



# **Digitizing & Modernizing the Funeral Industry**

## **Keystone Funeral Services – Final Report**



**Management Consulting - 94408**

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**Letter of transmittal - digitizing and modernizing the funeral industry**

Dear Mr. Quahliero,

We want to thank you for the trust and collaboration over the previous weeks. The funeral industry, as many other industries, is facing a digital transformation. Through the consulting engagement emerging customer trends were identified and new digital products/services and marketing approaches recommended. The recommendations allow Keystone Funeral Services to address these trends and enable the company to become future ready.

In the following document the methods, findings and recommendations are laid out in detail. This includes among other contents an executive summary of the market trends and details on the analysis carried out, providing a solid foundation for the recommendations.

We appreciate your business and are looking forward to continuing this prosperous business relationship.

Kind regards,

Tilman Dreyer  
Carnegie Mellon Consulting

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## 1 Executive Summary

The funeral homes industry is resistant to technological disruption. The industry is experiencing a low level of both the rate of new patents and the concentration of patents in the industry. This creates an environment where the threat of new technologies driving disruption is low. However, the industry and services evolve with cultural shifts, currently caused by the Covid-19 pandemic and demographic and generational changes. To overcome, memorialization practices change and move into the digital space. Virtual funerals and online mourning become socially accepted, allowing for more people to pay their tributes during difficult times.

To foster Keystone Funeral Services adaption to the changing environment, a clear vision of the future business and service development strategy was developed. Through the consulting engagement the understanding of market and marketing trends within the industry was increased, focusing on modernization and digitization. The short-, mid-, and long-term recommendations are based on a thorough review of peer reviewed literature and comprehensive analysis carried out on the company as well as the competition. Furthermore, it is worth noting that the direct competition is not strongly positioned in the area of digital service and marketing. Only three competitors, each operating a local network of funeral homes, have taken initial steps towards modernization and digitization. This provides Keystone Funeral Services with the opportunity to effectively differentiate itself from the competition through a suitable strategy, driving the acquisition of new locations.

Initiatives that are particularly relevant to the region of Western Pennsylvania and Eastern Ohio have been identified. Measures that should be implemented within the next two years are *Digital Condolences & Donations* and *Online Memorial Sites* (already offered by competitors). In the area of digital marketing, a *Virtual Tour* of the funeral home (video or 360° photos), *(Video) Podcasts* and *Blogs* should be implemented respectively expanded. The investments are not capital intensive and add significant value to Keystone Funeral Services' business. In the mid-term, in years two through four, a *Digital Funeral Service* (live stream) should be offered, as well as a partnership established to create *Memorial Tribute Videos*. Digital marketing should be expanded to include *Google Ads* at this stage once Keystone Funeral Services operates multiple locations. In addition, the *Social Media* presence should be expanded, and a *Funeral Planning Tool* should be integrated on the website. In the long term, a partnership in *Digital Legacies & Possessions Management* should be pursued if a reevaluation of demand indicates that this is a viable business opportunity.



## **2 Introduction**

Keystone Funeral Service is an acquisition-minded organization in the funeral industry run by two well-experienced experts, Anthony J. Quahliero III and Anthony J Quahliero Jr. The organization has acquired their first funeral home in quarter three of 2021 and is seeking opportunities to acquire additional funeral homes, building a local network. Most recently Covid-19 has certainly brought new challenges, requirements, and opportunities to the funeral industry. People have a new understanding about death and cherishing their opportunity to pay tribute to their loved ones. One arising challenge is the increasing demand for digital services allowing people to participate in funeral ceremonies remotely to pay their respects if travel is not possible. This trend is accelerated by the changing demographic that interacts with the service provider; new generations are inclined towards digital technologies. Hence, the digitization and modernization need to be advanced to ensure future engagement in conversation and to educate customer about the services. Keystone Funeral Services has recognized this trend and is committed to reach more customers, deliver superior services, and become a regional leader in the funeral industry.

The goal of this consulting engagement was to gain an understanding of market and marketing trends to create a clear vision of the future business and service development strategy for Keystone Funeral Services, focusing on modernization and digitization. The project was aimed to evaluate the suitability of new digital services provided by Keystone Funeral Services in Pennsylvania and Ohio. There was a strong focus to blend new and conventional aspects of funeral services, leveraging both technology and tradition to connect more people with their loved ones. To achieve this goal, market trends were identified through research, the current state of Keystone Funeral Service's offerings and the competition was analyzed, and a recommendation was made to enhance digitization and modernization of Keystone Funeral Services. The insights gained are providing a firm foundation for future business and long-term success through differentiation.

### 3 Methods

Task	Oct 04	Oct 11	Oct 18	Oct 25	Nov 01	Nov 08	Nov 15	Nov 22	Nov 29
<b>Research market and marketing trends</b>									
Qualitative research of emerging technology and digital marketing									
Quantitative research of customer trends, needs and benchmarking									
Executive summary of research results									
<b>Analyze current service offerings, marketing activities and competition</b>									
Stakeholder analysis									
Analyze immediate competition (PA and OH)									
Marketing is analysis									
SWOT analysis									
<b>Recommendation how to enhance digitization and modernization</b>									
Cost benefit analysis of additional service offerings									
Short, midterm and long-term recommended actions									

Table 1 Project Gantt chart

The Gantt chart displayed above gives a high-level overview of how the objectives were achieved. The foundation for the consulting engagement was to increase and validate the understanding of market trends and digital marketing among the client as well as the consulting team. The research was focused on peer reviewed articles on digital marketing and emerging technology, services, and trends. In order to understand how the researched material can be applied to and integrated in the developed marketing plan of Keystone Funeral Services, the current state of Keystone's service offerings, marketing activities and competition was analyzed. The final objective of the consulting engagement was to recommend action on how to address the risk of disruption through digitization and modernization of Keystone Funeral Services.

