THE CONTRIBUTION OF FUNERAL COOPERATIVES TO A BETTER WORLD

First International Meeting of Funeral Cooperatives and Mutuals

As Part of the 2012 International Summit of Cooperatives

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"Since economists and shareholders took control [of organizations], they have changed their mission. Efficiency and profitability made it so that their raison d'être was forgotten: We have created them to serve us. And we are now working to enrich them."

Bérard, D. (1999), Henry Mintzberg: La théorie prend trop de place!, *Revue l'Actualité*, 1999, June, 14-16.

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1- Introduction

1.1- Cooperatives: a question of wealth creation

For over 100 years, cooperatives throughout the world developed in all economic sectors with much more success than failures. Today, there are more than a billion cooperators who, with their families, represent nearly half the world's population. Globally, cooperatives provide more jobs than all the multinationals (ICA, 2012) put together. From the birth of the cooperative movement, precursors saw it as an entrepreneurial solution to the developmental imbalances of the time (Fairbain, 1999; Leclerc, 1982; Lambert, 1980). The six principles of cooperative development (seven, since 1995) guide cooperative strategy and must contribute to a better development for the greatest possible number; it is in these values and principles that its unique identity is found.

A cooperative is "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise" (International Cooperative Alliance, 1995). This definition reflects the operating mode, but ignores the raison d'être of cooperatives: a development centered on the human being, on people (Marengo, 2004).

We must not forget that this type of entrepreneurship was born in the wake of criticisms made by some thinkers on the shortcomings of early capitalism. The first cooperative to be successful, the Rochdale Society of Equitable Pioneers, in England, is the result of a synthesis of the ideas of thinkers of the era (Fourrier, King, Owen, Saint-Simon, Buchez, Plockboy, Proudhon, etc.). From a developmental perspective, the Rochdale Pioneers were able to effectively apply the principles of humanistic development into an entrepreneurial setting.

Their criticism of the shortcomings of early capitalism and its transposition into principles derived from an innovative vision of development. For cooperatives, this vision of development is summarized in their core values, namely, personal and mutual empowerment and responsibility, democracy, equality, fairness, and solidarity. In general, the criticism expressed by these thinkers revolved around two major themes.

The first is the **role of capital**. In their analysis, the thinkers condemned the emerging capitalist system for granting all business profits only to the holders of capital, by reason solely of their financial investment, but without truly participating in the creation of wealth. For these thinkers, it was not the capital (investment) that was the real wealth of a nation, but the work, production and consumption. They denounced income without work or the fact that intermediaries added a surcharge to the price of products without adding real value to the product. In short, critics claimed that capital holders kept all the profits of the business for themselves. Consequently, from this criticism of the development model, they proposed another model where capital would not be the only motor, decision-driver and beneficiary of development. Thus are explained, from a developmental viewpoint, the principles of democratic power exercised by its members, their economic participation, and the autonomy and independence of a cooperative.

The second key theme was the **organizational model** of this change. Thinkers reflected on the best possible form of organization that would apply change to solving development problems. There emerged three broad schools of thought. There was the approach promoting the rights of workers through unionization. Another advocated major political changes within society through socialist or communist political organization. A third school of thought offered an entrepreneurial solution, namely, the cooperative organization. Thinkers of that school decried poverty within the working classes despite the wealth of industrial entrepreneurs. For them, to change this situation, only a revolution of the working class could turn the course of history; we could not rely on governments or industrial entrepreneurs to bring about this change. People had to take charge of their own development, be united and allow everyone, through a democratic approach, to participate in this development. It was therefore necessary to create an entrepreneurial organization founded on these premises. Thus did the cooperative principles of voluntary membership open to all, education, training and information, collaboration among cooperatives, and commitment to the community come to light.

The purpose of these two components was a **development centered on people, done by the people**. Since money is a means to greater development (not an end onto itself or a way of making decisions), the model puts members at the centre of the organization (consumer, producer or worker) where they try, collectively and democratically, to improve a situation through an enterprise that establishes a relationship of use between its members, their community, and the enterprise. This necessarily results in better development.

The role of capital, the organizational approach and development focusing on human beings is particularly relevant for the funeral sector. Funeral cooperatives have developed in special circumstances where quality of service, pricing, and the human aspect that should have led this unique industry were too often missing.

2- Objectives and Methodology

2.1- Objective

The objective of this research is to provide an initial picture of funeral cooperatives around the world. To do so, we initially set for ourselves the ambitious objectives of gathering the following data:

Quantitative data:

- Number of cooperatives;
- Number of members;
- Number of funerals handled;
- Financial data (sales figure, assets, indebtedness, etc.);

- Market share;
- Price of a funeral service in relation to average disposable income;
- Occurrence and importance of dividends;
- Impact of funeral cooperatives on prices.

Qualitative data:

- Business model;
- Mission of cooperatives;
- Presence of educational programs;
- Type of governance of cooperatives;
- Analysis of the competitive advantage through the study of cooperative websites and their competitors.

We therefore evaluated the websites and annual reports within this analytical grid. We were able to get enough meaningful information on the number of cooperatives and the number of members, the number of funerals, the business model and the analysis of the competitive advantage. To gather the rest of the information, we should now look to questionnaires or live interviews. Simultaneously, IRECUS conducted a study on the socio-economic impact of the world's 300 largest cooperatives and mutuals. In comparison to the larger study, the results of our research on the funeral sector, given its size, is similar to that obtained by the larger study. We met the same challenges for all cooperative sectors.

