

FUNERAL MARKET INVESTIGATION

WORKING PAPER ON FUNERAL DIRECTOR SALES PRACTICES AND TRANSPARENCY RESPONSE

CO-OPERATIVE GROUP LIMITED (“Co-op”)

1 Introduction

- 1.1 This response relates to the Funeral Director Sales Practices and Transparency Working Paper (**Paper**). The Co-op believes that there is scope for improvement to practices in the funerals sector in relation to levels of transparency of information available and as it concerns prevailing sales practices. Co-op has proposed a number of potential remedies in the course of the market investigation¹ that address these concerns. It therefore agrees with many of the preliminary views expressed in this Paper.
- 1.2 We have however commented on a number of areas where the CMA's conclusions are not warranted by the evidence presented, or have not fully taken account of relevant evidence, as well as on a number of new matters, where the CMA has sought views.
- 1.3 Failure to comment on a particular element of the CMA's analysis should not be read as acceptance of it.

2 Funeral director websites and the role of online engagement in the customer journey

- 2.1 The CMA's consideration of funeral directors' websites and the manner in which they have been used is a broadly accurate (backwards looking) snapshot; however, it does not take account of the increasing use of the internet by consumers, [REDACTED].
- 2.2 In the context of international comparisons, the CMA has recognised that online presence has increased significantly across all markets researched.² We do not believe that this will be much different in the UK, and that this will continue to evolve. The CMA has noted that 92% of funeral directors have a website (albeit of variable quality).³ Such widespread establishment of a web presence and the emergence of price comparison websites supports our view that funeral directors expect online engagement from a large and increasing proportion of customers.
- 2.3 Many of these developments in the UK are relatively recent. For example, both Co-op and Dignity changed the amount of price information provided on their websites in 2019 so a backwards looking survey of consumer behaviour online is of very limited weight. Our experience over the last year provides evidence that consumer behaviour is changing quickly. Over the last year (period 6th January 2019 - 4th January 2020):
- (a) [REDACTED];
- (b) [REDACTED]% of users visiting our funeral cost calculator interact with the tool to get an estimate for the price of a funeral in their region. This tool has recently been launched as a stand-alone tool (it was previously embedded in a different page) and has been seen by [REDACTED];

¹ In the response to the Issues Statement; at the hearing and follow-up letter; and in a Submission on 7 November 2019

² CMA (2020) International Comparisons, paragraph 55(c).

³ Paragraph 30 of the Paper.

- (c) [X] funerals began their arrangement online and we have seen [X]% continue to compete their arrangement
- (d) [X] Cremation Without Ceremony funerals began their arrangement online in 2019 and we typically see [X]% continue to compete the arrangement;
- (e) [X] telephone calls were generated from our website between weeks 23 and 48 inclusive (these are calls to our national telephone number and do not include calls generated from web traffic visiting any of our funeral home branch pages); and
- (f) our funeral home finder and funeral home branch pages were viewed over [X] times.

2.4 We understand that Funeralguide has in the region of 100,000 unique users per week and that 'Beyond...' has in the region of 20,000 unique users per week. We observe a rapid increase in the use of social media for obituaries and tributes and we would expect this to positively influence online engagement.

2.5 We believe that online consumer engagement will increase naturally over time. Customers arranging funerals will increasingly be consumers in the demographics more used to researching online. We also believe that online engagement can be accelerated by improving the quality of information available via the web. For example, a customer who looks at a website to check contact details may well be prompted to research further if the information available is useful and accessible. Transparency remedies can also be used to require provision of online information and to raise consumer awareness of where they can find information.

3 Initial funeral director contact with potential customers

3.1 The CMA's customer survey results suggest that in 71% of cases the deceased is collected by a funeral director within 3 days, with 54% collected within 24 hours.⁴ That suggests that first contact with a funeral director is generally very soon after bereavement. That context is highly material to why most funeral directors do not proactively engage customers in discussion of price at that first contact.

3.2 When to provide information is a question of judgement that must take account of the overall welfare of the customer and the CMA's survey evidence confirms that the large majority of customers felt that they had received that right amount of information at the right time.⁵

4 Embalming

4.1 We note the CMA's comments on embalming. We think embalming is an important part of a funeral provider's offering. It is particularly important if the loved one is going to be viewed by their family or if the deceased will be being transferred abroad, but families may wish to choose this option for a variety of reasons. The increasing time periods between death and cremation/burial may also be relevant to the decision to embalm.

4.2 We believe that embalming should be offered to families in a transparent way, so they can make an informed choice. We also believe that where embalming is carried out, it should be undertaken in appropriate facilities by qualified colleagues, respecting the dignity of the deceased.

⁴ CMA (2020) Consumer survey results, Table 10

⁵ Paragraph 3 of the Paper.