**Objective 1** - Research to increase understanding of market trends and digital marketing in the funeral industry

- **Qualitative research of emerging technology and digital marketing** was carried out to obtain a comprehensive and in-depth understanding of market dynamics and the development of the industry. The qualitative research focused on emerging technologies and digital services that have the potential to complement the range of service in the funeral industry. Furthermore, this exercise served to increase the understanding of how to advertise/market an undesirable service in the digital age. The team reviewed peer reviewed articles and utilized academic resources for the literature review.
- **Quantitative research of customer trends, needs and benchmarking** was carried to evaluate the demand for emerging/digital services and technology in Pennsylvania and Ohio. Based on the review of the latest funeral industry benchmarking and research of trends in related/similar industries, the consulting team determined the market size for emerging services and technologies. The team reviewed peer reviewed articles and utilized academic resources for the literature review.
- **An executive summary of research results** is provided to Keystone Funeral Services in form of a written report. The documents summarize the relevant qualitative and quantitative research results on emerging technologies, digital marketing, and customer trends/needs. The focus lays on laying out feasible digitization and modernization strategies that can be applied to the region of Pennsylvania and Ohio with an outlook on industry innovation trends worldwide.

**Objective 2 - Analyze current state of service offerings, marketing activities and competition**

- **A Stakeholder analysis** was performed to identify various influences, values, perceptions, and qualifications that are relevant to the project. The goal of the stakeholder analysis was to identify which internal and external people could influence and collaborate on the project. Furthermore, it aimed to increase the understanding of different requirements and helped affirming that the recommendation maximally satisfies the needs of the stakeholders of this project.
- **An analysis of the immediate competition in Pennsylvania and Ohio** was carried out since the competition in the funeral business is local due to its nature. By evaluating the service offerings, online presence, and marketing initiatives of competitors in a 10-mile radius around the Terry Cunningham location of Keystone Funeral Services, a comprehensive overview was generated. This analysis allowed the team to identify potential differentiators and establish competitive edge over other funeral service provider in the area.
- **A Marketing is analysis** was carried out to compare the existing marketing plan with the quantitative and qualitative research outcome of project phase 1 to identify potential for improvement to be included in the recommendation for action in project phase 3.
- **The SWOT analysis** was conducted for the purpose of positioning and strategy development. Once all of Keystone Funeral Service's strengths, weaknesses, opportunities, and threats have been identified (including the results of previous analyses), the SWOT analysis was used to identify appropriate actions for Project Phase 3 to maximize opportunities.

**Objective 3 - Recommendation on how to enhance digitization and modernization**

- **A Cost benefit analysis of additional service offerings** was generated to identify and rank the best marketing and service offering opportunities. The analysis was carried out based on predefined factors and allowed for an objective evaluation of the available opportunities. The findings from the research and the previous analyses were considered.
- **Short, midterm and long-term recommended actions** were identified to address the risk of business disruption, to utilize emerging technology and to further the competitive edge of the business. The recommended action are delivered through a written evidence-based report complemented by a presentation.

## 4 Findings

### 4.1 Research of Market Trends

The core funeral technologies of burial and cremation are nearly as old as death itself. The central service of funeral homes has changed little alongside technological upheaval because, ultimately, it is to provide human touch and support to families in their most painful moments. However, the funeral industry is facing market challenges, driven by key external factors, mainly the number of deaths and individuals aged 65 and older, per capita disposable income, number of cremations and e-commerce sales. Furthermore, high and steady competition as well as heavy regulation and policy impact the market. The revenue within the industry is anticipated to grow by only 0.6% per year until 2026, with 60% of the revenue generated by providing funeral planning services and resale of merchandise. The low revenue growth is mainly caused by the increasing number of cremations in recent years as well as the rise of e-commerce which has taken product sale market share from the industry. The e-commerce market of funeral related merchandise is predicted to grow by 9.9% annually over the next five years.

The funeral homes industry is resistant to technological disruption. The industry is experiencing a low level of both the rate of new patents and the concentration of patents in the industry. This creates an environment where the threat of new technologies driving disruption is low. The industry structure is not accommodative to new entrants succeeding, which limits the incentive for new companies. This is accompanied by an average level of new entrant operators. The combination provides a limited threat from disruptors as the service provided cannot easily be replicated by technology. However, the industry and services evolve with cultural shifts, currently caused by the Covid-19 pandemic and demographic and generational changes.<sup>1</sup> Covid-19 has caused people passing away in loneliness with family not allowed to visit them, preventing contagion. Due to restrictions the attendance at funerals was also limited, which led to relatives not being able to let go gracefully. To overcome, memorialization practices changed and moved to the digital space. Virtual funerals and online mourning became socially accepted, allowing for more people to pay their tributes in difficult times. In addition to traditional success factors, a good reputation, high profile outlets and access to niche markets are success factors in the funeral industry. Market leader Service Corporation International took the opportunity and started to offer digital services.<sup>23</sup>

