for non-ceremonious cremation services, which can cost between $1,000 and $3,000.

"Nationally, the cremation rate is (rising) 1 or 1.5 percent on average compounded every year … for the last 20 or 30 years," he said.

Lender survey

According to a survey released in June by point-of-sale financier **LendingUSA**, funeral professionals ranked the top challenges facing their businesses as planning services that fit within the family's budget (48 percent) and collecting payment (31 percent).

Additionally, 70 percent of respondents said that families today are less prepared for the costs associated with funeral services than they were 10 years ago.

LendingUSA, headquartered in Sherman Oaks, issues microloans to finance big consumer purchases in niche markets like funerals, pet care and cosmetic surgery. It is an extension of **Cross River Bank** in New Jersey, which originates all the company's loans.

With regard to funerals, "there's a big curve in families looking for the least expensive option because they couldn't afford a traditional burial anymore," Merchant Engagement Manager **Elaine Valdez** told the Business Journal.

Added Marketing Strategist **Amanda Krebs**: "Millennials are less wealthy than their parents. People aren't saving as much, they don't have as much for retirement and they certainly do not have the savings for an unexpected funeral."

For funeral homes, the benefit of the loans is that they can offer families more flexible payment options while still getting paid up front.

Angeleno Mortuaries is a registered merchant with LendingUSA. Hawkins said the lender solves a big problem for company in that it eliminates delays and inaccuracies in insurance claim payouts.

"(LendingUSA) verifies, with their expertise, the fact that the life insurance policy is enforced and is not contestable and that the claim will get paid. Once they have that verification, they pay us on behalf of the family for a modest fee. For us, we get paid. On many other kinds of insurance assignments, frankly, we haven't gotten paid. … It has helped our accounts receivable."

Industry consolidation

Consumer spending trends have created tough times for small, privately owned, family-operated mortuaries.

"A lot of smaller funeral providers (are) going out of business, where they fall below a viability to manage the current environment," Hawkins said.

Since the mid 1980s, he said, the industry has been taken over by publicly traded, corporate funeral companies run by private equity firms.

That trend has been exacerbated by the proliferation of online retailers, which Hawkins said offer urns, caskets and other products at prices brick-and-mortar homes can't match.

He said Angeleno Mortuaries has been lucky to achieve growth by acquiring small homes from retiring owner-operators who didn't have a family successor and didn't want to sell to a corporate chain.

But that was before COVID-19 further complicated the landscape.

With city regulators now prohibiting gatherings of more than 10 people in response to a recent surge of coronavirus cases, Hawkins said the few customers who want to splurge on funerals aren't able to do so.

"(The virus) is forcing more simplicity on the few families that don't want it. There are limitations on attending gatherings. Apprehension of distant relatives to travel – all those things certainly add to a little uptick in cremation. Among people who still want a ceremony, they need to be drastically smaller. With that, people are probably slightly more inclined to go with a modest casket. In terms of flowers, prayer cards, memorial holders, stationary products and things of that sort, there's less of that being selected and (purchased)."

To stay relevant, he said, funeral homes need to be creative with video livestreaming, high-quality video presentations and cremation jewelry.

"If you were to sum it up, those that are continuing to do well are embracing change and adapting," Hawkins said.

WaBa Grill In NoHo

Franchise expands with delivery-first design.

By ANDREW FOERCH *Staff Reporter*

Despite the pandemic's chokehold on L.A. County restaurants, the **WaBa Grill** franchise is forging ahead with expansion plans.

The chain, known for its healthy rice bowls, opened its latest location earlier this month in the heart of North Hollywood's Arts District, off Lankershim Boulevard and Camarillo Street. It is the banner's second NoHo branch. The first sits near the intersection of Sherman Way and Laurel Canyon Boulevard. Franchisee partners **Panos Grivakis** and **Byung Kim** operate the Lankershim location.

WaBa Grill specializes in health-forward protein and veggie bowls, pairing chicken, shrimp, salmon and tofu with rice, salad, fruit and sauces. The company was founded in City of Industry in 2006 and has since grown to more than 200 locations in California and Arizona. Of them, 18 are corporate-owned and operated. The rest are run by independent franchisees.

In addition to the two NoHo locations, WaBa Grill's Valley presence includes outlets in Panorama City, Simi Valley, Sun Valley, Sylmar, Tarzana, Santa Clarita, Castaic Ventura, two in Van Nuys, two in Northridge and three in Oxnard.

According to Vice President of Marketing **Mark Finnegan**, opening the NoHo restaurant during the pandemic was an unusual process.

"It took quite a bit longer," he said. "A lot of it had to do with the availability of inspectors and contractors. We probably had about a three-month delay."

Finnegan said there was a silver lining to the holdup in that it presented an opportunity to tinker with interior design elements that prioritized delivery and to-go lines of business. To that end, the owner-operators installed an at-the-counter grab-and-go cooler where patrons can grab pre-packaged items. Additionally, the restaurant features more shelves and racks for delivery orders, plus some operational tweaks that enable workers to more easily identify and organize delivery and to-go orders.

"Coming out of this, one of the trends we see is that there is going to remain some skittishness among guests," Finnegan said. "Delivery and pickup is a need now. It was certainly a convenience that folks wanted, but we're feeling like there are folks who are going to take dine-in experiences off the table."

He said the WaBa Grill business model has been particularly resilient to the coronavirus, and is well suited for post-pandemic consumer trends.

"We're fortunate," he said. "A number of initiatives we were working on as a brand – pushing toward delivery and pickup and digital ordering – were already well in process when the crisis started. Consumer needs shifted right to where the momentum was already taking us."

Finnegan said the company had already built out an internal delivery app called WaBa Rewards when the pandemic hit and had existing relationships with the four major third-party delivery companies: **Uber**, **Postmates**, **Doordash** and **Grubhub**.

"By their own reporting, we found out we were remarkably good at turning out a delivery or a digital order. We're fast and wait time for drivers is less than it is for other chains," he said.

The company is now incentivizing such orders by waiving all delivery fees.