# Funerals Market Investigation

## Funeral Directors – price dispersion analysis

**20 February 2020**

This is one of a series of consultative working papers which will be published during the course of the investigation. This paper should be read alongside the Issues Statement published on 8 April 2019 and other working papers published.

These papers do not form the inquiry group's provisional decision report. The group is carrying forward its information-gathering and analysis work and will proceed to prepare its provisional decision report, which is currently scheduled for publication in April/May 2020, taking into consideration responses to the consultation on the Issues Statement and responses to the working papers as well as other submissions made to us.

Parties wishing to comment on this paper should send their comments to Funerals@cma.gov.uk by 19 March 2020.

The Competition and Markets Authority has excluded from this published version of the working paper information which the inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [✂]. [Some numbers have been replaced by a range. These are shown in square brackets.] [Non-sensitive wording is also indicated in square brackets.]

**Contents**

## Executive Summary

1. This working paper sets out the analysis of price dispersion between funeral director branches in local areas,[1] separately analysing simple funerals and standard funerals.[2] To the extent that this working paper analyses pricing outcomes, it should be read alongside another working paper also being published in which pricing trends and levels across the UK are analysed.[3]

2. In the provision of funeral director services, there is a degree of differentiation between funeral directors in terms of the product range and quality offered, as well as of geographic location. With the analysis set out in this paper, we aim to compare prices between funeral directors by somewhat "controlling" for some of these differences, namely the product range, as we compare prices for simple and standard funerals separately, and the location, as we compare prices for funeral directors located in the same local area and thus likely to face similar demand and cost conditions.

3. We would expect to observe a degree of price differentiation between funeral directors in a well-functioning market where customers are shopping around.[4] However, we consider that when the price differential for the same product[5] between funeral directors in the same local area is large, cost/quality differences may not explain the differential (fully).

4. Therefore, the magnitude of the price differential may indicate that customers are not shopping around such that lower priced funeral directors are not constraining higher priced funeral directors. We also note that the magnitude of the price differential we estimate needs to be assessed in light of the fact that it relates to funeral directors that are likely to be positioned towards the lower price-end of the market.[6]

5. We have also considered whether the size of the price differential between non-Dignity funeral director branches in local areas is correlated with a Dignity funeral director branch being present or not. As Dignity is positioned towards

[1] Only local areas where sufficient data was provided are included in the analysis. See paragraph 17 for details on the local area definition used in this analysis.
[2] Simple funeral refers to a more limited, lower cost funeral that may exclude provision of limousines, have no/limited choice of slot for the funeral service, have no viewing options and/or include a basic coffin with no/limited opportunity to upgrade. Standard funeral refers to the most common types of funeral package sold by funeral directors, typically including guidance and support to the family, collection and care of deceased, organisation and services carried out on the day of the funeral, intermediary services between the customer and third parties (crematorium, minister etc) and provision of discretionary services (flowers, order of service etc).
[3] Funeral directors pricing levels and trends working paper.
[4] By customers shopping around, we mean consumers actively seeking the lowest priced offer for any given level of quality.
[5] For standard funerals we control for what is included in the product, see paragraph 40 for further information.
[6] See paragraph 21.

the higher price-end of the market[7] and the other funeral directors in the sample are likely to be positioned towards the lower price-end of the market,[8] this analysis seeks to test whether and to what extent large price dispersion is driven by higher prices at the upper end of the market (from Dignity), or whether it is material across local areas more generally.

6. In the CMA's market study report, the extent of price dispersion between providers within local areas was examined based on simple funeral price data acquired from Your Funeral Choice (YFC). The market study used 2017 data to build upon analysis by Royal London of price dispersion for simple funerals in local areas.[9]

7. This working paper updates the market study analysis through using price comparison website (PCW) data provided by YFC and Beyond in May 2019. The pricing data used were either updated, or newly collected, from January 2018 onwards.[10] The analysis is expanded to include standard funerals and the definition of a local area is updated[11] to be the local authority area.[12]

8. We note that this analysis:

   *(a)* does not take into account other potentially relevant differences between funeral director services within each local area, such as differences in quality or costs;

   *(b)* does not cover all funeral director branches in each local area, and so may be missing price data that could affect the price dispersion statistics. Therefore, our analysis could be understating the degree of price dispersion within local areas; and

   *(c)* the boundaries of each local authority area may not correspond with what we would normally regard as an economic market, so we may be comparing prices across branches which face different demand or supply conditions.

