

Golden Charter

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Consultation on the Funeral Director and Cremation Services Market Investigation, Statement of Issues.

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1. Introduction

Golden Charter Limited, a leading provider of pre-paid funeral plans in the UK, submits this document as part of the Competition and Markets Authority (CMA) consultation on the Funeral Director and Cremation Services Market Investigation, Statement of Issues.

Wholly owned by an association of 762 independent funeral directors, with over 3,000 funeral directors accepting its prepaid plans, Golden Charter's overarching purpose is to connect people to the funeral of their choice. In pursuit of its purpose, Golden Charter works in partnership with local, often family-owned businesses to protect and enhance the choice and diversity they offer their communities and the contribution they make to the local economy in villages, towns and cities across the U.K.

Golden Charter notes that the CMA has identified seven key issues on which it proposes to focus its initial evidence gathering effort and welcomes the CMA's call for views on the issues identified. Golden Charter further notes that, in respect of the supply of services by funeral directors at the point of need, the CMA has invited parties to submit their views on five set questions covering the characterisation of the identified issues, the potential remedies and the methods of evidence gathering.

Before providing its substantive response to the set consultation questions, Golden Charter would like to offer the following general comments.

2. General Comments

2.1. Identified issues: societal attitudes towards death and dying must be central to the investigation.

Golden Charter notes that in respect of the supply of services by funeral directors at the point of need, the CMA has identified seven key issues on which it proposes to focus its initial evidence gathering efforts. Golden Charter supports the inclusion of all seven identified issues in the investigation scope. While the majority of the identified issues focus on firm behaviour, Golden Charter is pleased to note that one identified issue emphasises the impact of social, economic, faith-related and cultural circumstances on customers' ability to make informed choices.

Golden Charter notes that, with over 4,000 funeral directors operating in the UK¹, families have a greater choice in quality, range and price of funeral services than ever before. This includes direct cremation services starting from around £1,000, a range of simple funeral options and numerous possibilities for bespoke and personalised funerals, which could include, for example, woodland burials, individually designed coffins, bespoke transport arrangements and digitally streamed memorial services. Golden Charter notes, however, that the pervading culture around dying often means that families do not engage fully with the options available – with only 14 per cent of bereaved families comparing more than one funeral director before making a purchase at the point of need, according to the CMA's own research².

Considering this, Golden believes that exploring the impact of societal attitudes towards death and dying on consumer behaviour is as fundamental to the investigation as assessing competition between firms. Furthermore, Golden Charter believes that the Inquiry Group should thread the issue of societal culture throughout the investigation, paying particular attention to how it interconnects with the other identified issues.

¹ Real Business. (December 2017). The UK funeral business. RealBusiness.co.uk

² CMA. (November 2018). 'Funeral Market Study: Interim report and consultation'. HM Government.

2.2. Proposed remedies: measures to challenge and change consumer behaviour should be included as a potential remedy.

Golden Charter notes that, while a key overarching aim of the investigation is to *'improve the preparedness of customers ahead of...the point of need'*, the majority of the proposed remedies focus on reforming the market with minimum focus on influencing consumer behaviour. With almost a third (31%) of families who purchased Golden Charter a plan in 2017/18 making a comparison with another provider, Golden Charter believes that having earlier conversations on death and dying and planning funerals before the point of need, allows customers the time and emotional space required to better engage with and consider their funeral market options. Considering this, Golden Charter believes that a concentrated, coordinated effort to change the societal culture around death and dying, to one of open conversations and early engagement, is as fundamental to addressing at-need vulnerability as market reform and that the Inquiry Group should assess measures to change consumer behaviour alongside the existing proposed remedies.

2.3. Evaluation methods: proportionate, clear and in context.

Golden Charter notes that public perceptions of quality will not always correlate with observed or measured quality. Whilst gathering evidence on the public perceptions of quality is a valuable exercise, Golden Charter believes that perceived quality is best understood in the context of measurable quality. Considering this, Golden Charter believes that, where possible, investigators should assess information on the public perception of quality against measurable quality data, within an agreed quality evaluation framework.

