

THIRD ANNUAL REVIEW OF MARKET OUTCOMES IN THE FUNERALS SECTOR

Summary of responses to the CMA's insight gathering exercise

Introduction

1. We received a number of responses to our insight gathering exercise. This document summarises those responses.

Cost of conducting a funeral

2. Two respondents reported that the cost of conducting a funeral had increased since the market investigation.¹
3. The National Association of Funeral Directors (NAFD) reported that a survey of their members in September 2024 found that circa 75% of respondents reported an above inflation increase in the cost of conducting a funeral.²
4. Two respondents highlighted the difference in the broader economic climate since the market investigation, identifying factors such as the COVID-19 pandemic, energy and fuel cost increases, the full impact of Brexit and inflation more generally, which had contributed to the increased cost of conducting a funeral since the market investigation.³
5. Two respondents also reported additional costs of compliance with regulation.⁴
6. The Individual Funeral Company reported that their clients were pursuing increasingly tailored services, requiring more time to discuss the options available to them whilst also enabling them to take more control over aspects of the service. They also reported that rising cremation fees, increases in the

¹ Philip Blatchly & Son Funeral Directors and Funeral Partners response to insight gathering exercise, question 1(a).

² National Association of Funeral Directors (NAFD) response to insight gathering exercise, question 1(a).

³ Lelley Fields Crematorium; Poppy's Funerals Ltd; and Southern Co-op response to insight gathering exercise, question 1(a).

⁴ Philip Blatchly & Son Funeral Directors and Scotmid Funerals response to insight gathering exercise, question 1(a).

prices for burial plots and an increase in eco-friendly funerals were contributing factors to cost increases, noting that eco-friendly coffins were often hand made to order and that was reflected in their cost.⁵

Price of a funeral

7. Some respondents reported that the price of a funeral had increased since the market investigation.⁶ However, some respondents reported that while price increases prior to the market investigation had been above general levels of inflation, since the market investigation, price rises had been below general levels of inflation.⁷ Other respondents reported no significant changes in the price of a funeral compared to prior to the market investigation.⁸
8. Funeral Partners reported that price increases may have been constrained by the increased price transparency brought about by the Funerals Market Investigation Order 2021 (the Order) and the ease in which consumers could now compare prices. Funeral Partners also suggested that this allowed funeral directors to monitor the prices of their competitors and to set their prices more competitively.⁹
9. Kate Woodthorpe reported that the COVID-19 pandemic, which had coincided with the CMA's investigation, significantly increased consumer awareness of direct cremation, thus making it difficult to isolate the impact of the market investigation on funeral prices.¹⁰

Quality of funeral services

10. The majority of respondents reported that there were no noticeable changes in quality of funeral services and that high standards of quality are generally maintained.¹¹ However, some respondents raised concerns about the quality of services that were not visible to consumers (ie 'back of house' services). For example, Poppy's Funerals Ltd reported concerns that some funeral directors may have been storing the deceased in unsuitable or unpleasant

⁵ The Individual Funeral Company response to insight gathering exercise, question 1(a).

⁶ Lelley Fields Crematorium; Child Funeral Charity; Poppy's Funerals Ltd; and Southern Co-op response to insight gathering exercise, question 2(a).

⁷ Poppy's Funerals Ltd; Funeral Partners; and Scotmid Funerals response to insight gathering exercise, question 2(b).

⁸ Child Funeral Charity; Philip Blatchly & Son Funeral Directors; and the Institute of Cemetery and Crematorium Management (ICCM) response to insight gathering exercise, question 2(b).

⁹ Funeral Partners response to insight gathering exercise, question 2(b).

¹⁰ Kate Woodthorpe response to insight gathering exercise, question 2(b).

¹¹ For example, Philip Blatchly & Son Funeral Directors; ICCM; and The Individual Funeral Company response to insight gathering exercise, question 3(a).

spaces, as well as concerns regarding the use of objectifying language regarding the deceased.¹²

11. Scotmid Funerals reported a visible improvement in quality in Scotland, where there had been a move to regulate funeral services, as well as the support provided by trade associations to encourage and support improvements in quality.¹³
12. Funeral Partners reported that following the market investigation, price (rather than quality) had become arguably more of a determining factor in consumer decision-making, which may have been constraining investment into improving the quality of services.¹⁴ Two respondents reported that in some instances, this may have caused a focus on cost to the detriment of quality standards.¹⁵
13. NAFD stated that trade associations had a code of practice for years, which had served as a form of voluntary regulation of the quality of funeral services. NAFD reported that except for the formal statutory code in Scotland, trade association codes had been the only form of quality regulation applicable to the funerals sector. NAFD also reported that other events since the CMA's market investigation had created more awareness of quality among consumers and had empowered consumers to ask questions about services, although price remained the determining factor for many. NAFD also reported that, in the absence of quality regulation, there was a risk of a 'race to the bottom' as operators competed on price alone without investment in quality. Finally, NAFD suggested that quality regulation could take the form of a mandatory registration scheme supported by a statutory code of practice based on existing trade association codes and an overarching independent quality assurance framework.¹⁶

