

Appendix O – Price dispersion analysis

1. In this appendix, we present descriptive statistics on the level of price dispersion between funeral director branches in local areas, separately analysing simple funerals and standard funerals¹ based on pricing data from January 2018 to May 2019 acquired from price comparison websites (PCW) Your Funeral Choice (YFC) and Beyond respectively (see paragraphs: 18 to 19 and 31 to 32 for further details).
2. In the provision of funeral director services, there is a degree of differentiation between funeral directors in terms of the product range and quality offered, as well as of geographic location. With the analysis set out in this paper, we aim to compare prices between funeral directors by ‘controlling’ for some of these differences (to the extent possible), namely the product range, as we compare prices for simple and standard funerals separately, and the location, as we compare prices for funeral directors operating in the same local area and thus likely to face similar demand and cost conditions.
3. We would expect to observe a degree of price differentiation between funeral directors in a well-functioning market where customers are shopping around.² However, we consider that when the price differential for the same product³ between funeral directors in the same local area is large, cost/quality differences may not explain the differential (fully).
4. Therefore, the magnitude of the price differential may indicate that customers are not shopping around such that lower priced funeral directors are not constraining higher priced funeral directors. We also note that the magnitude of the price differential we estimate needs to be assessed in light of the fact that it relates to funeral directors that are likely to be positioned towards the lower price-end of the market.⁴
5. In the market study, the CMA undertook similar analysis focused on simple funerals which found, based on 2017 pricing data:

¹ Co-op noted that the analysis does not include other low-cost types of funerals such as direct cremations. We note that other low-cost funeral types account for a small proportion of funerals and are likely to continue to do so. Therefore, the inclusion of these funeral types would not add much to the evidence on price dispersions within areas that we use to inform the assessment of the level of competition between providers for the vast majority of funerals within local markets

² By customers shopping around, we mean consumers actively seeking the lowest priced offer for any given level of quality.

³ For standard funerals we control for what is included in the product, see paragraph 35 for further information.

⁴ See paragraph 14.

- (a) in approximately half of all local areas (based on Royal London's definition described at paragraph 9), the cheapest simple funeral was at least 50% cheaper than the most expensive simple funeral;⁵
 - (b) large price differentials were often driven by Dignity's high price, where it was found that in over 80% of the local areas where a Dignity funeral director branch was present, Dignity offered the most expensive simple funeral.⁶ The CMA further found that Dignity, Co-op or Regional Co-op were the most expensive in 82% of the local areas covered in the Royal London Report;⁷ and
 - (c) significant price differentials appear to be a general characteristic of this sector rather than being solely 'a Dignity issue'.⁸
6. This appendix updates and expands these results as described in the overarching methodology section from paragraph 8 onwards.
7. This appendix is structured as follows:
- (a) First, the overarching methodology applied to both analyses is set out;⁹
 - (b) second, the analysis of simple funerals price dispersion, using YFC data, is set out; and
 - (c) third, the analysis of standard funerals price dispersion, using Beyond data, is set out.

Overarching methodology

8. This section sets out the methodology common to both pieces of analysis. Specific methodology points for each analysis are set out in the sections below.
9. The analyses build upon the price dispersion analysis undertaken in the market study.¹⁰ That analysis used Royal London's definition of a local area, which was based on the first section of the postcode (eg RG1). If insufficient information was available within the postcode area (usually in rural areas

⁵ CMA, [Funerals market study final report, March 2019, paragraph 6.39.](#)

⁶ CMA, [Funerals market study final report, March 2019, paragraph 6.40.](#)

⁷ CMA, [Funerals market study final report, March 2019, paragraph 6.40.](#)

⁸ CMA, [Funerals market study final report, March 2019, paragraph 6.41.](#)

⁹ Differences between the analyses in methodology and points specific to each analysis are explained in more detail in the subsequent sub-sections.

