

# Appendix I - Qualitative evidence on constraint imposed on standard funerals by low-cost options

## Introduction

1. This appendix focuses on evidence from the Largest funeral directors (Co-op, Dignity and Funeral Partners), some of the regional co-ops, and some of the smaller funeral directors on the extent to which low-cost funeral options (specifically simple funerals and direct cremations) provide a sufficiently good alternative to a standard funeral to constrain the price of standard funerals. Such constraints are a matter of degree – for example, it is unlikely that we would find simple funerals would not be an alternative for any customers, but equally unlikely that they would be an alternative for all customers. As such, we consider how far there is a constraint on standard funerals, and whether this is likely to be sufficient to have a material impact on the pricing of these funerals.
2. The appendix is structured as follows.
  - (a) First, we summarise the pricing strategies taken by the Largest funeral directors with particular focus on low-cost funerals.
  - (b) We then set out the low-cost funeral landscape, in terms of the types of low-cost funerals offered by the Largest funeral directors, and what they have told us about the impact of these funeral types on the market.
  - (c) We then consider, for direct cremation and simple funerals separately, what the documents and responses to information requests indicate to us about, namely:
    - (i) whether low-cost funerals appeal only to a specific group of customers;
    - (ii) how the Largest funeral directors market their low-cost funeral options; and
    - (iii) the extent to which the low-cost products cannibalise standard funerals, as opposed to providing incremental sales.
  - (d) We then set out the available evidence regarding the current sales and expectations of future trends in the sale of simple and direct cremations by some of the regional co-ops and smaller funeral directors.

## Pricing Strategy

3. There has been a significant shift in the pricing strategies of the Largest funeral directors in recent years. We examine below what these changes have been, with a focus on their pricing strategy for low-cost funerals.

### Co-op

#### *The launch and evolution of Co-op's new pricing strategy*

4. Co-op explained that prior to 2015, the Funeralcare business had been generating cash for the Group through continued price rises. Following a restructuring of the Co-op group, a new management team was brought in, that took the view that the previous strategy would not be sustainable in the longer run because:
  - (a) price rises were leading to some customer losses;
  - (b) the business was inefficient due to diseconomies of scale; and
  - (c) the increasing uptake of pre-paid funeral plans required broader geographic coverage, through the opening of new branches, to be able to service them (which would lead to a decreasing number of funerals per branch).
5. The new strategy focused on achieving long-term sustainable growth rather than short-term profit maximisation and cash generation.

#### *The simple funeral*

6. Until 2013 Co-op provided a Basic Funeral package in accordance with the requirements of the NAFD Code of Conduct. This was a low-cost funeral with limited services including:
  - (a) local collection of the deceased;
  - (b) a basic coffin and gown;
  - (c) a hearse only direct to local crematorium or cemetery, and personnel for the funeral;
  - (d) no choice of day or time of funeral; and
  - (e) restricted visiting of the deceased during office hours only (no embalming).

7. The services included were fixed and no additional services were allowed to be added. The NAFD stopped enforcing this Basic funeral provision in 2013 and Co-op introduced the simple funeral at that point. This was similar to the Basic Funeral but allowed additional services to be added for a charge of £75 plus the standard cost of any services included (eg embalming, limousines, funeral stationery). Simple package prices were directly linked to prevailing funeral home price bands, and as at 2015, prices ranged between £1,975 and £2,400.
8. Co-op told us that

the Simple funeral option was relaunched in July 2016 in response to the growing issue of funeral poverty in the first instance. It was also in response to changing consumer demand regarding the move away from traditional services towards a celebration of life as removed from the burial/cremation itself [...]

One of the main drivers for choice of funeral is affordability, rather than price, as families want to make sure that their loved ones have a “proper” send off and there has, until very recently, been a very traditional view of what funerals are supposed to entail. [...]

We re-launched the Simple funeral package because we wanted to tackle funeral affordability to better support our communities and members. We saw a growing segment of the market whose needs were not being addressed with data showing that from 2010 to 2015 Simple funeral Sales increased from 2% to 5%. Only 13% of funerals in 2015 cost less than £2,000; and modelling indicated that the price reduction could be achieved assuming it could achieve an uplift to 10% of sales of Simple funerals.
9. When we asked Co-op about its objectives in 2015 in seeking to increase the uptake of simple funerals from 12% to 20%, it told us that this had not been ‘about money’. Its financial modelling at the time of the relaunch showed that if its simple funeral grew to 10% of Co-op’s mix, it would result in £1.2 million in lost revenue.
10. We sought to understand the extent to which this change in strategy was driven by the growing public debate on funeral poverty and/or broad concerns about corporate responsibility, rather than customer demands for a lower-cost funeral. In order to do this, we considered the timeline of Co-op’s strategy development, the considerations that it took into account in shaping its new simple funeral and other initiatives it implemented as part of its strategy.

11. The development of Co-op's Funeralcare strategy started in October 2014, as part of the Co-op Group [X]. 'Growing Funeralcare' was one of the [X] programmes. Its steering group met from April to November 2015 and considered the 'Simple funeral' proposal as part of the Propositions and Channel Strategy Workstream. This coincides with increased concerns about funeral poverty, which started to form part of the political agenda around 2015 and were widely reported in the media.<sup>1</sup>
12. The first two to three months of the project appear to have been focused on customer research. The issue of affordability was first described in the following terms in a June update of the Propositions and Channel strategy:
  - (a) Affordability is a large and growing challenge for consumers:
    - (i) 1 in 5 struggle to meet the cost of funerals, but that few of these will actively choose a cheaper funeral option as a result, and will borrow/go into debt.
    - (ii) Direct to crem/Fixed Price funeral options which do not offer flexibility in choice of the time of the service are becoming more prevalent in the marketplace.
  - (b) An opportunity for us to address this increasing consumer need:
    - (i) To be active in surfacing this debate (and moral dilemma).
    - (ii) To develop at need funeral propositions and payment options appropriate for these customers.
    - (iii) To develop pre-need propositions which directly address affordability and financial concerns.
13. Throughout the summer of 2015, Co-op progressed its development of the simple funeral proposals, linking the work with funeral poverty and affordability.
14. In the final stages of development, the issues about affordability were described as follows:
  - (a) 'Pricing is currently not a major issue for clients
  - (b) The cost of funerals has been rising by a. 7% per year since 2004

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<sup>1</sup> Such as [BBC News](#) Warning of 'funeral time bomb' in UK as population ages; [Work and Pensions Committee Bereavement benefits inquiry](#) launched; and [The Cost of Saying Goodbye 2015](#). Citizens Advice published its first research paper the subject of funeral costs in June 2014.

