Response to the CMA Funeral Markets Study – for publication

We welcome this study of the funerals market and we hope that the findings will lead to recommendation for change in areas where it is very much needed. Our responses below outline our observations to the questions posed and further details of our thoughts over the years can be found on the Good Funeral Guide Blog here: https://www.goodfuneralguide.co.uk/blog/

We would like to add that the Good Funeral Guide CIC has for years been calling publicly for both online pricing and for transparency of ownership of funeral businesses.

We also consider that permitting crematoria to cremate bodies around the clock seven days a week would significantly reduce operating costs and be far more environmentally efficient, and we hope that the CMA will explore this in their findings.

The Board of Directors of the Good Funeral Guide CIC

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?

There are multiple reasons, including a very large rise in the cost of cremation in some areas*, and diminishing availability of grave space, making these third-party costs significantly increase over the last 15 years.

In addition, operating costs have risen (most funeral directors have high street premises and there have been steep increases in business rates and other associated costs of maintaining a presence on the high street.)

The general reluctance of the funeral industry to publish prices in a clear, transparent and easy to understand way makes it very difficult for the public to compare one business with another, and perhaps some operators have taken advantage of this opaqueness to increase their prices year on year to increase profit. Mystery shopping of competitors is common practice, and as the leading companies have moved prices up substantially, perhaps others have followed.

Bereaved clients are unlikely to challenge the costs of individual components of a funeral when presented with an estimate or invoice, particularly when the media consistently reports on the soaring cost of funerals quoting figures such as £8,905 (SunLife Cost of Dying Report 2017) – this could have the effect of making the high costs for some funeral directors' services seem quite acceptable.

*NB the cost of cremation could be significantly reduced if cremators were operated around the clock on a 24-hour basis rather than as currently.

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

- The complete lack of transparency
- The public's reluctance to shop around

- A cultivated belief you need to spend money and have all the trappings to give the person who died 'a good send-off' (see the typical funeral portrayed on TV and shown in the media generally)
- The industry's general reluctance to display all prices online
- The lack of a definition of the components of a straightforward funeral by the main trade association
- The opaqueness of the industry generally – basically because some companies can get away charging vast amounts of money, they do.

Many small companies make a fair analysis of the costs involved and then charge clients a reasonable amount which enable them to earn a living and keep their business going without unduly penalizing bereaved families.

Consequently, there can be yawning gaps between prices for the same service from different providers.

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

- Proximity / local (hence the existing high street branches model operated by most funeral directors and the importance attached to local marketing and reputation)
- Previous use of a particular local funeral director by family or friends (hence the Dignity and Funeral Partners model of continuing to trade under former names, some long established in their communities)
- Price – online price comparison websites have proved useful doing the leg work obtaining prices in each area.

Choice of funeral directors may be discussed prior to an expected death occurring, decided by a funeral plan having been taken out with a particular provider, or after a death has occurred, generally through discussion between family members.

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?

Given the absence of information and confusing / limited online prices (other than the basic details and not always accurate figures available on price comparison websites), price is not often a major factor unless the family is aware of the vast variations between different funeral directors.

There are strong social pressures when it comes to providing a 'suitable' funeral, and this is factored in by large providers when it comes to pricing of coffins – the coffin type with the highest mark-up is usually mid-range in price, as choosing the cheapest coffin is perceived as potentially seeming disrespectful or mean by many bereaved people.

One of the most frequent questions asked of funeral arrangers is 'what do other people do?' and this probably also applies to choosing a funeral director – if there is a strong FD presence in a town then most people will use that company, irrespective of the costs involved.

More generally, usually people choose a funeral director with premises fairly close to the place where the death occurred or one from the area where the person who died used to live, although in a very few cases people are willing to travel significant distances to work with a funeral director who they specifically want to engage (usually one of the artisan, bespoke funeral directors offering an entirely personal service). Probably a distance of around ten to fifteen miles would be the furthest that people would want to travel to a funeral director in normal circumstances.

Where companies have a specific reputation for superb personal service and involvement by family members in caring for the person who has died, families have been known to engage these companies despite them being located over a hundred miles away from the home of the person who died or their family.

Consumers definitely do NOT have sufficient information on the alternative funeral directors locally. Those people in positions of offering information (bereavement officers, registrars etc.) are not permitted to recommend funeral directors, some offer a list of names but no guidance, and rarely if ever is the parent company that owns a local business provided. The public have to rely on advertising, word of mouth or happening upon a funeral director that looks half decent.