9. In relation to simple funerals, our analysis indicates that:

   *(a)* significant price dispersion appears to be a general characteristic of the provision of simple funerals, as also previously observed in the market study analysis. In this updated analysis, in 55% of local areas, the

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[7] For details see from CMA, Funerals market study final report, March 2019, paragraph 6.35.
[8] See paragraph 21.
[9] For details see from CMA, Funerals market study final report, March 2019, paragraph 6.35.
[10] See paragraphs 24 and 37 for details.
[11] See paragraph 16 for details on the local area definition used for the analysis in market study.
[12] See paragraph 17 for details on the local area definition used in this analysis.

cheapest simple funeral is at least 30% cheaper than the most expensive simple funeral; and

*(b)* price dispersion is larger in areas where Dignity is present relative to where it is not present. However, we note that compared with the results in the market study, the proportion of areas for which Dignity is the most expensive funeral director has reduced significantly.

10. In relation to standard funerals, our analysis indicates that:

*(a)* there is a wide degree of price variation between non-Dignity funeral director branches;

*(b)* price dispersion is larger in areas where Dignity is present compared to areas where it is not, including when considering non-Dignity funeral director branches only.

## Introduction

11. In this working paper, we present descriptive statistics on the level of price dispersion between funeral director branches in local areas, separately analysing simple funerals and standard funerals based on pricing data from January 2018 to May 2019 acquired from PCWs YFC and Beyond respectively (see paragraphs: 23 to 24 and 36 to 37 for further details).

12. In the market study, the CMA undertook similar analysis focused on simple funerals which found, based on 2017 pricing data:

*(a)* in approximately half of all local areas (based on Royal London's definition described at paragraph 16), the cheapest simple funeral was at least 50% cheaper than the most expensive simple funeral;[13]

*(b)* large price differentials were often driven by Dignity's high price, where it was found that in over 80% of the local areas where a Dignity funeral director branch was present, Dignity offered the most expensive simple funeral.[14] We further found that Dignity, Co-op or Regional Co-op were the most expensive in 82% of the local areas covered in the Royal London Report;[15] and

[13] CMA, Funerals market study final report, March 2019, paragraph 6.39.
[14] CMA, Funerals market study final report, March 2019, paragraph 6.40.
[15] CMA, Funerals market study final report, March 2019, paragraph 6.40.

(c) significant price differentials appear to be a general characteristic of this sector rather than being solely a 'Dignity' issue.[16]

13. This working paper updates and expands these results as described in the overarching methodology section from paragraph 15 onwards.

14. This working paper is structured as follows:

*(a)* first, the overarching methodology applied to both analyses is set out;[17]

*(b)* second, the analysis of simple funerals price dispersion, using YFC data, is set out;

*(c)* third, the analysis of standard funerals price dispersion, using Beyond data, is set out; and

*(d)* fourth, observations are set out.

## Overarching methodology

15. This section sets out the methodology common to both pieces of analyses. Specific methodology points for each analysis are set out in the sections below.

16. The analyses build upon the price dispersion analysis undertaken in the market study.[18] That analysis used Royal London's definition of a local area, which was based on the first section of the postcode (eg RG1). If insufficient information was available within the postcode area (usually in rural areas where there would be no local 'in-postcode' funeral director) the search was expanded up to eight miles from the postcode centre.[19,20]

17. In this working paper, we have used local authority areas, as defined by the Office for National Statistics (ONS),[21] to allocate each funeral director branch in the PCWs' data set to a local authority area. In both pieces of analyses, we

[16] CMA, Funerals market study final report, March 2019, paragraph 6.41.
[17] Differences between analyses in methodology and points specific to each analysis are explained in more detail in the subsequent subsections.
[18] See from CMA, Funerals market study final report, March 2019, paragraph 6.35.
[19] Note that this does not necessarily mean there were no other funeral directors present within the postcode area but may just reflect that other funeral directors did not have their prices listed on YFC (the data set used by Royal London).
[20] Royal London National Funeral Cost Index Report 2019, September 2019, page 30.
[21] This was chosen such that we have consistent local areas between the analysis of simple and standard funeral price dispersions. Furthermore, we note that replicating Royal London's local area definition would be challenging, as we do not have data on which funeral director branches are located within each local area as defined by Royal London.

have focused on areas which have at least three funeral director branches to ensure the statistics are meaningful.