- (c) DWP grant of £700 (excluding disbursements) has remained unchanged since 2003
  - (d) However only 8% of consumers have obtained two or more quotes from FDs
  - (e) From those that did, reputation of FD was a far more important than price quoted
  - (f) Only 7% state their main reason for choosing a funeral was based on best value
  - (g) Only 3% chose on the basis of the cheapest quote
  - (h) Growth of funeral poverty has become a financial, political and moral issue – more than a market / customer issue at present'
15. It goes on to explain that:
- (a) 'Typically, clients who look for cheaper prices for funerals tend to be receiving DWP grants
  - (b) Such clients make up only 6% of the total market
  - (c) 36% of the market appears to have issues regarding affordability – they do not search for cheaper funerals
  - (d) 58% of the market does not appear to have issues paying for a funeral
  - (e) There may be an opportunity for FNC to assist in affordability options.'
16. The role of the simple funeral was then clearly articulated in the strategy document that would be later further summarised for discussion at the Board:
- Funeral Poverty is fast growing in significance as a financial, political and moral issue within UK society. Improving and repositioning our Simple Funeral offer represents our critical first step in publicly addressing the funeral poverty issue.
17. The analysis included a comparison with other suppliers' low-cost offerings and other benefits deriving from the strategy, but it is clear from the totality of the evidence we have considered that the development of Co-op's simple funeral strategy was primarily driven by concerns about corporate responsibility and the impact of the broader political environment on its business rather than by short-term profit maximisation or a material shift in customer demand for the type of product it had developed (although its

papers note that there is increasing demand for low-cost options because a segment of the population struggles to pay for funerals).

18. Reflecting on the strategy a year later in January 2017, the management of Funeralcare stated that 'Another area in which we led was the introduction of affordable funerals, taking the sting out of the funeral poverty debate'.
19. The simple funeral was originally relaunched at a UK-wide price of £1,995 (excluding disbursements). In September 2017, Co-op lowered the price in Scotland to £1,695, and in September 2018 lowered the price in England and Wales to £1,895.

#### *Other changes to Co-op's pricing structure implemented in 2015*

20. Alongside the development of a simple funeral proposal, Co-op considered its overall pricing structure in order to simplify its pricing bands which had previously comprised of [X].
21. In 2015 Co-op considered moving all services to national pricing, but settled for a revision of its price bands instead. After internal testing to reduce the number of bands, it found that the resultant increase in prices for some funeral homes would be too large and would not give them sufficient flexibility in terms of their pricing.

#### *Funeral Choices*

22. In July 2017, Co-op launched a new initiative, called Funeral Choices, the aim of which was to improve the customer journey by providing customers with all their options (including low-cost options), as well as the pricing at the outset of the funeral arrangement.
23. Co-op argues that the introduction of Funeral Choices had the effect of increasing the uptake of its simple funeral in its volume mix by seven percent.

#### *The launch of Cremation without Ceremony*

24. In May 2018, Co-op launched Cremation without Ceremony, an unattended funeral product. During the Covid-19 outbreak, it created a new variant of the offering that involved a cortege.

## **Dignity**

### *Direct Cremations*

25. Dignity introduced its Simplicity Cremations, an unattended cremation offering, in November 2016. At the time, Dignity was reported as saying that ‘the launch is in response to industry and consumer calls for alternative and lower cost funeral offerings’.
26. [REDACTED].
27. [REDACTED].
28. In 2018 Dignity further reduced the price of its direct cremations service to £995 [REDACTED]. Dignity also expanded its product offering and introduced two further levels of service: Intimate direct cremations which is its attended direct cremation offering (at a price of £1,395 for up to 12 attendees), and Attended cremations which are its full service cremation (at a price of £1,895 for unlimited attendees). [REDACTED].<sup>2</sup>

### *Simple Funerals*

29. On 19 January 2018, Dignity made two announcements with regard to its pricing strategy.
  - (a) With immediate effect, its simple funeral would be reduced to £1,995 (plus disbursements) in England and Wales and £1,695 (plus disbursements) in Scotland – an average price reduction of 25%. In effect, Dignity was fully matching Co-op’s Simple Funeral prices. We note that in the run-up to the announcement, investors had expressed increasing concerns about the impact of Co-op’s pricing and seen it as the outbreak of a ‘price war’.<sup>3</sup>
  - (b) It would also freeze the price of its traditional funeral and initiate of review of its pricing strategy. The appointment of LEK to carry out this work was later announced.

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<sup>2</sup> Dignity noted that Pure Cremations charges £1,395 for its equivalent Intimate service (the Direct Cremation base price of £1,195 plus an additional £200 fee for a maximum of 12 people present) <https://www.purecremation.co.uk/arrange-a-cremation/>, and that Memoria charges £1,850 for its equivalent ‘Memoria Option’ service (cremation at a specified time with unlimited attendance).

<sup>3</sup> It is clear from the various email exchanges that had preceded that changes to its simpler funeral pricing was driven by competition from Co-op [REDACTED].

30. The intent behind the new Simple Funeral strategy (including the restrictions put in place and presentation of the offer) was made clear in email exchanges. It was introduced:
- (a) to compete with Co-op [redacted]; and
  - (b) to achieve incremental revenue and to minimise the level of cannibalisation of traditional funerals, by including restrictions in the service provided and limiting the attractiveness of the Simple Funeral option. [redacted].
31. Dignity started a pricing trial from April 2018 ‘to understand how wider changes to our prices and range affect our ability to gain volume and reduce market share erosion’ and this is ongoing. Initially the trial tested the effect of three possible scenarios:
- (a) [redacted];
  - (b) [redacted]; and
  - (c) [redacted].

### ***Funeral Partners***

32. Funeral Partners stated that, ordinarily, it undertook annual price changes to cover costs. However, as part of the its budgeting process for 2018/2019, it reduced the price of certain branches as part of a nationwide ‘tactical’ price reduction exercise. Further, in December 2016 it changed its discounting policy to ensure local teams and management felt empowered to win funerals where price was a determining factor.
33. Since January 2016, Funeral Partners has introduced a number of new funeral packages. In 2016, an ‘Essential’ funeral product was trialled in order to provide a lower priced offering relevant to certain consumers for whom price is a particular consideration. This package was a more limited service than its ‘basic’ funeral, as viewing and embalming were not permitted, nor any pall bearers provided on the day of the funeral. Funeral Partners found that there was no clear evidence that the ‘Essential’ funeral attracted more customers through increased funeral volumes or increases in market share. Following the trial, the ‘Essential’ funeral remained in a small number of branches until, in January 2019, the Essential was withdrawn in those branches.
34. In January 2018, Funeral Partners acquired four funeral homes and two sub-brands which offered direct cremations and has since retained the ‘Funerals



on a Budget' brand.<sup>4</sup> In May 2018, Funeral Partners trialled a direct cremation offering called 'Simply' in three of its own branches. In December 2018 it acquired Melia Powell Funeral Service, which also offered a direct cremation offering. In March 2019, a revised 'Simply Funerals' website was launched and the price of a 'Simply Funeral' reduced to £975 in order to align with its 'Funerals on a Budget' offering.

