

Appendix E: Additional evidence relating to market definition

Introduction

1. This appendix outlines evidence supporting the reasoning set out in Section 4.

Funeral director services at the point of need

2. This section outlines the evidence and arguments that we have considered to assess: whether pre-paid funerals are in the same product market as at-need funerals; whether different types of at-need funeral are within the same product market; and the geographic market for funeral director services.

Pre-paid and at-need funerals

3. The market investigation terms of reference exclude the provision of pre-paid funeral plans.
4. We have considered whether pre-paid funeral services (ie the funeral services provided on redemption of a pre-paid plan) are in the same market as funeral director services at the point of need on the basis of demand-side substitution or, in its absence, supply-side considerations.
5. On the demand side, customers looking to purchase at-need funeral services from a funeral director would not be able to switch to purchasing a pre-paid funeral in response to a price increase, as this has to be funded through a pre-paid funeral plan purchased in advance of the point of need. The pre-paid funeral plan largely determines the elements of the funeral to be delivered at the point of need. As such, we note that the choice is made by the plan customer in relation to his/her own funeral in different circumstances (for example, without significant time pressure) and is likely to be based on different considerations from those of at-need funeral customers arranging a funeral (as set out in Section 3; see also Appendix F), although we note there is some ability to purchase additional services not included in the plan at the

point of redemption.^{1,2} We note that in the last 15 years or so, there has been an increasing trend in the proportion of pre-paid funerals relative to at-need funerals in the overall funeral mix (although this has stabilised recently),³ over which period there have also been significant price changes for at-need funerals (as discussed in Section 7). While this indicates some relationship between the two, this is different to the short-term response of customers switching between the two in response to small but significant price changes, which are considered when defining the market.

6. On the supply side, we have considered the following factors:

(a) there are somewhat different sets of competitors in the provision of at-need funerals and the provision of pre-paid funerals. Not all funeral directors offer pre-paid funerals (although many do) and, of those who do, not all are involved in the sale of the related funeral plans to customers: a number of pre-paid funeral plan providers compete for and contract with the plan customer, but are not directly involved in the funeral arrangements themselves. They may, instead, contract the arrangements for the actual funeral out to funeral directors. This implies that the conditions of competition between funeral directors to provide pre-paid and at-need funerals are different. For funeral directors offering pre-paid plans directly to customers, competition in pre-paid funerals occurs before the point of need when the customer is seeking a plan. On the other hand, for funeral directors not offering pre-paid plans themselves (or for those seeking to provide funerals redeemed against third-party plans), the supply of the funeral at the point of redemption is shaped by the relationship between the plan provider and the funeral director and by the terms agreed between them as well as the terms agreed between the plan provider and the customer. Any competition to serve the customer

¹ The Market Investigation consumer survey asked respondents who had activated a pre-paid plan since J/A/S/O 2017 (n=84) whether they had bought any goods or services in addition to those included in the plan. A minority (n=22) had done so. Source: CMA analysis of consumer survey dataset at Question PPFnew1. Our survey also found that around two in five of those who had activated a pre-paid plan since J/A/S/O 2017 (n=32/84) had topped-up the amount paid out by the plan provider for at least one of the goods and services included in the plan. In most cases (n=24), the top-up payment was elective (ie the full cost of the item was covered by the plan but the activator (consumer) chose to pay for an 'upgrade' – for example, n=15 chose to pay extra for the coffin). However, in n=6 cases, the activator (consumer) paid a top-up to cover a shortfall between the plan payout and the actual cost of the item. In n=2 cases, the activator (consumer) paid a mix of elective and 'shortfall' top-ups. Source: CMA analysis of consumer survey dataset at Question PPF5.

² Propensity to purchase additional goods or services varies across funeral directors. [X] said that 82% of the 'pre-paid plan' funerals it delivered in 2018 involved a 'top-up' (in the sense of additional items not covered by the original plan). [X] said that 23.5% of the 'pre-paid plan' funerals it delivered in 2018 involved the purchase of additional items. [X] said that in the six months to March 2019, 67% of the 'pre-paid plan' funerals it delivered involved this kind of top-up. The most common items purchased included embalming (Funeral Partners), stationery (Funeral Partners, Co-op, Dignity), obituary notices (Co-op, Dignity), flowers (Co-op, Dignity) and an additional limousine (Co-op, Funeral Partners).

