

Funerals Market Investigation

Funeral directors pricing levels and trends

21 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.

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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 [Some numbers have been replaced by a range.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.]

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Executive summary

1. This paper examines the evidence currently available to us on pricing trends and levels in the supply of funeral director services. This draws on information from the thirteen largest funeral directors ('FDs') by number of branches (including data on their revenue and disbursements; and research by some of these FDs on pricing in the sector), data we obtained from a sample of smaller FDs, as well as a database of pricing data compiled by SunLife.
2. Our analysis of the SunLife database shows that the sample of funeral directors interviewed presents a number of biases, the impact of which we have assessed and for which we have sought to make adjustments. Taking into account these adjustments, our analysis indicates that the average estimated cost of a funeral (including disbursements) was £3,911 in 2019 and that prices had experienced an average weighted growth of around 4% per year between 2010 and 2019.
3. The SunLife database shows that the differential between the prices quoted by Dignity and Co-op and those quoted by independent funeral directors increased considerably, with the premium of Dignity's prices over those of Co-op increasing as well. Dignity, Co-op and the independent and other funeral directors all increased their average professional fee in real terms (ie at a rate faster than inflation), with the most significant increase in average professional fee by Dignity, followed by the Co-op and then by independent and other funeral directors.
4. The average revenue per funeral excluding disbursements (ARF) of the three largest funeral directors grew rapidly between 2013 and 2016, but slowed down in the following two years. The slowdown was particularly marked for simple funerals, where the ARF declined between 2016 and 2018 across the three largest FDs combined.
5. Overall, the average total revenue (ATR) of funerals (including disbursements) for the three regional Co-ops that we obtained revenue and volume information from, increased from 2013 to 2018, and at a similar rate to the increase in ATR of the three largest funeral directors. The combined ATR of standard funerals they sold at the point of need in 2018 was much lower than the equivalent figure for the three largest funeral directors.
6. The ATR per funeral across the sample of larger and smaller funeral directors that provided us with revenue and volume figures varied considerably both in terms of level and growth rate over the past few years. There is some indication that the smaller funeral directors tend to have ATRs lower than the larger funeral directors, but this is not true of the entire sample as the smaller

funeral directors tend to have a wider range of both ATR levels and growth rates. Between 2016 and 2018, the smaller funeral directors in the sample appear to have had faster growth in ATR than the larger funeral directors.

7. The evidence obtained so far from reviewing internal documents provided by the three largest funeral directors supports the above observations.

Introduction

8. This paper examines the evidence currently available to us on pricing trends and levels in the supply of funeral director services. This draws on information from the thirteen largest funeral directors ('FDs') by number of branches (including data on their revenue and disbursements; and their research on pricing in the sector), data we obtained from a sample of smaller FDs, as well as a database of pricing data compiled by SunLife.
9. The paper is set out as follows:
 - (a) We first examine available data on prices collected by SunLife from a sample of 100 funeral director branches. This reflects stated prices by these funeral directors. We have analysed market-wide price trends after applying some adjustments to this data to try to better reflect the share of supply of the sampled firms, the proportion of deaths in different geographic areas and the proportion of cremations in the UK; we have also examined price differences between different funeral directors.
 - (b) We then examine differences in average revenue per funeral ('ARF') (which is the average revenue received by funeral directors for their services, i.e. excluding disbursements), the average disbursement per funeral ('ADF'), and the average total revenue per funeral ('ATR') (including both funeral director services revenue and disbursements) between the thirteen largest funeral directors. The ATR reflects prices actually paid by consumers on average, comprising of the listed price, any optional extras added or taken away by consumers or discounts given by funeral directors and third-party costs (e.g. cremation fee).
 - (c) We then consider data we have gathered from our sample of smaller funeral directors, examining their ATR aggregated across all funeral types at a company level, followed by examining their ATRs for standard funerals at a branch level.
 - (d) Finally, we examine research from internal documents of the three largest funeral directors as to both changes in prices over time, and differences in

prices between different funeral directors they have contacted as part of their research.

10. In performing the analysis set out in 9(b) and 9(c) above, we have considered evidence from three groups of funeral directors split up by the number of branches.
 - (a) The three largest providers of funeral director services, Co-op, Dignity and Funeral Partners (part of what we have referred to as the 'larger' funeral directors' group).
 - (b) The next ten largest providers of funeral director services by number of branches (also falling within the 'larger' funeral directors' category).
 - (c) A sample of 'independent' or 'smaller' funeral directors, which comprise small funeral director businesses and sole traders which operate from one or a small number of branches, typically within the same region. These firms are referred to as the 'smaller' funeral directors.
11. The analysis in this paper only considers levels and changes in prices, and not what may be driving these outcomes (eg differences in cost or quality). It is published alongside a working paper which examines the profitability of funeral director services,¹ and another which examines price dispersion in different areas.²

SunLife data

12. SunLife has tracked standard funeral prices via a survey of 100 branches since 2004, and we received detailed data from its database for the period 2010 to 2019.³ Co-op and Dignity branches are sampled every year, alongside branches from a varying sample of smaller funeral directors. SunLife collects information on each funeral director's professional fees⁴ and the cost of their disbursements.⁵
13. We have examined this data in various ways:

¹ Funeral Directors: Profitability Analysis.

² Funeral Directors - Price Dispersion.

³ Due to the nature of the data we received in 2014 and 2015 we are not able to look at data at the branch level in these years. However, we received data that allowed us to look at it between funeral director categories.

⁴ The professional fees include collection and care of the deceased, hearse and attendants and director, one limo, use of chapel of rest, attending to all essential documentation, oak veneer coffin.

⁵ The disbursements include doctor's fees, clergy/officiate fee, cremation/burial fee, and service in church or cemetery chapel including an organist.

- (a) We reweighted the data in a number of ways and tested the effect of SunLife's approach to sampling/reporting on market-wide price trend estimates. The data adjustments we have made are as follows:
 - (i) Share of supply sampling
 - (ii) Regional weighting
 - (iii) Cremation/burial weighting.
 - (b) We examined the differences in both professional fees and disbursement costs (as defined by SunLife) between FDs.
- 14. SunLife's database internally categorises branches under four groups; Dignity, Co-op, 'other chains' and 'independents'. As the number of 'other chains' was very small and the definition of independents and chain is unclear, we have grouped them under 'independent and others' for the purposes of our analysis. Sunlife's categorisations are therefore different from the ones we make.
- 15. Throughout this analysis of SunLife's data we focus primarily on the level and changes in average prices across different funeral directors. As analysed in the rest of the paper, there is a wide level of dispersion in the prices charged by funeral directors, which limits how much can be drawn from averages alone.
- 16. We only compare rises in professional fees against inflation in this section.

Weighting data

- 17. The gathering of data for SunLife's Cost of Dying Report is undertaken by Critical Research. We asked Critical Research about its approach to gathering responses to its funeral prices survey. It told us that it attempts to re-interview the same funeral directors each year. When a funeral director is unwilling or unable to take part, the main priority is finding a replacement funeral director from the same region and, if possible, from a similar postcode and firm type (eg independent). This means that from year-to-year there will be differences in the types of funeral directors included in the final sample. It also told us that it has seen a decline in response rates over the past 2 to 3 years, resulting in a higher level of churn. It noted that the trend of declining response rates had also been seen in other areas of its work, outside of funeral directors.
- 18. Considering the challenges faced in conducting and producing the survey results set out above, we make some adjustments to SunLife's data to use it to infer trends in funeral prices in the UK:

- (a) Reweighting by the type of funeral director to account for shares of supply (based on volume of at-need funerals) in the UK.
 - (b) Reweighting by regional death rate to reflect the actual distribution of funerals across the country, rather than giving each region equal weighting.
 - (c) Reweighting by the proportion of cremations to burials to reflect the greater proportion of cremations in the UK, rather than using a simple average of cremation and burial prices.
19. We look at each of these adjustments in more detail below, to understand the extent to which they affect the level and rate of change in average prices.

Share of Supply

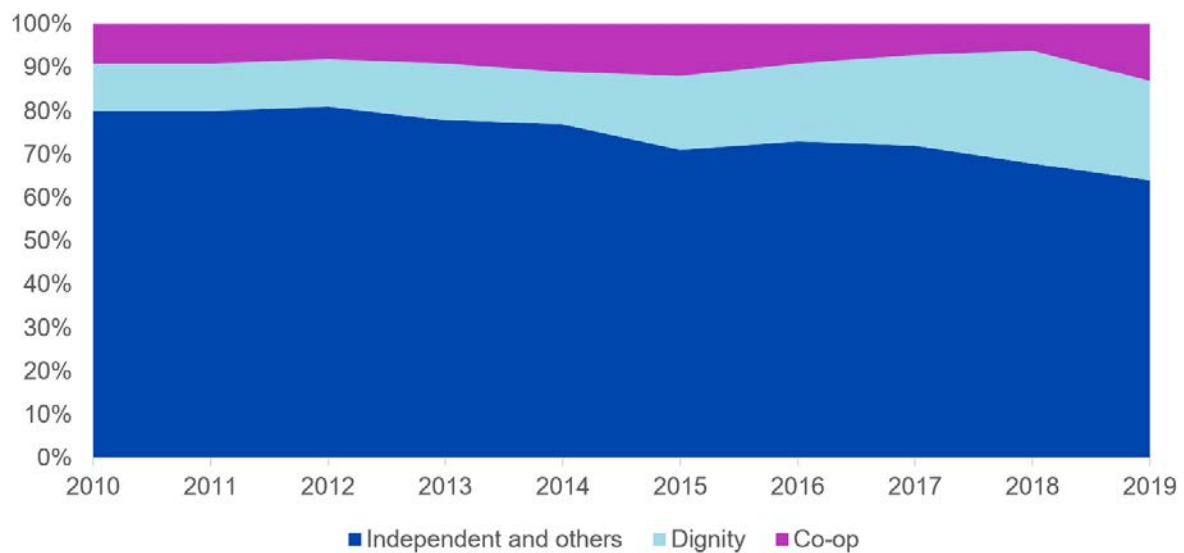
20. SunLife's survey over samples Dignity branches and under samples Co-op ones.^{6,7} In 2018, the size of the Dignity over sampling was [X] percentage points with 26 Dignity branches included in the sample (26% of the sample) compared with an expected [X] branches based on our share of supply estimates ([X]% of the sample).⁸ Under sampling of Co-op's branches has persisted throughout the relevant period, but the over sampling of Dignity has only occurred from 2015 onwards.
21. Figure 1 shows how SunLife's sample make-up has changed over the period 2010 – 2019.

⁶ To estimate the extent to which SunLife's survey over samples and under samples these funeral directors, we have compared the proportion of branches in the sample with the share of supply of at-need funeral volumes in the United Kingdom for each year. We use this approach as we do not currently have a robust estimate for the number of branches of each funeral director over time.

⁷ Except in 2019 [X].

⁸ In 2019, the size of the over sampling was similar, with 23 Dignity branches included in the sample.

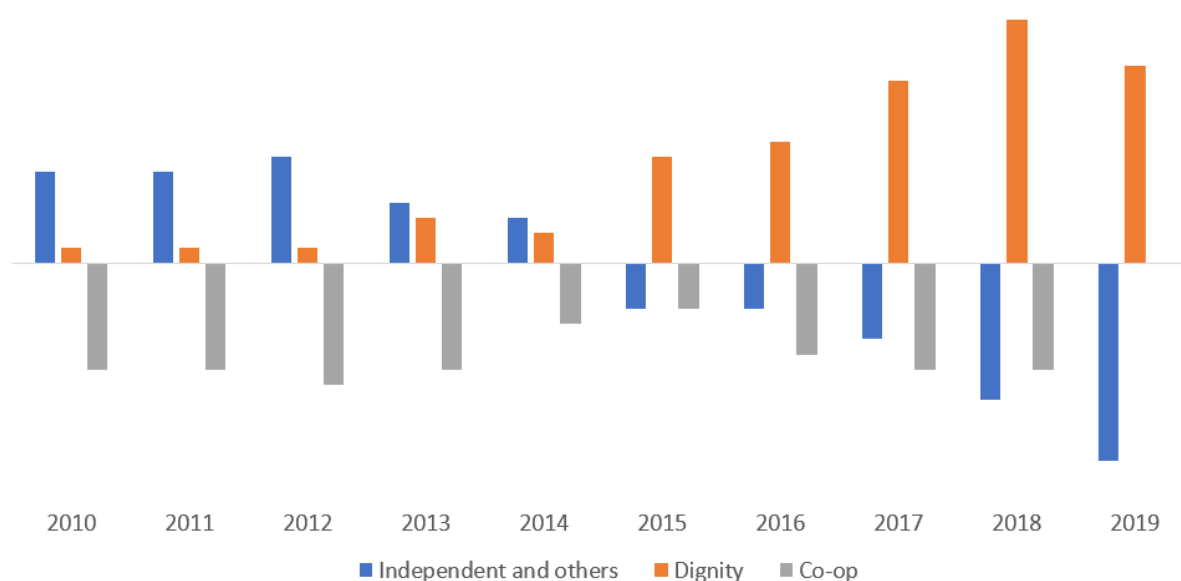
Figure 1: SunLife sample make-up 2010 – 2019 (%)



Source: CMA analysis of SunLife's sample.

22. Figure 2 shows the difference between SunLife's sample and the estimated share of supply. The vertical axis shows, in terms of the number of branches, how many more or less branches of each funeral director category the SunLife dataset includes compared to our share of supply of funeral volume estimates. This shows that between 2015 to 2019 SunLife oversampled Dignity and the oversampling increased each year between 2015 and 2018, and slightly reduced in 2019.

Figure 2: Difference between SunLife's sample and estimated share of supply



Source: CMA analysis of SunLife's sample.

23. To address this, we have used our estimated at-need share of supply⁹ to reweight the average funeral prices for all funeral directors in the sample. To demonstrate the effect of reweighting by shares of supply we focus on professional fees, as this is the component of total price which the funeral directors directly control.
24. Table 1 and Figure 3 show the re-weighted and original average professional fee across all funeral directors when reweighted by share of supply. It also shows the compound annual growth rate (CAGR) across the period 2010 – 2019.

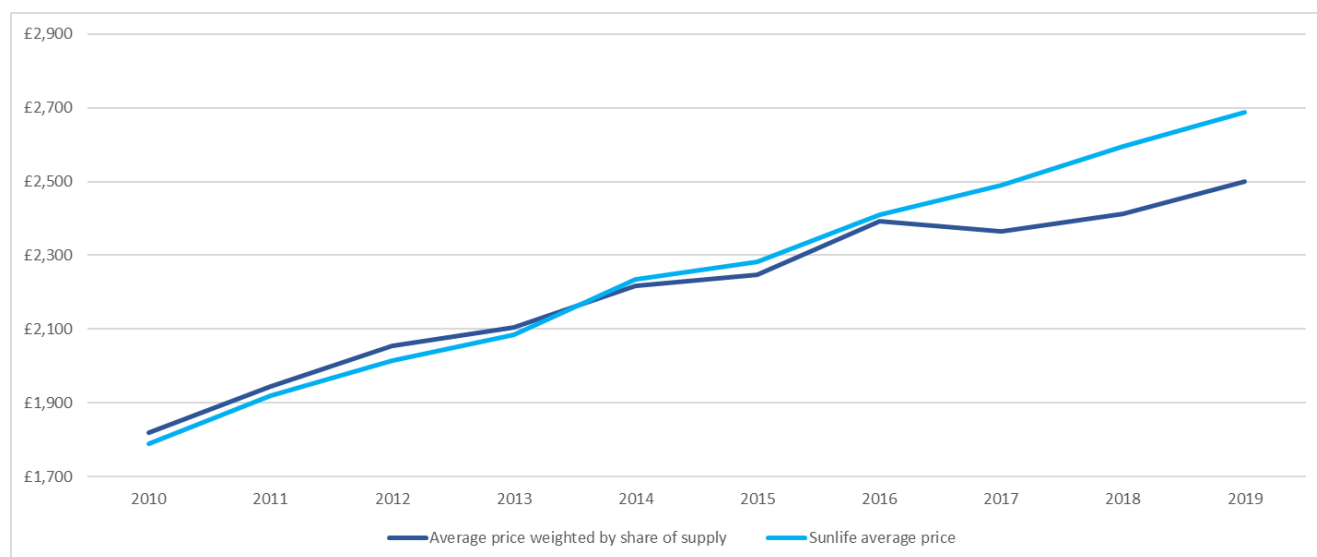
Table 1: Average professional fee from SunLife data and reweighted by share of supply

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	CAGR (2010 – 2019)
Average professional fee (weighted by share of supply) (£)	1,820	1,944	2,054	2,104	2,217	2,248	2,394	2,365	2,413	2,501	3.6%
Average professional fee (SunLife) (£)	1,790	1,921	2,014	2,084	2,236	2,282	2,411	2,491	2,595	2,687	4.6%

⁹ This is calculated by dividing the annual number of at-need funerals sold by Co-op and Dignity by the estimated number of at-need funerals. The estimated number of at-need funerals is calculated by summing the total number of deaths in the UK, and assuming that 15% of all funerals are pre-paid (see paragraph 8.114 of the [Funeral Market Study Final report and decision on a market investigation reference](#)). As we only have access to data from 2013 – 2018, the share of supply for 2010 – 2012 are assumed to be the same as for 2013, and the share of supply for 2019 is assumed to be the same as for 2018.

Source: CMA Analysis of SunLife data.

Figure 3: Average professional fee from SunLife data and reweighted by share of supply



Source: CMA analysis of SunLife data.

25. Figure 3 shows that reweighting the data by share of supply does not have a significant impact on the overall average level and trend in professional fees between 2010 and 2016, but that there is a more significant impact between 2017 and 2019. As detailed in paragraphs 40 to 47, throughout the period Dignity's average professional fee is higher than that of the independent and other FDs. Because of this, as the oversampling of the more expensive Dignity branches increases significantly in the years after 2016, the reweighted average price diverges from the SunLife average price in this later period to a greater extent. The diversion effect of the oversampling on the SunLife price is increased even further as in 2017 the difference between Dignity's and independent and other FDs' professional fees increased materially relative to the earlier period. The combination of both of these effects is why the CAGR of 1.5% seen in the reweighted price between 2016 and 2019 is lower than the SunLife CAGR of 3.7% over the same period, despite having similar CAGRs between 2010 and 2016.¹⁰

Region

26. SunLife sampled 10 branches from each region, giving equal weighting to them. This means regions such as Northern Ireland, which accounts for approximately 3% of registered deaths per year, is weighted equally to South

¹⁰ Although independent and other FDs were increasing their prices at a higher rate than Dignity after 2016, this is outweighed by the oversampling effect and hence the SunLife results exhibit a higher CAGR in this period.

East and East England, which account for approximately 23% of deaths per year combined.

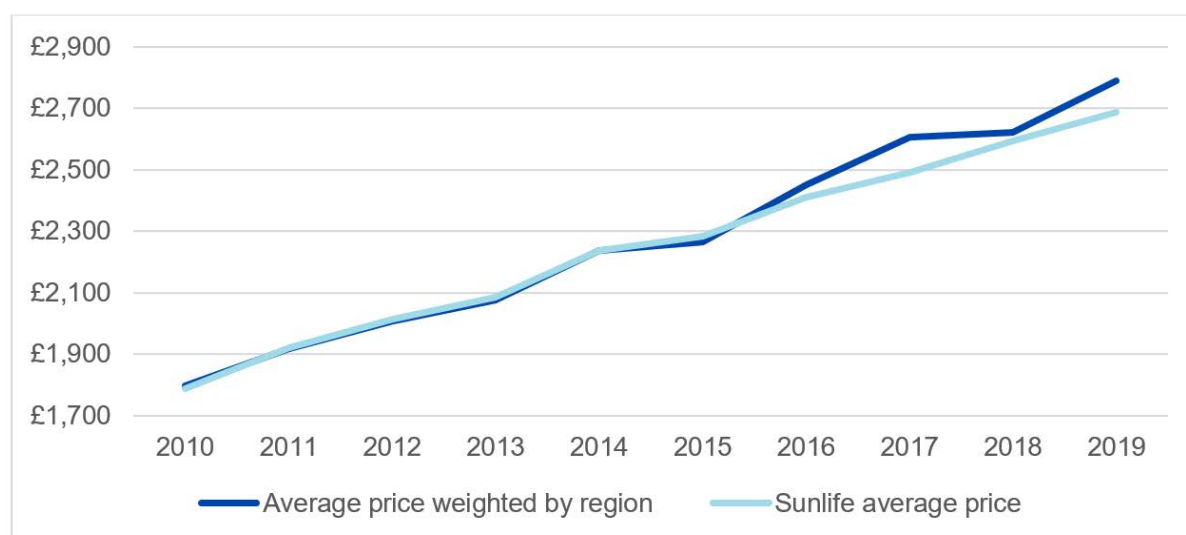
27. We tested if reweighting the data by regional death rate¹¹ would affect the average professional fee. Table 2 and Figure 4 show the average professional fee reweighted by region, and the average professional fee calculated by SunLife.