Finally, based on this information, we carried out, from external studies, an analysis of the trends and challenges in the funeral sector as a whole, and we examined the contribution of cooperatives in this sector.

2.2- Methodology

For the first picture, we had already drafted, in 2011, a first list of funeral cooperatives throughout the world (see Appendix 1). The list therefore served as a springboard for our research, and our sources of information reside in the data found on websites and available annual reports of the cooperatives on these same sites.

We are aware that other cooperatives exist in the funeral services sector or that funeral services are provided by other types of cooperatives in the field of insurance, health services or others. Nevertheless, we firmly believe that the list of cooperatives that forms the basis of our research remains representative, as are the conclusions that we have drawn from our research. We count on all readers of this report to supply us with the names of any cooperatives they know to be missing from this list.

Moreover, the information available on the Internet is limited, and not all the cooperatives we indexed have a Website. These two elements constitute a methodological limit to the [preciseness] of our results that readers should bear in mind to avoid making sweeping generalizations from our results.

3- Results

3.1- Number of indexed cooperatives

The most recent estimates by the *Alliance coopérative internationale* (ACI) (International Cooperative Alliance) put the number of cooperatives on the planet at 750,000. In the field of funeral services cooperatives, there is no precise statistical data. Our internet searches allowed us to indentify 97 cooperatives in the world that offered funeral services. As indicated in the previous section, this figure is the first estimate of the number of funeral cooperatives.

Here is a first global picture of the countries where funeral coops have been indexed.

Figure 1
Cooperatives offering funeral services in the world

In terms of numbers by major geographical area, we obtained the following data that we have placed next to the data from the research on Global 300 cooperatives and mutuals. You will notice that the Americas have the greatest number of cooperatives. In terms of membership, number of funerals performed and market share, as you will see, the picture is quite different.

Chart 1
Number of cooperatives by region

Region	Funeral cooperatives		Global 300 cooperatives	
	Number	**% of total**	**Number**	**% of total**
Africa	2	2.1%	0	0%
Americas	83	85.5%	98	32.7%
Asia-Pacific	2	2.1%	24	8.0%
Europe	10	10.3%	178	59.3%
Total	***97***	***100%***	***300***	***100%***

3.2- Membership

Data regarding the numbers of cooperative membership is incomplete. Generally speaking, in view of the sources of information, the estimates we believe to be reliable come from England, Sweden and Quebec.

In Quebec, the cooperatives belong to 170,000 members (out of a total population of 8 million, of which 6.5 million are adults - 2.1%). In England, based on the data gleaned from the annual reports of indexed cooperatives, we have a total of 1,919,850 members (out of a population of 62 million, of which 49 million are adults - 3% of the total population). It must be said that these members are part of cooperatives that offer various services, including funeral services (there are no cooperatives that offer only funeral services). In Sweden, *Fonus* works with local cooperatives that bring together some 3 million members (out of a total population of 9.4 million, of which 7.7 million are adults - 38.9% of the population).

From this data, we estimate that between 2% and 3% of the total population are members of a cooperative offering funeral services.

3.3- Number of funerals performed and market share

From this data, we estimate that in England, the cooperative movement received a vote of confidence from 114,491 families having suffered a death in the family out of an annual total of 470,000 deaths, or 24.4% of the British market.

In Quebec, the cooperative movement offered its services to 9,600 families out of a total of 59,000 deaths a year, or a 16.3% market share.

Lastly, in Sweden, *Fonus* organizes almost 25,709 funerals a year out of a total of 90,470 deaths, or a market share of 28.4%.

To better understand the market share of funeral cooperatives, a study of the regional data would be necessary. As funeral cooperatives are not always present in certain geographical sectors, a more in-depth analysis of the communities served by cooperatives would have provided us with a better grasp of the market share distribution. Nevertheless, at the national level, our data provides a fair indication of the market share of cooperatives.

3.4 - Business model

The analysis of websites and annual reports has allowed us to classify the business models of cooperatives into four categories.

3.4.1- CENTRALIZED MULTI-SERVICE COOPERATIVE WITH MANY POINTS OF SERVICE

- *Example: England and Sweden*;
- This model brings together, in a single cooperative, a great number of members who enjoy a variety of services (food, drugs, etc.). The branches offering funeral services answer to the board of directors (who also see to the other sectors of the cooperative) and are managed through a vice-presidency or a department of funeral services. One of these cooperatives, *Co-op Group*, has close to 900 funeral homes and others own 6 to 70 different points of service. The management of each branch office answers to the vice-presidency or the department. There is no local board of directors;
- The *Fonus* cooperative once had points of service in Norway, Denmark and Finland. It has its own board of directors and owns a coffin manufacturing plant.