#### 4.1.1 Technology and Services

**Digital Planning** - Digital capabilities are changing the desires and expectations of customers when planning the funeral. *"Do-It-Yourself" (DIY)* is possible as a result of existing technology such as DeadSocial, providing resources for planning, organizing, and commemorating a death. Customer's motivation can include effective adjustment to grief on the basis of their personal involvement and increased participation. DIY alternatives are steadily increasing with many consumers interested in circumventing the involvement of funeral directors and cemeteries. Furthermore, in a representative study, 53% of respondents indicated that they would not be interested in making a business transaction without a high level of price transparency. Many DIY

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<sup>1</sup> Funeral Homes in the US May 2021

<sup>2</sup> Digital innovation and funeral practices: Māori and Samoan perspectives during the COVID-19 pandemic

<sup>3</sup> Memorialization during COVID-19: implications for the bereaved, service providers and policy makers



planning tools provide this price transparency.<sup>4</sup> *Digital donations and condolences* have also gained in importance. Digital condolences enable the sharing of other media besides writing, such as voice recordings, photos, and videos, which makes the expression of sympathy more emotional. Digital donations or crowdfunding is a socio-digital phenomenon and funeral campaigns are the fastest growing segment of crowdfunding campaigns. They allow disparately located family and friends, as well as acquaintances or internet strangers, to contribute to a person's memorial fund, facilitating widespread, public participation. Hosting and support by the funeral home has the potential to increase convenience for the grieving customer and gain additional financial resources to be spend on the matter.<sup>5</sup>

**Digital Funeral** - During the pandemic, various providers in the funeral industry have offered *digital funerals and mourning services* due to increasing demand. About 40% of consumers expect this service to be offered after the pandemic, but only 21% are willing to pay for it. A representative survey has concluded that 26% of respondents consider it very important to physically attend the funeral service. The number is down sharply from 42% before the pandemic.<sup>6</sup> With an online ceremony, extended family and friends have the opportunity to attend the ceremony virtually, while the immediate family is physically present to pay tribute to the deceased. The market leader Service Cooperation International already offers such services, and there are also independent providers for broadcasting funeral services. Prices vary and start at USD 1,000, with the industry average being around USD 2,700.<sup>7</sup> *Virtual reality* is widely available and easily accessible, allowing extended family and friends who do not physically attend an immersive funeral service experience. In addition, it is possible to hold the funeral service digitally in a location where such a service is not physically possible (e.g., aircraft carrier, mountain). It should be noted that this service has not yet established itself in the US market. In addition, the immersive experience is limited by a stationary camera (e.g., Insta360 Pro 2), Japanese studies show that a two-dimensional experience with a changing point of view is better accepted by customers.<sup>8</sup>

**Digital Remembrances** - Keeping the deceased in memory is an important part of the process of coping with grief. *Permanent online memorial sites* are a digital service that is increasingly being offered, including by market leader Service Corporation International. Individual web pages become commemoration spaces to express mourn and grief over the deceased. It allows loved ones to keep the deceased alive and maintain an ongoing conversation.<sup>9</sup> *Memorial tribute videos* are a similar service already offered in the US by independent service providers to keep memories of the deceased alive. Customers have the option to share videos, which are then edited and shared based on a template.<sup>10</sup> *Managing digital legacies and possessions* goes one step further. The digital remains need to be treated with dignity as the deceased's body is. The digital legacy allows the bereaved to preserve the (digital) life and include it in the mourning process. A timeline of relevant activities in social networks can be created to preserve and visualize the life, viewpoints, and experiences for future generations. These complex legacy management services are already offered and are an adjacent market; preserving memories however is less complex

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4 Social Media in the Funeral Industry

5 Mourning the Commons: Circulating Affect in Crowdfunded Funeral Campaigns

6 CNBC Coronavirus pandemic forces the funeral industry online

7 Modern Funeral Rites during COVID-19 Pandemic: the Socio-Psychological Implications

8 Generating the Presence of Remote Mourners: a Case Study of Funeral Webcasting in Japan

9 Human Aspects of IT for the Aged Population (p.550-568)

10 Funeral Capitalism: Commodification and Digital Marketing of Funeral Services in Contemporary Korea

utilizing services like heavenaddress.<sup>11</sup> In addition to physical death, *cyberdeath* can also occur, for example the death of an avatar (e.g., Elmo from Sesame Street). This is a purely digital phenomenon and likely of limited relevance in the states of Pennsylvania and Ohio.<sup>12</sup> The trend indicates that the share of cremation increases to above 75% by the year 2040. Since cremations generate less revenue, it is important to offset this with alternative and unique service offerings. These services may include unique off-site memorials adapted to the local environment (e.g., the use of a motorbike hearse to connect with motorbike clubs in the area) and may incorporate the use of digital tributes with a high margin described above. Services may also be extended beyond the boundaries of the traditional wake and burial to include the availability of grief counseling face to face or online, and the service of teaching life skills to those left behind.<sup>13</sup>