35. In November 2018 Funeral Partners introduced a Basic funeral which was inclusive of disbursements. This was introduced as part of the tactical pricing work in four branches in response to specific local competitor threats and propositions.

## Low-cost funeral landscape

### *What types of low-cost funeral do the Largest funeral directors offer?*

36. Each of the Largest funeral directors offers at least one type of simple funeral, standard funeral and direct cremation product. A summary of the breakdown of each of the Largest funeral directors' volume mix for at-need funerals is provided below at Table 1.

**Table 1: At-need volume mix for Largest funeral directors**

|            | 2013       | 2014       | 2015       | 2016       | 2017       | %<br>2018  |
|------------|------------|------------|------------|------------|------------|------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

Source: CMA analysis [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

37. In Tables 2 and 3 below we summarise the main elements and restrictions of the simple and direct cremation products offered by the Largest funeral directors (as at January 2020). We note that there have been changes to some of their options and packages as a result of the COVID-19 pandemic.

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<sup>4</sup> Funeral Partners has since sold the 'Funerals on a Budget' brand.

**Table 2: Key features of simple funerals from each of the Largest funeral directors**

|                              | <i>Funeral Partners 'Basic'</i>   | <i>Dignity 'Simple'</i>                     | <i>Co-op 'Simple'</i>                                      |
|------------------------------|---|---|--|
| Bringing into care           | Outside of working hours, or collection from a Home/ Nursing Home, at additional cost | Outside of working hours at additional cost | No restriction on times noted                              |
| Use of Chapel of Rest        | Not noted   | Normal working hours                        | Normal working hours                                       |
| Choice of date and time      | No  | No  | Restricted choice  |
| Hearse and staff             | Provided (not clear if there is any restriction on choice)                            | Motorised hearse only                       | Provided (not clear if there is any restriction on choice) |
| Limousine                    | Not mentioned   | No  | Available at additional cost                               |
| Choice of processional route | Not mentioned   | No  | Available at additional cost                               |
| Coffin                       | Cardboard light wood effect coffin  | Park coffin only                            | Simple coffin only   |
| Embalming                    | At additional cost  | At additional cost                          | At additional cost   |
| Funeral stationery           | Not Mentioned   | No  | Limited range at additional cost                           |

Source: Co-op and Dignity websites. Sourced from <https://www.michaelkennedyfuneralservices.co.uk/get-a-quote/?package=basic> for Funeral Partners.

**Table 3: Key features of direct cremations from each of the Largest funeral directors**

|                         | <i>Funeral Partners Simply Funerals</i>  | <i>Dignity Simplicity (unattended option)</i>  | <i>Co-op Cremation without Ceremony (CWC)</i>  |
|-------------------------|--|--|--|
| Bringing into care      | Additional charge for out of hours   | A few days prior to cremation; additional charge if needs to be brought into care sooner or out of hours | No restriction on time noted   |
| Doctor's fees           | Not included   | Included   | Included   |
| Cremation fees          | Included   | Included   | Included   |
| Coffin                  | Recycled cardboard coffin, with wood effect print.   | Simple coffin  | Simple coffin  |
| Transfer to crematorium | Funeral Partners' choice of crematorium  | Yes (choice not mentioned)   | Co-op's choice of crematorium  |
| Ashes                   | Collected or scattered in garden of remembrance; can be delivered to home at additional cost | Scattered in garden of remembrance; option to return at additional cost                                  | Collected or scattered in garden of remembrance; can be delivered at additional cost |
| Guidance and support    | Not mentioned.   | Not mentioned  | Provided (apparently same as other packages)   |

Source: Dignity and Co-op websites; [Simply Funerals](#) (a trading name of Funeral Partners) website.

38. In addition to the most basic option of direct cremation set out in Table 2, Dignity and Funeral Partners also offer variants which allow more flexibility (eg attendance at the crematorium, return of ashes, coffin upgrades, flexibility over time of cremation).<sup>5</sup>

39. Funeral Partners offers or has offered in the past a number of different direct cremation products (at different prices) through different branches/online advertisement.

(a) [redacted].

(b) [redacted].

(c) [redacted].

<sup>5</sup> Co-op only offer variants with regards to the ashes. Source [Co-op website](#).

40. [✂].

***What have the Largest funeral directors told us about the impact of low-cost funerals on the wider market?***

41. We asked the Largest funeral directors to explain, and provide evidence on, the effect of low-cost funeral types (ie different categories of direct cremations, simple funerals etc) on the market (eg in terms of prices overall and for different types of funeral, the take up of different types of funeral) and their expectations as to how this will affect market trends in future.

(a) Co-op provided details on the effect of simple funerals and substitutability with standard funerals as follows:

- (i) It highlighted the rapid uptake of simple funerals in response to (i) reducing its simple prices in 2016 and (ii) launching Choices (a clearer way of presenting funeral options and prices);
- (ii) it submitted that across 2016 to 2018, the uptake of simple funerals varied across branches [✂];
- (iii) it submitted an econometric analysis which it said shows that there was a statistically significant increase in the uptake of simple funerals at Co-op branches in response to (i) increases in the price differential between standard and simple prices and (ii) the introduction of its Funeral Choices brochure, holding constant a number of other factors (considered elsewhere in this provisional decision report);
- (iv) it made various comments about evidence of competition between funeral directors within simple funerals;
- (v) it pointed out that a growing number of funeral directors offer direct cremation services, and stated that this competitive pressure contributed to it launching its direct cremation service. Co-op stated that the introduction of Cremation Without Ceremony (CWC, its direct cremation product) has resulted in a cannibalisation effect on its simple funerals, indicating substitutability between these two low-cost propositions. It noted that the SunLife and Royal London reports show growing awareness and use of direct cremation, but that there is still inconsistency in funeral director practice in promoting direct cremation which it said indicates that take-up could increase further;<sup>6</sup>

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<sup>6</sup> SunLife (2017). [Cost of Dying Report 2017](#); Royal London (2018). [Buried in Debt – the price of a ‘good send-off’](#).