³ An internal document from Dignity from early 2018 indicated that it expects that growth will be reduced in the near-to-mid-term, but in the longer term there is headroom for growth.

appears therefore more akin to competition for a largely pre-defined contract; and

(b) the provision of funeral director services at the point of need, whether backed by a pre-paid plan or not, involves largely the same processes and requirements so funeral directors offering at-need and pre-paid funerals can quickly shift capacity between them.

7. Based on the considerations set out above, we consider that pre-paid funerals do not fall within the same market as at-need funerals. However, since the services provided by funeral directors at the point of need are likely to be largely the same, whether those services were paid for under a pre-paid funeral plan or at the time of need, aspects of the competitive assessment set out in Section 5 are relevant to both.

Standard and simple funerals

8. We are aware that the definition of simple and standard funerals, and the differences in the prices charged for them, differs between funeral directors (such that the price of a standard funeral from one funeral director could be similar to the price of a simple funeral from another) so that the boundaries between these products are not clear-cut. Nevertheless, we have considered whether the more restricted, lower priced simple funeral services offered by funeral directors should be in the same market as standard funeral services.
9. On the demand side, we have noted in Appendix I that customers who buy a simple funeral have preferences that are similar in a number of ways to the preferences of customers who purchase standard funerals. However, these groups of customers are sufficiently different that suppliers can successfully target different products at them. The extent of the price difference between the two product types and the greater restrictions (such as on services which can be added or times for the service) generally placed on simple funerals suggest that the extent to which customers would choose a simple funeral in response to a small price increase in standard funerals may be limited. We note that in recent years simple funerals have grown and standard funerals have declined as a proportion of the funeral mix (at least for some funeral directors), although simple funerals still account for a significantly smaller share of the mix than standard funerals. While this may reflect some long-term change in customer preferences for a proportion of the population, we do not consider it to be necessarily informative of the short-term response to a small price increase in standard funerals by customers currently purchasing these. We discuss the extent to which low cost funerals constrain the price of standard funerals in Section 5.

10. On the supply side, the same suppliers provide broadly the same range of funeral director services, and, as such, conditions of competition are likely to be similar across services. Many of the funeral directors we have contacted offer some form of simple funeral, although standard funerals are the most common type offered.⁴
11. Further, it is relatively easy for funeral directors to switch capacity between providing different types of service, given that the majority of the inputs are the same. Simple funerals generally involve restricting the type and scope of products and services which would be available for a standard funeral.
12. We therefore consider that simple and standard funerals should be in the same product market. We assess the constraint imposed by simple funerals on standard funerals in our competitive assessment.

Unattended services

13. Unattended services provided by the funeral director (as opposed to the crematorium) broadly involve the process of arranging the cremation, including the collection, preparation and transport of the deceased, provision of a (simple) coffin and arrangements for the ashes (eg scattering in a garden of remembrance or returning them to the family). We are also aware of the development of other variants (such as direct cremations that can be attended but with restrictions on aspects of the cremation service such as the numbers of mourners, service lengths, and/or service locations), which mean the boundaries between unattended services and attended funerals are not clear-cut. We consider below whether the supply of unattended services by funeral directors should be in the same market as attended funerals supplied by funeral directors. We consider that, if unattended services should be included in the same market as attended funerals, other hybrids are likely to impose a similar or greater constraint and so should also be included.
14. On the demand side, we have found in Appendix I that unattended services are unlikely to be suitable for many people, given cultural norms (and arguably psychological needs). As such, unattended services are unlikely to be a substitute for funerals involving an attended service for many people. Unattended services indeed account for a very small proportion of funeral

⁴ For example, from our questionnaire to a sample of funeral director branches outside of the Largest companies, standard funerals are the most common funeral type offered by these funeral directors (except the direct cremation specialist) at around 80%-90% of at-need funerals in our questionnaire averages.

directors' revenues, reflecting both low volumes and significantly lower prices than other funeral service products.^{5,6}