3.4.2- NETWORK OF INDEPENDENT COOPERATIVES GROUPED TOGETHER (OR NOT) IN A NETWORK

- *Examples organized in a federation: Quebec, Canada (most are organized in federations)*;
- *Examples not grouped in a federation: US, Latin America, Asia-Pacific, Africa and Canada (a certain number outside the federation)*;
- This model brings together individual members within a single cooperative specializing in funeral services. Each cooperative has its own board of directors and management team. Many cooperatives manage a few branch offices (from 2 to 12). Among these cooperatives, the vast majority, have joined together within a second-level cooperative, a federation, that offers services to its members;
- It should be noted that the *Fédération des coopératives funéraires du Québec* brings together the majority of Quebec funeral cooperatives, but also auxiliary members from other Canadian provinces, the United States and Peru, making it one of the most international sectoral federations.

3.4.3- NETWORK OF CONSUMER ORGANIZATIONS GROUPED IN A NETWORK

- *Example: Memorial Society, United States and Canada*;
- This model brings together an important number of consumers or consumer organizations. The mission of these organizations is to protect the interests of its

consumer-members and, in many cases, to negotiate better prices for funeral services with local businesses.

3.4.4- COOPERATIVE OF FUNERAL HOMES

- *Example: United States*;
- Our research revealed a single example, namely, *Thanexus Incorporated*, that represents 113 independent funeral homes (none of which, according to our data, is in the form of a consumer cooperative). This funeral home cooperative offers its 113 members a full range of services.

3.5- Prices

We found that certain cooperative websites presented the results of studies on the impact of cooperatives on the pricing of funeral services.

In 2009, the People's Memorial (PMA) Education Fund (funeralinformation.org/price-info/price-survey) conducted a survey of 226 funeral homes in the state of Washington on the price of cremations and burials. It was the most important survey conducted on the subject in Washington State. It revealed a wide discrepancy in pricing, varying up to 700% for cremation and up to 400% for burial, depending on the funeral home.

The survey indicated that the average price for direct cremation in Washington State was $1,593 and that the cost of the service could range from $549 to $3,944 for a similar service, no matter where it was purchased. The average price for a direct burial was $2,493 with prices varying from $990 to $4,233 (all in US dollars). The cost of a complete funeral service, including embalming, visitation (viewing), services and a basic coffin is of $4,172 US, but it can be as low as $1,997 or as much as $8,315. The study concluded that the pricing spread indicates a malfunction in the marketplace with excessive profit margins in many cases. The organization encourages members of the general public to shop around for their funeral service. We would add that funeral cooperatives, being focused on the interest of their member-consumers, are inhabited by an entirely different business logic and thus contribute to a better functioning of the market place.

In Quebec, where there is an important presence of funeral cooperatives, a similar situation can be observed. "In the most recent edition of *Le marché funéraire au Québec* (the funeral service market in Quebec), we learn that users of the funeral cooperative network spent on average $3,667 for their funeral, while most Quebecers spent on average $5,698 and Canadians $6,325 for their funerals in 2004". (Le Bel Âge magazine, http://www.lebelage.ca/argent_et_droits/testament_et_succession/les_cooperatives_funeraires_economiques_et_ecologiques.php).

"The savings realized through the use of a cooperative easily attain $1,500 to $2,000. Overall, our members save up to $14 million yearly," says Alain Leclerc, Director General of the *Fédération des coopératives funéraires du Québec* (Quebec federation of funeral cooperatives) (revue D, http://www.desjardins.com/fr/a_propos/publications/finances-personnelles/v48-n5-cooperativement.pdf).

To be brief, one of the first impacts of the presence of cooperatives in the market place is a realignment of prices and a net benefit to members and the overall population.

3.6- Analysis of the competitive advantage

To analyze the competitive advantage, we propose a 3-tiered analysis: the services on offer, the presentation of the competitive advantage of cooperatives and of their competition, and lastly, the analysis of the cooperative identity.

3.6.1- SERVICES ON OFFER

For this part of our analysis, we will first present the various services offered by cooperatives according to the information available on the websites.

Chart 2
Services on offer

Service Categories	Proportion
Transportation	All
Support and follow-up services	All
Preparing the eulogy	Strong majority
Thanatology	Strong majority
Conservation of the body	Strong majority
Management and deposit of funds	Strong majority
Drafting and publishing of notices of death	Strong majority
Coordination with service providers (cemetery, crematorium, visitation hall, etc.)	Strong majority
Viewing (co-op property)	Strong majority
Pre-arrangements	Strong majority
Internet site for condolences	Strong majority
On-line membership	Majority
Crematorium	Majority
Registration with civil authorities	Minority
Cemetery	Minority
Price on-line	Minority

An analysis of the websites of competitor funeral businesses indicates that, on a perceptual level, the same services are offered. The main difference as regards the websites of funeral cooperatives consists in post-funeral accompaniment and online membership (this last being unique to cooperatives).

3.6.2- ANALYSIS OF THE COMPETITIVE ADVANTAGE PRESENTATION

In this second part, we analyzed the arguments presented on websites to consumers and members in an attempt to persuade them to choose the services of a cooperative rather than those of its competitors.

We have broken down the whole into four arguments:

1) Cooperatives are the better choice as regards quality funeral services:

    - The local aspect of cooperatives is presented in the dynamics of ownership and decision-making. Consequently, the service axis is on the person, not on profit. A more human, more compassionate service is also mentioned;
    - Less than half of cooperatives present the members of its board of directors;
    - We find this argument on 95% of cooperative websites.

