Noriyuki Imanishi

Reaping Huge Profits from Death

"Because it's such a huge business, both in Japan and in the U.S., it takes a courageous insider to reveal the truth. Since the undertaker business involves people's death, it's difficult for these revelations to come out. What I'm saying is that undertakers are capitalizing on death to reap huge profits. I'm telling you because I think it's time to start righting these wrongs."

Seated in a coffee shop in Hiroshima City, the man in his 40s, referred to only by the pseudonym "Akira," showed an anxious expression as he spoke.

For the past five years, Akira was employed at the Hiroshima branch of an undertaker. When his employer became overly concerned over the decline in business and began to put priority on boosting profits, he resigned in disgust.

Akira's former company was established in 1968 as an organizer of wedding, funeral and other ceremonial events. It presently ranks as one of the industry's major players, operating more than 20 of its own centers nationwide.

"There's a huge contrast between the company's public and private face," he continues. "Its way of doing business isn't what you'd expect from one of the top-ranked companies in its field. It profits from the ignorance of the bereaved and surviving family."

The National Consumer Affairs Center of Japan, a quasi-official consumer rights organization, reports that over the past five years it has received 242 complaints regarding funeral arrangements. The majority of the claims related to excessive costs. Akira pointed out that accounting procedures in the undertaking business are not transparent. In the case of his company, for example, he raised some of the deceptions that were used, and advised ways to protect oneself from unnecessary charges.

Seated beside Akira was Chizuo (also a pseudonym), Akira's former co-worker who remains employed at the company and who attended at Akira's request.

"If an individual undertaker in Hiroshima conducts two funerals a month and each costs 1 million yen, it can expect to clear about 1 million yen in profit," Chizuo explained. "But our company makes about 700,000 yen per funeral. We're set up to operate so that the more a funeral costs, the more profit we generate. Every morning when the staff assembled for the morning pep talk, we are exhorted by the management, which sets quotas and urges
Changes and Estimates of Funeral Market Scale and Expenses per Funeral

![Graph showing changes and estimates of funeral market scale and expenses per funeral.](image)

Note: Expenses beyond 2002 are estimates. Source: Yane Research Institute Ltd.

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Scale</th>
<th>Expenses per Funeral</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>170,000 yen</td>
<td>per funeral</td>
</tr>
<tr>
<td>1998</td>
<td>165,000 yen</td>
<td>per funeral</td>
</tr>
<tr>
<td>2000</td>
<td>160,000 yen</td>
<td>per funeral</td>
</tr>
<tr>
<td>2002</td>
<td>155,000 yen</td>
<td>per funeral</td>
</tr>
<tr>
<td>2004</td>
<td>150,000 yen</td>
<td>per funeral</td>
</tr>
<tr>
<td>2010</td>
<td>145,000 yen</td>
<td>per funeral</td>
</tr>
</tbody>
</table>

us to make greater efforts to boost sales.

While showing a breakdown of funeral costs, Chizuo gave some specific examples of how this is done.

**How Charges Are Padded**

In the case of Akira’s company, members who join a mutual-aid association generally pay about U.S. $3,200, divided into 130 monthly payments of about U.S.$25, depending on the course they elect. This system is set up so that the $3,200 will cover costs for an altar display, coffin, a framed memorial photo of the deceased, transportation by hearse and so on.

This reporter talked with an older man who for several years had operated an agency in Hiroshima for the mutual-aid association that had dealings with Akira’s former company.

“The incentive for joining the association was, as opposed to ordinary funeral charges of around $6,700, once you become a member you could hold a funeral for $3,200 and became eligible to use the company’s hall,” he said. “But none of my clients were able to hold funerals for $3,200.”

To find out why, I asked Akira’s colleague, the man in charge of marketing funerals at his former company.

“On top of the original course, the members of the cooperative selected all kinds of options,” he explained.

For the company to boost sales, the system was set up to supplement any employee's salary through kickbacks for what he managed to tack on in addition.

“Some people insisted on keeping the charges within that specified by the mutual-aid association,” Akira’s colleague said. “In that case, when we returned to the office, we’d be chewed out by our manager. Since it affected our livelihoods, we worked desperately at raising sales.”