#### 4.1.2 Digital Marketing

**Digital Means** - The role played by emotions in funeral services, as an unwanted services in general, is still largely unexplored in the literature. In general, this advertising has found that the public prefers taboo or offensive advertising to be approached in a straightforward manner rather than a “gimmicky” manner. More recent research has found that the marketing of unsought services is best accomplished through unobtrusive means such as digital marketing. This may complement traditional marketing through sponsoring, the funeral home itself and a high-quality hearse to convey success, trust, and dignity. The quality of a *funeral home website* can either encourage or discourage a consumer from contacting the funeral home for more information. Research found that funeral home websites that have a high score for ease of use, navigability, and information provided were more likely to lead to customer contacts than those who did not score high on these criteria. Traffic and customer engagement on the website might be increased through targeted *Google AdSense*. New digitally engaged customers are attracted towards offers on various *digital and social media platforms* with new opportunities to build trust and relevance. Personalized digital communication has a significant impact on the consumer’s preference, they tend to become loyal towards that company if they get personalized communications conveying empathy during stressful times.<sup>1415</sup>

**Digital Content** - A variety of methods to advertise and market the service through the website can be utilized. By giving a *virtual tour* of the funeral home, the client can get an immersive feel for the location and evaluate whether it meets expectations. This is an excellent way to present the premises in an appealing way without the customer having to be present on site, which eventually increases the chance of customer contact. In addition, DIY is gaining in importance. A *funeral planning tool* allows the customer to plan the funeral up to a certain level and to get transparency regarding the expected costs. In addition, this offers the possibility of keeping the planning effort on the part of the funeral home lower through technology. Education is an important part of marketing, as the service is often used by customers in low frequency. Educating customer in the digital space by providing basic information, increases the chance for engagement with potential clients. (*Video*) *podcasts and blogs* might complement the funeral planning tool and provide the customer with relevant information and provides the basis for informed decisions. High quality digital marketing with an education component to it is a potential differentiator in the funeral industry.<sup>15</sup>

<sup>11</sup> Social Media in the Funeral Industry (see source 4)

<sup>12</sup> Cyberthanatology: Death and beyond in the digital age

<sup>13</sup> Change and Innovation in the Funeral Industry: A typology of Motivation (source not to be downloaded)

<sup>14</sup> Digital Marketing during COVID 19: Consumer’s Perspective

<sup>15</sup> Selling in a Dying Business: Trends During a Period of Major Market Transition in the Funeral Industry

## **4.2 Analysis of Current Situation**

### **4.2.1 Stakeholder Analysis**

A stakeholder analysis was performed to identify various influences, values, perceptions, and qualifications that are relevant to the successful implementation of a strategy focusing on modernization and digitization. The most important stakeholder are the owners of Keystone Funeral Services, A.J. Quahliero and Anthony Quahliero. The father-son leadership team brings industry expertise and connections to the table as well as technology expertise and savviness. The second most important group are the two segments of customers with different needs, the silent generation and baby boomer as well as generation X and Y. Whereas both customer groups benefit from the diverse service offerings, there is a risk that the older generations perceive the new technology as complex: compromising their old set of values and creating a sense of disruption during the funeral service. Further stakeholder included in the analysis are mourners, regulatory authorities, the National Funeral Directors Association, competitors, and cemeteries.

A detailed breakdown of how the stakeholder potentially benefit, lose, and contribute to increase quality and acceptance of new technologies as well as how they need to be involved can be found in Appendix 1.

### **4.2.2 Competition Analysis**

Due to the nature of the business, competition in the funeral industry is limited to local market players. The competition analysis enables Keystone Funeral Services (KFS) to understand the digitalization and modernization progress in Pennsylvania and Ohio. Sixteen competing funeral homes with a total of 30 locations were identified within a 10-mile radius around KFS's Terry Cunningham Funeral Home location. The analysis was mostly focused on reviewing the company's websites and consisted of three parts.

- Review of available digital funerals services and price lists
- Review of digital marketing activities
- Subjective assessment on whether the website would make an initial contact likely

The region of Western-Pennsylvania and Eastern-Ohio has traditionally a strong competitive landscape but few of the competitors have invested in digitalization and modernization. There are seven local competitors who have already established a strong regional network with two to five locations. Most of the websites are of similar design and provided by the same supplier. The websites show similar graphics, have identical features, and provide the same information. The user-friendliness of the web pages is generally limited. Key insights are summarized below, and the detailed competition analysis can be found in Appendix 2.

- Becker Funeral Homes, Higgins-Reardon Funeral Homes and Family Care Services are funeral homes with multiple locations leading the competition around KFS's Terry Cunningham Funeral Home location based on the criteria defined
- Digital funeral services are provided by one funeral home (J.Bradley McGonigle Funeral Home and Crematory Inc) which posts the contents on YouTube. It is not clear if the services are streamed live for family and friends to participate remotely.
- Virtual tours are not offered by many funeral homes and often limited to pictures. The Wasko Family Funeral Group provides a welcoming introduction video on their website

- Many funeral homes offer pre-planning web tabs. However, this service is mostly an online form for customer to provide information without revealing what services are offered at which price point. Only one funeral home offers price lists in the form of a small brochure.

