



Pure Cremation's response to the CMA's provisional findings in the interim Funerals Market Study

EXECUTIVE SUMMARY

When the Competition and Markets Authority (CMA) announced its intention to conduct a Market Study into the funeral industry in 2018, we saw this as good news: the provisional findings of the CMA's interim Funerals Market Study show just how stagnant the funeral sector has always been.

The findings highlight the challenges with self-governance (stating that little progress has been made and self-regulation has failed to deliver desirable outcomes), and they expose the biggest challenge of all – we are in the business of handling a taboo subject, commercially. This leads to opaque enterprise, a lack of information in general, and a reticence to engage with process or to question the value and quality being delivered. It is the perfect storm for uncompetitive practice. However, some things may not be as bleak as the provisional findings suggest.

Society is evolving faster than ever before. The desire for a “better quality of death” is growing in visibility. Much as we all have an aspiration to improve the quality of our lives – later lives, especially – the freedom to exercise choice is also gaining in stature. Pure Cremation welcomes all changes that may improve the services we provide, especially those that can be regulated and rolled out uniformly, across the industry. This theme of unilateral change is important: many of the issues addressed in the CMA's study are generic because death affects us all, irrespective of our preferences to engage the services of a funeral director, crematorium, natural burial centre, or even to have ‘a DIY version’.

As a provider of direct cremation services, it makes sense for us to focus on responding to the provisional findings' questions about crematoria services. However, we would like to offer personal and professional insights on the broader issues too. Unless the key players in our industry work together in some areas, to achieve the best outcomes – industry wide improvements – we cannot expect to see long-term, people-focused change our clients want, need, and undoubtedly deserve.

In the next section, we address the CMA's specific questions as presented in paragraphs 9.6 to 9.8 on page 131 of the Funerals Market Study (Interim Report and Consultation). The numbering in this document is included for assistance, not reference.



A. Do we agree with the CMA's conclusions that specific behaviours are preventing, restricting or distorting competition in our industry?

Yes. In short, a combination of our inadequate self-regulation system and a lack of informed insights are nurturing an industry that's not working entirely in people's best interests: the CMA believes people are finding it hard to get the value for money and service they badly need, due to the way our industry operates – and we agree with the CMA.

B. Do you believe the CMA is correct in its analysis of services, and in the reference-tests being met regarding services supplied by funeral directors and crematoria services?

In general, yes, but we also have reservations about some of the methodologies used by the CMA. Above all, the impact of people's vulnerability must be a concern, for funeral directors and cremation services and the CMA alike. It is, intrinsically, hard for people to engage with professionals in our industry at any time – such is the nature of our business – and this is mainly due to preservation instinct: humans prefer to handle distressing situations at arm's length.

However, generically speaking, our industry has made the situation harder in two ways: we haven't been able to 'de-taboo' the subject or the processes in a uniform, agreed, and government-supported way, nor have we acted quickly enough to transform the funeral experience itself: preserving respected traditions perhaps, but still, dragging ourselves into the 21st century to reflect people's desire for choice. Historically, it is hard to dispute the fact that funeral directors have not been proactive in helping people to understand the choices available. It is only in recent times, in the last few years, that a small number of funeral directors have started taking a 'blank piece of paper' approach to the event: asking people what's important to them in particular, rather than starting the process with a standard or commercial formula. This change in approach has the potential to transform not only our industry for the better but also people's experiences of handling a death, of any kind.

There are other considerations, too:

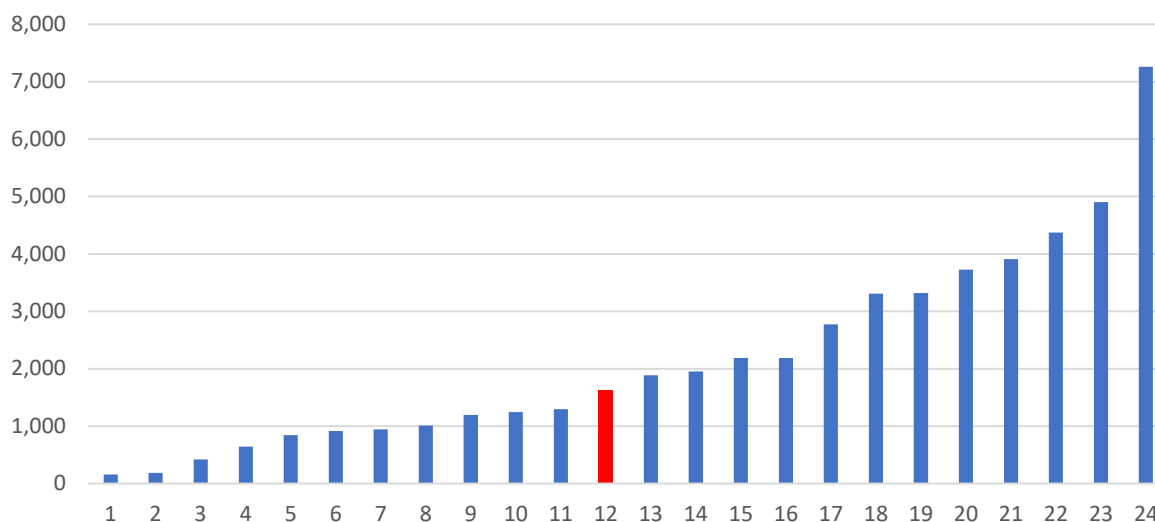
1. Behavioural economics have proved, time and again, that it is also a human trait to evaluate – and highly value – the recommendations of our peers. That said, people often go by which service provider is closest, geographically, and a family may use the same funeral director many times, even if they don't do a great job. Word of mouth plays some part in this. With unstable economics ahead of us, we believe the trend for peer-evaluated services is likely to change this situation. People will, without doubt, be more open to making a comparison as part of the process – particularly if the benefit of doing so is articulated well.



2. We agree, people don't have enough familiarity with the funeral industry. They don't have the right information to hand and, when they do, the details may be confusing, opaque, or (worst of all) misleading. The CMA highlights the impact of people's inexperience, when it comes to assessing quality and value for money. However, the CMA also concluded people are unresponsive to measures of price or quality: people largely choose a crematorium on the basis of location or personal experience.

We urge the CMA to reflect that, to date, most of their feedback has been from stakeholders *within* the industry – and that 'unresponsiveness to measures of price' is subjective, and untested. People cannot be responsive if they don't have access to the informed insights that they need, so that they know *how* to be responsive.

3. Limited visibility of pricing and limited access to clear information is certainly a factor in hindering choice, but it is not exclusive to the funeral industry. We agree that some suppliers may be influencing the decision-making process during a sale, and this is an uncomfortable reality check: if the CMA is engaged in activities reviewing those processes, then change may in fact be needed. The 'winners' in this argument will be those professionals in our industry who embrace this as a positive opportunity, and lead that change with both the pragmatism and grace to accept it is necessary.
4. The CMA's initial conclusions infer there are relatively low numbers of crematoria providers. Although topographical and cultural variations have an influence, the UK finds itself at a comparative mid-point, for crematoria use¹. However, when numbers are taken in the round, we would suggest there is over-capacity across the UK crematorium market.



¹ European Federation of Funeral Services (EFFS) – 2016: <https://www.offs.eu/news/details/updated-statistics.html>

We do not need more crematoria: we have more than enough to complete the efficient cremation of the deceased in each year, even with an aging demographic to consider – but as people demand longer service times and more facilities open, each facility becomes less efficient, and more expensive, per cremation.

Building more crematoria is not the answer. In fact, this will increase funeral costs as each venue (old and new) must recover that substantial investment through a smaller number of services per locality. However, we do concur with one part of the CMA's initial conclusions: it pains us, as a service provider, to agree there are many inexplicable variations in the fees charged by crematoria facilities, nationwide.

5. This lack of transparency in pricing may be attributed to many things, but it should not be overshadowed by the challenges beyond our (industry's) control.

For example, land is everywhere, and death is universal: our challenges are less about NIMBYism, or cuts to local authority budgets, and more about planning decisions being inconsistent, nationwide. This has been highlighted before, many times, not least to the then Department of Communities and Local Government (now the Ministry of Housing Communities & Local Government) when it conducted a review of crematoria provision and facilities in 2016.