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**Funeral Expenses (Unit: U.S.$)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Average</th>
<th>Highest</th>
<th>Lowest</th>
</tr>
</thead>
<tbody>
<tr>
<td>altar</td>
<td>5,125</td>
<td>2,365</td>
<td>1,742</td>
</tr>
<tr>
<td>coffin</td>
<td>1,058</td>
<td>7,567</td>
<td>525</td>
</tr>
<tr>
<td>dry ice</td>
<td>100</td>
<td>117</td>
<td>75</td>
</tr>
<tr>
<td>photo of the deceased person</td>
<td>234</td>
<td>542</td>
<td>167</td>
</tr>
<tr>
<td>fresh flowers</td>
<td>267</td>
<td>959</td>
<td>134</td>
</tr>
<tr>
<td>temporary outdoor shelter, etc.</td>
<td>859</td>
<td>5,142</td>
<td>317</td>
</tr>
<tr>
<td>funeral outfit</td>
<td>142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>letter of thanks for funeral attendants</td>
<td>150</td>
<td>400</td>
<td>67</td>
</tr>
<tr>
<td>stretcher</td>
<td>167</td>
<td>334</td>
<td>117</td>
</tr>
<tr>
<td>funeral car</td>
<td>325</td>
<td>459</td>
<td>175</td>
</tr>
<tr>
<td>cremation fee</td>
<td>434</td>
<td>1,367</td>
<td>35</td>
</tr>
<tr>
<td>urn</td>
<td>125</td>
<td>392</td>
<td>92</td>
</tr>
<tr>
<td>cars for attendants</td>
<td>333</td>
<td>450</td>
<td>283</td>
</tr>
<tr>
<td>rental fee for clothes</td>
<td>108</td>
<td>175</td>
<td>92</td>
</tr>
<tr>
<td>tip</td>
<td>192</td>
<td>333</td>
<td>92</td>
</tr>
<tr>
<td>rental fee for a funeral hall</td>
<td>1,650</td>
<td>5,210</td>
<td>675</td>
</tr>
<tr>
<td>expenses for food and drink</td>
<td>3,350</td>
<td>11,425</td>
<td>963</td>
</tr>
<tr>
<td>offering to priest</td>
<td>3,670</td>
<td>11,560</td>
<td>1,690</td>
</tr>
<tr>
<td>funeral hall (average)</td>
<td>7,725</td>
<td>21,260</td>
<td>3,310</td>
</tr>
</tbody>
</table>

Total: 26,014 | 700,057 | 10,571

Source: Survey conducted in 2001 by Bureau of Citizens and Cultural Affairs, Tokyo Metropolitan Government

APRIL 2003 • Japan Close-Up • 7
Akira explained some of the methods he used to boost sales.

"When I would go to the home of the bereaved family to discuss arrangements, I'd look at how the house was decorated and what sort of appliances they owned, to see if they had the means to afford the funeral. I'd look at the title he held in his company, and give extra attention to considering whether he held a job or worked in the type of business where his prestige would be a factor. Then based on this we'd try to pile on additional items."

For the $3,200 course, for example, the least costly urn was about $85.

"We'd say to them, 'Well, the urn is the only thing you'll have with you afterwards,' and that was often enough to get them to order a more expensive type, costing, say, $420 or more," he said.

"With the memorial photo, the basic charge covered a black and white picture. It worked the same way. 'Color is much more appealing,' we'd urge them. That would boost the price some more. Next, the coffin. The least expensive type was about $420. So we'd say, 'He (or She) will be going to heaven in this. Don't you think something nicer is appropriate?"

"During the discussions, we'd keep pushing them into deciding things as quickly as possible," Akira recalls. "Then towards the end, we'd say, 'It's going to be lonely,' or 'At least at the end, it's better to go out in style.' The people at the undertaker company meet the bereaved family as experts. And because the family doesn't know much about these kind of things, it's really easy to pull the wool over their eyes."

On top of the above, of course, are floral offerings and refreshments for the mourners.

**Items on the Bill That Don't Make Sense**

I obtained an itemized bill issued to the family of a deceased person by Akira's former company. That person had paid for a $5,300 funeral course. This amount was to cover such items as a shroud, floral offerings, collateral expenditures for facilities, use of a waiting room, use of the funeral hall, and refreshments. The additional items boosted the total charges to $12,000.

Some expenditures on the bill were for items for which no receipts were provided, such as "tokens of gratitude," the details of which were lacking. These appeared to represent "black money" that would not be reported to the tax office.