18. Similar to what was done in the market study, where the data allows, we also analyse price dispersion by ownership. Details on the coverage provided by the data sets used in these analyses are set out in the sections below.

19. Both pieces of analyses use pricing data from PCWs provided in May 2019, details on the data sets used are set out in the sections below, from paragraphs 23 to 24 and 36 to 37.

***Detailed points on the analyses***

20. We note that these analyses focus on price dispersions and do not take into account potentially relevant differences between funeral director services in quality or cost in each local area.

21. Across both pieces of analyses, we note the following:

*(a)* in both data sets, some funeral directors are self-selecting in providing prices to the PCWs, so there is a possibility that both data sets are skewed towards lower priced funeral directors;[22] this bias is likely to lead to an underestimation of the within area price dispersions; additionally, the prices may also not be updated on a frequent basis;

*(b)* both data sets do not cover all funeral director branches in each local area, and so may be missing price data that could affect the price dispersion statistics. This would mean that our analysis could be understating the degree of price differentiation within local areas; and

*(c)* the boundaries of each local authority area may not correspond with what we would normally regard as an economic market, so we may be comparing prices across branches which in fact face different demand or supply conditions.

22. We set out specific points in relation to each data set in the relevant methodology sections below.

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[22] Lower priced funeral directors may be more willing to post their prices online than higher priced funeral directors, meaning Beyond's and YFC's pricing data sets may be over representative of lower priced funeral directors.

## Simple funerals price dispersion

23. We have obtained data from YFC on simple funerals with respect to the pricing data they have collected from funeral directors via a mixture of mystery shopping and by directly requesting prices.

24. The following analysis is based on simple funeral pricing data obtained in May 2019, with the large majority of prices (97%) having been gathered in the period from September 2018 to May 2019.[23] As such, this builds on the analysis conducted in the market study.

### *Methodology and coverage*

25. In the market study, the CMA examined the extent of price dispersion between providers within local areas, based on data obtained from YFC. Using 2017 simple pricing data, the CMA analysis built upon analysis by Royal London of price dispersion for simple funerals in local areas.

26. As set out in paragraph 17, we have allocated each funeral director branch in the YFC data to a local authority area, as defined by the ONS. We have focussed on local authority areas with at least three funeral director branches in the data set to generate meaningful statistics. As such, we cover over 90% of UK local authority areas as defined by the ONS.[24]

27. In terms of the funeral director branch breakdown by ownership, in the local authority areas in the analysis:

    *(a)* Dignity and Co-op account for around 17% and 18% of funeral director branches respectively;

    *(b)* regional Co-op's account for around 5% of funeral director branches; and

    *(c)* independent funeral directors account for around 60% of funeral director branches.

28. In addition to the points common to both pieces of analysis set out in paragraph 21, we note the following with regard to our analysis of simple funerals:

[23] The remaining 3% is dated between January 2018 and September 2018. Our analysis is based on [3,000 – 3,500] funeral director branches in total.
[24] More specifically, we cover 358 out of 392 local authority areas, with 27 local authority areas with fewer than 3 funeral director branches excluded.

(a) YFC gather information on a specific type of simple funeral.[25] However, there may still be discrepancies in the simple funeral package price the funeral directors report back (eg if their simple funeral contains/excludes different services compared to YFC simple funeral).

(b) YFC's data set contains pricing information on approximately [3,000 – 3,500] funeral director branches.[26] Therefore, though we have a wide coverage of local authority areas, we do not have complete data on the funeral directors operating in each of these areas.

29. In the following paragraphs (30 to 35) we present similar descriptive statistics to those shown in paragraphs 6.35 to 6.43 of the market study report, but now using simple funerals pricing data for 2019 (instead of 2017). We note where results have changed and explain why, given market developments, this may be the case.

### *Results*

30. We first look at price dispersions across all local authority areas and across areas split by whether Dignity is/is not present.[27] Table 1 summarises our findings below.

**Table 1: Average simple funeral price dispersion, January 2018 to May 2019**

| *Local authority area* | *Number of areas* | *Average minimum price (£)* | *Average maximum price (£)* | *Average price dispersion (£)* |
|---|---|---|---|---|
| All | *358* | *1,490* | *2,246* | *756* |
| Non-Dignity | *129* | *1,482* | *2,145* | *663* |
| Dignity | *229* | *1,494* | *2,303* | *809* |

Source: CMA analysis of YFC data.
Note: Only local authority areas with 3 or more funeral director branches are included. All averages are mean averages.

