



## A INTRODUCTION AND EXECUTIVE SUMMARY

1. Co-op is the UK's largest consumer cooperative, with over five million member-owners. Our Co-op exists to create and give value back to our member-owners and the communities we serve. It has been at the heart of our Co-operative Values and Principles since we were founded in 1844 and will continue to be our core focus in the future. For Co-op Funeralcare caring for the deceased and their loved ones remains at the heart of what we do aiming to provide high quality services at affordable prices. In the past two years we have served nearly 200,000 families across England Scotland and Wales providing 95,924 funerals in 2023 and 93,867 in 2022.
2. In its Final Report in the 2020 Market Investigation, the CMA expressed its intention to consider, at the earliest opportunity, when the impact and consequences of COVID-19 on the funerals sector are sufficiently understood and the sector is more stable, whether to consult on a future MIR. We understand that the current information gathering exercise is a direct response to that commitment. We welcome the opportunity to respond to the CMA's survey and set out our detailed response further below however in short, we consider that a further MIR is not necessary.
3. As the CMA itself has recognised in its own annual reviews, price competition has intensified since the CMA's final report in the 2020 market investigation. The Funerals Market Investigation Order has increased transparency and standardised price lists have empowered consumers to shop around and make informed choices. This, alongside new market entry has driven greater price competition resulting in below-inflation increases in the average revenue per funeral and cremation. That market wide analysis is wholly borne out for Co-op:
  - a. the Average Selling Price (**ASP**) for Co-op's Tailored funerals declined in real terms by an average annual rate of  $\times$  over 2021-23. As a result, as at 2023, average ASP was still at the lowest level in nominal terms since 2015, and the lowest in real terms since 2013; and
  - b. the ASP for Co-op's Essential funerals also declined in real terms by an average of over 2021-23.

In the context of the market as a whole, this contrasts with the CMA's finding of price increases above inflation for more than a decade leading up to the market investigation.

4. Competition in the market has intensified and is working well and for the benefit of consumers and we fully expect that trajectory to continue:
  - a. **There is evidence of a real and sustained change in customer expectations and choices.** The impact of the COVID-19 pandemic gave rise to enforced simplification of funerals and use of unattended funerals. That experience, together with other evolving dynamics which we discuss in this response, has accelerated changes to

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buying choices, encouraging consumers to purchase direct cremations and simpler or unattended funeral services and/or to spend less on additional products or services (as the CMA observed in its 2024 annual review of outcomes dated 9 February 2024);

- b. **There is significant innovation, entry and change amongst market participants, indicating a market that is working well.** Changes in consumer preferences and other changes have led to the entry of a number of well supported new entrants into the funerals sector since the previous funerals market investigation who seek to meet demand with a variety of offerings. This ranges from online low-cost operators with low fixed cost bases, including Farewill<sup>1</sup>, and Pure Cremation, a direct cremation provider offering low-cost, no-frills cremation services without a formal funeral ceremony and models at the higher end, such as Exit Here<sup>2</sup>, a credible, innovative, and private equity funded modern funeral director which was founded by Oliver Peyton OBE. Existing market participants have also responded with competitive business models and efforts to find new efficiencies, ensuring consumers receive reasonably priced products and high-quality services;
  - c. **New regulation in the sector will continue to bring change and improvement.** New regulation in the sector is expected to ensure consistent quality across the sector and pave the way for new, innovative funerary methods thus also contributing to the delivery of a more varied and higher quality offering for consumers. Co-op has been at the forefront of advocating for updates to legislation across the UK that reflect the modern demands of the funeral market, and which include clear regulatory and licensing regimes which apply consistently to all funeral directors.
5. Our view, given the underlying drivers and the trends to date, is that these changes will be sustained. Whilst we expect that we and others will have to respond to cost pressures (including those that may arise from any necessary regulation to address quality, as has been the case in Scotland) we will do so constrained by the competitive pressures that have been intensified by CMA action, which has been a successful and proportionate intervention.
6. For the reasons set out above and detailed in this response, an MIR consultation is entirely unwarranted and, in any event, could not reasonably be justified based solely on the kind of evidence gathering being undertaken in this exercise. The legal threshold for an MIR requires the CMA to have reasonable grounds for suspecting that there are features of the market which prevent, restrict or distort competition. As outlined in our response (and in the CMA's own work), the experience of recent years does not suggest that is the case. There have been a number of significant and positive developments in the market since the 2019-2020 MIR and the market continues to evolve at pace, including through other important regulatory initiatives being undertaken by others which should bring benefits to consumers and will impact how market participants operate. Such an MIR would be disproportionate and likely counterproductive relative to any potential benefits at this time. It would create uncertainty for operators and for entrants looking to invest in the sector and would disrupt the positive and pro-competitive evolution of the sector. Given this, before even consulting on an MIR, the CMA

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<sup>1</sup> <https://farewill.com/funerals>

<sup>2</sup> <https://www.exithere.com/>

would need to be clearer about the appropriateness of a reference, including the use of its investigatory powers.