2) Cooperatives present the argument of the lowest or most reasonable price:

    - The prices of cooperative services are presented as the best on the market or that they are competitive. The concept of a fair price is often presented;
    - We find this argument in 80% of cooperative websites.

3) Cooperatives present themselves as offering comprehensive and diversified services:

    - This argument appears to be presented in various ways, at times as an argument within the argument of the better choice (argument 1), or throughout the internet visit. In some instances, the argument is presented textually, but in most cases, it is more of an impression one feels while reading the site contents (see Chart 2);
    - We also observed a difference between the smaller cooperatives and the larger ones. The more established a cooperative is and the greater its sales figure, the more important becomes this argument;
    - We present the hypothesis that, when they set out, cooperatives highlight price as their main argument. In time and with a greater number of funerals conducted, the main argument becomes the wide range and quality of their services;
    - We find this argument in 70% of cooperative websites.

4) Cooperatives offer services to everyone, even the less fortunate:

    - This argument is presented in small as well as in big cooperatives. It is found at the end of the page or 2-3 clicks into the site;
    - We find this argument in 60% of cooperative websites.

We have also evaluated, with a certain degree of subjectivity, the arguments presented by the cooperatives' competitors. Naturally, as competitors greatly outnumber cooperatives, we haphazardly selected a sampling of some 30 competitor sites in four different countries.

So, when we compare these arguments with those of the competition, the first element for cooperatives is also the number one argument for competitors. The argument is often associated with a proclamation of faith regarding the empathy they feel for the bereaved, and that this respect is their very *raison d'être*. Competitors with numerous points of service highlight the strength of their network and long experience in the field. For the smaller funeral businesses, the argument is more often associated with tradition, the passing from father to son, and the presentation of the proprietor and his family as being part of the community they serve.

The argument of the better price is present with competitors, but less so than in cooperatives, and far less so with the larger firms.

Our analysis of the websites we selected indicates the range of services on offer is inferior to that offered by cooperatives. The services offered are associated with transportation, preparation and visitation. Going by the sites we visited, it seems cooperatives are well ahead on this point.

To close, we found no funeral businesses that offered services to the needy, as opposed to cooperatives. However, in the US, special attention is afforded veterans, as is the case with cooperatives.

Generally, the websites of the competitors appear to be more directly associated with sales, with emphasis on the funeral home staff and advisors on hand. There is a greater insistence on trust in and prestige of the funeral home, much more than we have seen on cooperative websites.

We would once again emphasize the fragmentary and subjective nature of this part of our analysis.

3.6.3- ANALYSIS OF THE COOPERATIVE IDENTITY

When we speak of the cooperative difference, the analysis of websites indicates that the cooperative identity is closely associated with the following elements:

1. **Offer/Quality of specific services; Organization of unique ceremonies:** these arguments, as an illustration of the cooperative difference, are present in almost all of the sites we visited. These two elements can be associated with Arguments 1 and 3.

2. **Giving special meaning to the deceased:** these elements are often part of the preceding element, other times not. We submit the argument that a business that belongs to its members is better able to give meaning to bereavement. Some 70% of cooperative sites evoke that argument to present the cooperative identity.

3. **Local ownership:** this element is often advanced on websites as a sales argument, but in 40% of the sites visited, local ownership is used to promote the cooperative identity.

4. **Respect for the environment:** the question of respect for the environment in the funeral services sector is not often evoked. As an argument for the cooperative identity, 15% of visited sites made use of it.

In all business strategy, it is vital that we discover why people do business with our organization, that we discover what is called our "competitive edge". In literature, this advantage is summarized as either a price advantage (people choose our product/services because they are offered at the best price) or a differentiation advantage (people choose our product/services because they have a unique characteristic that people want, and that no one else offers). In the cooperative world, certain advantages are inherent to the cooperative identity, be it history, democratic character, or something else that cannot be imitated by competitors. We call these advantages the *surplus value* of cooperatives.

Our analysis of the websites - which remains incomplete as regards a definite conclusion - allows us to state that the advantages of cooperatives consist in a relatively unique, comprehensive service offered at a fair price. The *surplus value* of cooperatives maintains the advantage of local decision-making and honest service in relation to the other members.

4- Analysis of the sector and future challenges

4.1- Publicly-traded funeral businesses in the world[1]

The global funeral market is based on the offer of services that vary greatly according to local customs and habits. The forms of goodbyes addressed to deceased loved ones are different in America, in Europe, in Asia, and in Africa.

One constant remains, however, and this, practically everywhere: businesses offer services and accompany the bereaved through this part of life; practically all families must spend money on the purchase of goods required for the funeral of a loved one; funeral services are the source of income of certain individuals.

Some people have formed cooperatives and mutuals to procure these services, while others, to obtain the services they need, deal with public corporations that find financing on the stock market.

This part of the study presents publicly-traded corporations operating in the funeral services sector in the world today.

[1] Section written by Alain Leclerc, Director General of the *Fédération des coopératives funéraires du Québec*.

4.1.1- THE AMERICAS

4.1.1.1- Service Corporation International (USA) (NYSE: SCI)

The biggest funeral services businesses are American and are traded on the New York Stock Exchange. There are presently four American publicly-traded funeral services companies, but Service Corporation International (SCI) is by far the biggest. It operates a vast network of 1,423 funeral homes and 374 cemeteries in the US, Canada and Germany, conducting some 300,000 funerals yearly (2011).