#### 4.2.3 Marketing Analysis

The digital marketing strategy is the determining key factor to the success of operation and expansion of Keystone Funeral Services. The goal of Keystone Funeral Services is to become a regional leader of the industry and establish a well-known brand among local residents. Digital marketing will help Keystone Funeral Services to achieve this goal. To analyze the digital marketing activities, a marketing is-analysis was conducted to understand the position and current state of Keystone Funeral Services. The Keystone Funeral Services website was reviewed in detail, addressing important key-features and potential for improvement. Furthermore, features that should be considered to add were laid out as well.

The organization has competitive edge over other funeral services companies since a well-designed website has been deployed while most of the competitors maintain outdated and deficient websites. There are, however, suggestions regarding digital marketing that are proposed in the Marketing is-analysis including the adoption of podcasts, videos, and social media. Moreover, a further optimization on the “plan ahead feature” and Google Ads should also be considered to further the digital marketing stage.

Website	
Current/Planned Solution	Ideal Solution
Currently, the Keystone Funeral Services website contains a variety of useful features, including obituaries, pay tributes, funeral merchandise, lists of funeral services, plan ahead services, grief and healing blogs.	<p>While maintaining current features on the Keystone Funeral Services website, there are more features that can potentially be developed and deployed on the website.</p> <ol style="list-style-type: none"> <li>1. <i>Virtual tour</i> of the funeral homes. By giving a virtual tour of the funeral home, the client can get an immersive feel for the location and evaluate whether it meets expectations.</li> <li>2. <i>Do-it-yourself</i> option, which provides customers the flexibility of different forms of planning, and this offers the possibility of keeping the planning effort on the part of the funeral home lower through technology.</li> <li>3. <i>Video podcasts and blogs</i>, allow to educate potential customers on the value Keystone Funeral Services can offer. With video podcasts and blogs, customers will have a better understanding of Keystone Funeral Services.</li> <li>4. Potential <i>simplification of the Plan ahead feature</i>. The plan ahead feature in the Keystone Funeral Services website is a rather long form to fill out, which would discourage potential customers from filling it out. One recommendation includes changing to a briefer form with the necessary information and having the customers to select multiple-choice instead of having to type the answers one by one.</li> </ol>

Google Ads	
Current/Planned Solution	Ideal Solution
<p>Currently, when users search “Keystone Funeral Services” on google, the funeral home website is listed on the third place of the search list. The first item of the search list is google map, where the first funeral home is “Warchol Funeral Home Inc”. The second item is from the tribute archive website that displays another funeral service organization named the same, called “Keystone Cremation Service”.</p> <p>Searching on Google Maps for “Keystone Funeral Service” does not show the address of the current headquarters.</p>	<p>It would be ideal to have Keystone Funeral Services website listed as the first item on the Google search page. Traffic and customer engagement on the website might be increased through targeted Google Ads. In Google Maps, it would be ideal to have the location information of funeral homes appear in the search list when typing “Keystone Funeral Services” while maintaining the local brand search in Google Maps.</p>

Social Media	
Current/Planned Solution	Ideal Solution
<p>Keystone Funeral Services does not have any social media accounts registered and linked to the Funeral home website.</p>	<p>It is ideal to register social media accounts and display them on the website. Not only will this increase the exposure of the organization but also of the website. New digitally engaged customers are attracted towards offers on various digital and social media platforms with new opportunities to build trust and relevance. Personalized digital communication has a significant impact on the consumer's preference, they tend to become loyal towards that company if they receive personalized communication conveying empathy during difficult times.</p>

#### 4.2.4 SWOT Analysis

The SWOT was conducted based on previous analysis and serves the purpose of positioning and strategy development. Once all of Keystone Funeral Service's strengths, weaknesses, opportunities, and threats have been identified, the SWOT analysis enables the prioritization of actions to maximize opportunities.

The SWOT analysis is characterized by a slight imbalance between strengths and weaknesses. Looking forward the weaknesses should be transformed into strengths to place Keystone Funeral Services confidently in the marketplace. This can also be achieved by realizing the opportunities. Treats need to be monitored, especially the regulation of the market and arising digital services.

<ul style="list-style-type: none"> <li>• Superior website</li> <li>• Awareness of digital transformation and willing to change</li> <li>• Digital capabilities</li> <li>• Complementing skills in the leadership team</li> <li>• Growth mindset part of business plan</li> </ul> <p style="text-align: right;"><b>Strength</b></p>	<ul style="list-style-type: none"> <li>• Limited differentiation from existing service offerings</li> <li>• KFS brand not established yet</li> <li>• Limited participation in e-commerce</li> <li>• Currently offering mostly traditional services</li> <li>• Limited CAPEX of USD 30,000</li> <li>• Full-time employment of A.J.</li> <li>• Complicated plan ahead form</li> <li>• Succession planning (age of co-founder)</li> </ul> <p style="text-align: right;"><b>Weakness</b></p>
<p style="text-align: right;"><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>• Underserved market identified</li> <li>• Leadership 50/50 from inside/outside industry</li> <li>• New to market, few existing processes</li> <li>• Remodeling of funeral home</li> <li>• Uniquely located</li> <li>• Emerging need for digital services due to C-19</li> <li>• Low innovation rate in funeral industry</li> <li>• Not a lot of differentiation among the competition</li> <li>• Plan on enhancing digital marketing</li> </ul>	<p style="text-align: right;"><b>Threat</b></p> <ul style="list-style-type: none"> <li>• Increasing cremation rate</li> <li>• Highly regulated industry</li> <li>• Competition might copy services</li> <li>• Slow growth rate of 0.6% per year</li> <li>• Market and service is driven by emotions</li> <li>• Competitors have established regional networks</li> </ul>

**Strength** – Keystone Funeral Services was recently established, with few existing processes in place. Change is more likely to be accepted within the organization. The leadership team consists of two equal partners with different fields of expertise, complementing each other. First steps towards digitization and modernization have been taken. The organization is looking to expand its business, which will allow for a comprehensive digital service offering (economy of scale).