## **B THE CONSUMER AND CHANGES IN CONSUMER BEHAVIOUR**

7. We have seen a number of changes in behaviour arising principally from the CMA's own actions in the previous market investigation and various trends accelerated because of external pressures including COVID-19 pandemic and the inflationary cycle. In particular:
  - a. consumers, facilitated by greater price transparency and comparability of information are shopping around and comparing prices and options, including by using price comparison websites. This trend is strongest amongst younger customers and can therefore be expected to accelerate over time;
  - b. consumers are increasingly opting for direct cremations, unattended funerals and simple funerals, instead of traditional funerals; and
  - c. for some consumers, the customer journey is taking place digitally or via telephony, without the need for many, or any, face to face interactions with the funeral director.
8. It is now clear that these changes are not simply a temporary outcome of the COVID-19 pandemic and cost of living pressures but are sustained changes in social norms that now reflect customer preferences.
9. We discuss each of these in turn below.

### Shopping around

10. The CMA's Standardised Price List and Funeral Market Investigation Order (the "**Order**") mean that standardised pricing is readily available for consumers to view and easily compare online, both directly from providers' websites and using price comparison websites.
11. The [SunLife Cost of Dying 2024 Report](#) notes that 52% of funeral directors have noticed an increase in the number of customers looking for multiple quotes and 16% have seen an increase in customers attempting to negotiate a discount.
12. This has also been Co-op's experience, particularly with new (and younger) customers who have not previously arranged a funeral, where such customers are more used to using price comparison websites in other areas of their lives and are coming to us having already shopped around. They are therefore better informed about their options and accordingly, better able to make more informed choices. This is discussed further in Section D below.
13. The increase in transparency means that operators are also able to compare prices more readily and this also means that operators are under greater pressure to remain competitive on pricing.

### Preference for low-cost cremations and funerals

14. Following the enforced requirement for simple funerals during the COVID-19 pandemic, there has been a significant increase in the number of consumers opting for a direct cremation or

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unattended or simple funeral. That increase has stabilised, but ultimately been sustained in the period after the pandemic.

15. According to SunLife's Cost of Dying 2024 Report, direct cremations have increased from 3% of all funerals in 2019 to 20% in 2023. Co-op has also seen an increase in the uptake of direct cremations, with 28% of its at-need funerals being direct cremations in 2023. Co-op's funeral mix, and the increased uptake of direct cremations and unattended or simple funerals is explored in more detail in Section D below.

#### Customer journey has become more varied

16. We have also seen some increase in the number of consumers who do not require face to face interactions with the funeral director, or only the initial conversation is face to face and the rest of the customer journey through digital channels or over the telephone.
17. We have also seen some reduction in the number of requests for the bereaved to view the deceased before the funeral service (which follows from the choice of an unattended funeral).
18. As a result, those changes have led to a number of new operators entering with a differently configured estate and for existing operators, including Co-op, to re-consider the facilities they require to meet customer needs well.

### **C      A COMPETITIVE AND CHANGING MARKET: THE NATURE AND DYNAMICS OF COMPETITION IN THE MARKET**

19. There have been significant changes in competitive dynamics in the funerals industry since the CMA's Final Report, with new market entry helping to drive price competition as well as improvements and innovations in quality, efficiency and service.

#### Market developments

20. The increase in popularity of direct cremations described above has led to the entry of several online-only providers, including Farewill, Newrest Funerals and UK Funerals, offering both funeral plans and at-need funerals. Certain of these providers also offer attended funerals and have created a model to service a wide range of local areas by working with third party fulfilment partners while having a limited branch network, or no branches at all.<sup>3</sup> These providers therefore have a more limited fixed cost base and are able to operate at a lower headline price point, thus driving price competition within the market.
21. Further, the industry is increasingly being targeted by private equity investors who see opportunities created by changing consumer preferences in the market. Both Dignity and Pure Cremations are now private equity funded, which is enabling them to promote their services widely and expand their offering. Pure Cremations, which entered the market as a direct cremations specialist, now also offers attended funerals from purpose built facilities.