15. On the supply side, there is significant commonality in the services which the funeral director supplies for unattended services to those supplied for attended funerals, although the scope of the services provided for unattended services is narrower. For example, the funeral director still provides a coffin (although usually a simple one with no choice offered for the family) and liaises with the crematorium on behalf of the family. The funeral director will still prepare the deceased for cremation and transport the deceased to the crematorium, although not in a ceremonial vehicle. As a result of this narrower scope, unattended services require less organisation and time for arrangement on the part of the funeral director. For example, less preparation of the deceased is required given that viewings are not permitted, and time is not required for attending a service. Unattended services may also require fewer facilities, such as viewing rooms and hearses/limousines. In some cases, unattended services are arranged without any face-to-face contact with the customer (for example, they may be arranged through telephone or online channels).⁷
16. In addition, many of the funeral directors we have contacted offer some form of unattended service, although as noted above, attended funerals are the most common type offered.⁸ This indicates that funeral directors already switch between providing the two types of services relatively easily depending on customers' requirements.⁹
17. We are aware that there are some funeral directors offering only direct cremation services.¹⁰ For a funeral director mostly focusing on unattended

⁵ The price of unattended services can be £1,000-1,500 or lower, compared with over £3,000 for standard funerals. See Appendix J for a comparison of ARFs for direct cremations and standard funerals from the three largest providers.

⁶ While the circumstances of the Coronavirus (Covid-19) pandemic have led to some changes in the types of funeral being purchased by customers, we do not consider that these affect our conclusions in this regard, as discussed in Section 5.

⁷ See for example <https://www.simplicity.co.uk/arrange-a-funeral/unattended-funeral> and <https://www.purecremation.co.uk/>

⁸ As discussed in Section 5.

⁹ We note that some funeral directors have expressed concerns as to the psychological effects of not having a funeral service, although they have also indicated they arrange such services where requested. See for example [X]. A long-established firm [X] in a large conurbation arranges unattended funerals when requested, but considers this can pose mental health issues. A well-established family firm in a rural area [X] noted direct cremations were growing in popularity but that this had implications for people's grieving process. However, a well-established family firm in a mid-size town [X] has decided against offering direct cremations for moral reasons, as it is of the opinion the funeral option gives little care for the deceased.

¹⁰ For example, a well-established family firm in a rural area [X] noted that nearby there had been entry by direct cremation specialists. In response to a questionnaire sent to a sample of funeral director branches, when reporting on recent entry, 3 out of 18 were reported as low cost and direct cremation specialists, one was reported as only a low-cost provider and one was reported as only a direct cremation specialist.

services to move to providing attended funerals in response to a change in their relative prices would likely require some investment in new facilities (such as vehicles and an expanded range of coffins) and potentially increased staffing levels per funeral. These funeral directors may find it more difficult to quickly switch to provide attended funerals than funeral directors offering attended funerals would find it to switch to unattended services, although these barriers do not appear significant.¹¹

18. We therefore consider:
 - (a) on the demand side, unattended services may not be substitutes for attended funerals given consumer preferences; and
 - (b) on the supply side, funeral directors could switch capacity between unattended service and attended funerals in response to changes in their relative prices relatively easily, although some additional investment may be required by providers focusing on unattended services to start providing attended services. While some funeral directors focus more on unattended services and some funeral directors do not offer unattended services, the competitor sets and conditions of competition are largely similar.
19. We therefore consider that unattended services and attended funerals, as well as the variants between these that are emerging, should be included within the same market.

Additional optional services

20. In addition to professional services such as care of the deceased, funeral directors also provide a number of products which customers could purchase separately if they wish, such as the coffin and additional optional services such as flowers, memorials, death notices etc. We consider below whether such additional services should be included in the same product market.¹²
21. The propensity for customers to buy the additional products from the same supplier as other funeral services appears to vary depending on the product involved – for example, information from Co-op indicates that [X] of its

¹¹ We note that providing facilities for viewing the deceased may be the most difficult factor to add for a provider switching from providing unattended cremation services only. However, we are aware that some funeral directors entering the market have been able to do so initially using the facilities of existing funeral directors (see [Aggregated summary of interviews with independent funeral directors](#), paragraph 9). Therefore, this does not appear to be an insurmountable barrier.

