

In Japan, Frugal Goodbyes

By Ginny Parker
The Wall Street Journal
July 6, 2004

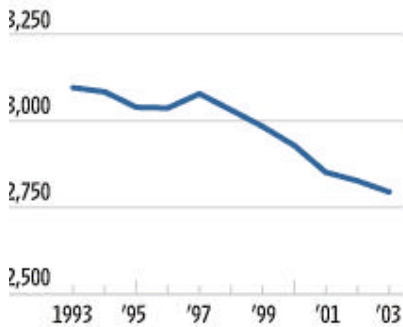
Budget Funeral Service Tries to Lay to Rest A Costly Ceremony

TOKYO -- Japanese funerals long have been notoriously expensive. The Buddhist rites, including two memorial ceremonies, gifts for guests, prayers by a monk and the bestowal of a Buddhist death name, can come to \$30,000.

Diverging from this full ceremony typically wasn't an option, as the industry was dominated by small, family-run operations all offering similar, set-price services. Besides, it was taboo to scrimp on such a religious occasion.

Now, John Kamm has come up with a radical alternative. In November, he opened a Japan branch of his family's Colorado company, All-States Cremation Services, offering no-frills funerals for as little as ¥255,000 (\$2,350). Unlike Japanese companies that typically charge a fixed all-in-one

Mr. Kamm's business offering cheaper, à la carte funerals (below) will test Japanese consumers' newfound willingness to forgo tradition in the face of price sensitivity and a pursuit of choice, amid a long economic slump that has curtailed average monthly household spending (chart).



Note: Figures converted from yen to U.S. dollars at current exchange rate
Source: Japanese Statistics Bureau

fee, Mr. Kamm's company offers a la carte options.

How well his business fares could serve as a test of just how much the attitude of Japanese consumers has changed over the past decade. The long economic slump here has made people more aggressive about bargain hunting, and more demanding about having choices. People even have started taking actions that have long been frowned upon -- such as hawking their old clothes at flea markets or

camping in their cars to save money on hotels. And younger Japanese are becoming less concerned about appearing respectable in society and more interested in expressing their individuality -- couples living together before getting married, for example, and getting divorced if things don't work out.

"Japanese people are becoming less conformist, and they don't care as much about what society thinks of them," says Hikaru Hayashi, director of the Hakuhodo Institute of Life and Living, a think tank that researches

consumer attitudes. "They've also got a lot more choice when it comes to buying goods cheaply."

Still, skeptics wonder whether Japanese consumers really would want to appear stingy on rites for deceased loved ones, or whether they would trust a foreign newcomer to handle such a traditional event.

"If you don't have the experience and the sense of the gravity about the funeral business, you can't put on a funeral that will be meaningful to people," says Takeshi Yoshida, president of Koekisha Co., one of the nation's largest funeral operators. Others say Mr. Kamm may find it hard to survive with a focus on cut-rate funerals alone.

The 33-year-old Mr. Kamm is undaunted by such criticism. "We're going to break the industry wide open," he says. To set himself apart from his tradition-bound rivals, he hands out pamphlets and advertisements printed with the words "Transparency, Accountability, Dignity, Individuality."

His company, which in Japan is called All Nations Society, provides a detailed price list of everything from photos to flowers, allowing clients to choose what extras they want from the list.

"Japanese consumers need transparency. They need to know what they're paying for," Mr. Kamm says. "They want something less expensive, but they generally don't mind paying if they know where the money is going."

Japan's rapidly aging population means the number of funerals is on the rise. Mitsuru Fukuda, editor of the Funeral Business Monthly industry magazine, forecasts that the number of people dying each year in Japan will increase to about 1.7 million by 2035, from 1.1 million this year. Funeral-business revenue is expected to increase to ¥2 trillion a year by 2040 from ¥1.5 trillion now.

In starting his business, Mr. Kamm has received help from a surprising source: Japan's government. His company is one of nearly 100 businesses, from wine importers to conference organizers, that have

benefited from new efforts by Japan to ease the entrance of foreign companies into its market. Following a pronouncement in 2003 by Prime Minister Junichiro Koizumi to double foreign direct investment into Japan, the Japan External Trade Organization opened a half-dozen business-support centers to offer free advice and temporary office space for people trying to set up shop here.

Mr. Kamm is encouraging another change among Japanese consumers: planning a funeral in advance, which until recently was frowned upon as bad luck. Some Japanese are warming to this idea.

Takeshi Sato, a 55-year-old government administrator near Tokyo, is planning two funerals -- one for his mother and another for himself. The reason: When his father died 16 years ago, a funeral home was assigned to Mr. Sato by nurses, a typical chain of events in Japan, where funeral companies tend to get customers through tie-ins with hospitals. Mr. Sato says he was initially told the funeral would cost ¥1.5 million. Last-minute additions to the service pushed

the bill up to ¥2.2 million. "Everything was decided for me," he says.

With his mother now ill, Mr. Sato has decided to make preparations ahead of her death. He has spoken to representatives at All Nations about doing a traditional Buddhist funeral for his mother, "since we're from the country and that's what people would expect." For his own funeral, he has discussed a simple cremation.

"I'm just waiting until my mother passes away," he says. "If she found out about this, she'd be really upset."