4.3 In our business, embalming is priced on a standardised basis at a cost of £[X], irrespective of the time taken. As we have explained, in complex cases, embalming can involve several hours of work for a skilled professional. We offer embalming in order to ensure the families' last experience with the deceased is the best it can be and we also recommend it in case families change their mind regarding visiting the deceased. [X]. It is provided primarily as an added value service to enhance quality of care and experience.

5 Supply of coffins/celebrants

Coffins

5.1 In our experience, there are good reasons why it is typical for customers to source a coffin through a funeral director.

5.2 The days following death are a very difficult time and a large number of decisions need to be made in a short period. Our packages are designed to simplify this process by offering a small number of complete packages that suit the majority of our customers and members; packages that can be, and are, customised with a wide selection of coffins.

5.3 We do not believe that the evidence supports the theory that significant numbers of customers wish to procure coffins from third parties (and there is nothing to stop funeral directors offering this option to meet any such consumer demand). Our experience leads us to believe that customers have an expectation that the funeral director will arrange all the practicalities and provide the core components of a funeral while co-ordinating the services of key third parties (such as florists, caterers, newspapers etc.).

5.4 As we have previously indicated, there are reputational and liability risks for a funeral director from a coffin that is not of the right quality and it is right that a funeral director be satisfied of the quality of a third party coffin before it is used in a funeral. We have enclosed an article from the Sunday Mirror newspaper dated 23 February highlighting the dangers (dropped coffins, leakage of bodily fluids) of poorly constructed coffins.

5.5 As we have stated in our Response to the Quality Remedies Working Paper, quality regulation should apply to third party suppliers of elements of a funeral and we would support a coffin accreditation system.

5.6 The CMA describes evidence of relatively high retail mark-ups on coffins.⁶ However, funeral directors incur a range of fixed costs, which must be covered by earning a margin on the different elements of a funeral. Funeral Directors will seek to make a bigger margin on elements that consumers are aware of and value as an essential part of the funeral (such as coffins), while making small or even negative margins on elements that consumers take for granted or do not even notice.

5.7 All of Co-op's funerals are provided with a coffin included in the price, and many consumer choose this option. Where the coffin is included in the package price, it does not make sense to talk about the margin on the coffin as the margin is on the overall package. Some customers do choose to upgrade the coffin, but this is purely the customer's decision. For Simple funerals, Co-op makes little or no profit on the funeral overall, so any positive margins on the coffin is offset by low or negative margins on other elements of the package.

⁶ Paragraph 119

Celebrants

Factors that determine who we engage or recommend as the celebrant/minister

- 5.8 Engagement of a celebrant is largely down to the customer expressing an interest and this is often informed by experience, family connections or religious reasons. Availability of the celebrant and the site of the service will play a part in who and when we are able to engage a particular celebrant. Where the customer has no preference, our funeral arrangers can provide a list of celebrants within the local area and, taking into account the customer's needs, make suggestions based on their knowledge and experience. The choice always remains with the customer.

How we accommodate preferences for a specific (or specific type of) celebrant

- 5.9 We always try to accommodate any request for a specific celebrant in order that customers can honour the wishes of their loved ones; however there are situations where we are unable to do so because of availability. It is the customer's choice to wait for the chosen celebrant to become available, or to proceed with an alternative.

What information, if any, do we think consumers should be given about the choice of celebrant/minister available?

- 5.10 Customers should always be made aware that the choice of celebrant is theirs to make and if there are any restrictions on their choices, for example due to restricted availability. Funeral directors should provide sufficient information that customers need to make an informed decision for example costs and information about the celebrant's experience, qualifications, or membership of an association with a code of conduct, e.g. the British Humanist Association or the Institute of Civil Funeral Fellowship.

6 Legal services

- 6.1 We do not consider that the CMA has provided sufficient evidence to infer that legal services are offered as a means of determining a customer's ability/willingness to pay for a funeral.
- 6.2 In practice, there are customer benefits from a discussion of legal services at the time of arrangement and after the funeral and we do not believe that any restrictions on this are justified. Early engagement of legal services can facilitate the funding the funeral from the estate of the deceased (rather than by the relatives/next of kin). Co-op's bereavement notification service is a free service that can assist the bereaved during a difficult time.
- 6.3 Legal service providers are regulated to a high standard by the Solicitors Regulation Authority, ensuring a good level of consumer protection. Indeed, the CMA's legal services market study found that "*the low number of complaints about, and enforcement cases against, legal services providers suggests that the use of unfair sales practices by such providers is not an area of significant concern.*"⁷ In our business, transparency of ownership is clear at every stage and the customer's consent for additional services is required at all times.

⁷ See paragraph 4.89, CMA Legal Services Market Study Final Report

7 Packages

7.1 In its discussion of packages, the CMA has not addressed sales practices relating to how packages, and in particular low cost options are presented alongside other options.

7.2 [REDACTED].