Consumer awareness of the quality of funeral services

14. Respondents largely reported some increases in consumer awareness of quality in the funerals sector, however the reasons attributed to these changes varied.¹⁷
15. The Institute of Cemetery and Crematorium Management (ICCM) reported that since the market investigation, media scrutiny of cases involving funeral

¹² Poppy's Funerals Ltd response to insight gathering exercise, question 3(a).

¹³ Scotmid Funerals, response to insight gathering exercise, question 3(a).

¹⁴ Funeral Partners, response to insight gathering exercise, question 3(b).

¹⁵ Funeral Partners; and Allcock Family Funeral Services response to insight gathering exercise, question 3(b).

¹⁶ NAFD response to insight gathering exercise, question 3b.

¹⁷ For example, Institute of Cemetery and Crematorium Management (ICCM); The Individual Funeral Company; Funeral Partners; and NAFD response to insight gathering exercise, question 4.

directors and crematorium operators had increased consumer awareness of the quality of funeral services.¹⁸

16. Other respondents reported that consumer awareness of quality had not changed since the market investigation.¹⁹ Southern Co-op reported that consumer awareness may have even diminished due to the presence of a standardised price list and that consumers might be placed in a position where they are drawing comparisons based solely on the price of similarly labelled services without more context, and may, for instance, be comparing the services offered by a funeral home that provides modern refrigerated mortuary facilities with the services of a funeral director operating from their family home.²⁰

Relationships between funeral directors and crematorium operators

17. NAFD reported that crematorium operators increasing their prices at different times throughout the year caused funeral directors to update the price information they are required to display under the Order. For larger funeral directors that had multiple branches or worked with multiple crematorium operators, who may change their prices at different times in the year, this problem was compounded.²¹
18. Allcock Family Funeral Services reported concerns regarding the levels of service that consumers were provided in circumstances where crematorium operators were offering their own direct cremation service without the assistance of a funeral director.²²
19. Some respondents reported that there had likely been increased negotiation of prices between funeral directors and crematorium operators from which funeral directors had achieved discounted prices from crematorium operators.²³

¹⁸ ICCM response to insight gathering exercise, question 4.

¹⁹ For example, Lelley Fields Crematorium; Philip Blatchly & Sons Funeral Directors; and Southern Co-op response to insight gathering exercise, question 4.

²⁰ Southern Co-op response to insight gathering exercise, question 4.

²¹ NAFD response to insight gathering exercise, question 5.

²² Allcock Family Funeral Services response to insight gathering exercise, question 4.

²³ ICCM; Scotmid Funerals; and Allcock Family Funeral Services response to insight gathering exercise, question 6(a).

Impact of the Order on funeral directors and crematorium operators

20. Some respondents reported that the Order had increased the operating costs of funeral directors, as the Order required funeral directors to prepare a standardised price list and update it when prices changed.²⁴
21. Scotmid Funerals reported that the cost of complying with the Order was negligible.²⁵
22. Some respondents reported that the Order had either little or no impact on the conduct of funeral directors or crematorium operators.²⁶
23. NAFD reported that the Order had caused a slight change in conduct as funeral directors had to adapt their practices to meet the transparency and other requirements of the Order.²⁷
24. The Individual Funeral Company reported that the price transparency requirements of the Order had resulted in some funeral directors increasing the price of optional additional services.²⁸
25. Two respondents expressed concerns that cost cutting, in response to the increased focus on price brought about by the Order, could negatively impact the quality of the services provided by funeral directors.²⁹

Impact of the Order on consumers

Funeral prices

26. Respondents typically reported that the Order had not significantly impacted funeral prices.³⁰ However, two respondents reported that the Order had a constraining effect on price increases by funeral directors due to funeral directors having greater visibility of the prices of their competitors.³¹

²⁴ Philip Blatchly & son Funeral Directors; Southern Co-op; The Individual Funeral Company; Funeral Partners; NAFD; and Scotmid Funerals response to insight gathering exercise, question 8(a).

²⁵ Scotmid Funerals response to insight gathering exercise, question 8(a).

²⁶ Philip Blatchly & Son Funeral Directors; ICCM; Southern Co-op; and NAFD response to insight gathering exercise, question 8(b).

²⁷ NAFD, response to insight gathering exercise, question 8(b).

²⁸ The Individual Funeral Company response to insight gathering exercise, question 8(b).