(vi) it submitted that as a result of this ‘dynamic competitive environment’, Co-op’s average selling prices have been falling since 2016. It noted that changes in average selling prices for low-cost funerals have been persistently and significantly below inflation over the last three years, with large reductions in 2016 and 2018 due to the relaunch of simple funerals and the launch of CWC respectively. Co-op noted that while average revenues from its Adult, Classic and Traditional funeral types have increased over the period, the rate of increase has converged to (and is now in line with) the CPI rate. It stated that this pressure on prices is in line with findings as to across-the-market funeral director price changes shown in the Royal London report 2018; and

(vii) Co-op submitted that ‘low-cost options will continue to play a crucial role in the market in providing affordable alternatives to more traditional funeral propositions.’ It noted that the Royal London 2018 report predicts that awareness of low-cost options is expected to increase, leading to ‘continued funeral director cost restraint’.<sup>7</sup> It stated that a number of other trends also suggest the impact of low-cost options will persist, quoting research undertaken by [redacted] which refers to:

- Pricing becoming an important factor for an increasing number of consumers, with a gradual effect on shopping around behaviour: [redacted];
- society becoming more secular which implies an increasing interest in non-traditional funerals; and
- digital, while nascent, being a key and growing trend in the customer journey.

(b) Dignity reported that demand for its direct cremation product responded to changes in price [redacted]. It also told us that, when it introduced new packages for attended direct cremations priced lower than Memoria and Pure Cremation, these providers subsequently reduced their prices.

(c) Dignity stated that ‘the influx of different business models and lower-cost propositions (such as direct cremation) are also expected to stimulate competition and cause long lasting structural changes in the sector.’

(d) With regard to simple funerals, Dignity referred to the reduction of the price of its simple funeral product in January 2018 and stated that

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<sup>7</sup> Source: Royal London (2018). [Buried in Debt – the price of a ‘good send-off’](#).

research commissioned by Dignity [REDACTED] 'indicated that many other funeral directors reduced their prices but that many also increased their prices during that time.' It also told us that it was hiring a Pricing Manager to oversee market monitoring and analysis. Finally, Dignity stated it 'expects consumer behaviour to continue to evolve and for there to be a considerable increase in the use of the internet and a desire to shop around in the next five years. [REDACTED].'

- (e) Funeral Partners told us that it has observed a gradual increase in customers choosing low-cost options (both simple funerals and direct cremations). It stated: 'In the past 36 months or so, we have seen 'direct cremation' or 'cremation without ceremony' emerge as a proposition designed to disrupt the market, with the introduction of low-cost 'no frills' services.' It noted an increasing number of funeral directors are now offering direct cremations as a separate option. It also told us that 'The emerging price comparison sites have also opted to price "direct cremation" as a separate proposition, further raising awareness and driving demand.' It stated: 'Funeral Partners continues to innovate when it comes to offering "direct cremation" [REDACTED].'
- (f) Funeral Partners also stated that 'As price considerations have become more front-and-centre in the market, more and more funeral directors are including price in their media campaigns in order to try and capture market share, and this is the case for both independent funeral directors and corporates, such as Dignity and Co-op Funeralcare. Indeed, both Co-op Funeralcare and Dignity have reduced prices for basic funerals and are introducing new products and propositions for lower cost traditional funerals.' It anticipates that this will continue and intensify as the trade associations and Scottish inspectorate recommend increasing price transparency.

- 42. We have considered the submissions that the Largest funeral directors have made to us when reviewing a large number of their internal documents.
- 43. Evidence from internal documents informs our understanding of how low-cost funeral types interact with other funeral types in a number of ways, which we explore in the following sections.

- (a) **Whether the product serves a specific group or a broad base of consumers:** some documents (eg consumer research, documents planning the launch of new products) reveal funeral directors' expectations as to which customers will be attracted to low-cost products, and whether these customers form groups that are distinct from those

customers purchasing standard funeral products. They also provide information as to why the funeral director introduced new options.

(b) **How funeral directors choose to market their low-cost offers** will also influence the degree to which low-cost products provide a constraint on other funeral types, as it will have an impact on the extent to which customers are aware of low-cost options.

(c) **Whether/the extent to which the low-cost products cannibalise standard funerals, as opposed to providing incremental sales:** Funeral director plans and ex-post assessments of the introduction or re-launch of low-cost funerals are informative as to whether offering these options significantly cannibalise existing funeral products or whether low-cost options instead provide incremental funerals by serving a new customer base (ie customers currently buying an alternative product elsewhere which is less suited to their needs).

44. The rest of this appendix largely focuses on internal documents. Where we have referred to a funeral directors' written RFI responses or other reports, we make this clear. For the remainder of this appendix, we consider simple funerals and direct cremation separately.

## **Direct cremations**

### ***Does direct cremation serve a specific group or a broad base of consumers?***

45. The documentary evidence reviewed indicates that direct cremation meets some specific needs: for some, a desire for a non-traditional funeral, with a service/celebration planned separately; for others, a low-cost alternative where no service is needed or wanted at all. However, price does not seem to be the primary driver for choosing a direct cremation.

46. Sunlife's 2018 Cost of Dying report<sup>8</sup> identified three possible groups to whom direct cremation might appeal:

(a) people who don't feel the need for a formal, ceremonial funeral service and instead hold an alternative memorial or celebration service separately;

(b) people who cannot afford a traditional funeral; and

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<sup>8</sup> SunLife (2018). [Cost of Dying Report 2018](#).

(c) people who wish to avoid the cost of repatriating the deceased, when someone has died abroad.<sup>9</sup>

47. [REDACTED].

48. [REDACTED].

(a) [REDACTED].

(b) [REDACTED].

(c) [REDACTED]

49. [REDACTED].

(a) [REDACTED].<sup>10</sup>

(b) [REDACTED].

50. [REDACTED].

51. [REDACTED]:

(a) [REDACTED].

(b) [REDACTED].

(c) [REDACTED].

52. In its hearing, Funeral Partners stated that those seeking a direct cremation fell into two categories: those who did not want a funeral, and those who wanted to separate the cremation from the funeral.<sup>11</sup>

53. [REDACTED].

(a) [REDACTED].

(b) [REDACTED].

54. Our review of internal documents indicates there are a number of strategic reasons for providing direct cremation: to capture share in a new or under-exploited market, including the potential to leverage into related services for separate celebrations of life (in place of a traditional service at the time/place

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<sup>9</sup> SunLife (2018). [Cost of Dying Report 2018](#), page 20.