¹⁰ See from [CMA, Funerals market study final report, March 2019, paragraph 6.35.](#)

where there would be no local 'in-postcode' funeral director) the search was expanded up to eight miles from the postcode centre.^{11 12}

10. In this appendix, we have used local authority areas, as defined by the Office for National Statistics (ONS),¹³ to allocate each funeral director branch in the PCWs' data set to a local authority area. In both pieces of analysis, we have focused on areas which have at least three funeral director branches to ensure the statistics are meaningful.
11. Similar to what was done in the market study, where the data allows, we also analyse price dispersion by ownership. Details on the coverage provided by the data sets used in these analyses are set out in the sections below.
12. Both pieces of analysis use pricing data from PCWs provided in May 2019; details on the data sets used are set out in the sections below, from paragraphs 18 to 19 and 31 to 32.

Detailed points on the analyses

13. We note that these analyses focus on price dispersions and do not take into account potentially relevant differences between funeral director services in quality or cost in each local area.
14. Across both pieces of analysis, we note the following:
 - (a) In both data sets, some funeral directors are self-selecting in providing prices to the PCWs, so there is a possibility that both data sets are skewed towards lower priced funeral directors.¹⁴ This bias is likely to lead to an underestimation of the within-area price dispersions; additionally, the prices may also not be updated on a frequent basis;
 - (b) both data sets do not cover all funeral director branches in each local area, and so may be missing price data that could affect the price dispersion statistics. This would mean that our analysis could be understating the degree of price differentiation within local areas; and

¹¹ Note that this does not necessarily mean there were no other funeral directors present within the postcode area but may just reflect that other funeral directors did not have their prices listed on YFC (the data set used by Royal London).

¹² [Royal London National Funeral Cost Index Report 2019, September 2019, page 30.](#)

¹³ This was chosen such that we have consistent local areas between the analysis of simple and standard funeral price dispersions. Furthermore, we note that replicating Royal London's local area definition would be challenging, as we do not have data on which funeral director branches are located within each local area as defined by Royal London.

¹⁴ Lower priced funeral directors may be more willing to post their prices online than higher priced funeral directors, meaning Beyond's and YFC's pricing data sets may be over representative of lower priced funeral directors.

- (c) the boundaries of each local authority area may not correspond with what we would normally regard as an economic market, so we may be comparing prices across branches which in fact face different demand or supply conditions.
15. We set out specific points in relation to each data set in the relevant methodology sections below.
16. A number of parties raised issues with various aspects of our methodology (other points raised by parties are noted throughout the appendix).
- (a) Co-op submitted that local markets do not fit neatly within local authority areas, meaning we may be comparing prices across branches which in fact face different demand or supply conditions. This was also highlighted by Dignity¹⁵ and LCC.¹⁶ We have noted this point above. Data availability means we cannot construct geographic areas which match local geographic markets, but we would not expect differences within or between neighbouring authorities to fully account for such wide price differentials. Additionally, we would expect this to reduce the number of areas used in this analysis as we have only included areas which have at least three funeral directors. This reduction in the number of areas would lead to the analysis becoming less robust.
- (b) Co-op, Funeral Partners¹⁷ and Freeman Brothers¹⁸ submitted that this analysis is limited by not controlling for variations in quality (Co-op also lists other factors, such as business model and brand reputation).¹⁹ We note that not all potentially relevant factors are controlled for and that we would expect some variation in price within local areas due to quality/cost

¹⁵ Dignity noted that expanding local areas up to eight miles from the postcode centre when insufficient information was available within the postcode area might lead to the inclusion of branches that do not face the same competitive constraints and economic characteristics in the same local market ([Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, paragraph 4.3\(B\)](#)). We note that this approach was undertaken for the analysis in the market study, but has not been adopted in this analysis. We instead use local authority areas.

¹⁶ [London Cremation Company, Submission in response to CMA's Market Investigation Working Paper on Funeral Directors - Price Dispersion Analysis published 20 February 2020, 22 June 2020, paragraphs 4.1-4.8.](#)

¹⁷ [Funeral Partners Limited, Funeral Partners Limited's non-confidential response to the CMA's Working Papers published 20-21 February 2020, 01 July 2020, paragraph 8.29.](#)

¹⁸ [Freeman Brothers Funeral Directors, Response to CMA working papers published 20 and 21 February 2020, 12 June 2020, pages 4-5.](#)

¹⁹ Co-op also argues that our work across Working Papers over-emphasises price over other equally or more important product differences, such as quality. We have also considered evidence on quality (for example, in our assessment of internal documents and in our evidence-gathering from smaller funeral directors). However, a significant element of our concern with the market is that customers may be paying high and increasing prices without this being linked to differences or changes in cost as a result of their inability to engage effectively. As such it makes sense for us to explore the extent to which this is actually the case (ie that customers may in fact face high prices).

variations – but price variations of the magnitude observed are unlikely to be fully explained by quality/cost differences.