Table 2: Average professional fee from SunLife data and reweighted by region

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	CAGR (2010- 2019)
Average professional fee reweighted by region	£1,796	£1,919	£2,008	£2,075	£2,238	£2,266	£2,451	£2,604	£2,623	£2,790	5.0%
Average professional fee (SunLife)	£1,790	£1,921	£2,014	£2,084	£2,236	£2,282	£2,411	£2,491	£2,595	£2,687	4.6%

Source: CMA analysis of SunLife data.

Figure 4: Average professional fee from SunLife data and reweighted by region



Source: CMA analysis of SunLife data.

28. As shown in Table 2 and Figure 4, there was not a significant difference from SunLife's figures in the period 2010 to 2015, but the period 2016 to 2019 is affected by the reweighting by region, with spikes in 2017 and 2019. The 2017 divergence is largely due to a spike in East and South East average prices in 2017, which are weighted more heavily when taking into account death data by region, and a reduction in the weighting of regions such as Wales and Northern Ireland which had a price decrease.¹² The 2019 divergence was due to an increase in average prices in the Midlands and East and South East

¹¹ Sourced from ONS; [Deaths registered by area of usual residence, UK released 25 November 2019](#).

¹² The spike in East and South East England's professional fees in 2017 was partially due to churn in the sample, where 3 branches were replaced with branches with higher fees. Due to the small sample per region a change in a few branches can dramatically affect the region's average.

England, which are weighted more heavily when taking into account death data by region.

29. We reweighted the data for both share of supply and region in only a few cases,¹³ because the sample of 10 branches in each region did not always include all three funeral director categories. For the cases where reweighting was possible, the reweighted values did not consistently show a bias either way.¹⁴
30. Comparing Figure 3 with Figure 4 shows that the share of supply and regional biases highlighted above work in opposite directions and to some extent offset each other over the period 2016 to 2019.

Cremation/Burial

31. SunLife's headline figure of average funeral price (which includes disbursements) is an average of cremation and burial prices, but this is not weighted by the percentage of cremations and burials in the UK. Given that burials tend to be more expensive but comprise a lower proportion of funerals than cremations, this has the potential to inflate the estimated average price. To address this (and the share of supply bias set out in paragraphs 20 to 25), we have weighted SunLife's data by the burial/cremation ratio and share of supply.
32. Table 3 shows the proportion of funerals which are cremations, the average total funeral price weighted for burial/cremation ratio, the average total funeral price weighted for both burial/cremation ratio and share of supply, SunLife's calculated average and corresponding CAGRs for the period 2010 to 2019. Because the sample of 10 branches in each region did not always include all three funeral director categories, we have not been able to also reweight the sample by region.

¹³ We only have sufficient data to make this adjustment for two regions across the entire period.

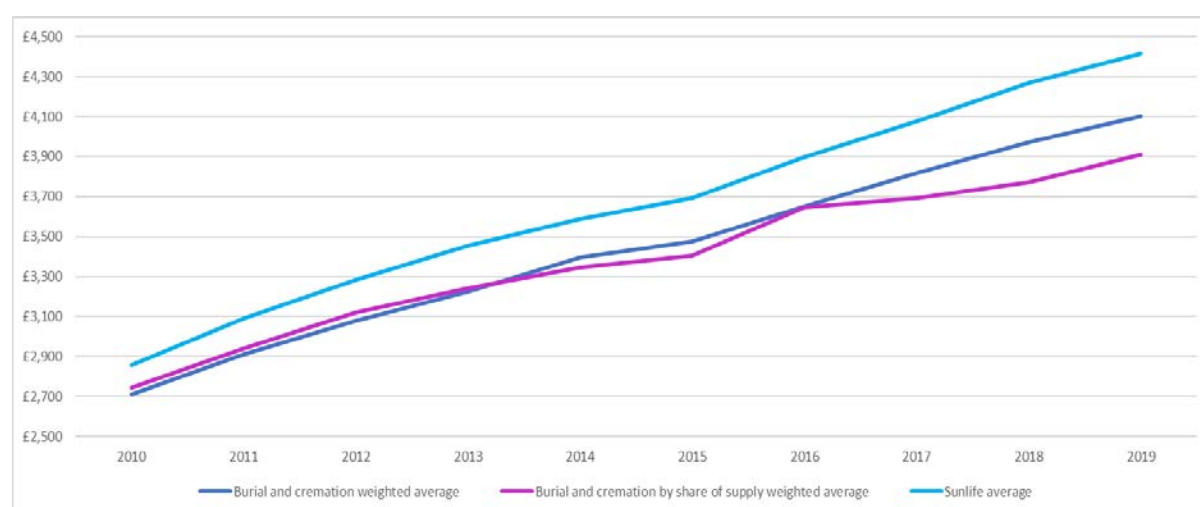
¹⁴ In the majority of cases the reweighted value only differed by £40 from SunLife's original regional averages, with some outliers around a £200 to £400 difference from SunLife's original regional averages.

Table 3: Average funeral price from SunLife data and reweighted by cremation/burial proportions and share of supply

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	CAGR % (2010 – 2019)
% of deaths which are cremations	73.2%	74.4%	74.3%	75.2%	74.8%	76.3%	76.5%	77.1%	78.2%	78.2% ¹⁵	
Burial/cremation weighted average (£)	2,713	2,910	3,080	3,226	3,396	3,476	3,653	3,817	3,974	4,102	4.7%
Burial/cremation and share of supply weighted average (£)	2,743	2,941	3,120	3,241	3,346	3,405	3,647	3,693	3,771	3,911	4.0%
SunLife average (£)	2,857	3,091	3,284	3,456	3,590	3,693	3,897	4,078	4,271	4,417	5.0%

Source: CMA analysis of SunLife data.

Figure 5: Average prices from SunLife data and reweighted by cremation/burial proportions



Source: CMA analysis of SunLife data.

33. As shown in Table 3 and Figure 5, reweighting by cremation/burial ratio results in lower price levels (between £144 - £315 lower), but a similar CAGR over the period; 4.7% for the reweighted price versus 5% for SunLife's price. Compared with reweighting by burial/cremation ratio alone, reweighting by share of supply and burial/cremation ratio together results in lower prices from 2016 onwards (between £124 - £203 lower) and slightly higher price levels initially (by £30 in 2010), which yields a lower overall price inflation (2010 – 2019 CAGR of 4.0%) and slightly greater variance in growth year-on-year.

Summary

34. When comparing SunLife's average prices with that of the reweighted figures, the trends and price levels of the original and reweighted data are largely

¹⁵ 2019 data on share of supply is not yet available, so the percentage for 2018 has also been used for 2019.

similar between 2010 – 2016 and therefore represents an insightful benchmark for funeral prices and their rate of growth.

35. However, especially in recent years, there are cases which show how SunLife's methodology and sample selection can lead to diverging results in terms of price levels and trends:
- (a) Reweighting the average professional fee to take into account the share of supply of Co-op and Dignity indicates that the average price level is lower than the SunLife estimate (by £186 in 2019) and the rate of price increases since 2016 is also lower than SunLife's estimate (CAGR of 1.5% compared with SunLife's 3.7% between 2016 - 2019).¹⁶ In terms of any single adjustment, reweighting for share of supply has the largest effect on the price levels and trend in recent years.
 - (b) Reweighting the average professional fee for regional death rate has an effect in specific years where some regions with high death rates behaved differently from the rest. As such, from 2016 onwards the reweighted average price was higher than SunLife's estimate (by up to approximately £110). Overall, this resulted in a slightly higher estimated rate of price increase (5.0% compared with SunLife's 4.6%).
 - (c) Reweighting the average funeral price to adjust for burial/cremation split results in a lower average price by around £144 - £315, but does not have a significant effect on the rate of change in prices relative to SunLife's estimate (4.7% compared with SunLife's 5.0%). Reweighting by both the burial/cremation split and the share of supply results in an even lower average price from 2017 onwards (between £124 - £203 less than reweighting for burial/cremation split alone), and also decreases the overall rate of change in price (4.0% compared with 4.7% when reweighting solely for burial/cremation split).

Price comparisons between funeral directors

36. By taking averages of the sampled branches for each of Dignity, Co-op and independents and other FDs, we can examine:¹⁷
- (a) How prices varied between FDs over the period; and,

¹⁶ As described in paragraph 25, the increasing level of Dignity oversampling year-on-year particularly influences SunLife's estimated CAGR after 2016.

¹⁷ We note that the sample size is small for all funeral directors (including independents and other FDs, but especially for Dignity and Co-op).

(b) Whether professional fees or disbursement costs (as defined by SunLife) had the most inflationary pressure upon FDs' prices.

37. Table 4 shows the SunLife sample make-up from 2010 to 2019.

Table 4: Sample make-up of FDs

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Independents and others	80	80	81	78	77	71	73	72	68	64
Dignity	11	11	11	13	12	17	18	21	26	23
Co-op	9	9	8	9	11	12	9	7	6	13

Source: CMA analysis of SunLife data.

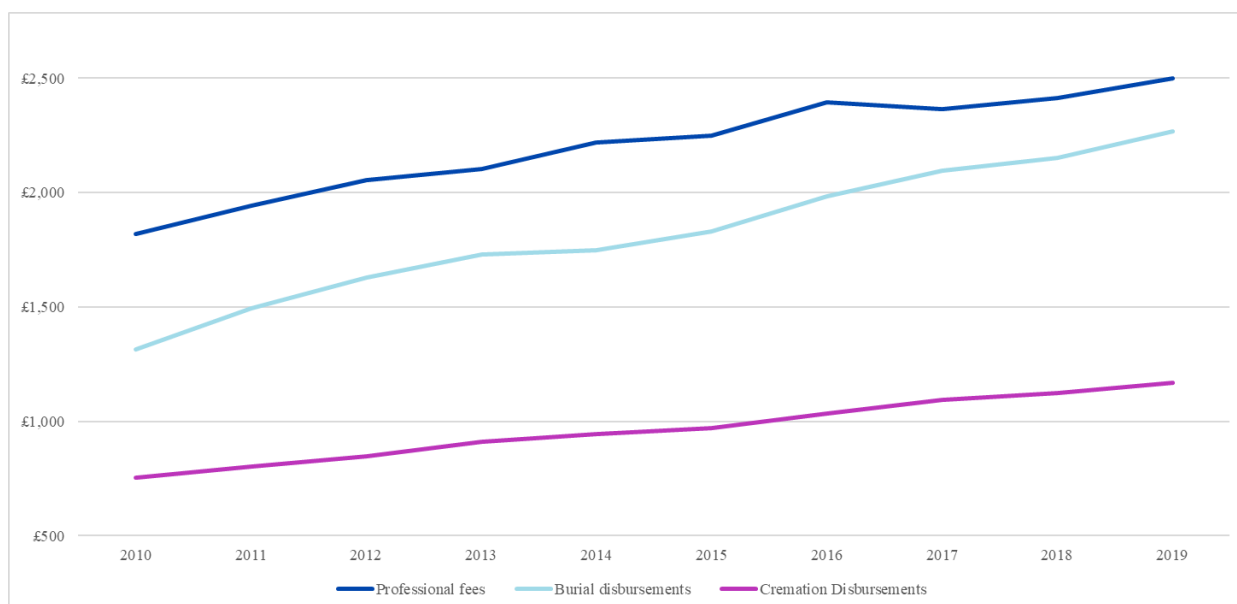
38. To provide context for the discussion of prices split by different FDs, Table 5 shows the professional fees and disbursements (as defined by SunLife) reweighted by share of supply.

Table 5: Professional fees and burial/cremation disbursements weighted by share of supply, 2010-2019 and CAGR

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	CAGR % (2010 – 2019)
Professional fees (£)	1,820	1,944	2,054	2,104	2,217	2,248	2,394	2,365	2,413	2,501	3.6%
Burial disbursements (£)	1,313	1,492	1,629	1,731	1,749	1,832	1,983	2,097	2,152	2,268	6.3%
Cremation disbursements (£)	754	804	847	910	945	972	1,035	1,092	1,123	1,170	5.0%

Source: CMA analysis of SunLife data.

Figure 6: Professional fee and disbursements growth weighted by share of supply



Source: CMA analysis of SunLife data.

39. Table 5 shows that over the period, professional fees had a smaller growth rate (3.6%) compared with burial disbursements (6.3%) and cremation

disbursements (5.0%). Figure 6 shows that cremation disbursements were significantly cheaper than burial disbursements over the whole period.

Professional fees

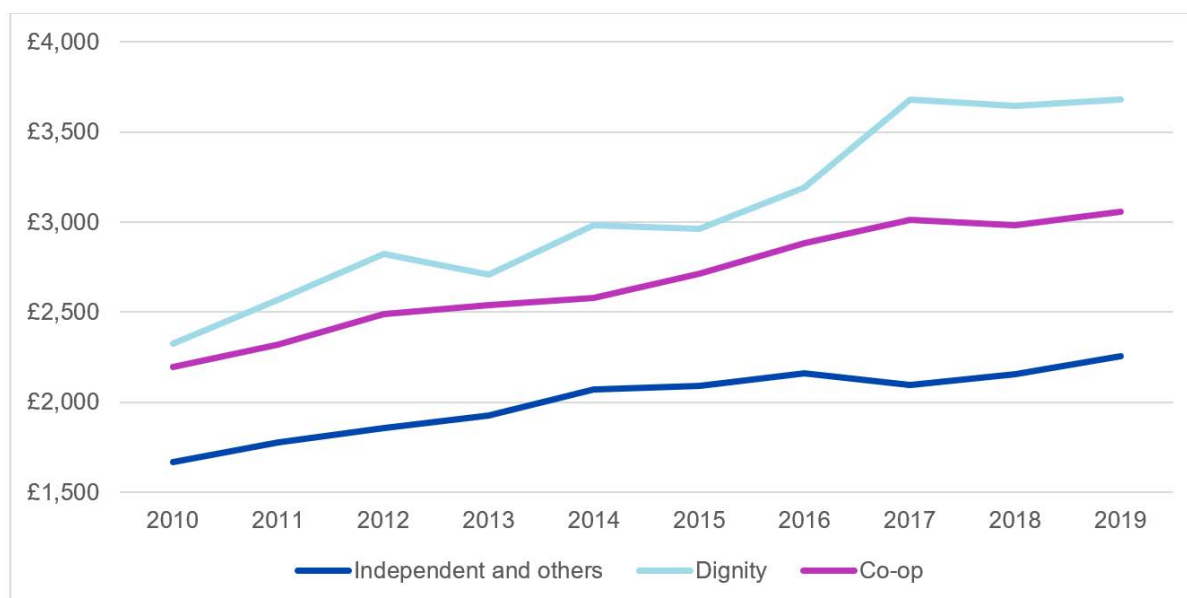
40. Table 6 and Figure 7 show how professional fees for Dignity, Co-op and independents and other FDs have varied over the period on average.^{18,19}

Table 6: Average professional fees for Dignity, Co-op and other FDs, 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	% increase 2010 - 2019
Independents and others (£)	1,670	1,779	1,857	1,928	2,071	2,088	2,161	2,094	2,158	2,254	35%
Dignity (£)	2,326	2,568	2,823	2,707	2,981	2,961	3,190	3,679	3,644	3,682	58%
Co-op (£)	2,196	2,317	2,488	2,539	2,578	2,712	2,884	3,011	2,982	3,056	39%

Source: CMA analysis of SunLife data.

Figure 7: Professional fees growth for Dignity, Co-op and other FDs



Source: CMA analysis of SunLife data.

41. Table 6 shows that over the period Dignity increased professional fees the most in both absolute levels and as a percentage relative to 2010. The disparity in average professional fees between independents and other FDs and Co-op and Dignity has increased over the period. Co-op and Dignity were on average 31% and 39% more expensive than independents and other FDs respectively in 2010, but this has increased to 36% and 63% in 2019.

¹⁸ For 2010 – 2013, and 2016 – 2019, this was calculated using an unweighted average of the branches of each funeral director category for each year. In 2014 and 2015 we did not have branch level data and therefore we used the averages calculated by SunLife.

¹⁹ We note that these averages are based on a small proportion of Co-op and Dignity's total number of branches. We are therefore seeking further information on professional fees.

Comparing Dignity and Co-op, in the period 2010 to 2016 Co-op was cheaper than Dignity by around 6 - 14%. However, in 2017 Dignity had a much larger professional fee increase than Co-op and since then Co-op has maintained a 17 to 18% cheaper fee than Dignity.

42. Between 2016 and 2017, the average professional fee for independent and other FDs declined by £67 (3%), and for Dignity and Co-op it continued increasing. From 2017 to 2019 there is a stagnation in professional fees for Dignity and Co-op, but the average fee for independents and other FDs continued increasing. This is shown in Figure 7 and by the percentage increases shown in Table 7 below.
43. Table 7 shows the CAGR of the professional fees for the three FD categories and for the inflation rate, as measured by the Retail Price Index (RPI), for various yearly splits. The use of RPI is consistent with the price-setting behaviour of some independent funeral directors,²⁰ but we note that it is not the only (or necessarily the most appropriate) measure of inflation for funeral director services.

Table 7: Professional fee growth rate for Dignity, Co-op and independents and other FDs

	<i>CAGR (2010 – 2017)</i>	<i>CAGR (2017 – 2019)</i>	<i>CAGR % (2010 – 2019)</i>
Independents and others	3.3%	3.8%	3.4%
Dignity ²¹	6.8%	0.0%	5.2%
Co-op	4.6%	0.7%	3.7%
Inflation rate (RPI)	2.9%	3.0%	2.9%

Source: CMA analysis of SunLife data.

44. The independents' and other FDs' average professional fee growth rate was approximately 0.5 percentage points higher than the average inflation rate (as measured by RPI) over the entire period 2010 – 2019. Co-op and Dignity were both above the inflation rate for 2010 to 2017 by 1.7 percentage points and 3.9 percentage points respectively, and in 2017 to 2019 both companies had low professional fee growth, between 2.3 to 3 percentage points below inflation. Independents and other FDs continued to increase professional fees in 2017 to 2019, unlike Co-op or Dignity.
45. Table 8 shows the average professional fees for Dignity, Co-op and independent and other FDs which have been deflated using RPI such that 2010 is the base year. The real CAGR figures show how professional fees for each category have increased compared to the inflation rate, such that a

²⁰ RPI Index sourced from [ONS](#). The price-setting behaviour of some independent funeral directors is discussed in the working paper [Qualitative information from independent funeral directors](#).

²¹ Dignity did not have many sampled branches during the earlier years which meant the data is particularly volatile in those years. For example, in 2013 they acquired one of the independents who were in the sample which, as a low-cost branch, brought the average price of Dignity in the sample below 2012's average.

positive real CAGR value indicates that professional fees have grown at a rate above inflation over the period.

Table 8: Average professional fees for Dignity, Co-op and independent and other FDs, 2010-2019 (real)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Real CAGR (%)
Independents and others (£)	1,670	1,691	1,710	1,723	1,808	1,805	1,837	1,718	1,713	1,745	0.5%
Dignity (£)	2,326	2,441	2,600	2,419	2,603	2,560	2,711	3,018	2,893	2,850	2.3%
Co-op (£)	2,196	2,202	2,291	2,269	2,251	2,345	2,451	2,470	2,368	2,366	0.8%

Note: Data is deflated such that 2010 is the base year. RPI Index sourced from [ONS](#).