<sup>10</sup> [REDACTED].

<sup>11</sup> Funeral Partners hearing summary, paragraph 18.

of burial or cremation); and for publicity/corporate responsibility reasons to address affordability concerns.

55. [REDACTED].<sup>12</sup>

56. [REDACTED].

57. [REDACTED].<sup>13</sup>

58. There are also other indications that direct cremations are, and are expected to remain, a small part of the market:

(a) [REDACTED].

(b) [REDACTED].

(c) [REDACTED].

(d) [REDACTED].

(e) SunLife's 2020 Cost of Dying Report found that 52% of respondents to its survey said they were aware of direct cremations, and '3% of all funerals overall were direct cremations'.<sup>14</sup>

(f) Royal London's most recent National Funeral Cost Index report stated that direct cremation in its purest form, with no mourners present and no separate celebration of life or ceremony, has fallen from 4% last year to 3% this year. The proportion of people having a direct cremation with a separate celebration of life has not increased, remaining the same as last year at 6%.<sup>15</sup>

59. Some funeral directors also caution against the absence of a service in the context of the role funerals play in the bereavement process. This was noted during interviews with a number of smaller funeral directors. [REDACTED].

60. Therefore, documentary evidence suggests direct cremation meets specific customer needs, which are not always related to prices, and that it is likely to remain a relatively small part of the market.<sup>16</sup>

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<sup>12</sup> [REDACTED].

<sup>13</sup> [REDACTED].

<sup>14</sup> SunLife (2020). [Cost of Dying Report 2020](#), page 13

<sup>15</sup> Royal London (2019). [Change on the horizon? National funeral cost index report](#), page 19.

<sup>16</sup> [REDACTED].

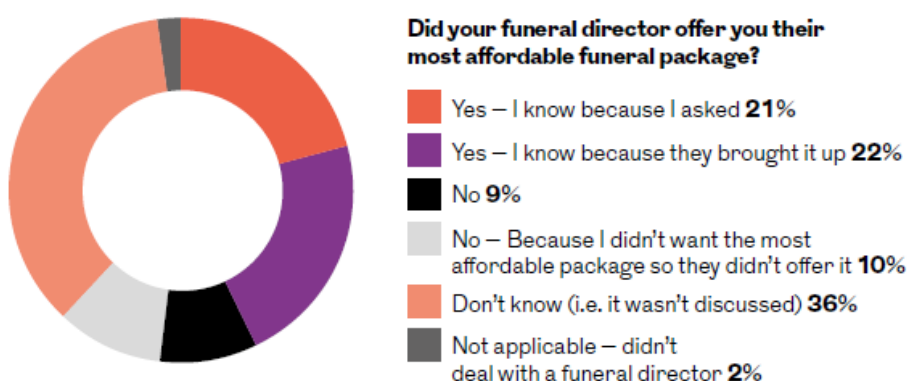


**Does the way direct cremation is marketed indicate it is aimed at a broad group of consumers?**

- 61. Two of the Largest funeral directors market direct cremation through distinct channels from their other funeral types. Only Co-op treats direct cremation as a fully integrated part of its portfolio advertised to all potential customers.
- 62. [✂]. Direct cremations receive similar prominence to simple and standard funerals on Co-op’s website.<sup>17</sup>
- 63. [✂]. The most recent Royal London report<sup>18</sup> found continued inconsistency in consumers being offered the lowest cost options, with a third of consumers saying it was not discussed by either themselves or by the funeral director (see Figure 1).

**Figure 1: Royal London analysis of awareness of low-cost options, 2019**

**Chart 7: Mixed picture on consumer awareness of lowest cost options**



Source: Royal London National Funeral Cost Index surveys.

Source: Royal London, Change on the horizon? National Funeral Costs Index 2019.

- 64. Dignity’s direct cremation product (which, as noted in Table 1, accounts for [✂] of its at-need volumes) is marketed separately under a different brand (Simplicity) and sales channel (separate website [✂]). This may limit the degree to which customers link the two or seek to purchase a direct cremation.<sup>19</sup> [✂] Simplicity is advertised online and on radio and television. [✂].
- 65. [✂].

<sup>17</sup> <https://www.coop.co.uk/funeralcare/funeral-services>

<sup>18</sup> Royal London (2019). [Change on the horizon? National Funeral Costs Index](#)

<sup>19</sup> However, direct cremation is listed on Dignity’s website as one of types of funeral that Dignity can deliver (<https://www.dignityfunerals.co.uk/arranging-a-funeral/types-of-funeral/direct-cremation/>).

66. [REDACTED].
67. Therefore, direct cremation appears to be treated largely as a separate proposition by two of the Largest funeral directors (with the exception of Co-op), with marketing restricted to particular sales channels.

***How far is direct cremation affecting sales of other funeral types as opposed to providing incremental sales?***

68. We have also considered evidence on the extent to which direct cremation has attracted new volumes for the Largest funeral directors from elsewhere, compared with cannibalising sales of other funeral types (and which funeral types were most affected).
69. [REDACTED].<sup>20</sup>
70. [REDACTED].
71. [REDACTED].
72. [REDACTED]. The figures indicate to us it expected to gain additional volumes through direct cremation, but also that around [REDACTED] of direct cremation volumes were expected to be migration from simple funerals.
73. We set out in paragraph 34 and 39 the different direct cremation offers Funeral Partners has been marketing, largely restricted to online or specific branches. Funeral Partners therefore appears to have tried to keep direct cremation to separate sales channels or limited locations.
74. [REDACTED].<sup>21</sup>
75. [REDACTED].
76. [REDACTED].
77. [REDACTED].
78. [REDACTED].
79. [REDACTED].<sup>22</sup>
80. Therefore, we consider that these internal documents are relatively consistent in indicating that, while there is some cannibalisation by direct cremation of

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<sup>20</sup> [REDACTED].

<sup>21</sup> [REDACTED].

<sup>22</sup> [REDACTED].

other funeral volumes, particularly simple funerals, this is generally outweighed by increasing overall volumes. This suggests to us that there is a distinct group of consumers who will choose direct cremation and which funeral directors seek to appeal to. Further, those customers are not reached by other funeral products and so would otherwise purchase direct cremation from another provider (including specialist direct cremation providers).