31. Table 1 shows that price dispersions are larger in areas where Dignity is present relative to where it is not present. Compared with an average price dispersion of £756 across all local authority areas, the average price dispersion in areas where Dignity is present is £809, whereas where Dignity is not present, it is £663.[28] Significant price dispersions therefore, appear to be a general characteristic of the provision of simple funerals.

[25] Where we note the definition of a simple funeral used by YFC includes a funeral director's services (collection/care of the deceased, a basic coffin, hearse and management of a simple service), standard cremation or burial fees, doctor's fees and clergy/officiant fees. https://www.yourfuneralchoice.com/about-us/
[26] More specifically, YFC covers [3,000 – 3,500] funeral director branches out of approximately 7,000 branches in the UK (see CMA, Funerals market study final report, March 2019, paragraph 2.30).
[27] All local authority areas which have at least three funeral director branches.
[28] We have calculated these dispersions by taking the price of the lowest priced funeral director branch in a given local area away from the price of the most expensive funeral director branch in the given local area. Further, we

32. We have also looked at the extent to which price dispersions are high across the local authority areas in the analysis. Table 2 gives the proportion of areas for which price dispersions are above different thresholds. This table shows that 55% of local authority areas have a price dispersion of at least 30% (that is, the percentage difference between the maximum and minimum priced funeral directors in these local authority areas is at least 30%) and 13% of local authority areas have a price dispersion of at least 50% (that is, the percentage difference between the maximum and minimum priced funeral directors in these local authority areas is at least 50%).

**Table 2: Number of local authority areas with a simple funeral price dispersion between minimum and maximum price of at least 50%, 40% and 30%, January 2018 to May 2019**

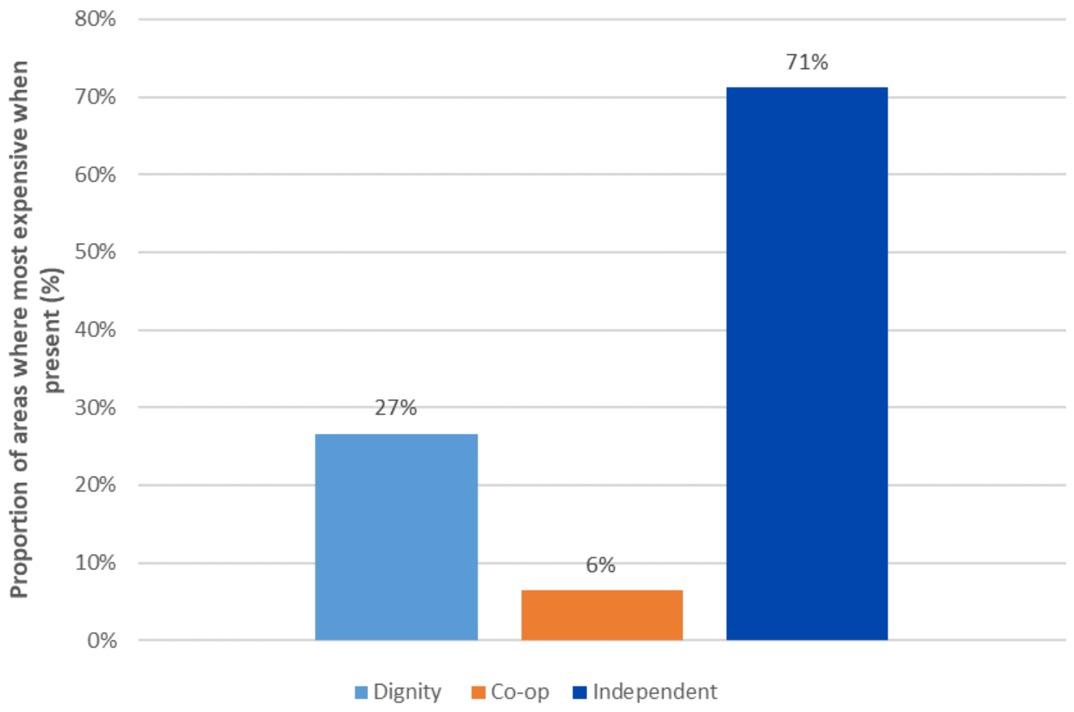
| *Price dispersion of…†* | *Number of local authority areas* |
|---|---|
| at least 50% | 46 (13%) |
| at least 40% | 106 (30%) |
| at least 30% | 198 (55%) |

Source: CMA analysis of YFC data.
† The percentage difference between the maximum and minimum priced funeral directors within a local authority area.
Note: Only local authority areas with 3 or more funeral director branches are included.