¹² We note this has some similarities to primary/secondary product distinctions, see CMA, [Merger Assessment Guidelines](#), paragraph 5.2.20.

customers order flowers via Co-op across all funerals types, [X] of customers order stationery via Co-op across all funerals types and [X] of customers order an obituary notice via Co-op across all funerals types.¹³ It is unclear to what extent customers who did not purchase from Co-op purchased from a third party or did not purchase the product at all, although we note that third-party suppliers are available for all of the relevant products and services. In the case of other products and services such as coffins and embalming, our understanding is that customers purchase them almost exclusively through the funeral director.

22. We consider these items are within the relevant market where they are arranged by the funeral director, as this would be part of the service the funeral director offers to the customer in making logistical arrangements on their behalf. Where customers choose to arrange the additional service directly with a third-party provider, this would fall outside of the market.

Geographic market

23. Various sources of evidence indicate that most customers travel up to 20 minutes for a funeral director, although it also appears that a substantial proportion do not travel for as long as this.
 - (a) The Market Investigation consumer survey found that two-thirds of consumers (65%) said the deceased lived within a 15-minute drive time of the premises of the funeral director they used, and four-fifths of consumers (80%) told us that the deceased had lived within a 20-minute drive time of the premises of the funeral director they used.¹⁴
 - (b) The Market Study consumer research found that there was a preference for minimising journey times from the place of death (or the deceased's home) to the funeral director and from the funeral director to the crematorium or burial ground. This was seen to facilitate access for those who wished to visit the deceased while they were in the care of the funeral director, as well as those attending the funeral. A driving time of 10-20 minutes between the key locations within the home area was typical.¹⁵

¹³ For Funeral Partners, [X] of customers purchased floral tributes and [X] purchased orders of service.

¹⁴ [Market Investigation consumer survey](#), Tables 103-105, Question FD3a+FD9a+FD15a (SUMMARY). Base: all UK adults 18+ involved in making at need burial or cremation funeral arrangements since J/A/S/O 2017 who used a funeral director (n=279).

¹⁵ [Market Study consumer research](#), paragraph 4.3.3.

- (c) In the Market Study Final Report, it was reported that across a sample of 30 funeral director branches, it was found that 80% of their business was typically between a 12-minute and 17-minute drive-time from the branch.¹⁶ We received a variety of other evidence relating to the size of catchment areas that we consider is broadly consistent with this analysis. For instance, smaller funeral directors estimated that catchment areas for their branches ranged from 5 to 15 miles in urban areas and 10 to 30 miles in rural areas.
- (d) This is also consistent with internal documents received from Funeral Partners, which found the majority of business was generated within six miles of the branch, although this proportion was lower for rural branches and varied between branches.
- (e) Within the CACI¹⁷ reports that Central England Co-op uses in monitoring entry, many of the metrics focus on an area of 1-mile radius (or 3.5 miles for rural areas).
- (f) East of England Co-op stated that it monitors pricing for comparable funerals from competitors who operate within an approximately 20-minute drive time of its branches. It noted that in the case of home deaths the family is more likely to look for a closer funeral director (within 15-20 minutes' drive time), unless they have a specific preference for a funeral director that is further away (due to a prior good experience, for example). It noted that even where the death is in a hospital/nursing home, choice may well be led more by the local location of the deceased or those arranging the funeral.
- (g) A long-established family firm in a large conurbation [redacted] responded that 80% of its at-need funerals were within a 20-30 minute drive time (although it noted there is ambiguity in how this could be calculated, eg the correct start and end point).
- (h) From the evidence from smaller funeral directors gathered during the Market Investigation:

¹⁶ [redacted]

¹⁷ CACI is a company which provides Integrated Marketing, Location Planning Consultancy, Network Services and Technology Solutions.