In addition (as the CMA points out in Appendix C), Section 5 of the 1902 Cremation Act ²(1902 Act) states that crematoria must not be built within 200 yards of a dwelling or 50 yards of a public highway. But those constraints to vehicular access were enacted at a time when there were fewer than 23,000³ cars in the whole of the UK – and have not been updated in 117 years. We can only achieve a truly consumer-focused outcome, if our challenges are considered in the round.

We do not, for example, support the CMA's methodology for reaching conclusions about the use of 'alternative' crematoria – which is mainly based on a wholly theoretical analysis of cortege drive time (60% of theoretical full speeds); plus inferred reports from the facilities themselves – and we count ourselves in that number – plus certain qualitative and quantitative suppositions (the number of people who'll be closer to a new crematorium than an alternative, and the number of people who live further than 30 minutes from their closest crematorium but within a 30 minute drive of a new crematorium).

² <https://www.legislation.gov.uk/ukpga/Edw7/2/8/section/5/enacted>

³ <http://www.nationalarchives.gov.uk/pathways/census/living/move/cars.htm>

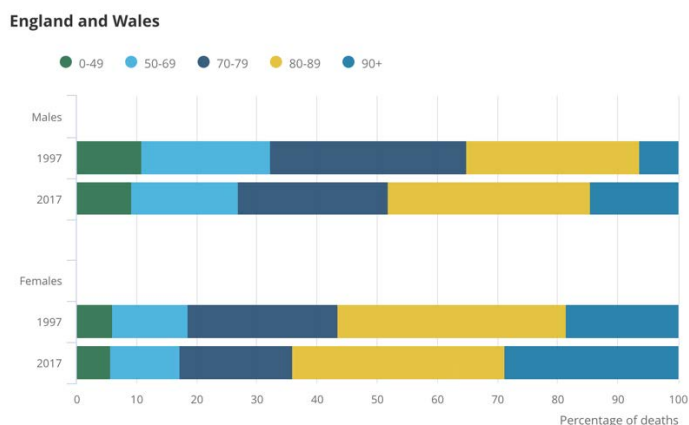
The CMA's findings state that people tend to choose a crematorium locally, within a certain travel time of the deceased's address (typically 20 to 30 minutes by car). We concur that crematoria operators in general have the same opinion – that people tend to go to the crematorium geographically closest to them – but this summation by the CMA doesn't explore the other, less tangible reasons why crematoria are being chosen (and in fact, in our experience, it is the families who tend to tell the funeral director which facilities should be used – with the funeral director only making a recommendation if the family has no preference or there is a new facility). Rather, the CMA's provisional findings place undue emphasis on the location of crematoria and associated travelling time, where, in reality, the emotional ties to (or perceived services and value of) a facility are more likely to be the reason for choosing it. With this in mind, we believe it would be helpful if the CMA conducted more in-depth people-focused research.

This would engage with people – young and old – who've been involved in arranging crematoria services (and funerals in general), and it would explore their motivations for choice more thoroughly – providing insights that would help not only facilities like our own, but also for funeral directors and other service providers, too. Of its own volition, such research may go some way to acting as a catalyst: there might be huge benefits for customers, if we can shed some light on the 'reflex response' of holding a ceremony and committal at a local (often more expensive) crematorium, which serves only to maintain a monopolistic market. This kind of information is essential, if people's motivations for choice are to be truly understood prior to industry-wide recommendations being made. With this in mind, we were pleased to see that the CMA believes a thorough, independent and expert analysis of the situation is its preferred next action – but we also urge the CMA to involve respondents of all ages in the next stages of its work.

Too often, the focus in our industry is on presenting death as an event at the 'end' of a lifetime, when, in fact, we are handling the affairs of deceased persons at all ages, and in many different circumstances. The Office for National Statistics puts this into sharp perspective with the simplest bar chart, contrasting the number and gender of deaths registered in 1997 and 2017, respectively⁴. It is interesting to note that, as society evolves further, such things as an appreciation of gender identity may not appear to be related to this work – but they will, ultimately, influence the way our profession services people's needs.

