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? For the same reason that the cost of nearly everything increases, known as inflation. The funeral industry like almost every other industry has faced increased costs in; Wages and related employment costs, business rates, fuel, the cost of replacing bespoke manufactured specialist vehicles, utilities, supplies, beaurocracy related costs to name but a few. Eventually these must all be passed on to the customer for businesses to survive.

b) What explains certain large funeral price differences between funeral directors in the same local area? There seems a lack of comprehension in this question. The Funeral service sector is a SERVICE industry, and like every service sector levels of service can vary immensely. It's like asking why is there a variation in the prices of hotel rooms? Let me explain; In the same locale you often have a funeral director with no specialist facilities, poor or old vehicles, unqualified/unskilled staff, limited choice, no specialist embalmers, no viewing facilities and very poor professional standards. Then competing with this provider is another with highly qualified professional staff and specialists, state-of-the art facilities for care of the deceased and client comfort, a modern bespoke fleet of funeral vehicles, and wide choice available for clients. To expect these two offerings would be at the same price is simply naive and frankly insulting. The only possible exception is where there is corporate ownership or venture capital investors demanding unreasonable dividends which is driving the price.

c) In what settings and under what circumstances do consumers decide which funeral director to contact? The choice is always up to the consumer. There are very few localities, generally limited to very small population centres that don't have at least two and in the vast majority, significantly more local funeral directors to choose from. As in all service industries there is advertising and marketing but ultimately it is the choice of the consumer completely. Market research we have undertaken suggests their decision is influenced mainly by reputation/recommendation then secondly proximity. We hear rumours that in very limited cases some funeral directors attempt to solicit business from hospitals or nursing homes but this is strictly forbidden under the codes of practice of the trade bodies and not something I believe is anything other than extremely rare.

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? Customers will travel a distance to use a funeral director they have knowledge or experience of. This can involve travelling in excess of 30 miles in some cases. In rural communities there can be no choice other than travelling significant distances to use any funeral director. However in general there is a strong tendency to use someone 'local' so within 15-20 minutes travel time.

Do consumers have sufficient information on the alternative funeral directors available locally? As funeral directors are businesses it is in their interests to make sure they are known, so there is significant commercial pressure to make us do everything we can to make sure they know about us and all the other funeral directors in the locality are doing exactly the same. A quick look at local directories and increasingly on-line will show you that rather than there being a danger of choice not being known there is a huge range of choice (except again in very remote localities).

e) Is sufficient information (including low cost funeral options and itemised prices) made available by funeral directors, Again the codes of practise for trade associations, NAFD and SAIF insist on what is considered best practise. So we along with all fellow members of trade bodies provide; full price list on our website and written price lists in all our offices and specifically a 'simple' funeral which is lower cost. when is it provided we will provide verbal estimates on the phone with no obligation, written estimates whenever requested and during the arranging of a funeral the customer is always given an itemised written estimate of all costs, both the funeral directors fees and third party costs incurred. The funeral director's services are not engaged until this has been signed. and does it allow for meaningful comparisons of services between funeral directors? Increasingly funeral directors are putting their price lists on line and people are phoning for estimates in advance of even making first contact.

f) How do consumers evaluate non-price factors, such as quality? This is a good question. In some ways the answer is the holy grail for our marketers and advertisers. It is a constant source of consternation to me that customers do not appreciate the variations in quality of service that they could enjoy. Making value judgements on service levels is very hard to do, as is common right across all serviced sectors. Therefore the strongest guide for people is personal recommendation and referral from those who have used our services.

g) What are the benefits or limitations of intermediaries, such as comparison websites, in helping people choose a funeral director? Largely the answer lies in the previous question. To reduce a service of vastly varying quality to a product comparison model just doesn't work, therein lies a problem. The other danger is the entry recently into the funeral service provision market of cut price models that work on the principle of advertising a very low heasdline price and up-selling significantly. This would lead customers to be directed by a comparison website to a price that was attractive then find that what traditional models would consider as minimum standards of service included in the price, for the low-coast 'Ryanair' type models become chargeable 'extras' and so the actual price is significantly more.