33. Figure 1 shows that Dignity is the most expensive funeral director in 27% of the local authority areas in which it is present. By contrast, an independent funeral director is the most expensive in 71% of the local authority areas in which at least one independent is present (which is the majority of areas). Dignity, Co-op or a Regional Co-op are the most expensive in 19% of the local authority areas. We note that Dignity, in 2018 reduced the price of its simple funeral offering down to £1,995 in England, Wales and Northern Ireland and £1,695 in Scotland. Further, Co-op also reduced the price of its simple funeral down to £1,895 and £1,675 respectively, over the same period. To some extent this explains the difference in results from the market study (as set out in paragraph 12). However we also note that a different definition of local area is used in this analysis (see paragraph 7 and 17).

have considered conducting the same analysis for other providers and in particular independents since they appear to be most expensive when present in local authority areas. However, independents are present in all but three areas and so comparison of average price dispersions would not be robust.

**Figure 1: Proportion of local authority areas where a given provider is the most expensive funeral director, with respect to simple funerals, when present in the area, January 2018 to May 2019**[29]




Source: CMA analysis of YFC data.
Notes: Dignity is the highest priced funeral director in 61 areas out of the 229 areas in which it is present. Co-op is the highest priced funeral director in 14 out of the 218 areas in which it is present. An independent funeral director is the highest priced funeral director in 253 out of the 355 areas in which an independent funeral director is present.

34. Considering Table 1 and Figure 1 together, we note that although price dispersions are higher in areas where Dignity is present relative to areas where Dignity is not present, in around two thirds of areas (64%) where Dignity is present, an independent funeral director is the most expensive operator. We also note that Co-op is not the most expensive in any areas where Dignity is present, given that Co-op consistently prices its simple funeral lower than Dignity, as explained in paragraph 30.[30]

35. Finally, we consider the extent to which average price dispersions between independent funeral directors may be higher in areas where Dignity is present compared to areas where it is not. In 2019, the average price dispersion between independent funeral directors in areas where Dignity was present

[29] We also note that in 17% (12) of areas where Regional Co-op branches are present (72), the Regional Co-op is the most expensive funeral director. Further, in 20% (1) of areas where Funeral Partners branches are present (5), Funeral Partners is the most expensive funeral director.
[30] Where Dignity is present, we note that Dignity, Independents and Regional Co-op are most expensive in 27%, 64% and 2% of these areas respectively. Co-op and Funeral Partners are not the most expensive in any of these areas. In the remaining 7% of areas, where Dignity is present, at least two funeral directors are joint most expensive.

was £750, whereas in areas where Dignity was not present it was £627.[31] Therefore, there are still significant differences in pricing by independent funeral directors where Dignity is not present, although differences are (20%) higher in areas where Dignity is present.

## Standard funerals price dispersion

36. To assess the level of price dispersion between standard funerals in a local area, we have acquired data from the PCW Beyond on standard funerals. This provided pricing data Beyond has collected from funeral directors via a mixture of funeral directors submitting their prices and mystery shopping.

37. The following analysis is based on standard funeral pricing data which appears to have been updated or newly collected from January 2018 to May 2019[32] and complements the analysis of simple funeral prices above.

### *Methodology and coverage*

38. As set out in paragraph 17, we have allocated each funeral director branch to a local authority area, as defined by the ONS. We have focussed on local authority areas with at least three funeral director branches in the data set to generate meaningful statistics.[33] As such, in the following analysis, we cover 221 out of 392 UK local authority areas (56%) as defined by the ONS.

39. We provide breakdowns of the price dispersion by whether at least one Dignity branch is present in the local authority area. 91% of local authority areas used in the analysis below have at least one Dignity branch present.[34] As Beyond's pricing data set does not include national Co-op[35] or Funeral Partners branches, these price dispersion breakdowns are not available for the other larger funeral service providers.