#### Co-op's response to market developments

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<sup>3</sup> See, for example, [Fenix](#), who advertise funerals in a wide range of specific local areas while only offering online appointments.

22. The impact of the industry developments and new entry upon Co-op's business is driving us to innovate and refine our offer to meet the needs of a range of consumers while simultaneously working to improve efficiencies.
23. We are seeking to adapt with targeted technology to build differentiated, value-add client experiences, including exploring new green alternatives (such as alkaline hydrolysis (trade marked "resomation") and [X]). As detailed below, we have been engaging with the Government in relation to alkaline hydrolysis to seek to drive forward the necessary regulatory changes to allow this method to be offered responsibly. Alongside the launch of a "single attended" funeral in May 2023, a fully flexible proposition (except for essential services) which provides customers with greater choice over the individual elements of their loved ones' funeral, we are therefore now offering customers more choice and flexibility than ever before.
24. New market entry alongside consumers' increasing propensity to shop around is driving price competition. To ensure we remain competitive on price, with new direct cremation providers in particular, we have made and are continuing to make changes to our business structure and strategy to drive efficiency. These changes are discussed in more detail in Section D.
25. The increased transparency created by the Order is also contributing to increased competition on price as Co-op is now better able to monitor industry-wide and local pricing. This, in combination with its tracking of new entry, enables it to review and refresh local strategy and take account of competitor pricing to remain competitive in the face of increased competition.

## **D PRICE COST AND PROFITABILITY TRENDS SINCE THE END OF THE CMA'S 2020 MIR**

26. Co-op and the funeral industry in general have experienced significant cost and pricing pressure since the onset of the COVID-19 pandemic in 2020, which contributed to a lasting and sizeable shift in the mix and types of funerals purchased by customers. For example, direct cremations and other low-cost funerals (Essential/Simple) increased from [X]% of Co-op's funeral mix in 2019 to [X]% of the mix in 2020. The COVID-19 pandemic also reduced customers' ability to purchase additional services, causing further downward pressure on ASPs.
27. While there was a partial reversal after the pandemic started to ease, trends accelerated by the pandemic continued to unfold in its aftermath. For example, direct cremations for Co-op rose from [X]% of the mix in 2021 to [X]% in 2023, and the combined share of direct cremations and Essential funerals (i.e. the lower-cost 'no-frills' funerals) reached [X]% of Co-op's mix in 2023. This increase is in line with the findings of the Sunlife report mentioned above, as well as the industry-wide data published by the CMA in their periodic review of outcomes, which also shows a shift towards unattended funerals for funeral directors with more than 10 branches, from 6% in the six months from September 2021 to February 2022, to 12% in the six months from March to August 2023<sup>4</sup>. It is now clear that this is a long-term market shift and we expect that this trend will continue in the future.
28. While the shift in mix and changing consumer preferences are some of the reasons that overall at-need ASPs declined, they are by no means the only ones. Increasing competitive pressure was also further intensified by the CMA's remedy package having increased transparency and

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<sup>4</sup> CMA. *Funerals market – Reviews of market outcome*. [January 2023](#) and [February 2024](#).

comparability of services across funeral directors. Indeed, ASP declined at the level of each individual funeral proposition (and not just as a result of mix shifts). Specifically:

- a. the ASP for Co-op's Tailored funerals declined in real terms by an average annual rate of 3% over 2021-23. As a result, as at 2023, average ASP was still at the lowest level in nominal terms since 2015, and the lowest in real terms since 2013; and
  - b. the ASP for Co-op's Essential funerals also declined in real terms by an average of 3% over 2021-23.
29. As to direct cremations / unattended funerals, while the CMA reports that prices have risen faster than inflation, this appears to refer specifically to a one-year period (between September 2022 to August 2023), which follows significant ASP declines in 2021-22 for both Co-op and the market as a whole (for Co-op specifically, ASP for direct cremations had been declining, in both nominal and real terms, ever since their introduction in 2018 and until 2022). When viewed over the medium-term, Co-op's average price for direct cremations in 2023 was still 3% lower in real terms compared with the 2018-19 average. Similar trends apply to other funeral directors in the market, based on an analysis of data published in the CMA's periodic review of outcomes (which shows aggregate ASP for funeral directors with 10 or more branches). [3%]
30. In summary, the pressure on overall at-need ASP cannot be understated. After an initial sizeable ASP decline in 2020 (over 3% for all at-need funerals), ASP largely stagnated in nominal terms over 2021-23. Set against rising inflation, ASP has further declined sharply in real terms. As a result, as at 2023, Co-op's at-need ASP was lower than in 2013, not just in real terms, but also in nominal terms.
31. As the CMA itself has recognised in its own annual reviews, price competition has intensified since the CMA's Final Report, resulting in below-inflation increases in the average revenue per funeral and cremation across the industry, compared with repeated cost increases above inflation for more than a decade leading up to the market investigation.
32. Indeed, at the same time as ASPs have declined, cost pressures have increased with the latest inflationary cycle. Compared with the period prior to and during the market investigation (2014-19), the cost of raw materials, fuel, energy, labour, rents has increased since the pandemic eased. For example, our management accounts show an increase of [3%] for funerals cost of sales over 2021-23 compared with 2014-19 and of [3%] for heat and light. The CMA's Order has also had some continuing (albeit proportionately relatively limited) impact on costs – we have incurred some costs in updating our price lists and marketing materials where crematoria prices have increased (typically at short notice). For example there were more than 800 crematoria price changes in 2022, which cost c.[3%] in additional printing and distribution of price lists.
33. While inflation and input costs have risen significantly, in order to shelter our customers from as much of these headwinds as possible, and as a result of competitive pressures on ASPs, we absorbed cost increases and sought to find efficiencies without compromising quality. These efficiencies have included funeral home consolidation, increased use of care centres and purchasing efficiencies.
34. For example, we reduced the size of our estate from around 1,000 funeral homes in 2019 to around 800 today. This has enabled us to partially offset cost increases by limiting occupancy and personnel costs, whilst continuing to meet our customers' needs, which require less

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physical presence given the changing attitudes described in Section B. At the same time, we have continued to uphold our high standards of care by continuing to invest in our facilities, with regular renewals and upgrades, for both front office and back-office facilities. For example, investments in refrigeration in 2020-21 to meet the COVID-19 crisis have significantly reduced any capacity issues now that death rates have come down, albeit occasional pinch points can still occur from time to time due to increased time in care. Depreciation charges reported in our management accounts were [X]% higher in 2021-23 compared with 2014-19 despite the shrinking size of our estate, which provides the measure of our commitment to continued investments in quality.

35. Through these efforts, we were able to limit increases to our cost base, whilst maintaining great value for our customers and high quality of service. Nonetheless, the combination of the COVID-19 pandemic, declining ASP combined with inflationary pressures since 2022 have meant that our profitability has remained low. EBIT margins were already on a declining trend since 2015 and reached a low in 2019. While we succeeded in halting the margins decline observed since 2015, EBIT margins did not recover from the 2019 low and have stabilised at around [X]% or lower.
36. As costs have continued to rise, in order to continue to offer the highest standards of care and facilities, we have had to make some price increases in 2023 and 2024 across our attended funeral offerings. The headline price of our Essential and Tailored funerals had not changed since their introduction in 2020. In November 2023, Essential and Tailored funerals increased by £75, which resulted in an ASP increase of 2-4%. The price of our Tailored and Essential funerals was further increased by £25 in April 2024 and a further £100 in August 2024. These changes are expected to increase our Essential and Tailored ASP by [X]% in 2024. These price increases are in line with those of our competitors. Overall, ASP is still expected to increase by less than the projected inflation rate over 2023-24, which means that ASP will remain close to historically low levels in real terms.
37. The price of direct funerals increased by £155 on 22 April 2024 across all funeral homes in Co-op Funeralcare's estate, meaning the services will be priced at £1,350 or £1,325 for Co-op Member owners. To facilitate the introduction of a new kind of offer, our direct funeral services were introduced at a very low price point. This was also at a time when the uptake of direct funerals was much lower. As the proportion of direct funerals in our mix has increased substantially, the initial pricing is no longer financially viable or sustainable over the long-term. As explained in more detail in the appendix, based on the data collected from the industry as part of the CMA's ongoing reviews, over 2021-23, Co-op's ASP for direct cremations was substantially lower than the average for other funeral directors (at one point, by more than [X]%).
38. Further, our direct funeral services include the cost of services which are not included by many of the other providers within the market. We do not currently charge any extra for key services, such as out-of-hours collection (although we pay our colleagues overtime for out-of-hours collections), collections from a home or private residency, or removal of pacemakers. So overall, the new price of direct funerals enables us to continue to offer the high standards of care we pride ourselves in, whilst supporting bereaved families in all corners of the nation.
39. Going forward, in order to ensure that we remain competitive on pricing while continuing to provide the best care service, we expect to also seek to make further efficiencies. For example, we expect to further consolidate our care centres as well as funeral homes which are not

