

Funerals market: insight gathering

Response by Nigel Lymn Rose on behalf of

A.W. Lymn The Family Funeral Service Limited

We are particularly interested to hear views on how the funerals market has evolved since the conclusion of the market investigation and on the following questions.

How has the cost of conducting a funeral (i.e. the cost to funeral directors and crematoria operators) changed? Please consider both costs on average and by funeral type.

1. What factors have contributed to any change in costs?

Wages have continued to rise at double figure percentages. This is materially more than the CPI increases and, as funeral service provision is predominantly service based, the single biggest cost is labour. The costs of vehicles, fleet insurance and maintenance have also risen well ahead of the rate of the CPI increase.

2. How does this compare to the trend in costs prior to the market investigation?

The differential between the increase in national minimum wage, which reflects the general increase in wages, has been much higher since the completion of the CMA enquiry.

How has the price of a funeral to consumers changed? Please consider both prices on average and by funeral type.

3. What factors have contributed to any change in prices?

The price has risen. The items already outlined above have contributed to this. We have also had to have a member of staff available pretty much full time to keep on top of the ever changing crematorium fees which is particularly arduous as the size document prescribed by the CMA for display in our premises is not something that can be produced in-house and there is seldom a day goes by without this requiring review due to some change in the charge by one of other of our local crematoria.

The CMA price list has encouraged people to look for unattended cremations and burials, the provision of which either reduces the average income per funeral, if those families select a traditional funeral director, or reduces the number of funerals serviced by each traditional funeral director, when families select a national direct cremation provider. The difficulty with this is that the operating costs of funeral director firm are nearly all fixed and therefore, if a traditional funeral director is carrying out few funerals the cost per funeral increases, and this has to be passed on to the smaller client base thus increasing the price of each funeral.

4. How does this compare to the trend in prices prior to the market investigation?

This is already answered in 2 above.

How has the quality of funeral services changed? Please consider both those services that consumers can observe and those they cannot (for example, 'back of house' practices)

5. What factors have contributed to any change in quality?

The quality of funeral service has reduced as the public are being encouraged to look at price only on a standardised price list rather than looking at the service quality and standard of goods and infrastructure provided. The system is therefore price driven rather than service standard driven which inevitable leads to a cut in basic standard to bring that baseline price down. Once clients have selected a funeral director the costs then rise as it transpires the client did not want the basic facilities included in that headline price

6. How does this compare to any trend in quality prior to the market investigation?

The CMA price list has without doubt driven many people to select direct cremations which has reduced the quality of funeral service. This has become particularly prevalent because the cost of a direct cremation is very much less than the price of a traditional attended funeral and it is really just a simple disposal service.

7. Has consumer awareness of quality changed since the market investigation? If so, what has driven this change?

Yes, but this is as a result of ✂ at the start of 2024 rather than the funeral market order.

8. Have relationships between funeral directors and crematoria operators changed?

Yes it has declined, for two reasons;

- A. Crematoria are now providing direct cremation services without the use of a funeral director thereby reducing the numbers of funerals to be serviced by the funeral directors, but if a funeral director loses 10% of its numbers it cannot reduce its costs by 10% as the same staff and facilities are required to service that smaller number of funerals.**
- B. Crematoria are now encouraged to have multiple prices for different days and times. There appears to be a lack of understanding by many crematoria that families cannot go for the cheaper times as the clergy and celebrants often have limited availability and the cheap times and their availability are incompatible.**

Have there been any changes in how funeral directors and crematoria operators coordinate over the services and prices they offer to consumers?

9. What effect, if any, has the increasing prevalence of direct cremations had on how funeral directors and crematoria operators interact?

See 8 above

Has there been a change in consumer behaviour (e.g. an increasing interest in unattended funeral services and an increase in price and service comparison and shopping around)?

10. If so, what has driven these changes in consumer behaviour?

Yes, but I believe this is largely down to the misleading television advertising of ✂ coupled with the effect of the legally reduced attendance at funeral ceremonies during COVID. I see there is an impending problem with this in that many bereaved families and friends are no longer given the opportunity to grieve and mark the end of someone's life by attending a funeral ceremony, but instead try to "sweep it under the carpet". This happened on the West Coast of the USA some decades ago and the long term mental health issues were not understood for many years.

11. If so, do you consider them to be positive changes for consumers?

No, I do not believe it is positive. The advertising is misleading for the reasons given in 10 above. I do however believe it is paramount that people are given the right information to make informed choices then, if they really want an unattended funeral without any service and this meets with the wishes of all the family, this should be available. However, with a simple price list which is assuming that all funerals are the same, the bereaved do not understand the difference between direct cremations sold as being the best alternative for "your family" and the traditional funeral which assists with the grieving process.

12. If so, do you consider them to be temporary or permanent changes?

Many of the changes will of course be permanent as throughout my 50 years in funeral service funerals have continued to change. This is only however a good thing if the changes experienced are made on the basis of fully informed decisions by the bereaved.