Golden Charter also asks that, when evaluating broad social phenomenon, such as 'vulnerability' or 'community', that investigators are as specific as possible. For example, a variance in the root cause of vulnerability – whether that be physical, social, economic or environmental – could require a variance in the remedy applied. Likewise, for some customers, the funeral arrangement cultural norms attached to their community of identity may intersect with, or even override the cultural norms attached to their community of place, resulting in a complex set of motivations and

requirements. Golden Charter believes that, by considering the diversity of circumstances early on in the process, the Inquiry Group will gain clarity of insight as the investigation develops.

Lastly, Golden Charter notes that, in its interim report, the CMA found strong evidence that the corporate conglomerates operating in the funeral market had been '*exercising their market power through high price increases, applied across their entire operations*' while independent funeral directors prices are, on average '*well below*' that of the larger providers. Considering this, Golden Charter asks that the investigative focus is fair and proportionate, reflecting both the findings of the interim report and the reality of where power lies in the at-need funeral market.

3. Consultation questions

Golden Charter notes that in respect of the supply of services by funeral directors at the point of need, the CMA has invited parties to submit their views on five set questions. Please find Golden Charter's response to each below.

a) Whether the issues we have identified should be within the scope of our investigation and whether they are correctly characterised.

Golden Charter notes that in respect of the supply of services by funeral directors at the point of need, the CMA has identified seven key issues on which it proposes to focus its initial evidence gathering efforts. Golden Charter supports the inclusion of all seven identified issues in the investigation scope. Regarding the matter of 'correct characterisation' for each identified issue, Golden Charter offers the following comments:

- i. *'What customers consider to be the essential components of a funeral, what they understand to be a good quality funeral and how they assess quality when dealing with funeral directors'.*

Because a funeral is an emotional and social, as well as a physical event, the exploration of 'essential components' in the investigative context must be comprehensive. Alongside hardware components, such as a coffin, and service components, such as care of the deceased, families may consider other, less tangible 'components' essential – for example, that the funeral director and their staff have an empathetic disposition or that staff attire is appropriate. Similarly, customers may intrinsically link their assessment of the quality of a funeral as an overall event with their assessment of the funeral director's professional service. This could mean, for example, a family who were pleased with the turnout at the service and the eulogy given, would, by association, assess the quality of the funeral directors' services positively, despite higher than average costs and limited choice. Considering this, Golden Charter believes that investigators should seek to understand customers' assessment of the quality of funeral directors

services within the wider context of the customers' assessment of the funeral event, to gain a deeper understanding of consumer behaviour in the funeral market.

Furthermore, Golden Charter notes that, while customers may designate several components as 'essential' to a funeral, consumers may also consider some components more essential than others. Considering this, Golden Charter recommends that the Inquiry Group explore, from the perspective of the consumer, the hierarchical relationship between the 'essential components'.

- ii. *How any quality differentials between funeral directors are taken into account by customers in their choice of funeral directors and the extent to which investments in quality explain price differentials between suppliers.*

Golden Charter believes that for the recently bereaved purchasing services at the point of need, quality of service and levels of care are often more important than costs. Therefore, Golden Charter supports the inclusion of quality differentials as a key issue. Golden Charter further notes that public perceptions of quality will not always correlate with measurable quality. Whilst gathering evidence on the public perceptions of quality is a valuable exercise, Golden Charter believes that perceived quality is best understood in the context of measurable quality. Particularly, Golden Charter notes that customers may find it difficult to evaluate the quality of services delivered 'behind the curtains', such as the quality of care given to the deceased, and may disproportionately evaluate quality based on brand perception and marketing materials. Considering this, while supportive of evidence gathering on the public perceptions of quality, Golden Charter believes that, where possible, investigators should assess information on the public perception of quality against measurable quality data, within an agreed quality evaluation framework. This would allow the Inquiry Group to consider the correlation between perceived quality, measured quality, and costs.