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attached to a care centre. The consolidation also arises from the changing attitudes of consumers with regard to in particular: (a) increasing demand for direct cremations; and (b) a reduction in the number of requests to view the deceased. These changing consumer attitudes mean that there is less need for a physical presence on local high street, as direct cremations can be arranged at our care centres or over the phone through our dedicated telephony team.

40. More details on the analysis and evidence supporting these conclusions can be found in the appendix.

## **E CHANGES TO THE FUNERALS AVAILABLE IN THE MARKET AND QUALITY OF CARE**

41. Co-op is committed to maintaining its high standards of care and transparency in the funeral industry<sup>5</sup> and feedback from customers is that they are happy with the quality of care we deliver.
42. Consumers have become somewhat more conscious of the importance of quality of care in the funeral sector following the CMA's market investigation and the COVID-19 pandemic. The issue was brought further to the fore with the David Fuller scandal, which has led to the (still ongoing) Fuller Inquiry, as well as ✂
43. These events have highlighted the need for additional oversight and potentially some form of appropriate and proportionate regulation of quality standards in the UK, as is already underway in Scotland, to ensure that there are no such failures in the funeral sector again. There has already been more oversight of the sector in increased local authority assurance visits to funeral homes under existing health and safety legislation, but this is not a long-term solution to these concerns.
44. Co-op's standards are already high. However basic quality standards should be maintained by all operators, including low-cost online operators, particularly those offering direct cremations or unattended funerals which are organised on a fully remote basis, given that the practices of such operators are inevitably less visible to consumers.
45. Quality of care across the sector is impacted by certain factors outside of funeral directors' control. In particular, time in care has been increasing across the market.
46. This increase in time in care is driven by:
- a. NHS hospitals wanting to remove deceased from their mortuaries into funeral homes as soon possible. Where funeral directors have arrangements with NHS hospitals for the removal of the deceased, those hospitals are looking to create a culture of fining Funeral Directors for late / non collection whilst also restricting the hours of collection;
  - b. Issues with the Registrars system and coroner availability; and
  - c. Shifts in consumer behaviour, as noted in Section B above, with some consumers allowing for a longer period to organise the funeral, for example, selection of a date for



an attended funeral service around family holidays or mourner availability is becoming increasingly prevalent.

47. Accordingly, Co-op would welcome a level of regulatory oversight in relation to the quality of care of the deceased in the UK which:


- a. addresses the underlying outside factors identified above; and
- b. is applicable to all funeral providers. In particular, Co-op considers it crucial that new regulation applies to online/direct cremation providers where there is generally less customer oversight of care practices to ensure a consistent minimum standard of care for all consumers.

48. Government work on delivering more regulatory oversight is already underway:

- a. The Scottish Government is leading the way on funerals regulation, having approved the new Funeral Director Code of Practice and consulted on a new funeral director licencing scheme. This regime was already in the planning at the time of the MIR. Funeral Directors will be required to comply with the Code of Practice by 1 March 2025 and we understand the Scottish Government to be working at pace to also implement the licencing regime by that date.
- b. The introduction of FCA regulation for pre-need plans has now been rolled out and has led to market changes as a result, which indirectly impact delivery of at-need as well as pre-need funerals as market participants have adapted to compliance.
- c. We are also expecting a set of recommendations, and potentially statutory regulation, to be issued upon conclusion of the independent Fuller Inquiry (we are aware that the CMA has been consulted in respect of this Inquiry).<sup>6</sup>
- d. New regulation has introduced Medical Examiners and changes to the death certification process. This has eliminated doctor fees in England and Wales, a cost saving which can be passed onto customers.

49. We also consider that regulation should adapt to allow responsible innovation, including in the delivery of funerals. The Law Commission is currently considering the regulation of new funerary methods, e.g. alkaline hydrolysis and human composting, alongside reviewing the law governing different types of burial grounds and crematoria which will include the consideration of grave reuse. Scotland is already establishing a regulatory framework to cover these methods. Co-op is engaging with the Government with respect to these methods and would consider future regulation in this area a positive development as it would drive more innovative and environmentally friendly practices within the funerals sector.