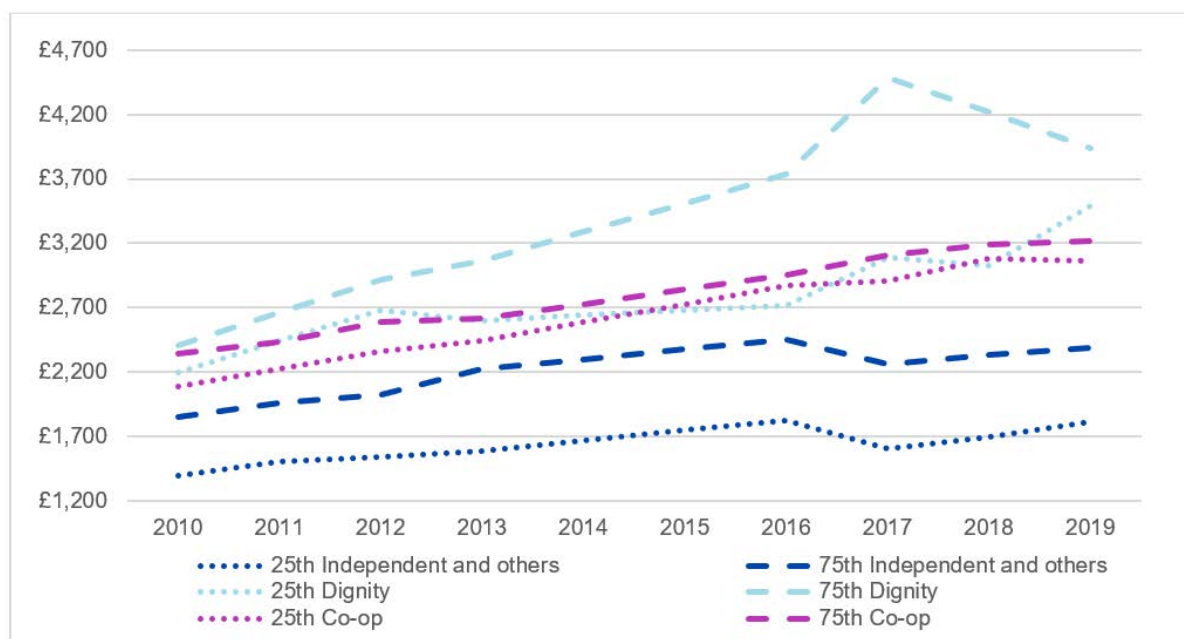
46. Table 8 shows that across the period 2010 to 2019, Dignity, Co-op and the independent and other FDs all increased their average professional fee in real terms (ie at a rate faster than inflation). This is shown by the fact that they all have positive real CAGR values over the period. It shows that the most significant increase in average professional fee was by Dignity, followed by the Co-op and then by independent and other FDs.
47. It shows that the real average professional fee charged by independent and other FDs increased by £75 across the period, followed by Co-op with an increase of £170, followed by Dignity with an increase of £524. It shows that their average real prices increased most significantly between 2010 to 2017. Dignity and Co-op's real prices fell in the period 2017 to 2019, and the average real price for independents and other FD's fell significantly between 2016 and 2017, before levelling out between 2017 and 2018 and then rising between 2018 and 2019.

Price distribution (professional fees)

48. We have also looked at the distribution in professional fees between branches of Dignity, Co-op and independents and other FDs respectively, using their respective interquartile ranges²² which should reduce emphasis on any outliers. However, given the small number of branches for each group in the sample this is largely illustrative of the degree of price distribution. Nevertheless, we consider this is still informative as a complement to analysing the average prices, given the limitations of looking at average prices in the presence of large variations in prices. Figure 8 shows the interquartile range for Dignity, Co-op and independent and other FDs across 2010 – 2019.

²² The interquartile range is a measure of where the "middle fifty" is in a data set. Where a range is a measure of where the beginning and end are in a set, an interquartile range is a measure of where the bulk of the values lie.

Figure 8: Professional fee interquartile range for Dignity, Co-op and independent and other FDs



Source: CMA analysis of SunLife data.

Note: We did not receive branch level for 2014 and 2015 so the values shown above for these years are just interpolated from the 2013 to 2016 figures, therefore no weight should be placed on those figures. Due to the small sample size for Dignity/Co-op, less weight should be placed on the IQR as a representation for the companies as a whole.

49. We found that the independents and other FDs had a stable interquartile range of around £600 over the period. The Co-op had a very tight interquartile range with only £100 - £200 difference between the professional fee charged by the 25th percent most expensive and 25th percent least expensive sampled branches.²³ Dignity's interquartile range was the most variable over the period and at some points the widest.

Disbursements

50. With the data available it was possible to compare disbursement costs for both cremations and burials. Table 9 shows the disbursement for cremations for Dignity, Co-op and independents and other FDs in 2010-2019. The disbursements include doctors' fees, clergy/celebrants' fees, cremation, service in church or cemetery chapel including organist:

²³ Using branch-level data submitted by the Co-op for all of their branches, interquartile range for Co-op's standard ARF in 2018 is £[£], compared to a £100-£200 estimate from Sunlife. Using branch-level data submitted by Dignity for all their branches, the interquartile range for Dignity's standard ARF in 2018 was £[£], compared to Sunlife's estimate of around £900. Therefore, for both large funeral directors for which we have data, the interquartile range suggested by SunLife is broadly consistent with their actual distribution.

Table 9: Cremation disbursement fees for Dignity, Co-op and other FDs, 2010-2019 and CAGR

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	% increase (2010 – 2019)	CAGR (2010 – 2019)
Independents and others (£)	760	806	850	919	970	1,012	1,032	1,106	1,144	1,189	56%	5.1%
Dignity (£)	753	835	866	917	919	809	1,018	1,075	1,163	1,200	59%	5.3%
Co-op (£)	728	773	821	864	904	951	993	1,029	974	1,033	42%	4.0%

Source: CMA analysis of SunLife data.

51. The level of disbursements is fairly uniform for all funeral directors over the period, which should be expected given that third party costs are faced by all companies regardless of their identity. However, in 2018 Co-op's disbursement costs decreased before returning in 2019 to the same level as in 2017.²⁴ The absolute level of increase in disbursements over the period has been lower than the absolute level of increase in professional fees for both Co-op and Dignity, while it has been more similar for independents and other FDs. This means that, as a percentage of the overall price increase over the period, disbursements were a larger portion of independents' and other FDs' price increases than in the case of Dignity and Co-op.

52. Table 10 shows the disbursement costs for burials for Dignity, Co-op and independents other FDs in 2010-2019, where the disbursements include burial, service in church or cemetery chapel with an organist.

Table 10: Burial disbursement fees for Dignity, Co-op and other FDs, 2010-2019 and CAGR

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	% increase (2010 – 2019)	CAGR (2010 – 2019)
Independents and others (£)	1,281	1,432	1,589	1,725	1,699	1,810	1,958	2,066	2,279	2,296	79%	6.7%
Dignity (£)	1,428	1,748	1,849	1,839	1,643	1,595	1,938	1,929	2,053	2,452	72%	6.2%
Co-op (£)	1,387	1,613	1,679	1,694	2,180	2,216	2,003	2,375	1,475	1,959	41%	3.9%

Source: CMA analysis of SunLife data.

53. Burial average disbursement costs were more variable between the different FDs, with independents and other FDs initially providing the lowest disbursements and Co-op the highest. However, by 2019 Co-op provided the lowest disbursements and Dignity the highest. For independents and other FDs, the burial disbursement cost increase over the period is around two times their professional fee increase. For Dignity the increase of burial disbursements was slightly lower than their professional fee increase. For Co-op, the increase of burial disbursements was very small. However, Co-op's

²⁴ This lower price was due to lower price increases for cremation fees and clergy fees in the sampled Co-op branches, due to the small sample this may not be consistent with the Co-op as a whole.

disbursements were significantly higher than those of Dignity and independents and other FDs in 2010.

Summary

54. The analysis of SunLife data set out above shows that in the period 2010 to 2019, Dignity was the highest priced FD in terms of average professional fees, followed by Co-op. The level of disbursements overall was more uniform between the FD categories, although burial disbursements saw more variability year-on-year than cremation. In terms of average professional fees, the price premium of Co-op and Dignity over independents and other FDs increased over the period 2010-2019, with Dignity increasing their price premium over Co-op as well. The price premium of the largest providers relative to independents and other FDs in 2019 was 36% and 63% for Co-op and Dignity respectively, having grown significantly from 31% and 39% in 2010. This gap grew over the entire period, and significantly from 2016 to 2019. There is a wide distribution in the prices charged by independent and other funeral directors, and so their average prices here, and in the rest of the paper, should not be read in isolation.
55. The growth in the average professional fee charged by independents and other FDs in the sample was approximately 0.5 percentage points (17%) higher than the average inflation rate (measured by RPI) over the entire period 2010 – 2019, which corresponds to an increase in real terms in the average price charged of £75. The average professional fee charged by independent and other FDs fell slightly in nominal terms, and by a greater amount in real terms, between 2016 and 2017, but has increased again in 2019. Co-op and Dignity increased prices by 2% and 4% respectively above the inflation rate for 2010 to 2017, but from 2017 to 2019 their prices stagnated and were around 3% below inflation. Over the entire period, the average prices charged increased in real terms by £170 for Co-op and £524 for Dignity.

Data from larger funeral directors

56. In this section, we detail the ARFs,²⁵ ADFs and ATRs of the larger funeral directors. This includes the three largest firms, as well as the next 10 largest firms by branch numbers.

²⁵ For the purpose of analysis of large and small funeral directors, we have calculated average revenue per funeral either by summing the total revenue for all funeral types, or by summing the total revenue for standard funerals, and divided this by the number of funerals performed in the corresponding period. Analysis conducted in

57. In this section we analyse different groups of large funeral directors separately.
- (a) First, we analyse the data provided by the three largest firms; Co-op, Dignity and Funeral Partners. These are grouped separately as we received data of sufficient detail which allows us to analyse both the ARF and ATR for different funeral packages.
 - (b) Second, we analyse the data provided by the regional Co-ops. These are grouped separately as the regional co-ops did not have a consistent definition of disbursements and therefore our analysis focuses on the level and trend of the ATR for different funeral packages.
 - (c) Third, we analyse all of the larger funeral directors in aggregate. This includes the three largest firms and the next ten largest by number of branches (which includes the regional Co-ops). A number of the funeral directors did not provide their revenues and sales data split by funeral type, and as such we analyse the ATR per funeral aggregated across all funeral types. Of the larger funeral directors, some provided more granular data which allowed us to analyse the ATR of standard funerals within certain branches.

Three largest funeral directors

58. Co-op, Dignity and Funeral Partners have submitted information about their monthly revenues and volumes, split by funeral package (ie standard, simple, prepaid, etc).^{26,27}
59. To analyse how their revenues have changed over time, Table 11 to Table 15 show the ARF, ADF and ATR split by standard and simple funeral packages, and at-need and pre-paid funerals. They show the figures for Co-op, Dignity

the *Funeral Directors: profitability analysis* working paper uses a different approach, focusing on total revenue provided by the party, and thus some differences occur across the two papers. We also note that the *Funeral Directors: Profitability Analysis* working paper includes disbursements in the calculation of the Average Revenue per Funeral (ARF), whereas this paper does not.

²⁶ We do not analyse the revenues and volumes of child, contract or repatriation funerals offered by Dignity, or the repatriation or contract/environmental funerals offered by Funeral Partners. These funerals account for a small proportion of total volumes and revenues, and they are not included as they are not a typical funeral that a consumer would choose to purchase at the point of need. As a sensitivity test, we have calculated the ARFs for all funeral types, including child, contract, repatriation, and contract/environmental funerals. This is contained in Appendix 1. The results do not change materially when all of the funeral types are included. Comparing Table 5 with the results in Appendix 1 shows that the average total costs are lower for Dignity and Funeral Partners when all funeral types are included (by approximately £[£] for Dignity and £[£] for Funeral Partners), and the CAGR figures are broadly similar (with most of the differences being less than [%]).

²⁷ We note that there are some inconsistencies in the reported ARFs/ATRs in this section and that of the "Funeral Directors: Profitability Analysis" working paper. Across the three largest FDs, this is due to differences in the reporting of total revenue.

and Funeral Partners, and a weighted average of all three firms called the 'combined' average.²⁸ They also show the CAGRs for the period 2013 – 2018, 2013 – 2016 and 2016 – 2018.

60. Table 11 shows the ARF, ADF, and ATR and CAGRs for standard funerals.

Table 11: Average revenue, disbursement, and total revenue per standard funeral

	ARF (without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.
2013	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2014	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2015	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2016	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2017	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.5-5.0k]
2018	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.5-5.0k]
CAGR												
2013-18	[£]	[£]	[£]	5%	[£]	[£]	[£]	4%	[£]	[£]	[£]	4%
2013-16	[£]	[£]	[£]	6%	[£]	[£]	[£]	5%	[£]	[£]	[£]	6%
2016-18	[£]	[£]	[£]	2%	[£]	[£]	[£]	3%	[£]	[£]	[£]	3%

Note: This includes Adult, Traditional and Classic funerals for Co-op; Standard and Bespoke funerals for Dignity; and Standard, Discretionary Discount, and Options/Pre-set Packages/bundle funerals for Funeral Partners.

61. Table 11 shows that when considering the period 2013 to 2018, the CAGR of the standard ARF is higher than the CAGR of the ATR for Dignity and Funeral Partners, and slightly lower for Co-op. For Dignity and Funeral Partners, the CAGR of the ARF was higher than the ADF, indicating that the funeral director's fees were the main driver of the increase in ATR.

62. Table 11 also shows that the CAGR of the standard ARF and ATR grew faster between 2013 to 2016 as compared with 2016 to 2018 for all three funeral directors. It shows that Dignity's standard ARF and ATR grew at a faster rate compared with Co-op and Funeral Partners in the period 2013 – 2016. In 2018 the standard ARF fell for both Dignity and Funeral Partners, and continued to grow for the Co-op.

²⁸ The weighted average is calculated by weighting the ARF and ADF of Co-op, Dignity, and Funeral Partners by the number of funerals conducted in each year.

63. Table 12 shows the ARF, ADF, and ATR and CAGRs for simple funerals.

Table 12: Average revenue, disbursement, and total revenue per simple funeral

	ARF (without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.
2013	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[0.5-1.0k]	[£]	[£]	[£]	[2.5-3.0k]
2014	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[0.5-1.0k]	[£]	[£]	[£]	[3.0-3.5k]
2015	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[0.5-1.0k]	[£]	[£]	[£]	[3.0-3.5k]
2016	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[0.5-1.0k]	[£]	[£]	[£]	[3.0-3.5k]
2017	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2018	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
CAGR												
2013-18	[£]	[£]	[£]	1%	[£]	[£]	[£]	4%	[£]	[£]	[£]	2%
2013-16	[£]	[£]	[£]	3%	[£]	[£]	[£]	4%	[£]	[£]	[£]	4%
2016-18	[£]	[£]	[£]	-4%	[£]	[£]	[£]	4%	[£]	[£]	[£]	-1%

Note: Includes Funeral Partners' basic and essential funeral packages. Does not include Dignity's Limited funeral.

64. Table 12 shows that when considering the period 2013 to 2018, the CAGR of the simple ARF is 1 to 2 percentage points lower than the ATR. The ADF grew at a faster rate than the ARF for Co-op and Dignity but at a lower rate for Funeral Partners. The ADF for simple funerals grew at approximately the same rate throughout the entire period (with less than 1% difference) for all funeral directors. It shows that the ARF grew considerably faster in the period 2013 – 2016 as compared with 2016 – 2018.

65. Table 12 shows that the three largest FDs have pursued different pricing strategies. In 2013 – 2016, Co-op's simple ARF grew, before being reduced in 2016 ([£]%), and levelled out in 2017 – 2018. Dignity's simple ARF grew significantly between 2013 – 2017, before a decrease in 2018 ([£]%). Funeral Partners had the lowest simple ARF in 2013 compared with Co-op or Dignity, before it grew considerably between 2013 – 2016, decreased between 2016 and 2017, and grew to a lesser extent in 2017 – 2018.

66. Comparing the combined CAGR in Table 11 and Table 12 shows that the ARF for standard funerals has grown faster compared with simple funerals. These tables show that Co-op and Dignity's standard and simple ARFs grew between 2013 – 2016, and that between 2016 – 2018 the ARFs for simple funerals declined while their ARF for standard funerals grew at a slower rate. Across 2013 – 2018, Funeral Partners' standard and simple ARFs have risen such that although it has the [£].

67. Table 13 shows the ARF, ADF, and ATR and CAGRs for at-need funerals, and Table 14 shows the ARF, ADF, and ATR and CAGRs for pre-paid funerals.

Table 13: Average revenue, disbursement, and total revenue per at-need funeral

	ARF (without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.
2013	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2014	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2015	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2016	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2017	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.5-5.0k]
2018	[£]	[£]	[£]	[3.0-3.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
CAGR												
2013-18	[£]	[£]	[£]	3%	[£]	[£]	[£]	4%	[£]	[£]	[£]	3%
2013-16	[£]	[£]	[£]	5%	[£]	[£]	[£]	5%	[£]	[£]	[£]	5%
2016-18	[£]	[£]	[£]	-1%	[£]	[£]	[£]	3%	[£]	[£]	[£]	0%

Note: This includes standard, simple and direct cremation for Co-op; standard, simple, limited and direct cremation for Dignity; and standard and simple for Funeral Partners. Includes both burials and cremations.

Table 14: Average revenue, disbursement, and total revenue per pre-paid funeral

	ARF (without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.
2013	[£]	[£]	[£]	[1.5-2.0k]	[£]	[£]	[£]	[0.5-1.0k]	[£]	[£]	[£]	[2.5-3.0k]
2014	[£]	[£]	[£]	[1.5-2.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[2.5-3.0k]
2015	[£]	[£]	[£]	[1.5-2.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[2.5-3.0k]
2016	[£]	[£]	[£]	[1.5-2.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2017	[£]	[£]	[£]	[1.5-2.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2018	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
CAGR												
2013-18	[£]	[£]	[£]	7%	[£]	[£]	[£]	4%	[£]	[£]	[£]	6%
2013-16	[£]	[£]	[£]	8%	[£]	[£]	[£]	4%	[£]	[£]	[£]	6%
2016-18	[£]	[£]	[£]	5%	[£]	[£]	[£]	3%	[£]	[£]	[£]	5%

Note: Includes both pre-paid burials and cremations.

68. Table 13 and Table 14 show that over 2013 – 2018, the CAGR of at-need ARF and ATR for Co-op and Dignity was lower than that of pre-paid funerals and higher for Funeral Partners. However, the pre-paid ARFs for all three firms were lower than that of at-need funerals across the entire period. We will be collecting further information about the difference in ARFs between at-need and pre-paid packages.
69. These tables show that the CAGR of the at-need ARF for the three largest FDs combined was lower between 2016 – 2018 as compared with 2013 – 2016, and that the CAGR of the pre-paid funeral ARF also declined but not to the same extent. They show that at-need ADFs have been higher over the period compared with pre-paid funerals, and that the CAGR has been similar.
70. Table 15 shows the ARF, ADF, and ATR and CAGRs for all funerals.

Table 15: Average revenue, disbursement, and total revenue per funeral (including all funerals)²⁹

	ARF (Without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.
2013	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2014	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2015	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2016	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2017	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
2018	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[4.0-4.5k]
CAGR												
2013-18	[£]	[£]	[£]	3%	[£]	[£]	[£]	4%	[£]	[£]	[£]	3%
2013-16	[£]	[£]	[£]	5%	[£]	[£]	[£]	4%	[£]	[£]	[£]	5%
2016-18	[£]	[£]	[£]	0%	[£]	[£]	[£]	3%	[£]	[£]	[£]	0%

Note: This does not include the revenues and volumes of child, contract or repatriation funerals offered by Dignity, or the repatriation or contract/environmental funerals offered by Funeral Partners. As a sensitivity test, we have calculated the ARFs with these funeral types included. The results are contained in Appendix 1.