40. To analyse the level of price dispersion between standard funerals in a local area, we have used a standard funeral package consisting of: the professional

[31] When looking at areas comparing independents and the price dispersions between them, we have ensured that there are two or more independents in the area to ensure our results are meaningful. Further, the number of areas where Dignity is present and there are at least two independents is 215 where this reduces by 91 to 124 when looking at areas where no Dignity is present.
[32] This data is based on the latest prices as of May 2019. We note that of the 1,913 funeral director branches in the raw data provided for May 2019, 1,439 of their standard funeral prices appear to have been updated or newly collected since January 2018. See the following subsection for more details on data cleaning and the coverage provided by this data.
[33] Note, focussing on local authority areas with at least three funeral director branches reduces the number of areas in the analysis by 124.
[34] That is, 202 out of the 221 local authority areas used in this analysis have at least one Dignity branch present.
[35] Regional Co-ops are also not covered in detail in Beyond's pricing data set.

fee, a standard wooden coffin, a classic hearse and one limousine.[36,37] This package was based on the default package used on Beyond's website[38] and is consistent with SunLife's definition of 'Professional fees'.[39]

41. To reflect Dignity's pricing as of 1st April 2019, we have applied its cap on the professional fee and classic hearse of £[✂] to all its branches in Beyond's data. Though Dignity has not applied this cap to all its branches, we consider this to be a reasonable approach to updating the data set.[40] This adjustment had an impact on the standard funeral price charged by 569 (75%) out of the 763 Dignity branches in the data set.

42. In addition to the points common to both pieces of analysis set out in paragraph 21, we note the following with regard to our analysis of standard funerals:

*(a)* Dignity's branch prices may be out of date as their prices were gathered through a mystery shopping exercise. We have mitigated this through applying Dignity's cap to all its branches.[41] Additionally, Dignity complained to the Advertising Standards Authority (ASA) about Beyond's use of its prices on its website, stating the prices on Beyond's website were misleading .[42] Beyond removed all prices for Dignity's branches and the ASA upheld the complaint in January 2020.[43]

*(b)* As prices for specific items within a standard funeral are self-reported for non-Dignity branches in the data set, these funeral directors may have submitted prices for items slightly different to Beyond's definition,

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[36] Beyond gathers pricing data on other potential components of a standard funeral, for example wicker coffins.
[37] Note, we do not present price dispersions in the professional fee as some branches in Beyond's data set include items in the package set out above at no extra cost to the customer. Overall, the results of the price dispersions in the professional fee were similar to the ones set out below, albeit with lower prices and smaller absolute price dispersions.
[38] The main difference from the package listed above and Beyond's default package is that we do not include the cost of a celebrant. This is because this cost is typically a disbursement, rather than a cost directly controlled by a funeral director.
[39] SunLife's definition of 'Professional fees' is a package including: collection and care of the deceased, hearse and attendants and director, one limousine, use of chapel of rest, attending to all essential documentation, oak veneer coffin.
[40] Note, any price changes to Dignity branches which were already below the cap (or to items in the analysed package other than the professional fee and classic hearse) will not have been captured. Nor has the Tailored funeral pricing been applied to any branches as we do not know the specific branches this has been implemented in.
[41] See paragraph above for details on the application of Dignity's cap.
[42] Ralph, A. (2019) 'Dignity complains over price report', The Times, 25 November. Retrieved from https://www.thetimes.co.uk/ (Accessed: 04/02/2020).
[43] ASA, Ruling on Funeralbooker Ltd t/a Beyond, January 2020.

therefore these packages may not be directly comparable across funeral director branches.[44]

(c) Beyond's data set contains pricing information on approximately 1,900 funeral director branches,[45] and so covers fewer areas and fewer branches within each area than YFC's data set. In addition, this data contains a disproportionately large number of Dignity branches (763 (40%) of the 1,913 funeral director branches covered by Beyond).

43. The remainder of this section presents similar descriptive statistics to those provided above. However, due to the points raised above regarding the data on Dignity's prices relative to the other funeral director branches in the analysis – specifically, that Dignity's prices have been included through mystery shopping whereas others have self-selected into the dataset (and so may be skewed towards lower priced funeral directors), and Dignity's upheld complaint regarding its prices on Beyond's website – we consider the analysis excluding Dignity's branches to be more insightful, despite the smaller dataset this uses.