Some bereaved family members did raise questions regarding these "tokens of gratitude."

"In Hiroshima, it's typical to make these kinds of monetary gifts in amounts of about $100," says Chizuo. "The money would go to drivers of the taxis or hearse, or staff at the crematorium. But since the crematorium is operated by the municipality, they are not supposed to receive anything. But if you don't give them something, then you're not treated deferentially at the crematorium. So in effect, you're coerced into paying."
Various kinds of Japanese graves
What do you think about the "new" styles of funeral, such as funeral with musical accompaniment and "minimalist" funeral?

- Total:
  - 76.1%
  - 72.5%
  - 79.8%

- Male:
  - 78.4%
  - 77.8%
  - 76.2%

- Female:
  - 88.0%
  - 63.9%
  - 72.7%

Source: Heikokodo Inc.
In Tokyo and other major cities, the amounts are said to be even larger.

**Embalmment: Precautions Are Advisable**

In recent years, embalming has been added as yet another service performed by undertakers.

This refers to sanitary preservation of the remains. In the embalming process, blood and other fluids are drained from the body and preservatives are injected. In cases where a person died as a result of injury or was otherwise disfigured, cosmetic restorations are also performed. A body that has undergone the procedure can be preserved for about two weeks so as to prevent transmission of any infectious diseases.

In the U.S. and Canada, this procedure is applied to about 90 percent of people following death. Last year, it is estimated that 13,000 people in Japan underwent embalming.

When Akira's former company performed embalming, it required a member of the family, usually the chief mourner or a close relative of the deceased, to sign a request form. Several forms I obtained carried the signatures by a company representative and a family member.
that were clearly written by the same person.

"The company would encourage embalming as a way of making the deceased look 'nice.' When the procedure is performed, incisions are made in the corpse and the blood and other bodily fluids are extracted by a machine. This is done by use of a tube about 50 centimeters in length that is inserted into certain organs. From the point of view of many Japanese, this constitutes 'injuring' the corpse and the bereaved family often chooses to refrain from this. So the undertaker obtains the personal seal of a family member in advance and then stamps the request form, unbeknownst to the family members."

In one case that actually went to court, when a 41-year-old woman died in 1998, her family requested Akira's company to perform embalming. But when they saw her remains, they felt it was the body of another person.

"Her husband complained that they had merely told him they would make her look 'nice'; but he was not given sufficient explanation," says a staff of the Japan Consumers Association who was consulted on the matter. "Her appearance changed due to draining of blood and injection of a chemical, which, during the procedure, became lodged in her jaw area. The embalmer tried to work it out by massaging the jaw, but said he was not able to remove it."

"In my experience, the faces of about five out of 10 embalmed people become misshapen," says Akira. "I would always be thinking to make the excuse that it was a tricky procedure. Sometimes family members would complain that the deceased's face was different."

After negotiations, Akira's company finally agreed to pay $6,000 in consolation fees; but the family still recalls the incident bitterly.

**Thirty Percent of the "Offering" Is Kicked Back**

In addition to undertakers fees, funerals often require a fuse (offering) to the officiating priest. Here is another place where the bills are padded.

A certain Buddhist temple of the Jodo ("Pure Land") sect in Kanagawa Prefecture has only a brief 10-year history. Its head priest, after founding the temple, made the rounds to "sell" his services to undertakers in the neighborhood. He soon began getting requests from the undertakers.

"Staff at the undertaker told me to kick back 30 percent of the offering," the priest relates. "I thought it was because our temple had just been established this was a standard business practice, so I made such payments for a while."

Ordinarily, an offering ranges between $2,500 to $3,000. Each time, 30 percent of that amount would be promptly delivered to the staff of the undertaker the day after a funeral.