71. Table 15 shows that the ARFs, ADFs, ATR, and CAGRs for all funerals show similar patterns to the results for at-need funerals. This reflects the fact that at-need funerals make up a significant proportion of all funerals.³⁰

Data from regional co-ops

72. Central England, East of England and Southern Co-ops submitted information about their annual revenues and volumes, split by funeral package, for the period 2013 to 2018.^{31,32} This section presents the level and growth rate of the ARF, ADF and ATR per funeral for these three regional co-ops.³³ However, as respondents did not have a consistent definition of disbursements³⁴, our analysis focuses on the level and trend of the ATR.
73. Table 16 to Table 19 below show the ARF, ADF and ATR for standard, simple,³⁵ at-need and pre-paid funerals respectively. They also show the CAGR of these variables for the periods 2013 to 2018, 2013 to 2016 and

²⁹ From 2013, the volume of standard funerals as a proportion of at-need funerals has declined from [£]% to [£]% for Dignity, [£]% to [£]% for Co-op, and [£]% to [£]% for Funeral Partners. For the most part, this has been mirrored by a growth in the sale of simple funerals, with direct cremations making up a small proportion (<5%) of sales in 2017 and 2018.

³⁰ Approximately 85% of funerals are at-need, while 15% are pre-paid funeral plans. This is detailed in the [Funerals market study Final report and decision on a market investigation reference](#).

³¹ Companies identified funeral packages by adhering to the 5 types of funeral specified in our information request; direct cremation, simple, standard, other and pre-paid. There may be variation between co-ops in the types of niche funeral packages included in "other".

³² Midcounties Co-op provided revenue and volume figures, however due to our concerns over how it reported disbursements between funeral types, it has been excluded from this analysis.

³³ The data provided in the regional co-op's responses has been adjusted to reflect calendar years.

³⁴ For example, Central England Co-op recorded crematorium fees from its own crematorium as disbursements, whereas Southern Co-op did not.

³⁵ The data for standard and simple funeral types, as examined, here are for at-need standard/simple funerals only.

2016 to 2018. Southern Co-op has been excluded from Table 17 as it records all at-need funerals as standard funerals.

74. These tables show figures for the regional co-ops, and a weighted average of all co-ops for each table ('combined').³⁶
75. Table 16 shows the ARF, ADF and ATR per standard funeral for Central England, East of England and Southern Co-ops both individually and combined.

Table 16: Regional co-ops average revenue, disbursement and total revenue per standard funeral, 2013-2018

	ARF (without Disbursements) (£)				Average Disbursements (£) ³⁷				Average total revenue (£)			
	Cent.	East	South.	Comb.	Cent.	East	South.	Comb.	Cent.	East	South.	Comb.
2013	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2014	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2015	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2016	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2017	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2018	[£]	[£]	[£]	[2.5-3.0k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
CAGR												
2013-18	[£]	[£]	[£]	3%	[£]	[£]	[£]	2%	[£]	[£]	[£]	3%
2013-16	[£]	[£]	[£]	3%	[£]	[£]	[£]	4%	[£]	[£]	[£]	3%
2016-18	[£]	[£]	[£]	4%	[£]	[£]	[£]	0%	[£]	[£]	[£]	3%

Notes:

- (1) Southern co-op records all at-need funerals as standard, although some of their funerals may be more similar to simple funerals.³⁸ As a result, their standard funeral ATR may be understated here.
- (2) East of England co-op's standard funeral ATR may be understated here as it reports niche funeral types, which are generally cheaper, as standard funerals.

76. The rate of growth in the combined standard ATR was consistent throughout the period, with growth in 2013 to 2016 similar to growth in 2016 to 2018. The combined growth rates do however mask varying trends between co-ops, as some had different levels of total growth as well as different patterns of growth within the period. For instance, in 2013, Central England Co-op had the lowest standard ATR by some margin, and despite growing the fastest over the period, was [£] by 2018. Turning to East of England Co-op, after fast growth between 2013 and 2016, its standard ATR fell by [£]% in 2018 [£] Southern Co-op which, similarly to Central England Co-op, grew faster between 2016 and 2018 than in 2013 to 2016 [£].
77. Compared with the three largest funeral directors, the regional co-ops experienced a slower combined growth in standard ATR, caused by the three largest funeral directors' fast growth in standard ATR in the early stages of the period, with both groups growing similarly between 2016 and 2018. In 2018,

³⁶ This is calculated by dividing the sum of the revenues/disbursements/total costs by the sum of the number of funerals across the co-ops.

³⁷ Southern Co-op owns two crematoria and Central England Co-op owns one. This affords them some level of control over their own level of disbursements. East of England Co-op does not own any.

³⁸ Southern Co-op told us that it introduced a simple funeral package in some targeted areas [£].

the combined standard ATR for the regional co-ops was around [REDACTED]% lower than the three largest funeral directors combined.

78. Table 17 shows the ARF, ADF and ATR per simple funeral for Central England and East of England Co-ops, both individually and combined.

Table 17: Regional co-ops average revenue, disbursement and total revenue per simple funeral, 2013-2018 ³⁹

	ARF (without Disbursements) (£)			Average Disbursements (£)			Average total revenue (£)		
	Cent.	East	Comb.	Cent.	East	Comb.	Cent.	East	Comb.
2013	[REDACTED]	[REDACTED]	[1.5-2.0k]	[REDACTED]	[REDACTED]	[0.5-1.0k]	[REDACTED]	[REDACTED]	[2.5-3.0k]
2014	[REDACTED]	[REDACTED]	[1.5-2.0k]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[2.5-3.0k]
2015	[REDACTED]	[REDACTED]	[1.5-2.0k]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[2.5-3.0k]
2016	[REDACTED]	[REDACTED]	[1.5-2.0k]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[2.5-3.0k]
2017	[REDACTED]	[REDACTED]	[1.5-2.0k]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[2.5-3.0k]
2018	[REDACTED]	[REDACTED]	[1.5-2.0k]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[3.0-3.5k]
CAGR									
2013-18	[REDACTED]	[REDACTED]	2%	[REDACTED]	[REDACTED]	2%	[REDACTED]	[REDACTED]	2%
2013-16	[REDACTED]	[REDACTED]	-1%	[REDACTED]	[REDACTED]	2%	[REDACTED]	[REDACTED]	0%
2016-18	[REDACTED]	[REDACTED]	6%	[REDACTED]	[REDACTED]	4%	[REDACTED]	[REDACTED]	5%

Note: Southern co-op is excluded from this table as it records all at-need funerals as standard funerals.

79. East of England Co-op has [REDACTED], and its simple ATR was [REDACTED] in 2018, despite Central England Co-op's ATR growing throughout the period.
80. The growth of Central England Co-op's simple ATR is characterised by [REDACTED].
81. Comparing Table 16 with Table 17 indicates that Central England Co-op's ATR for simple funerals grew at approximately⁴⁰ the same rate overall as its standard funerals over the period 2013 to 2018. Despite this, it may have adopted different pricing strategies for the two types, given the contrasting patterns of growth observed between them.⁴¹ The difference in trends between simple and standard is even more marked for East of England Co-op, [REDACTED]. Turning to examine the levels of ATR in 2018, Central England Co-op's ATR for standard funerals was around [REDACTED]% higher than its simple funerals, whereas for East of England Co-op, standard funerals were [REDACTED]% higher. Simple funerals represented [REDACTED]% of Central England Co-op's and [REDACTED]% of East of England Co-ops total funeral volumes respectively whereas standard represented [REDACTED]% and [REDACTED]%.
82. Comparing Table 12 with Table 17 shows that Central England Co-op's ATR for simple funerals grew faster overall than Dignity's or Co-op's, but slower

³⁹ [REDACTED].

⁴⁰ To two decimal places, average total cost for standard funerals grew by [REDACTED]% over the period versus [REDACTED]% for simple funerals.

⁴¹ That is to say, given that the standard funeral ATR grew consistently throughout the period whereas the simple funeral ATR had growth concentrated around certain years.

than Funeral Partners'. With its growth concentrated in the latter stages of the period, Central England Co-op exhibited a different pattern of growth in ATR for simple funerals than the three largest funeral directors, all of whom grew faster between 2013 and 2016 than in 2016 to 2018. East of England Co-op's ATR per simple funeral was [£] in 2018, but was [£], whereas Central England Co-op's ATR per simple funeral was [£] in the same year.⁴²

83. Table 18 and Table 19 show the ARF, ADF and ATR per at-need and pre-paid funeral respectively for Central England, East of England and Southern co-ops both individually and combined.

Table 18: Regional co-ops average revenue, disbursement and total revenue per at-need funeral, 2013-2018

	ARF (without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Cent.	East	South.	Comb.	Cent.	East	South.	Comb.	Cent.	East	South.	Comb.
2013	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2014	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2015	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2016	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2017	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2018	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
CAGR												
2013-18	[£]	[£]	[£]	3%	[£]	[£]	[£]	2%	[£]	[£]	[£]	3%
2013-16	[£]	[£]	[£]	2%	[£]	[£]	[£]	4%	[£]	[£]	[£]	3%
2016-18	[£]	[£]	[£]	4%	[£]	[£]	[£]	1%	[£]	[£]	[£]	3%

Table 19: Regional co-ops average revenue, disbursement and total cost per pre-paid funeral, 2013-2018

	ARF (without Disbursements) (£)				Average Disbursements (£)				Average total revenue (£)			
	Cent.	East	South.	Comb.	Cent.	East	South.	Comb.	Cent.	East	South.	Comb.
2013	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2014	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2015	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.0-3.5k]
2016	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2017	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
2018	[£]	[£]	[£]	[2.0-2.5k]	[£]	[£]	[£]	[1.0-1.5k]	[£]	[£]	[£]	[3.5-4.0k]
CAGR												
2013-18	[£]	[£]	[£]	3%	[£]	[£]	[£]	3%	[£]	[£]	[£]	3%
2013-16	[£]	[£]	[£]	4%	[£]	[£]	[£]	4%	[£]	[£]	[£]	4%
2016-18	[£]	[£]	[£]	2%	[£]	[£]	[£]	1%	[£]	[£]	[£]	2%

84. Comparing Table 18 with Table 19 shows that over the period 2013 to 2018 both the levels and the rates of growth of the combined ATR for at-need and pre-paid funerals were approximately in line with each other, although the pre-paid ATR grew faster between 2013 and 2016 whereas the at-need ATR grew faster between 2016 and 2018.

⁴² For context, in 2018 standard funerals typically make up around 75% of at-need funerals for the three largest FDs, and around 85% for the regional co-ops. Simple funerals constitute most of the remaining funerals for both groups, as direct cremation proportions are below 5% for all groups that year.

85. Growth rates and patterns of ATR display some variation between the regional co-ops. The pre-paid ATR had roughly a similar growth over the whole period across the three co-ops, whereas for at-need funerals, Central England Co-op grew faster than Southern Co-op, who in turn grew faster than East of England Co-op by around the same margin.⁴³ When considering growth between the two types, Southern Co-op was the only co-op with similar growth rates and patterns between at-need and pre-paid, whereas East of England Co-op saw pre-paid rise faster than at-need, owing to its at-need ATR dropping by [X] % in 2018 after strong growth up to 2016. The opposite is true for Central England Co-op, which saw slightly higher growth in at-need funerals due to growth in its pre-paid ATR [X] between 2016 and 2018.
86. Comparing Table 18 with Table 13 indicates that the regional co-op's combined ATR for at-need funerals is around [X] % lower than that of the three largest funeral directors in 2018, and although both groups showed a similar growth rate over the whole period, the regional co-op's characteristics of steady growth throughout was not shared by the three largest funeral directors, whose combined ATR fell in 2018 after growing faster than the regional co-ops until 2017.⁴⁴ Turning to pre-paid funerals by comparing Table 19 to Table 14, the regional co-ops had a combined ATR which was around [X] % higher than that of the three largest funeral directors in 2018, despite the three largest providers experiencing roughly twice as much growth than the regional co-ops over the period. The regional co-ops were similar to the three largest funeral directors insofar that both groups saw the pre-paid combined ATR grow faster between 2013 and 2016 than in 2016 to 2018.

Total cost per funeral across all funeral types

87. We received company-level revenue and volume data for the period 2015 to 2018 from the 13 largest funeral directors by number of branches. We asked, where possible, to split data by funeral type, particularly between at-need and pre-paid, but this was not provided in most cases.⁴⁵ As such, we focus on the average total revenue (ATR) per funeral across all funeral types.⁴⁶ Some companies provided more granular data, so we were able to look at standard

⁴³ The ATR for at-need funerals grew by an average of [X] % for Central Co-op, [X] % for Southern Co-op and [X] % for East of England Co-op, between 2013 and 2018.

⁴⁴ Despite the material differences in price levels, the regional co-ops conduct a similar proportion of pre-paid to at-need funerals as Co-op or Dignity.

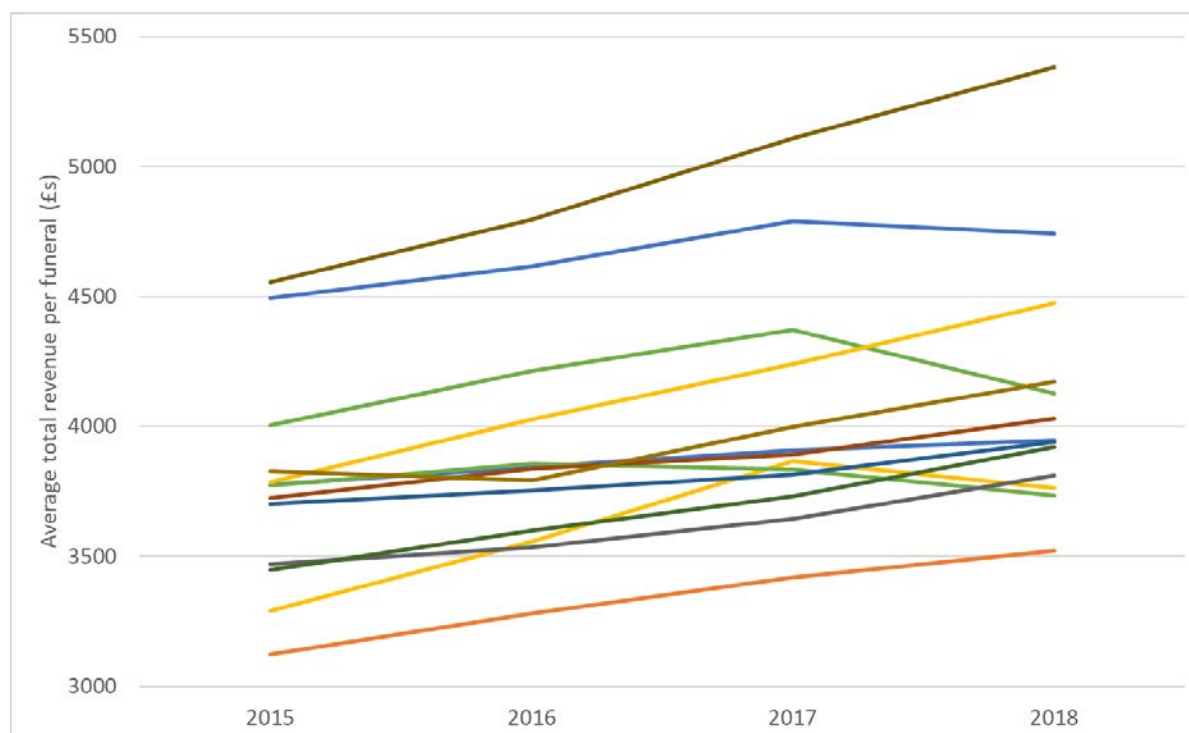
⁴⁵ For those where this type of data was provided at the company level, please see the section preceding this one for the corresponding discussion (largest FDs at paras 58 – 71 and regional co-ops at paras 72 - 86).

⁴⁶ As pre-paid funerals are typically cheaper than at-need, the ATRs as presented here can be seen as a lower bound to the ATRs for at-need funerals. For these FDs, approximately 20% of funerals are pre-paid.

funerals over time at the branch level, which we analyse in further detail separately.

88. Figure 9 and Table 20 below show the ATR per funeral across all funeral types for the 13 largest FDs between 2015 and 2018.

Figure 9: Comparison of average total revenue of the 13 largest funeral directors, all funeral types, 2015 to 2018.



Source: CMA analysis using data from the 13 largest FDs by number of branches.

Table 20: Average total revenue of the 13 largest funeral directors, all funeral types, 2015 to 2018

	2015 (£)	2016 (£)	2017 (£)	2018 (£)	CAGR % (2016 - 2018)
Co-op	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dignity	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Funeral Partners	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Alan Greenwood	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Central England Co-op	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
East of England Co-op	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Midcounties Co-op	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Southern Co-op	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
A W Lymn ⁴⁷	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CPJ Field	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
William Purves	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Beverley Funerals	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

⁴⁷ A W Lymn have noted that there are a number of idiosyncratic reasons such that the average total revenue does not reflect the increase in their at-need funeral prices.

Lodge Bros	2016	2017	2018	2019	2020
Min	3,122	3,280	3,420	3,521	4%
25th percentile	3,470	3,598	3,813	3,812	3%
Median	3,773	3,837	3,893	3,948	1%
75th percentile	3,828	4,026	4,240	4,173	2%
Max	4,553	4,795	5,110	5,383	6%
Range (Max-Min)	1,431	1,515	1,690	1,862	11%
Interquartile range (75th percentile-25th percentile)	358	428	427	361	-8%

Source: CMA analysis using data from the 13 largest FDs by number of branches.

89. Using Figure 9 and Table 20 we can see the differences in ATR per funeral between the larger funeral directors, and how this has changed over time.
90. There is a wide range of ATRs between the 13 larger funeral directors, a gap which is becoming larger over time:
- (a) The difference between the highest (£4,553) and lowest (£3,122) ATR in 2015 was £1,431. This gap grew by £431 to £1,862 in 2018, with the highest and lowest ATRs at £5,383 and £3,521 respectively (a 53% difference).
 - (b) Looking at the difference between the 4th and 10th most expensive FDs (the 75th and 25th percentiles), the gap was £358 in 2015 (between £3,470 and £3,828). This gap had grown to £427 by 2017 but fell in 2018 such that the 4th and 10th most expensive were within £361 of each other, at £4,173 and £3,812 respectively (a 9% difference).
91. Whilst there was also a wide range of growth rates in ATR per funeral between the larger FDs, there were fewer outliers in terms of growth rate compared to smaller FDs. Between 2016 and 2018, the larger FDs all had CAGRs between -2% and 6%.
92. Figure 9 shows that the CAGRs should be considered alongside year-on-year variation in the ATR. Some FDs showed a consistent growth pattern over the period; others did not, with significant changes in year-on-year growth. Comparing the growth in ATR with the rate of inflation (which grew with a CAGR of 3.5% over 2016 – 2018, as measured by RPI), shows that:
- (a) 2 of the 13 FDs saw their ATRs fall between 2016 and 2018, with CAGRs between -1% and -2% over the period.
 - (b) 3 of the 13 FDs grew at a slower pace than RPI between 2016 and 2018, with CAGRs between 1% and 2% over the period.

- (c) 5 of the 13 FDs grew at around the same pace as inflation between 2016 and 2018, with CAGRs between 3% and 4% over the period.
- (d) 3 of the 13 FDs grew faster than RPI between 2016 and 2018, with CAGRs between 5% and 6%.