There does not appear to be any means for the public to find out about the provenance, calibre or type of experience they can expect other than be looking at the Good Funeral Guide listings of companies that have gone through our accreditation scheme. Regrettably, this currently only lists around 175 branches of the companies who have chosen to seek accreditation, meaning that independent information about funeral companies is only in the public domain for just over 3% of the UK funeral directors. Membership of a trade association may be perceived as being an assurance of quality, but this is not always the case.

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?

No!

It is pretty much impossible to compare one funeral director with another as each has their own way of pricing. Even the low-cost funeral options which one would have thought would be a straightforward comparison, (collection and care of the person who has died, assisting with organising a funeral ceremony, providing a simple coffin and a hearse and staff on the day of the funeral) will have variations in the level of service provided.

Some will not allow families to choose the day or time of the funeral, most will only permit the basic (ugly) coffin to be used, others will charge extra for dressing the person who has died and enabling visits for the family to spend time with them, some will insist that if families wish to change anything on the list of what is offered under the 'Simple Funeral' service they have to upgrade to a more costly package - while others will offer use of their premises for families to hold a ceremony, involve families in washing and dressing their relative and treat the person in their care exactly the same as those whose families are paying for a far grander funeral.

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

Only through personal experience or the experiences of others. And this is skewed because of the particular peculiarity of the funeral purchase and the extremely low expectations of families.

Most people are only responsible for making funeral arrangements for one, two or perhaps three funerals in their lifetime, so there is frequently little if any experience to draw on when a death occurs. And nobody wants to admit that they paid over the odds for a mediocre service for the care and funeral for someone they loved, so unless something goes very obviously wrong, many people will consider that the service they received was good.

The funeral show – the glossy black cars and the Victoriana of the garb worn by the funeral director is often what is used to rate how good a funeral was, along with the helpful person who they made the funeral arrangements with.

Most people don't see what goes on behind the scenes at a funeral director's business. They don't see the van going to the hospital to collect four people at a time (each of whom has a family who will be paying the standard rate for 'collection and care of the deceased'). They don't see the way dead people are handled or looked after, the invasive procedures used such as suturing of mouths or putting eye caps in. They don't know where their relative is being looked after, nor how. Not unless they ask – and most people don't. The industry discourages clients from being too demanding, and bereaved people are frequently at a complete loss and grateful for guidance – this puts them in the position of being a vulnerable consumer.

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

Limited – the comparison websites are only able to offer guidance on pricing, not on quality. The better ones indicate ownership, but the meaning of this is lost on those outside the funeral industry. For people who have a strictly limited budget, information on price comparisons is useful, but the calibre of the service provided for the listed prices is not available.

In addition, some companies have been known to provide inaccurate pricing to the price comparison websites to enable them to look competitive against others in their area.

Because of the costs involved with being listed on comparison websites, some smaller companies may choose not to engage and therefore not be listed.

However, the opportunity for clients to leave comments on the services they received are a big plus.

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

We are not aware of any member of the NAFD having their membership suspended for breaching the code of practice. This suggests that the code of practice is not worth the paper it is written on.

The Good Funeral Guide has reported serious breaches of the NAFD code of conduct but the result was simply a ticking off of the member by the NAFD professional standards team, and no further disclosure about the matter nor the response provided by the member to our complaint.

It is very unlikely that transparency obligations will be treated any differently, which indicates that industry codes of practice are / will be completely ineffective in facilitating consumer choice.

i) How do funeral directors compete to attract customers?

Large marketing budgets, advertising in local media, sponsoring local events, fundraising for local charities – anything to get their names in the paper as community minded citizens. Having a strong local profile is proved to be effective.

Some companies take funeral flowers to local nursing homes, offer bird tables to care homes, offer training courses to care home staff, deliver gifts to coroners' officers, bereavement officers, managers of care homes and nursing homes, tender for contracts with local NHS trusts and coroners officers. Some offer use of their premises to local groups for meetings.

New fleets of cars also seem to be a way of standing out from the competition given the number of press releases in the trade magazines of new Jags being delivered.

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

Currently there are few barriers to entry, not least because there are no regulations concerning the care of the dead in our society. Families have the right to care for a dead relative themselves, if they choose to engage someone to help them then they have the right to choose whomever they like, whether this is a large corporate funeral company, or a member of the Home Funeral Network.

Locally there might be a collective effort to put a newcomer out of business by trying to tarnish their reputation (this is happening to a funeral director on our Recommended list at the moment) and the costs of setting up premises on the High Street might be prohibitive but creative newcomers are finding alternative premises to work from.