- (i) in response to our questionnaire, when asked about their catchment area, the majority of funeral director branches told us that 80% of their customers were from within a 20-minute drive time;¹⁸ and
- (ii) the smaller funeral directors we interviewed generally draw their customers from a relatively small local area of within 10 miles,¹⁹ although some funeral directors said they attract customers from a wider area than this.²⁰

24. We conclude that the geographic markets for funeral director services are local. The precise scope of each local market is likely to vary depending on local factors. The evidence set out above suggests local markets are generally in the range of 15 to 20 minutes' drive time from the funeral director's location, although they can be narrower. For the purpose of the concentration analysis, we use the narrower delineation of 15 minutes' drive time from the funeral director branch.

Crematoria

25. This section outlines the evidence and arguments that we have considered when defining the geographic market for crematoria services.

Evidence supporting geographic market definition

26. Customers generally use a crematorium for attended services local to where the deceased lived and make decisions over a local 'home area.'²¹ The two largest private crematorium operators have noted the importance of local provision of cremation services when seeking to gain planning approval for new crematoria.

- (a) Dignity has stated 'A funeral service event is a deeply personal moment in people's lives; the event should be embedded in the local community and

¹⁸ Nineteen out of 26 responses said 80% of their at-need business came from less than 20 minutes away, while 23 out of 26 responded that it was less than 30 minutes.

¹⁹ A new entrant in a large conurbation [X] said its catchment area is about ten miles; a well-established family firm in a mid-size town [X] said its more local customers come from a two miles catchment area around [X], but also attracts more customers from further afield than most funeral directors would; a long-established family firm in a rural area [X] stated that most of its business is within a 5 to 6 mile radius, but also noted that families who have connections to the business will use them even when they are further away than its usual catchment area; an established firm in a mid-size town [X] stated that its usual catchment area is probably within 5 to 6 miles; a well-established firm [X] stated its catchment area is up to around six miles radius; a long-established family firm [X] stated that its catchment area is probably within ten miles of [X]. It noted that it would also occasionally have funerals in [X].

²⁰ For a long-established firm in a large conurbation [X], the majority of its customers are within a 2 hour/25 mile catchment area; a new entrant in a large conurbation [X] works in conjunction with [X];

²¹ [Market Study consumer research](#), paragraph 4.2.1.

take place close to home. A local crematorium will allow more friends and relatives to attend as it will be local to the family who have suffered bereavement'.²²

(b) Westerleigh has stated 'A funeral service is a deeply personal event and it is vital that people feel that the venue is embedded in their community and that the life of the deceased is being marked in a place close to home.'²³

27. Various sources of evidence indicate that customers are generally willing or do travel for up to approximately 30 minutes to use a crematorium for an attended service.

(a) Memoria has stated that, 'the recognised acceptable drive-time for bereaved families (from planning appeals) is 30 minutes based on funeral cortege speeds'²⁴ and an internal document produced by Westerleigh notes that, 'there is a "natural core catchment area" typically of c.30min drive time around a crematorium ... drive time scaled to funeral cortege speed.'²⁵

(b) Planning applications submitted by Dignity and Westerleigh note that 30 minutes, at cortege speeds, is considered to be the maximum that customers are willing to travel to a crematorium.²⁶ Westerleigh's planning documents also reference funeral directors, supportive of new crematoria, for example 'Families regularly complain of the long journey to Cambridge Crematorium which takes over 30 minutes from Duxford and much further still from Saffron Walden and other communities in the northern half of Uttlesford'.²⁷

(c) A customer survey conducted by Westerleigh found that 'a long journey to the funeral is unacceptable with over 56% [of respondents] saying that a

²² Montagu Evans, on behalf of Dignity, 'South-East Derby Need Assessment,' paragraph 2.7.

²³ Westerleigh, 'Need and locational justification for a new crematorium for Uttlesford,' paragraph 4.2.

²⁴ Memoria has noted that this is a planning appeal standard and not the catchment that it serves. We discuss catchment areas later in this Appendix.

²⁵ Westerleigh notes that this document was produced by Westerleigh's previous shareholders and previous management. Readers of the document would be expected to carry out their own due diligence and make their own assessment of the factors affecting demand.