### *Results*

44. With the Dignity cap applied, Table 3 shows the average minimum and maximum price and average price dispersion across all local authority areas with at least three funeral director branches in the data set. The table also presents these statistics broken down by whether a Dignity branch is or is not in the local authority area.

**Table 3: Average standard funeral price dispersion with Dignity cap, January 2018 to May 2019**

| *Local authority area* | *Number of areas* | *Average minimum price (£)* | *Average maximum price (£)* | *Average price dispersion (£)* |
|---|---|---|---|---|
| All | 221 | 2,161 | 3,858 | 1,697 |
| Non-Dignity | 19 | 1,833 | 2,319 | 485 |
| Dignity | 202 | 2,192 | 4,003 | 1,811 |

Source: CMA analysis of Beyond data.
Note: Professional fee and classic hearse was capped at £[✂] for Dignity branches. Only local authority areas with 3 or more funeral director branches are included. All averages are mean averages.

45. Table 3 shows that across all local authority areas in this analysis, the average price dispersion within a local authority for a standard funeral is approximately £1,700, with an average maximum price of approximately £3,800.

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[44] For example, one funeral director branch's professional fee may not cover exactly the same services as another funeral director branch's professional fee, and so are not directly comparable.
[45] More specifically, Beyond covers 1,913 funeral director branches out of approximately 7,000 branches in the UK (see CMA, Funerals market study final report, March 2019, paragraph 2.30).

46. Further, Table 3 shows that in areas with a Dignity branch the average price dispersion within a local authority for a standard funeral is approximately £1,800, with an average maximum price of approximately £4,000. Whilst in areas without Dignity present, the average standard funeral price dispersion is approximately £480, with an average maximum price of approximately £2,300.

47. Table 4 presents the proportion of areas for which standard funeral price dispersions are above different thresholds.

**Table 4: Number of local authority areas with a standard funeral price dispersion between minimum and maximum price of at least 50%, 40% and 30%, with Dignity cap, January 2018 to May 2019**

| *Price dispersion of…†* | *Number of local authority areas* |
|---|---|
| at least 50% | 103 (47%) |
| at least 40% | 144 (65%) |
| at least 30% | 168 (76%) |

Source: CMA analysis of Beyond data.
† The percentage difference between the maximum and minimum priced funeral directors within a local authority area.
Note: Only local authority areas with 3 or more funeral director branches are included.

48. Table 4 shows that, 47% of local authority areas had a minimum standard funeral price that was at least 50% lower than the maximum price for a standard funeral within the local authority area. Additionally, the table shows that 76% of local authority areas had a minimum standard funeral price that was at least 30% lower than the maximum price for a standard funeral within the local authority area.

49. In Beyond's data set, Dignity's prices are always higher than the other funeral directors branches' prices within the same local area. This drives the above results, and also means Dignity is the highest priced in every area where it is present. However, due to the points set out in paragraphs 21 and 42, and as we noted in paragraph 43, the data is unlikely to reflect the full picture in these local areas (for example, higher priced non-Dignity funeral director branches may not be posting prices). Therefore, we have also undertaken the analysis excluding Dignity's branches, and consider these results more insightful.

50. Table 5 presents the same statistics as Table 3, however with the Dignity branches removed from the data set. Note that with Dignity branches removed, the number of local authority areas with at least three funeral director branches decreases by 127 to 94 areas.

**Table 5: Average standard funeral price dispersion excluding Dignity branches, January 2018 to May 2019**

| *Local authority area* | *Number of areas* | *Average minimum price (£)* | *Average maximum price (£)* | *Average price dispersion (£)* |
|---|---|---|---|---|
| All | 94 | 1,689 | 2,390 | 702 |
| Non-Dignity | 19 | 1,833 | 2,319 | 485 |
| Dignity | 75 | 1,652 | 2,409 | 757 |

Source: CMA analysis of Beyond data.
Note: Only local authority areas with 3 or more funeral director branches are included. With Dignity branches excluded, the number of areas meeting this criterion is lower. All averages are mean averages.

51. Table 5 shows that across all local authority areas in this analysis, with Dignity branches removed, the average price dispersion within a local authority for a standard funeral is approximately £700, with an average maximum price of approximately £2,400.

