

## **Funerals Market Study - Statement of Scope June 2018**

### **Competition and transparency in the provision of funerals**

*In addition to general submissions on this theme, we would particularly welcome responses to the following questions:*

*a) Why have funeral prices generally increased?*

Complex picture with not all sector elements fully understood at this stage. Number of reports in recent years looking at elements of cost attribution, but no detailed analysis of cost drivers currently available for each service provider in that journey of care for the deceased. No holistic picture currently expressed in a customer focussed way. Funeral Directors in Scotland express the necessity for cost increases in a number of ways, including the need to invest in their own facilities, training and qualifications of staff and meeting customer expectations to deliver flexible funeral services. Limited national information is available as to the impacts of these investment requirements and consequential impact on funeral costs for the customer. Funeral Directors also express a need to understand the future regulatory landscape and compliance requirements in order that future investment and business decision making can be made from an informed position. In addition, a number of different business models are developing in the sector which are changing the service provision offer, i.e. more direct services but the demand from the public and impact on provision of funerals long term in Scotland is not fully understood. Funeral Directors will also express that third party costs have risen significantly and are of concern in many areas.

*b) What explains certain large funeral price differences between funeral directors in the same local area?*

The pace and appetite for change and improvement may be very locally focussed. It may be that different services are offered with consequential cost impacts, or it may be that cost attribution is different for each component part of the funeral service.

*c) In what settings and under what circumstances do consumers decide which funeral director to contact?*

There are a number of entry points for the customer in making these decisions, including both pre and at need. However, within each of these two elements there are a vast array of differing scenarios which will be unique to that family. The death of a loved one can be sudden and unexplained, known and yet still devastating in its impact, a death where the family feel the loved one has been relieved from pain, in a community setting within a family home, within a care or hospital environment, or overseas. The cause and time of death, geography and family dynamics can often influence the selection of service provider. Most Funeral Directors will express that families do not feel as if they are 'acting as consumers' they are keen to receive the support from a professional as soon as possible to aid them during this difficult period. Previous experience, general reputation and geography appear to be the main components influencing consumer behaviours at this time.

It is worth noting however that some Funeral Directors have noted in recent months that they are receiving quotation calls from customers, but this appears to be a very small minority of first contacts.

*d) What factors are important to them in making that choice? How far (in terms of distance / time) are consumers prepared to travel to reach a funeral director? Do consumers have sufficient information on the alternative funeral directors available locally?*

Informal engagement with Funeral Directors on this issue would suggest in the majority of cases that the bereaved will make very locally based decisions in relation to arranging a funeral. This can be on a hyper-local basis as defined by the community themselves. It is suggested that consumers do not 'shop around' and may find it difficult to do so given the consequences of their loss and grief.

*e) Is sufficient information (including low cost funeral options and itemised prices) made available by funeral directors, when is it provided and does it allow for meaningful comparisons of services between funeral directors?*

Mixed picture across Scotland in relation to description of services, with no agreed definition of service elements. The two main trade bodies have worked with members in recent years to improve practice in this area, and require a clear description of services to be provided, and estimates and invoices to be made available to customers. Implementation of this requirement is on-going with areas of good practice evident. Funeral Directors across Scotland can describe services according to custom and practice and their own business requirements, customers may therefore find it difficult to meaningfully compare service descriptors and therefore cost attribution.

*f) How do consumers evaluate non-price factors, such as quality?*

Currently there is little information available to customers with respect to quality and/or standards, particularly in relation to care for the deceased. The role of Inspector of Funeral Directors is to assess current practice in Scotland and to make recommendations to Ministers as to a future regulatory landscape, including the possible introduction of licensing. A regulated operating environment should provide customer reassurance that standards are defined and compliant operational practice is to be expected. It is evident from initial and voluntary inspection work, that operational practice is generally good in a Scottish context but areas for improvement are evident.

*g) What are the benefits or limitations of intermediaries, such as comparison websites, in helping people choose a funeral director?*

No common descriptor of services, therefore irrespective of the platform of choice used to display the information e.g. hard copy, in the window of business or online, a direct comparison is difficult to achieve. The question needs to be answered as to whether the service provider or an intermediaries are describing the services in such a way as the customer fully understands what they are agreeing to, for example commonly used phrases such as embalming or hygienic treatment may be used interchangeably but are different processes within different firms. Customers may be

charged different rates for what they think they are getting but in actual fact do not receive. Who 'owns' the service information in this instance, the owner of the business or the intermediary and who is responsible for ensuring customer understanding? Capacity and business expertise in the sector must also be considered in this context, this is a mainly traditional sector who may not have the requisite skills, experience or in-house IT to develop an individual business response to an online customer channel. There are some early examples of these in Scotland, but again there is limited transactional information at this stage to evidence the customer channel shift. This will develop and grow over coming months.

*h) How effective are industry codes of practice in facilitating consumer choice e.g. through transparency obligations placed on funeral directors?*

As per previous answer.

*i) How do funeral directors compete to attract customers?*

No comment.

*j) What, if any, barriers exist to funeral directors entering a new local area?*

No comment.

*k) Could funeral directors providing enhanced online information enable effective comparisons, and if so, what information should they provide?*

As per previous answer.

*l) Are there other ways to improve transparency of information that we should consider?*

As per previous answer.

*m) Are there measures that could help consumers evaluate non-price factors, such as quality, together with prices?*

As per previous answer.

*n) Are there technological or innovative solutions that could help consumers make more informed choices?*

No comment.

**Submitted by Natalie McKail, Inspector of Funeral Directors 26<sup>th</sup> June 2018**