- (c) Co-op set out that there are no standard definitions of simple or standard funerals, and concludes that therefore the price comparisons within these funeral types are misleading. Dignity also highlighted that though PCWs have definitions for simple and standard funerals, it is difficult to ensure consistency in terms of quality across elements within each package.²⁰ Where possible we have controlled for this (ie by choosing a standard package which is consistent across data providers). Given limited data availability, further controlling for this issue is not possible.
- (d) Co-op and Dignity²¹ noted that the analysis relies on average min-max ranges, and that these can be affected by outlier prices. Though this may be the case, we consider that there are limitations to the data that mean more detailed analysis (ie interquartile ranges) is less robust; for example, the number of areas we could analyse would be reduced. These limitations are that the data sets do not cover all funeral directors within each local area and due to the mostly self-selecting nature of the data, it is likely skewed towards lower priced funeral directors.²² In this context, using min-max ranges has the benefit of only understating the degree of price dispersion (that is, that the direction of bias is known), meaning the results can be seen as lower bound for the level of price dispersion.

17. Given the limited data which has been available, we have not been able to incorporate further adjustments to the analysis beyond what had already been done to address these points in the PDR. We have, however, taken the points above into account in determining the appropriate weight and interpretation to attach to this analysis.

²⁰ [Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, paragraph 4.3\(D\)](#).

²¹ [Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, paragraph 4.3\(C\)](#).

²² Dignity noted the measured results might not be representative in areas where a significant number of branches exist but only three branches were included in the sample ([Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, Table 1.1 p.23](#)). As noted above, we are aware the data sets do not cover all funeral directors within each local area and are likely skewed towards lower priced funeral directors. As explained above, we consider our approach is likely to understate the degree of price dispersion (that is, that the direction of bias is known).

Simple funerals price dispersion

18. We have obtained data from YFC on simple funerals with respect to the pricing data they have collected from funeral directors via a mixture of mystery shopping and by directly requesting prices.
19. The following analysis is based on simple funeral pricing data obtained in May 2019, with the large majority of prices (97%) having been gathered in the period from September 2018 to May 2019.²³ As such, this builds on the analysis conducted in the market study. Given the length of the data collection window, some variation in prices could be due to changes over time, as opposed to differences between providers.²⁴ However, we could expect changes in prices within this space of time to be relatively small, so even if the highest/lowest priced funeral director had changed their price in the intervening period, it is unlikely the change would be sufficiently substantial to lead to completely different results in terms of price differentials between providers.

Methodology and coverage

20. In the market study, the CMA examined the extent of price dispersion between providers within local areas, based on data obtained from YFC. Using 2017 simple pricing data, the CMA analysis built upon analysis by Royal London of price dispersion for simple funerals in local areas.
21. As set out in paragraph 10, we have allocated each funeral director branch in the YFC data to a local authority area, as defined by the ONS. We have focused on local authority areas with at least three funeral director branches in the data set to generate meaningful statistics. As such, we cover over 90% of UK local authority areas as defined by the ONS.²⁵
22. In terms of the funeral director branch breakdown by ownership, in the local authority areas in the analysis:

²³ The remaining 3% is dated between January 2018 and September 2018. Our analysis is based on [3,000 – 3,500] funeral director branches in total.

²⁴ This was highlighted by Co-op and Dignity ([Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, paragraph 4.3\(E\)](#)). Freeman Brothers submit that adjustments made to Dignity and the Co-op's prices render the data outdated and therefore invalid ([Freeman Brothers Funeral Directors, Response to CMA working papers published 20 and 21 February 2020, 12 June 2020, pages 4-5](#)). This was also highlighted in relation to standard funerals, which we discuss separately.