## Simple funerals

### ***Do simple funerals serve a specific group of consumers or are they attractive to a broad base of customers?***

81. As set out below, internal documents from the Largest funeral directors indicate to us that, to some extent, there is segmentation in the market between those customers who want a low-cost funeral (either simple funeral or direct cremation) and those who want a traditional funeral service.<sup>23</sup> However, a simple funeral appears to be an option that appeals to a larger part of the customer base than direct cremation, albeit likely to remain a small proportion of funeral volumes.
82. [REDACTED].
83. Research conducted by Co-op in December 2015 prior to relaunching its simple funeral found a simple package could have relatively broad appeal, except for a few circumstances (eg particular religious needs, precise instructions left by the deceased or if it were felt that the organiser wanted to do 'more' for the deceased, eg if they were very close or died unexpectedly).
84. However, the documents indicated to us that some of the limitations placed on simple funerals may reduce their appeal to customers. [REDACTED].
85. Similarly, the documents indicate to us that customers also seem unwilling to appear overly focused on price. [REDACTED].
86. [REDACTED].
87. There are also a number of different drivers behind funeral directors offering a simple funeral: winning (back) volumes for price sensitive customers, potentially reflecting a growing division between price conscious and

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<sup>23</sup> Co-op submitted that though there clearly are customers with different needs, funeral directors cannot readily identify which individual customer is likely to fall into which segment and therefore target particular options at particular customers. All options are available to all customers, who therefore make their choices; consequently, all those who might prefer a lower cost option are presented with it. To clarify, within this appendix we focus on customer segmentation at the point at which the funeral package is designed, and not the point at which the package itself is sold to customers.

'traditional' customers; providing an attractive headline price; and for publicity/corporate responsibility reasons to address affordability concerns.

(a) The motivations behind Co-op's simple funeral re-launch are set out in more detail in paragraphs 4 to 19.

(b) [REDACTED].

88. [REDACTED].

89. [REDACTED].

90. [REDACTED].

91. [REDACTED].

**Figure 2:** [REDACTED]

[REDACTED]

Source: [REDACTED].

92. [REDACTED].

93. [REDACTED].<sup>24</sup>

94. [REDACTED].

**Figure 3:** [REDACTED]

[REDACTED]

Source: [REDACTED].

95. [REDACTED].

96. [REDACTED].

97. [REDACTED].<sup>25</sup>

98. [REDACTED].

99. [REDACTED].<sup>26</sup>

100. There are also indications that simple funerals will continue to account for a minority of volumes:

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<sup>24</sup> [REDACTED].

<sup>25</sup> [REDACTED].

<sup>26</sup> [REDACTED].

(a) [REDACTED].

(b) [REDACTED].<sup>27</sup>

(c) Funeral Partners indicated in its hearing that it believes simple funerals account for less than 20% of funerals in the industry as a whole.<sup>28</sup>

### ***How are simple funerals marketed to customers?***

101. [REDACTED].

102. [REDACTED].

103. [REDACTED].

104. Therefore, in contrast to direct cremation, simple funerals are more likely to be advertised through the same channels, and offered with similar prominence, as standard funerals.

### ***How far are simple funerals affecting sales of other funeral types as opposed to providing incremental sales?***

105. [REDACTED].

106. In the hearing, Co-op noted that the pricing architecture between its simple funeral and its traditional funeral has to make sense.<sup>29</sup> This indicates to us that prices of simple funerals cannot be too out of line with those of standard funerals.

107. Dignity reduced the price of its simple funeral in January 2018. Its reasons for doing so focus around competing [REDACTED].[REDACTED] in its public price change announcement, it highlighted competition and increased customer shopping around;<sup>30</sup> in the hearing, it stated the decline in its volumes had shown that its pricing had been in the wrong place;<sup>31</sup> [REDACTED].

108. [REDACTED]. Its results for FY 2019 show that simple and Limited funerals made up 14% of its volume mix.<sup>32</sup>

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<sup>27</sup> [REDACTED].

<sup>28</sup> Funeral Partners hearing summary paragraph 16

<sup>29</sup> Co-op hearing summary paragraph 20

<sup>30</sup> <https://www.dignityfunerals.co.uk/corporate/news-media/news/press-releases/2018-01-19/1077/pre-close-trading-update-and-market-positioning/>

<sup>31</sup> Dignity hearing summary paragraph 35.

<sup>32</sup> P.9, [https://www.dignityplc.co.uk/media/3900/dignity-plc\\_investor-presentation-december-2019.pdf](https://www.dignityplc.co.uk/media/3900/dignity-plc_investor-presentation-december-2019.pdf). [REDACTED].

109. [✂].
110. [✂].
111. [✂].
112. However, Funeral Partners has indicated it considers consumers are increasing their focus on price, albeit that price is not the main driver of choice. In its hearing, Funeral Partners indicated that the vast majority of families chose funeral directors on the basis of reputation and recommendation, but an increasing number were interested in price and this increased focus acts as a constraint.<sup>33</sup>
113. [✂].
114. Based on the above, internal documents suggest that simple funeral price changes pose a greater risk of unprofitable cannibalisation of standard funeral volumes than direct cremations. However, it is not clear this risk has had a tangible effect on standard funeral volumes.
- (a) We note Co-op's argument that the pricing architecture between simple and standard funerals has to make sense. This could manifest as funeral directors either being unwilling to increase standard prices too far above simple funeral prices, or as limiting the degree to which a firm is willing to reduce the price for simple funerals (although we note there have been some significant changes in simple prices without correspondingly significant changes in standard prices).
- (b) As noted in Appendix K, from analysing the outcomes of Dignity's price trials, the changes in shares of supply suggest that [✂].
- (c) [✂].

## **Current and future sales of simple and direct cremations by Regional Co-ops and Smaller funeral directors**

115. The four largest regional co-ops (Central England Co-op, Midcounties Co-op, East of England Co-op and Southern Co-op) provided detailed information on volume of funeral types over time such that we can analyse trends for these companies (also commenting on where they changed their funeral offerings).
116. Table 4 below shows how many of each type of funeral the four regional co-ops combined conducted as a proportion of their overall number of funerals.

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<sup>33</sup> Funeral Partners hearing summary paragraph 11

Central England and Midcounties Co-ops offered all five funeral types by 2017, with East of England Co-op offering four of the five types of funeral, as it does not offer direct cremations, and Southern Co-op offering only standard and pre-paid funerals until 2018 where it started offering direct cremations.<sup>34</sup>

**Table 4: Regional co-ops combined funeral mix over time, 2013-2018**

| Year | Direct | Simple | Standard  | Other | Pre-paid |
|------|--------|--------|-----------|-------|----------|
| 2013 | [X]    | [X]    | 76% (90%) | [X]   | [X]      |
| 2014 | [X]    | [X]    | 75% (90%) | [X]   | [X]      |
| 2015 | [X]    | [X]    | 73% (90%) | [X]   | [X]      |
| 2016 | [X]    | [X]    | 71% (89%) | [X]   | [X]      |
| 2017 | [X]    | [X]    | 69% (90%) | [X]   | [X]      |
| 2018 | [X]    | [X]    | 65% (86%) | [X]   | [X]      |

Note: Bracketed values represent the proportion of at-need funerals each type accounts for. Source: CMA analysis using data submitted by regional co-ops.