²⁶ A needs statement prepared on behalf of Dignity describes a crematorium's catchment area as: "a reasonable maximum acceptable drive-time to a facility, usually 30 minutes. A 30-minute maximum drive-time for catchment areas was used in the need assessments for [lists various planning applications]. This drive time is to be assessed by reference to the slower travelling speed of a cortège. This is usually calculated at 60% of normal driving speed." Westerleigh's planning documents typically state: "It has widely been accepted in a number of planning appeals that a funeral cortege (which would normally start at the address of the deceased) should not have to travel more than 30 minutes to reach the crematorium." See for example: 'The need for a crematorium to serve North Wiltshire' paragraph 4.1 and 'The need for a crematorium to serve Bassetlaw' paragraph 4.1.

²⁷ Westerleigh, 'Need and locational justification for a new crematorium for Uttlesford,' page 7.

journey of over 30 minutes [at cortege speed] would cause additional anxiety and distress.’²⁸

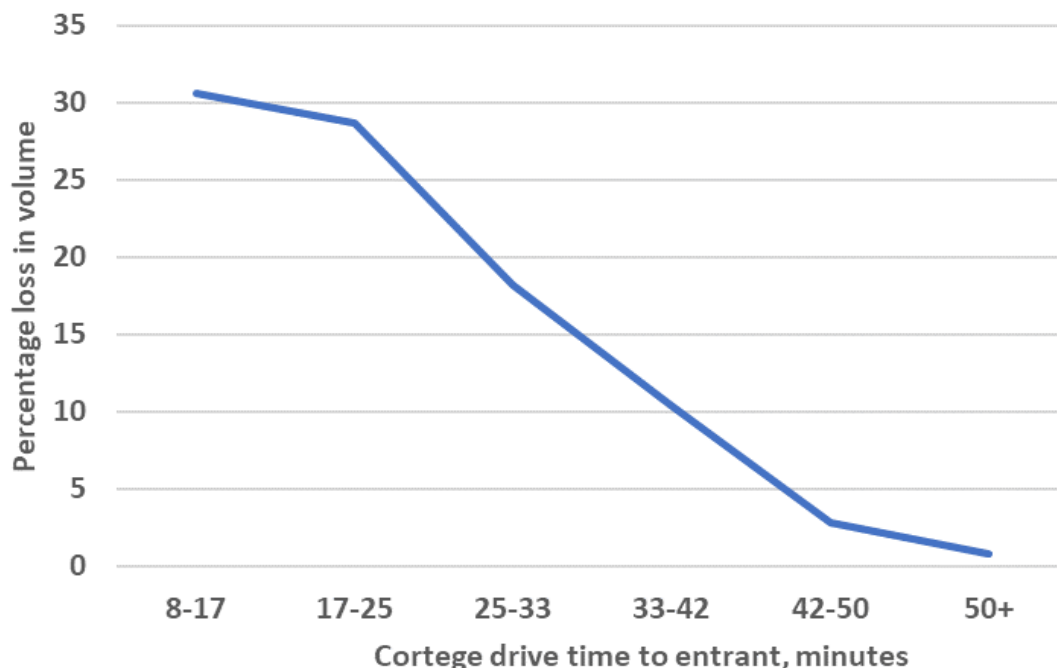
- (d) The Market Investigation consumer survey found that four-fifths of customers said the deceased lived within 30 minutes of the crematorium.²⁹
- (e) The Market Study consumer research found that short journey times (typically 20-30 minutes by car) from the home of the deceased to the crematorium and on to a local gathering afterwards were considered to be a benefit when organising a cremation.³⁰
- (f) The CMA’s entry analysis (further details in Appendix M) indicates that incumbent crematoria lose volumes when a new entrant opens nearby, and that this volume loss decreases the further away the new entrant is. Figure 1 shows that although there is some effect on incumbent volumes when it is located between 33 and 42 minutes from the entrant, the effect is significantly reduced relative to incumbents who are located closer to an entrant, and any effect on volume is close to zero (and not statistically significant) when the incumbent is located more than 42 minutes from the entrant.

²⁸ See for example Westerleigh, “The Need for a Crematorium to Serve North Wiltshire”, April 2017, paragraph 4.2. We have not assessed the quality of this survey as it was not submitted as evidence by Westerleigh. However, we note that the survey results are consistent with our other findings.