²⁹ Allcock Family Funeral Services and Funeral Partners response to insight gathering exercise, question 8(b).

³⁰ For example, Kate Woodthorpe; ICCM; Southern Co-op; and Allcock Family Funeral Services response to insight gathering exercise, question 9(a).

³¹ The Individual Funeral Company and Funeral Partners response to insight gathering exercise question 9(a).

27. Allcock Family Funeral Services reported that factors other than the Order may have limited price increases since the market investigation, such as the growth of direct cremation alternatives.³²
28. Kate Woodthorpe reported that consumers were more focussed on price (eg consumers were engaging in a cost and benefit analysis when making purchase decisions).³³

Consumer awareness

29. Funeral Partners reported that consumer awareness of the options available for both attended and unattended funerals had grown since the market investigation.³⁴
30. Some respondents also reported that consumers were increasingly shopping around and making comparisons between service providers.³⁵ Allcock Family Funeral Services reported that consumers were doing so almost solely through online searches³⁶ and expressed concern that consumers may have been placing too much weight on price without an understanding or guarantee of quality in their purchases.³⁷ Two respondents reported that this could prevent the benefits of increased consumer choice and transparency from being realised.³⁸
31. Respondents reported that the changes that they had observed in consumer behaviour since the market investigation were likely to be permanent.³⁹ However, some respondents reported that the changes in consumer behaviour were not due to the Order but due to other factors, such as the cost of living crisis.⁴⁰

³² Allcock Family Funeral Services response to insight gathering exercise, question 9(a).

³³ Kate Woodthorpe response to insight gathering exercise, question 9(b).

³⁴ Funeral Partners response to insight gathering exercise, question 9(b).

³⁵ Poppy's Funerals Ltd; Southern Co-op; Funeral Partners; and NAFD response to insight gathering exercise, question 7(a).

³⁶ Allcock Family Funeral Services response to insight gathering exercise, question 7(a).

³⁷ Allcock Family Funeral Services response to insight gathering exercise, question 7(b).

³⁸ NAFD and Funeral Partners response to insight gathering exercise, question 7(b).

³⁹ Philip Blatchly & Son Funeral Directors; Kate Woodthorpe; ICCM; Poppy's Funerals Ltd; The Individual Funeral Company; Funeral Partners; and NAFD response to insight gathering exercise, question 7(c).

⁴⁰ ICCM; Poppy's Funerals Ltd; and The Individual Funeral Company response to insight gathering exercise, question 9(b).

Evolution of the funerals sector

32. Some respondents reported that they expected further regulation of the sector and that the regulation of the quality of funeral services may be considered necessary and desirable in the future.⁴¹
33. Some respondents reported that the increased costs of regulation, as well other cost increases, could be passed on to consumers (in the form of increased funeral prices).⁴²
34. Some respondents supported a statutory inspection scheme for funeral services providers, as this would reassure consumers that service providers were compliant with training and regulatory requirements.⁴³
35. Southern Co-op reported that, in the absence of the regulation of the quality of funeral services that ensured minimum standards of service for consumers and created a minimum set of costs for funeral directors to deliver a funeral, the price transparency provided by the Order in an unregulated market had created an environment where consumers were comparing price of services alone, without being provided with contextual information to differentiate between those services, such as how the deceased would be stored or the quality of the vehicle in which they would be transported. Southern Co-op reported, therefore, that consumers were simply selecting the cheapest option available and could not be assured of a minimum standard of service when comparing prices.⁴⁴
36. NAFD reported that without the implementation of a mandatory set of minimum quality standards, the Order had likely reached the limit of its impact on the market.⁴⁵
37. NAFD reported that the increased demand for direct cremations was likely to plateau and they were unlikely to completely replace traditional funeral services.⁴⁶
38. Allcock Family Funeral Services reported that in recent years, the market had become more concentrated through the acquisition of smaller funeral businesses and that this trend could continue, resulting in fewer independent

⁴¹ Lelley Fields Crematorium; ICCM; Southern Co-op; Funeral Partners; and NAFD response to insight gathering exercise, question 10(a).

⁴² Southern Co-op; Philip Blatchly & Son Funeral Directors; ICCM; and Funeral Partners response to insight gathering exercise, question 10(a).

⁴³ Lelley Fields Crematorium and Funeral Partners response to insight gathering exercise, question 10(b).

⁴⁴ Southern Co-op response to insight gathering exercise, question 10(b).

⁴⁵ NAFD response to insight gathering exercise, question 10(b).

⁴⁶ NAFD response to insight gathering exercise, question 10(c).

businesses operating in the market and less choice for consumers and lower standards.⁴⁷

⁴⁷ Allcock Family Funeral Services response to insight gathering exercise, question 10(c).