117. Standard has remained the most common funeral type, but declined by 11 percentage points over the period, representing 65% of funerals in 2018. The proportion of standard funerals [X] between co-ops (as shown in the tables below). Southern Co-op classified all at-need funerals as standard,<sup>35</sup> whereas for Central England, East of England and Midcounties Co-ops, standard represented [X]%, [X]% and [X]% of funerals respectively in 2018. The decline in standard may be partly attributed to the growth in pre-paid funerals, which increased by 9 percentage points (the proportion of at-need funerals accounted for by standard funerals has remained more stable).
118. The proportion of simple has remained fairly stable, [X] different companies have seen [X] trends. The proportion of direct cremations has remained very small, although [X].<sup>36</sup>
119. Central England Co-op said that it has sought to improve the choice of services which its customers face by enabling them to build upon a basic service by adding extras from a menu of options. It noted that this approach ensures that the service is customised to the customer's requirements and provides certainty as to the price they will pay. It introduced direct cremations in January 2017 following successful trials.
120. In Q2 2017, Midcounties Co-op launched a simple funeral offering and repositioned its existing 'essential' funeral as a direct cremation product.

<sup>34</sup> There may still be differences between the funeral type spread offered by regional co-ops who offer a 'full range' as defined by our information request; regional co-ops may have different niche funeral types which would all be recorded as 'other' per the definition in the information request.

<sup>35</sup> Until 2018, where it started offering direct cremations, of which it conducted [X].

<sup>36</sup> Southern Co-op may have sold funerals similar to direct cremations before 2018 but did not record them as such.

121. Southern Co-op stated its pricing is based on an itemised approach (as opposed to set funeral packages) for the various key aspects of a funeral and so only charge for whatever aspect a customer wishes (ie should they require just a hearse and limousine and do everything else themselves that is what they would get charged for). Thereby a funeral can be as simple or as cheap as the customer wants to make it. However, Southern Co-op also stated it introduced a simple funeral package in targeted areas in response to, and to enable it to compete with, the Co-operative Group in 2018. Southern Co-op does not offer direct cremation as part of its standard service proposition, but stated that it would provide such funerals if the customer desired and charge accordingly, and in fact did conduct a small number of direct cremations in 2018.
122. East of England Co-op noted that, since the latter part of 2018, it has seen greater requests for unattended services. It stated that, due to public interest, it is currently discussing ways to formalise such a package after it became apparent that simply reducing fees would not suffice, and has subsequently introduced a direct cremation service. It also noted it has seen an increase in demand for its simple funeral offering. It attributed this to continued low/slow wage growth and reduced disposable income, greater public awareness of the wish to constrain funeral costs and the launch of its first 'Plain & Simple' funeral plan offering in late 2013.
123. The questionnaire we sent to a sample of funeral director branches showed that standard funerals are the most common funeral type offered, and make up around 80%-90% of at-need funerals on average. Many of the Smaller funeral directors offer a simple funeral and/or a direct cremation option, but for the majority of these funeral directors these funerals types account for a relatively small proportion of the total volumes across the sample. On average, simple funerals and direct cremations accounted for approximately 5-7% and 0-2% of total funerals respectively.
124. We have received qualitative submissions from a number of the smaller funeral directors regarding their current sales and expectations for simple and direct cremations. These submissions are detailed below.
- (a) A new entrant in a large conurbation [redacted] noted that in the last year, it has been organising more simple funerals and there is more awareness of direct cremation. It noted that more people are enquiring about direct cremation rather than it telling them about it. It said that the choice of direct cremation is usually not about cost, but about wanting to organise a celebration for later in the year with the ashes present. It said that with



simple funerals, similarly, budget will sometimes be a factor but there is no specific reason for people to choose this option.<sup>37</sup>

- (b) A long-established firm [X] in a large conurbation introduced the 'simple choice' package in response to observing changes in the market and responding to what it perceived to be changes in customers' needs, as reported in the press. It also arranges unattended funerals when requested, but considers this can pose mental health issues.<sup>38</sup>
- (c) A well-established family firm in a mid-size town [X] offers a standard funeral and a 'basic' funeral. It has decided against offering direct cremations for moral reasons, as it is of the opinion the funeral option gives little care for the deceased. It said that very few people enquire about direct cremation, and that the cremations which it provides as so-called 'direct cremations' mostly include a service in church, with the funeral director taking the body to the crematorium without the family afterwards.<sup>39</sup>
- (d) A new entrant in a mid-size town [X] offers four options: direct cremation, 'budget' funeral (no limousine and plain coffin), 'standard' funeral (no limousine, 50 orders of service, oak or elm veneered coffin) and 'traditional' funeral (includes limousine, orders of service, listing of floral tributes and oak, elm or mahogany coffin). The traditional funeral costs £2,095 plus disbursements. It said 90% of the funerals are sold at the basic price of each package and the most expensive package is rarely bought by customers. Only 2% of the funerals that it organises are direct cremations; 85% are normal cremations and the remaining would be burials and woodland burials. It said that younger people, wealthier people and environmentalists are more likely to be interested in woodland burials. It said that direct cremations may be bought by people who are budget conscious, but also people who have difficult family set-ups or people who do not want the fuss of elaborate funerals.
- (e) A new entrant in a mid-size town [X] offers four options: direct cremation; 'simple' funeral (no limousine, simple coffin, some restrictions eg on viewing out of hours and embalming but otherwise same services as more

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<sup>37</sup> This funeral director also noticed that the natural burial ground has become busier with other funeral directors - typically people would be asking the funeral director for it rather than being offered it as a matter of course. It told us that it has become easier to compare prices this year because some of the independent funeral directors have started to put their prices online (in response to recent pressure on the industry), although it is still not possible to do like-for-like comparisons

<sup>38</sup> This funeral director has also noted changes in the nature of its pricing structure. It has separated the cost of professional services from cars since the 1980s because it found that some people wanted more flexibility around the hearse and limousines. It had previously sold complete packages

<sup>39</sup> This funeral director noted that the statistics on direct cremation from crematoria are misleading because they include these types of circumstances.

expensive packages); [X] package (includes oak veneered coffin); and [X] package (includes limousine or car, oak veneered coffin). The most expensive package is £2,750 including disbursements. It said 70% of its funerals are the simple package. The other 30% will either be a bespoke funeral or its [X] package. It emphasised that it is flexible in its approach, allowing people to add or remove from packages, in contrast with the larger companies. In contrast to the larger companies, there are no restrictions on when the simple funeral takes place, and although simple funerals have become more popular, the restrictions that the larger funeral directors place on them has an impact on customer take-up. In its last two years, it has organised between six and eight direct cremations, many of which were chosen for cost reasons. However, it said there are also affluent people who will choose direct cremation.