"I did not obtain receipts," said the priest. "The temple's finances are completely open to the parishioners, so the rebates could not be deducted as expenses. Which meant that I had to pay it out of my own

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**According to the media, some people's ashes have been scattered on the ocean, river, forest or in outer space after they died. Do you approve of this?**

<table>
<thead>
<tr>
<th>(%)</th>
<th>Total</th>
<th>Male</th>
<th>Female</th>
<th>Males in their 10s and 20s</th>
<th>Females in their 10s and 20s</th>
<th>Males in their 30s and 40s</th>
<th>Females in their 30s and 40s</th>
<th>Males in their 50s, 60s and 70s</th>
<th>Females in their 50s, 60s and 70s</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63.6</td>
<td>63.5</td>
<td>63.6</td>
<td>78.4</td>
<td>69.4</td>
<td>67.5</td>
<td>60.8</td>
<td>49.2</td>
<td>63.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>27.4</td>
<td>27.5</td>
<td>27.3</td>
<td>25.0</td>
<td>37.7</td>
<td>24.7</td>
</tr>
<tr>
<td>Total</td>
<td>27.4</td>
<td>27.5</td>
<td>27.3</td>
<td>18.2</td>
<td>16.2</td>
<td>15.2</td>
<td>9.5</td>
<td>11.5</td>
<td>10.4</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>8.5</td>
<td>8.4</td>
<td>8.6</td>
<td>7.5</td>
<td>9.5</td>
<td>4.1</td>
</tr>
</tbody>
</table>

Source: Hakuhado Inc.
salary. But it got to the point that my salary was almost down to nothing and I had to refuse to pay any more kickbacks, after which the undertakers stopped requesting me to officiate at funerals.”

Afterwards, however, the priest was able to convince more members of his congregation to request the temple officiate at funerals of their family members. The offering in these cases was usually about $1,600.

“The rebate to undertakers was making the funerals more expensive. That adds to the burden on the bereaved. It made me feel full of regrets,” he recalls.

**Payouts to the Hospitals**

Behind the rapid growth of the undertaking business, the most fervid competition is occurring to obtain the remains of recently expired people at hospitals—which clearly holds the key to business expansion.

Many funeral companies have concluded exclusive contracts with hospitals, and it’s not unusual for them to maintain staff and a fleet of hearses on call on a 24-hour basis. As soon as they are informed that a person has died, they rush to secure the rights to the remains.

“We receive the equivalent of about $85,000 per year from undertakers,” says the director of a 200-bed private hospital in the greater Osaka area. “We recommend families to utilize that company. The money goes into the pockets of hospital management.”

As usual, in larger cities such as Tokyo the amounts are even greater.

“A major hospital in Tokyo will demand about $850,000 to secure a contract,” the director continues. “It’s necessary to wine and dine hospital managers, give gifts to the nurses and so on. When it looks like the person is near death, the nurses will endorse the funeral company to the family, and let the company know when a patient is in terminal condition.”

Here’s an example of how the economics of the business might work. Supposing $850,000 is paid to a hospital. This will cover about 300 deaths, which works out to roughly $2,800 per person. Thus $2,800 yen is considered the break-even point. If they can realize a $2,800 “investment” beyond this figure, it will turn a profit. So if a body is considered “merchandise,” in the end, naturally, it will be the bereaved who must bear these costs.

**Doing It the Right Way**

“There are problems for both the undertakers and the priests,” says Suzuno Sojo, the head priest of a temple in Hiroshima belonging to the Jodo Shinshu sect. “When a Buddhist priest takes his vows, it means, in effect, that he forsakes the material world. While serving as a priest, however, one still needs money for one’s livelihood. On the other hand, if we know that the bereaved has been saddled with excessive costs, it would be unthinkable to pay rebates. The undertakers work behind the scenes between ignorant family members and priests who seek this kind of work to fatten their wallets. This is causing them to lose their social reputation.

“But I think the bereaved also need to reflect that a funeral is the final episode when a person departs from this life, and thus an important function. So there’s something strange about the attitude that it’s okay to use any undertaker or priest. It would be better for people to start making preparations for the inevitable, by being introduced, or making the acquaintance of, a trustworthy priest during their lifetime.”

Akira gives this advice: “If the undertaker seems to be inflating the price, then it’s best to tell them, ‘We want to pay $8,000 for the entire ceremony, including the priest’s stipend. If you can’t do it, then we’ll have to ask a priest we know to introduce us to another undertaker. It’s essential to show an attitude that you won’t allow yourself to be pushed around. If the undertaking business would wake up, they’d see that the secrets I’ve been revealing to you is worthwhile for them as well.”

The time is approaching when undertakers will have to look out for themselves as well.

**Noriyuki Imanishi** is a journalist. This article is adapted from SENDAI, November 2002.

APRIL 2003 • Japan Close-Up • 13