²⁵ More specifically, we cover 358 out of 392 local authority areas, with 27 local authority areas with fewer than 3 funeral director branches excluded.

- (a) Dignity and Co-op account for around 17% and 18% of funeral director branches respectively;
 - (b) regional co-op's account for around 5% of funeral director branches; and
 - (c) 'independent' funeral directors account for around 60% of funeral director branches.²⁶
23. In addition to the points common to both pieces of analysis set out in paragraph 14, we note the following with regard to our analysis of simple funerals:
- (a) YFC gathers information on a specific type of simple funeral.²⁷ However, there may still be discrepancies in the simple funeral package price the funeral directors report back (eg if their simple funeral contains/excludes different services compared with the YFC simple funeral).
 - (b) YFC's data set contains pricing information on approximately [3,000 - 3,500] funeral director branches.²⁸ Therefore, though we have a wide coverage of local authority areas, we do not have complete data on the funeral directors operating in each of these areas.
24. In the following paragraphs (25 to 30) we present similar descriptive statistics to those shown in paragraphs 6.35 to 6.43 of the [Market Study Final Report](#), but now using simple funerals pricing data for 2019 (instead of 2017). We note where results have changed and explain why, given market developments, this may be the case.

Results

25. We first look at price dispersions across all local authority areas and across areas split by whether Dignity is/is not present.²⁹ Table 1 summarises our findings below.

²⁶ YFC categorises funeral directors outside Co-op and Dignity as 'small chains' or 'independents'. In our analysis, we refer to these groups as 'independents'. In some places we separately identify regional co-ops, which are part of the 'small chain' category

²⁷ We note that the definition of a simple funeral used by YFC includes a funeral director's services (collection/care of the deceased, a basic coffin, hearse and management of a simple service). <https://www.yourfuneralchoice.com/about-us/>. A previous version of this analysis indicated disbursements were also included, but this is not the case. This also does not include the redemption of prepaid plans.

²⁸ More specifically, YFC covers [3,000 - 3,500] funeral director branches out of approximately 6,000 branches in the UK (see Section 2).

²⁹ All local authority areas which have at least three funeral director branches.

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

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

Source: CMA analysis of YFC data.

Note: Only local authority areas with three or more funeral director branches are included. All averages are mean averages.

26. Table 1 shows that price dispersions are larger in areas where Dignity is present relative to where it is not present. Compared with an average price dispersion of £756 across all local authority areas, the average price dispersion in areas where Dignity is present is £809, whereas where Dignity is not present, it is £663.³⁰ Significant price dispersions, therefore, appear to be a general characteristic of the provision of simple funerals. It is not clear to us whether Dignity's presence in itself is driving larger price differences in areas where it is present, or whether other factors, such as local characteristics (eg income levels) or demographics, could be driving the larger price differences in areas where Dignity is present.³¹
27. We have also looked at the extent to which price dispersions are high across the local authority areas in the analysis. Table 2 gives the proportion of areas for which price dispersions are above different thresholds. This table shows that 55% of local authority areas have a price dispersion of at least 30% (that is, the percentage difference between the maximum and minimum priced funeral directors in these local authority areas is at least 30%) and 13% of local authority areas have a price dispersion of at least 50% (that is, the percentage difference between the maximum and minimum priced funeral directors in these local authority areas is at least 50%).

³⁰ We have calculated these dispersions by taking the price of the lowest priced funeral director branch in a given local area away from the price of the most expensive funeral director branch in the given local area. Further, we have considered conducting the same analysis for other providers and in particular smaller providers since they appear to be most expensive when present in local authority areas. However, smaller providers are present in all but three areas and so comparison of average price dispersions would not be robust.

³¹ Co-op and Dignity ([Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020](#), [12 June 2020, Appendix 1.1, page 24](#)) noted that other factors, such as local characteristic (ie income levels) or demographics, could be driving the larger price differences in areas where Dignity is present. The mechanism through which these other factors may affect the size of the price differences between providers (as opposed to levels of prices) in a local area is unclear to us. For example, if Dignity branches were only present in high income areas, we might expect these areas to have higher prices but not necessarily larger price differences. Nevertheless, we do not draw a causal inference between Dignity's presence and the size of the price difference.