²⁹ Two-thirds of customers said the deceased lived within 25 minutes of the crematorium ([Market Investigation consumer survey](#), Tables 341-343, Question C10).

³⁰ [Market Study consumer research](#), paragraph 4.2.5.

Figure 1: Loss in volume at incumbent crematoria experiencing entry



Source: CMA analysis of ICCM and Cremation Society data.

Notes:

- (1) Results in the 42-50 minute time band and 50+ minute time band are not statistically significant.
- (2) There are a limited number of observations in the 8-17 and 17-25 minute drive time bands.

(g) We have also examined the catchment area over which most of a supplier’s customers are located. We have catchment area data for 93 crematoria, including Dignity, Westerleigh, Memoria and 21 local authority crematoria. A full description of how we calculated 80% catchment areas follows. Table 1 shows that the average 80% catchment area across all crematoria for which we have data is 33 minutes at cortege speeds.

Table 1: Average 80% catchment areas

	Average catchment area (at cortege speeds), minutes
All providers	33
Local authority crematoria	29
Private crematoria	34
Urban crematoria	30
Rural crematoria	36

Source: CMA analysis of data provided by Dignity, Westerleigh, Memoria and local authority crematoria.

Notes: based on analysis of 38 Dignity crematoria, 25 Westerleigh crematoria, 9 Memoria crematoria and 21 local authority crematoria.

Calculation of 80% catchment areas

28. We asked Dignity, Westerleigh, Memoria, and a random, representative sample of 22 local authority crematoria for information relating to funeral

director location and revenue^{31,32} from which we have calculated catchment areas. We have excluded any data related to unattended cremations (where these could be identified) as our analysis focused on the travel times to attended services.

29. For the main private crematorium operators, ie Westerleigh, Dignity and Memoria, our analysis was based on 72 of their crematoria (data was either not available or significantly incomplete for the remaining 18 crematoria). Out of the representative sample of 22 local authority-operated crematoria from whom we asked for data, we obtained data on 21 crematoria.³³ Of those 93 crematoria for which we obtained data, the revenue and postcode data for some funeral directors was missing.³⁴ However, we note that, where we have dropped funeral director locations in such cases, the revenue from these locations is small (on average 7% of the total revenue of the crematorium). Just over half the crematoria for which we have calculated 80% catchment areas are in urban areas and just under half are in rural areas.³⁵

Use of cortege driving times

30. Cortege drive times are adjusted driving times to take account of the typically lower driving speed of a hearse/funeral cortege. The evidence set out above in paragraphs 27(a), 27(b), 27(c), 27(f), and 27(g) relates to cortege drive times. It is unclear whether the evidence in paragraphs 27(d) and 27(e) relate to cortege drive times or normal drive times.
31. Given the evidence outlined above, we consider it appropriate to define the geographic market in relation to cortege drive times. In our analysis of local concentration, we have calculated drive times on the basis of cortege drive times. We have done this by multiplying driving speeds by 0.6. This increases driving times by two-thirds.³⁶ The 0.6 factor has been cited and used in numerous planning appeals and is an industry standard.
32. Furthermore, we note that cortege drive times are particularly appropriate for attended services where the funeral is organised with the use of a hearse

³¹ Dignity and Westerleigh provided data on funeral director revenue and location at phase 1, and we collected data on funeral director revenues from Memoria and local authorities at phase 2.

³² The representative sample of local authority crematoria was based on ownership, volumes and region.

³³ One local authority crematorium stated that they were unable to provide the information requested.

³⁴ For example, inaccurate postcodes may have been provided or missing altogether.

³⁵ 54 urban, 39 rural.

³⁶ This is because time taken to travel is equal to distance divided by speed.

$$t = \frac{d}{s}$$

In this equation if speed is multiplied by 0.6, time needs to be divided by 0.6 such that the equation balances.

$$\frac{t}{0.6} = \frac{d}{0.6s}$$

Dividing a term by 0.6 is the same as multiplying it by 5/3 (or one and two-thirds).

(and/or has a funeral cortege) given this is likely to travel at slower than normal speeds and as such, the area over which choice of crematoria is exercised may be smaller due to the slower speeds. Comments from funeral directors suggest that nearly all funerals use either a hearse and/or a limousine and/or a cortege.