- iii. The extent to which the vulnerability of customers at the point of need impedes their ability to engage with the process and make informed choices at all stages in the funeral arrangement process, and what practical aspects of this process have the most significant impact on customers' ability to make informed choices.*

While accepting the terminology as a correct characterisation of the issue under investigation, Golden Charter notes that the root cause of vulnerability varies from person-to-person and is not homogeneous. The Inquiry Group must thoroughly explore and define the full range of vulnerabilities that may intersect with bereavement, as detailed at *b) ii* below. Furthermore, Golden Charter asks that, as well as considering the impact of the funeral arrangement process on customers' ability to make informed choices, the Inquiry Group should also consider the influence that customer engagement with information relating to funeral arrangements before the point of need has on their ability to make informed choices when the time comes.

- iv. How different circumstances, including social, economic, faith-related and cultural, may have an impact on the options available to customers and on their ability to make informed choices.*

While accepting the terminology as a correct characterisation of the issue under investigation, Golden Charter asks that, as well as assessing the impact of social, economic, cultural and faith-related circumstances in their own right, investigators also assess the intersectionality between each. Particularly, Golden Charter asks that the Inquiry Group consider the 'stacking effect' of multiple circumstances. For example, social isolation may aggravate the impact of economic deprivation, while particular religious needs may increase cost pressures on a family by requiring a particular type of funeral. Golden Charter also asks that, when investigating the impact of faith-related circumstances, investigators consider the impact of no religious affiliation on consumers' experience of arranging a funeral.

- v. *The nature and extent of competition between funeral directors, including how prices and behaviours differ between small and large providers.*

Golden Charter asks that the Inquiry Group provide clarity on how they intend to define 'small' and 'large' providers. As well as considering the size of the provider when evaluating the competition between funeral directors, Golden Charter believes that the Inquiry group should consider the geographical nature of competition and the influence that models of governance have on the commercial and competitive behaviour of firms. It may be, for example, that the commercial and competitive behaviour of a family-owned firm is different from that of a Stock Exchange listed company.

- vi. *The funeral sales process, including how and when in the process prices are provided to customers and any other aspects of the sales process that may affect customers' ability to make the best choices.*

While supportive of the funeral sales process being included in the investigation scope, Golden Charter notes that consumers' prior knowledge of, and levels of engagement with the funeral market will inform their experience of the sales process at the point of need. Considering this, Golden Charter asks that investigators evaluate consumers' experience of the sales process in the context of their prior engagement and levels of knowledge before the point of need, to build as complete an understanding as possible.

- vii. *The profitability of both large and small funeral directors, and the extent to which cost increases and/or investments in quality improvements explain the increases in funeral prices that have been reported.*

As referenced above, Golden Charter asks that the Inquiry Group provide clarity on how they intend to define 'small' and 'large' providers for the purpose of this investigation. With reference to investments in quality, Golden Charter also asks that the Inquiry Group consider the breadth of

ways in which a funeral director may invest in quality. For example, this could include extending the hours available for a viewing of the deceased, resulting in higher payroll costs; investing in annual employee training on support for the bereaved, generating ongoing revenue costs; or an upgrade to backroom equipment to improve care for the bereaved, resulting in higher capital costs. Golden Charter considers each of these examples as an investment in quality and believes that the Inquiry Group should look broadly at this issue, to gather as wide an evidence base as possible.

b) Whether there are any particular topics or methods of evidence gathering or analysis that it is important that we should include in our approach. We are particularly keen to hear suggestions in relation to:

- i. How we should assess the way in which quality differentials between funeral directors are taken into account by customers in their choice of funeral directors and the extent to which investments in quality explain price differentials between suppliers.*

Golden Charter notes that public perceptions of quality will not always correlate with measurable quality. Whilst gathering evidence on the public perceptions of quality is a valuable exercise, Golden Charter believes that perceived quality is best understood in the context of measurable quality. For example, whilst a member of the public may report satisfaction with a funeral director's selection of coffins, an assessment of the coffins against a quality evaluation framework may highlight defects. Considering this, while supportive of evidence gathering on the public perceptions of quality, Golden Charter believes that, where possible, such information should be contextualised against measurable quality indicators within an agreed quality evaluation framework.