⁴ <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/deathsregistrationsummarytables/2017>

Figure 2: Proportion of deaths by age and sex over the last 20 years



Source: Office for National Statistics

Furthermore, we were disappointed to note the provisional findings didn't include any references to the influence of, for example, working with forensic services; providing a facilitated direct service to hospitals or law enforcement agencies; nor of the impact on costs felt by funeral directors or crematoria services everywhere, when dealing with multiple stakeholders and myriad circumstances in a funeral ceremony of any kind. The more diverse a ceremony becomes – the more options appear, and the more we recognise and facilitate people's preferences for a personalised event – the more impact we feel. There is far more to our service, than the service we provide.

C. Do you agree with the CMA's proposal to make a reference, and to the proposed scope of that reference, as set out in the draft terms of the reference in Appendix F – and do you believe this would have the desired, effective, and comprehensive remedial effect?

We agree, but we would like to make recommendations for changes to the terms used in Appendix 4, paragraph 4 to ensure specificity. These are as follows:

“4. For the purposes of this reference: - ‘services by funeral directors at the point of need’ means ‘services provided by a funeral director in connection with the arrangements for *or the promotion of services relating to a funeral, and including but without limitation*’:

- *guidance and support to the family **and/or persons arranging the funeral***
- *collection and care of the deceased*
- *organisation and services carried out on the day of **or prior to and related to** the funeral*
- *the supply of goods and services to facilitate the arrangements, including for example the coffin, hearse, and limousine(s);*

- *intermediary services between the customer and third parties, such as the crematorium or burial site, ~~the~~ **a doctor or authorised medic**, ~~and the~~ **a minister or celebrant**; and,*
- *discretionary services that are provided by the funeral director directly or as an intermediary between the customer and third parties, such as **but not limited to** memorials, death notices, venue hire and catering, flowers, Order of Service etc,*

but excluding

- *the provision of pre-paid funeral plans; and,*
 - *the provision of services pursuant to pre-paid funeral plans.*
- *crematoria service means: “the services provided by a crematorium in connection with the cremation of the deceased, including the provision of a ~~chapel~~ **specific place** for attended cremations, the committal and the sale of associated products and services, such as memorials, audio-visual support and hospitality.*

We appreciate that issues specific to religious groups were not covered in the provisional findings but, consequently, the vocabulary proposed to define ‘crematoria service’ does need to be changed – as the religious definition of ‘chapel’ has connotations that may not be appropriate in certain circumstances.

D. Do you consider the CMA could address these challenges effectively and comprehensively by undertakings in lieu of a MIR?

We agree with the CMA, it would not be appropriate to pursue undertakings in lieu of an MIR whereas – although a MIR would not be cost free, either for parties or for the CMA – a full Market Investigation Reference would be more beneficial for the market.

E. Do you have any views on our current thinking on the types of remedies that a MIR could consider, are there other measures to consider?

The types of remedies being proposed seem to be comprehensive. The introduction of a license would appear sensible, but the definition and scope need attention: society is changing; providers are too. Any license must make provision for providers like us, to the same degree it covers traditional firms. In contrast, we would suggest that regulation of pricing, per se, is impractical: there are simply too many variables involved. Breaking down the crematorium cost into the cremation and use of the chapel, however, might allow fairer and more transparent comparison: a standard fee range might then be proposed nationally for the cremation itself.



Above all, an outcome that encourages people to plan ahead is key

Consumer behaviour is an incredibly powerful tool. The 'digital world' is something that's already encroaching on established norms within our industry. As it finds further conclusions as to the *most* appropriate remedies, we urge the CMA to think about how it could also:

- a. embrace and allow for advances in technology;
- b. include reflections that account for evolving, societal diversity; and,
- c. take into consideration a 'future-proofed' set of recommendations that recognise the preference for a digital agenda, delivering efficiency and measurable results.

Here at Pure Cremation, our team looks forward to offering further support and working closely with our colleagues across the industry. We should all want to help improve people's experiences of the services our industry provides. We all aspire to live in a society that provides a better quality of life, but we also deserve a "better quality of death".