Branch level data – standard funeral

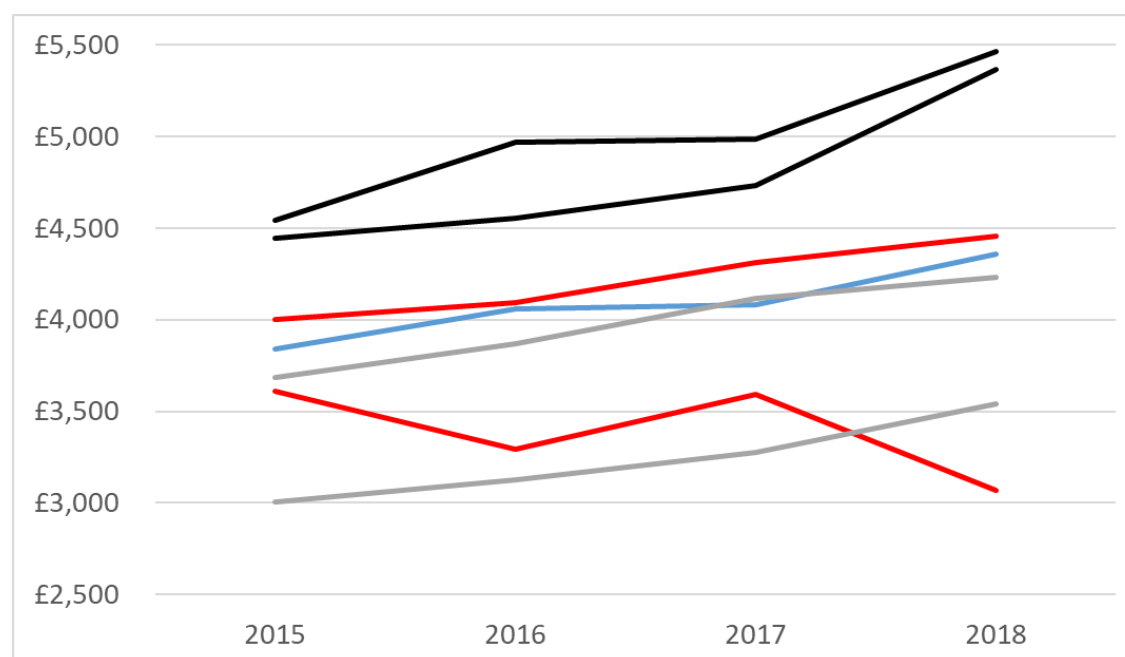
- 93. This section examines the levels and trends of the branch-level ATR per standard funeral for the larger FDs that provided revenue and volume data split by funeral type. We have focused on the standard funeral as the volumes of other funeral types were low, particularly given that the data is at the branch level.
- 94. We analysed 7 branch level responses from 4 of the larger FDs that provided yearly revenue and volumes split by funeral type for the period 2015 to 2018.⁴⁸ We asked for this to be split by professional fees and disbursements but due to our concerns⁴⁹ over how these aspects were reported, we focus on the average total revenue (ATR).
- 95. Due to the small number of responses we received that provided volume and revenue data, we have only used branch level data where an FD provided data for the entire period of 2015-2018. Also, as noted above, due to the low volumes of simple and direct cremation funeral types, which typically represented 3 - 7% and 0 - 3% of the sampled branches' volumes respectively,⁵⁰ we have chosen to focus on comparing the standard funeral package, which typically represented 79 to 83% of the volumes. We considered this approach to be the most consistent way to understand how average total revenue of funerals have changed over time.
- 96. To analyse how their ATR per funeral has changed over time, Figure 10 and Table 21 below contain the ATR per standard funeral of sampled branches of the larger FDs:

⁴⁸ We analysed all responses which were sufficiently complete such that they were usable in our analysis.

⁴⁹ The main concern was that some responses were unable to accurately distinguish disbursements from total revenue. There was also a concern that different companies may not have a consistent definition of disbursements and hence provide inconsistent data across the sample.

⁵⁰ It is important to note that these figures are based on the very small number of instances where data to this granularity was provided. These figures are also necessarily based on very small volumes and so should be taken as illustrative.

Figure 10: Average total revenue per standard funeral, sampled branches of the 13 largest FDs.



Source: CMA analysis using data from larger funeral director branches.

Table 21: Average total revenue per standard funeral, sampled branches of the 13 largest FDs.

	2015	2016	2017	2018	CAGR 2016-2018
Branch 1	4,544	4,967	4,984	5,467	5%
Branch 2 ⁵¹	4,446	4,553	4,736	5,367	9%
Branch 3	4,002	4,092	4,310	4,457	4%
Branch 4	3,612	3,292	3,593	3,067	-3%
Branch 5	3,839	4,058	4,085	4,357	4%
Branch 6	3,004	3,124	3,275	3,541	6%
Branch 7	3,686	3,869	4,116	4,235	5%

Source: CMA analysis using data from larger funeral director branches.

97. Because standard funerals comprise the majority⁵² of funerals, comparing Figure 10 and Table 21 to Figure 9 and Table 20 allows us to see how closely aligned ATR per standard funeral at the branch level is to the company level ATR for companies which we received branch level data from. However, as the company level data is aggregated across all funeral types, it should be regarded as a lower bound to the ATR per standard funeral.⁵³

98. There are mixed results when comparing the branch level standard ATR against the company level average ATR per standard funeral. One FD was

⁵¹ [X] have submitted that for [one of their sampled branches] [X], the growth of disbursement fees has driven the increase in the total revenue per standard funeral.

⁵² Typically between 79-83% for our sample.

⁵³ Due to other types, in particular pre-paid funerals, being typically cheaper than standard funerals.

closely aligned in both levels and trends of ATR between the branch and company level, whereas others saw similar trends but varying levels. Another FD exhibited variation in the branch level ATR and company level ATR in both levels and trends.

- (a) One FD for which we had two branch observations seemed to have somewhat standardised pricing across its company. Both branches had similar trends in growth, and a similar ATR per standard funeral to the company average ATR for standard funerals, with one branch being £16 cheaper and the other £84 more expensive than the company average ATR in 2018.
- (b) Another FD for which we had two branch observations saw very different trends and levels between its two branches. In 2015, the more expensive branch had an ATR around £400 (11%) higher than the cheaper branch. This gap had widened significantly by 2018, as the more expensive branch was around £1400 (45%) higher, due to its ATR growing by around £450 and the ATR of the cheaper branch falling by around £550. The company average ATR grew in a similar manner to the more expensive branch, although slightly slower, and had a level somewhere between the two. The more expensive branch had an ATR around £200 (5%) higher than the company average ATR in 2015, which had grown to become around £300 (7%) higher by 2018. The FD noted that the small number of funerals conducted from each location could lead to considerable variation year to year, that the two funeral homes are in different communities with different demographics and that the ATR is influenced by consumer choice (eg between burials and cremations).
- (c) Another FD for which we had two branch level observations saw similar trends in growth but different levels of ATR between its two branches. The more expensive branch maintained an ATR around £700 higher than the cheaper branch over the period, such that it was around 20% more expensive in 2018. Both branches grew faster than the company average ATR, such that the more expensive branch was around £240 (7%) more expensive in 2015, and around £300 (7%) more expensive in 2018.
- (d) Another FD for which we had one branch observation saw different levels but similar trends between its branch level standard ATR and the company average ATR. In 2015, the branch level standard ATR was around £549 (17%) more expensive than the company average ATR, but grew by £518 over the period, whereas the company average ATR grew by £472, such that the branch level ATR was £595 (16%) more expensive than the company average by 2018. The FD noted that this branch

accounts for a small proportion of the company's business, so it does not consider these differences to be significant.

Data from smaller funeral directors

99. This section analyses the level and growth rate of the ATR per funeral for a sample of smaller FDs that provided us with revenue and volumes data.
100. We asked 76 smaller FDs for funeral volumes and revenue data for the period 2015 to 2018. Where possible, we requested FDs to split their revenue and volumes by at-need and pre-paid funerals, but in most cases, this was not provided. We analysed 23 responses at the company level, and 5 responses at the branch level.⁵⁴⁵⁵ Given the small number of smaller FDs in the sample, we consider the following analysis be illustrative.
101. First, we present the ATR per funeral at the company level for all funeral types. We then consider, at the branch level, the ATR per funeral of standard funerals for smaller FDs that provided volume and revenue data split by funeral package.⁵⁶

Total cost per funeral across all funeral types

102. We received complete company-level responses from 23 smaller FDs that provided revenue and volume data for 2015 to 2018. As FDs did not typically provide their split between pre-paid and at-need funerals, this section focuses on ATR per funeral across all funeral types.⁵⁷ Some companies provided more granular data, so we were able to look at standard funerals over time at the branch level, which we analyse in further detail separately.
103. Figure 11, Figure 12 and Table 22 show summary statistics on the distribution of the ATR per funeral across all funeral types for the smaller funeral directors for which we have company-level data for the years 2015 to 2018.⁵⁸

⁵⁴ This paper draws from the same sample of smaller FDs as considered in the "Funeral Directors: Profitability Analysis" working paper.

⁵⁵ We analysed all responses which were completed sufficiently such that they were usable in our analysis.

⁵⁶ Where possible the data we received has been adjusted to the calendar year to ensure a like- for- like comparison amongst the FDs.

⁵⁷ As pre-paid funerals are typically cheaper than at-need, the ATRs as presented here can be seen as a lower bound to the ATRs for at-need funerals. Where comparisons are drawn between the larger FDs and the smaller FDs across all funeral types, it should be noted that the larger FDs typically conduct slightly more pre-paid funerals relative to at-need than the smaller FDs.

⁵⁸ We have chosen to focus on data from 2015 as the response rate for 2014 and prior for the smaller FDs was relatively low compared with later years.

Figure 11: Comparison of Average total revenue per funeral for smaller funeral directors across time, all funeral types, 2015 to 2018

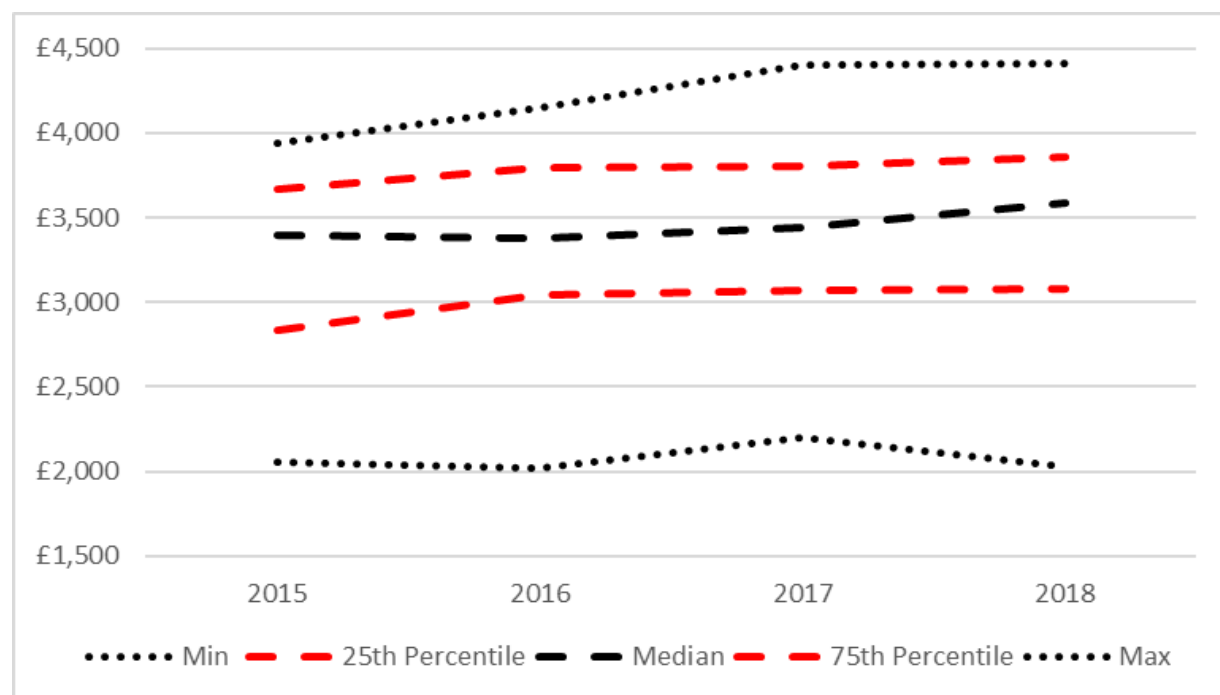
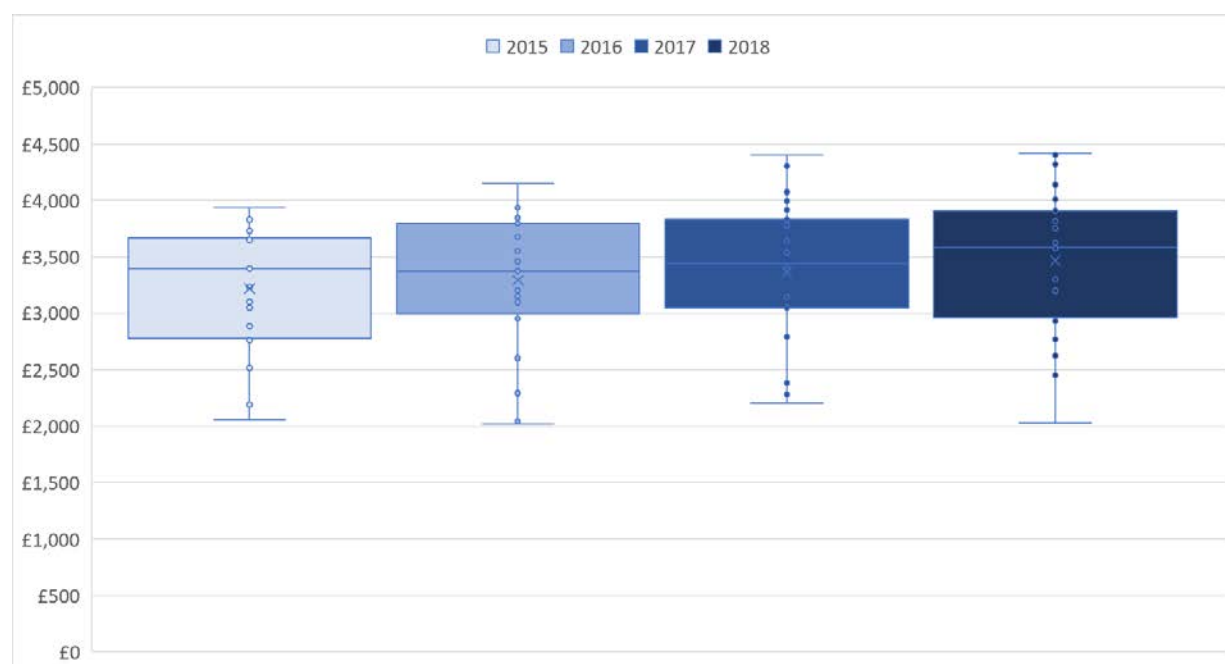


Figure 12: Comparison of average total revenue per funeral for smaller funeral directors, all funeral types, 2015 to 2018



Source: CMA analysis using data from smaller funeral directors.
 Note: This includes all funeral types including child, contract or repatriation funerals.

Table 22: ATR per funeral for smaller funeral directors and CAGR, 2015-2018

	2015 (£)	2016 (£)	2017 (£)	2018 (£)	CAGR% (2016-2018)
FD 1	£2,059	£2,044	£2,204	£2,029	0%

FD 2	n/a	£2,290	£2,381	£2,450	3%
FD 3	n/a	£2,020	£2,281	£2,624	14%
FD 4	£2,191	£2,602	£2,787	£2,769	3%
FD 5	n/a	£3,938	£2,318	£2,928	-14%
FD 6	£2,758	£2,954	£3,051	£2,959	0%
FD 7	£2,887	£2,997	£3,092	£3,200	3%
FD 8	£3,234	£3,151	£3,167	£3,217	1%
FD 9	n/a	£3,225	£3,142	£3,242	0%
FD 10	£3,424	£3,154	£3,398	£3,300	2%
FD 11	£2,518	£3,590	£3,395	£3,571	0%
FD 12	£3,048	£3,459	£3,639	£3,583	2%
FD 13	£3,102	£3,374	£3,535	£3,623	4%
FD 14	£3,394	£3,549	£3,663	£3,653	1%
FD 15	£2,773	£3,096	£3,777	£3,751	10%
FD 16	£3,665	£3,676	£3,553	£3,818	2%
FD 17	£3,414	£3,202	£3,439	£3,818	9%
FD 18	£3,650	£3,795	£3,833	£3,906	1%
FD 19	£3,673	£3,793	£3,915	£4,007	3%
FD 20	£3,829	£3,958	£3,994	£4,139	2%
FD 21	£3,835	£4,147	£4,403	£4,318	2%
FD 22	£3,727	£3,849	£4,073	£4,403	7%
FD 23	£3,937	£3,871	£4,304	£4,413	7%
Min	£2,059	£2,020	£2,204	£2,029	0%
25 th Percentile	£2,830	£3,046	£3,071	£3,079	1%
Median	£3,394	£3,374	£3,439	£3,583	3%
75 th Percentile	£3,669	£3,794	£3,805	£3,862	1%
Max	£3,937	£4,147	£4,403	£4,413	3%
Inter-Quartile Range (75 th – 25 th Percentiles)	£839	£748	£734	£783	2%
Range (Max – Min)	£1,878	£2,127	£2,199	£2,384	6%

Source: CMA analysis using data from smaller funeral directors.

104. Figure 11, Figure 12 and Table 22 show the range of ATRs across sampled smaller FDs.

- (a) There is a significant amount of variation in the ATRs of the sampled smaller FDs. The ATR of the most and least expensive smaller FDs had a difference of approximately £1,878 (ATRs of £2,059 and £3,937 respectively) in 2015. Growth in the ATR of the most expensive FD⁵⁹ and a £30 decrease in the ATR for the cheapest FD widened this gap to approximately £2,384 (minimum and maximum ATRs of £2,029 and £4,413 respectively) in 2018. This gap is less marked, albeit still

⁵⁹ie the most expensive FD within each year, which was not the same FD every year. The same applies to the cheapest FD each year.

considerable, when considering the ‘middle 50%’ (the interquartile range); half of the sampled smaller FDs are within around £783 of each other in 2018. This has fallen since 2015, where the interquartile range was £839.

- (b) On aggregate the ATRs of the sampled smaller FDs have increased across the period, with the median ATR having a CAGR of 3% between 2016 and 2018. Growth was largely driven by the more expensive smaller FDs, as only 1 FD had a CAGR of above 3% from the cheaper half of the sample, versus 5 from the more expensive half.⁶⁰ Moreover, the cheapest smaller FD in 2018 was £30 cheaper than the cheapest in 2015. There was also great variety in the patterns of growth seen amongst the smaller FDs, as volatile year on year growth and declines in ATR also featured in the sample.⁶¹
- (c) Comparing these results to Table 20 shows that the smaller FD sample had on aggregate a lower level of ATR as compared to the larger FDs, but grew at a similar rate. In 2018, the median ATR of the larger FDs at £3,948 was around 10% higher than the median of the smaller FDs which was £3,583 – a difference of £365. Further, 10 of the 23 sampled smaller FDs had a lower ATR than the cheapest larger FD, whose ATR was £3,521 in 2018, and 18 of the 23 smaller FDs had a lower ATR than the median ATR of the larger FDs, which was £3,948 in 2018. With a CAGR of 3% between 2016 and 2018, the median ATR of the smaller FD sample has grown at a faster rate to the median ATR of the larger FDs in this period, which grew at 1%. There is also a much greater range of CAGRs seen in the smaller FDs than in the larger FDs; the smaller FDs were characterised by more extreme CAGR values ranging between -14% to 14% as opposed to -2% to 6% for the larger FDs.^{62 63}

105. Figure 13 below shows the makeup of the sampled smaller FDs in terms of their total volume across all of their branches and ATRs in 2018. We note that the sample encompasses a broad range of smaller FDs, with annual volumes ranging from 19 funerals in a single-branch company to over 1,603 funerals in a multi-branched company. The median size in terms of annual funeral volumes was 249 in 2018. Figure 13 indicates that a broad range of ATRs can be found amongst FDs of similar sizes, and that, at least amongst the smaller FDs, ATR does not materially change based on an FD’s size. This notion can

⁶⁰ Although the one FD which grew with a CAGR above 3% in the cheaper half was also the fastest growing FD overall.