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

<i>Price dispersion of...*</i>	<i>Number of local authority areas</i>
at least 50%	46 (13%)
at least 40%	106 (30%)
at least 30%	198 (55%)

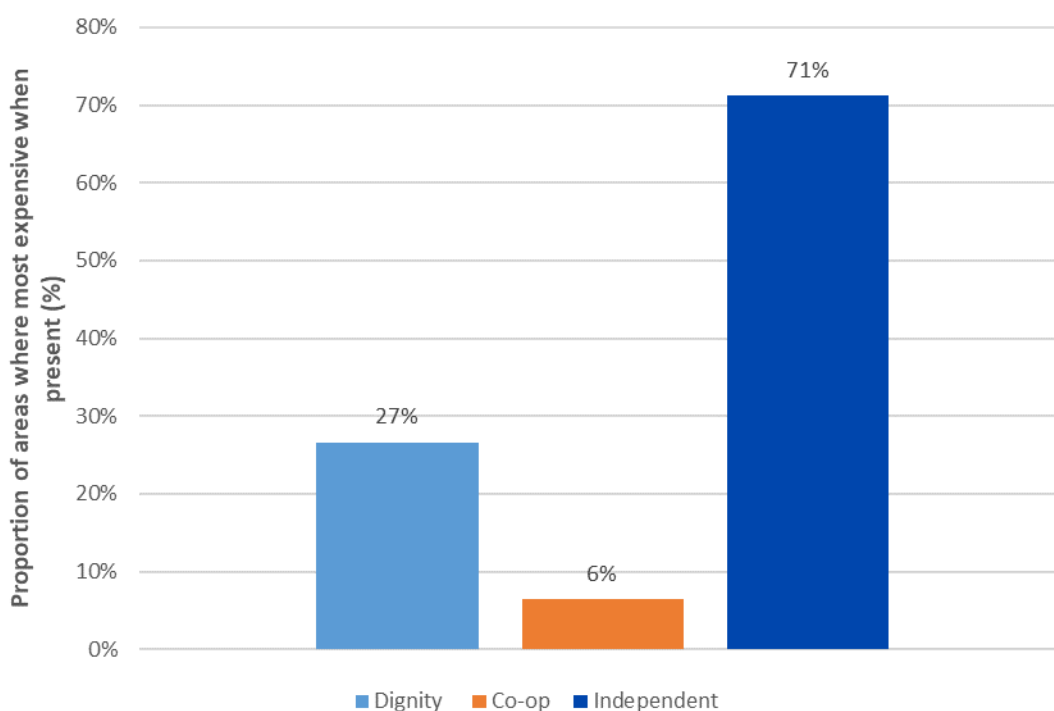
Source: CMA analysis of YFC data.

* The percentage difference between the maximum and minimum priced funeral directors within a local authority area.

Note: Only local authority areas with three or more funeral director branches are included.

28. Figure 1 shows that Dignity is the most expensive funeral director in 27% of the local authority areas in which it is present. By contrast, an ‘independent’ funeral director is the most expensive in 71% of the local authority areas in which at least one ‘independent’ is present (which is the majority of areas). Dignity, Co-op or a regional co-op are the most expensive in 19% of the local authority areas. We note that Dignity, in 2018, reduced the price of its simple funeral offering to £1,995 in England, Wales and Northern Ireland and £1,695 in Scotland. Further, Co-op also reduced the price of its simple funeral down to £1,895 and £1,675 respectively, over the same period. To some extent this explains the difference in results from the market study (as set out in paragraph 5). However we also note that a different definition of local area is used in this analysis (see paragraphs 9 and 10).

Figure 1: Proportion of local authority areas where a given provider is the most expensive funeral director, with respect to simple funerals, when present in the area, January 2018 to May 2019³²



Source: CMA analysis of YFC data.