- (f) An established firm [X] in a large conurbation stated that in 2016, direct cremations were largely unknown with a limited number of people directly contacting their local authority crematoria to arrange them. At that time direct cremations were not part of its advertising strategy, which instead focused on its standard funerals. It stated that simple funeral account for approximately 20 per cent of its funerals.
- (g) A well-established firm [X] in a small town noted that it would have 6-7 direct cremations and 5-6 simple funerals a year, but the majority of its funerals would be bespoke funerals.
- (h) A long-established family firm [X] in a rural area said it offers packages but the main variation in them is the coffin, with all packages including a hearse and a limousine (although this can be removed if not needed). It also provides direct cremations although noted they were not popular in the area.
- (i) A long-established family firm [X] had 'always' provided a simple funeral but had introduced the direct cremation as an option at the beginning of 2017. It stated that in the first half of 2018 direct cremations accounted for between 5% to 10% of its total funerals, which it viewed as a growing proportion of its funerals. It expected further growth based on trends seen in Australian and American markets.
- (j) A long-established smaller funeral director [X] estimated that in 2018 around 40% of its funerals were either simple funerals or direct cremations. It stated that customers are becoming more aware of what they want from a funeral with a greater awareness of the options for a direct cremation or simple funeral.

- (k) A long-established family firm in a rural area [X] said that its traditional funeral package (one hearse, one car, standard [X] cremation coffin) accounted for 90% of the funerals it carried out. It noted that direct cremations were not a new thing. However, it did consider that this part of the market would 'increase slightly'. It said that it did now offer a direct cremation pre-paid funeral. However, it had only sold 'one or two' so far. It also offered the NAFD defined simple funeral as one of its packages.<sup>40</sup>
- (l) An established firm in a mid-size town [X] said that it had noticed an increased level of personalisation and variety in funerals over the years. With regards to direct cremations, it said in the past direct cremations were primarily bought when there was a lack of family of the deceased, whereas recently more families choose to have it.<sup>41</sup>
- (m) A well-established family firm in a rural area [X] said it does not offer packages, but does offer direct cremations. It noted direct cremations were growing in popularity but that this had implications for people's grieving process. It also has a simple funeral, which it introduced as a result of NAFD requirements. It noted the simple funeral is not often taken up and attributed this to the affluence of the area. It estimated around 10% of its funerals were direct cremation and 20% simple funerals.
- (n) A new entrant in a large conurbation [X] offers a direct cremation option and otherwise shows the typical cost of a cremation and a burial on its website. It said that all its funerals are bespoke, even the direct cremation package. It does not market packages because it considers that they do not provide people with all that they want and will always include elements they do not want.
- (o) A long-established family firm in a rural area [X] does not offer package funerals (although it offers a simple option and direct cremation), and its funerals tend to be bespoke, even for pre-arranged funerals. It explained that, in Northern Ireland, funerals are quite varied and may be becoming more varied rather than less, so a package does not really work very well. Each individual element of the service is priced, as per the price list, with professional fees on top. According to its price list, a 'Simple Basic Funeral' is £[X] and Direct Cremation is £[X]. It noted that in Northern Ireland, there would be limited take up of the 'Simple Basic Funeral' and it

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<sup>40</sup> The funeral director said it did offer 'non-traditional funerals' ('green funerals and the like'), but the area was 'very traditional'. A green funeral in the locality might just mean a wicker coffin instead of a wooden one. It also commented that people want a memorial stone to visit which would not be available at a green burial site.

<sup>41</sup> The funeral director noted that being one of the larger independents in its area allows it to be slightly more flexible in its pricing; not necessarily cheaper, but offering a wider range of prices. It stated it does not have a rigid set of packages but instead allows families to pick and choose the elements of the funeral that they value and not have an incremental increase of all funeral elements which it said is often the case with packages.

is not advertised in their brochures or on the website. However, it said that if the family needs it, (it explained that most families are fairly honest when you sit down with them) it feels it needs to provide it.

(p) A long-established family firm [X] in a mid-size town provided some observations on low-cost funeral types, stating that when customers say they want a simple funeral it can often mean they don't want the traditional garb of funeral directors and the hearse and limousines, but still want a full service. In addition, it said, direct cremation became popular not due to the appeal of cost savings but more of a "rebellion" against the traditional funeral. It went on further to say that it is not the more deprived demographic that are likely prefer direct cremations, as people from more deprived backgrounds tend to prefer traditional funerals.

125. This shows that for most smaller funeral directors we have contacted, simple funerals and direct cremations currently make up a small proportion of current funerals, and have only recently become more popular. Some noted that they do not advertise direct cremations, but rather organise one when specifically requested by the customer.
126. Some of the smaller funeral directors expect the sales of simple and direct cremation funerals to increase in the future, although this may not be representative of all the smaller funeral directors. Some expect the growth of simple funerals to continue on the basis that a greater proportion of individuals will be aware of it as an option.

## **Observations from funeral directors**

127. Co-op submitted that the comments and information in this appendix are taken from historic Co-op documents and are assumed to remain relevant today when they have, in fact, been significantly revised by a Funeralcare Executive team that has been significantly overhauled. In this appendix we have reviewed and considered a wide range of documents (in terms of age and purpose) and assign different weights to the documents depending on their circumstances. We therefore consider internal documents to be an important source of evidence and so will continue to put appropriate weight on them.
128. Co-op also submitted that the extracts and research included in this appendix illustrates Co-op seeking to take an inclusive approach to the make-up of its simple package, so that it was not perceived as a 'cheap' or cut-down option. Co-op submitted that it took significant care to make sure that its simple funerals package had wide appeal, capable of serving the needs of most customers, and that it added some features to its Simple funeral to achieve

this. We believe that the evidence shows that although Co-op may have taken some action to tailor its funeral package to appeal to the widest group of customers, that it still is mostly taken up by price-conscious customers.