h) How effective are industry codes of practice in facilitating consumer choice e.g. through transparency obligations placed on funeral directors? Where the funeral directors are members of these associations, many are not, it is reasonably effective. Policing though is limited by the limited powers and duplication of associations so where the ultimate sanction is exclusion but there are other associations keen for their membership, it all becomes a bit academic at times. The new 'Ryanair' type operators however seem to slip through this net.

i) How do funeral directors compete to attract customers? Marketing and advertising like all service industries and relying on referrals from satisfied customers.

j) What, if any, barriers exist to funeral directors entering a new local area? None.
In light of the evidence we receive, should we find a problem under this theme, we will consider what remedies may be appropriate. For example, we may consider whether measures requiring increased transparency are necessary; whether there is a case for requiring prices for certain types of funeral to be specified, or for requiring unbundled pricing; and/or whether technological solutions may be appropriate. We would welcome initial views on the following questions:
15
k) Could funeral directors providing enhanced online information enable effective comparisons, and if so, what information should they provide? This is something we endeavour to do by being much more specific as to what levels of service we provide, testimonials etc. The thing that most parties seem unable to understand is that when a grieving family come to the funeral director it is not a simple transaction. If they receive compassionate service, consideration and real choice that is great but if they don't the price is irrelevant, the damage irreversible and the consequences significant. If this all becomes about price and a race to the bottom, standards will drop, service will be less than

exemplary, corners will be cut and I for one will exit the industry as my ethos is excellent service at a fair price. The pressures to make funerals cheap and nasty is crass, short term and ignores the significant psychological dimensions of grief and bereavement. For example the push by some politicians for direct no service cremations as a solution where familes are denied the rites and rituals of passage, no cognoscence given to the significant steps in the grief process and price driven indignities is a retrograde stp and will store up significant social problems for generations to come.

l) Are there other ways to improve transparency of information that we should consider? Mandatory requirements for publishing prices but also absolute clarity as to what is included. For example 'provision of a hearse and bearers' could be a required price element and one person it could mean a filthy, unreliable, worn out vehicle and similar staff, compared to immaculate reliable, compassionate staff and modern fleet, but on the surface… same description. Or 'use of chapel of rest' could mean a beautiful chapel or a windowless cupboard (I joke not!). But more importantly 'professional services' could vary from a trained, experienced, committed, qualified professional who genuinely cares or someone who does this 'on the side'. I think you sense my frustratioin.

m) Are there measures that could help consumers evaluate non-price factors, such as quality, together with prices? Encouraging discussion, interaction with service providers, inspecting facilities and training & education sessions. (See also previous answers)

n) Are there technological or innovative solutions that could help consumers make more informed choices? The internet and websites help enormously, but as always, virtual and real may vary greatly.

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? This varies enormously. We have locally three crematoria. Two in private ownership who will bend over backwards to help families and funeral directors in any way they can and one council owned which is much less flexible.

p) Do customers (or funeral directors on their behalf) actively consider alternative crematoria when arranging a funeral? By far the greatest driver is proximity, then previous experience. Price enters the equation only where, as in some of our localities, there are significant price differentials. What would encourage them to do so more? a meaningful method of reviews

q) What are the main barriers to entry for new crematoria? The very high capital cost of building and expensive running allied with planning restrictions. Also it is a finite market.

r) Why have cremation fees generally increased and why do they differ across the UK? Two main reasons, firstly in some areas there is a near monopoly and secondly there have been added costs as per my very first response but with strict mercury abatement legislation also added into the equation. However for example the local council here increased the price of their direct cremations by 29% this year and blamed council funding cuts. When council run crematoria can unashamedly increase their prices by 29% in one year (there are many other examples and with burial charges too having similar price hikes), it galls us as funeral directors that the spotlight falls on us where we would never even dream of such exploitative price hikes.

If you would value expansion on any of these responses, I would be delighted to co-operate. We are a private Funeral Directors company with 32 branches in Scotland and NE England so have quite a range of experiences we could share.

Kind regards
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