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

29. Considering Table 1 and Figure 1 together, we note that although price dispersions are higher in areas where Dignity is present relative to areas where Dignity is not present, in around two-thirds of areas where Dignity is present (64%), an 'independent' funeral director is the most expensive operator. We also note that Co-op is not the most expensive in any areas where Dignity is present, given that Co-op consistently prices its simple funeral lower than Dignity, as explained in paragraph 28.³³
30. Finally, we consider the extent to which average price dispersions between 'independent' funeral directors may be higher in areas where Dignity is present compared to areas where it is not. In 2019, the average price dispersion between 'independent' funeral directors in areas where Dignity was present was £750, whereas in areas where Dignity was not present it was

³² We also note that in 17% of areas where regional co-op branches are present (n=12/72), the regional co-op is the most expensive funeral director. Further, in 20% of areas where Funeral Partners branches are present (m=1/5), Funeral Partners is the most expensive funeral director.

³³ Where Dignity is present, we note that Dignity, 'independents' and regional co-op are most expensive in 27%, 64% and 2% of these areas respectively. Co-op and Funeral Partners are not the most expensive in any of these areas. In the remaining 7% of areas, where Dignity is present, at least two funeral directors are joint most expensive.

£627.³⁴ Therefore, there are still significant differences in pricing by 'independent' funeral directors where Dignity is not present, although differences are 20% higher in areas where Dignity is present.

Standard funerals price dispersion

31. To assess the level of price dispersion between standard funerals in a local area, we have acquired data from the PCW Beyond on standard funerals. This provided pricing data Beyond has collected from funeral directors via a mixture of funeral directors submitting their prices and mystery shopping.
32. The following analysis is based on standard funeral pricing data which appears to have been updated or newly collected from January 2018 to May 2019³⁵ and complements the analysis of simple funeral prices above. As noted at paragraph 19, some variation in prices could be due to changes over time, as opposed to differences between providers. However, we could expect changes in prices within this space of time to be relatively small so even if the highest/lowest priced funeral director had changed their price in the intervening period, it is unlikely the change would be sufficiently substantial to lead to completely different results in terms of price differentials between providers.

Methodology and coverage

33. As set out in paragraph 10, we have allocated each funeral director branch to a local authority area, as defined by the ONS. We have focused on local authority areas with at least three funeral director branches in the data set to generate meaningful statistics.³⁶ As such, in the following analysis, we cover 221 out of 392 UK local authority areas (56%) as defined by the ONS.
34. We provide breakdowns of the price dispersion by whether at least one Dignity branch is present in the local authority area. 91% of local authority areas used in the analysis below have at least one Dignity branch present.³⁷

³⁴ When looking at areas comparing 'independents' and the price dispersions between them, we have ensured that there are two or more 'independents' in the area to ensure our results are meaningful. Further, the number of areas where Dignity is present and there are at least two 'independents' is 215, where this reduces by 91 to 124 when looking at areas where no Dignity is present.

³⁵ This data is based on the latest prices as of May 2019. We note that of the 1,913 funeral director branches in the raw data provided for May 2019, 1,439 of their standard funeral prices appear to have been updated or newly collected since January 2018. See the following sub-section for more details on data cleaning and the coverage provided by this data.

³⁶ Note, focusing on local authority areas with at least three funeral director branches reduces the number of areas in the analysis by 124.

³⁷ That is, 202 out of the 221 local authority areas used in this analysis have at least one Dignity branch present.

As Beyond's pricing data set does not include national Co-op³⁸ or Funeral Partners branches, these price dispersion breakdowns are not available for the other larger funeral service providers.

35. To analyse the level of price dispersion between standard funerals in a local area, we have used a standard funeral package consisting of: the professional fee, a standard wooden coffin, a classic hearse and one limousine.^{39,40} This package was based on the default package used on Beyond's website⁴¹ and is consistent with SunLife's definition of 'Professional fees'.⁴²
36. To reflect Dignity's pricing as of 1 April 2019, we have applied its cap on the professional fee and classic hearse of [£] to all its branches in Beyond's data. Though Dignity has not applied this cap to all its branches, we consider this to be a reasonable approach to updating the data set.⁴³ This adjustment had an impact on the standard funeral price charged by 569 (75%) out of the 763 Dignity branches in the data set.
37. In addition to the points common to both pieces of analysis set out in paragraph 14, we note the following with regard to our analysis of standard funerals:⁴⁴
 - (a) Dignity's branch prices may be out of date as their prices were gathered through a mystery shopping exercise. We have mitigated this through applying Dignity's cap to all its branches.⁴⁵ Additionally, Dignity

³⁸ Regional co-ops are also not covered in detail in Beyond's pricing data set.