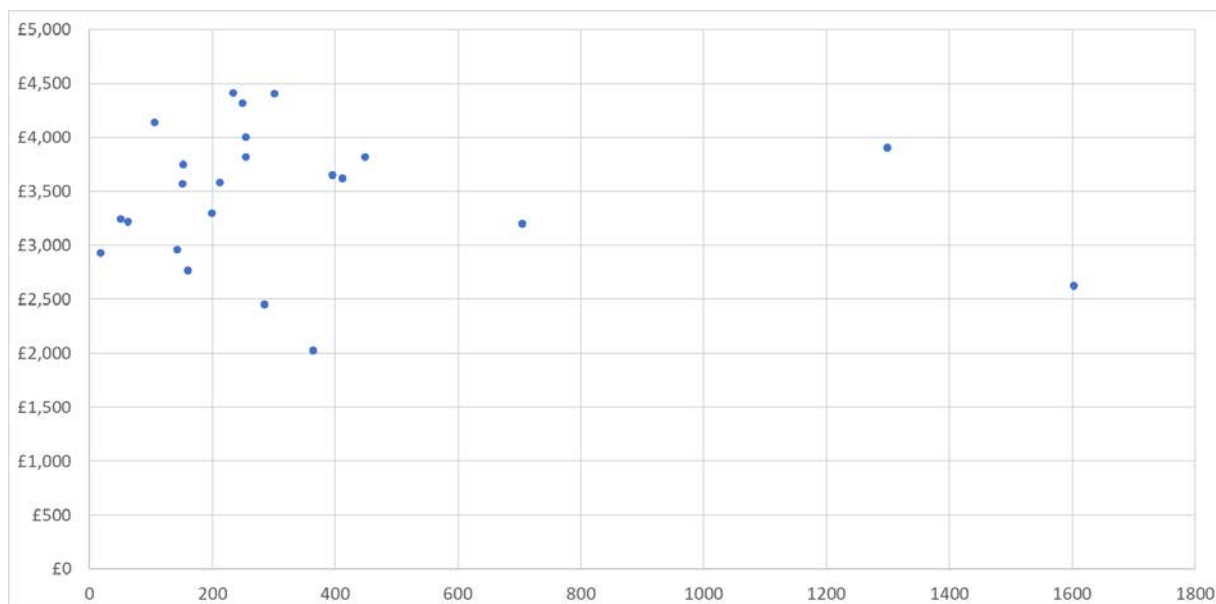
⁶¹ We recognise that in some instances this may be due to the low volumes of some of the smaller FDs in the sample, however these features were observed in various sizes of FDs.

⁶² It is worth noting that the larger sample size of the smaller FDs may also contribute to the greater variation in CAGRs.

⁶³ These observations do not change materially when including 2015 data in the analysis.

be emphasised by comparing the mean ATR of the 11 smallest FDs to the 11 largest (excluding the median); at £3,443, the mean ATR of the 11 smallest FDs in our sample is just £31 higher than the mean ATR of the 11 largest.

Figure 13: Total volume of all funerals across all branches and ATRs, for sample of smaller funeral directors, 2018



Source: CMA analysis using data from smaller FDs.

Branch level data - standard funeral

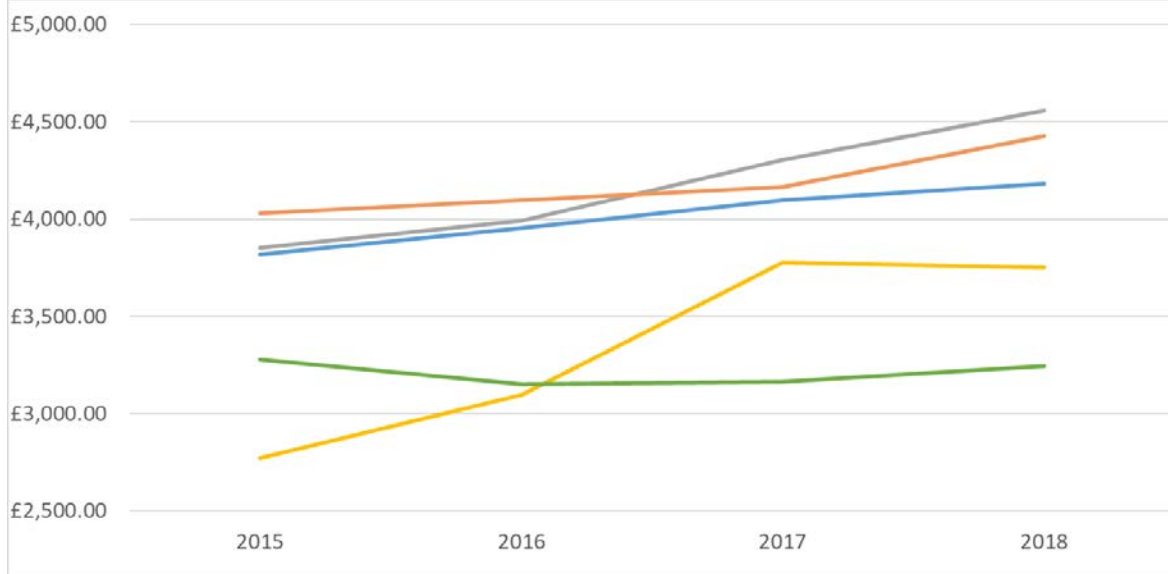
106. This section compares the levels and trends of the branch level data against the company level data for the smaller FDs that provided revenue and volume data split by funeral type.
107. We analysed 5 responses from smaller FDs in our sample that provided yearly revenue and volumes split by funeral type for the period 2015 to 2018. We asked for this to be split by professional fees and disbursements but due to our concerns⁶⁴ over how these aspects were reported, we focus on the total cost.
108. Due to the small number of responses we received that provided volume and revenue data, we have only used branch level data where a smaller FD provided data for the entire period of 2015 to 2018. Also, as noted above, due to the low volumes of simple and direct cremation funeral types, which typically represented 0 to 7% and 0 to 4% of the sampled branches' volumes

⁶⁴ The main concern was that some responses were unable to accurately distinguish disbursements from total revenue. There was also a concern that different companies may not have a consistent definition of disbursements and hence provide inconsistent data across the sample.

respectively,⁶⁵ we have chosen to focus on comparing the standard funeral package, which typically represented 81 to 92% of the volumes. We considered this approach to be the most consistent way to understand how ATR of funerals have changed within the sample over time.

109. To analyse how their standard funeral ATR has changed over time, Figure 14 and Table 23 below contain the ATR per standard funeral from our sample of smaller FDs:

Figure 14: Smaller FD sample average total revenue per standard funeral, 2015-2018⁶⁶



Source: CMA analysis using data from smaller FDs.

Table 23: Smaller FD sample average total revenue per standard funeral, 2015-2018

	2015 (£)	2016	2017	2018	CAGR % 2016-2018
Branch A	3,852	3,993	4,304	4,557	7%
Branch B	2,773	3,096	3,777	3,751	10%
Branch C	3,818	3,954	4,096	4,183	3%
Branch D	3,277	3,151	3,162	3,245	1%
Branch E	4,029	4,099	4,166	4,426	4%

Source: CMA analysis using data from smaller funeral directors.

110. Because standard funerals comprise the majority⁶⁷ of funerals for the companies in our dataset, comparing our branch and company level data allows us to see how closely aligned ATR per standard funeral at the branch

⁶⁵ It is important to note that these figures are based on the very small number of instances where data to this granularity was provided. These figures are also necessarily based on very small volumes and so should be taken as illustrative. These volumes figures represent a proportion of all funerals, including pre-paid.

⁶⁶ Some of the branches had low volumes per year which leads to the high variability over the period for those branches.

⁶⁷ Typically between 81-92% for our sample.

level is to the company level. However, as the company level data is aggregated across all funeral types, it should be regarded as a lower bound to the ATR per standard funeral.⁶⁸

111. We were able to compare branch level standard funeral ATR against the company average for 4 of the 5 sampled branches, as one of the FDs was a single branch firm.
112. As a whole there were similarities between the branch and the company level data. In 2018, all of the FDs were more expensive at the branch level, although to varying degrees (from c. 0.9% to c. 7%). All sets of observations were consistent between branch and company level in their direction of change of standard funeral ATR, although for one FD, branch level grew somewhat faster.
- (a) For [X], the branch observation had both a higher standard funeral ATR and a similar rate of growth over the period than the company average. At £3,852, the branch level standard funeral ATR was £125 (c. 3%) higher in 2015 than the company average of £3,727. This disparity remained roughly constant over the period, with the branch's standard funeral ATR standing at £4,557 in 2018, £154 (c. 3%) above the company average of £4,403.
- (b) For [X], the branch observation saw similar growth and a somewhat similar level of standard funeral ATR to the company average. With a company average of £3673 in 2015, the branch level standard funeral ATR was just £145 (c. 4%) higher at £3818 that year. The picture in 2018 was not much different; the branch level standard ATR had grown to £4183 but was still only £176 (c. 4%) higher than the company average, as both metrics grew at a similar rate.
- (c) For [X], the branch observation had both a very similar level and very similar growth trend in standard funeral ATR to the company average. In 2015, the branch and company level standard funeral ATRs were within £45 of each other at £3,277 and £3,234 respectively. Both metrics fell to around £3,150 during 2016 and 2017, and then in 2018 returned to a similar level as in 2015, with the branch and company level standard funeral ATR sitting at £3,245 and £3,217 that year respectively, a difference of just £28 between the two.
- (d) For [X], the branch observation had both a slightly higher level and rate of growth of standard funeral ATR than the company average. In 2015,

⁶⁸ As standard funerals are typically more expensive than the other defined types eg pre-paid.

the branch observation had a standard funeral ATR of £4,029, £200 (c. 5%) above the company average of £3,829. Despite both measures growing over the period, by 2018 the branch level standard funeral ATR had grown faster and reached £4,426, which was £287 (c. 7%) above the slower growing company average, which was £4,139 that year.

113. Comparing the branch vs company level findings of the smaller FDs to the corresponding analysis for the larger FDs shows that the smaller FDs see greater consistency in terms of both levels and trends between the branch and the company level standard funeral ATR. This is unsurprising as the smaller FDs have fewer branches and, on aggregate, lower levels of standard funeral ATR.
114. The branch level findings are somewhat consistent with the company level insofar as the larger FDs were typically more expensive than the smaller FDs. In 2018, 2 of the 7 larger FD branches were more expensive than the most expensive smaller FD branch, and 5 of the 7 were more expensive than the median smaller FD branch. However, the cheapest branch out of both groups also belonged to a larger FD, although this branch may be an atypical example, as its ATR fell by around £550 over the period.

Evidence from internal documents

115. We set out below some observations from internal documents from the three largest FDs we have reviewed so far which analyse and/or comment on changes in prices and price levels by them and other funeral directors.

Dignity

116. Dignity has, for a number of years, undertaken mystery shopping of its own stores and those of Co-op and independent FDs (as defined by Dignity). Dignity told us that this research was used to understand how funeral costs across the funeral industry were moving, and Dignity's at-need price competitiveness; and [redacted].
117. The research in 2016, 2017 and 2018 focused on what would be described as a standard funeral (cremation at a time to suit the family, transportation by hearse and limousine, a non-basic coffin, an opportunity for the family to view the deceased, preparation and care of the deceased, and embalming) but not flowers or newspaper announcements.⁶⁹

⁶⁹ Dignity have conducted a similar analysis in 2019, which we will reflect in our analysis in due course.

118. The calculation [§] showed the average weighted cost of dying (weighted by proportion of cremations) had increased from £2,971 in 2011 to £3,937 in 2016. Similar research in 2017 found the cost had increased by 4% to £4,086.33. Research in 2018 found the cost had decreased by 1% to around £4,050.⁷⁰ The appendix to one version of the 2018 research also calculates the average compound growth rate of average funeral costs between 2011 and 2018 to be 4.5%, and uses this to project forward costs to 2026 on the basis of the same historical compound growth rate. [§].⁷¹
119. This mystery shopping research also allows a distinction between charges from independent FDs, Dignity and Co-op. The 2018 research found that between 2013 and 2018:
- (a) Dignity's average funeral director cost had increased from £2,926 to £3,749 (28% increase) – this includes a decrease in 2018 from £4,124.
 - (b) Co-op's average funeral director cost had increased from £2,404 to £3,067 (28% increase), with no change between 2017 and 2018.
 - (c) Independent FDs' average funeral director cost⁷² had increased from £1,992 to £2,295 (15% increase) – increasing from £2,287 in 2017.
120. The 2016 research states 'One of the key objectives of the research, is to take into account the influence the presence of either a Dignity or Co-operative branch has on the Independents' average price.'⁷³ It made some attempt to structure the sample to get information on four different sub-samples (areas with only independents, areas with Dignity and Independents (D&I areas), areas with Co-op and Independents (C&I areas), and areas with all three (CDI areas), although with the result that these sub-samples have small numbers of respondents.⁷⁴ This approach was also replicated in 2017 and 2018.
- (a) The 2016 research found, among other conclusions, 'As hypothesised, FD charges are influenced by the presence and magnitude of the competition, with the highest average FD cost found in areas where

⁷⁰ Dignity provided two sets of research results for 2018, which show slightly different results.

⁷¹ [§]

⁷² This is the description applied by Dignity; it is not clear whether this includes Funeral Partners.

⁷³ The objectives of the research more broadly were noted as: "To identify the average cost, in the United Kingdom, of cremation and burial funerals, broken down by disbursements and professional fees.

To identify the regional differences in the average cost of both a burial and cremation funeral.

To identify the average cost of a burial and cremation funeral for:

- Dignity Caring Funerals
- Co-operative Funeralcare
- Independent funeral directors

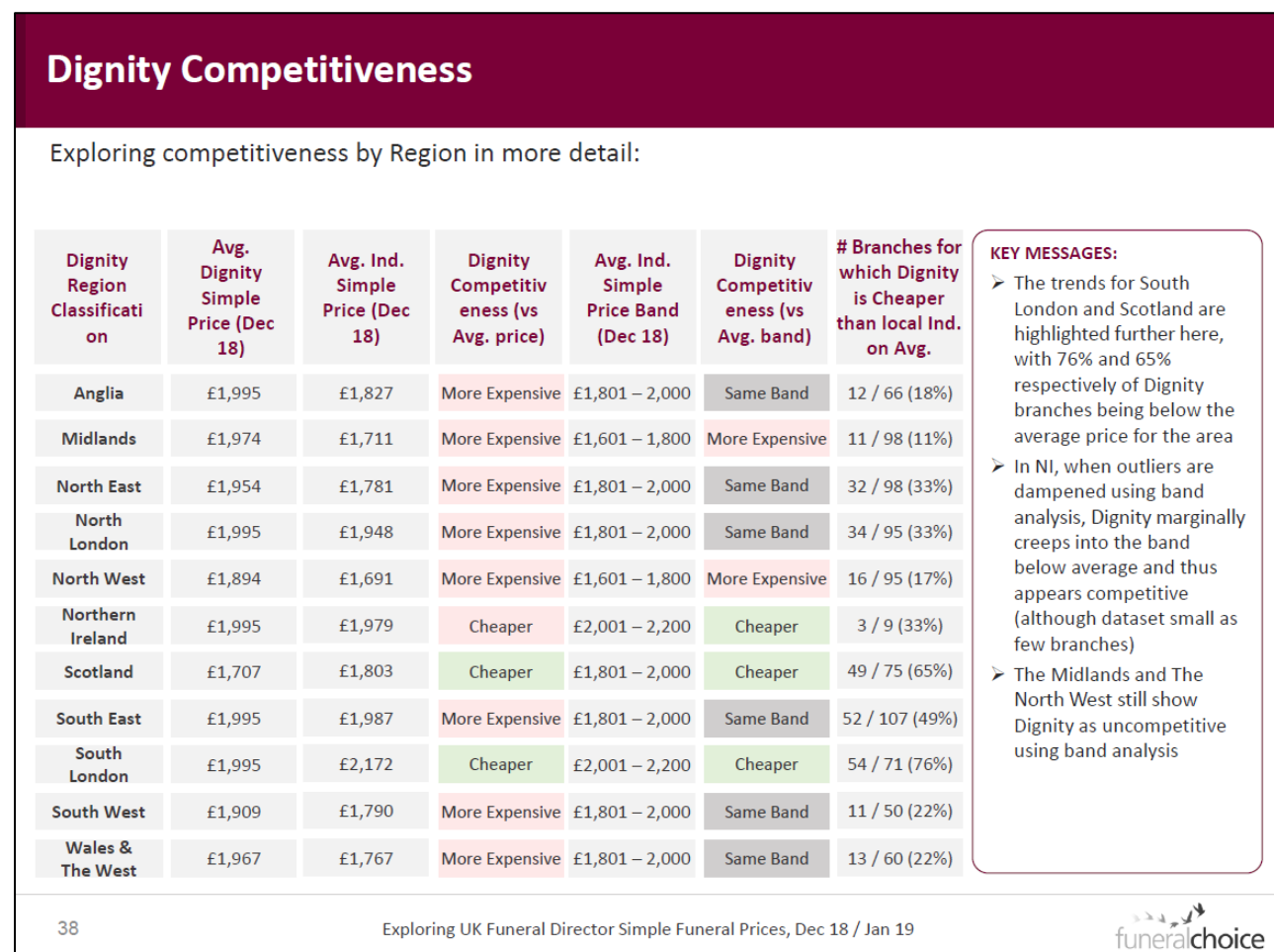
To gauge what impact the presence of a Dignity or Co-operative funeral director has on Independent funeral director pricing"

⁷⁴ Dignity have also noted that the sub-samples might be subject to selection biases as the areas selected are not comparable in size and economic characteristics.

Dignity Funeral Directors are present – and the lowest in Independent only areas’. It also stated that ‘the presence of both Dignity and Co-operative funeral directors in the same town does seem to push [independents’] prices higher, than where there is limited competition. Equally this might simply be reflective of a larger conurbation.’ However, the data suggests that the relationship between competition and independent FDs’ prices is not clear-cut, as the results indicated that independent FDs’ prices were highest where both Dignity and Co-op were present (£2,364), lower when just independent FDs were present (£2,210), lower when just Dignity and independent FDs were present (£2,139) and lowest when just Co-op and independent FDs were present (£2,019).