Representations from parties

33. We have received representations from Memoria and Westerleigh that the area over which their crematoria compete is greater than 30 minutes at cortege speeds. For example, Westerleigh has stated that, ‘in a planning context, the 30 minute cortege drive time measure is used as a broad “rule of thumb” starting point ... it is not used to assess the extent of local concentration.’³⁷ Dignity has also noted that, ‘the CMA’s identification of rival fascia is sensitive to small changes in the size of the average catchment area.’³⁸ The London Cremation Company has noted that ‘the “cortege speed” that the CMA has adopted to define its isochrone model is unreasonably low.’³⁹
34. In Section 4 we address arguments from Westerleigh and Memoria in relation to survey evidence showing how far customers travel and the effect on incumbent crematoria of entry by rivals over 30 minutes away. We will address further arguments made by Westerleigh and Memoria below.
35. Westerleigh and Memoria have stated that they benchmark and monitor rivals over a wider area than 30 minutes (at cortege speeds). Westerleigh states that it: [redacted].⁴⁰ Similarly, Memoria has stated that it monitors the price and quality of rivals that are located further than a 30-minute cortege drive time away. Memoria states that this information is used when setting prices and considering investments at each of their crematoria.⁴¹
36. We recognise that crematoria may benchmark with rivals located over 30 minutes away (at cortege speeds) and we have taken this into account in our competitive assessment (for example, through an assessment of the documents referred to by Westerleigh and Memoria). However, we note that the market definition should include the most relevant and closest competitive

³⁷ Westerleigh Group, Response to the CMA’s working papers published on 30 January 2020, 2 March 2020, paragraph 39.

³⁸ Dignity plc response to the CMA’s working papers on cremation services of 30 January 2020, p18, 27 February 2020.

³⁹ The London Cremation Company, Submission in response to the CMA’s Funeral Market Investigation working papers published 30 January 2020, paragraph 13.

⁴⁰ [redacted].

⁴¹ Memoria Ltd, Response to the CMA’s working papers published on 30 January 2020, 20 February 2020, page 5.

constraints and the various pieces of evidence set out above indicate that these are generally, and on average, located within a 30-minute cortege drive time from each other (or the customer). In our analysis we have considered a range of approaches and sensitivities to take into account potential constraints from rivals located further away.

37. Westerleigh has also argued that our catchment area analysis may understate the 80% catchment area because it is based on the location of the funeral director. Westerleigh states that ‘in many cases, where the customer has chosen a crematorium before visiting a funeral director they may deliberately choose a funeral director in proximity to that crematorium. In the CMA’s analysis, these customers would indicate a very narrow catchment area’⁴² and that it has ‘analysed its own customer data across all of its sites, which shows the average distance between where the deceased person lived and the crematorium is [X] % further than the average distance between the premises of the funeral director used and the crematorium.’⁴³ We consider these arguments in turn:

- (a) we have no evidence that customers choose a funeral director based on the funeral director’s proximity to a particular crematorium. The Market Investigation consumer survey asked respondents what the most important factor was in their choice of funeral director. No respondents stated that the location of the funeral director relative to the crematorium was the most important factor in their choice of funeral director (although 3% stated the ‘convenient location’ of the funeral director’s premises was the most important in their choice of funeral director, and 1% stated that the most important factor was that the funeral director used the crematorium that they wanted to use);⁴⁴
- (b) we have found the average catchment area size (based on the location of the funeral director) to be consistent with other sources of evidence (based on the location of the deceased) when defining the geographic market; and
- (c) to the extent that catchment areas based on the location of the funeral director are smaller than catchment areas based on the location of the

⁴² Westerleigh Group’s response to the CMA’s working papers published on 30 January 2020, 2 March 2020, paragraph 50.

⁴³ Westerleigh Group’s response to the CMA’s working papers published on 30 January 2020, 2 March 2020, paragraph 51.

⁴⁴ [Market Investigation consumer survey](#), Tables 55-57, Question FD6a. Base: all with a choice of funeral director (n=242).

deceased, we note that in our analysis we have considered a range of approaches and sensitivities.