With regards to the links between investment in quality and costs, Golden Charter notes that large multi-chain businesses may be able to cross-invest between premises, to borrow against assets and to access credit in a way that small, single branch firms cannot. Considering this, Golden Charter asks

that the Inquiry Group take a broad view of investment, looking at revenue budgets as well as capital budgets and, particularly, the human resources that firms commit to looking after the deceased and the bereaved.

- ii. *How we should assess the extent to which the vulnerability of customers impedes their ability to engage with the process and make informed choices at all stages in the funeral arrangement process, and what practical aspects of the process have the most significant impact on customers' ability to make informed choices.*

Because the root cause of vulnerability varies from person-to-person, Golden Charter believes that, before investigators can assess the extent to which vulnerability impedes a person's ability to engage with the funeral market at the point of need, the inquiry group must thoroughly explore and define the full range of vulnerabilities that may intersect with bereavement. This could for example, include, physical vulnerabilities, such as a mobility-limiting disability that restricts the customer's ability to visit the funeral director's premise; social vulnerabilities, such as a deficiency in the skills required to organise a funeral because of young age; economic vulnerabilities, such as insufficient funds to cover basic funeral costs; and environmental vulnerabilities, such as geographical isolation restricting choice.

Furthermore, Golden Charter believes any efforts to quantify the extent to which consumer vulnerability impedes the ability to engage should be paired with qualitative research to enrich investigators' understanding. While focus groups with the recently bereaved can provide valuable qualitative insight, it can also be challenging for participants to evaluate past events in a way that accurately captures their views and emotions at the point of need. Considering this, Golden Charter would recommend that post-funeral focus groups and interviews are, where possible, complimented with immersive ethnographic research methods, that observe and engage with research subjects during the process of funeral

arrangement to evaluate the experience from the perspective of the subject at the time of the event, rather than retrospectively.

- iii. *How we should assess the ways in which different circumstances, including social, economic, faith-related and cultural factors, may impact on the choices available to customers and on their ability to make informed choices.*

Golden Charter believes that, when assessing the impact of faith and culture on the choices available to customers, it is imperative that the faith and cultural communities co-design the research and evaluation methods that investigators will use within their communities. This will ensure that investigators ask relevant, appropriate questions for the target audience.

Golden Charter also asks that investigators consider the intersectionality between faith, culture and ethnicity. For example, persons from a language-based cultural community may be more likely to identify as Black Asian Minority Ethnic (BAME) and persons who identify as BAME may be more likely to identify with a specific religious denomination. Similarly, Golden Charter asks that, alongside cultural communities, the inquiry consider communities of place and identity when assessing the impact of different circumstances on a person's ability to make informed choices. Lastly, Golden Charter asks that, when evaluating faith-related circumstances, investigators also evaluate the effect that having no faith may have on a customer's ability to make informed choices.

- c) **Whether there are further issues we have either not identified, or which we have indicated we are not minded to focus on, but which parties consider we should examine;**

Golden Charter believes that the pervading culture around dying that often means families do not engage fully with the options available at the time of need and that exploring the impact of societal attitudes towards death and dying on consumer behaviour is as fundamental as investigating firm behaviour. Golden Charter welcomes the reference to '*social, emotional, cultural and/or financial pressures*'

within the Statement of Issues and asks that the Inquiry Group thread the issue of societal culture throughout the investigation, paying particular attention to how it interconnects with the other identified issues.

d) Whether the potential remedies we have identified would address the competition issues comprehensively and if so how, and whether they would be effective and proportionate.

The CMA has indicated that the proposed remedies seek to achieve two complementary aims:

1. To improve the preparedness of customers ahead of the point at which the funeral needs to be organised by encouraging people to consider funeral arrangements at times when the situation lends itself to such considerations before the point of need, and
2. To make it easier for customers to make the best choices, for example by ensuring that the information provided by suppliers enables like-for-like comparisons of prices and services offered.

Golden Charter will assess each proposed remedy against these aims.

i. Measures to improve transparency.