In the mid-90s, SCI spread its tentacles to the four corners of the earth. Indeed, at the end of 1992, SCI operated more 1,400 funeral businesses and cemeteries in America. In 1993, it decided to cross the Pacific and the Atlantic acquiring funeral businesses in Australia (the biggest funeral business in the country), in the United Kingdom (534 points of service with a 15% share of the market), in France (1,100 points of service and the biggest manufacturer of coffins in Europe) and in South America.

At its peak, SCI had a presence in 20 countries and held 13% of the American market, 28% of the French market, 13% of the United Kingdom market and 24% of the Australian market, conducting close to 500,000 funerals yearly.

The increasing demand by American corporations for the acquisition of foreign competitors created a speculative bubble that forced industry consolidators to fall back on the Americas and divest themselves of their overseas assets.

Today, SCI controls some 12% of the American and Canadian funeral services market, has 13,000 employees, and an annual sales figure of some $2 billion dollars (US).

4.1.1.2- Carriage Services Inc. (USA) (NYSE: CSV)

Fonded in 1991 and became a public company in 1996, Carriage Services Inc. operate in the United States. At the end of 2011, the Company operated 159 funeral homes in 25 states and 33 cemeteries in 12 states.

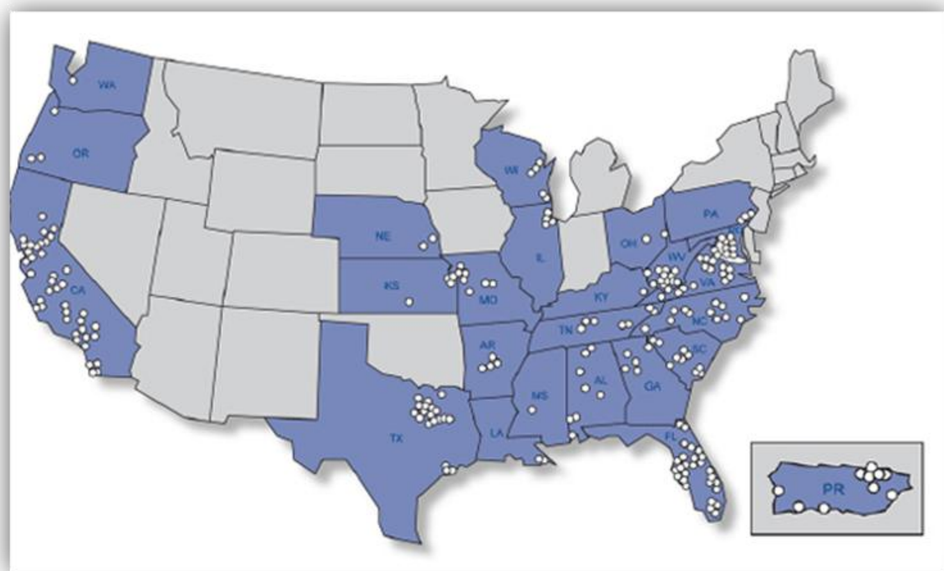
In 2011, Carriage Services Inc. conducted some 28,000 funerals and had an annual sales figure of $190 million (US). It employs 2,000 workers with 72% of its revenues stemming from funerals and 28% from cemeteries.

Figure 2
Locations of Carriage Services Inc. in the United States

4.1.1.3- Stewart Enterprises Inc. (USA) (NASDAQ: STEI)

Founded in 1910 and public in 1991, Stewart Enterprises Inc. is the second funerals provider in United States.

Figure 3
Locations of Stewart Enterprises Inc. in the United States



At the end of 2011, its operations included 217 funeral homes and 140 cemeteries in 24 states within the United States and in Puerto Rico. It operates its funeral homes and cemeteries in clusters. Clusters are groups of funeral homes and cemeteries located close enough to one another that their operations can be integrated.

Stewart counts 5,000 employees and conducts close to 100,000 funerals yearly for revenues of approximately $500 million (US).

4.1.1.4- StoneMor Partners LP (USA) (NYSE: STON)

StoneMor Partners LP is the second largest owner and operator of cemeteries in the United States. As of December 31, 2011, the Company operated 274 cemeteries in 26 states and Puerto Rico. The Company owns 253 of these cemeteries, and it operates the remaining 21 under management or operating agreements with the cemetery corporations that own the cemeteries.

As of December 31, 2011, it also owned and operated 69 funeral homes in 18 states and Puerto Rico. 39 of these funeral homes are located on the grounds of the cemeteries that it owns.

It has annual revenues of $52 million (US), 85% coming from its cemetery activities.

4.1.1.5- Arbor Memorial (CANADA) (TSX: ABO)

Established in 1947 in London, Ontario, Arbor Memorial long focused its activities on its cemetery operations. Only after having acquired or developed 39 cemeteries did the company buy its first funeral parlour in Hamilton, Canada.

It continued its development becoming a publicly-traded corporation on the Toronto Stock Exchange in 1973. It now operates 41 cemeteries, 27 crematoriums and 82 funeral homes, generating annual revenues of $264 million (CDN).

It conducts 22,000 funerals yearly.