**Weakness** – Keystone Funeral Services has not yet established its brand on the market and is not participating in the e-commerce market, which accounts for a significant share of revenues within the industry. There is no sufficient succession planning for the leadership team and one member of the leadership team has an additional full-time position outside of KFS. Digital service offerings are currently limited and the budget for these activities is small, too.

**Opportunity** – The biggest opportunity is the diverse background of the leadership team (age, industry background) and that an underserved market (need for digital services) was identified by Keystone Funeral Services. The service offering, website as well as the funeral home design are under critical review and modernized as part of the acquisition process. Furthermore, there is no significant differentiation among the competition, allowing for a smooth market entry.

**Threat** – The industry is highly regulated, there is a risk that digital services might be regulated as well. Furthermore, the market is growing at a very slow rate (0.6% per year) and there is an increasing cremation trend which compromises the revenues. Moreover, some competitors have established local networks and might have the market power and expertise to copy additional services offered by KFS. The business model cannot be easily protected through patents.

## 5 Recommendations

### 5.1 Cost-Benefit Analysis

The cost-benefit analysis was developed based on the preceding analyses. All considerations are based on the current market situation in Western Pennsylvania and Eastern Ohio. In addition to costs (OPEX, CAPEX), market adoption risk and digital differentiation will change over time. The analysis is used to prioritize actions for short-, medium-, and long-term implementation. Before capital or labor-intensive investments are made, a survey should be conducted in the specific setting to validate whether the service is desired by customers.

A certain objectivity of this cost-benefit analysis is maintained by the fact that the assessments are based on internet research or have been coordinated within the team; various factors have been included in the decision.

- **CAPEX:** estimated investment based on similar technologies/services offered
- **OPEX:** license costs and labor costs (USD 100 per hour) per month
- **Complexity:** estimated complexity to implement
- **Market acceptance:** assessed based on the current service offerings in the region and general trends in other regions within the United States
- **Increased revenue:** increase per year (0-2% is considered very low and 12-15% very high)
- **Profit margin:** estimated profit margin for service (< 20% is considered very low and > 50% is considered very high) – estimates are based on similar products on the market
- **Efficiency improvement:** reduction in labor costs per month (< USD1,000 is considered very low and > USD 4,000 is considered very high)
- **Digital differentiator:** based on current offerings of the immediate competition
- **Cost-Benefit Ratio:** to emphasize the market risk, the risk number is multiplied with CAPEX, OPEX and complexity are added to the costs. To emphasize the opportunity potential, the revenue number is multiplied with the profit margin, efficiency and digital differentiator are added to the benefits. The costs are subtracted from the benefits. A positive cost benefit ratio represents added value.

	Estimated CAPEX +	Estimated OPEX +	Complexity to Implement	Risk Market Acceptance	Increased Revenue	Profit Margin	Efficiency Improvement	Digital Differentiator	Cost Benefit Ratio
<b>Technology</b>									
Digital Condolences & Donations	< 5K USD	< 1K USD	low	very low	very low	very high	low	medium	8
Digital Funeral Service	10K - 20K USD	1K - 2K USD	medium	high	high	high	very low	very high	6
Virtual Reality Funeral	> 30K USD	2K - 3K USD	very high	very high	low	low	very low	very high	-25
Online Memorial Site	< 5K USD	< 1K USD	low	very low	low	very high	very low	medium	11
Memorial Tribute Video	< 5K USD	2K - 3K USD	medium	low	medium	medium	very low	high	5
Digital Legacies & Possessions	> 30K USD	2K - 3K USD	very high	high	low	medium	very low	very high	-18
Cyberdeath	> 30K USD	< 1K USD	high	very high	low	high	very low	very high	-15
<b>Marketing</b>									
Website	5K - 10K USD	< 1K USD	medium	very low	high	high	medium	medium	18
Google Ad	< 5K USD	1K - 2K USD	very low	low	very high	very low	low	low	5
Funeral Planning Tool	5K - 10K USD	< 1K USD	medium	high	medium	very low	high	high	3
Virtual Tour	< 5K USD	< 1K USD	medium	very low	medium	very low	medium	high	8
(Video) Podcasts	< 5K USD	1K - 2K USD	low	low	medium	very low	medium	high	7
Blogs	< 5K USD	1K - 2K USD	very low	very low	medium	very low	medium	medium	8
Social Media	< 5K USD	1K - 2K USD	very low	medium	low	very low	low	high	5



## 5.2 Recommended Action

The recommended actions are based on the cost-benefit analysis, previous analysis, and the literature review. Prior to capital- or labor-intensive investments a survey should be carried out to determine the customer need. All recommendations should be implemented in consecutive order.

### 5.2.1 Short-Term

Short-term recommendations should be implemented within 2 years. The recommendations only focus on what is not yet implemented by Keystone Funeral Services (e.g., website, blog). The measures described in the following are generally of low-cost nature and are very common in the digitalization process, utilized by the competition and other industries already.