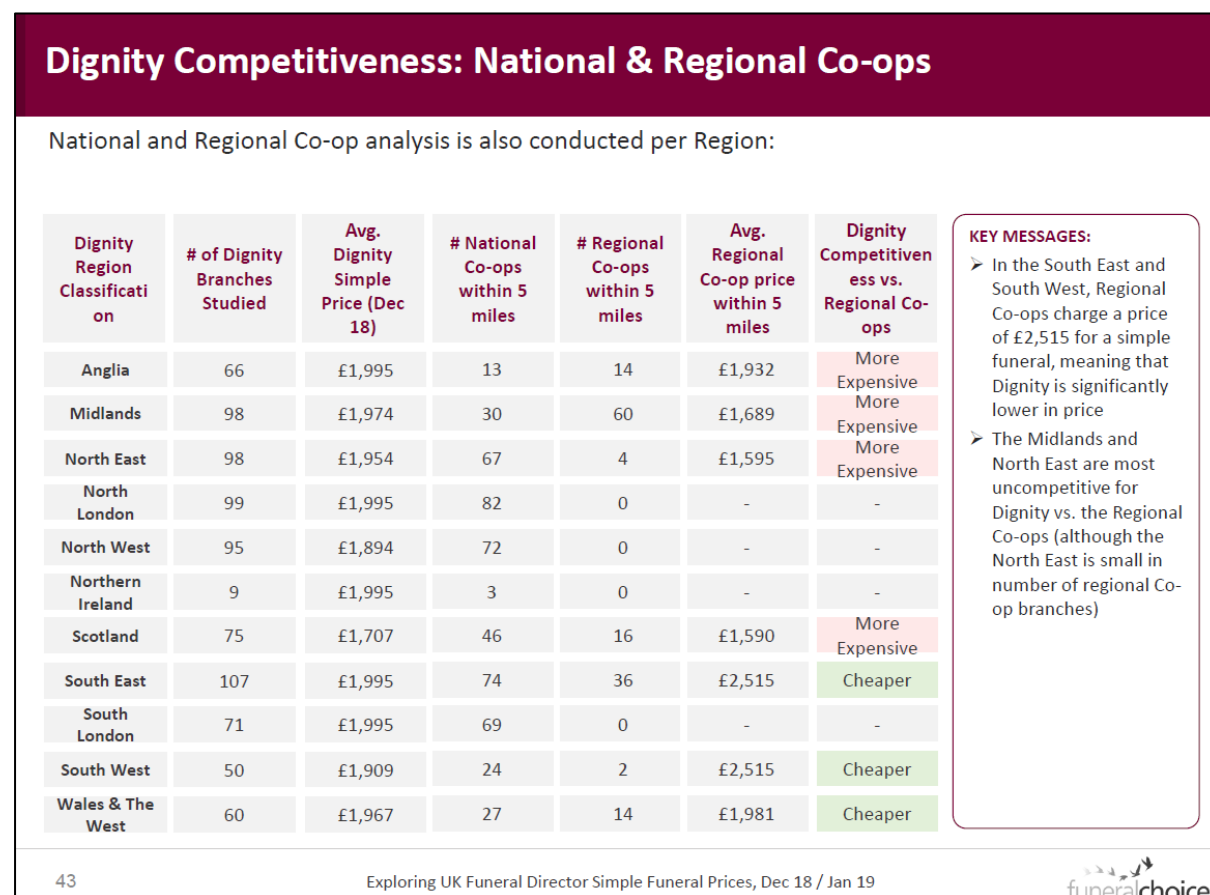
- (b) In 2017, the research found, among other things, that ‘there is not a huge differential in FD cost by provider mix’, but that ‘Dignity and Co-op [were] both slightly more expensive in CDI areas, probably a function of them being in more urban conurbations’, and ‘the differential is small, but Independents appear to be most expensive in the areas where there is just a Dignity funeral director, and least expensive where there is a Co-op’.
 - (c) In 2018, the research found, among other things, that ‘[c]osts in CDI locations have dropped in the period since 2017, presumably due to the increased competition felt in more urban conurbations, where there are a greater number of FDs to choose from (also driven by a fall in Dignity prices).’ Average FD charges had increased slightly across the other provider mix types.
121. In 2018, Dignity also commissioned research [redacted] to examine changes in prices for simple funerals from independents and Co-op branches listed on Your Funeral Choice’s website between June 2017 and December 2018. Dignity explained the purpose of this research was [redacted]. The research found that [redacted].’ This research found that over the period examined, the average UK Independent Simple Funeral price had increased by 4%, to £1,884; however, this was marked by those at the lower end of the market typically reducing prices (on average by -10%), whilst the higher end of the market (by price) increased prices (on average by +20%). [redacted].
122. In addition, this research examined the competitiveness of Dignity’s simple funeral price against independents and regional co-ops in different areas. This focuses on average simple funeral prices. Figure 15 and Figure 16 show the results of this analysis by region (it also examined its competitiveness on the basis of the different cells used in its price trials).

Figure 15: Dignity competitiveness vs independents by region, 2017-2018 analysis of Your Funeral Choice pricing data



Source: Dignity

Figure 16: Dignity price competitiveness vs co-ops, 2017-2018 data analysis of Your Funeral Choice pricing data



Source: Dignity

123. Figure 15 shows that in Northern Ireland Dignity has approximately the same price as independent FDs; in two regions it has a lower average simple price compared with independent FDs (calculated by the CMA to be £96 and £177 respectively); and in eight regions, Dignity has a higher average simple price compared with independent FDs (calculated by the CMA to be by between £8 - £263).
124. Figure 16 shows that in four of the eleven regions considered, Dignity has a higher average simple price compared with regional Co-ops located within 5 miles of their branches (calculated by the CMA to be between £63 - £359) and in three Dignity has a lower average simple price (calculated by the CMA to be between £14 to £606). In the remaining four regions, there are no regional Co-op branches within 5 miles of the Dignity branches.

Co-op

125. As part of its most recent strategy review (in early 2019), Co-op commissioned various work from [X]. A presentation [X] included information on price benchmarking that [X] had undertaken, through mystery shopping and web-scraping. This focused on the question of whether price

needed to be flexed regionally or locally. This found that Co-op was generally at a price premium to independents but cheaper than Dignity (when comparing like-for-like).

126. Figure 17 shows how the number of funerals Co-op sold [X] has changed between 2015 – 2019. This shows that, while the proportion of Co-op customers paying less than £2,000 has increased from [X]% in 2015 to [X]% in YTD 2019, the proportion paying more than £3,000 has increased from [X]% to [X]%.

Figure 17: Co-op funeral volumes [X] over time, [X]

[X]

Source: Co-op

127. Figure 18 shows results of a mystery shopping exercise for standard⁷⁵ funerals in eight Co-op branches and the equivalent funeral for 19 Dignity and independent FDs. This is split into six geographic areas with a different group of Co-op price branches in each.

Figure 18: Price variation for traditional funerals in different Co-op price bands [X] by [X]

[X]

Source: Co-op

128. Figure 18 shows that there was significant variation in standard funeral prices between funeral directors within each of these areas. This also shows that across the Co-op's price bands there was not a significant amount of variation in the Co-op's average prices. In all of the areas considered, the least expensive FD was an independent FD and the most expensive was a Dignity branch. However, we note that this is based on a small number of mystery shops (27 branches).

129. Figure 19 shows the results of another piece of [X] analysis presented in May 2019.

Figure 19: Pricing of traditional funerals [X] by different providers, [X]

[X]

Source: Co-op

130. Figure 19 shows that Co-op and Dignity's local pricing for traditional funerals (and their equivalents for other funeral directors) tends to be above the upper quartile in all regions [X] and that Dignity tends to be slightly more expensive

⁷⁵ Which Co-op refer to as 'traditional' funerals.

than Co-op. [X]. This also shows that, particularly in higher priced bands, there is a lot of variation between the maximum and minimum prices. However, we note that the analysis in Figure 19 is marked as being in draft.

131. Figure 20 show an extract of the results from an online survey of consumers.

Figure 20: Price distribution by provider (all at-need funeral types) (March and April 2019)

[X]

Source: Co-op

132. Figure 20 shows that, of those consumers surveyed who had purchased a funeral in the last three years and remembered what they had spent, [X]% had spent £2,000 or less, and [X]% had spent £4,000 or more. Those purchasing from Dignity were significantly more likely than customers of most other funeral directors to be in the £4,000+ spending band, while Co-op customers were more likely than customers of Other Independent FDs (as identified in the research) to have spent this amount.

133. However, we note the results in Figure 20 are based on an online survey, the methodology of which we have not reviewed in detail.⁷⁶

Funeral Partners

134. Funeral Partners undertook a mystery shopping exercise in September 2018 of funeral homes within approximately 4 miles (or approximately 2 miles in London) of its branches, primarily to monitor the prices of two funeral types: a simple funeral (incorporating a hearse only direct to a crematorium) and a standard funeral (comprising following limousine(s) and a church service). They stated that the results 'provided context to [their] price review for prices changes for FY18/19.' The results from this are shown in Figure 21 and Figure 22.

⁷⁶ Typically, we consider that research conducted using an online panel, where sample recruitment does not rely on randomisation, may be subject to sample bias and may not be sufficiently robust (see: [Good practice in the design and presentation of customer survey evidence in merger cases \(CMA78 revised\)](#)).

Figure 21: Funeral Partners 2018 mystery shopping results for standard funerals

Total Businesses compared	292
# of FP branches	40
# independent	70
# dignity	72
# co op	110
average price £	£2,833
Lowest £	£1,119
Our Basic Price	£2,975
highest competitor £	£3,797
% below FP	45%
FP	
% higher than FP	55%

Source: Funeral Partners

Figure 22: Funeral Partners 2018 mystery shopping results for simple funerals

Total Businesses compared	29
# of FP branches	4
# independent	9
# dignity	4
# co op	12
average price £	£1,945
Lowest £	£1,185
Our Basic Price	£1,394
highest competitor £	£2,475
% below FP	12%
FP	
% higher than FP	88%

Source: Funeral Partners

135. Figure 20 shows that with respect to standard funerals, the mystery shopping exercise compared 292 businesses. It shows that Funeral Partners' basic

price was £2,975, which is above the average price (£2,833); and that 45% of businesses has a lower price compared to Funeral Partners' and 55% has a higher price. Figure 22 shows that with respect to simple funerals, the mystery shopping exercise compared 29 businesses. It shows that Funeral Partners' basic price for simple funerals was £1,394, which is below the average price (£1,945); and that 12% of business has a lower price compared to Funeral Partners while 88% had a higher price.

136. This indicates Funeral Partners found a wide range of prices from highest to lowest for both standard and simple funerals, with standard prices ranging from £1,119 to £3,797. It also found its own prices were roughly midway between those of others for standard funerals, with 55% of branches mystery shopped pricing above Funeral Partners, and its own average standard price relatively close to the average overall (£2,975 vs £2,833). For simple funerals, Funeral Partners' average price appears lower than the average overall, but with a much smaller sample size.
137. Funeral Partners also provided research completed in April 2016 which commented on general pricing trends in the market overall. Funeral Partners emphasised that the views contained in this document are not those of the management team, and no particular actions were taken as a result of the production of this document. Figure 23, Figure 24 and Figure 25 are from this research.
 - (a) Figure 23 illustrates that its analysis found wide differences within areas (covering areas 5 miles around Funeral Partners branches), although with some consistency between areas as to the upper and lower bounds.
 - (b) Figure 24 shows the range of estimates of long-term average funeral price inflation, which it reports as being around 6%. It notes this is expected to fall but to remain above RPI inflation. The research also notes this has been supported by above inflation house price increases, which are forecast to continue into the future.
 - (c) Figure 25 shows its analysis that Dignity and Funeral Partners had traditionally increased average revenue per funeral ahead of the market average (as represented by SunLife). It also notes that Funeral Partners had increased average revenue faster than others, but was still below Dignity's average revenue.

Figure 23: Funeral Partners research 2016, relative price position of Funeral Partners by geographic area

[✂]

Figure 24: Funeral Partners research 2016, long-term inflation estimates

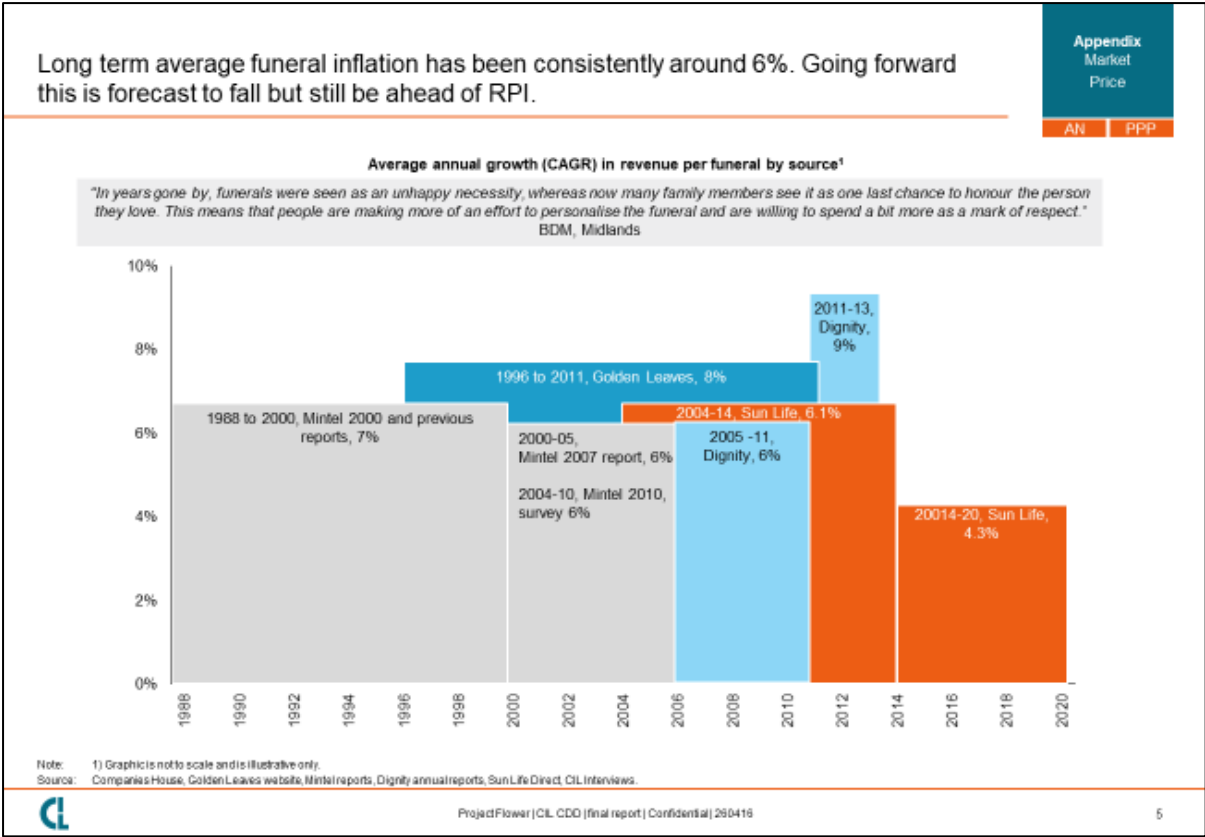
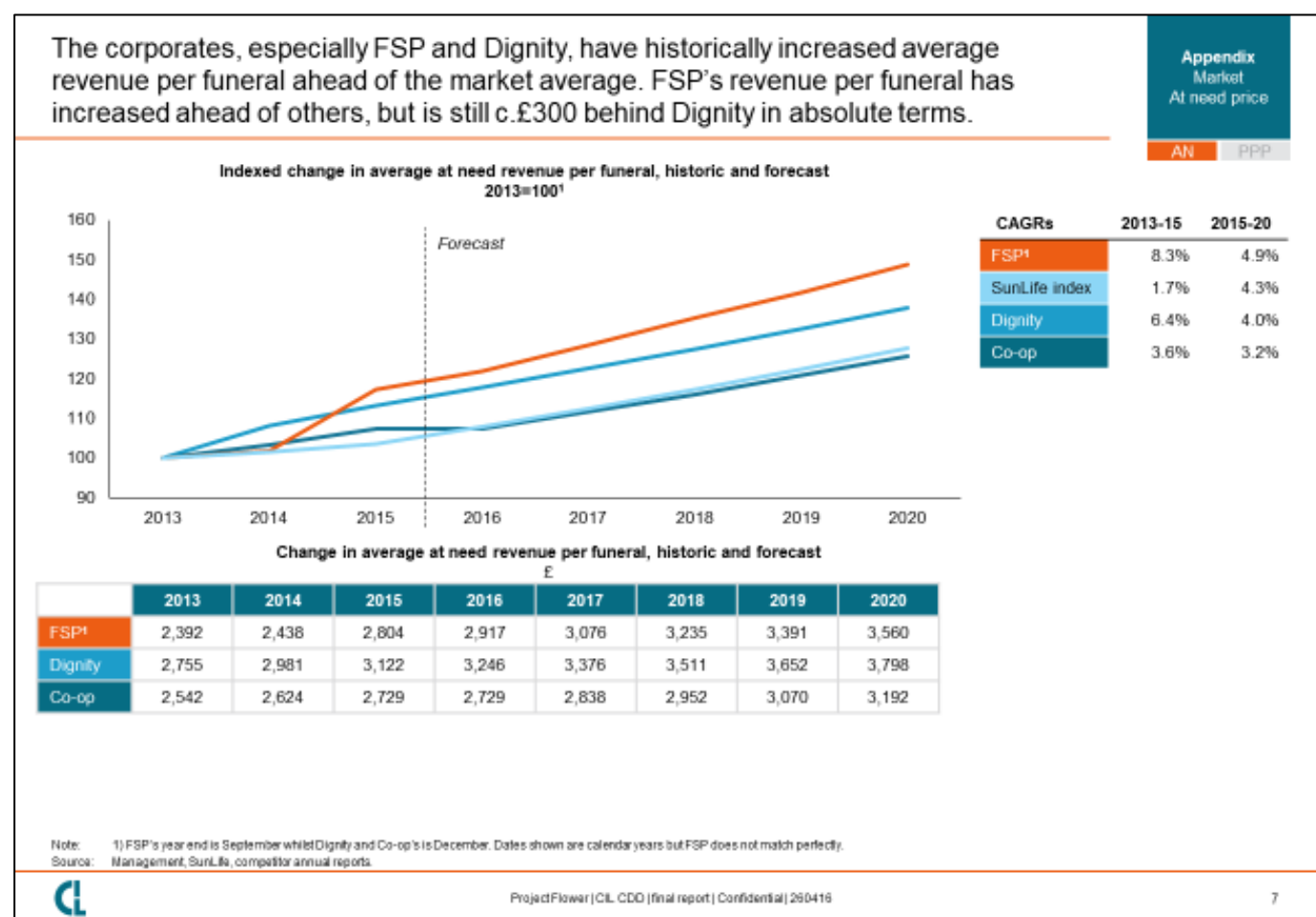


Figure 25: Funeral Partners research 2016, trends in average revenue from corporates vs market

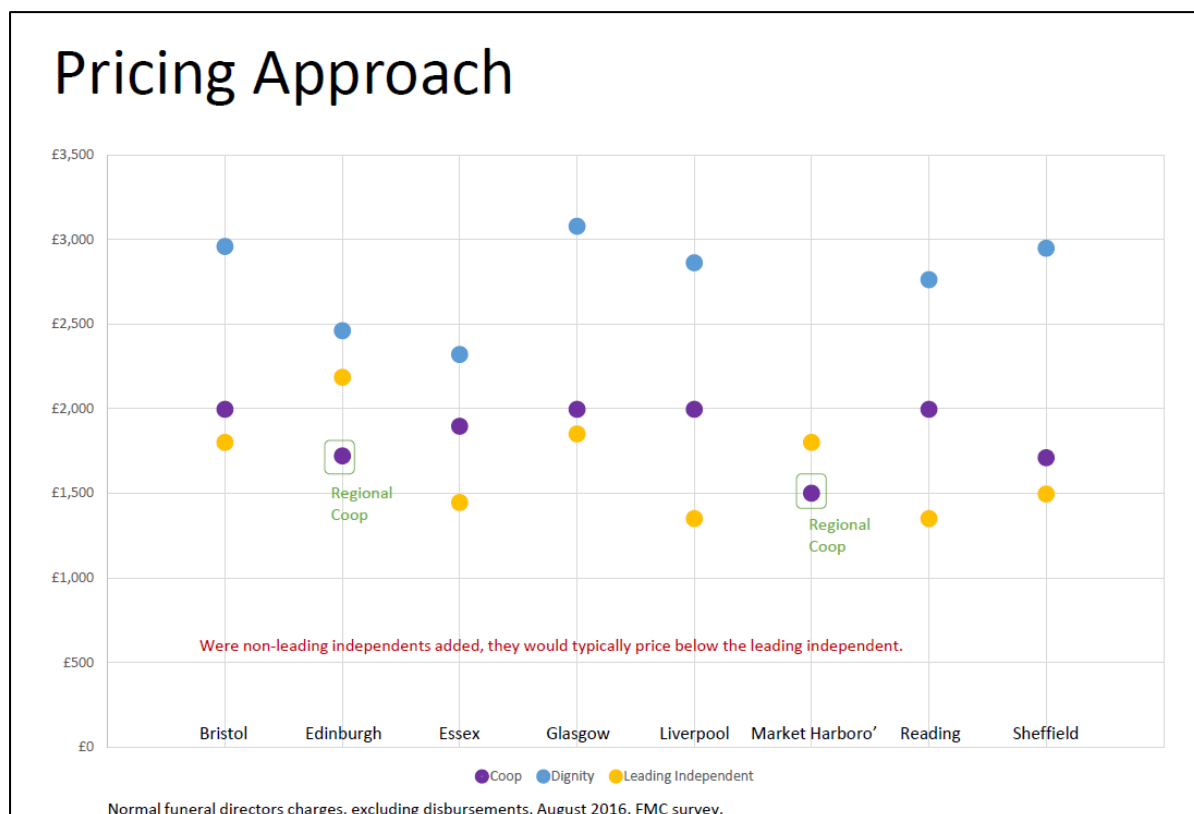


Source: Funeral Partners

138. Funeral Partners also provided some research it described as 'a market overview of the independent sector and was completed in the summer of 2016.' This noted that '[i]n the independent segment of the UK funeral sector, pricing was for a long time considered a little of a "dark art" and that "[m]uch secrecy had been sought in protecting information of one's charges from external viewing driven by a range of factors including: flexibility to offer an affordable price to the "family in front of me"; fear of driving prices down through price based competition; confidence, or lack thereof, in being able to differentiate on propositional factors rather than price.' It also states that 'a general order has emerged which would see Dignity charging the highest, Cooperative Group being next highest in price with then leading independents actively seeking to charge 'just behind' Coop Group.' The research agency preparing the slides surveyed a small number of funeral directors (one from each of these three groups in eight areas) to validate this pricing position. It found that '[i]n 75% of locations, the leading independent sits 'just behind' Coop. In the 25% of locations where the leading independent is more expensive than the Coop branch surveyed, the local Coop funeral home is one of the regional cooperative societies and not Coop Group – regional