³⁹ Beyond gathers pricing data on other potential components of a standard funeral, for example, wicker coffins. It does not include pre-paid plan redemptions.

⁴⁰ Note, we do not present price dispersions in the professional fee as some branches in Beyond's data set include items in the package set out above at no extra cost to the customer. Overall, the results of the price dispersions in the professional fee were similar to the ones set out below, albeit with lower prices and smaller absolute price dispersions.

⁴¹ The main difference from the package listed above and Beyond's default package is that we do not include the cost of a celebrant. This is because this cost is typically a disbursement, rather than a cost directly controlled by a funeral director.

⁴² SunLife's definition of 'Professional fees' is a package including: collection and care of the deceased, hearse and attendants and director, one limousine, use of chapel of rest, attending to all essential documentation, oak veneer coffin.

⁴³ Note, any price changes to Dignity branches which were already below the cap (or to items in the analysed package other than the professional fee and classic hearse) will not have been captured. Nor has the Tailored funeral pricing been applied to any branches. In response to the working paper on this analysis, Dignity provided a list of branches at which Tailored funerals were rolled out. We have not incorporated this into our analysis, but note that Tailored was [£], and this will not affect results excluding Dignity branches upon which we place more weight. This is therefore unlikely to have a material effect on our results.

⁴⁴ Dignity noted a number of these concerns with the Beyond data analysis, which it considers make meaningful comparison and conclusions more complex ([Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, paragraphs 4.8-4.9](#)). Given the potential issues with Dignity's data within the Beyond dataset, we have also presented results excluding its branches from the analysis. We have also noted that the data set does not cover all funeral director branches in each local area, and so may be missing price data that could affect the price dispersion statistics. This would mean that our analysis could be understating the degree of price differentiation within local areas.

⁴⁵ See paragraph above for details on the application of Dignity's cap.

complained to the Advertising Standards Authority (ASA) about Beyond's use of its prices on its website, stating the prices on Beyond's website were misleading. Beyond removed all prices for Dignity's branches and the ASA upheld the complaint in January 2020;⁴⁶

- (b) as prices for specific items within a standard funeral are self-reported for non-Dignity branches in the data set, these funeral directors may have submitted prices for items slightly different to Beyond's definition, and so these packages may not be directly comparable across funeral director branches;⁴⁷ and
 - (c) Beyond's data set contains pricing information on approximately 1,900 funeral director branches,⁴⁸ and so covers fewer areas and fewer branches within each area than YFC's data set. In addition, this data contains a disproportionately large number of Dignity branches (763 (40%) of the 1,913 funeral director branches covered by Beyond).⁴⁹
38. The remainder of this section presents similar descriptive statistics to those provided above. However, due to the points raised above regarding the data on Dignity's prices relative to the other funeral director branches in the analysis – specifically, that Dignity's prices have been included through mystery shopping whereas others have self-selected into the dataset (and so may be skewed towards lower priced funeral directors), and Dignity's upheld complaint regarding its prices on Beyond's website – we consider the analysis excluding Dignity's branches to be more insightful, despite the smaller dataset this uses.

Results

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

⁴⁶ [ASA, Ruling on Funeralbooker Ltd t/a Beyond, January 2020.](#)

⁴⁷ For example, one funeral director branch's professional fee may not cover exactly the same services as another funeral director branch's professional fee, and so are not directly comparable.

⁴⁸ More specifically, Beyond covers 1,913 funeral director branches out of approximately 6,000 branches in the UK.

⁴⁹ This was noted by Co-op.

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

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

Source: CMA analysis of Beyond data.

Note: Professional fee and classic hearse was capped at [£] for Dignity branches. Only local authority areas with three or more funeral director branches are included. All averages are mean averages.

