

Is the prepaid funeral planning market working well for consumers?

Key statistics from the report

Introduction to the findings

This document sets out key statistics and top line findings from the report '*Is the prepaid funeral market working well for consumers*'. The document also includes background information relating to the funeral planning market to provide context. Further information can be found in the report itself at www.fairerfinance.com/campaigns/funeral-plans

Funeral plan options and the market

There are two main types of funeral plans:

1. *Guaranteed plans* make a promise to cover specific costs relating to a funeral – typically funeral directors' costs, cremation costs, ministers fees as well as some or all of other elements (Burial
2. *Contribution plans* promise to cover only the costs of the funeral director, but they only include a contribution to other disbursements. So they leave greater uncertainty as to whether the full costs of the funeral will be covered.
3. There are also *direct cremation plans* which cover more basic costs such as collection of the deceased, doctor's fees, and the cost of cremation. There is no funeral service included with this type of plan.

UK funeral planning market

- The two most established players in the UK funeral market are Co-operative Funeralcare and Dignity.
- Co-operative owns around 1,100 funeral homes. Dignity owns approximately 800.
- Other providers arrange funerals through a network of third parties, acting as intermediaries.
- Over 210,000 prepaid funeral plans are now sold each year in the UK.
- Prepaid plans grew more than 350% between 2006 and 2016. In 2006, annual sales stood at just 46,340.
- The average cost of a funeral in the UK is around £3,900, an increase of 103% since 2004.
- The average cost of a funeral including 'send-off costs' is around £5,900.
- By 2021, the average funeral (without 'send-off' costs) would cost £4,779.
- There are 1.2 million live funeral plan holders with funds under management estimated to exceed £2bn.

Scale and type of marketing activity

- 26% of over 50s had been contacted by funeral plan providers in the last 12 months. Equating to an estimated 6 million people nationwide, based on ONS statistics.
 - Of those contacted by post, 31% also received a phone call, and 19% also received an email.
 - Of those contacted by telephone, 53% also received post, and 18% also received an email.
 - Of those receiving email, around 39% also received both a phone call and 71% also received post
- Of that 26%, around 1/3 felt they were being pushed to take out a plan.
- In comparison 29% of over 65's had been contacted by funeral plan providers in the last 12 months
 - 79% by post
 - 38% by telephone
 - 9% email
 - 6% home visits
- When this 29% were asked about the first communication they received
 - 48% agreed they were given detailed information
 - Only 27% agreed they answered all questions
 - 26% agreed they were being pushed to take out a plan
- Only around 8% of 50+ adults who reported having been contacted by a funeral plan provider in the last 12 months stated they had bought a funeral plan when first contacted.

- Overall 50% agreed that the contact they received had provided detailed information about the product offered.
- 30% agreed that all their questions were answered.
- 59% of those who were contacted by phone in the last 12 months, and didn't initially buy a plan, said that they were contacted again.
- 50% of these surveyed participants reported that they were contacted by post; 72% by phone
 - 49% said they were contacted two or more times, and 18% four or more times.
- Of the 43% who were re-contacted again, 63% felt the communication was not useful
 - 42% felt 'hassled' by the additional communications.

Scotland specific data (sample of 100)

- 28% of over 50s were contacted in the last 12 months.
 - 69% by post
 - 46% by telephone
 - 30% email
 - 7% other

Technical Note

Research was carried out among a nationally representative sample of adults in Great Britain on Ipsos MORI's telephone omnibus service using random digit dialling. Fieldwork was conducted between 27th April and 7th May 2017 across two waves. Questions were filtered to 1,001 adults aged 50+ and data have been weighted to the known population profile for this audience.

Within the survey, participants who reported having been contacted by a funeral plan provider were asked to provide the name of the company they were contacted by. Those who could recall a company they were contacted by were then asked a series of questions about their experiences with the company they named first.

Of the 1,001 adults, 241 reported having been contacted by a funeral plan provider in the last 12 months.

Among these, 96 report being contacted by phone, 172 by post and 45 by email.

138 did not take out a plan after being first contacted by the company they named. Of these, 59 reported being contacted again.

Of the 1,001 adults, 57 reported being contacted by phone in the last 12 months. They also didn't initially buy a plan and said that they were contacted again.

Where base sizes for sub-groups are lower than 100, data should be interpreted with caution and provide indicative results, the margins of error that surround those results is high.