4.1.2- EUROPE

4.1.2.1- Dignity (UNITED KINGDOM) (LON: DTY)

Dignity was created by Service Corporation International when it entered the British market in 1994. Having decided to divest itself of its overseas assets, SCI sold the company to its local management team for approximately $500 million (US).

Dignity is engaged in the provision of funeral services, including funeral directing, crematoria operation and the marketing and administration of pre-arranged funeral plans.

Its operations are managed across three main areas: funeral services with 65% of revenues, crematoria with 28% of revenues and pre-arranged funeral plans. Funeral services revenues relate to the provision of funerals and ancillary items, such as memorials and floral tributes.

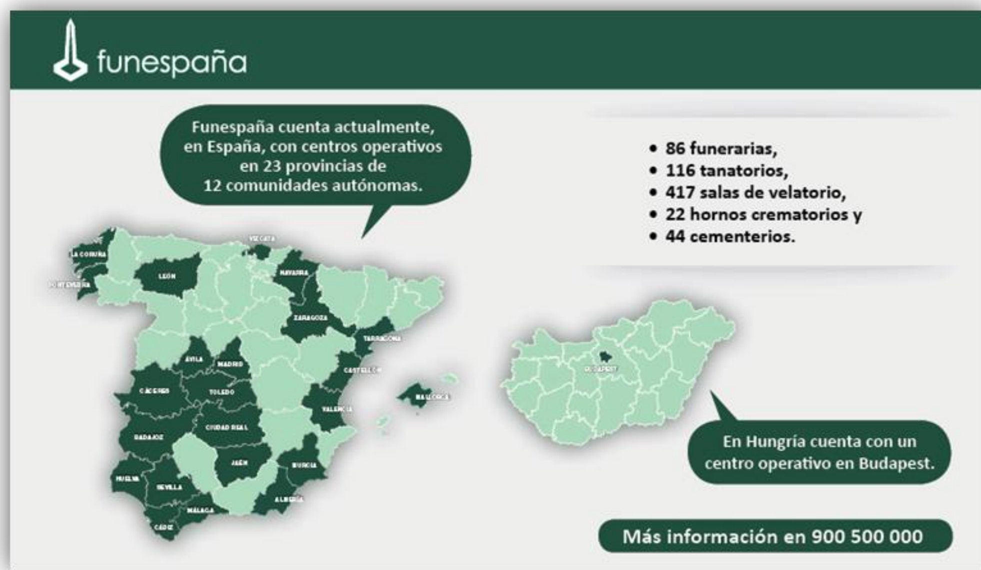
At the end of 2011, the Dignity operated a network of 600 funeral locations and 35 crematoria throughout the United Kingdom with 2,450 staff. During the fiscal year ended December 28, 2011, it conducted 62,300 funerals.

The company holds an 11.3% share of the funeral services market in Great Britain, behind *Co-op Group* and its some 100,000 funerals every year.

4.1.2.2- Funespana SA (SPAIN) (MCE: FUN)

Funespana SA is a Spain-based company principally engaged in the provision of funerary services. The Company's activities include the construction and management of cemeteries, operation of funeral parlors and installation and maintenance of crematory ovens, as well as it provides hearse transport services.

Figure 4
Locations of Funespana SA in Spain



The Company is also active in the arrangement of burials, supply of gravestones and flowers, transport and repatriation of human remains, as well as in the organization of masses, memorials and wakes.

In 2010, it held some 31,500 funerals, conducted 28,000 burials and 11,000 cremations. It operates cemeteries in Hungary and Argentina.

4.1.3- ASIA-PACIFIC

4.1.3.1- InvoCare Limited (AUSTRALIA) (ASX: IVC)

InvoCare Limited is engaged in providing services in the funeral industry in Australia, New Zealand and Singapore. It is the most important private funeral company in the Asia-Pacific region with some 50,000 funerals per year.

InvoCare Limited was floated on the Australian Stock Exchange in December 2003. The company commenced operations during the 1990s as Service Corporation International Australia (SCIA), a branch of SCI-USA. SCI held a 20% share in SCIA. The Company's balance was owned by private equity investors. In 2003, SCI disinvested its equity interest in SCIA.

In 2011, the company acquired the main funeral services provider in New-Zealand and the second in Australia. It now holds 26% of the market that it covers with its 250 funeral homes and 14 cemeteries and crematoriums.

It has annual revenues of $330 million (US), with 91% coming from its activities in Australia, 5% from New-Zealand and 3% from Singapore.

Figure 5
Locations of InvoCare Limited in Australia

It has many community support programs, one of which donates sun screen to schoolchildren, another recycles cell phones and collects toys for low-income families.

Its second most important shareholder with 13% of shares is the American business bank giant, JP Morgan, while its third is HSBC bank with 10% of shares.

4.1.4- CHINA

China, with its 1.34 billion inhabitants, is a choice location for funeral services providers. According to Chinese government estimates, the mortality rate in China is of 7 for every 1,000 people, which represents 9 million deaths each year.

According to one public business amongst those we quickly examined, the average price of a funeral in China is $2,335 (US).

4.1.4.1- Sino-Life Group Limited (CHINA) (HKG: 8296)

Sino-Life Group Limited is an investment holding company founded in 2005, public in 2005 and incorporated in the caiman island. The Company is principally engaged in the provision of funeral services in Taiwan and the People's Republic of China.