40. Table 3 shows that across all local authority areas in this analysis, the average price dispersion within a local authority for a standard funeral is approximately £1,700, with an average maximum price of approximately £3,800.
41. Further, Table 3 shows that in areas with a Dignity branch the average price dispersion within a local authority for a standard funeral is approximately £1,800, with an average maximum price of approximately £4,000. Meanwhile, in areas without Dignity present, the average standard funeral price dispersion is approximately £490, with an average maximum price of approximately £2,300. As noted above, it is not clear whether Dignity's presence in itself or other factors, such as local characteristics (ie income levels) or demographics, could be driving the larger price differences in areas where Dignity is present.
42. Table 4 presents the proportion of areas for which standard funeral price dispersions are above different thresholds.

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

<i>Price dispersion of...*</i>	<i>Number of local authority areas</i>
at least 50%	103 (47%)
at least 40%	144 (65%)
at least 30%	168 (76%)

Source: CMA analysis of Beyond data.

* The percentage difference between the maximum and minimum priced funeral directors within a local authority area.

Note: Only local authority areas with three or more funeral director branches are included.

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

44. In Beyond's data set, Dignity's prices are always higher than the other funeral directors' branches' prices within the same local area. This drives the above results, and also means Dignity is the highest priced in every area where it is present. However, due to the points set out in paragraphs 14 and 37, and as we noted in paragraph 38, the data is unlikely to reflect the full picture in these local areas (for example, higher priced non-Dignity funeral director branches may not be posting prices). Therefore, we have also undertaken the analysis excluding Dignity's branches, and consider these results more insightful.
45. Table 5 presents the same statistics as Table 3, but with the Dignity branches removed from the data set. Note that with Dignity branches removed, the number of local authority areas with at least three funeral director branches decreases by 127 to 94 areas.

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

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

Source: CMA analysis of Beyond data.

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

46. Table 5 shows that across all local authority areas in this analysis, with Dignity branches removed, the average price dispersion within a local authority for a standard funeral is approximately £700, with an average maximum price of approximately £2,400.
47. Further, Table 5 shows that in areas with a Dignity branch present, the average standard funeral price dispersion of non-Dignity branches within a local authority area is approximately £760, with an average maximum price of approximately £2,400. Meanwhile, in areas without a Dignity present, the average standard funeral price dispersion of non-Dignity branches is approximately £490, with an average maximum price of approximately £2,300.⁵⁰
48. Table 6 presents the proportion of areas for which standard funeral price dispersions are above different thresholds if we exclude Dignity branches.

⁵⁰ Note that the results for areas without a Dignity present are the same as the results in paragraph 41, as excluding Dignity branches won't affect results in areas where Dignity is not present.

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

<i>Price dispersion of...*</i>	<i>Number of local authority areas</i>
at least 50%	11 (12%)
at least 40%	27 (29%)
at least 30%	46 (49%)

Source: CMA analysis of Beyond data.

* The percentage difference between the maximum and minimum priced funeral directors within a local authority area.

Note: Only local authority areas with three or more funeral director branches are included. With Dignity branches excluded, the number of areas meeting this criterion is lower.

49. Table 6 shows that, when excluding Dignity branches, 12% of local authority areas had a minimum standard funeral price that was at least 50% lower than the maximum price for a standard funeral within the local authority area. Additionally, the table shows that 49% of local authority areas had a minimum standard funeral price that was at least 30% lower than the maximum price for a standard funeral within the local authority area.
50. The results of the analysis excluding Dignity branches indicate that on average standard funeral price differences are material between non-Dignity branches within a local area. Additionally, non-Dignity branches are found to have a wider degree of price variation in areas where Dignity is present than in areas where it is not.
51. Dignity noted that there appeared to be anomalies in the averages presented in the working paper as the price dispersion for simple funerals is larger than for more bespoke, differentiated standard funerals, suggesting a data integrity issue.⁵¹ We note that the ‘bespoke’ nature of standard funerals is controlled for to some degree through specifying a particular package. The narrower dispersion observed for standard funerals may also be due to the smaller number of funeral directors included in the Beyond dataset, meaning there may be a greater number of missing funeral directors which may affect the results. We place less reliance on the exact figures calculated for the price dispersion than on the observation that these appear material.

⁵¹ Dignity plc, Dignity response to Funeral Directors CMA working papers dated 20 and 21 February 2020, 12 June 2020, paragraph 4.3(A).