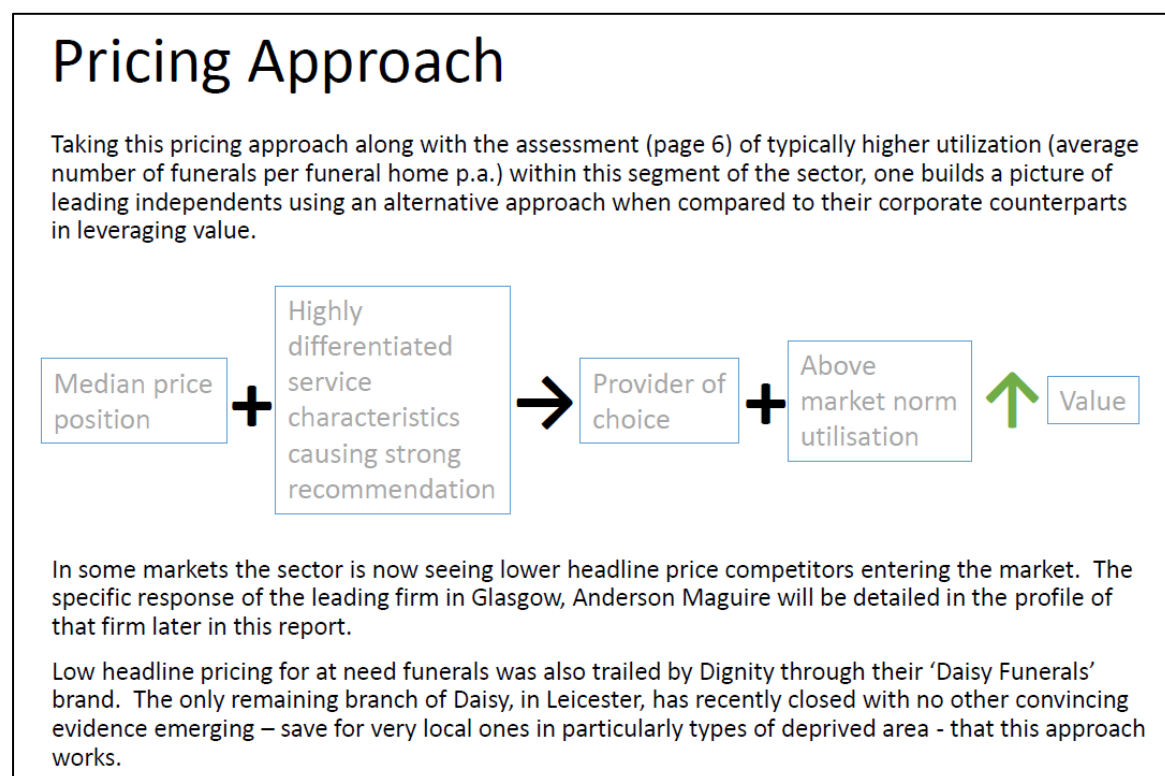
cooperative societies typically behaving outside of the rule of thumb for 'group' and being cheaper in price.' The results of this analysis are shown in Figure 26. It also provided some observations as to the approach by independents to building/providing value compared with corporates, as set out in Figure 27.

Figure 26: Funeral Partners research 2016, pricing by Dignity, Co-op and an independent in certain areas



Source: Funeral Partners

Figure 27: Funeral Partners research on independents' pricing approach (2016)



Source: Funeral Partners

Summary

139. Dignity, Co-op and Funeral Partners have undertaken pricing research, including mystery shopping and analysis of price comparison websites, which includes analysis of their own branches and those of other FDs (both large FDs and independent FDs). These generally indicate prices rising over time.
140. Overall, the documents of the three largest funeral directors reflect a hierarchy of pricing, with Dignity at the higher end of prices, independents generally (but not always) cheaper and Co-op and Funeral Partners somewhere between the two (although exactly where their prices sit between the two extremes has changed over time/between different pieces of research). Some research has shown that some independent funeral directors charge more than the three largest funeral directors.
141. With regard to simple funerals, research commissioned by Dignity found that its Simple Funeral prices were [£]. It found that compared with independent funeral directors they had a lower average simple price in South London and Scotland, but similar or higher prices in other regions. Funeral Partners found that their average simple prices were below those of most of their competitors, but that this was based on a low sample size.

142. Both Co-op and Funeral Partners found that within smaller geographic areas considered, there is a significant amount of price dispersion. This indicated that independents are generally, but not always, less expensive than the three largest funeral directors. Research by Dignity found that independents price higher in areas where both Dignity and Co-op are present, although these differences are not always large, and the effect of having one of Co-op or Dignity present in an area has been less consistent over time.
143. We note that some of this research predates the launch of the market investigation and may therefore reflect historic pricing patterns. However, as most of the research has been conducted relatively recently, we consider that it generally reflects current pricing patterns. Also, we note that some of the research was conducted on small sample sizes, and therefore may not hold for the entirety of the UK.

High-Level observations

144. This paper examines the evidence currently available to us on pricing trends and levels in the supply of funeral director services. This draws on information from a range of difference sources, including from the thirteen largest funeral directors ('FDs') by number of branches, data we obtained from a sample of smaller FDs, as well as a database of pricing data compiled by SunLife.
145. Using a sample of 100 FDs, SunLife estimated that the average professional funeral director fee had grown by an average of 4.6% per year between 2010 to 2019, with an average estimated fee of £2,687 in 2019. However, adjusting for share of supply resulted in a lower estimate of the price level (£2,501 in 2019) and rate of growth (3.6%) and adjusting for the number of deaths in each region resulted in a higher estimate of the price level (2,790 in 2019) and rate of growth (5.0%).
146. SunLife's estimate of the average funeral price (including disbursements) was £4,417 in 2019, with an average estimated growth of 5.0% per year. Adjusting for the proportion of cremations and burials, and the share of supply, resulted in a lower estimated average cost (£3,911) with an average weighted growth of 4.0% per year.
147. Two out of the three adjustments resulted in a negative effect on the price level (such that SunLife's average price is greater than the reweighted price) and a negative effect on price growth, with one having an effect over the entire period and one having an effect over the period 2016 to 2019; and one resulted in a positive effect on the price level and the rate of price growth particularly in the period 2016, 2017 and 2019. In terms of any single

adjustment, reweighting for share of supply has the largest effect on the price levels and trend in recent years.

148. The SunLife data shows that, compared with the average independents and other FDs prices, the price premium of Co-op's and Dignity's professional fees increased over the 2010 to 2019 period, with Dignity increasing their price premium over Co-op as well. Over the period, the average price increase for the independents and other FDs in the sample was around 0.5 percentage points above RPI. Co-op and Dignity increased prices 2% and 4% above RPI respectively for 2010 to 2017, but from 2017 to 2019 their prices stagnated and were around 3% below RPI.⁷⁷ From 2017, while there is a clear stagnation in professional fees for Dignity and Co-op, this is not the case for the independents and other FDs. In relation to independent and other FDs, we note that this analysis has focused on average prices and the distribution of prices across a number of different funeral directors. Average prices should not be considered in isolation, as there is a wide degree of dispersion in the prices charged by individual funeral directors, as evidenced in the rest of the paper.
149. Considering evidence from average revenue, average disbursement and average total revenue per funeral from the three largest FDs:
- (a) The three largest FDs ARFs grew quickly between 2013 and 2016 for both standard and simple funerals, and at need funerals in total, particularly for Dignity and Funeral Partners. ARF growth for standard funerals between 2016 and 2018 has been more modest, with Co-op's ARF growing more slowly since 2016 and Dignity and Funeral Partners both showing some reduction in 2018 vs 2017 (albeit small in comparison with the previous levels of increase). [X]
 - (b) For at-need simple funerals, Co-op and Dignity both saw a reduction in ARF between 2016 and 2018, with Dignity's reflecting a large adjustment to its simple price in 2018 [X]. Funeral Partners' simple ARF has grown more slowly since 2016, in comparison with large increases in the period 2013-2016. Given the majority of at-need funerals are standard funerals, overall at-need ARFs show a similar picture to standard, with Co-op showing no significant change since 2016, Funeral Partners seeing modest growth and Dignity seeing a reduction in ARF, due to a fall in its standard ARF in 2018 (which also coincides with its various pricing trials and the launch of its tailored funeral).

⁷⁷ We note that the sample sizes for all FD categories are relatively small and Dignity's and Co-op's sample sizes were particularly small.

- (c) Trends are similar when considering ATR (including disbursements), indicating average disbursements have grown at similar rates to average revenue. The ATR for pre-paid funerals is lower than for at-need funerals, but has grown at a faster rate throughout 2013 - 2018, with a more modest change in growth rate since 2016 compared with at-need.
150. For the regional co-ops, the ATR rose in all cases for each funeral type between 2013 and 2018, except for East of England Co-op's simple funerals [REDACTED]. For each funeral type, there were varying levels and growth patterns⁷⁸ of ATR, but as a whole the regional co-ops grew at a faster rate compared to the three largest funeral directors between 2016 and 2018 across at need funerals. Taking the combined ATRs in 2018, the regional co-ops were [REDACTED]% lower than the three largest funeral directors for standard funerals, [REDACTED]% lower for at-need and [REDACTED]% higher for pre-paid. For simple funerals, Central England's ATR in 2018 was [REDACTED] the three largest funeral director's combined average, with East of England's being [REDACTED] Co-op's and Dignity's.
151. The company-level revenue and volume data we received for the 13 largest funeral directors (including Co-op, Dignity, Funeral Partners and the regional Co-ops) showed that there is a wide range of ATRs between the 13 larger funeral directors. However, the CAGR of the median price averaged at 1% over the period 2016 - 2018. The branch-level data we received from the larger funeral directors showed that there are mixed results when comparing the branch level standard ATR against the company level ATR. One FD was closely aligned in both levels and trends of ATR between the branch and company level, whereas another saw similar trends but varying levels. Other FDs exhibited variation in the branch level ATR and company level ATR in both levels and trends.
152. When considering our sample of smaller FDs at the company level between 2015 and 2018, for all funeral types, we see that:
- (a) The smaller FDs had a wide range of ATR per funeral, spanning from around £2000 to £4400 in 2018. There is still considerable variation in ATRs even when only considering the 'middle 50%' of our sample, which spanned from around £3100 to £3850 in the same year, although this highlights that there are particularly expensive and cheap outliers. Disparity in ATR between the outliers seems to be increasing over time – the overall range seen in 2018 is 27% higher than what it was in 2015, whereas the FDs with mid-level ATRs saw some convergence over the

⁷⁸ Simple funerals had the most drastic differences in growth patterns, as Central Co-op's ATR grew by [REDACTED]% in 2018 alone and East of England Co-op [REDACTED] throughout the entire period.

period, as the range in prices of the 'middle 50%' (the interquartile range) of our sample decreased by around 7% between 2015 and 2018.

- (b) Overall, there is some indication that the smaller funeral directors tend to have ATRs lower than the larger funeral directors; 10 of the 23 in the sample had lower ATRs than the cheapest larger FD in 2018, 18 of the 23 had lower ATRs than the median larger FD in 2018, and the median ATR of the larger FDs was 10% higher than the median of the smaller FD sample.
 - (c) Although there were considerable differences in the growth trends of the sampled smaller FDs, between 2016 and 2018 the smaller funeral directors in the sample appear to have had faster growth in ATR than the larger funeral directors, with their median ATR exhibiting a CAGR of around 3% between 2016 and 2018, versus 1% for the larger FDs. Moreover, the prices of some smaller FDs grew significantly faster than this, with one achieving an ATR per funeral CAGR of 14% over 2016 to 2018.
 - (d) Our sample suggested that the ATR of smaller FDs does not change very much based on their size; when observing the 11 smaller FDs with the lowest funeral volumes against the 11 with the highest volumes, we found that the mean ATR of the smallest FDs was £31 higher than the largest.
153. When considering our sample of smaller FDs at the branch level between 2015 and 2018 for standard funerals specifically, we see that there is consistency between the branch and company level ATRs and growth trends, and greater consistency between the branch and company level data than what is observed in the corresponding analysis of the larger FDs.
154. Internal documents we have reviewed so far from the larger FDs setting out their research into pricing in the market support the other observations in this paper. They indicate that Dignity's prices have generally been at the upper end of funeral prices, with independents generally cheaper than the three largest FDs on average. However, with respect to simple prices, Dignity research suggests that its recent price reduction has [X]. The research also indicates that there tend to be wide ranges in prices within different areas.

Appendix 1: Three largest funeral director average revenue per funeral including all funeral types

155. Table 24 shows the average revenue per funeral for Co-op, Dignity and Funeral Partners when all funeral types are included. Co-op, Dignity's and Funeral Partners' ARFs are lower compared with those in Table 15, due to the inclusion of child, repatriation and contract/environmental funerals. The CAGRs are the same as Table 15.

Table 24: Average revenue, disbursement, and total cost per funeral (including child, repatriations, and contract/environmental funerals)

	ARF (without Disbursements)				Average Disbursements				Average total revenue			
	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.	Co-op	Dig.	F.P.	Comb.
2013	[REDACTED]	[REDACTED]	[REDACTED]	[2.0-2.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[3.0-3.5k]
2014	[REDACTED]	[REDACTED]	[REDACTED]	[2.5-3.0k]	[REDACTED]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[3.5-4.0k]
2015	[REDACTED]	[REDACTED]	[REDACTED]	[2.5-3.0k]	[REDACTED]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[3.5-4.0k]
2016	[REDACTED]	[REDACTED]	[REDACTED]	[2.5-3.0k]	[REDACTED]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[3.5-4.0k]
2017	[REDACTED]	[REDACTED]	[REDACTED]	[2.5-3.0k]	[REDACTED]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[4.0-4.5k]
2018	[REDACTED]	[REDACTED]	[REDACTED]	[2.5-3.0k]	[REDACTED]	[REDACTED]	[REDACTED]	[1.0-1.5k]	[REDACTED]	[REDACTED]	[REDACTED]	[4.0-4.5k]
CAGR												
2013-18	[REDACTED]	[REDACTED]	[REDACTED]	3%	[REDACTED]	[REDACTED]	[REDACTED]	4%	[REDACTED]	[REDACTED]	[REDACTED]	3%
2013-16	[REDACTED]	[REDACTED]	[REDACTED]	5%	[REDACTED]	[REDACTED]	[REDACTED]	4%	[REDACTED]	[REDACTED]	[REDACTED]	5%
2016-18	[REDACTED]	[REDACTED]	[REDACTED]	0%	[REDACTED]	[REDACTED]	[REDACTED]	3%	[REDACTED]	[REDACTED]	[REDACTED]	1%

Source: CMA analysis using data from the 3 largest funeral directors.

Appendix 2: Additional analysis of SunLife data

156. The below table shows the comparison between controlling for branches that were sampled every year for two separate periods (2010 to 2013 and 2016 to 2018) and the numbers for not controlling for branches over the period. This was to check if churn had an impact on the price level or inflation trend over the two periods especially in 2016 to 2018 where there was particularly high churn.

Table 25: Professional fee churn check

		2010	2011	2012	2013	2014 and 2015 ⁷⁹	2016	2017	2018	2019 ⁸⁰
Controlled for churn	Independents and others	£1,677	£1,786	£1,877	£1,949	n/a	£2,099	£2,021	£2,144	n/a
	Dignity	£2,313	£2,552	£2,832	£2,671	n/a	£3,187	£3,755	£3,804	n/a
	Co-op	£2,187	£2,306	£2,488	£2,539	n/a	£2,800	£2,925	£3,130	n/a
	Average price weighted by share of supply	£1,822	£1,946	£2,070	£2,115	n/a	£2,334	£2,304	£2,438	n/a
Uncontrolled numbers	Independents and others	£1,670	£1,779	£1,857	£1,928	n/a	£2,161	£2,094	£2,158	n/a
	Dignity	£2,326	£2,568	£2,823	£2,707	n/a	£3,190	£3,679	£3,644	n/a
	Co-op	£2,196	£2,317	£2,488	£2,539	n/a	£2,884	£3,011	£2,982	n/a
	Average price weighted by share of supply	£1,820	£1,944	£2,054	£2,104	n/a	£2,394	£2,365	£2,413	n/a
Difference between controlled and uncontrolled numbers	Independents and others	-£7	-£8	-£20	-£20	n/a	£62	£73	£13	n/a
	Dignity	£12	£16	-£9	£36	n/a	£3	-£76	-£160	n/a
	Co-op	£9	£12	£0	£0	n/a	£84	£86	-£148	n/a
	Average price weighted by share of supply	-£2	-£2	-£16	-£12	n/a	£60	£61	-£25	n/a
Difference in percentage growth between controlled and uncontrolled numbers	Independents and others	n/a	0%	-1%	0%	n/a	n/a	1%	-3%	n/a
	Dignity	n/a	0%	-1%	2%	n/a	n/a	-2%	-2%	n/a
	Co-op	n/a	0%	-1%	0%	n/a	n/a	0%	-8%	n/a
	Average price weighted by share of supply	n/a	0%	-1%	0%	n/a	n/a	0%	-4%	n/a
Number of branches that were present in controlled numbers ⁸¹	Independents and others	72	72	72	69	n/a	22	21	21	n/a
	Dignity	10	10	10	12	n/a	10	11	11	n/a
	Co-op	8	8	8	9	n/a	1	1	1	n/a
Overall Churn numbers		13	6	3	1	n/a	15	30	49	32

157. For the period 2010 to 2013 the churn level was low and both the nominal and growth difference between the controlled and uncontrolled numbers are low.

⁷⁹ Not possible to check churn in these years as we did not receive branch level data.

⁸⁰ Not possible to check churn for this year as we did not receive branch level data.

⁸¹ The years where the quantity decreased for independents is due to an acquisition of that branch by either Co-op or Dignity, as such there is a corresponding increase in their quantities in those years.

158. For the period 2016 to 2018 there were larger disparities between the controlled and uncontrolled numbers. However, there was only one case where this resulted in an inflation trend change, which was for Co-op in 2018 where the controlled numbers reported a price increase from 2017 to 2018 and the uncontrolled reported a price decrease. Therefore, we should not place too much weight on that particular data point. The nominal differences were generally larger across this period but were within around 5% of the controlled prices. The same can be said of the growth rate differences except for the previously mentioned Co-op case.
159. Overall the churn over the periods did not have a large effect on the general conclusions that can be drawn from the uncontrolled data. Given that there was high churn in the 2016 to 2018 period the effect on the data compared with the control numbers was fairly minimal.