Measure	Price	Supplier	Steps to implement
<b>Online Memorial Site</b>	< 1,500 USD	Web designer, or template ( <a href="http://www.runcfs.com">www.runcfs.com</a> )	<ul style="list-style-type: none"> <li>Link social media and further digital content (photos, audio, and videos)</li> <li>Add background music and make memorial site more engaging to increase the time spend per user</li> </ul>
<b>Digital Donations and Condolences</b>	< 1,000 USD	Web designer, or template ( <a href="http://www.runcfs.com">www.runcfs.com</a> )	<ul style="list-style-type: none"> <li>In addition to flowers other options for condolences could be offered</li> <li>A function for donations to support the grieving family</li> </ul>
<b>Virtual Tour</b>	< 1,000 USD < 5,000 USD	Google 360° professional; Videographer	<ul style="list-style-type: none"> <li>Have Google 360° professional take photos of the funeral home</li> <li>Publish the 360° tour on Google Maps</li> <li>Embed Virtual tour on KFS website</li> <li>Hire videographer to shoot professional virtual tour video and publish on website</li> </ul>
<b>(Video) Podcasts</b>	< 3,000 USD (low CAPEX)	Rode microphone, Apple GarageBand, Fujifilm or Sony, web designer	<ul style="list-style-type: none"> <li>Set up podcast studio (microphone, quiet environment) and get audio cutting software (e.g., GarageBand, Adobe CC)</li> <li>Produce podcasts by Keystone Funeral Services or having an interview podcast with local podcast stations</li> <li>Publish podcasts with <u>podcast</u> hosts and Keystone Funeral Services website</li> </ul>

### 5.2.2 Mid-Term

The mid-term recommended actions should be implemented from year two through year four. The measures proposed are partially more expenses and might also result in an increase in operating expenses whereas some efficiency improvements and further revenues can be realized. Furthermore, the implementation is recommended during this phase as the scaled business activities of Keystone Funeral Services will allow for the increased fixed costs to be shared among multiple locations. Most of the proposed activities are used in other industries and can be adapted to the funeral industry, it is possible to rely on existing solutions. The complexity to implement is considered “medium” since there are mature suppliers on the market. Once implemented, the digital services and marketing will allow Keystone Funeral Services to differentiate itself from the immediate competition, establishing a leading position in the local market.



Measure	Price	Supplier	Steps to implement
<b>Digital Funeral Service</b>	< 7,000 USD (license costs)	Zoom, Fujifilm or Sony, Rhode, iMovie, digital and telecommunication companies	<ul style="list-style-type: none"> <li>Set up hardware based on up-to-date technology (<a href="#">LINK</a>) with professional help</li> <li>Purchase small business zoom license</li> <li>Stream services via Zoom (live)</li> <li>Record the service, edit and publish on YouTube or share with family</li> </ul>
<b>Google Ads</b>	< 2,000 USD (license costs)	<a href="#">Google Ads</a>	<ul style="list-style-type: none"> <li>Establish network with multiple locations to service customer in greater area</li> <li>Use Google Ads to increase traffic on website and gain further customer</li> </ul>
<b>Memorial Tribute Video</b>	< 5,000 USD (partnership or license existing solution)	<a href="#">Memorial Videos and Tributes, Tribute</a>	<ul style="list-style-type: none"> <li>Review existing services and reach out for partnership</li> <li>Offer service through Keystone Funeral Services website</li> <li>License template and feed with existing material or material shoot on existing equipment (digital funeral service)</li> </ul>
<b>Social Media</b>	< 2,000 USD (only OPEX)	Twitter, Instagram, TikTok, Facebook	<ul style="list-style-type: none"> <li>Creates social media accounts</li> <li>Link social media accounts to Keystone Funeral Services websites</li> <li>Publish and link existing contents and activities on social media and engage with followership</li> <li>Reach out to agency to produce professional content or strategy</li> </ul>
<b>Funeral Planning Tool</b>	< 7,000 USD	Web designer	<ul style="list-style-type: none"> <li>Develop layout for Funeral Planning Tool for KFS website based on existing planning tools</li> <li>Design planning tool with web designer and publish on Keystone Funeral Services website</li> <li>Establish local supply chain with suppliers for funeral merchandise</li> </ul>

### 5.2.3 Long-Term

The long-term initiatives might be implemented in 4 years and beyond. Before implementing, the market acceptance of the digital services in Western-Pennsylvania and Eastern-Ohio should ideally be reassessed based on a survey. Other measures that might be considered are Cyberdeath and Virtual Reality Funerals if the service is established in the funeral industry.