The large corporate companies would like to see the introduction of regulation which would act as a barrier to entry for small independent companies. Requiring licensed premises or qualifications would stop many brilliant, customer focused people from offering their services as currently happens.

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

Definitely.

Their costs for:

i) collecting someone once they have died and caring for them until the date of the funeral, including whether this cost covers washing and dressing them.
ii) providing expert assistance with organising the funeral
iii) a simple coffin
iv) provision of a hearse and sufficient staff on the day of the funeral

And an outline of any restrictions involved (i.e. 'you won't be able to choose the day or time, we will' or 'you'll have to pay more if you want to come and spend time with your relative at our premises', or 'if you'd rather have a fancier coffin it will cost you XX more' etc.)

If all funeral directors were required to publish this information online then the public would at least have an idea of what they were comparing when looking at different websites.

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

100%

Requiring the parent company to trade under their own name rather than that of the former owner. Thus the 826 Dignity branches would all have to trade as Dignity Funerals rather than the multiple locally known names. The Co-op Group has just gone through this kind of re-branding and all their acquisitions (that had until 2018 used the former name as their main name) are now branded as Co-operative Funeralcare with the original name retained, but in a smaller font.

Requiring all funeral directors to explain whereabouts the deceased are kept between collection and the date of the funeral and how they are cared for.

Where embalming is offered or routinely carried out, requiring this to be accurately described in literature, online and in person– currently 'hygienic treatment' and 'temporary preservation' are frequently used – also requiring firms provide an explanation that embalming is an invasive treatment and specific reasons why the practice is recommended in each instance.

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

Maybe an online register of all funeral directors in the country where clients could leave reviews? Other than this it is difficult to think of a way non-price factors could be compared unless it involves accreditation such as the scheme operated by the Good Funeral Guide which looks at the client's experience, not the company's paperwork.

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

The internet has provided the biggest window into the funeral directing industry and enabled the public to ascertain much more about each company where websites are provided. Perhaps a requirement that each funeral business should have a basic website would help?

Crematoria market power

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

o) Do crematoria compete to serve funeral directors and their customers and if so, how?

Not to our knowledge, although the privately-owned crematoria are more competitive than those owned by local authorities as they seek to gain market share. Crematoria owned by Dignity, Memoria and Westerleigh tend to offer better facilities and longer times for funeral ceremonies than local authority owned crematoria and are therefore more attractive to the public if they have a geographical choice.

p) Do customers (or funeral directors on their behalf) actively consider alternative crematoria when arranging a funeral? What would encourage them to do so more?

Only in areas where there are several crematoria within a similar travelling time for families. Generally people will go to the nearest crematorium for the cremation unless there is another more attractive one within a similar distance.

Local management of crematoria is a factor that could influence funeral directors in suggesting options for their clients – a flexible superintendent and helpful office and chapel staff go a long way towards making even the most neglected crematorium favoured by busy funeral directors. If staff are willing to accommodate families' requests for personalising ceremonies this too helps create a good reputation for a crematorium.

q) What are the main barriers to entry for new crematoria?

Presumably the planning process? People are generally not keen to have a new crematorium built on their doorstep, and companies will have to demonstrate that there is a need that is not being fulfilled by existing provision.

r) Why have cremation fees generally increased and why do they differ across the UK?

We believe that perhaps local authorities have seen cremations as a 'cash cow' – a source of guaranteed income which in times of austerity and limited budgets have been used to alleviate some of the pressures of budget cuts.

The number of funeral ceremonies taking place in church before the coffin is taken to the crematorium for the committal has vastly diminished, and there is a lot of pressure on crematoria to offer longer time slots to accommodate the needs of bereaved people for a meaningful ceremony. This consequently reduces the number of cremations per day (and increases waiting times for families, sometimes for weeks). Crematoria are being expected to offer full facilities for funeral ceremonies and an attractive aesthetically pleasing venue, with a reduced number of cremation fees to fund this.

Private companies have entered the market and pitched their fees at a similar level to local authority crematoria; Dignity, who carried out 10% of all UK cremations in 2017 reported an operating profit of £40 million from those 63,400 cremations, a £630 operating profit on each funeral. (Were this company to reduce the profit made from bereaved families choosing to use their crematoria, the resulting increase in people electing to use them in areas where they offered an alternative to existing provision would in all likelihood increase significantly, as funeral directors would seek to help reduce the overall bill they present to their clients.)