How has the Order impacted funeral directors and crematoria operators?

13. Has it impacted operating costs?

If we are correct in assuming that the order has resulted in an increase in direct cremations and these are set for delivery to the crematorium early in the morning, the cost to funeral directors has increased by virtue of having to pay staff overtime to deal with these early morning deliveries whereas historically these funerals, when full priced, were carried out by the staff during the normal working day.

We are also very concerned that the differential between the charges made by the crematorium for a cremation without mourners and the charges made for a cremation with a service in the chapel are becoming unrealistic. Prior to the order we were told that the biggest cost to the crematoria was the cremation equipment and the cost of the cremation process. However we now find crematoria where the price of a cremation when delivered early in the morning with no mourners is marginally over £300.00 whereas a cremation on a Thursday or Friday delivered during the day with mourners attending the chapel is £1,120.00, giving a charge in effect of £800.00 for use of chapel. This is at variance with their earlier stated costings and I would contend indicates that there is cross-subsidy.

Some national crematoria operators also now offer to the public funerals including collection, coffin and all others services including the crematorium fee, for prices less than that charged to a funeral director, and therefore the family, for the cremation and use of chapel on a traditional funeral. Again I would suggest that this indicates there must be cross subsidy and the cost of providing the funerals for unattended cremations is being subsidised by the charges made for funerals with the families attending.

14. Has it impacted conduct?

Unfortunately yes, but this is not, and I stress not, down to the CMA.

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How has the Order impacted consumers?

15. Has it impacted funeral prices?

Yes, I believe it has to some extent. As I see it, the market for direct cremations has become more competitive with the prices being driven slightly down and as a direct result of this the prices for traditional funerals, which are not headline prices, have increased to cover the loss of revenue on the direct cremations.

It is also very noticeable that many establishments are now charging for all manner of things that they did not charge for prior to the CMA intervention. The CMA is fully aware that in the case of our own firm we itemised and continue to itemise all our pricing so there is no change in the way we offer funerals. It is probably easier for me to explain by referring to crematoria who, when I started in funerals 50 years ago, had a price which included the use of Chapel, the heating, the lighting, the music (which admittedly was poor quality) the cremation process and the return of or scattering of ashes. Now charges are made for premium times or days, reductions for early morning services, unattended funerals, and shorter services, and additional charges for items such as the collection of ashes, scattering within the grounds, webcasting the service, playing music, displaying visual tributes, etc. It is therefore impossible to give an accurate price to a family seeking a quotation or searching online without discussing all these matters whereas historically it was very simple.

16. Has it impacted consumer choice or behaviour?

Yes, I believe it has and I believe that funerals are now being selected very much in the same way that weddings are. Families understand that there are a wealth of choices with some people wanting very simple options, which is fine, and others wanting to personalise and add more and more bespoke

services. The difficulty with the standardised prices lists is, I believe, that it only acts as a reference point for unattended funerals, and that the prices for the standard funeral are in effect misleading, as once a family is wanting to be involved in the funeral they want a bespoke funeral with the ability to select the type of vehicles, the coffin and all the other individual services.

Please provide your views on the likely evolution of the funerals market in the next five to ten years.

17. Please consider costs to funeral directors and crematoria operators; prices to consumers; consumer behaviour; quality of funeral services; and the conduct of funeral directors and crematoria operators.

I believe that the costs of funerals are going to rise materially as a result of increased legislation, massively increased vehicle and staff costs, the removal of zero hours contracts, the reduction in core numbers of traditional funerals due to the increase in direct cremations and the increase in period between death and funeral due to the introduction of the ME's and the ever increasing delays in the Coroner's service in some parts of the country. This will simply mean that there are increased costs to be split between a smaller number of traditional funerals which must be passed on to that smaller number of families.

18. Please consider how you expect the Order to change the funerals market.

Unfortunately I do not believe it will change the funeral market as the CMA has consistently refused to enforce the prohibitions attached to the order. I have raised two matters under this;

- A. The Nottingham Funeral, whereby the City of Nottingham gains a financial benefit by directing people to a funeral service provided by the national co-operative.
- B. Insurance products that provide a financial sum on death but which are not funeral plans, which on death direct bereaved families to use a specific funeral service who in turn pays the insurance company a commission for that referral. (The CMA say this is a matter for the FCA, however it is not the insurance product about which I complained, but the at-need funeral which is clearly a matter for the CMA and not the FCA).

19. Please consider how any changes compare to current and past trends.

The funeral market is an ever-evolving market, and will continue to change, but probably at a slower rate than it has in the last five years which has been primarily due to COVID, the CMA intervention, the FCA regulation of funeral plans, the changes in the Death certification process and the cost of living crisis. There will also be some change as a result of the ongoing law commission review I am sure.

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In closing I hope that my response is helpful to you, but if there is anything included in this that you would like to discuss further, or any other matters that I can assist you with, I would be happy to meet with you either by telephone, teams or face to face to help with this.

Thank you.

Nigel Lymn Rose

Company Chairman