52. Further, Table 5 shows that in areas with a Dignity branch present, the average standard funeral price dispersion of non-Dignity branches within a local authority area is approximately £760, with an average maximum price of approximately £2,400. Whilst in areas without a Dignity present, the average standard funeral price dispersion of non-Dignity branches is approximately £490, with an average maximum price of approximately £2,300.[46]

53. Table 6 presents the proportion of areas for which standard funeral price dispersions are above different thresholds if we exclude Dignity branches.

**Table 6: Number of local authority areas with a standard funeral price dispersion between minimum and maximum price of at least 50%, 40% and 30%, excluding Dignity branches, January 2018 to May 2019**

| *Price dispersion of…†* | *Number of local authority areas* |
|---|---|
| at least 50% | 11 (12%) |
| at least 40% | 27 (29%) |
| at least 30% | 46 (49%) |

Source: CMA analysis of Beyond data.
† The percentage difference between the maximum and minimum priced funeral directors within a local authority area.
Note: Only local authority areas with 3 or more funeral director branches are included. With Dignity branches excluded, the number of areas meeting this criterion is lower.

54. Table 6 shows that, when excluding Dignity branches, 12% of local authority areas had a minimum standard funeral price that was at least 50% lower than the maximum price for a standard funeral within the local authority area. Additionally, the table shows that 49% of local authority areas had a minimum standard funeral price that was at least 30% lower than the maximum price for a standard funeral within the local authority area.

[46] Note that the results for areas without a Dignity present, are the same as the results in paragraph 46, as excluding Dignity branches won't affect results in areas where Dignity is not present.

55. The results of the analysis excluding Dignity branches indicate that on average standard funeral price differences are material between non-Dignity branches within a local area. Additionally, non-Dignity branches are found to have a wider degree of price variation in areas where Dignity is present than in areas where it is not.

## Observations

56. This working paper has updated and expanded the market study analysis assessing funeral director branch price dispersions in local areas. Using PCW data from January 2018 to May 2019, this working paper assessed funeral director branch price dispersions for simple and standard funerals in local authority areas, for which sufficient data was available.[47]

57. As set out in paragraphs 2-5 when price dispersion within an area is large and cannot be (fully) explained by firm-specific cost/quality differences, this can indicate that suppliers face weak constraints when setting their prices.

58. Across both simple and standard funerals, when including Dignity branches, we have found that price dispersions are large across a high proportion of the local authority areas in the analysis:

*(a)* for simple funerals, 55% of areas show price dispersions of at least 30%[48] and 13% of areas show price dispersions of at least 50%; and

*(b)* for standard funerals, 76% of areas show price dispersions of at least 30% and 47% of areas show price dispersions of at least 50%.

59. We have found that, across both simple and standard funerals, average price dispersions are higher in areas where Dignity is present than in areas where it is not, and that this difference between Dignity/non-Dignity areas appears more pronounced for standard funerals. However, the price dispersions remain material where Dignity is not present. For simple funerals, the average price dispersion in areas where Dignity is present is £809 whereas in areas where Dignity is not present it is £663. For standard funerals, the price dispersions are £1,800 compared to £490 respectively.

[47] That is, for local authority areas with at least 3 funeral director branches. For simple funerals we covered over 90% of UK local authority areas and for standard we covered 56% of UK local authority areas, as defined by the ONS.
[48] That is, the percentage difference between the maximum and minimum priced funeral directors in these local authority areas is at least 30%.

60. For simple funerals, in around two thirds of areas where Dignity is present, an independent is the most expensive funeral director.[49] For standard funerals, the difference in the price dispersion between Dignity and non-Dignity areas is largely due to Dignity having the highest prices in every area where it is present. However, as noted in paragraph 43, we consider the standard funerals analysis excluding Dignity's branches to be more insightful.

61. There are also large differences in prices between non-Dignity branches. For simple funerals, the average price dispersion between independent funeral directors in areas where Dignity is present is £750 compared to £627 where Dignity is not present. For standard funerals, the average price dispersion between non-Dignity branches in areas where Dignity is present is £760 compared to £490 where Dignity is not present.

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[49] Where Dignity is present, we note that Dignity, Independents and Regional Co-op are most expensive in 27%, 64% and 2% of these areas respectively. Co-op and Funeral Partners are not the most expensive in any of these areas. In the remaining 7% of areas, where Dignity is present, at least two funeral directors are joint most expensive.