Golden Charter supports measures to improve price transparency and transparency of firm ownership and believes that such measures could improve the preparedness of customers and assist them in making the best choices. However, Golden Charter would reiterate its view that, in the absence of an agreed cross-industry definition of a simple and standard funeral, families cannot easily make direct comparisons between funeral directors, even when itemised costs information is available. An agreed cross-industry definition of a simple and standard funeral would give families confidence that they are comparing like-for-like and would give funeral directors the confidence to display price information on websites, knowing that the services they offer vis-a-vis competitors will not be misinterpreted.

ii. *Pricing/ charging remedies.*

Golden Charter believes that limiting the ability of funeral directors to set prices significantly above the costs of providing their services may target the symptoms of market dysfunction but, significantly, would not target the cause. Therefore, Golden Charter believes that pricing/ charging remedies should be considered only as measures of last resort. Particularly, Golden Charter notes that a price cap would not '*improve the preparedness of customers*' or '*make it easier for customers to make the best choices*' with regards to the quality of service.

iii. *Remedies to regulate the levels of service quality.*

Golden Charter notes that customers are likely to find it particularly difficult to assess the quality of some services, for example, standards of care of the deceased. Golden Charter continues to assist the Scottish Government as it works towards the introduction of a new regulatory regime in Scotland and would support the introduction of a similar statutory regime across the UK. While regulation of service quality would not necessarily improve the preparedness of customers ahead of the point at which the funeral needs to be organised, it could make it easier for customers to make good choices by raising the standard across the board and safeguarding them from poor quality services.

iv. *Market opening measures.*

Golden Charter notes that, with reference to market opening measures, the CMA specifically refer to the unbundling of the funeral package, to give customers the flexibility to source elements of the package from elsewhere. While noting that such measures could increase customers' options and reduce costs via competition, Golden Charter believes that core elements of the funeral package – transportation, storage, and preparation of the deceased for burial or cremation – are a natural 'bundle'. Furthermore, Golden Charter notes that by providing a single point of contact through

which the bereaved can arrange all aspects of a funeral service, funeral directors ease the burden placed on grieving families at a difficult time. Considering this, Golden Charter asks investigators to assess, from the perspective of the consumer, whether mandatory unbundling of the funeral package would make it easier for customers to make the best choices or would result in additional burdens during a time-pressured process. Golden Charter further notes that, unless consumer behaviour in the funeral market moves towards a culture of 'shopping around' at the time of need, then there is a risk that the unbundling of the funeral package would simply duplicate the issues seen in the current market across multiple markets. Therefore, Golden Charter would advise that a coordinated, concentrated effort to influence consumer behaviour must come before any consideration of mandatory unbundling.

v. *Reforms to the regulation of the sector.*

Golden Charter welcomes the development of a statutory inspection regime for funeral directors in Scotland and would be supportive of a similar regularly regime on a UK-wide basis. Specifically, Golden Charter wishes to see a regime that reassures bereaved families that their loved one is with a funeral director who is effective, caring, responsive and safe, and that the firm is well led. Golden Charter believes that, while such a regime may not improve the preparedness of customers ahead of the point of need, it could aid customers in making good choices by ensuring that high standards are complied with across the sector.

- e) **Whether there are other potential remedies which we have not identified that would address either the issues we have identified or other issues we should consider (detailing what those remedies might be and how they would address the potential AECs in these markets).**

According to the CMA Statement of Issues paper, a key overarching aim of the proposed remedies is to *'improve the preparedness of customers ahead of...the*

point of need'. Golden Charter notes, however, that the majority of the proposed remedies focus on reforming firm behaviour with minimum focus on changing consumer behaviour. Golden Charter believes that a concentrated, coordinated effort to challenge societal attitudes on death and dying is as fundamental to addressing at-need vulnerability as market reform. Particularly, Golden Charter supports initiatives to encourage societal acceptance of death and dying, early conversations in the community and a culture of planning before the point of need. While noting that neither regulators nor government can change consumer behaviour via legislation or policy dictate, Golden Charter believes that a concentrated, coordinated effort – between local and national government, regulators, consumer rights groups, the third sector, and industry – could change consumer behaviour over the long-term and would represent the most comprehensive remedy to the current market issues.

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