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<sup>6</sup> In connection with  the Government requested that local authorities inspect funeral homes to ensure standards, despite no specific legislative mandate for these visits. The National Association of Funeral Directors moved promptly to facilitate these visits, as did Co-op. To date, Co-op has received 336 visits to funeral homes and care centres from local authorities as part of this assurance activity, accounting for approximately 51% of its estate, and we were commended by (now former) MP Mike Freer for the standard-setting quality of care we demonstrated.

## **F THE TRENDS WE DESCRIBE ARE LIKELY TO BE SUSTAINABLE IN THE LONG TERM AND CERTAINLY OVER THE NEXT 5-10 YEARS**

50. We expect the move towards online pricing information to continue to improve pricing transparency within the industry, particularly as the online channel becomes more widely used by consumers as the primary research channel for at-need funerals, thus continuing the positive change already brought about in this regard by the Order.
51. We expect direct cremations and simple funerals to continue to grow in popularity as consumer attitudes to funerals change. As people have become more concerned with a celebration of life, it has become more common for that celebration to be organised independently to the funeral itself. As discussed in Section D above, the Sunlife report illustrates the beginning of this trend with direct cremations having gone from representing 3% of funerals in 2019 to 20% of funerals in 2023, while Co-op's own data shows that direct cremations rose from [3%] of Co-op's funeral mix in 2021 to [3%] in 2023, and its combined share of direct cremations and Essential funerals was [3%] of Co-op's mix in 2023. Direct cremations are not simply driven by a desire for a low-cost option, but by social changes which impact how the end of a life is marked. More sustainable options such as woodland burials are also expected to continue to grow in popularity and, as explained above, new regulation ought to enable a move to further sustainable options including alkaline hydrolysis.
52. In the longer term, there may well be a move away from the traditional model of people wishing to come to a funeral home to discuss and view arrangements, with customers relying more heavily on online resources. That itself will continue to drive changes in how funeral businesses are configured and how funerals are delivered. Some new providers are already using different model to grow their customer base with more limited capital investment.<sup>7</sup>

## **G IMPACT OF FURTHER INTERVENTION BY THE CMA**

53. The Order has led to greater pricing transparency and improved consumer engagement. Ultimately, we believe that it has been successful in stimulating more competition in the market and better value for customers. Co-op therefore considers it to have been an effective and positive intervention in the industry. Together with changes driven by consumer behaviour and the entry of new operators, we consider competition in the market to be strong and strengthening.
54. Further efforts by the CMA in this market would be best deployed in ensuring existing remedies are complied with and those gains are consolidated. Co-op recognises the steps the CMA has already taken to encourage compliance and considers consumers would benefit from even greater action from the CMA to enforce compliance. Many players are still non-compliant with the Order, including smaller crematoria who often do not give Co-op sufficient notice before increasing their prices, which need to be reflected in our own downstream prices to consumers.
55. Other regulatory changes in the sector are still in the process of development – that includes consolidation of FCA regulation, quality regulation, changes to procedures at the time of death

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<sup>7</sup> See, for example, [Exit Here](#), who are a relatively premium provider operating only two London based funeral homes, but who use their website to advertise funerals in a range of London neighbourhoods.

and consideration of how to allow future innovation in funerary methods. Market participants will have to adapt to these over time.

56. An MIR consultation, with the aim of considerably more intervention could not reasonably be justified on basis of the kind of evidence gathering being undertaken in this exercise. The legal threshold for an MIR requires the CMA to have reasonable grounds for suspecting that there are features of the market which prevent, restrict or distort competition. As outlined in our response (and in the CMA's own work), the experience of recent years does not suggest that is the case. Given the extent to which the funerals sector has evolved and continues to evolve since the 2019-2020 MIR, light touch work of the kind currently being undertaken via this insight gathering exercise cannot reasonably be sufficient or proportionate to precipitate an MIR consultation, particularly when taking into account the level of cost and intervention that an MIR would represent and in circumstances where market and regulatory change of the industry continues at pace.
57. Such an MIR would be disproportionate and likely counterproductive relative to any potential benefits at this time. It would create uncertainty for operators and for entrants looking to invest in the sector and would disrupt the positive and pro-competitive evolution of the sector. Given this, before even consulting on an MIR, the CMA would need to be clearer about the appropriateness of a reference, including the use of its investigatory powers.

## APPENDIX

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