Its total annual revenues were of $11.3 million (US) in 2011, 78% of which came from its activities in China versus 21% coming from Taiwan. It conducted 12,000 funerals in 2010: 9,425 cremations and 1,737 through its funeral homes. It employs 390 people.

The director holds 41% of company shares.

4.1.4.2- Sage International Group Limited (HKG: 8082)

Sage International Group Limited operates one funeral undertaking shop in Hong Kong, three cemeteries, one funeral parlour and one crematorium in China.

It offers online subscription on cemeteries it owns. It provides financing to needy families on funeral and Company purchasing needs. One time financing or installment payments are also available, which solved emergency needs and be able to pre-subscribed favorite ground in advance.

The company operates in Hong Kong, the People's Republic of China, and other Asian countries. It was formerly known as Info Communication Holdings Limited and changed its name to Sage International Group Limited on November 10, 2010. The company was founded in 1985 and became public in 2001.

Figure 6
Locations of Sage International Group Limited in China

For cemetery operation, revenue was primarily derived from sales of interment rights (cremation ground burial, mausoleum spaces, columbarium) and other cremation products.

For funeral services, the Group provides a wide range of services in China that includes the use of funeral home facilities for visitation, memorial services and funeral receptions, transportation services, cremation and the sales of caskets, urns and other related merchandise.

It had total revenues of $2.5 million (US) in 2011 and employs some 100 workers.

4.1.4.3- ZMAY Holding Limited (HKG: 8085)

This firm operates in three sectors of activity: healthcare products, electronic components and cemetery operations. Its cemetery activities generated $5 million (US), representing 53% of its total revenues.

It basically owns two cemeteries in Quinghai and Shanxi provinces and employs 133 workers. Each year, the company sells 10,000 plots in its cemeteries, which, when complete, will have 116,000 “residents”.

4.1.5- JAPAN

4.1.5.1- San Holdings Inc. (JAPAN) (TYO: 9628)

San Holdings Inc. is a Japan-based holding company mainly engaged in the provision of funeral services. The Company provides funeral services in Osaka, Hyogo, Nara, Tokyo, Kanagawa and Tottori Prefectures. It is also engaged in the hearse transportation business and reserved passenger-carrying car transportation business; the sale of fresh flowers and course dishes, funeral gifts, Buddhist altars and Buddhist altar fittings; the provision of temporary staffing services for assisting funeral activities; the provision of contracted services, such as dead body washing, security, cleaning and others, as well as the introduction of cemeteries and gravestones, among others.

The business was founded in 1932, employs 747 workers, and generates $220 million dollars (US) yearly.

4.1.6- ANALYSIS

According to our research, there are 12 companies in the funeral services field, whose shares are publicly-traded on the stock markets of New York, Tokyo, Hong Kong or Melbourne.

North America has the more important ones in terms of number of deaths processed, with five firms conducting some 450,000 funerals, amongst which Service corporation International (SCI) is the biggest in the world with at least half of the 600,000 funerals handled by publicly-traded companies the world over.

Europe has two publicly-traded companies (Spain and Great-Britain) while Australia has one.

Remember that Dignity in Great-Britain and InvoCare in Australia were both created as a result of SCI's decision to pull out of overseas markets in the wake of the financial crisis that struck the funeral services sector at the end of the 90s, following the bankruptcy of the American number two of the time.

The frantic race to acquire funeral services firms forced the main players to make forever more generous offers to acquire the more attractive prospective sellers on the international market.

SCI then chose to offer its international branches to local management, facilitating the financing by creating publicly-traded companies.

Finally, one of the more stunning surprises of this overview is certainly the appearance of publicly-traded companies on the Chinese market. Although just setting out, these companies could witness rapid growth if they develop the immense potential of the Chinese market.

Chart 3
Number of deaths by company

Company	Number of deaths annually	Country
SCI	300,000	USA
Stewart	100,000	USA
Carriage	28,000	USA
StoneMor	1,500	USA
Arbor	22,000	CDN
Dignity	62,300	UK
Funespana	31,500	Spain
Invocare	50,000	Australia
SINO	12,000	China
SAGE	Nd	China
ZMAY	Nd	China
San	Nd	Japan
TOTAL	**607,300**	

4.2- Major market tendencies and future challenges

In this final part, we present a summary of the major tendencies in the funeral services sector the world over by asking broad, open questions about the reactions of cooperatives in the face of these changes.

1- Sector consolidation and possible end of family businesses transformed into branch offices

- The presence of big capitalist groups on the lookout for bargains in a rapidly developing sector;
- Groups with financial clout, but with a unique approach in the form of branch offices, a single service offering for all branches, and little knowledge of the realities of the local community.

→ Will they insist on pricing, the meaning, the service and other considerations?
→ How will cooperatives respond?
  - Unique cooperatives, national federations, continental federations? International alliances?

→ What competencies must we develop to deal with this tendency?

2- Increased number of cremations as opposed to traditional funerals

- The change has already begun;
- Revenue modification for the funeral services sector (for countries with viewings, at least).

→ What type of facilities, how will we make the changes?
→ Where can we get additional revenue?
→ Should we acquire cemeteries and columbaria?