Measure	Price	Supplier	Steps to implement
<b>Digital Legacy Management</b>	> 30,000 USD or partnership	<a href="#">overview</a> of existing market player, Clocr is managing digital legacy ( <a href="https://clocr.com">https://clocr.com</a> )	<ul style="list-style-type: none"> <li>Assess market player for relevant solutions (e.g., time capsule)</li> <li>Enter into a partnership respectively build own application if feasible</li> </ul>



## Appendix A – Stakeholder Analysis

Stakeholder	Potential Win	Potential Loss	Contribution (Q&A)	Involvement
<b>A.J. Quahliero</b>	Advance service offerings; attract more customer looking for digital services; increase revenue;	Risk of offering digital services to early – low demand; Low ROI on invested capital; Aversion of older people to digital service – loss of business; Less billable hours/interaction with customer (DIY); increased perceived complexity	Technology expertise/savviness; marketing expertise; business & process expertise	High – decision maker; SWOT; collaboration on tech. recommend.
<b>Anthony Quahliero</b>	improve margin through digital services offered; making the company ready for future success; address risk of disruption; increasing competitive edge		Industry expertise; industry connections; interpersonal skills; business expertise	High – decision maker; SWOT; approve recommendations
<b>Customer</b> (Silent Generation & Baby Boomer)	Benefit for younger family members; enable more people to take part in funeral service; more participation of younger family members in planning; additional services to choose from	Aversion to digital services; old set of values compromised; feeling of service being disrupted by technology; increase of perceived complexity of planning; higher overall costs	Customer questionnaire or feedback to measure/predict acceptance of service	Consider a survey of customer in the area how services would be perceived and utilized
<b>Customer</b> (Generation X and Y)	Increased variety of service; level of inclusion increased; increased level of convenience	Increase of perceived complexity of planning; higher overall costs	Customer questionnaire or feedback to measure/predict acceptance of service	Consider a survey of customer in the area how services would be perceived and utilized
<b>Mourners</b>	Remote participation and mourning enabled; inclusion of remote living family and friends, remote services to express mourn (e.g., condolences)	Aversion to digital services; old set of values compromised;	N/A	Studies of user experience for specific services



<b>Regulatory Authorities</b>	N/A	N/A	Regulatory framework	External influence through regulation
<b>National Funeral Directors Association</b>	Pilot of new technology and marketing applied to practice; funding for case or field studies	Distancing from traditional funeral service through technology	Information source for industry trends to increase quality	Share information for publicity
<b>Competitors</b>	Competitive advantage; early market entry	Risk of introducing the service earlier than competition	N/A	N/A
<b>Cemeteries</b>	Greater variety of services and infrastructure Increased customer satisfaction	Increased cost for infrastructure (e.g., WIFI)	N/A	Request feasibility of service when recommending action



## Appendix B – Competition Analysis

Name of Funeral Home	DIY(Do-It-Yourself Planning)	Digital funerals	Digital donations and condolences	Online obituary	Memorial tribute videos	Managing digital legacies	E-commerce	Planning ahead service	Price list	Local corporations	Additional cremation service offerings	Size of Network	Modern website	Social Media	Virtual tour	Education (blog or podcast)	Amount of information sufficient	Likelihood to engage	Overall competition ranking (out of 10)
The Becker Funeral Homes	No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	4	Yes	No	Yes	Yes	8	8	9,00
Higgins-reardon Funeral Homes	Yes	No	No	Yes	No	No	No	Yes	No	No	No	5	Yes	Yes	No	Yes	6	7	8,13
Family Care Services	No	No	Yes	Yes	No	No	No	Yes	No	No	No	4	Yes	Yes	No	Yes	6	7	7,63
Kirila Funeral Home, Inc.	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	No	Yes	1	Yes	No	No	Yes	9	7	7,50
Turner Funeral Home, Inc	No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	1	Yes	Yes	Yes	Yes	7	7	7,25
Edward J Fox & Sons Funeral Home	No	No	Yes	Yes	No	No	No	Yes	No	No	No	1	Yes	Yes	Yes	Yes	6	7	7,13
Wasko Family Funeral Group	No	No	No	Yes	No	No	No	Yes	No	No	No	2	Yes	Yes	Yes	Yes	7	8	6,88
Ed & Don De Carbo Funeral Home	No	No	Yes	Yes	No	No	No	Yes	No	Yes	No	2	Yes	No	No	Yes	6	7	6,63
J.Bradley McGonigle Funeral Home and Crematory Inc	No	Yes	No	Yes	No	No	No	Yes	No	No	No	2	Yes	Yes	No	Yes	6	6	6,50
Rossi and Santucci Funeral Home	No	No	Yes	Yes	No	No	No	Yes	No	No	No	1	Yes	Yes	No	Yes	6	6	6,00
William & Roger DeCarbo Funeral Home	No	No	Yes	Yes	No	No	No	Yes	No	No	No	1	Yes	Yes	No	Yes	4	6	5,75
Noga Memorials	No	No	Yes	Yes	No	No	No	Yes	No	No	No	1	Yes	Yes	No	Yes	5	5	5,75
Marshall Funeral Home Inc	No	No	Yes	Yes	No	No	No	No	No	Yes	No	2	Yes	No	Yes	No	5	7	5,50
Rossi Brothers Funeral Home	No	No	Yes	Yes	No	No	No	Yes	No	No	No	1	Yes	No	No	Yes	6	4	4,75
Augustine Funeral Home	No	No	Yes	Yes	No	No	No	Yes	No	No	No	1	Yes	No	No	No	6	6	4,00
Charlotte A Sheffield Funeral Home, Inc	No	No	No	No	No	No	No	No	No	No	No	1	No	Yes	No	No	3	3	1,25

Ranking based on services offered (5 points if 7 or more services offered, the difference of services offered is subtracted if below 7), ranking of likelihood of engagement (2.5 points max if 20/20) and number of locations (2,5 points maximum, 0,5 points per location).

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