3- Pre-arranged funerals

- The change has already begun;
- Increasing number of funerals will not be arranged at the time of death.

→ What services? Offered directly or sub-contracted out?
→ What competencies must we develop to address this request?
→ What arguments can we develop to beat the competition? Unique service, cooperative identity?

4- New requests of a consumer looking for prices, meaning and respect for the environment

- The perception of funeral services, the meaning we attribute to them, changes in religious beliefs, international mobility (birthplace, workplace, the place we die could all be different), the widening gap in the financial means of people, and the unavoidable environmental question will all deeply modify the way we will propose funeral services.

→ How will our lawmakers react?
→ How will cooperatives develop their services offer?
→ What arguments will differentiate the cooperative from the traditional business?

5- Conclusion

Generally, funeral cooperatives form a series of relatively small movements, precisely targeted geographically, with four broad national business models, historically based on low prices, but increasingly on high quality, diversified services with major and significant effects on pricing and perhaps, in the mid-term, on the very definition of quality funeral services.

In the past, the funeral sector witnessed numerous abuses: high prices and doubtful services was all too often the case. The presence of cooperatives has greatly contributed to remedying these problems in the communities where they occurred. Funeral cooperatives are small in number in a sector constantly growing and in search of meaning. In the communities where they are present, cooperatives exert a significant effect on the market and on the dignity of families.

But the funeral services market will experience important changes in the coming decades (arrival of powerful capitalist groups and modifications of consumer behaviour, religious beliefs regarding cremations). The market is forever growing. Consequently, as cooperatives as well as a movement, it is imperative that our leaders think about what the cooperative response to these changes will be.

Appendix 1

AMERICAS (83)	
Canada (57)	
Quebec	Coopérative funéraire des Eaux-Vives
	Coopérative funéraire du Bas-Saint-Laurent
	Alliance funéraire du Royaume
	Coopérative funéraire du Fjord
	Résidence funéraire du Saguenay
	Résidence funéraire Lac-St-Jean
	Coopérative funéraire Charlevoisienne
	Coopérative funéraire de la Capitale
	Coopérative funéraire de la Rive-Nord
	Coopérative funéraire des Deux Rives
	Centre funéraire coopératif de la région de Coaticook
	Centre funéraire coopératif du Granit
	Coopérative funéraire de l'Estrie
	Coopérative funéraire de l'Île-de-Montréal
	Résidence funéraire de l'Abitibi-Témiscamingue
	Coopérative funéraire de l'Outaouais
	Coopérative funéraire de la Haute-Côte-Nord
	Coopérative funéraire des Deux Rives
	Coopérative funéraire de l'Amiante
	Coopérative funéraire Brunet
	Coopérative funéraire des Laurentides
	Coopérative funéraire de la Rive-Sud de Montréal
	Résidence funéraire Maska
	Coopérative funéraire J. N. Donais
Nova Scotia (2)	Sunset Funeral Co-operative
	Southern Kings and Queens Funeral Co-op
PEI (4)	North Shore Funeral Co-operative
	Hillsboro & Area Funeral Co-operative
	Central Queen's Funeral Co-op
	East Prince Funeral Co-operative
New Brunswick (2)	Coopérative funéraire Passage
	Coopérative funéraire La Colombe
Ontario (1)	Coopérative funéraire d'Ottawa
Saskatchewan (1)	Prairie Lily Funeral Co-operative
Other co-ops (23)	

United States (7)	Minnesota Valley Funeral Home & Crematory Bayview Freeborn Funeral Home People's Cooperative Funeral Home Range Funeral Homes People's Memorial Funeral Cooperative K-M Funeral Home Thanexus Incorporated
Venezuela (8)	Funeraris La Equitativa Ca Funeraria Los Rosales Srl Funeraria Unidas La Coromoto Pompas Funebres Laya Ca Funeraria Cooperative Cecosesola Asociación Cooperativa de Servicios Múltiples La Concordia RL (ACOSERMUCON) Association coopérativa Nazareth Cecosesola
Columbia (3)	Coopérative médicale Coomédicosta costa Funerales Los Olivos Mutuelles funéraires: Asociación Nacional Mutualista de Colombia - CONAMUTUAL
Puerto Rico (1)	Cooperativa De Servicios Funebres De Puerto Rico
Bolivia (1)	Cooperativa Funerarias Bolivariana
Argentina (2)	Cooperativa electrica de Lujan Ltda Coovilros
Costa Rica (1)	Avec les coops et mutuelles du secteur de l'assurance
Mexico (1)	Service offert par les Cajas populares
Peru (2)	Servipéru Coopserfun, Los Olivos

EUROPE (10)

England (9)	The cooperative-group The Midcounties Co-operatives Scotmid Co-opertaive Lincolnshire Co-operative Midlands Co-operative Heart of England Co-operative Society Ltd Anglia Co-operative Society Limited

	Chelmsford Star Co-operative Society Ltd. The Southern Co-operative
Sweden (1)	Fonus

AFRICA (2)

South-Africa (1)	National Association of Burial societies of South Africa
Zimbabwe (1)	Burial societies

ASIA (2)

Malaysia (1)	Malaysian Buddhist Cooperative Society
Philippines (1)	Fonus co-op funeral care Antique(FCFCA)